

IMPLEMENTING THE PARIS DECLARATION AT THE COUNTRY LEVEL

6.1 INTRODUCTION

The six countries that the evaluation team visited vary significantly. Table 1 captures the most important indicators⁷⁹ that were found to determine the context for UNDG members' role during the country reviews. Three countries (Ethiopia, Lao PDR and Mauritania) are highly aid dependent; two are middle income countries (Ukraine and Gabon); while Cameroon falls in a middle range.

UNDG's developmental role through the RC and the UNCT was more pronounced in countries with the highest aid dependency, even more so when compounded by a large population. Furthermore, the role of UN representation in

many countries extended well beyond the development effectiveness role that the PD addresses. For instance, in Ukraine and in Mauritania, the UN representatives played important roles in political reconciliation processes. In Ethiopia, they dealt with major humanitarian problems in conflict areas.

Before assessing progress made by UNDG contributions to PD implementation in the six countries, it is important to note that these countries varied significantly in their commitment to PD. At one end of the spectrum, Ethiopia was deeply involved in the preparation of the PD (after having been a pilot country for the Rome Declaration) and took the initiative for

TABLE 1. PRINCIPAL CASE-STUDY COUNTRY INDICATORS

COUNTRY	POPULATION (MILLIONS)	HUMAN DEVELOPMENT INDEX RANKING	AID DEPENDENCY*
Ethiopia	72.7	170	17.1
Mauritania	3.2	153	10.0
Lao PDR	5.8	133	11.3
Cameroon	16.7	144	5.5
Gabon	1.4	124	0.8
Ukraine	46.6	77	0.5

*Aid dependency was measured as official development assistance as a percentage of gross national income. Sources: Population and aid dependence, WB; human development index, UNDP.

⁷⁹ Governance, in the broad interpretation (including, for example, corruption levels) has been a contextual factor impacting on PD implementation efforts in all countries. No objective indicator was found to capture fully this dimension.

improving on PD targets after signing the Declaration. At the other end of the spectrum, Gabon and Ukraine became signatories to the PD only subsequent to the March 2005 Paris conference. Gabon's signing of the PD in March 2006 resulted largely from the sensitizing efforts made by the UNCT. Cameroon, Lao PDR and Mauritania were all original signatories. Notably, the government of the Lao PDR, endorsed the Vientiane Declaration on Aid Effectiveness at a Round Table Meeting in November 2006, together with 24 development partners. Lao PDR stakeholders described this as an example of 'domesticating' the PD.

The main findings from the country case studies, in terms of progress by, and constraints on, UNCTs are summarized in Annex 7.

6.2 OWNERSHIP

The leadership in developing and implementing national development strategies, including through a broad consultative process, has varied considerably across the six countries. Where national planning was not backed up by sound policies and strategies that addressed poverty reduction as well as sector and thematic strategies, important questions remained as to the strength of ownership. Thus confidence in the national ownership of the strategies and programmes by donors was uneven. The fact that civil society was fragmented and/or not fully engaged in the national planning process was a concern in almost all the six country cases. In Ethiopia, participation of civil society organizations was limited. In addition, after a strong initial development strategy, programme and support from donors, the post 2005 election disturbances diminished the predictability of aid flows.

National development programmes are based in most cases on PRSPs that closely follow the PD. However, weaknesses in coordination and

capacities were found to undermine the strength of ownership in most of the six countries. In Cameroon, the strong involvement of the Ministry of Economy and Finance in the PRSP and related medium-term programme was not balanced by a similar involvement of the line ministries.

The UNDG/UNCT contribution to strengthening ownership mainly took the form of assisting governments in strengthening capacity to prepare and execute their country development strategies and plans. Because country ownership varied largely, the role of the UNCT also varied. On the whole, UNCT assistance was found beneficial. However, the Laos experience draws attention to the limits for such support: UNCT's deep involvement in Laos' Vientiane Declaration and the Country Action Plan was helpful but potentially excessive. Country partners noted that it did not leave enough room for true government leadership.

Widespread UNCT assistance in improving coordination in support from external sources merits special mention. The close interaction between the UNCT and DAG in Ethiopia, both under the chairmanship (or co-chairmanship) of the RC, is an example of a very helpful UNDG role, especially during a period of strain between the government and donors in a country with a very large ODA programme. In Gabon, the RC/UNCT was instrumental in setting up a coordination structure for interaction among the development partners. However, given the country's small ODA programme, the impact on overall country strategy was limited.

Most of the findings related to the UNDG/UNCT support for strengthening ownership predate the PD, confirming that this PD objective had already been part of UNDG members' principles of engagement. But the broadly accepted commitment to the PD has reinforced and further shaped past experiences when it comes to ownership.

6.3 ALIGNMENT

At the policy level, generally good alignment was found with UNDG members. UNDAFs were prepared increasingly to coincide with the government's own planning period, facilitating period-specific alignment with government priorities and the often underlying PRSPs. Working groups (in some countries called technical groups) within UNCTs that cover different sectors and/or crosscutting issues, provided many opportunities for alignment based on joint government-donor planning and programming, from strategy and action plan development to detailed activity level design. The transition to new aid modalities (such as SWAPs, DBS and increased specialization by donors) was helped, for instance in Ethiopia, by the presence since the late 1990s of the DAG co-chaired by the RC and the resident WB Director.⁸⁰ The working groups also have another function that falls within the PD principles by helping UNDG members and broader aid groupings (like DAG in Ethiopia) to achieve specialization and coordination essential for alignment and harmonization (see below).

While the UNDAF advanced alignment by UNDG members represented in the UNCT and under the leadership of the RC, UNDAF is not an instrument for allocating financial resources beyond broad parameters. The effectiveness of the UNCTs and their working groups in terms of alignment of activities had greater significance when it came to action plans and similar programming. However, it appeared that most projects and programmes were still 'going their own way'. This was partly due to the need for frequent change within broadly defined programme parameters, and more important, because some donors felt a need to refocus their

programmes on particular sectors and strengthen service delivery and capacity development.

Governments sought improved alignment and harmonization in order to reduce transaction costs. The Ethiopian government impressed this point by emphasizing the heavy burden imposed by the differences in operational systems used by each donor. Noting that the PD targets had been set at the lowest threshold to satisfy the concerns of approximately 170 countries with highly diverse issues, the Ethiopian government went a step further and sought to improve on the PD targets. As noted, this initiative was put on hold after the 2005 post-election disturbances.

On the whole, progress towards the PD targets for 2010 was low, despite the progress made at the policy level. Where improvements have been reported, they relate primarily to better coordination of aid related activities. Donors did not significantly increase use of national systems. The reason for this was most often these systems were not up to international standards. Despite some specific improvements, many of the donors restrictions imposed by agency specific requirements (including the development partners in the UNCT) remain, including in areas of planning, financial arrangements, disbursements, M&E and reporting. It should be noted that none of the six countries belong to the pilot countries for ONE UN.

The role played by Project Implementation Units was significant in most countries. This is unlikely to change except over time. Greater emphasis was given to the newer modalities of SWAPs and DBS. However, the project implementation and management roles of Project Implementation Units⁸¹ need to be taken on by

80 In mid 2007, the chairmanship was changed to a multilateral co-chair (RC and WB rotating every six months) and a bilateral co-chair (donor country representative rotating every 12 months) in order to ensure fuller representation of the large bilateral donor community.

81 "Where parallel systems exist such as in PIUs [Project Implementation Units], the UN will support transition plans towards fully using national systems..." Letter from UNDG chair, July 2005.

line ministries or specialized institutions (often at local levels)—a development that depends on systematic capacity development at these levels. This process is further complicated by frequent staff changes in the public sector, particularly where a booming private sector is siphoning off some of the better public-sector staff.

6.4 HARMONIZATION

Donors and the UNCT development partners reported some successes in improving coordination of their activities. For example, in Gabon, UNCT facilitated the establishment of an oversight matrix of development cooperation engagements, a tool that was helpful for both the donors and the government. In Mauritania, there was excellent interaction between a highly committed RC and local WB director that overcame institutional constraints, although their departure illustrates that such harmonization may not be sustained. Joint sector programming was observed in various forms in the six countries, especially when it came to HIV/AIDS, where the coordination initiatives of UNAIDS have been paying off at the country level.

However, harmonization in the full PD sense is more distant. Harmonization is difficult to start at the country level. As long as donors have different operating modalities, there is little that even a well coordinated local aid group or a UNCT can do. There is a need for harmonization with local systems, but such harmonization

is unlikely to occur when there is no start at the headquarter or institutional level.

ODA in most of the six country cases is still provided through dedicated projects and programmes, although SWAPs have become more common and DBS has been noted in some cases. This means only small changes have been made to the traditional costly multiple reporting, procurement, accounting and the like. The predictability of ODA flows, which is particularly important when it comes to DBS, also affects harmonization. Ethiopia's experience indicates that predictability has regressed rather than progressed (though a partial solution was found in that case through changes in the destination channel for DBS for critical poverty-related services).

Harmonization under the HACT and standard Daily Subsistence Allowance for the ExCom agencies was observed in Lao PDR. Some initial steps had also been made in Mauritania and Gabon. This important initiative suggests that when harmonization is addressed by agency headquarters, the prospects of helping developing partners harmonize procedures and reduce transaction costs are good. HACT is based on a highly demanding initial assessment of country- and project-specific accounting and auditing process. Its introduction therefore requires substantial upfront cost and may even be questioned in countries where ExCom agencies' projects have an overwhelming local contribution. Interestingly, there was no reference to possibly extending HACT and standard Daily

BOX 3. HARMONIZATION VERSUS COORDINATION

A good deal of confusion exists between the definition of 'coordination' versus 'harmonization'. Coordinating donor missions may mean maintaining a large number of missions running in a well coordinated parallel fashion; harmonizing means combining missions of different agencies. Similarly, co-financing may mean coordinated parallel financing with the panoply of multiple procurement/disbursement/reporting arrangement, or harmonized joint financing. Thus coordination *may* mean harmonization but the test for real harmonization is reduced cost and/or a measurably improved service.

Subsistence Allowance beyond the ExCom agencies, although many other UNCT member agencies have programmes that might benefit from HACT.

Harmonization of bilateral assistance faces another challenge in that most donors are anxious to show their constituents specific results from an intervention with a donor's money. Moreover, in cases of DBS or other non-project/programme assistance, an official audit report specifying the effects of assistance may be requested by bilateral donors, even though attribution of specific results to a particular donor may be difficult to establish. Although DBS is an exception for UNDG members, this concern could apply to them as well.

6.5 MANAGING FOR RESULTS

Progress in this area has been mixed, but shows some interesting results. In Cameroon, a PRSP with clearly marked quantified targets and MDG benchmarks and timetables was found, but national statistical data were found to be weak. In Ethiopia, there was a very detailed (some donors felt overly detailed) plan with clear benchmarks tied to the MDG and a strengthened national statistical office and the promise of annual progress reports.

However, there was often a gap between national development strategies and programmes and results-oriented reporting in the case-study countries. The presence of a strong national statistical office with capacity for beneficiary surveys is critical to credible management of results. Assistance to statistical offices is needed

on a long-term and comprehensive basis in order to build the necessary capacities. Two examples have already been noted: the national statistical office in Ethiopia received long-term assistance from the WB and Sweden's 15 years of support to the national statistical system in Laos.

Donor reliance on national performance indicators was an exception, not the rule, due to a lack of confidence in the underlying systems. Harmonization of reporting, as already noted, is lagging. Donor support for capacity development to improve results-oriented reporting, monitoring and assessment frameworks exists, especially by UNDP.

6.6 MUTUAL ACCOUNTABILITY

Overall, mutual accountability is the one area among the five PD dimensions where progress is still at an initial stage. An independent aid assessment, jointly agreed between government and donors and coordinated by UNDP, occurred in Cameroon and Mauritania. A number of governments expressed an interest in more work on mutual accountability, especially in light of concerns about predictability of aid flows.

UNECA's substantial work with OECD-DAC, discussed in Chapter 3, should be viewed as an effort in this area. In addition, UNDP's 2006 Evaluation Policy states the need to provide an objective assessment of contributions to development results, assessing its programmes and operations in a transparent way to enhance accountability towards partner countries. UNAIDS CHAT tool is aimed at enhancing mutual accountability by assessing the role of the various partners.

KEY FINDINGS REGARDING IMPLEMENTATION

- PD implementation has progressed (at varying levels and speeds) in all countries reviewed, with substantial involvement from RCs and UNCTs. The UNCT role was most evident in the countries with the largest ODA dependency.
- UNCTs and their working groups have provided an important coordination structure for implementing the PD agenda. They were particularly effective where the RC was deeply involved in chairing aid coordination arrangements together with other development partners.
- UNCTs have been helpful in the progress of most PD categories, especially when it comes to the support of country ownership, but also in alignment with partner strategies and in managing results. On harmonization, some specific, substantial progress has been reported (HACT is best illustration). Partner countries have high expectations regarding harmonization and alignment, thus considerable disappointment exists regarding the lack in reduction of transaction costs. This subject has been even more difficult to tackle jointly with development partners beyond UNDG members.
- Continued country presence and participation in the UNCT is an important factor for a UNDG member to play its full role in the coordinated effort of development assistance, especially where the member has a mandate for a major cross-cutting issue like gender equality or rural development. This is illustrated by the experience of UNIFEM and IFAD, even though another UNDG member may be able to represent them.