



Asian Development Bank

Memorandum

Operations Evaluation Department
Operations Evaluation Division 1

Work-in-Progress: Not for Quotation

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Title: **First Phase Evaluation of Implementation of the Paris Declaration at the Asian Development Bank: Contribution to the Evaluation Study Coordinated by the Evaluation Network of the OECD-DAC**

Authors: **Samjhana Shrestha, Evaluation Specialist, OED1**

Leah C. Gutierrez, Principal Evaluation Specialist, OED1

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A. Background and Rationale

1. The international community is committed to helping partner-countries meet their Millennium Development Goals (MDGs) by 2015. The Paris Declaration on Aid Effectiveness (the Paris Declaration) is one of the series of efforts by the international community to achieving the goals.¹ The Paris Declaration asserts that managing and delivering aid more effectively will yield better results for the development process. The Asian Development Bank (ADB) has been an active development partner in supporting the aid effectiveness agenda and helped prepare the Paris Declaration. The President of ADB co-chaired the plenary session at the ministerial forum which adopted the Paris Declaration in March 2005.

2. The Paris Declaration was endorsed by the ADB, 60 partner-countries, 29 development partners, 30 donor countries and several civil society organizations.² They committed to specific actions to promote and strengthen country ownership, harmonization, alignment, management for development results, and mutual accountability. A full report on the Paris Declaration with commitment of the signatories is provided in Appendix 1. A monitoring mechanism based on 12 indicators with targets was designed to review and report on the degree to which the international community has followed through on the commitments.

3. For ADB as a development partner, the specific actions for implementation included alignment with country priorities, joint analytic work, use of common arrangements to strengthen country systems, harmonization of support, and timely aid flows. The Strategy and Policy Department (SPD) coordinates ADB-wide efforts to implement the Paris Declaration commitments, including harmonization and alignment of operational policies, procedures and practices. SPD also represents ADB on the Organization for Economic Co-operation and

¹ Starting with the Millennium Declaration in Monterey in 2000, followed by the High-Level Forum on Harmonization in Rome in 2003, Marrakech Roundtable on Managing for Development Results in early 2004 and Third International Roundtable on Managing for Development Results held in Hanoi in February 2007.

² World Bank statistics. Available: <http://info.worldbank.org/etools/docs/library/238766/H&A%20Menu%20rev%20%20English.pdf>.

Development-Development Assistance Committee (OECD-DAC) Working Party on Aid Effectiveness and Donor Practices.

4. The Paris Declaration commitments necessitate ADB as a development partner to carry out the following:

- (i) **Build** the capacity and institutions in partner-countries to enable them to **own** and exercise **leadership** over their development policies and plans.
- (ii) **Align** its overall support on partner-countries' national development strategies, institutions and systems, while helping them to ensure that national systems, procedures, and institutions for managing aid and other development resources are effective, accountable, and transparent.
- (iii) **Harmonize** its activities with other development partners and minimize the cost of delivering and managing aid.
- (iv) Manage and implement development activities in a way that focuses on the desired results, and strengthen partner-country capacities for improved **result-based management**.
- (v) Promote mutual **accountability with other development partners and partner-countries** for progress in managing aid better and in achieving development results.

5. One of the distinct characteristics of the Paris Declaration is its intention to monitor and evaluate against the Indicators of Progress (Appendix 1 Section III). The monitoring and evaluation system is aimed at developing a comprehensive understanding of how increased aid effectiveness contributes to meeting development results. To accomplish this task, joint evaluations by partner-countries, development partners and donor evaluations are planned to be undertaken in two phases between 2007 and 2010. The first phase will be conducted with the purpose of strengthening aid effectiveness by assessing what constitutes better practices for partner-countries and donor behavior in regard to implementation of the Paris Declaration. The second phase will be conducted with the purpose of assessing the linkages between aid effectiveness and development results.³

6. OECD has established an International Reference Group (IRG) to commission and oversee the joint first phase evaluation of progress made since the Paris Declaration. IRG has representatives from partner-countries members of the Working Party on Aid Effectiveness (WP-EFF), members of DAC Evaluation Network and civil society. IRG asserts that partner-countries, development partners and donors closely align their evaluations with the objectives and scope specified for the broader first phase evaluation of the Paris Declaration. The first phase evaluation to be conducted by partner-countries, development partners and donors is designed to take stock of implementation performance and draw practical lessons to contribute to the ongoing aid effectiveness policy debate; the findings will be discussed at the 3rd High Level Forum (HLF) on Aid Effectiveness to be held Ghana in 2008. Ten partner-countries have volunteered to undertake the country-level first phase evaluation, of which, four are ADB member-countries, namely, Bangladesh, the Philippines, Sri Lanka and Viet Nam.

³ Full scope of the evaluation. Available: http://www.oecd.org/document/60/0,3343,en_21571361_34047972_38242748_1_1_1_1,00.html.

B. Objectives of ADB Evaluation

7. The proposed study is a part of the overall first phase evaluation. ADB will conduct this evaluation of the actions it has taken to align to Paris Declaration commitments. This independent evaluation will be conducted according to the norms and standard for evaluation of its Operations Evaluation Department (OED). ADB is the only multilateral development bank, to date, that has volunteered to join this multi-donor and multi-country evaluation. The only other multilateral agency to volunteer is UNDP and its evaluation will also cover other agencies, namely, the Economic Commission for Africa (ECA), the International Fund for Agricultural Development (IFAD), the Joint United Nations Programme on HIV/AIDS (UNAIDS), and the United Nations Development Fund for Women (UNIFEM).

8. The purpose of the evaluation is to contribute to the joint OECD-DAC first phase evaluation of progress made in the implementation of the Paris Declaration. The objective of the study is to assess the progress ADB has made towards meeting Paris Declaration commitments and to identify constraints to progress. This will include assessing the relevance and effectiveness of the various initiatives undertaken by ADB towards the achievement of Paris Declaration commitments. The specific objectives are:

- (i) To assess ADB's implementation of Paris Declaration initiatives focusing on leadership, capacity building and awareness.
- (ii) To document the relevance, coverage and adequacy of various initiatives implemented by ADB in connection with the Paris Declaration.
- (iii) To assess the effectiveness of ADB's Paris Declaration initiatives in generating the intended outputs.
- (iv) To identify the constraints in making progress towards Paris Declaration commitments.
- (v) To provide recommendations on how to further improve ADB's Paris Declaration initiatives.

C. Scope and Focus of ADB Evaluation

9. ADB's evaluation will be based on the "Generic TOR for Development Partner HQ Evaluations" developed by OECD (Appendix 2). Following the scope of the broader international evaluation, the proposed ADB evaluation will consider the leadership, capacity building and incentive systems. These three components have been identified in the OECD's 2006 Baseline survey, ADB's monitoring survey⁴ and other studies as key factors in changing development partners' performance towards fulfilling Paris Declaration commitments. For this evaluation, ADB is expanding "incentive systems" to "awareness and mainstreaming" to capture the broader integration of Paris Declaration in general work. The scope of the proposed evaluation covers achievements along these three dimensions in terms of their alignment to Paris Declaration commitments. The scope includes specific strategies, policies and operational guidelines developed and implemented in support of Paris Declaration commitments, and the constraints to their effective implementation. The emphasis of the study will be on "are we doing the right things" (relevance) and "are we doing things right" (effectiveness). Overall, the focus of

⁴ ADB. 2007. *Implementation of the Paris Declaration in ADF Countries*. Manila. The Strategy and Policy Department conducted a survey to monitor the progress of Paris Declaration commitments. The survey is based on 13 Asian Development Fund (ADF) countries. The countries included are Afghanistan, Bangladesh, Bhutan, Cambodia, Kyrgyz Republic, Lao People's Democratic Republic, Maldives, Mongolia, Nepal, Papua New Guinea, Sri Lanka, Tajikistan, and Viet Nam.

evaluation will be on the input level, through the assessment covering the three dimensions—awareness, capacity, and initiatives—for promoting ownership, alignment, harmonization, results management and mutual accountability. Output-level information within ADB, e.g. staff awareness and action plans developed, will also be examined. Country-level evaluations to be conducted by the ten countries (see para. 6) will address ADB's Paris Declaration-related outputs, including perceptions of ADB's implementation progress.

10. A brief overview of these three factors described in the generic TOR and as they apply to ADB is presented below. It also includes the main questions for guiding this evaluation study. The questions included in the generic TOR have been contextualized for the ADB evaluation. The list of questions and sub-questions to be asked is included in Appendix 3. The appendix also includes specific guide to information sources, method of collection and analysis of these information.

1. Ownership and Leadership

11. Paris Declaration calls for a radical new way of delivering aid. Ownership and effective leadership of their development policies and strategies by partner-countries represent the fundamental tenet of Paris Declaration. The Development Partners are encouraged to help partner-countries build capacity and institutions needed to effectively undertake this leadership role. The development partner strategies are to be guided by needs-based demands in an aligned and harmonized manner as aid is more effective when partner-countries exercise strong and effective leadership over their development policies and strategies.

12. ADB's mode of operation has been to promote ownership, aid harmonization with other donors and alignment of support to DMCs even before Paris Declaration.⁵ The issue of relevance to ADB is how various components of its operations have enhanced the overall synergy for achieving Paris Declaration commitments.

13. The main questions to assess ownership and leadership (see Appendix 2) are:

- (i) How has the Paris Declaration's emphasis on demand-driven development cooperation been reflected in ADB development policies, programs and procedures?
- (ii) Has the implementation of the Paris Declaration affected ADB priority-setting?
- (iii) Has the role of ADB at headquarters/Resident Missions (RMs)⁶ been adapted to the aid effectiveness agenda?
- (iv) How is Paris Declaration owned at ADB headquarters? How is Paris Declaration acknowledged at governing body level (Board of Directors)?
- (v) What are the potential conflicts with other political/administrative systems? What is being done to resolve these?
- (vi) Is ADB content that it is fulfilling its Paris Declaration commitments?
- (vii) If there are concerns, what are the reasons for these? Are the concerns linked to the relevance and coherence of the Paris Declaration commitments and indicators?
- (viii) Are there ways in which these might be overcome?

⁵ ADB. 2007. *Draft Special Evaluation Study on ADB's Approaches to Partnering and Harmonization*. Manila.

⁶ ADB's Resident Missions are referred as Field Country Offices in OECD documents.

2. Capacities

14. The commitment to implement Paris Declaration commitments within ADB at headquarters and RMs may be uneven. This may reflect uneven capacities between staff at the headquarters policy levels and the operational staff in-country, especially in countries where the aid effectiveness agenda has been launched only recently, delegation of authority to the RMs, and transaction costs and resources. Building capacity at the RM level is one of the central concerns of Paris Declaration.

15. The main questions to assess capacity (see Appendix 2) are:

- (i) What is the level of staff knowledge and understanding about aid effectiveness and its operational implications, particularly in the RMs?
- (ii) Have specific instructions, guidelines, operational directives evaluation criteria been disseminated to staff to stimulate implementation of the Paris Declaration implementation plan?
- (iii) How has the delegation of authority facilitated the implementation of Paris Declaration?
- (iv) Have there been any changes to procedures to meet Paris Declaration commitments?
- (v) Is ADB sufficiently decentralized (staff, resources, delegation of authority, devolution of work) to address field-based aid management in line with the Paris Declaration?
- (vi) How is delegated authority structured, and why?

3. Awareness and Mainstreaming

16. Meeting the Paris Declaration commitments depends on a number of factors including staff awareness and mainstreaming of related activities. The 2006 Baseline survey suggests that a number of other obstacles work against development partners' ability to meet the commitments. Some of these include inappropriate pressures for disbursement and lack of flexibility in staff time. These factors, taken together, create incentives that reward short-term benefits over the longer-term and collective gains.⁷ ADB's experience shows that the country offices may be facing a trade-off between harmonization and increased responsibilities for supervision of in-country projects. Internal organizational structures such as having to refer to headquarters for authority and clarification can sometimes limit the harmonization, alignment and effectively managing for development results at the country level.

17. The main questions to assess awareness and mainstreaming (see Appendix 2) are:

- (i) How is ADB enhancing the skills of and encouraging staff towards mainstreaming Paris Declaration-related activities? Are there specific incentives provided by ADB—e.g., for recruitment, performance assessment and training—for management and staff to comply with Paris Declaration objectives of ownership, harmonization, alignment, and results orientation?
- (ii) Are there any perceived disincentives, in respect to other priorities of ADB?

⁷ OECD 2007. Aid Effectiveness – 2006 Survey on Monitoring the Paris Declaration: Overview of the Results. Paris.

D. Approach and Methodology

18. The preparation of this Approach Paper is based on the review of Paris Declaration documents, the results of the benchmark survey conducted by OECD in 2006, a review of the generic terms of reference (TOR) for the first phase evaluation plan developed by OECD, interactions with SPD, OED staff and others knowledgeable about the activities implemented by ADB towards the achievement of Paris Declaration commitments.

19. The evaluation will be undertaken in three short phases: (i) inception phase, (ii) data collection, analysis and report drafting phase, and (iii) consultation and finalization phase. The inception phase will include finalization of a contextualized evaluation approach based on the generic TOR and the comments received from ADB and OECD. Qualitative and quantitative indicators of progress will be developed and instruments for evaluation will be finalized. The Evaluation Management Group of OECD will be invited to review the Approach Paper and comments will be incorporated to enhance the comparability across development partner organizations.

20. The evaluation will build on the results obtained and data gathered by the three ongoing special evaluations studies conducted at OED that relate directly to ADB's implementation of Paris Declaration pillars. These studies are (i) *Special Evaluation Study: ADB's Approaches to Partnering and Harmonization*, (ii) *Special Evaluation Study: Evaluation of ADB's Resident Mission Policies and Resident Mission Operations*, and (iii) *Special Evaluation Study: Management for Development Results in ADB: A Preliminary Assessment*. Study (i) focuses on the pillars of "alignment" and "harmonization" while study (ii) sheds further light on the responsibilities and activities of RMs, including those related to these two pillars. Study (iii) focuses on the pillar of "managing for results." The information generated through surveys and results of these studies matches the information needs of the proposed evaluation. Other needed information for evaluation, particularly on the two remaining pillars of "ownership" and "mutual accountability," will be generated from documentation review, key informant interviews, focus group discussions, and where needed, quick surveys on specific issues. The document reviews will include the two surveys conducted by OECD⁸ and ADB⁹ to establish baseline information and monitor the implementation progress on Paris Declaration commitment; ADB policies, programs and strategies relevant to Paris Declaration pillars; and other relevant documents from regional departments and RMs such as action plans, business plans and publications related to field country-level activities will also be reviewed. With a view of matching ADB evaluation with the country-level evaluation to be conducted by the four participating ADB member-countries, i.e., Bangladesh, Philippines, Sri Lanka, and Viet Nam, RM-related information and feedback will be sought only from their respective RMs.

21. Gaps in information identified following the documentation review will be filled through key informant interviews and focus group discussions. Interviews will be conducted at the ADB headquarters with staff from SPD, operational and regional departments and human resources, and at the four RMs with Country Directors and staff. Interviews with staff from the four RMs will be conducted to obtain their perspectives on how ADB's strategies, policies and procedures may have contributed towards promoting leadership, building capacity and providing incentives to staff to implement Paris Declaration commitments. This will include collection of information on aspects such as how ADB's efforts complement and/or conflict with national priorities and systems and other development partners' programs, what are the bottlenecks, and where and

⁸ OECD. 2007. *Aid Effectiveness 2006 Survey on Monitoring the Paris Declaration: Overview of the Results*. Paris.

⁹ ADB. 2007. *Implementation of the Paris Declaration in ADF Countries*. Manila.

how ADB could be more effectively progress towards Paris Declaration commitments. A semi-structured questionnaire focused on the evaluation questions listed above will be used to fill the information gap.

22. Information on better practices at ADB towards fulfilling Paris Declaration commitments for increased aid effectiveness will be collected. Information on individual departments' initiatives to keep track of their compliance with and achievements regarding PD objectives will be collected. Information obtained from various sources will be consolidated through triangulation and analyzed to produce an overall status of progress, achievements and constraints. The perspectives of the four RMs will be especially highlighted in developing recommendations and action plans as they are key in fulfilling ADB's Paris Declaration commitments.

23. Both input and output-level information will be collected and analyzed. Input-level information includes various specific actions ADB has undertaken at the headquarters and RMs. The output level information includes improved awareness, capacity and initiatives at the headquarters and country offices for promoting ownership, alignment, harmonization, results management and mutual accountability. The ADB evaluation report will be circulated to various departments, RMs and other relevant groups for review before being finalized and communicated to the Synthesis Team through the Evaluation Management Group (at OECD). The final evaluation report will at most be 50 pages, including an executive summary.

E. Management Arrangements

24. The OED of ADB will manage the evaluation. The evaluation team consists of evaluation specialists and support staff from OED. The team will liaise with concerned departments and RMs located in partner-countries. A mission will be fielded to one of the four participating ADB member-countries as appropriate. The report is a contribution to the joint evaluation coordinated by OECD-DAC Evaluation Network. It will be circulated to the relevant departments in ADB and RMs, and will be posted on the OED website.

F. Time Frame

25. The ADB first phase evaluation will adhere to following schedule and output milestones:

Approach Paper	II September 2007
Data collection commencement	I October 2007
First draft report completion	IV October 2007
Circulation for comments	II November 2007
Report submission to OECD	IV November 2007

attachments: Appendix 1: Paris Declaration on Aid Effectiveness
 Appendix 2: First Phase of the Evaluation of the Implementation of the Paris Declaration Generic TOR for Development Partner HQ Evaluations
 Appendix 3: Evaluation Matrix

cc: Christine Infantado, Alvin Morales; Chrono file; Project file; OED Central Files

SS/bqc



High Level Forum
Paris ■ February 28 – March 2, 2005

PARIS DECLARATION ON AID EFFECTIVENESS

Ownership, Harmonisation, Alignment, Results and Mutual Accountability

I. Statement of Resolve

1. We, Ministers of developed and developing countries responsible for promoting development and Heads of multilateral and bilateral development institutions, meeting in Paris on 2 March 2005, resolve to take far-reaching and monitorable actions to reform the ways we deliver and manage aid as we look ahead to the UN five-year review of the Millennium Declaration and the Millennium Development Goals (MDGs) later this year. As in Monterrey, we recognise that while the volumes of aid and other development resources must increase to achieve these goals, aid effectiveness must increase significantly as well to support partner country efforts to strengthen governance and improve development performance. This will be all the more important if existing and new bilateral and multilateral initiatives lead to significant further increases in aid.

2. At this High-Level Forum on Aid Effectiveness, we followed up on the Declaration adopted at the High-Level Forum on Harmonisation in Rome (February 2003) and the core principles put forward at the Marrakech Roundtable on Managing for Development Results (February 2004) because we believe they will increase the impact aid has in reducing poverty and inequality, increasing growth, building capacity and accelerating achievement of the MDGs.

Scale up for more effective aid

3. We reaffirm the commitments made at Rome to harmonise and align aid delivery. We are encouraged that many donors and partner countries are making aid effectiveness a high priority, and we reaffirm our commitment to accelerate progress in implementation, especially in the following areas:

- i. Strengthening partner countries' national development strategies and associated operational frameworks (e.g., planning, budget, and performance assessment frameworks).
- ii. Increasing alignment of aid with partner countries' priorities, systems and procedures and helping to strengthen their capacities.
- iii. Enhancing donors' and partner countries' respective accountability to their citizens and parliaments for their development policies, strategies and performance.
- iv. Eliminating duplication of efforts and rationalising donor activities to make them as cost-effective as possible.
- v. Reforming and simplifying donor policies and procedures to encourage collaborative behaviour and progressive alignment with partner countries' priorities, systems and procedures.
- vi. Defining measures and standards of performance and accountability of partner country systems in public financial management, procurement, fiduciary safeguards and environmental assessments, in line with broadly accepted good practices and their quick and widespread application.

4. We commit ourselves to taking concrete and effective action to address the remaining challenges, including:

- i. Weaknesses in partner countries' institutional capacities to develop and implement results-driven national development strategies.

- ii. Failure to provide more predictable and multi-year commitments on aid flows to committed partner countries.
- iii. Insufficient delegation of authority to donors' field staff, and inadequate attention to incentives for effective development partnerships between donors and partner countries.
- iv. Insufficient integration of global programmes and initiatives into partner countries' broader development agendas, including in critical areas such as HIV/AIDS.
- v. Corruption and lack of transparency, which erode public support, impede effective resource mobilisation and allocation and divert resources away from activities that are vital for poverty reduction and sustainable economic development. Where corruption exists, it inhibits donors from relying on partner country systems.

5. We acknowledge that enhancing the effectiveness of aid is feasible and necessary across all aid modalities. In determining the most effective modalities of aid delivery, we will be guided by development strategies and priorities established by partner countries. Individually and collectively, we will choose and design appropriate and complementary modalities so as to maximise their combined effectiveness.

6. In following up the Declaration, we will intensify our efforts to provide and use development assistance, including the increased flows as promised at Monterrey, in ways that rationalise the often excessive fragmentation of donor activities at the country and sector levels.

Adapt and apply to differing country situations

7. Enhancing the effectiveness of aid is also necessary in challenging and complex situations, such as the tsunami disaster that struck countries of the Indian Ocean rim on 26 December 2004. In such situations, worldwide humanitarian and development assistance must be harmonised within the growth and poverty reduction agendas of partner countries. In fragile states, as we support state-building and delivery of basic services, we will ensure that the principles of harmonisation, alignment and managing for results are adapted to environments of weak governance and capacity. Overall, we will give increased attention to such complex situations as we work toward greater aid effectiveness.

Specify indicators, timetable and targets

8. We accept that the reforms suggested in this Declaration will require continued high-level political support, peer pressure and coordinated actions at the global, regional and country levels. We commit to accelerate the pace of change by implementing, in a spirit of mutual accountability, the Partnership Commitments presented in Section II and to measure progress against 12 specific indicators that we have agreed today and that are set out in Section III of this Declaration.

9. As a further spur to progress, we will set targets for the year 2010. These targets, which will involve action by both donors and partner countries, are designed to track and encourage progress at the global level among the countries and agencies that have agreed to this Declaration. They are not intended to prejudge or substitute for any targets that individual partner countries may wish to set. We have agreed today to set five preliminary targets against indicators as shown in Section III. We agree to review these preliminary targets and to adopt targets against the remaining indicators as shown in Section III before the UNGA Summit in September 2005; and we ask the partnership of donors and partner countries hosted by the DAC to prepare for this urgently¹. Meanwhile, we welcome initiatives by partner countries and donors to establish their own targets for

¹ In accordance with paragraph 9 of the Declaration, the partnership of donors and partner countries hosted by the DAC (Working Party on Aid Effectiveness) comprising OECD/DAC members, partner countries and multilateral institutions, met twice, on 30-31 May 2005 and on 7-8 July 2005 to adopt, and review where appropriate, the targets for the twelve Indicators of Progress. At these meetings an agreement was reached on the targets presented under Section III of the present Declaration. This agreement is subject to reservations by one donor on (a) the methodology for assessing the quality of locally-managed procurement systems (relating to targets 2b and 5b) and (b) the acceptable quality of public financial management reform programmes (relating to target 5a.ii). Further discussions are underway to address these issues. The targets, including the reservation, have been notified to the Chairs of the High-level Plenary Meeting of the 59th General Assembly of the United Nations in a letter of 9 September 2005 by Mr. Richard Manning, Chair of the OECD Development Assistance Committee (DAC).

improved aid effectiveness within the framework of the agreed Partnership Commitments and Indicators of Progress. For example, a number of partner countries have presented action plans, and a large number of donors have announced important new commitments. We invite all participants who wish to provide information on such initiatives to submit it by 4 April 2005 for subsequent publication.

Monitor and evaluate implementation

10. Because demonstrating real progress at country level is critical, under the leadership of the partner country we will periodically assess, qualitatively as well as quantitatively, our mutual progress at country level in implementing agreed commitments on aid effectiveness. In doing so, we will make use of appropriate country level mechanisms.

11. At the international level, we call on the partnership of donors and partner countries hosted by the DAC to broaden partner country participation and, by the end of 2005, to propose arrangements for the medium term monitoring of the commitments in this Declaration. In the meantime, we ask the partnership to co-ordinate the international monitoring of the Indicators of Progress included in Section III; to refine targets as necessary; to provide appropriate guidance to establish baselines; and to enable consistent aggregation of information across a range of countries to be summed up in a periodic report. We will also use existing peer review mechanisms and regional reviews to support progress in this agenda. We will, in addition, explore independent cross-country monitoring and evaluation processes – which should be applied without imposing additional burdens on partners – to provide a more comprehensive understanding of how increased aid effectiveness contributes to meeting development objectives.

12. Consistent with the focus on implementation, we plan to meet again in 2008 in a developing country and conduct two rounds of monitoring before then to review progress in implementing this Declaration.

II. Partnership Commitments

13. Developed in a spirit of mutual accountability, these Partnership Commitments are based on the lessons of experience. We recognise that commitments need to be interpreted in the light of the specific situation of each partner country.

OWNERSHIP

Partner countries exercise effective leadership over their development policies, and strategies and co-ordinate development actions

14. **Partner countries** commit to:

- Exercise leadership in developing and implementing their national development strategies² through broad consultative processes.
- Translate these national development strategies into prioritised results-oriented operational programmes as expressed in medium-term expenditure frameworks and annual budgets (**Indicator 1**).
- Take the lead in co-ordinating aid at all levels in conjunction with other development resources in dialogue with donors and encouraging the participation of civil society and the private sector.

15. **Donors** commit to:

- Respect partner country leadership and help strengthen their capacity to exercise it.

² The term 'national development strategies' includes poverty reduction and similar overarching strategies as well as sector and thematic strategies.

ALIGNMENT

Donors base their overall support on partner countries' national development strategies, institutions and procedures

Donors align with partners' strategies

16. **Donors** commit to:
- Base their overall support — country strategies, policy dialogues and development co-operation programmes — on partners' national development strategies and periodic reviews of progress in implementing these strategies³ (**Indicator 3**).
 - Draw conditions, whenever possible, from a partner's national development strategy or its annual review of progress in implementing this strategy. Other conditions would be included only when a sound justification exists and would be undertaken transparently and in close consultation with other donors and stakeholders.
 - Link funding to a single framework of conditions and/or a manageable set of indicators derived from the national development strategy. This does not mean that all donors have identical conditions, but that each donor's conditions should be derived from a common streamlined framework aimed at achieving lasting results.

Donors use strengthened country systems

17. Using a country's own institutions and systems, where these provide assurance that aid will be used for agreed purposes, increases aid effectiveness by strengthening the partner country's sustainable capacity to develop, implement and account for its policies to its citizens and parliament. Country systems and procedures typically include, but are not restricted to, national arrangements and procedures for public financial management, accounting, auditing, procurement, results frameworks and monitoring.

18. Diagnostic reviews are an important — and growing — source of information to governments and donors on the state of country systems in partner countries. Partner countries and donors have a shared interest in being able to monitor progress over time in improving country systems. They are assisted by performance assessment frameworks, and an associated set of reform measures, that build on the information set out in diagnostic reviews and related analytical work.

19. **Partner countries** and **donors** jointly commit to:
- Work together to establish mutually agreed frameworks that provide reliable assessments of performance, transparency and accountability of country systems (**Indicator 2**).
 - Integrate diagnostic reviews and performance assessment frameworks within country-led strategies for capacity development.
20. **Partner countries** commit to:
- Carry out diagnostic reviews that provide reliable assessments of country systems and procedures.
 - On the basis of such diagnostic reviews, undertake reforms that may be necessary to ensure that national systems, institutions and procedures for managing aid and other development resources are effective, accountable and transparent.
 - Undertake reforms, such as public management reform, that may be necessary to launch and fuel sustainable capacity development processes.
21. **Donors** commit to:
- Use country systems and procedures to the maximum extent possible. Where use of country systems is not feasible, establish additional safeguards and measures in ways that strengthen rather than undermine country systems and procedures (**Indicator 5**).

³ This includes for example the Annual Progress Review of the Poverty Reduction Strategies (APR).

- Avoid, to the maximum extent possible, creating dedicated structures for day-to-day management and implementation of aid-financed projects and programmes (**Indicator 6**).
- Adopt harmonised performance assessment frameworks for country systems so as to avoid presenting partner countries with an excessive number of potentially conflicting targets.

Partner countries strengthen development capacity with support from donors

22. The capacity to plan, manage, implement, and account for results of policies and programmes, is critical for achieving development objectives — from analysis and dialogue through implementation, monitoring and evaluation. Capacity development is the responsibility of partner countries with donors playing a support role. It needs not only to be based on sound technical analysis, but also to be responsive to the broader social, political and economic environment, including the need to strengthen human resources.

23. **Partner countries** commit to:

- Integrate specific capacity strengthening objectives in national development strategies and pursue their implementation through country-led capacity development strategies where needed.

24. **Donors** commit to:

- Align their analytic and financial support with partners' capacity development objectives and strategies, make effective use of existing capacities and harmonise support for capacity development accordingly (**Indicator 4**).

Strengthen public financial management capacity

25. **Partner countries** commit to:

- Intensify efforts to mobilise domestic resources, strengthen fiscal sustainability, and create an enabling environment for public and private investments.
- Publish timely, transparent and reliable reporting on budget execution.
- Take leadership of the public financial management reform process.

26. **Donors** commit to:

- Provide reliable indicative commitments of aid over a multi-year framework and disburse aid in a timely and predictable fashion according to agreed schedules (**Indicator 7**).
- Rely to the maximum extent possible on transparent partner government budget and accounting mechanisms (**Indicator 5**).

27. **Partner countries** and **donors** jointly commit to:

- Implement harmonised diagnostic reviews and performance assessment frameworks in public financial management.

Strengthen national procurement systems

28. **Partner countries** and **donors** jointly commit to:

- Use mutually agreed standards and processes⁴ to carry out diagnostics, develop sustainable reforms and monitor implementation.
- Commit sufficient resources to support and sustain medium and long-term procurement reforms and capacity development.
- Share feedback at the country level on recommended approaches so they can be improved over time.

⁴ Such as the processes developed by the joint OECD-DAC – World Bank Round Table on Strengthening Procurement Capacities in Developing Countries.

29. **Partner countries** commit to take leadership and implement the procurement reform process.
30. **Donors** commit to:
 - Progressively rely on partner country systems for procurement when the country has implemented mutually agreed standards and processes (**Indicator 5**).
 - Adopt harmonised approaches when national systems do not meet mutually agreed levels of performance or donors do not use them.

Untie aid: getting better value for money

31. Untying aid generally increases aid effectiveness by reducing transaction costs for partner countries and improving country ownership and alignment. **DAC Donors** will continue to make progress on untying as encouraged by the 2001 DAC Recommendation on Untying Official Development Assistance to the Least Developed Countries (**Indicator 8**).

HARMONISATION

Donors' actions are more harmonised, transparent and collectively effective

Donors implement common arrangements and simplify procedures

32. **Donors** commit to:
 - Implement the donor action plans that they have developed as part of the follow-up to the Rome High-Level Forum.
 - Implement, where feasible, common arrangements at country level for planning, funding (e.g. joint financial arrangements), disbursement, monitoring, evaluating and reporting to government on donor activities and aid flows. Increased use of programme-based aid modalities can contribute to this effort (**Indicator 9**).
 - Work together to reduce the number of separate, duplicative, missions to the field and diagnostic reviews (**Indicator 10**); and promote joint training to share lessons learnt and build a community of practice.

Complementarity: more effective division of labour

33. Excessive fragmentation of aid at global, country or sector level impairs aid effectiveness. A pragmatic approach to the division of labour and burden sharing increases complementarity and can reduce transaction costs.

34. **Partner countries** commit to:
 - Provide clear views on donors' comparative advantage and on how to achieve donor complementarity at country or sector level.
35. **Donors** commit to:
 - Make full use of their respective comparative advantage at sector or country level by delegating, where appropriate, authority to lead donors for the execution of programmes, activities and tasks.
 - Work together to harmonise separate procedures.

Incentives for collaborative behaviour

36. **Donors** and **partner countries** jointly commit to:
 - Reform procedures and strengthen incentives—including for recruitment, appraisal and training—for management and staff to work towards harmonisation, alignment and results.

Delivering effective aid in fragile states⁵

37. The long-term vision for international engagement in fragile states is to build legitimate, effective and resilient state and other country institutions. While the guiding principles of effective aid apply equally to fragile states, they need to be adapted to environments of weak ownership and capacity and to immediate needs for basic service delivery.

38. **Partner countries** commit to:

- Make progress towards building institutions and establishing governance structures that deliver effective governance, public safety, security, and equitable access to basic social services for their citizens.
- Engage in dialogue with donors on developing simple planning tools, such as the transitional results matrix, where national development strategies are not yet in place.
- Encourage broad participation of a range of national actors in setting development priorities.

39. **Donors** commit to:

- Harmonise their activities. Harmonisation is all the more crucial in the absence of strong government leadership. It should focus on upstream analysis, joint assessments, joint strategies, co-ordination of political engagement; and practical initiatives such as the establishment of joint donor offices.
- Align to the maximum extent possible behind central government-led strategies or, if that is not possible, donors should make maximum use of country, regional, sector or non-government systems.
- Avoid activities that undermine national institution building, such as bypassing national budget processes or setting high salaries for local staff.
- Use an appropriate mix of aid instruments, including support for recurrent financing, particularly for countries in promising but high-risk transitions.

Promoting a harmonised approach to environmental assessments

40. Donors have achieved considerable progress in harmonisation around environmental impact assessment (EIA) including relevant health and social issues at the project level. This progress needs to be deepened, including on addressing implications of global environmental issues such as climate change, desertification and loss of biodiversity.

41. **Donors** and **partner countries** jointly commit to:

- Strengthen the application of EIAs and deepen common procedures for projects, including consultations with stakeholders; and develop and apply common approaches for “strategic environmental assessment” at the sector and national levels.
- Continue to develop the specialised technical and policy capacity necessary for environmental analysis and for enforcement of legislation.

42. Similar harmonisation efforts are also needed on other cross-cutting issues, such as gender equality and other thematic issues including those financed by dedicated funds.

MANAGING FOR RESULTS

Managing resources and improving decision-making for results

43. Managing for results means managing and implementing aid in a way that focuses on the desired results and uses information to improve decision-making.

⁵ The following section draws on the draft Principles for Good International Engagement in Fragile States, which emerged from the Senior Level Forum on Development Effectiveness in Fragile States (London, January 2005).

44. **Partner countries** commit to:
- Strengthen the linkages between national development strategies and annual and multi-annual budget processes.
 - Endeavour to establish results-oriented reporting and assessment frameworks that monitor progress against key dimensions of the national and sector development strategies; and that these frameworks should track a manageable number of indicators for which data are cost-effectively available (**Indicator 11**).
45. **Donors** commit to:
- Link country programming and resources to results and align them with effective partner country performance assessment frameworks, refraining from requesting the introduction of performance indicators that are not consistent with partners' national development strategies.
 - Work with partner countries to rely, as far as possible, on partner countries' results-oriented reporting and monitoring frameworks.
 - Harmonise their monitoring and reporting requirements, and, until they can rely more extensively on partner countries' statistical, monitoring and evaluation systems, with partner countries to the maximum extent possible on joint formats for periodic reporting.
46. **Partner countries** and **donors** jointly commit to:
- Work together in a participatory approach to strengthen country capacities and demand for results based management.

MUTUAL ACCOUNTABILITY

Donors and partners are accountable for development results

47. A major priority for partner countries and donors is to enhance mutual accountability and transparency in the use of development resources. This also helps strengthen public support for national policies and development assistance.
48. **Partner countries** commit to:
- Strengthen as appropriate the parliamentary role in national development strategies and/or budgets.
 - Reinforce participatory approaches by systematically involving a broad range of development partners when formulating and assessing progress in implementing national development strategies.
49. **Donors** commit to:
- Provide timely, transparent and comprehensive information on aid flows so as to enable partner authorities to present comprehensive budget reports to their legislatures and citizens.
50. **Partner countries** and **donors** commit to:
- Jointly assess through existing and increasingly objective country level mechanisms mutual progress in implementing agreed commitments on aid effectiveness, including the Partnership Commitments. (**Indicator 12**).

III. Indicators of Progress

To be measured nationally and monitored internationally

OWNERSHIP		TARGET FOR 2010
1	<i>Partners have operational development strategies</i> — Number of countries with national development strategies (including PRSs) that have clear strategic priorities linked to a medium-term expenditure framework and reflected in annual budgets.	At least 75% of partner countries have operational development strategies.
ALIGNMENT		TARGETS FOR 2010
2	<i>Reliable country systems</i> — Number of partner countries that have procurement and public financial management systems that either (a) adhere to broadly accepted good practices or (b) have a reform programme in place to achieve these.	<p>(a) Public financial management – Half of partner countries move up at least one measure (i.e., 0.5 points) on the PFM/ CPIA (Country Policy and Institutional Assessment) scale of performance.</p> <p>(b) Procurement – One-third of partner countries move up at least one measure (i.e., from D to C, C to B or B to A) on the four-point scale used to assess performance for this indicator.</p>
3	<i>Aid flows are aligned on national priorities</i> — Percent of aid flows to the government sector that is reported on partners' national budgets.	Halve the gap — halve the proportion of aid flows to government sector not reported on government's budget(s) (with at least 85% reported on budget).
4	<i>Strengthen capacity by co-ordinated support</i> — Percent of donor capacity-development support provided through co-ordinated programmes consistent with partners' national development strategies.	50% of technical co-operation flows are implemented through co-ordinated programmes consistent with national development strategies.
5a	<i>Use of country public financial management systems</i> — Percent of donors and of aid flows that use public financial management systems in partner countries, which either (a) adhere to broadly accepted good practices or (b) have a reform programme in place to achieve these.	PERCENT OF DONORS
		Score* Target
		5+ All donors use partner countries' PFM systems.
		3.5 to 4.5 90% of donors use partner countries' PFM systems.
		PERCENT OF AID FLOWS
		Score* Target
5+ A two-thirds reduction in the % of aid to the public sector not using partner countries' PFM systems.		
3.5 to 4.5 A one-third reduction in the % of aid to the public sector not using partner countries' PFM systems.		
5b	<i>Use of country procurement systems</i> — Percent of donors and of aid flows that use partner country procurement systems which either (a) adhere to broadly accepted good practices or (b) have a reform programme in place to achieve these.	PERCENT OF DONORS
		Score* Target
		A All donors use partner countries' procurement systems.
		B 90% of donors use partner countries' procurement systems.
		PERCENT OF AID FLOWS
		Score* Target
A A two-thirds reduction in the % of aid to the public sector not using partner countries' procurement systems.		
B A one-third reduction in the % of aid to the public sector not using partner countries' procurement systems.		
6	<i>Strengthen capacity by avoiding parallel implementation structures</i> — Number of parallel project implementation units (PIUs) per country.	Reduce by two-thirds the stock of parallel project implementation units (PIUs).
7	<i>Aid is more predictable</i> — Percent of aid disbursements released according to agreed schedules in annual or multi-year frameworks.	Halve the gap — halve the proportion of aid not disbursed within the fiscal year for which it was scheduled.
8	<i>Aid is untied</i> — Percent of bilateral aid that is untied.	Continued progress over time.

HARMONISATION		TARGETS FOR 2010
9	<i>Use of common arrangements or procedures</i> — Percent of aid provided as programme-based approaches.	66% of aid flows are provided in the context of programme-based approaches.
10	<i>Encourage shared analysis</i> — Percent of (a) field missions and/or (b) country analytic work, including diagnostic reviews that are joint.	(a) 40% of donor missions to the field are joint.
		(b) 66% of country analytic work is joint.
MANAGING FOR RESULTS		TARGET FOR 2010
11	<i>Results-oriented frameworks</i> — Number of countries with transparent and monitorable performance assessment frameworks to assess progress against (a) the national development strategies and (b) sector programmes.	Reduce the gap by one-third — Reduce the proportion of countries without transparent and monitorable performance assessment frameworks by one-third.
MUTUAL ACCOUNTABILITY		TARGET FOR 2010
12	<i>Mutual accountability</i> — Number of partner countries that undertake mutual assessments of progress in implementing agreed commitments on aid effectiveness including those in this Declaration.	All partner countries have mutual assessment reviews in place.

Important Note: In accordance with paragraph 9 of the Declaration, the partnership of donors and partner countries hosted by the DAC (Working Party on Aid Effectiveness) comprising OECD/DAC members, partner countries and multilateral institutions, met twice, on 30-31 May 2005 and on 7-8 July 2005 to adopt, and review where appropriate, the targets for the twelve Indicators of Progress. At these meetings an agreement was reached on the targets presented under Section III of the present Declaration. This agreement is subject to reservations by one donor on (a) the methodology for assessing the quality of locally-managed procurement systems (relating to targets 2b and 5b) and (b) the acceptable quality of public financial management reform programmes (relating to target 5a.ii). Further discussions are underway to address these issues. The targets, including the reservation, have been notified to the Chairs of the High-level Plenary Meeting of the 59th General Assembly of the United Nations in a letter of 9 September 2005 by Mr. Richard Manning, Chair of the OECD Development Assistance Committee (DAC).

***Note on Indicator 5:** Scores for Indicator 5 are determined by the methodology used to measure quality of procurement and public financial management systems under Indicator 2 above.

Appendix A: Methodological Notes on the Indicators of Progress

The Indicators of Progress provides a framework in which to make operational the responsibilities and accountabilities that are framed in the Paris Declaration on Aid Effectiveness. This framework draws selectively from the Partnership Commitments presented in Section II of this Declaration.

Purpose — The Indicators of Progress provide a framework in which to make operational the responsibilities and accountabilities that are framed in the Paris Declaration on Aid Effectiveness. They measure principally **collective behaviour at the country level**.

Country level vs. global level — The indicators are to be **measured at the country level** in close collaboration between partner countries and donors. Values of country level indicators can then be statistically aggregated at the **regional or global level**. This global aggregation would be done both for the country panel mentioned below, for purposes of statistical comparability, and more broadly for all partner countries for which relevant data are available.

Donor / Partner country performance — The indicators of progress also provide a **benchmark against which individual donor agencies or partner countries can measure their performance** at the country, regional, or global level. In measuring individual donor performance, the indicators should be applied with flexibility in the recognition that donors have different institutional mandates.

Targets — The targets are set at the global level. Progress against these targets is to be measured by aggregating data measured at the country level. In addition to global targets, partner countries and donors in a given country might agree on country-level targets.

Baseline — A baseline will be established for 2005 in a panel of self-selected countries. The partnership of donors and partner countries hosted by the DAC (Working Party on Aid Effectiveness) is asked to establish this panel.

Definitions and criteria — The partnership of donors and partner countries hosted by the DAC (Working Party on Aid Effectiveness) is asked to provide specific guidance on definitions, scope of application, criteria and methodologies to assure that results can be aggregated across countries and across time.

Note on Indicator 9 — Programme based approaches are defined in Volume 2 of Harmonising Donor Practices for Effective Aid Delivery (OECD, 2005) in Box 3.1 as a way of engaging in development cooperation based on the principles of co-ordinated support for a locally owned programme of development, such as a national development strategy, a sector programme, a thematic programme or a programme of a specific organisation. Programme based approaches share the following features: (a) leadership by the host country or organisation; (b) a single comprehensive programme and budget framework; (c) a formalised process for donor co-ordination and harmonisation of donor procedures for reporting, budgeting, financial management and procurement; (d) Efforts to increase the use of local systems for programme design and implementation, financial management, monitoring and evaluation. For the purpose of indicator 9 performance will be measured separately across the aid modalities that contribute to programme-based approaches.

APPENDIX B: List of Participating Countries and Organisations

Participating Countries

Albania	Australia	Austria
Bangladesh	Belgium	Benin
Bolivia	Botswana	[Brazil]*
Burkina Faso	Burundi	Cambodia
Cameroon	Canada	China
Congo D.R.	Czech Republic	Denmark
Dominican Republic	Egypt	Ethiopia
European Commission	Fiji	Finland
France	Gambia, The	Germany
Ghana	Greece	Guatemala
Guinea	Honduras	Iceland
Indonesia	Ireland	Italy
Jamaica	Japan	Jordan
Kenya	Korea	Kuwait
Kyrgyz Republic	Lao PDR	Luxembourg
Madagascar	Malawi	Malaysia
Mali	Mauritania	Mexico
Mongolia	Morocco	Mozambique
Nepal	Netherlands	New Zealand
Nicaragua	Niger	Norway
Pakistan	Papua New Guinea	Philippines
Poland	Portugal	Romania
Russian Federation	Rwanda	Saudi Arabia
Senegal	Serbia and Montenegro	Slovak Republic
Solomon Islands	South Africa	Spain
Sri Lanka	Sweden	Switzerland
Tajikistan	Tanzania	Thailand
Timor-Leste	Tunisia	Turkey
Uganda	United Kingdom	United States of America
Vanuatu	Vietnam	Yemen
Zambia		

* To be confirmed.

More countries than listed here have endorsed the Paris Declaration. For a full and up to date list please consult www.oecd.org/dac/effectiveness/parisdeclaration/members.

Participating Organisations

African Development Bank	Arab Bank for Economic Development in Africa
Asian Development Bank	Commonwealth Secretariat
Consultative Group to Assist the Poorest (CGAP)	Council of Europe Development Bank (CEB)
Economic Commission for Africa (ECA)	Education for All Fast Track Initiative (EFA-FTI)
European Bank for Reconstruction and Development (EBRD)	European Investment Bank (EIB)
Global Fund to Fight Aids, Tuberculosis and Malaria	G24
Inter-American Development Bank	International Fund for Agricultural Development (IFAD)
International Monetary Fund (IMF)	International Organisation of the Francophonie
Islamic Development Bank	Millennium Campaign
New Partnership for Africa's Development (NEPAD)	Nordic Development Fund
Organisation for Economic Co-operation and Development (OECD)	Organisation of Eastern Caribbean States (OECS)
OPEC Fund for International Development	Pacific Islands Forum Secretariat
United Nations Development Group (UNDG)	World Bank

Civil Society Organisations

Africa Humanitarian Action	AFRODAD
Bill and Melinda Gates Foundations	Canadian Council for International Cooperation (CCIC)
Comité Catholique contre la Faim et pour le Développement (CCFD)	Coopération Internationale pour le Développement et la Solidarité (CIDSE)
Comisión Económica (Nicaragua)	ENDA Tiers Monde
EURODAD	International Union for Conservation of Nature and Natural Resources (IUCN)
Japan NGO Center for International Cooperation (JANIC)	Reality of Aid Network
Tanzania Social and Economic Trust (TASOET)	UK Aid Network

First Phase of the Evaluation of the Implementation of the Paris Declaration Generic TOR for Development Partner¹ HQ Evaluations

1. Background and rationale

Alongside its strong focus on monitoring, the Paris Declaration also highlights the importance of an independent cross-country evaluation process. The Declaration states that this evaluation process should provide a more comprehensive understanding of how increased aid effectiveness contributes to meeting development objectives and that it should be applied without imposing unnecessary additional burdens on partners.

In response to this commitment, the DAC Development Evaluation Network explored possible approaches to an evaluation. A two-phase evaluation was proposed: The first phase of the evaluation will address input and output levels, through a series of partner country, development partner headquarters, and thematic evaluations. The second phase of the evaluation will address outcome and impact levels. The evaluation will be designed to complement the monitoring of the implementation of the Paris Declaration, including the Medium Term Monitoring Plan, which has advanced through the Joint Venture on Monitoring.

The proposed Evaluation received strong support from the Working Party on Aid Effectiveness (WP-EFF) and the DAC Evaluation Network. An international Reference Group has been established, comprising partner country members of the WP-EFF, members of the DAC Evaluation Network and representatives of civil society, to commission and oversee the evaluation.

The first phase will run from March 2007 to July 2008. It will provide information on the 'HOWs and WHYs' of the implementation process of the Paris Declaration, to deliver practical lessons and help take stock of implementation performance at the 3rd High-Level Forum (HLF) on Aid Effectiveness to be held in Ghana (September 2008).

The second phase of the evaluation will run from the HLF in Ghana in 2008 and up to the 4th HLF in 2010. This phase will focus on whether the intended, long-term effects of the Paris Declaration are being achieved.

2. Purpose and Objectives

While the **overall purpose** of the evaluation is to provide information about the end impacts and effects of the steps taken in order to increase aid effectiveness; the first phase of the evaluation will only focus on the relevance and effectiveness of the input and (to the extent possible) output levels.

The **specific purpose** of the evaluation is to assess what constitutes better practices for development partner headquarters in implementing their Paris Declaration commitments in order to contribute to increased aid effectiveness. The emphasis will be on learning, by asking the twin questions: are we doing the right things and are we doing things right?

The **objectives** of the development partner level evaluation are:

¹ By Development Partners is meant donors, multilateral agencies, IFIs and other organisations engaged in development assistance

- To deepen our understanding of the lessons emerging from the PD baseline survey.
- To facilitate global learning on aid effectiveness through the evaluation processes and to facilitate more efficient implementation of the Paris Declaration.
- To make specific recommendations both to the evaluated development partners and to the global aid community for improving the aid effectiveness.
- To provide the basis for the second phase of the evaluation.

3. Scope and Focus of the Evaluation

Since the endorsement of Paris Declaration (PD) in March 2005, most development partner agencies have made major efforts to implement the PD within their organisations and communicate the importance to their staff. A large majority of DAC members, for example, have developed corporate action plans to implement the PD and five of them have informed their national parliaments. Nonetheless, the Survey Report² summarizing the baseline findings, as well as different studies recording country-specific implementation experiences, highlight that these corporate commitments are not always matched by practices. Three explanatory dimensions have been identified as contributors to development partner behaviour: **(a) commitment, (b) capacity building, and (c) incentive systems in terms of their alignment to the Paris Declaration.** These three dimensions will constitute the **main scope** of the evaluation.

a. Commitment: The Paris Declaration calls for a radical new way of delivering aid. Country strategies are no longer to be formulated by individual development partners. Instead, with the emphasis on partner ownership, development partners' co-operation strategies are to be guided by partner government needs-based demands in an aligned and harmonized manner. This may explain why the Survey Report, in line with good practices for institutional reform, has **development partner leadership as the most important factor for ensuring commitment to PD objectives.** However, the manner in which effective leadership is to be enacted is less clear, as the emphasis on demand-driven development cooperation challenges the current reality of HQ policies, programmes, and procedures being driven by development partner administrative *and* political concerns.

For example in Zambia, the government's implementation of a division of labour, determining which development partners should intervene in which sectors has been positively embraced by the more than 20 different bilateral and multilateral development partners providing support to Zambia. Nonetheless, some development partners have voiced their concerns over the new sector distribution – especially when the new distribution requires an exit from social (MDG-focused) sectors often enjoying strong backing from donor constituencies and the donor country's own public commitments.

Similarly, with ownership, the use of conditionalities as an instrument for reform is challenged. Instead development partners are now increasingly designing programmes (more) focused on policy dialogue in support of identified drivers for changes in the partner countries. Nonetheless, the usage of process indicators for release of e.g. general budget support is still widely applied through the Performance Assessment Frameworks (PAF). This might also explain the weak correlation between the quality of a partner country's Public Financial Management system and the level of alignment noted in the Survey Re-

² The Survey Report is scheduled for release in March/April 2007.

port: “other factors than quality of systems are affecting development partners’ willingness to use them”.

Further, other than the development partner/partner country schism, a disconnect between headquarter policies and in-country practices has been noted. For some development partners it may be the case that the PD is owned by policy staff at headquarter level with country level staff seeing harmonisation tasks as getting in the way of efforts to achieve tangible development results. For other (typically project-oriented) development partners, the picture is the reverse, with country level staff experiencing difficulties in engaging in collaborative efforts due to legal liability and the financial control concerns of their headquarters. Indeed, in some instances the legal liability concerns of development partner HQs have led to initial below-PD commitments at field level. This is why the Survey Report recommends ³that development partner agencies make an effort to review procedural and legal frameworks so that the rules, procedures, or practices that work against the PD commitments can be identified.

b. Capacities: Also within development partner offices, whether at HQ or at field level, uneven commitment to PD roll-out may be found, demonstrating that leadership on PD commitments reflects first and foremost the commitment/ownership of individual members of staff as well, as uneven capacities between different staff employed by the same development partner. Indeed, a single development partner representation might represent very different approaches to aid effectiveness. As a consequence, development partners and National Coordinators alike have called for **more effective communication on PD issues between headquarter policy advisers and operation staff**; this especially in countries where the aid effectiveness agenda has been launched only recently.

Furthermore, the devolution of authority to Embassy/field office level may be inadequate to allow for an adequate response to PD commitments. In particular decisions concerning the granting of general budget support tend to be heavily centralized at HQs. A head of a donor field office illustrated the oft-seen country situations with these words: “It’s a ‘black box’. We do not know how many funds are budgeted, on what conditions they are granted, and when they are scheduled for transfer. We only know that HQ is going to grant general budget support to the country sometime this year.” It goes without saying that such donor behaviour also goes against the PD commitment of rendering aid more predictable.

Linked to the issue of devolution is the issue of transaction costs and resourcing. The Survey Report stresses that more effective aid is not necessarily aid delivered cheaply. Indeed, according to the World Bank, preparation of coordinated multi-development partner programmes typically require 15-20 per cent more staff and budget resources than traditional stand-alone projects. These costs constitute an up-front investment in doing business in accordance with the PD (assuming that coordinated aid is more effective) and should be factored into operational budgets and allocation of staff time. Several development partners have started to decentralise staff resources as a consequence of the new aid effectiveness agenda, but so far no increases in operational budgets have been noted. Many countries are also concerned about the costs of delivering aid, and whether it is effectively reaching the poorest people for whom it is intended rather than being spent on

³ Survey Report (Final Draft 20 March 2007) p. 46.

the development partner's administrative costs – this is a legitimate concern, and one which must be examined even at the level of perception in Phase One.

c. Incentive Systems of the development partners have been reported as a critical parameter for efficient development partner behaviour. The baseline survey suggests that a number of obstacles work against development partners' ability to meet the commitments made in Paris. These include amongst other things, inappropriate pressures for disbursements, lack of flexibility on staff time, and high staff turnover, which taken together create incentives that reward short-term benefits over longer term and collective, gains.

Further, the development partners need for visibility and influence takes at times precedence over the commitment to harmonised approaches – a tendency which has been especially noted in intervention areas such as decentralisation where development models are seen as 'export-vehicles' of different development partner systems. Similarly, experiences demonstrate that the same need for visibility limits effective delegation – this even when development partners are willing to harmonise and align – as illustrated by the proliferation of development partner groups *and* development partner group members. It seems that career prospects for development partner staff are improved by the maintenance of individual development partner profiles through active participation in development partner coordination. Such incentives may result in permanently high transaction costs.⁴

Focus

The **focus** of the evaluation will be on the input level, through the assessment of the three dimensions (commitment, capacity building and incentive systems) in terms of their alignment to the PD commitments. Outputs will be captured through the country level evaluations in the form of field office behaviour. Hence, the evaluation will not at this stage seek to assess the underlying assumption of the PD; namely that increased aid effectiveness lead to greater development impact. This will be assessed, to the extent possible, during the second phase of the evaluation.

The evaluation work will primary involve a documentary review (policy documents, instructions, guidelines, annual plans) supplemented by a questionnaire survey focused on the embassies / country offices located in those countries of the 10 countries which have volunteered to conduct a partner country level evaluations in which the development partner operates. This type of data collection will need to be supplemented by structured interviews with key respondents at HQ level.

Development partners may consider conducting a field level investigation in the event they do not have representation in a sufficient number of countries in which partner country level evaluations will be conducted.

4. Limitations of the evaluation

The selection of development partners to conduct the evaluation at headquarter level is based on a process of auto-selection which does not enable the establishment of a proper sampling frame. In order to match the number of partner country level evaluations (ten in total), it is preferable that an equal number of development partner level evaluations be conducted. A total of 10 development partner level evaluations will be a sufficiently large

⁴ Ole Winkler Andersen and Ole Therkildsen. *Harmonisation and Alignment: the double-edged swords of budget support and decentralised aid administration*. Danish Institute for International Studies. 2007.

sampling frame provided large bilateral and multilateral development partners as well as small bilateral donors are included.

5. Evaluation Questions⁵

As mentioned above the evaluation will focus on learning by asking the twin questions: ‘are we doing the right things?’ (Relevance) and ‘are we doing things right?’ (Effectiveness). The evaluation will be particularly interested in examples of where potential obstacles to implementation of the Paris Declaration have been identified, and how these have been overcome, and with what results? Hence, the outlined evaluation questions below shall be taken as explorative starting points for the assessments.

Assessing leadership

- How has the Paris Declaration’s emphasis on demand-driven development cooperation been reflected in development partner development policies, programmes and procedures? Has the implementation of the PD affected development partner development co-operation priority-setting? Has the role of development partner HQ/field offices been adapted to the aid effectiveness agenda? If not, why not?
- How the PD is owned at development partner HQ level? How is the PD acknowledged at governing body/parliamentary level and by civil society? What are the potential conflicts with other political / administrative systems, and what is being done to resolve these?
- Are development partners content that they are fulfilling their PD commitments including implementation of the DAC Principles for Good Engagement in Fragile States? If they have concerns, what are the reasons for these? Are the concerns linked to the relevance and coherence of the PD commitments and indicators? Are there ways in which these might be overcome?

Assessing capacity development

- What is the level of staff knowledge and understanding about aid effectiveness and its operational implications, particularly in the field?
- Have specific instructions, guidelines, operational directives evaluation criteria been disseminated to staff to stimulate implementation of the PD implementation plan?
- How is delegated authority structured, and why? Have there been any changes to procedures to meet PD commitments? Is the development co-operation organisation/agency sufficiently decentralised (staff, resources, delegation of authority) to address field-based aid management in line with the PD?

Assessing incentive systems

- Are there specific incentives provided by the agency – e.g. for recruitment, performance assessment and training – for management and staff to comply with the PD objectives of ownership, harmonisation, alignment and results orientation?
- Are there any perceived disincentives, in respect of other agency priorities?

⁵ The evaluation questions are partly derived from the *DAC Peer Review Content Guide: Chapters One to Five*. February 2007.

6. Structure of Work

The development of this generic ToR into agency specific ToR should be guided by the “Guidance for Management of Development partner Level Evaluations”. The evaluation should be conducted in three phases:

Inception Phase. Based on the adapted terms of reference, the contracted evaluation team will develop an inception report (30 pages maximum) including:

- A contextualised evaluation approach based on the outlined evaluation questions of the present generic ToR;
- A sampling frame including the identification of relevant information sources;
- Data collection methods and draft instruments (interview guide, questionnaires, etc.);
- Processes for institutional learning during the evaluation; and
- A detailed work plan and methodology.

The Evaluation Management Group should be invited to review the Terms of Reference and the draft Inception report. If at all possible there will be an Inception Workshop/Meeting of all evaluation teams to discuss and compare approaches, before evaluation work is undertaken to share ideas and understanding and to try to encourage comparability in approach and conceptual frameworks including evaluation indicators and criteria.

Data collection and report drafting Phase.

The drafting of the report will be facilitated by adhering to the development partner level evaluation report outline attached in Annex 1 (to be developed). The evaluation report should be of maximum 50 pages including the executive summary.

Consultation and Finalisation Phase.

Evaluation findings would need to be discussed at development partner headquarters level before being finalised and communicated to the Synthesis Team through the Evaluation Management Group.

7. Competencies

The evaluation team should comprise the following key skills: Advanced knowledge and experience of aid effectiveness policies including that of the Paris Declaration. Advanced knowledge and experience of institutional change approaches. Knowledge and experience of the development partner in question. Knowledge of and training in evaluation methodology including process and participatory evaluation. Team members should reflect a gender balance.

8. Timing and Conduct of Work

The timetable for the evaluation is as follows:

2007	
Jan – March	Agree Evaluation Framework
April – May	Develop specific ToR for development partner level evaluations.
May – June	Contract evaluators
May – October	Development partner lesson learning evaluations
June or July	Possible Inception Workshop

September/October	Draft development partner level evaluation reports
November	International Workshop on emerging findings
November-December	Finalize Development partner reports for publication

EVALUATION MATRIX

Evaluation Themes	Guide Questions	Required Information	Information Source, Collection, Method, and Analysis
<p>Assessing Leadership</p>	<p>(i) How has the Paris Declaration’s emphasis on demand-driven development cooperation been reflected in ADB development policies, programs and procedures?</p> <p>(ii) Has the implementation of the Paris Declaration affected ADB priority-setting?</p> <ul style="list-style-type: none"> • How does ADB set its priorities? • Has the process changed with the implementation of Paris Declaration? <p>(iii) Has the role of ADB HQ/RMs been adapted to the aid effectiveness agenda?</p> <ul style="list-style-type: none"> • What is the role of RMs vis-à-vis Ownership, Alignment, Harmonization, Managing for Results, and Mutual Accountability? <p>(iv) How Paris Declaration is owned at ADB HQ? How is the Paris Declaration acknowledged at governing body level [Board of Directors (BOD)]?</p> <ul style="list-style-type: none"> • What kinds of Paris Declaration information dissemination activities have been held in ADB HQ? • What are the different ways ADB Senior Management has been involved in raising Paris Declaration awareness? <p>(v) What are the potential conflicts with other political/administrative systems? What is being done to resolve these?</p>	<ul style="list-style-type: none"> • Strategies, policies, procedures and other initiatives adopted and implemented that link Paris Declaration commitments to existing ADB’s structures and systems. • Incorporation of five pillars of Paris Declaration in ADB strategies, programs and policies. • Internalizations/integration in ADB policies, programs, and procedures • Roles, responsibilities, and authorities of RMs vis-à-vis Paris Declaration commitments. • Partner-country strategy for implementation of Paris Declaration and the extent of actual implementation. • Changes in priority setting approaches that has taken place since Paris Declaration (use of national development strategies coordinated assistance strategies). • Actions taken at senior management level to facilitate implementations of Paris Declaration 	<p>Documentation Review</p> <ul style="list-style-type: none"> • RM related policies, guidelines, and instructions • Country Partnership Strategy guidelines • DEC minutes relating to Paris Declaration, particularly on the Informal Board Seminar regarding the Paris Declaration Board Information Paper • ADB’s Paris Declaration implementation plan including information dissemination from SPD, BPHR, DER Websites, and others at the headquarters and RMs • OED study on Partnering and Harmonization, particularly <ul style="list-style-type: none"> ➢ Appendix 2 and 3 for ADB policies, strategies and programs ➢ Appendix 21 for thematic policies on Gender and Development ➢ Appendix 11 for staff survey results ➢ Appendix 22 for ADB Information Dissemination on Paris Declaration • OED Evaluation of RM Policy and RM Operations • Project Administration

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	<p>(vi) Is ADB content that it is fulfilling its Paris Declaration commitments?</p> <ul style="list-style-type: none"> • What are ADB's time-bound targets vis-à-vis its Paris Declaration commitments? • What are the latest data on these targets? <p>(vii) If there are concerns, what are the reasons for these? Are the concerns linked to the relevance and coherence of the Paris Declaration commitments and indicators?</p> <ul style="list-style-type: none"> • Give examples of concerns relating to relevance and coherence of Paris Declaration commitments and indicators <p>(viii) Are there ways in which these might be overcome?</p> <ul style="list-style-type: none"> • What are the different ways these concerns can be overcome? 	<ul style="list-style-type: none"> • Procedures/action plans initiated/undertaken to integrate Paris Declaration at headquarters and country offices. • Procedures developed and implemented for promoting mutual accountability between ADB and partner-countries • The extent of use of country systems (e.g. public financial management, procurement, environment, monitoring and evaluation, and other country systems) by ADB and other donors • Information dissemination to increase awareness at the headquarters • Feedback and suggestions of Management and staff of ADB's implementation of Paris Declaration commitments, through its operations, procedures, resource allocation 	<p>Instructions and Staff Instructions related to Paris Declaration mainstreaming at ADB headquarters and RMs</p> <ul style="list-style-type: none"> • SPD Monitoring Survey on Implementation of Paris Declaration • Project Administration Instructions related to Paris Declaration • OED survey results on Management for Development Results • Policies, guidelines, and instructions for RMs operations particularly for the four partner-countries participating in the joint first phase evaluation (Bangladesh, Philippines, Sri Lanka and Viet Nam) • ADB Harmonization Action Plans. <p>Key Informant Interview</p> <ul style="list-style-type: none"> • RMs <ul style="list-style-type: none"> ➢ Country Directors, PAU Heads Country Programs Specialists and National Officers (NOs) particularly with partner-country participating in the this joint evaluation • ADB headquarters <ul style="list-style-type: none"> ➢ Senior management (VPKM and selected Director Generals for

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			<p>information gathering on Paris Declaration related activities</p> <ul style="list-style-type: none"> ➤ Staff of SPD, RSDD and other relevant departments • Board of Directors – EDs, AEDs, and DAs from the European and Asian net donor countries and Asian net-aid-receiving countries
<p>Assessing Capacity Development</p>	<p>(i) What is the level of staff knowledge and understanding about aid effectiveness and its operational implications, particularly in the field?</p> <ul style="list-style-type: none"> • How much does the staff know about the Paris Declaration pillars— Ownership, Alignment, Harmonization, Managing for Results, and Mutual Accountability—and its monitoring indicators? • Does staff equate Paris Declaration implementation with aid effectiveness? <p>(ii) Have specific instructions, guidelines, operational directives evaluation criteria been disseminated to staff to stimulate implementation of the Paris Declaration implementation plan?</p> <ul style="list-style-type: none"> • What instructions, guidelines, operational directives, and evaluation criteria been disseminated to ADB staff? <p>(iii) How is delegated authority structured, and</p>	<ul style="list-style-type: none"> • Feedback on staff knowledge and understanding of ADB's Paris Declaration commitments • Operations Manual, Project Administration Instructions and BP amendments, new Staff Instructions, memos from SPD • Decision making authority and operational adjustments delegated to country offices • Country offices' degree of flexibility/authority in adjusting program design/procedures for better alignment • Monitoring mechanisms to assess if the guidelines have been implemented • Staff feedback on constraints to implementation 	<p>Documentation Review</p> <ul style="list-style-type: none"> • RM related policies, guidelines and instructions • Country Partnership Strategy guidelines • ADB's Paris Declaration implementation plan • OED study on Partnering and Harmonization, particularly Appendix 11 and related survey result • OED Evaluation of RM Policy and RM Operations • Project Administration Instructions and Staff Instruction on Paris Declaration mainstreaming at ADB headquarters and RMs • SPD Monitoring Survey on Implementation of Paris Declaration • Project Administration Instructions related to Paris

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	<p>why?</p> <ul style="list-style-type: none"> • With respect to CPS, what decisions can CD take? • What kinds of issues and decisions need to be referred back to HQ by the CD? • What kinds of issues and decisions need to be referred back by NOs to PS in HQ? • What kinds of procurement (goods, services, works) issues have to be referred back to HQ? <p>(iv) Have there been any changes to procedures to meet Paris Declaration commitments?</p> <p>(v) Is ADB sufficiently decentralized (staff, resources, delegation of authority) to address field-based aid management in line with the Paris Declaration?</p> <ul style="list-style-type: none"> • How many more staff are needed to do RM-based aid management? • How much additional budget is needed? • What additional authorities should be delegated from ADB HQ to the RMs? 	<ul style="list-style-type: none"> • Staff feedback on realistically overcoming these constraints 	<p>Declaration</p> <ul style="list-style-type: none"> • OED survey results on Management for Development Results • Policies, guidelines and instructions for RMs operations <p>Key Informant Interview</p> <ul style="list-style-type: none"> • RMs <ul style="list-style-type: none"> ➢ Country Directors, PAU Heads, Country Programs Specialists and National Officers (NOs) particularly with partner-country participating in the this joint evaluation
<p>Awareness and Mainstreaming</p>	<p>(i) How is ADB enhancing the skills of and encouraging staff towards mainstreaming Paris Declaration- related activities? Are these specific incentives provided by ADB – e.g., for recruitment, performance assessment and training – for management and staff to comply with the Paris Declaration objectives of ownership, harmonization, alignment and results orientation?</p>	<ul style="list-style-type: none"> • Staff feedback on perceived disincentives and/or constraints to implementing Paris Declaration 	<p>Documentation review</p> <ul style="list-style-type: none"> • SPD Monitoring Survey on Implementation of Paris Declaration • OECD 2006 Survey Monitoring the Paris Declaration • OED survey results on Management for

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	<ul style="list-style-type: none"> • How has staff awareness been raised in regard to the Paris Declaration, its pillars, and monitoring indicators? • What activities have been undertaken to enhance staff skills to implement Paris Declaration? • How has compliance with Paris Declaration pillars been taken into consideration in performance assessments? <p>(ii) Are there any perceived disincentives, in respect of other agency priorities?</p>		<p>Development Results</p> <ul style="list-style-type: none"> • OED study on RMs Operations in Delivering Services to Clients • Paris Declaration related dissemination and capacity building activities including training, seminar in-house and outside ADB • ADB staff's Performance and Development Plan <p>Key informant interview</p> <ul style="list-style-type: none"> • RM's professional staff and National Officers • ADB headquarters staff particularly from SPD, regional departments, coordination divisions, Country Economist and Country Programs Specialists and others

Work-in-Progress: Not for Quotation

AED = Alternate Executive Director, BPHR = Human Resources Division, CPS = Country Partnership Strategy, DA = Director Advisor, DEC = Development Effectiveness Committee of the Board of Directors, DER = Department of External Relations, ED = Executive Director, PAU = Project Administration Unit, PDP = Performance and Development Plan, RM = Resident Mission, SPD = Strategic and Policy Department.