

# EXECUTIVE SUMMARY

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In March 2005, the United Nations Development Group (UNDG) signed the Paris Declaration on Aid Effectiveness (PD), as a participating organization, jointly with 91 countries, 25 other participating organizations and 14 civil society organizations.

In 2006, the UNDG<sup>1</sup> agreed with partner countries and donors to conduct an evaluation of its contribution to the implementation of the PD between 2007 and 2010 using a two-phased approach. The first phase, a formative evaluation, is to focus on inputs, implementation process and outputs (to the extent possible). The second phase, a summative evaluation, is to focus on implementation results and outcomes. The first phase will contribute to the High Level Forum on Aid Effectiveness scheduled for September 2008 in Accra, Ghana.

Nine countries and 11 development partner agencies have volunteered to conduct an evaluation of their own performance under the PD as an input into the first-phase evaluation. They agreed to use a common framework terms of reference, adapting it to their specific requirements. The countries are Bangladesh, Bolivia, Philippines, Senegal, South Africa, Sri Lanka, Uganda, Viet Nam and Zambia. The development partners are Asian Development Bank, Australia, Denmark, Finland, France, Germany, Luxembourg, Netherlands, New Zealand, United Kingdom and UNDG.

The UNDP Executive Board, in decision 2007/24, approved the 2007–2008 programme of work for the Evaluation Office, including the conduct of the evaluation on the PD. Since UNDG was a participating organization in the PD, UNDP Administrator as chairman of UNDG invited all its principals to conduct a joint evaluation. Within UNDG, it was agreed that the United Nations Development Programme (UNDP) would carry out the assessment jointly with the International Fund for Agricultural Development (IFAD), the Joint United Nations Programme on HIV/AIDS (UNAIDS), the United Nations Economic Commission for Africa (UNECA) and the United Nations Fund for Women (UNIFEM).<sup>2</sup> The United Nations Population Fund (UNFPA) has also contributed to the evaluation.

The **objectives** of the evaluation were to:

- Assess UNDG initiatives in support of the implementation of the PD
- Assess United Nations Country Teams' (UNCTs)<sup>3</sup> initiatives related to increasing aid effectiveness
- Learn about lessons from PD-related initiatives and strategies implemented by UNDG organizations at the corporate and country levels

The **design** of the evaluation centred around three dimensions identified as principal contributors to development partner behaviour:

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1 For a list of members of the UNDG, see Annex 2.

2 Two UNDG member organizations that agreed to carry out the joint assessment are direct signatories of the PD: UNECA and IFAD. This was additional to the commitment made by UNDG.

3 Teams consist of representatives of UN agencies, programmes and funds, both resident and non-resident.

*commitment, capacities and incentive systems.* In addition, the evaluation was to examine four cross-cutting subjects: gender equality, HIV/AIDS, rural development and capacity development. Finally, the evaluation was to recognize the specificity of UNDG in the implementation of the PD while acknowledging the broader UN contribution.

The main elements of the **methodology** were to:

- Assess PD-related actions by the participating UNDG entities, recognizing that some PD dimensions were already principles of engagement of UNDG members prior to the PD.
- Conduct six country case studies to determine the UNDG role in fostering the PD principles at the country level.
- Assess the four cross-cutting issues in both headquarters and country case studies. Case studies were conducted in Cameroon, Ethiopia, Gabon, Lao PDR, Mauritania and Ukraine;
- Conduct an electronic survey of the United Nations Resident Coordinators (RCs) who chair the UNCTs in both signatory and non-signatory countries for systematic feedback on the implementation of the PD.

The evaluation recognized some major limitations, including: the PD's short implementation period, absence of a common baseline on the PD commitments, and the samples' biases of self-selection and volunteering.

## **CONCLUSIONS**

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1. UNDG experience in applying PD principles varied substantially across the five PD principles. Progress was most evident in supporting country ownership and alignment with national development strategies. There

were also some interesting cases of progress in the area of mutual accountability. However, progress relating to alignment in using country systems and harmonization across UNDG members (and beyond) shows the greatest room for improvement. Strong coordination mechanisms involving other development partners and partner governments are critical for RCs/UNCTs to foster PD implementation.

The RC/UNCT role extends far beyond the PD's aid effectiveness objectives. RCs and UNCTs may face issues of humanitarian assistance, crisis management, conflict prevention and peace building that take priority over PD principles. This potential area of competition does not appear to have hindered PD implementation. Some of the UN-related responsibilities that extend beyond the PD may, however, be critical to achieving PD objectives.

- 1.1 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 deal with new aid modalities such as sector wide approaches and direct budget support. Because country ownership varied largely, the role of the UNCT also varied. The RC offices, as well as individual UN organizations, through collaboration with governments and multilateral and bilateral agencies, have played an important role in creating an enabling environment for achieving the PD objectives. UNDG/UNCT was seen as a trusted partner, supporting countries in fulfilling both their national and international development obligations and in designing and implementing development strategies.

- 1.2 The main progress in **alignment** took place with respect to development strategies at national and sectoral levels, including aligning planning cycles of United Nations Development Assistance Frameworks (UNDAFs) to national development plans. There is room for improvement by UNCTs in other elements of alignment that relate to use of national systems of partner countries (such as reporting, public financial management, country audits and procurement).

Coordination regarding development priority setting and planning among UNCT members and other development partners seems to have improved greatly as a result of thematic groups and larger coordination fora. In all six case-study countries, UNCT understood that it has become increasingly difficult to act in isolation, although fuller joint programming has not yet been achieved.

- 1.3 Some progress did occur in improved coordination among UNCT members and other development partners (most important under the Harmonized Approach to Cash Transfers initiative). However, partner countries have higher expectations for measurable savings in transaction costs through alignment and **harmonization**. UNCT members felt most constrained in acceding to partner countries' requests to harmonize their headquarter-determined procedures. Thus efforts to reduce transaction costs through harmonization require an approach that addresses the concerns of both partner countries and the many UNCT agencies (and other development partners). Given the wide variance among UNDG member objectives, policies and

procedures, the road to harmonization remains an extraordinary challenge for the UNDG system.

- 1.4 Government capacities to plan and coordinate development partners' contributions are of particular relevance to the PD. For instance, the country case studies confirm that systematic strengthening of national statistical offices is particularly important to **managing for results** by providing credible and timely information. However, effective assistance to statistical offices requires long-term and comprehensive commitments in order to assure the required capacities are built.
  - 1.5 The feedback from the country case studies suggests that there is a long way to go in achieving the PD objective of **mutual accountability** and joint assessments of mutual progress in aid effectiveness. Moreover, feedback from case-study countries included broad concern about donor commitments in regards to both level and predictability of support. UNCT plays a significant role in promoting mutual accountability, for example through its Round Tables that indicate performance under donor pledging, its participation in Consultative Group meetings, its support to governance reforms including strengthening the parliamentary system, and its support to civil society participation. UNECA plays a special role in fostering mutual accountability at the level of the African countries.
2. UNDG and the participating members in this assessment started out well in their **commitment** to respond to the PD principles, both through actions at headquarters and through conveying the importance

of the PD to the RCs and the UNCTs. This relatively fast response was greatly facilitated by development assistance commitments in which UNDG members had already been engaged prior to the PD.

- 2.1 Changes were made to synchronize UNCT planning cycles with national planning cycles.
  - 2.2 UNCTs supported national partners in sector institutional arrangements, such as the United Nations Population Fund (UNFPA) involvement in sector wide approaches.
  - 2.3 Agencies increased efforts to use national systems, for example for procurement and operational procedures, thus eliminating Project Implementation Units on procurement. However, significant variances between agencies and countries remain.
3. When responding to **capacities**, UNDG members used existing institutional structures and reinforced them where necessary rather than building additional structures. In the case of a relatively new institution (UNAIDS), it found the PD principles relevant for building national HIV/AIDS responses. Most of the capacity development to enable UNDG members to implement the PD has taken the form of specific instructions, guidelines and training to educate staff about the PD. Prior commitments to major PD principles embodied in the Common Country Assessments and UNDAFs were helpful in this process.
- 3.1 UNCTs provided substantial technical support to countries in formulating, revising and implementing national development strategies and Poverty Reduction Strategy Papers.
  - 3.2 UNDG established a policy network on Millennium Development Goals

to provide policy and operational advice to UNCTs in their technical support work.

4. When assessing **incentive systems** in place, the findings are discouraging. Those who are expected to take primary responsibility in implementing the PD, the RCs, find incentives specific to this endeavour weak. The performance evaluation of RCs (which includes an assessment from agencies forming part of UNDG) directly addresses PD-related responsibilities. However, for the many other UNDG member staff involved in the implementation of the PD, this dimension is assessed in their performance evaluation only indirectly, mainly through agreed work programmes. Incentives to implement the PD cannot rely only on traditional incentive systems focusing on the immediate actors concerned. The approach to incentives must be broadened to address directly the factors that stand in the way of greater progress, especially with respect to harmonization.
5. Implementing the PD principles across cross-cutting issues has been uneven. In the case of **HIV/AIDS**, the presence of a UNDG entity (UNAIDS) was helpful to implementing PD principles in this critical area. However, implementation was less successful in the remaining three of the four cross-cutting issues reviewed in this assessment: gender equality, rural development and capacity development. Despite established UNDG member policies on gender equality and the practice in countries without a UNIFEM resident specialist to have a lead person on gender equality from another resident UNDG organization in the UNCT, attention to **gender equality** is still lacking. The degree to which gender equality issues within the PD context was addressed varied from country to country and there is room for improvement: clear

strategies and indicators to measure progress made on gender equality efforts need to exist. With regard to **rural development** and **capacity development**, attention to and coordination by the UNCT can be improved through the respective working groups.

6. Many RCs/UNCTs work in non-PD signatory countries. While non-signatory countries were not specifically assessed in this evaluation (no non-signatory countries were visited), feedback from the survey of RCs suggests that signatory countries are significantly better attuned to the PD principles. Thus RCs and UNCTs in non-signatory countries face greater challenges in helping UNDG members respond to the principles embedded in the PD.

## RECOMMENDATIONS

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1. UNDG should make increased use of national systems for support services, when appropriate and to the benefit of the partner countries, in order to strengthen national capacities and reduce transaction costs. Such support services include: procurement, security, information technology, telecommunications and banking, as well as planning, reporting and evaluation.
2. UNDG should further harmonize and simplify its business practices in order to enhance accountability and transparency of operational activities while ensuring that development assistance to partner countries is provided in a coherent fashion that supports capacity development. Practices that could be improved include: budgeting, audit functions, procurement systems, and professional expertise, including the adoption of the International Public Sector Accounting Standards.
3. UNDG should measure the cost of non-harmonized approaches to development assistance and further standardize and harmonize the concepts and practices to reduce transaction costs.
4. UNDG should create specific, measurable, achievable and relevant results frameworks and strategies that enable partner countries to design, monitor and evaluate results in the development of their capacities at different levels to achieve national development goals and progress towards the internationally agreed development goals, including the Millennium Development Goals.
5. It is recommended that UNDG encourages governments of partner countries to initiate and conduct joint and country-led evaluations that assess the contribution of the United Nations development system to national development plans and strategies, and to systematize and disseminate lessons learned from these exercises as mechanisms for mutual accountability.
6. UNDG should reinforce its commitment to strengthen the capacity of partner countries, at their request and with their ownership and leadership, to coordinate external assistance, including system-wide and sector-wide approaches and budget support, and to make the best possible use of such assistance, especially by being involved in national planning and monitoring processes and linking the aid effectiveness agenda to the broader development effectiveness agenda.
7. UNDG should harmonize its approach amongst its members and other development partners to strengthen national capacities. Capacity development is commonly associated with various forms of support aimed at individuals (training), institutions (organizational development) and the enabling environment (support to policies and strategies). UNDG should contribute to the capacity of partner countries to optimize the use of new aid modalities.

8. UNDG should further develop and strengthen its knowledge management systems and expertise, including resources readily available at the regional level and from non-resident agencies to better assist partner countries' needs for capacity development.
9. Incentives to implement the PD should address directly the factors that stand in the way of progress, especially with respect to harmonization. UNDG should address the structural obstacles to the adherence of the PD principles as part of a broader UN reform process. This goes beyond the subject of the present evaluation, which addresses PD implementation, though it clearly impacts UNDG's efficient delivery of development assistance.
10. UNDG should adopt a complementary approach to incorporating cross-cutting issues like gender mainstreaming, capacity development and rural development as has been done in the response to HIV/AIDS. In addition, UNCTs should review the adequacy of their arrangements and efforts aimed at gender equality and rural development in countries with substantial rural poverty by going beyond social concerns and addressing rural poverty on a sustainable basis, recognizing systematically the need for production and income improvements.