



Evaluation of co-ordination and complementarity of European assistance to local development

EVALUATION OF COORDINATION AND
COMPLEMENTARITY OF EUROPEAN
ASSISTANCE TO LOCAL DEVELOPMENT

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Evaluation of coordination and complementarity of European assistance to local development

Paul Beaulieu and Robert N. LeBlanc

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Foreword

The Heads of the EU member states' and the European Commission's development cooperation evaluation services (EU-HES) have agreed to carry out a series of joint evaluation studies aimed at establishing the degree of application and impact, in terms of development cooperation, of the principles of *coordination*, *complementarity* and *coherence* which are enshrined in the Maastricht Treaty. An initial report was published in 2004.¹ In 2005, a series of six evaluation studies was launched, each dealing with a specific aspect of the potential impact of the 3Cs. The studies are carried out in a decentralized fashion, with a lead agency and a steering group being responsible for each study:

<i>Evaluation study</i>	<i>Lead Agency</i>
Common Foreign and Security Policy/Development – The use of Cotonou Partnership Agreement's Article 96	The Netherlands
Coordination of Trade Capacity Building in Partner Countries	European Commission – EuropeAid
Coordination and complementarity in Humanitarian Assistance	European Commission – ECHO
EU Mechanisms that promote Policy Coherence for Development	France
Coordination and Complementarity of Country Strategy Papers with National Development Priorities	United Kingdom
Coordination and Complementarity of Assistance for Local Development	Sweden

The evaluation on Coordination and Complementarity of Assistance for Local Development was managed by the Department of Evaluation and Internal Audit of the Swedish International Development Co-operation Agency, and supported by the Evaluation Services of Austria, Belgium, France, Ireland, and the Netherlands. The study, which was performed by Baastel, a Canadian consultancy firm, examines the extent to which European donors cooperate and coordinate their support to local development. This publication presents its overall results, while the attached disc contains detailed case-study reports from Indonesia, Mozambique, Nicaragua, and South Africa, along with further information on the study's methodological approach.

Eva Lithman, Chair of the EU-HES Task Force for the evaluation of the Three Cs

1 Hoebink, P. [ed.] (2004) 'The Treaty of Maastricht and Europe's Development Co-operation – Triple C Evaluations No 1.' (Amsterdam: Aksant Academic Publishers)

About the authors

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Robert N. LeBlanc has been actively involved in the development of policy and operational innovation in ODA management for the past thirty years. As an executive manager in both the private and public sectors, he has worked for a vast array of donors, IFI, NGOs and private concerns in over 125 countries and has assumed on-site project and programme leadership in Africa, Asia and Latin America. In recent years, he has been an ODA institutional development advisor to four Eastern European countries that have recently become Member States; the team leader for a comprehensive evaluation/assessment of Cuba's capacity to modernize its economy; developed new comprehensive audit methodologies based on management accountability frameworks for CIDA and managed the environment policy programme for a major ODA donor in Madagascar. He has held university teaching positions in Canada and Colombia, and has led many international teams in politically sensitive and methodologically challenging evaluations and management audits. His current Ph.D. research is in the field of mutual accountability related to financial instruments used in ODA and has recently completed a concept paper on accountability in the ODA context.

Contents

List of abbreviations	9
Acknowledgements	13
Preface	14
Executive summary	18
1 Mandate and objectives of this evaluation	23
1.1 Evaluating the 3C principles of the Maastricht Treaty	23
1.2 Objectives of this mandate	24
1.3 Limits of this evaluation	24
2 The evaluation framework	26
2.1 A systemic approach to understanding 2C	26
2.2 Level of coordination performance and development	29
2.3 The local development landscape	30
3 Overview of the methodology	33
3.1 Case method and selection	33
3.2 Complexity of the inter-donor network	33
3.3 Capacity of the recipient country's local development organizations and agencies	34
3.4 Limits of the methodology	36
4 Synthesis of findings	37
4.1 Republic of South Africa	37
4.2 Mozambique	42
4.3 Indonesia	46
4.4 Nicaragua	50
4.5 Meta-level analysis of the findings for the four cases	55
4.6 Patterns of 2C performance for each type of ODA partnership	61
5 Recommendations	64
5.1 Strategic foundations required for EU 3C performance	64
5.2 Logical model and architecture of the recommendations	68
5.3 Specific recommendations	70
Bibliography	84

On the enclosed cd-rom, the following annexes can be found:

Annex 1: Detailed Methodology and Survey Instruments

Annex 2: Team Members Involved in this Mandate

Annex 3: Supplementary Information and Data on the Execution of the Project

Annex 4: Country Case Studies

1 Mozambique

2 South Africa

3 Indonesia

4 Nicaragua

List of abbreviations

2C	Coordination and Complementarity
3C	Coordination, Complementarity and Coherency
ACP	Africa, Caribbean and Pacific
ADB	Asian Development Bank
ADB DSAA	Asian Development Bank's Diagnostic Study of Accounting and Auditing
AFDB	African Development Bank
ALGAP	Aceh Local Governance Action Programme
AMM	Aceh Monitoring Mission
AMP	Aid Management Platform
AMUNIC	Asociación de Municipios de Nicaragua
APR	Annual Progress Review
AUSAID	Australian Agency for International Development
BACC	Budget and Aid Coordinating Committee
BAPPENAS	Badan Perencanaan Pembangunan Nasional (National Development Planning Board / Indonesia)
BDF	Bangladesh Development Forum
BRR	Badan Rekonstruksi dan Rehabilitasi NAD-Nias (Agency for the Rehabilitation and Reconstruction of Nanggroe Aceh Darussalam, Nias)
BUPATI	District Head (Indonesia)
BWIS	Bretton Woods Institutions
CAS	Country Assistance Strategy
CCBP	Comprehensive Capacity-Building Programme (Vietnam)
CDF	Comprehensive Development Framework
CEO	Chief Executive Officer
CFAA	Country Financial Accountability Assessment
CG	Consultative Group
CIDA	Canadian International Development Agency
CO	Country Office
CONTACT	Country Assessment in Accountability and Transparency
CSO	Civil Society Organization
CPAR	Country Procurement Assessment Report
CPRGS	Comprehensive Poverty Reduction and Growth Strategy (Vietnam)

CPRM	Country Programming Review Mission
CSP	Country Strategy Paper
DAC	Development Assistance Committee (OECD)
DANIDA	Danish International Development Agency
DFID	Department for International Development (UK)
DGDEV	Directorate-General for Development (EC)
DPG	Development Policy Group
EACFM	Ex-ante Assessment of Country Financial Management (European Commission)
EC	European Commission
ECHO	European Commission Humanitarian Office
EDF	European Development Fund
EU	European Union
EU(MS)	European Union Member States
EU-ODA	European Union Official Development Assistance
EIA	Environmental Impact Assessment
FAO	Food and Agricultural Organization
FISE	Fondo de Inversion Social de Emergencia
FONIM	Fondo de Inversion Municipal
Gr7	Group of 17 Donors (Mozambique)
GAM	Gerakan Aceh Merdeka (Free Aceh Movement)
GOI	Government of Indonesia
GOM	Government of Mozambique
GON	Government of Nicaragua
GORSA	Government of the Republic of South Africa
GDP	Gross Domestic Product
GTZ	Gesellschaft für Technische Zusammenarbeit
HIPC	Heavily Indebted Poor Countries
HLF	High-Level Forum
HQ	Headquarters
IBRD	International Bank for Reconstruction and Development
IDB	Inter-American Development Bank
IDR	Instituto de Desarrollo Rural (Nicaragua)
IFAD	International Fund for Agricultural Development
IFI	International Financial Institutions
ILO	International Labour Organization
IMF	International Monetary Fund

IMFROSC	International Monetary Fund's Report on the Observance of Standards and Codes
INGO	International Non-Governmental Organizations
IOM	International Organization for Migration
I-PRSP	Indonesian Poverty Reduction Strategy Paper
ISDB	Islamic Development Bank
IT	Information Technology
JBIC	Japan Bank for International Cooperation
JCLA	Joint Country Learning Assessment
JFA	Joint Financing Arrangement
JICA	Japan International Cooperation Agency
JPR	Joint Portfolio Review
LDCs	Least Developed Countries
MARENA	Ministerio del Ambiente y Recurso Naturales
M&E	Monitoring and Evaluation
MDB	Multilateral Development Bank
MDG	Millennium Development Goal
M&E	Monitoring and Evaluation
MEF	Ministry of Economy and Finance
MIS	Management Information System
MOF	Ministry of Finance
MOU	Memorandum of Understanding
MPF	Ministry of Planning and Finance
MS	Member State (EU)
MTBF	Medium-Term Budgeting Framework
MTEF	Medium-Term Expenditure Framework
MTEP	Medium-Term Expenditure Programme
NDP	National Development Plan
NGO	Non-Governmental Organization
NPRS	National Poverty Reduction Strategy
ODA	Official Development Assistance
OECD	Organisation for Economic Cooperation and Development
OED	Operations Evaluation Department (World Bank)
PAF	Performance Assessment Framework
PAN	National Mandate Party (Indonesia)
PAP	Poverty Alleviation Paper
PAR	Public Administration Reform

PARPA	Plano de Acção de Redução da Pobreza Absoluta (Mozambique)
PAS	Poverty Alleviation Strategy
PDI-P	Parti Demokrasi Indonesia Perjuangan (Indonesian Democratic Party of Struggle)
PEFA	Public Expenditure and Financial Accountability
PEMFAR	Public Expenditure Management and Accountability Review
PER	Public Expenditure Review
PETS	Public Expenditure Tracking Surveys
PFM	Public Financial Management
PKB	Partai Kebangkitan Bangsa (National Awakening Party, Indonesia)
PMS	Performance Management System
PPP	Polisi Pamong Praja (Regional Law Enforcement Agency, Indonesia)
PRGF	Poverty Reduction and Growth Facility
PRS	Poverty Reduction Strategy
PRSC	Poverty Reduction Support Credit
PRSP	Poverty Reduction Strategy Paper
PSCBP	Public Sector Capacity Building Programme
RBM	Results-Based Management
RSA	Republic of South Africa
SAE	Strengthened Aid Effectiveness
SDP	Strategic Development Plan
SDPRP	Sustainable Development and Poverty Reduction Paper
SEDP	Socio-Economic Development Plan
SEDP-II	Second Socio-Economic Development Plan
SETEC	Secretaria Técnica Presidencia de la República (Nicaragua)
SIDA	Swedish International Development Cooperation Agency
SPA	Strategic Partnership with Africa
SWAP	Sector-Wide Approach
TA	Terms of Agreement
UN	United Nations
UNDP	United Nations Development Programme
UTIP	Technical Unit for Public Investment (Nicaragua)
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNICEF	United Nations Children's Fund
UPP	Urban Poverty Project
USAID	United States Agency for International Development
WB	World Bank
WHO	World Health Organization

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Researchers do not face alone so daunting an evaluation subject as the one addressed in this mandate. At every turn, they reap the benefits of suggestions, ideas, insights, criticisms and other information and advice shared by clients, state officials, participants and colleagues – all of whom we are proud to have been associated with.

Too numerous to list exhaustively, they were the members of the Working Group set up to oversee the mandate of the European Union Member States and European Commission and without whose support we could not have had the intellectual freedom to develop this analysis. Special thanks go to Fredrik Ugglå from Sida who act as the Working Group Chairperson and who provided a constant high quality flow of feedback and advises. They were also the hundreds of donors and country representatives we briefed, interviewed and debriefed as well as the district, provincial and municipal officials and elected representatives who spoke candidly with us on a topic that must have been very delicate for them. They were the individuals from the private sector, universities, multilateral organizations, civil society and non-governmental organisations who sometimes travelled great distances to share their concerns with us. And they were the various members of cities and villages who let us know how they felt about the decisions that were made on their behalf in offices halfway around the world. Special thanks also go to our four local consultant teams who never tired of rescheduling agendas and solving logistic problems.

To all of you, our thanks and humble apologies if we misinterpreted what you told us.

Finally, we also wanted to take this opportunity to recognize the great contribution to the 3C debate of a small number of research colleagues in Europe, including Dr. Paul Hoebink and Dr. Paul Engel, who were extensively involved in the first phases of this 3C evaluation and debate and who continue to provide guidance and logical rigour.

Preface

We are pleased to present this evaluation study to our client, the Swedish International Development Cooperation Agency, as well as to the European Union national representatives who participated as members of the Working Group set up to oversee the mandate (Sweden as Chair along with Austria, Belgium, France, Ireland, and the Netherlands).

In past decades, the implementation of many “transversal” development concepts such as gender equality, sustainable development and overall poverty reduction have been mainstreamed in an effort to increase aid effectiveness on a global scale. Now, more management-oriented issues such as those related to local ownership of the development process, institutional capacity development, mutual accountability, governance and transparency, and ODA coordination have become priorities for policy makers, ODA managers and concerned citizens alike because of the pressures resulting from the scarcity of resources and the need to accelerate the pace of development efforts. Driven by recent international agreements and declarations, an observable change is taking place: more emphasis is being placed on defining the key management elements of the development process in an effort to increase the performance and effectiveness of development assistance.

This study comes at a very opportune time. Most donors and recipient countries are now formally committed to seeking appropriate means to increase aid effectiveness through the implementation of international declarations and agreements. Development targets are being monitored closely, thus increasing the visibility of the donors’ performance (whether good or bad), and modern ODA is based more and more on the eventual transfer of development ownership to the recipient country partner. A common thread throughout the foregoing is the need to manage the coordination of increasingly complex networks.

As in every other societal endeavour, investments made for the attainment of stated objectives needs to be organized and the management strategies and activities required to attain them must be well coordinated. Management and organizational design terms such as coordination, complementarity, effectiveness and efficiency, to name just a few, are used daily in their colloquial sense within ODA organizations but they also have

specific meanings in organizational design and management science. It was this management rigour that the Evaluation Team sought to use as reference points in seeking answers to the questions raised by the Working Group.

Rather than merely looking for evidence that any given process was being executed, this evaluation focused on the performance of that process; in other words, an organizational science paradigm was used in the study. In this respect, the report contains detailed definitions of the management concepts and systems that were at the heart of the evaluation questions. The problem of coordination is at the core of all management functions; specifically, it is the essential human activity that enables a link to be made between strategies, resources and processes for results. When reading this report, it is important to remember that the high levels of performance standards for the management of 2C were benchmarked against other global, complex, multi-partner systems. This was done because of the evaluators' belief that the ultimate goals of ODA management deserve and require the best that management science can provide, particularly in terms of independent partners participating in complex networks with undefined accountabilities.

A comprehensive study such as this one must necessarily be based on a number of assumptions. The first and most important is that there is a common will among Member States to coordinate and develop the complementarity of their overall ODA, as reflected through their engagements specified for these matters in the Maastricht Treaty. Although many participants expressed serious reservations about the reality of this political intent, the Evaluation Team steadfastly understood this will to be an overriding condition, regardless of the context in which ODA is applied.

The commitment of Member States to other international engagements related to ODA efforts was also assumed. One of these is definitively the Paris Declaration and its partnership commitments to ownership, alignment, harmonization, management for results, and mutual accountability. Although we found that a considerable amount of effort and resources was deployed by the development community to get these policy principles transformed into action (especially for the issue of harmonization of ODA management processes), it was not the mandate of this study to evaluate the effectiveness and adequacy of these efforts. We did find, however, that the same approaches were being used in the pursuit of these objectives as for the coordination of ODA efforts overall, and we have to ask whether it is reasonable to continue to assume that the goals set out in these declarations will be attained using the management processes in place. Would not the risk of not achieving these important goals be greatly reduced by the application of a more systemic and professionalized approach based on sounder, clearer management concepts that could be based on decades of research (and experience) in this area? In support of the foregoing, this study also assumed the elective

nature of the interaction (and cooperation) between independent States involved in ODA coordination (from the donor as well as the recipient sides of the equation).

Although the methodology adopted for the study brought us to countries where the proportion of ODA to total national budget was quite low, it was not the mandate of this evaluation to question the need for or appropriateness of ODA under such circumstances. It was clear, however, that if the nature of the EU ODA management in these contexts was to change to economic and/or trade-focused support provided by the EU donor community, it would radically change the nature and management of the coordination efforts needed.

What we found was surprising to some, but not to most. The hundreds of people we interviewed were unanimous in their belief that major changes in the nature and extent of inter-EU donor coordination were needed. They also firmly believed that EU Member States and the European Commission would be all the better for it, not only in terms of the effectiveness of their development programmes but also as regards the clarification and strengthening of the bonds between the various parts of the EU with a view to increasing its influence in the international arena.

“The combined efforts of all the EU donors could be much greater than the sum of the individual interventions. As it is, the combined efforts of EU donors are not recognized as having a critical mass sufficient enough to enable strategic transformation, only tactical interventions.”

Senior IFI representative

The authors are conscious of how easily a perception of unsatisfactory ODA performance can be assumed, by the uninitiated, to be the result of weak management. The report shows that where there are issues of ODA effectiveness, many factors other than 2C coordination can, in fact, contribute to that level of performance. Nevertheless, since coordination is at the heart of the management process (i.e., the management of resources in the pursuit of an organizational objective), it is self-evident that poor coordination management will deprive ODA efforts of the effects that could be available from a leveraging of collective and integrative approaches. Based on the four cases studied for this evaluation and on the hundreds of interviews and declarations from senior recipient country officials, there is an overwhelming consensus on the desirability of developing a much more systemic approach to the coordination of ODA efforts and, consequently, to improve the effects of increased complementarity.

In light of the above, the authors noted with some concern the near absence of evidence-based management research into the issue of accountability within the context of ODA. This observation was all the more relevant because accountability (and its derivatives, including mutual accountability), are fundamental building blocks of all the international agreements and declarations recently established (including the Paris Declaration). Based on our research to date on this very important governance and

management issue, there appears to be a critical absence of objective oversight, guidance and regulation to enable mutual accountability to become manifest.

As noted above, the timing of this mandate was most appropriate: soon the number of EU Member States present in any one recipient country will be greater, and so will the need for clarity on the practical management and application of EU-wide conformity to the 3C principles of the Maastricht Treaty.

Finally, a number of quotations have been introduced in the report to highlight particularly interesting comments we were privileged to be able to receive. To ensure anonymity, names have not been assigned to the quotations; however, following academic research protocol, our research files contain detailed cross-references. Anonymity, of course, has been assured as part of research deontology.

Paul Beaulieu and Robert N. LeBlanc, September 2006

Executive summary

This report presents the findings and recommendations resulting from a detailed analysis of the management of ODA coordination by EU donor agencies, with a focus on local development.

Overall, the report shows that European Union Member States and the Commission have a remarkably low level of performance when it comes to achieving value-added effects and impacts of coordination efforts with each other in general, and in the area of support for local development specifically. Very rarely do they behave as if there is any benefit to be gained from a joint EU perspective to aid coordination, preferring instead to follow their own bilateral (or institutional) interests, or to prioritize the coordination efforts of pan-donor collaborative organizations that may be in place (including IFIs, multilateral organizations, non-EU bilateral donors and others). In terms of donor coordination, they apply ill-equipped processes, tools and systems that underperform in dealing with today's complex ODA environment. Furthermore, field personnel are seriously handicapped by poor policy and process support from headquarters, unclear or unstated standards of performance with respect to the management of coordination, and an important level of asymmetry between officials in terms of empowerment to take part in effective joint decision making.

Under these conditions, donors have created serious impediments to local ownership and have put in place important obstacles to aid effectiveness and balanced relationships based on mutual accountability.

The evaluation process

This evaluation is the product of an agreement between the Heads of Evaluation Services of the Member States and Commission to undertake joint evaluations to assess their performance with respect to the Maastricht Treaty's 3C principles of coordination, coherency and complementarity in the area of development cooperation. Of significance is the fact that the evaluation assumes a strategic intent on the part of all Member States, as stakeholders in the European Union, to act in a collective manner in this area, even after the diversity of approaches across Member States is taken into account. As a corollary to this strategic intent, Member States would be expected to ensure that

mechanisms and systems are in place to enable coordination (of their strategies, plans and management objectives) to take place with the highest possible levels of effectiveness and efficiency. This hypothesis was a key part of the research effort.

The specific area covered by this mandate is the European donors' track record for coordination and complementarity in support of local development. Given the large number of actors involved in this area (donors, NGOs, specialized agencies, twinning partners and recipient country organizations involved in local development, including those representing civil society), this evaluation report provides an in-depth look at the actual and perceived effects and impacts of coordination mechanisms in a field that is increasingly important to development efforts around the world. More specifically, the evaluation report:

- *Identifies* the coordination mechanisms in place and the measures set up to enhance coordination and complementarity between European actors;
- *Assesses* whether and how implementation of these mechanisms and measures has affected the process and content of plans and their actual execution, with a specific focus on local development; and
- *Recommends* how donors can become more effective, in terms of both stimulating complementarity and coordination and making such principles work for the benefit of effective development cooperation.

Because local development can only be considered a subset of the aid efforts expended as a whole in any given country, the Evaluation Team first studied and analysed the coordination systems in place, from policy and procedures at headquarters to the smallest details in the field. Since the purpose of the mandate was to evaluate organizational performance, the Evaluation Team adopted an organizational science paradigm for the task. This, as well as the systemic approach to coordination and complementarity used by the Evaluation Team, is described in the report and its annexes.

Based on their internal capacity and the complexity of the donor systems in place, four countries were subsequently selected for the case studies: South Africa, Mozambique, Indonesia and Nicaragua. The choice of country is significant: they are all EU priority countries for ODA and consequently the value of the EU donors' ODA effort is significant. Moreover, they represent four different "types" of donor-recipient partnerships: donor-push, recipient-pull, emergent, and mature.

Within each country, two regions were visited and studied in detail. In the course of this study, the Evaluation Team met with over 450 people, the vast majority of whom were interviewed one on one. Respondents included donor agency officials at their headquarters and in the field, senior and technical officials from recipient governments, local political leaders and officials, ODA project managers, IFI and multilateral representatives, INGOs and local NGOs, representatives from the private sector, mem-

bers of the academic community and ordinary people from many walks of life who had been, in one way or another, involved in or otherwise impacted upon by an EU ODA project.

Findings

The main body of the report contains a summary of the key findings for each country, along with a meta-level analysis providing insight into the issue of the performance of coordination management through five different filters. In very summary form, they indicate that:

1. The systems, behaviours and policies set up to manage the performance of coordination are very much relationship- and context-based. While this may seem to be an obvious conclusion, the Evaluation Team found that EU ODA delivery systems are not managed to take this into account.
2. Coordination of EU (ODA) interests and activities is not valued; in all cases studied, the donors decided not to participate in 2C-based activities. The potential benefits that could be gained from leveraging EU activities in each case were summarily discarded, in spite of 2C obligations.
3. Realizing that EU coordination management for ODA takes place in what is undoubtedly the most complex of all environments, the management policies, systems, processes, tools and resources devoted to this function are totally inadequate. While much effort (i.e., human time) is devoted to sharing information, the overall performance of coordination activities is very low.
4. The coordination (complementarity) obligations of all EU-funded stakeholders are not well understood, nor are they shared. There is much concern, on the part of recipient countries and donors alike, over the role of INGOs – their lack of integration into coordination mechanisms and the perceived absence of any accountability on their part.
5. Finally, the effects and impacts of coordination on local development were negligible or marginal at best. When viewed from a developmental perspective (e.g., in the end, poverty alleviation is a local effect), findings related to this filter give rise to considerable concern.

Because the study was context-based, a separate section identifies the management parameters of the coordination systems that should be implemented in each of the four contexts studied.

The findings chapter of this study is, in fact, built on the considerable level of detail found in the four country reports provided in the annexes presented as a separate volume. These were shared with EU donor representatives in each of the countries visited, and any feedback was incorporated.

It is interesting to note that the systemic approach and high standards of performance proposed by the Evaluation Team received wide support from donor officials and their counterparts in all the countries studied; in fact, donors in two of these countries have already used this approach in the preparation of coordination strategies and mechanisms for the future.

Recommendations

The study presents five concrete recommendations. In short, these deal with:

- The urgent need for the development of a management concept for the practical application of EU donor coordination management to underline and support the 3C principles of the Maastricht Treaty.
- The need for a clear mandate for the leadership required for the development and implementation of transition strategies that will ensure that partner countries have the institutional capacity required to assume local ownership, including donor coordination.
- Appropriate organizations and approaches for professional management of the ODA coordination function in each country, under a paradigm of complementarity and coordination.
- The information systems and tools required to improve the effect and impact of coordination.
- The need to develop and implement a European Union donor-based approach to local development.

A sixth recommendation, dealing with complementary studies that should be carried out under the management improvement thrust of EU donors, is also provided in the report as well as an overall logic framework for implementation of these recommendations. An important part of this recommendation concerns the need for further research into a) the management of mutual accountability as well as b) the relationship between the poor performance EU donors' coordination efforts and that of the larger community of donors in any development context.

Based on this evaluation, the authors argue that such complementarity should be considered an effect of good coordination management practices and not an independent function. It should constitute a clear (overt) management objective for EU donors and cannot be reduced to the simple strategy of avoiding overlap in ODA efforts between Member States and the Commission, currently the most common practice in place. In other words, it is intrinsic to the coordination function to seek complementarity in an effort to add value to the resources at management's disposal.

In the final analysis, everyone who participated in the study spoke of their desire to be capable of making a substantial contribution to the well-being of the individuals and

communities to whom they felt accountable. They also spoke at length of the debilitating frustration resulting from poor ODA coordination management and of the sense of helplessness associated with working in an environment where responsibility and leadership for development are not clearly defined and accountability is defused so that no one is ever called upon to account for what they have done. Development being a societal endeavour that has, as its finality, the improvement of living conditions for people at the local level, it is axiomatic that efforts at every level of planning and execution need to be coordinated. It is hoped that the recommendations presented in the report will lead to a higher level of performance of EU donor coordination, but the authors recognize that greater management effectiveness and efficiency are merely means to an end: the alleviation of poverty and the establishment of lasting partnerships between nations.

1 Mandate and objectives of this evaluation

1.1 Evaluating the 3C principles of the Maastricht Treaty

The European Union's competence in the field of development cooperation was established in the Maastricht Treaty, creating the basis for the coordination of European development cooperation efforts through the so-called "3C principles" of coordination, complementarity and coherence.

The Heads of Evaluation Services of the Member States (EU-MS) of the European Union and the Commission (EC) have agreed to undertake joint evaluations to assess the role played by these three principles in European development cooperation. To this end, a comprehensive programme of research and evaluation has been initiated, including concept papers on the issues associated with the 3C principles and the organization of the evaluation effort by researchers such as Paul Hoebink and Paul Engels, respectively of the Centre for International Development Issues in Nijmegen and European Centre for Development Policy Management in Maastricht.

"It would be great progress to increase coordination and diminish the individual activities of donor countries and agencies through common strategies and delegated authorities for the management of cooperation."

Published report of the Fourth Cooperation Forum, Nicaragua, 2005 (translation by the authors)

Six areas of application were initially selected for the evaluation of the three Cs: trade capacity building; political conditionality; humanitarian assistance; local development (this mandate); policy coherency; and development of country papers.

As a whole, this evaluation programme represents an extensive effort to document and assess the patterns of 3C performance of EU Member States and the European Commission in relation to ODA effectiveness. To our knowledge, except for the OECD-DAC evaluation programme on harmonization, no other comprehensive and systematic evaluation of donor coordination/complementarity/coherency has previously been undertaken.

1.2 Objectives of this mandate

The specific purpose of this evaluation of the *Coordination and Complementarity (2C) of Assistance for Local Development* is to assess the European actors' track record with respect to coordination and complementarity in the area of programming and strategy formulation for local development.

The Terms of Reference specify that the main objective of this evaluation is to assess the extent and impact of European coordination efforts in supporting local development processes for planning by local actors. Given the large number of European and non-European actors involved in this area (including donors, NGOs, specialized agencies and twinning partners), the mandate of this evaluation is to provide an in-depth look at the actual use of coordination mechanisms and the distribution of tasks in a field that is increasingly important to development efforts.

More specifically, the evaluation addresses the following issues in relation to concrete processes used to support development planning by authorities and actors at the local level:

- *Identify* the coordination mechanisms and measures set up to enhance coordination and complementarity between European actors.
- *Assess* whether and how implementation of these mechanisms and measures has affected the planning process, the content of plans and their actual execution.
- *Recommend* how donors can become more effective, in terms of both stimulating complementarity and coordination and making such principles work for the benefit of effective development cooperation.

The Evaluation Team's research showed that coordination – and complementarity – are fundamental organizational elements that speak to the core of the engagement of Member States within the Maastricht Treaty; the latter being an expression of a collective approach, improved coordination can only be construed to be an inherent objective of all Member States in pursuit of the higher-level goals expressed in the Treaty. By extension, both coordination and its effect, complementarity, are societal (organizational) endeavours that have the potential for either limiting or enabling management effects and outcomes such as coherency and ODA effectiveness.

1.3 Limits of this evaluation

This evaluation focuses on development considerations at the local rather than national level. However, it does recognize that local influence (for official bodies) cannot exist if it is not supported by decision makers at the national level and as a result, it was thoroughly examined as well. The mandate further focuses on a small number of develop-

ment objectives that are desired at the local level: local ownership, sustainability, transversal ODA issues and capacity development in support of poverty reduction.

The methodology used in this evaluation is based on the case study method (as defined by a number of researchers including Yin, 2003¹). In this sense, it cannot represent a systematic evaluation of the donors' performance with respect to coordination and complementarity for all dimensions of ODA applied to the extensive population of developing countries supported by the EU around the world, but rather is a process evaluation targeting the performance and patterns of 2C behaviours of EU donors. Coordination and complementarity are investigated in terms of organizational performance and from a systemic point of view.

"[It would appear that] administrative homogenization and alignment of administrative strategies have become more important than constitutional obligations."

Ambassador

The evaluation highlights local development and not ODA at large; local development can only be considered a subset of the aid effort as a whole deployed in a country. Management processes set up to manage aid are typically not designed to isolate the outputs and effects of coordination and complementarity on local development from those of other desired goals/objectives.

Specialized research approaches were required in this evaluation because of the nature of the research subject (cooperation and complementarity). The Evaluation Team found that EU donors' managers have had to create a wide variety of often-conflicting interpretations of these concepts and the Evaluation Team as well as the 2C Working Group set up to oversee the mandate have had to mutually agree on a substantial number of parameters, definitions, approaches and paradigms in order to provide conceptual boundaries for the research. These are specified in the annexes to this report.

¹ Note: The reference to Yin is provided as a benchmark for the rigour attached to the evaluation approach that was used. It would be appropriate to consider his work as the standard for the case-based research school of thought.

2 The evaluation framework

2.1 A systemic approach to understanding 2C

Communicating observations and findings dealing with management concepts such as coordination can only be undertaken if all parties understand the basic paradigms being applied. Coordination activities are key elements of any organization and constitute its core management process. They are directly related to the effectiveness of any organization and this is why they have been studied extensively in the past through fieldwork and structured research in a wide variety of domains. In the present case, the Evaluation Team took particular care to ensure coherency in the definition and application of a systemic approach using a management performance paradigm within the field of organizational science.

For the purpose of this mandate, ODA coordination is defined as the system of activities performed by partners in the development effort to share the management of objectives, outputs, activities and resources for improved development of aid effectiveness. The essence of coordination has always been the sharing with cooperators and ordering of organizational elements (strategies, objectives, activities, inputs and outputs). Coordination produces two types of outputs, namely decisions (formal, informal, and all levels in between) and/or joint actions. As the following diagram illustrates, coordination systems (activities and resources) are applied to the ODA agenda to generate results from coordination as well as generate effects and impacts on development efforts and goals at various administrative levels of the development partners. This means that the outputs (performance) and effects of the coordination system will influence and impact both partners in the ODA relationship – the donors and the recipient country.

Social and economic as well as political and institutional environments of the recipient country have an influence on partnership relations and coordination systems. The institutional and strategic goals of donors' ODA policies also exert a definitive and significant influence on the coordination systems and performance of ODA stakeholders. It is therefore important to keep in mind the crucial fact that a bilateral paradigm is used extensively by countries for the management of most of their ODA efforts and programmes. Even when multilateral organizations are involved in an executing

capacity, the main approach used by donors for strategic ODA management remains within the perspective of bilateral agreements with the recipient country.

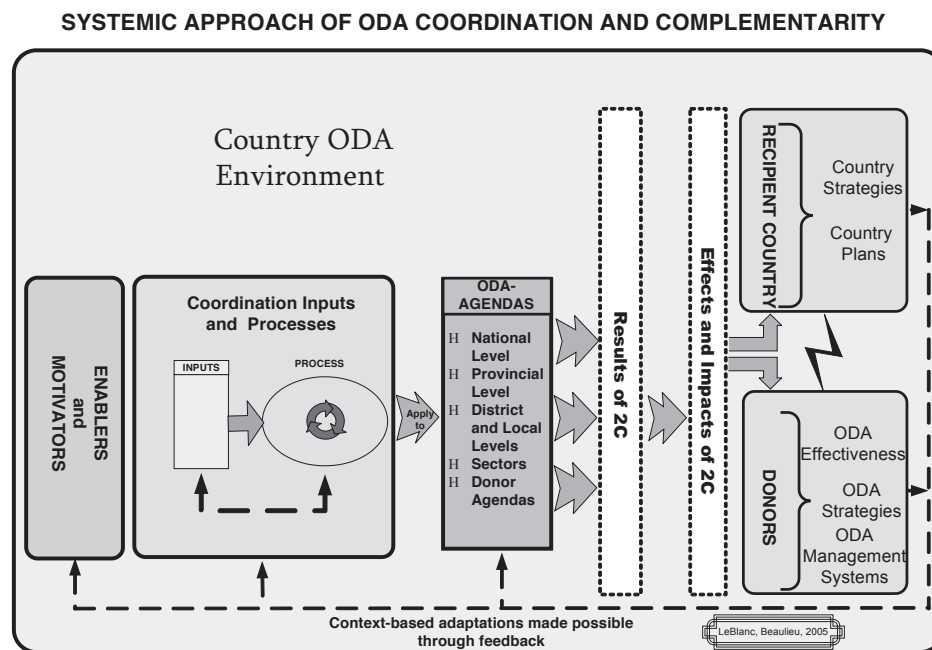


Diagram 1

The systemic approach to coordination and complementarity used by the Evaluation Team defines coordination as a management process involving logically interrelating activities (not necessarily in linear sequence) performed by a network of actors, in an effort to be as effective and/or as efficient as possible with the resources dedicated to any portion of a management cycle in order to generate specific outputs, outcomes and effects. Within complex networks of stakeholders and processes (which is the case for ODA), management research and best practices assessments have definitively shown that in order to obtain higher levels of performance, practitioners must put into place and manage higher value-added coordination processes. Moreover, the basic management principle of “requisite variety” requires that the systems put into place for management within complicated environments be as evolved as the environment itself. In the case of development assistance in very complex environments, it is predictable that relatively elementary management systems are, by definition, going to be underperforming and suboptimal.

As the following diagram illustrates, there are two kinds of **outputs of coordination**: joint decisions and collective actions/plans. The **effects** of these systemic coordination

processes are the generation of good ODA management practices and a high level of performance of coordination:

- Complementarity of strategies, programmes and resources.
- Integration and harmonization of ODA efforts based on holistic approaches to the diagnosis of needs and solutions.
- Coherency of ODA strategies, activities and outputs.
- Increased sustainability of ODA efforts.
- Mutual accountability of partners.
- Multi-donor or collective bilateralism with the recipient country.

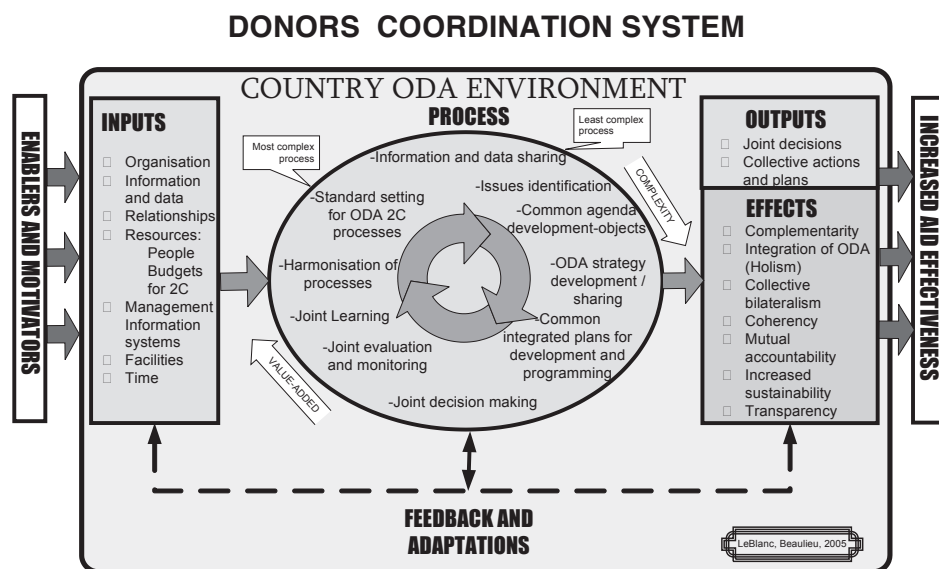


Diagram 2

Within this management context, complementarity should be considered an effect of good coordination management practices. It should constitute a clear (overt) management objective for EU donors and cannot be reduced to the simple strategy of avoiding overlaps in ODA efforts between Member States and the Commission. The development of complementarity is intrinsic to any form of coordination.

The value of the EU donors' ODA efforts in all of the countries studied as part of this mandate is significant. The Evaluation Team assumed that EU ODA programmes need to be coordinated with the same levels of professionalism and with the application of the same state-of-the-art methods and management tools used in similarly complex management environments. The performance reflected by this standard is the benchmark that was applied in this evaluation.

The fundamental components of coordination processes/systems in a complex environment (which may, in the case of ODA, include rapidly changing networks of actors/stakeholders, fluctuating levels of capacities, and scarce structured systems) are its **specific activities**. Seen in a logical order, the following is the cluster of activities that are part of the task of collectively developing higher levels of order:

- Information and data sharing
- Issue identification
- Development of the agenda of goals to be coordinated
- Development and sharing of a common ODA approach or strategy
- Common integration of plans for ODA and programming
- Joint decision making
- Joint evaluation and monitoring of progress to enable mutual adjustment
- Sharing of learning from experience and performance coordination
- Harmonization of ODA processes and operational norms
- Development of common standards of coordination practice and performance

Coordination activities and their actors require the investment of **resources** essential to the production of adequate results congruent with the scope of the coordination need. This means that:

- Coordination activities must be supported by specific and dedicated organizational support structures.
- Information and data inputs must be developed and channelled to the coordination actors and processes.
- Information management systems should be put in place to support the sharing of intelligence and the development of joint decisions.
- Adequate and appropriate human resources and financial resources will be needed for the implementation and performance of coordination activities.
- The material facilities and equipment required to execute the process must be provided.

2.2 Level of coordination performance and development

As with any management system in a real context, the performance of any specific system of coordination will be in a state of continuous development, with the level of performance at any given moment being the result of a wide variety of environmental and other factors that may, or may not, be under the control of (in this case) the donor community. As a consequence, the Evaluation Team used an evolutionist framework adapted from models commonly used in strategic organizational analyses, as illustrated in the following diagram. The Team's model envisions four levels of coordination performance; these will evolve in terms of development and capacities in relation to time, effort needed to develop the efficiency of the coordination system and the organizational learning acquired:

1. **Minimal** coordination: Very few interfaces exist between donors and partners.
2. **Non-systemic** coordination: At this stage, actors in the coordination system spend most of their resources on information-sharing activities (mostly without professional and state-of-the-art methods). They focus on avoiding any overlapping of projects, programmes and resources. At this stage, outputs of coordination are usually characterized as being of low intensity.
3. **Professionalized** coordination: A systemic approach to the coordination task is under development; modern and efficient methods of coordination management are used to improve the productivity of coordination.
4. **Sustainable** coordination: The professional approach and performances of the coordination system are sustainable and optimal.

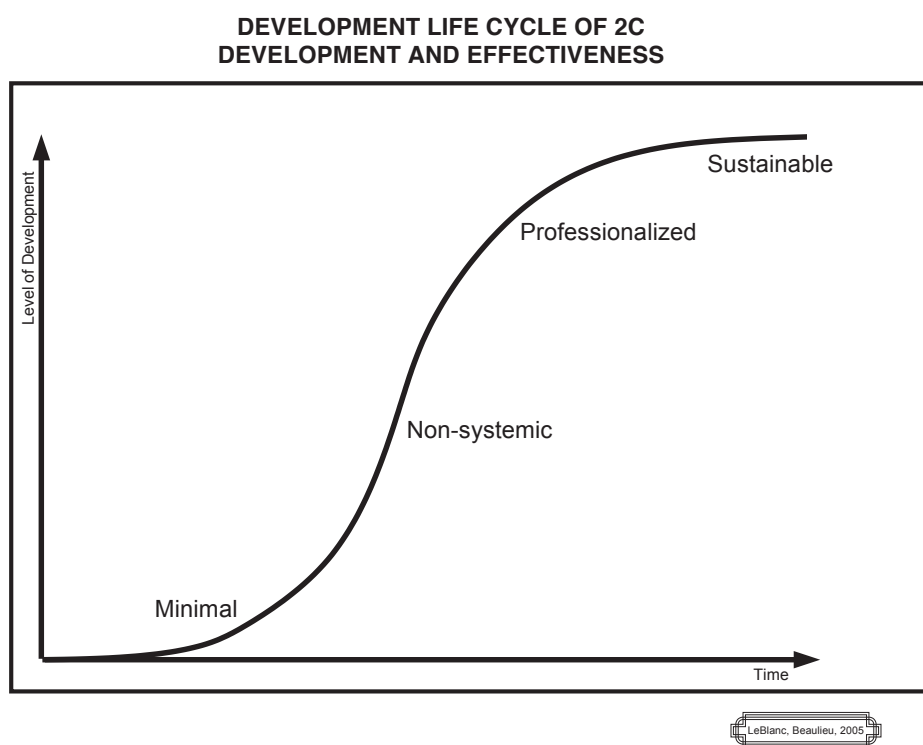


Diagram 3

2.3 The local development landscape

As previously noted, the goal of this evaluation is to characterize, evaluate and recommend actions to improve the performance of EU donors' coordination and complementarity management in the domain of local development. A shared understanding of the field of local development is therefore of critical importance.

Over the years, ODA practitioners and policy developers have published and promoted different and sometimes radically opposed views on the nature of local development and its role in efforts to eradicate poverty.¹ It was not within the mandate of this evaluation to assess the pertinence or the performance of local development as an ODA strategy; instead, the methodology demanded specification of the “perimeter” of activities that the evaluation would consider to fall within this field. Accordingly, with a view to ensuring the effective communication of findings and as dictated by methodological necessity, it is important to clearly specify the types of developmental activities that have been deemed relevant in this evaluation.

In the Evaluation Team’s conceptual framework, the **segments of the field of local development** on which the evaluation will focus are:

- Key basic human needs (health, sanitation and education)
- Local governance
- Infrastructures
- Local economic development (all segments, including agriculture)
- Environment
- Civil society development

These segments cover most of the local development activities usually deployed by the donor community and development partners in support of the MDGs and poverty reduction strategies.

Because of the need to describe local systems of actors and stakeholders prior to mapping their relations and transactions relating to 2C coordination and complementarity management, the Evaluation Team has had to adopt a set of working definitions for selected terms. For the purpose of this evaluation, **local government** is defined as the decentralized governing bodies, institutions and related administrative units put into place by the State to ensure the management and execution of decision making and public service delivery at the local level. **Local governance** includes all levels of elected and non-elected officials, political processes and institutional rules that transform societal will into collective action; it includes the participation of local civil society partners and non-governmental organizations in the definition, prioritization, development and delivery of public services in a given local area or territory. **Local public administration** refers to any public administration entity that is part of a subdivision of a State. For this mandate, “local” administration refers to the administrative bodies closest to the populations and territories to which public services must be provided. As a result, recipient partners of ODA efforts include official government administrations as well as local CSO and NGO stakeholders.

1 Note: A major conference designed to provide order and commonality of vision in this field (local development) was held in Washington in 2004. It was sponsored by the World Bank.

Within the logic model described above, the process of evaluating the performance of donors in support of “local development” coordination and complementarity is further complicated by the European donor agencies’ practice of not providing all of their aid through official recipient country government agencies set up to govern and administer the nation (national, provincial, district, municipal, etc.). Instead, they often provide assistance directly to lower levels of State organization such as local communities and non-governmental actors. This evaluation was limited to the description of the mechanisms involved and does not refer to the validity of this choice of delivery strategy at the local level.

Coordination between EU donors is minimal and consists of information sharing at very aggregated levels. There is no doubt that the EU and recipient country would benefit from proactive coordination on our part: it would increase the impact of our combined ODA and the EU’s influence in the entire region.

EU Head of Aid

The evaluation brought to light the overwhelming consensus that there are important opportunity costs incurred due to the poor performance of coordination management in local development. Most developing countries are now actively engaged in some form of governance-enhancing processes involving decentralization and/or local empowerment. Although expressed in qualitative rather than quantitative terms, a significant proportion of those interviewed reported that due to missed or inefficiently exploited opportunities (such as those inherent to the lack of knowledge transfer from the most capable country or the effects of competition between donors for the most “ideal” projects), the performance of the coordination interface between donors and recipient countries definitively and negatively influences the effectiveness of these decentralization efforts. Quantifying what would be lost

(or gained) in terms of local development from improved coordination would require a detailed value-added analysis that is beyond the scope of this mandate, but consistency in the perceptions and opinions of the respondents on the performance of 2C management validates the overall predictability of the coordination model presented in this report. As will be seen in the following chapters and country reports presented in the annexes, most informants who reported on this topic were adamant that there is a considerable loss of value-added that has occurred due to the current state of 2C performance, a loss which must be increased significantly due to the increased direct costs of inefficiencies borne by recipients and donors alike.

In summary, the Evaluation Team considers that local development involves the active participation and/or leadership of local people and organizations towards the achievement of sustainable and inclusive economic growth and social development for all in a given territorial area or “locality.” In addition, the levels of local administration considered in this evaluation are municipalities, district institutions, and certain dimensions of provincial administrations or institutions (depending on the state of decentralization and/or deconcentration in place in a specific country). National institutions were considered only insofar as they actively participate in the planning, programming and delivery of local services.

3 Overview of the methodology

This chapter presents an overview of the methodological design of this evaluation study. Details and survey instruments are presented in Annex 1.

3.1 Case method and selection

ODA coordination and complementarity can be understood to be driven by two contextual factors: a) the level of complexity of the inter-donor network; and b) the local capacity of the recipient country's organizations and agencies to manage local development. These factors are the two fundamental dimensions of any interface within a transactional context (in the organizational and socio-political senses) involving coordination. At a minimum level, they represent key variables of the supply and demand dimensions of an ODA partnership context. Perhaps more importantly, they define the need and motivation for creating and managing partnerships.

As a tool for the preliminary assessment of each factor, a composite list of quantitative and qualitative elements to be taken into account was established. In order to position recipient countries in relation to the complexity of their ODA partnership environment, the following list of elements was retained:

Member States seek to achieve objectives that contradict those of other Member States

EU Head of Aid

3.2 Complexity of the inter-donor network

- Number of MSs working in a country
- Percentage of total MS ODA in a country
- Percentage of total MS ODA in a country spent on a specific sector in local development
- Percentage of MS and EU budget in a country compared to total ODA in country
- Number of sectors (at local development level) covered in a country
- Percentage of and value of SWaps and other PBAs in total MS and EU ODA
- Percentage of total assistance given by NGOs
- Number or importance of projects dealing with governance and/or democracy

In order to position these elements in relation to their capacity to manage local development, the following set of elements was considered:

3.3 Capacity of the recipient country's local development organizations and agencies

- Extent of formalization of decentralized processes and decision making
- Quality and comprehensive nature of planning
- Evidence of transparent accountability mechanisms
- Reported level of corruption at local levels
- Experience with a management environment that includes many MSS in the same country
- Evidence of experience with SWAs, PBAs and/or other locally owned/managed ODA processes
- Recognition of being a good development partner
- Levels of need being addressed by ODA

Considered globally, these two sets of elements were instrumental in determining the positioning of a given country within a context typology developed for the evaluation, as described below. Based on the desired objectives of the mandate, the Evaluation Team proposed that four cases be used.¹ The following diagram illustrates these cases.

Context Types applied to ODA Partnerships at Local Level of Development

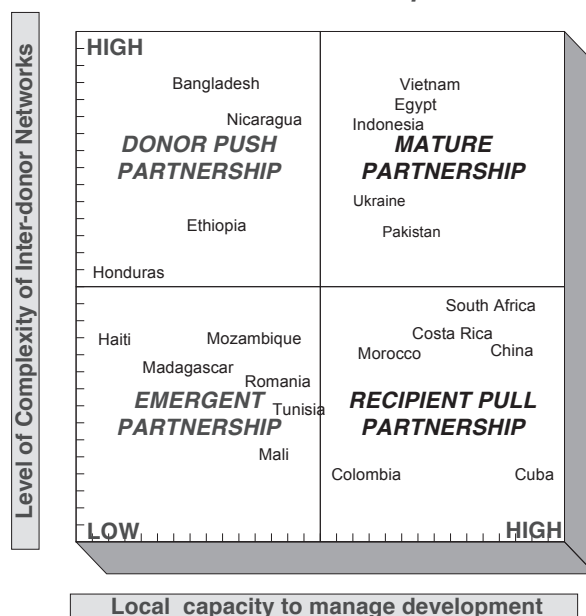


Diagram 4

¹ Note: The reader is referred to authors such as Robert Yin for details of the methodological logic behind the recommended use of the four cases in this mandate.

The selection of cases to be included in this evaluation was carried out with methodological rigour. Using the elements described above to characterize complexity and capacity axes, the challenge was to find any given country's position within the framework. A potential case (recipient country) can be positioned within a "context type" typology by various means and with varying degrees of rigour, depending on the statistical objectivity of the research technique used (for example, individual estimates or a full or quasi-Delphi validation of the consensus of a group of experts in ODA management can be used to provide the positioning).

The Evaluation Team used a combination of document research and corporate experience to initially position over one hundred countries in the matrix; the Team then asked experienced practitioners in donor agencies to review the initial positioning, and final validation came from twelve ODA managers in various donor agencies and research institutes around the world. The initial positioning of the countries remained substantially the same, even after the final validation.

Once countries were positioned in the classification matrix (in one of the four ODA context types), rigorous application of a case approach to this mandate demanded that the country selected for use in a case study represent (in each quadrant) one that is in the **mature stage** of the partnership development curve (life cycle) described earlier in this chapter. The reason for this choice has to do with the praxis, within the organizational sciences, that shows that mature stages are richer in terms of lessons learned and best practices for study. This would therefore constitute the best positioning for the objective of this mandate. So, in the four quadrants of the classification matrix, the countries defined as being in the mature stage "zone" were retained and the working group overseeing this mandate approved the recommended cases (countries) put forth by the Evaluation Team.

For each of the four countries selected, a **second level** of application of the "S" partnership development curve was invoked **to select the regions** to investigate. A logic similar to that used for the selection of countries demands that the regions that best represent a development context illustrating the **mature stage of a sustainable partnership** should be retained as a priority. Based on the scientific requirements for a case-based evaluation methodology, these four (so-called "mature") regions (one in each country) were contrasted with four other regions (also one in each country) where the partnership development is more representative of a minimal or emergent stage.

As a result of the above, **eight case regions** (in the sense of local situations to be evaluated) were studied. An annex to this report contains a more detailed description of the data collection methodology and detailed variables used.

In the course of this study, the Evaluation Team interviewed donor agency officials at their headquarters and in the field, senior and technical officials from recipient governments, local political leaders and officials, ODA project managers, IFI and multilateral representatives, INGOs and local NGOs, representatives from the private sector, members of the academic community and ordinary people from all walks of life who had been, in one way or another, involved in or touched by an EU ODA project.

The Evaluation Team studied the Niassa and Nampula provinces in Mozambique, the Eastern Cape and Limpopo provinces of South Africa, the Sulawesi and Aceh provinces in Indonesia and the Esteli and Masaya municipalities in Nicaragua.

3.4 Limits of the methodology

The Evaluation Team fully integrated a grounded research approach (Locke, 2001²) into the methodology used for the mandate. Grounding was designed to occur at two different levels: a) with the client and key stakeholder of the evaluation research, and b) with the field stakeholders (donors and local administrations). Use of the grounded approach implied that the Evaluation Team had to be prepared to modify its variables as a result of the interfaces it had with all participants at both levels. In fact, the initial list and definition of variables has not been modified, only clarified. This issue is presented in this report to indicate that the methodology and approach risks to which the client and the Evaluation Team initially agreed were appropriate and adequately managed.

The donors may have their own priorities, but we have not been very good at getting them to coordinate their efforts around our priorities either.

Director General of a central planning agency

There is very little literature describing what actually happens in the field with respect to coordination and the search for complementarity. Part of the approach used by the Evaluation Team can therefore be compared to an ethnographic research design, with its types of resulting descriptions and hypotheses. The scope of this mandate does not allow for a precise analysis of social relationships, as might be obtained from the use of other, more extensive tools and mechanisms; such an approach would, however, require a great deal more time.

Not all donors and indeed not all countries were focused on a local development agenda per se. At the same time, not all local administrations were set up in a sustainable way to manage their coordination with donors. The coordination role was often split between many actors and institutions or the role of the highest level of coordination may have been to act as the political interface only.

2 Note: In the same way as the reference to R. Yin was used in Chapter 1, Karen Locke's work is considered the benchmark for grounded evaluative approaches to qualitative analyses.

4 Synthesis of findings

In many ways, this chapter is the heart of this report. The observations made by the Evaluation Team have undergone a transformation process that consisted in comparing them to the issues and questions that were initially asked by the Working Group overseeing the mandate. In turn, the comparison process was conditioned by the organizational science paradigm and the specific management and coordination models designed for this evaluation. The results of that comparison are expressed as findings and they, in turn, define the nature and priority of the recommendations found in Chapter 6.

Because of the varied interests of the people who will read this report, different forms of the findings are found in three places in this report. The next four sections of this chapter (sections 5.1 to 5.4) contain the most important of these findings; importance being an expression of the fundamental issues addressed in the evaluation. These four sections will be of interest to the senior administrators of European ODA agencies. Finally, the last section of this chapter (section 5.5) contains a metalevel analysis of all the findings.

“For a Union, they certainly don’t approach us in a unified manner”

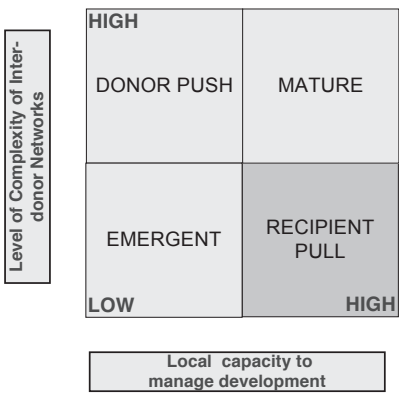
Director of a donor coordination function in a recipient country

Because the evaluation used a case-based methodology, it is incorrect to extrapolate from country findings per se; section 5.5 therefore presents the results of the pertinence of the various findings to various policy contexts, such as the influence of the “leadership context” on 2C performance. That section will be of interest to heads and executives of ODA agencies, political stakeholders and those involved in the interfaces between Member States and the EC in terms of ODA policy.

4.1 Republic of South Africa

The first case, representing a context type where local capacity tends to be rather high and the complexity of the donors’ system tends to be low, is the Republic of South Africa (RSA). Based on the evidence, the Evaluation Team found that the 2C performance of Member States and the European Commission, within the context-type that is represented by this country, is low.

The context of official development assistance in the RSA occurs within the strict logic and behaviours of bilateral relationships. All EU donors now assume that the national capacity the RSA needs to lead its own development is in place and that the appropriate positioning of a donor, based on that hypothesis, is to align with existing national (or other level of government) plans and institutions.



Position of South Africa

The amount contributed by all donors to the RSA represents roughly 1.2% of the State budget. This contribution is marginal when viewed in relative terms, but of significant importance in terms of absolute monetary value (nearly US\$1 billion). The GoRSA’s internal management is generally seen as transparent and its macroeconomic strategies have been deemed sound by international economic bodies. However, it publicly recognizes that it has important issues to resolve in the search for efficiency and effectiveness in its “machinery of government” and in the implementation of its plans (which often takes longer than expected and fails to reach all of the intended targets). South Africans have given themselves the unique policy, legal and strategic frameworks they need to manage their developmental directions and efforts. Various policy documents point to the nature of the relationship they now wish to develop with bilateral donors.

Donors sometimes find it difficult to achieve planned disbursement levels and generally comment that the capacity of regional recipient organizations is wanting. Nevertheless, most donors are aware that continued support at present levels in this middle-income country is not likely to last and some have begun to incorporate exit strategies into their programmes. From this strategic perspective, EU donors appear to have begun to privilege the use of programme-based approaches to national strategies and plans for growth and development.

Overall, there have been a number of efforts to provide a 2C approach to ODA in the country, but these have not been sustainable over the long term. As far back as 1994, European donors put into place a forum for inter-donor coordination which has been, over time, replaced by other mechanisms involving non-Europeans. A renewed effort is now in place to create a Common Country Strategy Paper for the European donor community: coordinated by the EC, there are currently seven or eight Member States taking part in this initiative.

Within this context, it is important to report that more than one donor expressed the opinion that for them as well as for other donors present in South Africa, development aid is merely a sideline to their other priorities.

Senior officials at the national and provincial levels recognized that attainment of their ODA objectives dealing with the transfer of know-how (with reference to their policy on that subject issued by the Treasury department) requires that donors participate in what is probably the most difficult form of coordination: joint decision making on the most appropriate allocation of resources between donors (i.e., which donors would best provide the most appropriate resources). During discussions with them they repeatedly requested that donors undertake the necessary changes to bring this about, and stressed that the lack of coordination carried with it lost opportunities for holistic approaches to development, poor allocation of scarce financial resources and duplication.

Based on the models and standards used in this evaluation mandate, the key findings are as follows:

4.1.1 Enablers and motivators

- The GoRSA published a clear set of guidelines on the strategic and operational management of ODA and put into place a comprehensive planning and priority-setting process that covers the long, medium and short terms and, moreover, contains the performance commitments of all levels of government.
- All donors are required to develop their Country Strategic Plans for ODA in such a way as to obtain the support of the GoRSA. EU donors have not shown any coordination or complementarity between these strategic plans but operate on a bilateral basis, enabling subsequent behaviours that are fundamentally “donor country-centric” and not “European Union-based.” At the present time there is no active European Union-wide development strategy in South Africa, but there is an initiative in place to create a common intelligence base for EU ODA by the end of 2006.

4.1.2 Inputs

- The interface mechanisms in place to allow or encourage 2C coordination in South Africa only function at a low level of coordination intensity. The key products of the coordination system within those mechanisms are the exchange of static (or status) information and the discussion of development issues without any decision making. Coordination within this context is extremely frustrating and ultimately inefficient and ineffective.
- EU donors resisted the initiative to create coordinating structures on the basis that such was the responsibility of the GoRSA; this perception was based on a relatively narrow interpretation of the Treasury Department’s policy on the matter.

- GoRSA officials at all levels, non-EU donors, IFIs and multilateral agencies unanimously agreed that they never experienced any event or occasion where EU donors (Member States and EC) acted as a block (in a coordinated manner). They were unable to recall any “EU ODA position or approach,” and could not provide examples of deliberate complementarity in the 2C sense.
- The evaluation did not uncover any evidence of joint coordination mechanisms or instruments at lower levels of government, resulting in an absence of 2C behaviours in local development.
- There was evidence of competitive behaviour between EU donors. Similar programmes were purposefully set up in one region rather than build on the expertise and lessons learned of an already established EU initiative, and joint projects were entered into with non-EU donors when an EU donor had the flexibility to work in partnership. Moreover, the Evaluation Team found that there was a common belief among donors, project managers, non-EU donors and officials at all levels that EU donors do not want to coordinate their activities because their systems and processes are fundamentally incompatible and/or do not reflect the fundamental values of all stakeholders.
- Without exception, officials and executing agencies expressed their belief that GoRSA procedures and processes should be used instead of those demanded by certain EU donors and seen as very heavy, formalised and ritualised. In fact, the EC’s processes were always singled out in this regard as worst-case practices and as the cause of inter-system (donor-recipient) inefficiencies.
- Organising and coordinating NGOs is seen as a major development issue by almost all officials, particularly at the lower levels of government. A large number of NGOs financed primarily by European ODA agencies are not coordinated in the field by these donors or through their own inter-NGO mechanisms, in apparent contradiction of the 2C principles of the Maastricht Treaty.
- Management of the donors’ 2C activities is very poorly supported by information management and technologies. Management tools are rudimentary and based on the need for reporting on the status of the management of interventions and on resource utilisation.
- The GORSA identified four provinces where ODA is to be concentrated, and the Evaluation Team analysed two of those regions (Eastern Cape and Limpopo). Officials at all levels in these areas considered that donors were not interested in collaborative efforts aimed at the creation and ongoing management of coordination activities. At the lower levels of government, where local development decisions are taken, officials noted that EU donors were not particularly interested in developing partnership-based relationships over the long term; furthermore, they very rarely, if ever, participate in prospective-type strategic analyses or discussions with donors in any field, including local development.
- Considering the scope of the budgets involved and the shared importance placed on the developmental and humanitarian objectives of ODA in the country, resources

dedicated to the management of coordination systems – including those related to donor-partner networking – are insufficient and largely inappropriate.

4.1.3 Coordination system processes

- As noted, the level of 2C coordination among European Union donors can be characterised as being of low intensity. When the specificity of “local development” is added to the above statement, the Evaluation Team concluded that there are virtually no 2C processes to support local development when, in fact, that is one of the country’s key development challenges.
- The performance of coordination systems and processes managed by Member States and the European Commission at the national level as well as at the lower levels of government in South Africa is confined to pre-cooperation activities and is marginal in terms of leveraging impact.
- As noted, almost all the information is based on status and communicated using low-level management tools, mostly based on word processors and spreadsheets.
- The Team could not find any instance where EU donors generated and agreed to a common ODA strategy or where more than one EU donor, **as a group**, chose a cluster of related local development projects to support in a coordinated manner.
- The creation of a 2007-2013 Common Strategy Paper may become an important step towards the development of a shared strategy between EU donors, but it would only be a limited application of 2C and fall short of providing a common strategy or programme.
- The Evaluation Team did not come across any truly integrated donor plans or strategies at any of the lower levels of government.
- A limited number of forums exist for joint decision making among EU donors on transversal issues, and the issues that are examined for common positions are very policy-based.
- EU donors had only limited examples of mutual adjustment or complementarity in the provinces (e.g., water sector) based on joint analysis, monitoring and evaluation.
- The remaining process factors defined in the Donor Coordination System Model are not being addressed as 2C issues in the country.
- No structures are in place for knowledge management or for the quality assurance of capacity building across all donors (including non-EU).

4.1.4 Outputs and effects of 2C processes on local development

a) Outputs

- There are few examples of joint decision making of any kind by Member States and the European Commission at any level of development strategy or local development, nor is there a

When a donor finds another donor already doing a related project in an area where it wanted to work, it will withdraw from going further with its proposal instead of collaborating.

Provincial Governor

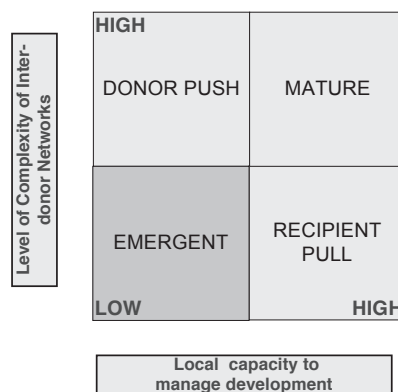
- mechanism to bring to the table decisions that need to be made jointly.
- There is no donor “local development approach” in place at all in the country, much less one agreed to by the MSs and EC.
- Collective actions and plans are very rare and concentrated in sector working groups and in the creation of a Common Country Programme Paper by the EC and (only) eight MS donors.

b) Effects

- Coordination of ODA efforts is only in the preparatory stages; impacts on ODA effectiveness due to 2C are therefore marginal.

4.2 Mozambique

The second case, representing a context type where local capacity for managing development is low and the complexity of the donors’ system is also relatively low, is Mozambique. Based on the evidence, the Evaluation Team found that the 2C performance of Member States and the European Commission, within the context-type represented by this country, is low.



Position of Mozambique

Since the early 1990s, Mozambique has engaged in an extensive socioeconomic transformation at an accelerated pace, based on a transition from a socialist centrally planned economy to a liberalized economy, including a decentralization process that is just beginning.

Mozambique has a population of 19.1 million and a GDP of US\$5.5 billion, with an annual GDP growth rate of 7.8%, one of the highest in the Southern Africa Development Community. Regional inequalities in terms of income distribution are severe and illiteracy rates are high (36% for men and 67% for women). More critical is the fact that nearly 70% of the population still lives in absolute poverty and that life expectancy is approximately 41 years. These statistics characterize a context where the implementation and delivery of basic services to populations all across the country would need to remain a strong national priority despite increased pressure for funding for other economic or social objectives.

The fiscal resources of the State of Mozambique are still very weak due to the relatively limited economic activity and costs generated by the enormous proportion of the popu-

lation living in severe poverty. Within this context, Mozambique will certainly be dependant on the sustainability of support from the international community of donors for the continuity of its development efforts in the foreseeable future. This means that the donor community (countries, multilateral institutions and NGOs) will continue to bear a significant burden of responsibility for the efficiency and effectiveness of development efforts conducted in this country. Certainly, primary responsibility and ownership of these development efforts must be assumed by the country, but the scope of the goals to be reached will require a highly coordinated approach on the part of the donors if the assistance is to be provided efficiently.

All interviewees agreed that official development assistance in this country must imperatively meet the highest standards of excellence and performance in terms of effectiveness and efficiency. The country seeks a strong partnership with donors and an advanced strategy for the empowerment of its institutions and State services as well as the development of their capacities. For the donors, this means prioritizing the sustainability of capacity development efforts, integrated action and, above all, highly coordinated efforts.

This message was emphasized by the senior officials in both line and planning ministries in Mozambique, who considered that the efficiency of the donors' coordination activities was very low, requiring much duplication of effort with little value-added in terms of joint decision making and mutual adjustment. The nature of those activities, it was noted, was such that the country's most highly qualified resources were constantly assigned to low-intensity donor coordination activities. They further emphasised that this effect was most felt by the local level which was the least able to manage any inefficiencies.

Mozambique is one of the highest priority countries for most EU donors, including the EC. Recent evaluations in this country confirmed the benefits of the pan-donor collaboration taking place there. These studies also brought to the fore the high levels of effort being devoted to the collaboration between Sweden and Ireland in Niassa Province (see Annex 4 for details).

Based on the models and standards used in this evaluation mandate, the key findings are as follows:

4.2.1 Enablers and motivators

- The performance of all donors in the country must be assessed within the context where the recipient country had a very low level of capacity to plan, execute or otherwise direct or manage its own development. Public institutions are weak, expertise is rare and individuals are poorly trained and ill-equipped.

- The country embarked on a country-wide decentralisation programme without the organisational and managerial base or the skills and capacities to execute it. The Evaluation Team found that the strategy was more of a deconcentration than a decentralisation, at least at this stage.
- The provincial development strategies are essentially developed by Mozambique, with Technical Assistance in some instances, and are given to donors for comments. Donors are therefore placed in a position where they must engage in resource allocation instead of strategic priority support. The relationship that develops is one of financial dependency at the activity or implementation level, and not of joint future scenario building.

4.2.2 Inputs

- Most international donors are present in Mozambique, including bilateral agencies, IFIs, multilateral agencies and NGOs. They have put into place a complex network of inter-donor coordination that is primarily a forum to share information and identify issues. A large number of working groups have been set up with varying degrees of effectiveness.
- Member States and the European Commission have decided NOT to put into place ODA management mechanisms and coordination that would be "Euro-centric," preferring to operate within the boundaries of pan-donor coordination mechanisms such as the G-17 and the DPG.¹ Therefore, there is no forum for the development of 2C across all European donors in the country.
- There is no active common programme development strategy for Member State and European Commission ODA in Mozambique, nor are there commitments in place to create one.
- Local donor representatives have little delegation of authority but appear to adjust their behaviours and priorities to take advantage of each other's presence.
- In terms of planning for local development, Mozambican institutions at the national and provincial levels do not have pro-poor specific strategies in place, nor do they think in terms of "LOCAL DEVELOPMENT" *per se*. An integrated concept for the delivery of local services to local inhabitants is not pervasive.
- The information required to independently assess the validity of the provinces' strategic planning is very weak in both provinces, leaving donors with an important blind spot in terms of the value they can add to the local development planning process, jointly or individually.
- International NGOs (INGOs) funded by EU donors do not, as a rule, coordinate their activities with other organisations, be they donors, recipient country institutions or local NGOs. They have not been informed of any policies or obligations they might have concerning 2C.

¹ Note: Refer to Annex 4 for more information on these mechanisms.

- The Evaluation Team found that local NGOs are generally left out of the planning and execution of INGO projects and that little is done to develop their planning and execution capacity.
- Government officials interviewed indicated that they were very satisfied with the donors in their province (specifically European donors) but felt a sense of loss at not being able to access the experience and management models of other donors (from Europe). They also felt somewhat dependent on the goodwill of donors that could leave at any time.
- There are no documented processes or systematic or automatic procedures to enable either the donors or the recipient country to manage mutual accountability.
- Overall, European donors use only the most basic elements of management information systems to support decision making. An inordinate amount of time is required to meet with others and is eating away at the ability of scarce resources to perform other management functions.

4.2.3 Processes

A common development agenda, i.e., stating the goals sought by EU donors through their development efforts, is not in place at any level in the Country,² and the EU ODA strategy in Mozambique must be derived from the sum of the individual Member States' Country Programme Strategies (CPS). GoM officials in the capital and provinces were not aware of MS CPSS or of any joint goals being prepared by EU donors.

- Provincial development strategies, including those relating to local development, are not jointly coordinated by donors at the provincial level.
- Integration of plans and strategies is uncommon in the EU community in the country, and few examples of mutual adjustment in a programmatic or project mode were found. Another recent evaluation report appears to provide some degree of controversy to these statements, but the authors believe that all apparent differences arise out of the interpretations of the concepts used, including the nature and manifestations of coordination. While we have repeatedly brought to light the benefits of the donor collaboration in Niassa and have applauded those concerned for their remarkable effort in this regard, we have observed that the management of these joint funds has resulted primarily in administrative efficiency rather than aid effectiveness. Specifically, we have observed that the coordination activities there contribute to easier financial, procurement and logistics management for the provincial government but have not resulted in significant mutual adjustment and joint strategic programming on the part of the EU donors.

2 Note: Refer to Annex 4 for more details on the processes used for approval of EU donor programmes.

- There are examples of operational joint decision making in the provinces. Joint monitoring missions are sometimes carried out. At the national and local levels, donors agreed to joint evaluations.
- The remaining process factors defined in the Donor Coordination System Model are not being addressed as coordination systems issues.

4.2.4 Outputs and effects

a) Outputs

- There are few examples of EU mechanisms for the generation of joint decisions in the 2C sense in this country, but there are a number of all-donor forums to share information and discuss issues, mostly at the national level.
- At the provincial (local) level, donor coordination by all ODA partners can be described as low in intensity, task-focused, pragmatic, and not particularly strategic – reference points are not in place against which to coordinate from a strategic perspective.
- Of all the mechanisms mentioned above, none are EU-specific but include other donors and stakeholders. Coordination mechanisms at the local levels are informal and unstructured.
- Collective actions and plans as a result of 2C behaviours are rare.

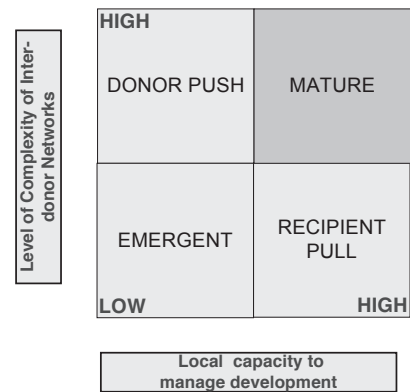
b) Effects

- Analytical and structured “complementarity” approaches or mechanisms were not in place for local development or, for that matter, any other development area. The Team also did not find any evidence of coherency impacts.
- Although the GoM and donors are aware of the implications of the Paris Declaration, there are no structured or informal elements of a mutual accountability framework at any level.
- The Team observed that EU donors did not have a common strategy for the transfer of technology, knowledge management or even the identification and analysis of issues at either the national or local levels.
- The relatively open accessibility to working groups has created a transparent environment that is seen to be relatively unbiased and not driven by any reduced set of special interests.

4.3 Indonesia

The third case, representing a context type where local capacity tends to be rather high and the complexity of the donors’ system also tends to be high, is Indonesia. Based on the evidence, the Evaluation Team found that the 2C performance of Member States and the European Commission, within the context-type represented by this country, is low and barely provides for a minimum of information sharing on existing initiatives, much less forums for joint decision making on strategies, positioning and leveraging.

This finding was surprising given the relatively high level of individual competence in the capital (of the GoI). There is, in fact, tension at play in Indonesia: donors are not organized to assist the GoI to take the lead, and many senior GoI officials admit that they have lost, for a variety of reasons, effective control over strategic management of the GoI's ODA.



Position of Indonesia

The East Asian Crisis, one of the steepest in world economic history, saw poverty rates in Indonesia double, the gross national income fall by over one half, exchange rates plummet, inflation rates soar, and levels of debt climb close to 100% of GDP. There have been macroeconomic improvements in the country over the last four years, however, including 3%-4% economic growth yearly, a declining deficit and single-digit inflation levels. Nevertheless, the country's transition towards a new and sustainable path of economic growth remains tenuous, with a weak investment climate, significant levels of systemic corruption, legal and regulatory uncertainty, and fragile business conditions.

Fragility also characterizes the country's political situation. On the one hand, democratic forces are on the rise throughout the country, as evidenced by strengthened legislative powers, an expanded space for civil voice, decentralization, a stable and predictable central government, and direct presidential elections (in 2004). There are, however, continuing uncertainties about the rules, regulations and accountabilities surrounding decentralized governance, and the capacity of district governments and parliaments to act on development issues. But now a new political reality has resulted in an important shift in responsibility for the provision of local services based on decentralized decision making. The reforms supporting the decentralization process call for an eventual status involving almost complete decision making in most spheres of local and provincial government. Many bilateral country strategies include a substantial level of support for this national thrust.

The proportion of people living below US\$1 a day rose from 7.8% in 1996 to 12% in 1999, while the percentage of Indonesians vulnerable to poverty (defined as those living on less than US\$2 a day) increased from 50.5% in 1996 to 65.1% in 1999. Bringing these levels back down again has been a constant struggle and most indicators show that this battle will be on the Government's and donors' agenda over the long term.

The causes of poverty in Indonesia and its provinces are naturally more complex than simple lack of sufficient household income and the enduring impact of an economic

and financial crisis. Detailed studies revealed that poverty in Indonesia, and especially the geographic and demographic patterns of vulnerability to poverty, is associated with weak governance, mismanagement of natural resources, rural-urban disparities, and regional security, conflict and violence.

In high-level meetings with senior officials in Jakarta, the Evaluation Team was asked to convey to the EU donors the GoI's desire to become responsible for donor coordination at the strategic and programmatic levels, and they requested a jointly-created transition plan to this end.

Based on the models and standards used in this evaluation mandate, the key findings are as follows:

4.3.1 Enablers and motivators

- The GoI is not taking the lead in any form of ODA management. It has not published (and admits not having) a clear set of guidelines on the strategic and operational management of ODA. At the moment, ODA is mainly a funding activity for GoI departments, clearly a strategic oversight.
- ODA interventions that do not correspond to plans are often done “off-budget” and national planning systems do not monitor the performance of grants, only loans. European donors thus find it difficult to comprehensively and directly align to all plans. Instead of managing exceptions, they tend to behave as if alignment is not feasible and as if they are free to intervene according to their own priorities.
- At the present time there is no active European Union-wide development strategy in place, and even the basic levels of information sharing that are in place are not efficient or effective.
- Donors do not generate their CSP (or equivalent) within a partnership context, either with other EU donors or with the GoI.

4.3.2 Inputs

- The interface mechanisms in place to allow or encourage coordination in Indonesia only function at a very low level of coordination intensity. The key products of the coordination system in those mechanisms are the exchange of static (or status) information and the discussion of development issues without any decision making.
- EU donors have not taken the initiative to create coordinating structures on the basis that such was the responsibility of “others”.
- GoI officials at all levels, non-EU donors, IFIs and multilateral agencies unanimously stated that they never experienced any event or occasion where EU donors (Member States and EC) acted as a block (in a coordinated manner).
- There is evidence of competitive behaviour between EU donors.

- A large number of NGOs financed primarily by European ODA agencies are not coordinated in the field by these donors or through their own inter-NGO mechanisms, in apparent contradiction of the 2C principles of the Maastricht Treaty.
- Management of donors' 2C activities is very poorly supported by information management and technologies.

4.3.3 Coordination system processes

- As noted, the level of 2C coordination among European Union donors can be characterised as being of low intensity. When the specificity of “local development” is added to the above statement, the Evaluation Team concluded that there are virtually no 2C processes to support local development when, in fact, that is one of the country's key development challenges and is noted in all of its national plans.
- In terms of the intent of the Maastricht Treaty the performance of coordination systems and processes managed by Member States and the European Commission at the national level as well as at the lower levels of government in Indonesia is confined to pre-cooperation activities and is marginal in terms of leveraging impact.
- EU donors only share a minimum amount of information on the status of their initiatives at the national level and in the provinces, if at all. Almost all information is based on status, and is communicated using low-level management tools.
- The Team could not find any instance where EU donors generated and agreed to a common ODA strategy or where more than one EU donor, **as a group**, chose a cluster of related local development projects to support in a coordinated manner.
- A limited number of forums exist for joint decision making among EU donors, and the issues that are examined for common positions are very policy-based. Working groups, when they exist at all, demonstrate irregular levels of performance and continuity.
- The remaining process factors defined in the Donor Coordination System Model are not being addressed as 2C issues in the country. No structures are in place for knowledge management or for the quality assurance of capacity building across donors.

...INGOs...often do not address the priority of the people; their projects are not sustainable financially and the services they provide stop when they run out of money.... Furthermore, they refuse to participate in coordination processes.

Provincial Governor

4.3.4 Outputs and effects of 2C processes on local development

a) Outputs

- There are only few examples of joint decision making by Member States and the European Commission at any level of development strategy or local development, nor are there efficient and effective mechanisms to bring to the table decisions that need to be taken jointly. That is not to say that issues are not discussed – the forums simply are not used as decision-making mechanisms. The documented case of the

Aceh region is often cited as proof that more effective coordination mechanisms and processes must be developed and put into place if waste and serious strategic efforts are not to be repeated.

- EU donors in Indonesia generally do not have a public and collective “local development strategy or approach,” much less one agreed to by all MSs and the EC. Both donors and GoI representatives reported that as a result of this vacuum, competing programmes and poor allocation of resources (national and international) were commonplace, as were uneven and unsustainable development.
- Collective actions and plans are very rare and concentrated in the form of assisting, with other non-EU donors, in the establishment of policy positions in various sector working groups. There are informal and ad hoc mechanisms in place, but the purpose of existing processes is not to provide such outputs.
- Civil society representatives reported that all donors have supported cross-cutting themes in the past, including gender and HIV/AIDS, but they could not associate this support with any European block “position.” In fact, they reported that many MSs attend conferences and meetings and definitely speak on behalf of their own agency, not as members of a larger group.

b) Effects

- Analytical and structured “complementarity” approaches or mechanisms are not in place. Apparent complementarity is probably the result of a large number of unstructured intervention selection processes mostly targeted at avoiding overlap. The few cases of complementarity that were observed were between EU and non-EU donors.
- Integration of ODA efforts among EU donors is rare in Indonesia; impacts on ODA effectiveness due to 2C are therefore marginal.
- Member States and the EC have had little JOINT effect and impact (coordination effect) on the planning and implementation of development in general and local development in particular. As a consequence, they have not had any significant effect on local development due to their management of complementarity.
- The Evaluation Team could not identify any structured or informal elements of a mutual accountability framework.

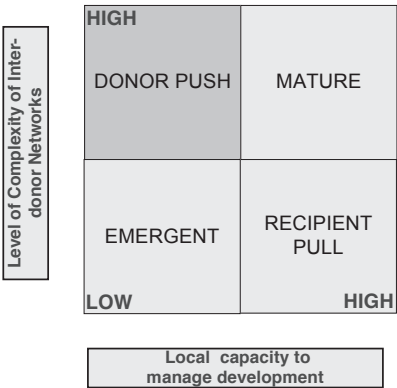
4.4 Nicaragua

The fourth case, representing a context type where local capacity tends to be limited and where the complexity of the donors’ system tends to be high, is Nicaragua.

Based on the evidence, the Evaluation Team found that the 2C performance of Member States and the European Commission (specifically based on the history and nature of their participation in joint funding initiatives), is medium. While donors are historically and manifestly involved in the establishment of cooperation mechanisms a) between

donors and b) between the donor community and the GoN, existing mechanisms for EU (MSs and EC) cooperation at strategic and issue levels are of low intensity.

Contrary to what it heard in the capital, the Evaluation Team found that there is considerable capacity for local development at the departmental and municipal levels.



Position of Nicaragua

In order to appreciate the environment in which donor aid operates in Nicaragua, it is crucial that one understand the turbulent and violent history of this country and the level of intervention of the US, IMF and World Bank in its internal affairs (see Annex 4 for more details). Without this background, the relationships between donors and the political and social organizations in the country, including their roles in local development, cannot be appreciated. The social and economic results of the imposed strategies have only tended to be neutral to slightly positive, and the IMF and US have been criticized for promoting strategies based on erroneous assumptions about the nature of the economy and the adaptive capacity of the country.

While the ratio of population to natural resources and land distribution in Nicaragua is better than in other Central American countries, over 80% of the population still lives in poverty and 45% lives in extreme poverty. Social expenditures in the beginning years of the 2000 decade were the lowest in Latin America. A series of natural disasters since the mid-1980s caused significant damage to the country's economic backbone – its agricultural sector – requiring several injections of emergency aid. To complicate matters for the country, low commodity prices exacerbated the country's economic difficulties.

The country's deficit fell from 6.2% of the GDP in 1994 to 1.9% of the GDP in 1998. Unfortunately, this ratio rose to 10.4% in 2001, mainly due to the financial requirements surrounding Hurricane Mitch (1998); it subsequently fell back to 6.8% of the GDP in 2003. The foreign debt balance was "only" 6.596 billion US dollars in 2003 immediately prior to Nicaragua reaching the "Floating" Culmination Point of the Initiative for Highly Indebted Poor Countries (HIPC) (down from 11.695 billion US dollars in 1994). At that point it received confirmation of a cancellation of approximately 4.1 billion dollars in the debt it owed to its foreign lenders. International aid per annum, excluding the most recent IMF loans, is estimated at slightly less than 400 million US dollars.

The average annual per capita gross domestic income was US\$754 in 2003 and will not have changed much in 2004 or 2005 except for inflation adjustments. Unemployment is over 25% overall but there is a single-digit inflation rate (the current average is around 8.5%). One of the highlights of the Nicaraguan socioeconomic backdrop is the growing participation of women in the labour force; regrettably, this is also due to the absolute need to increase family income. The economic growth rate for 2005 was a little over 3%; the GDP is the equivalent of US\$4.5 billion and, in per capita terms, the average annual real domestic income still remains stagnant at 2003 levels (approximately US\$770). The country's total population is estimated at 5.6 million.

Although there are at least three focal points for ODA coordination in Nicaragua (departments of Finance and of Foreign Affairs and Office of the Presidency), the Evaluation Team was informed that the country nevertheless was not organized to provide for the effective coordination of donors, in large measure due to the individualistic behaviours of the donors themselves and the rivalry and incoherency between the strategies and programmes of bilateral, multilateral and IFI donors. Senior officials noted that the effect of this lack of coordination was catastrophic in terms of national priority setting and indicated that the donor community needed to resolve this impasse if the country was to develop.

4.4.1 Enablers and motivators

- Basic national strategic plans are in place (PRSP-2, National Development Plan, various Sector Development Plans).
- The political systems in place in Nicaragua are still relatively unstable. Many donors restricted their disbursements in this election year, being somewhat concerned about the stability of their programmes with the new government.
- Two key organisations are in place in the GoN to interface with donors but appear to be hindered in their role as important value-added or leverage components of ODA because of the overriding influence of IFIs (including the IMF).
- The Evaluation Team examined the strategic, mid-term and annual plans of four municipalities and their roll-up into the GoN annual budgets, and found them to be more than adequate for donor alignment.
- At the moment, ODA is mainly a funding activity for GoN departments and there is little relation between the strategic use of ODA and development plans for the country.
- The various GoN departments and political leaders do not appear to operate within a common policy or management framework for the country's development.
- An active European Union-wide development strategy is not in place, and there does not appear to be any sense of priority for its establishment.
- EU donor CSPs (or equivalent) are not generated within the context of EU cooperation, nor are they generally developed jointly with the GoN. EU donors have not demonstrated higher levels of coordination or complementarity, operating on a

bilateral basis, enabling subsequent behaviours that are fundamentally “donor country-centric” and not “European Union-based.”

4.4.2 Inputs

- The GoN does not have a strategy for dealing with the strategic use of ODA.
- The interface between the donor community and the GoN is ensured by a semi-structured organisation involving a series of sector mesas (roundtables) and a global mesa. The former are primarily used for issue discussion and are open to a wide variety of potential participants. No decisions are taken but policy documents often go back and forth between donors and the GoN through mesas. The global mesa is not consistently attended and is largely ineffective at arriving at joint decisions or influencing policy on significant issues.
- EU Heads of Delegation meetings are not very effective vehicles for joint decision making or ensuring that complementarity is achieved. Rarely moving beyond the sharing of status information and the discussion of issues.
- The GoN set up an organisation whose key function is to coordinate local development activities across government. SETEC and UTIP have offices in the capital and deconcentrated offices in departments across the country.
- Considering the context of sector and global mesas, all donors interface at all levels are strictly on a bilateral basis. EU Member States and the EC are not seen to be a cohesive group and are perceived as quite separate entities with the same levels of association as between any MS and any other donor.
- Relations between donors and anyone else tend to take place at the national level in Nicaragua. Donors do not gather data or knowledge at the local level, nor do they maintain relations at this level.
- There are many examples of joint donor activities in Nicaragua; the instances reviewed consisted mainly of joint funding where a combination of the EC, MSS, IFIs and other bilateral donors provided the capital. There is also an EC-driven Common Financing Agreement in place with five Member States also taking part.
- As noted in Annex 4, the interface mechanisms in place to enable or manage intra-EU coordination in Nicaragua such as Heads of Development meetings and ad hoc issue groups function at a medium level of intensity. The interchange of static (or status) information and the discussion of development issues without decision making are the key products of the coordination system in those mechanisms.
- EU donor representatives have not yet taken up the challenge of coordination and complementarity as a priority, and many still do not consider 2C – coordination or complementarity – to be their priority.
- Multilateral agencies, non-EU donors, IFIs and GoN officials unanimously reported that they never experienced any event or occasion where EU donors (Member States and EC) acted as a bloc (in a structurally coordinated manner).

- Municipal officials and local NGOs reported that the lack of intra-EU donor coordination probably resulted in missed opportunities, including field-level complementarity, on the part of EU donors and their agents and NGOs.
- The NGO community is highly integrated into Nicaraguan society. Some NGOs even exist to coordinate other NGOs or funding from a variety of foreign NGOs not present in the country. The Evaluation Team found that most NGOs funded in large part by donors were perceived as having less local knowledge and were not as sustainable (i.e., their employees keep changing) as local organisations.
- A few local NGOs interviewed have already set up mechanisms to ensure coordination or complementarity among themselves or with official agencies in the field such as municipalities, but are dependent on outside financing (e.g., from European donors).
- Coordination activities in general and EU donors' 2C activities in particular are very poorly supported by information management and technologies in Nicaragua.
- Considering the scope of the ODA budgets in Nicaragua, resources dedicated to the management of coordination systems – including those related to donor-partner networking – are insufficient and largely inappropriate. Moreover, coordination resources are intra-donor specific, not well networked and often duplicate on another.

4.4.3 Coordination system processes

- EU donor representatives do not see the imperative nature of the Maastricht Treaty. They insist that Member State donors and the EC are so different in their national policies and developmental approaches that a pan-EU coordination concept is all but impossible.
- As noted, the level of 2C coordination among European Union donors can be characterised as being moderate. When considering 2C in conjunction with “local development,” the Evaluation Team observed that a key strategy adopted by donors is to (individually) support intermediaries financially.
- GoN officials and other donors were adamant that the total influence of EU partners (not only on development but on trade and security issues as well) is strongly diminished because they insist on acting unilaterally.
- As in other countries, the Evaluation Team could find no instance where EU donors generated and agreed to a common ODA strategy or where more than one EU donor, **as a group**, chose a cluster of related local development projects to support in a coordinated manner.
- Few forums exist for joint decision making among EU donors, and the issues that are examined for common positions are very policy-based.
- The remaining process factors defined in the Donor Coordination System Model are not being addressed as 2C issues in the country.
- No structures are in place for knowledge management or for the quality assurance of capacity building across donors.

4.4.4 Outputs and effects of 2C processes on local development

a) Outputs

- There are few examples of joint decision making by Member States and the European Commission at any level of development strategy or local development, nor is there a mechanism to bring to the table decisions that need to be taken jointly. That is not to say that issues are not discussed formally or informally; the forums do not allow for joint decision-making at any level..
- EU donors in Nicaragua generally do not (individually) have a public “local development strategy or policy,” much less one agreed to by the GoN and all the MSS and EC. It was reported by donors and recipient representatives that as a result, leveraging for local development does not take place and much development impact is foregone.
- Collective actions and plans are concentrated in the form of a) assisting, with other non-EU donors, in the formulation of policy positions through various sector working groups; and b) participating in the financing of national-level funds with EU and non-EU donors. There exists informal and ad hoc mechanisms, but the purpose of the existing processes is not to provide such outputs.

b) Effects

- Integration of ODA efforts among EU donors is rare in Nicaragua.
- Member States and the EC have had little JOINT effect and impact (coordination effect) on the planning and implementation of development in general and local development in particular.
- The Evaluation Team did not come across any structured or informal elements of a mutual accountability framework in Nicaragua, either at the policy level or as a comprehensive framework.
- There is no evidence that donors or the GoN were monitoring or otherwise systematically managing ODA as a (development) transformation strategy.
- Various donors working in the same sector often work side by side without a common capacity-building approach.

4.5 Meta-level analysis of the findings for the four cases

4.5.1 Findings concerning the validity of the evaluation

As noted in the introductory paragraphs of this chapter, a logic issue is often raised in evaluation research with respect to the use of cases. Unlike deductive quantitative analyses which can, from a correctly drawn sample, make assumptions (with predictable accuracy) about the parameters of a population, it is methodologically incorrect to extrapolate case-based findings and observations to arrive at broader-based conclusions concerning an entire “universe” (in the statistical sense). It is appropriate, how-

ever, to conduct analyses using the findings described in the Mozambique, Nicaragua, South Africa and Indonesia cases to see whether there are commonalities between the countries. Case-based research also excels at describing the logic or rationale of management functions and processes, such as the performance of 2C (e.g., how 2C performance happens within a specific context).

The case method,³ when appropriately used, is an invaluable research tool when combined with a grounded approach for detailed descriptions and analyses of **types** as well as their evaluation. It is also very useful for the development of performance standards for complex processes and phenomena such as ODA coordination. From a valid case analysis, hypotheses can be prepared concerning the behaviour of systemic variables that may be at play, and recommendations concerning changes that can bring about desired characteristics of the variables can be developed.

A very important finding arising out of this evaluation is that it validated the typology of ODA partnership contexts originally proposed by the Evaluation Team. The validity and reliability of the research results are therefore high and the research findings replicable. This finding also means that the four country cases selected for this evaluation were adequately representative of the types of partnership contexts in which they were identified. In that sense, the country cases that were selected for the evaluation were confirmed, *ex post*, as being congruent with the context types.

Based on this level of case congruency, the Evaluation Team is confident that its findings represent valid interpretations of 2C performance patterns; moreover, although the findings are directly related to EU performance in terms of coordination, they undoubtedly can be generalized and applied to all of the ODA actors and systems encountered in the study.

Based on the above and on the systemic approach to coordination presented in Chapter 2, the findings can be assessed according to five different dimensions:

4.5.2 The relationship context

The relationship between the management of coordination systems and the development environment, in the context in which the ODA partnership takes place.

- European Union donors believe that they absolutely need to align their strategic development strategies to national plans before 2C effectiveness can be meaningful, and noted that they cannot coordinate without this alignment. However, the lack of a reference point on the part of the partner country should not be used by EU donors

3 Note: Various texts on the topic of methodological doctrine for case study research and evaluation provide extensive assurance on these issues related to the interpretation of findings: see the publications of Robert K. Yin (2003a; 2003b), Miles and Huberman (2003) and Patton (1990) in the bibliography.

as justification for not developing common development objectives. In the absence of such points of reference from the recipient country, donors need to develop their own understanding of the development strategies that should prevail and collectively maximize the development impact of their combined efforts within whatever recipient country framework is available. To refuse to do so is to accept the argument that the ODA efforts of the individual donor are more effective than those of an integrated community of efforts, an attitude anathema to the EU's concept.

- In terms of the four donor-recipient types addressed in this mandate, coordination capacity on the part of donor and recipient countries alike is very low. All coordination systems around the world should not be identical. They need to be context-based where the extent to which development partners have, for example, appropriate and sufficient managerial expertise, state-of-the-art practices and institutional stability defines the most appropriate coordination system model (and thus the 2C framework and practices) that should be in place in the country.
- Donors and their recipient counterparts tend to set up coordination systems that reflect their past relationships, not their vision of what they should be. The practices currently used reflect a lowest common denominator-type of approach to management and reflects a very limited shared statement of potential. In contrast, management best practices strongly recommend that they develop coordination systems based on network management foundations congruent with the potential of their partnership. In the transition period, they need to seek major efficiencies within existing coordination mechanisms.
- Effective coordination system management is doubly critical but much more difficult to attain when the recipient country is in the process of implementing a decentralized form of government for local development. Under such difficult conditions, recipient countries reported that they needed to be supported by the effectiveness and efficiency benefits of joint approaches (donor-recipient) combined with a maximum amount of organized and managed leverage between interventions (or parts thereof). Only under these conditions can donors and their recipient partners capture the benefits of holistic and integrated local development.

4.5.3 Key levers of coordination

The elements of a management framework required to allow 2C to be effective in local development or other fields.

- In all four cases evaluated, EU donors consciously decided that they will not participate in 2C activities (i.e., among Member States and the European Commission). In other words, EU donors have decided not to act as an integrated community. The reasons for this vary, but Maastricht Treaty obligations were not an issue. No functioning unit for inter-EU coordination in the

“The three Cs are irrelevant when we consider the Paris Declaration.”

EU Head of Aid

2C sense was in place in any of the cases examined. This issue is further addressed in the Preface to this report.

- With the possible exception of EC delegations, in all cases and with all donors, field operatives did not receive specific instructions, standards, policies or statements on their expected 2C behaviours and performance from their headquarters. However, a few Member States are just starting to include coordination performance in their evaluation design.
- The Evaluation Team found that the performance of 2C efforts was severely hampered because EU donors do not all have the delegated authority to make appropriate decisions on-site. Coordination can only take place when and where all participants are empowered to act and where a clear shared accountability framework is not only in place but is understood by all and monitored and acted upon. If all actors in the field are not adequately empowered, then significant 2C-type coordination can only be expected to be impulse-driven; in that case it would be better, from the viewpoint of management effectiveness, to coordinate key activities from the donors' headquarters and have field personnel perform only information sharing and non-value-added activities. The capacity to coordinate (to "co"-ordinate, meaning to mutually adjust the order or nature of something) is directly related to the authority given to make commitments on future behaviour. From the donor management point of view, this is reflected in the level of decentralization and operational leeway given to donor representatives in the field and/or at headquarters. Based on this management logic and the available legal interpretations of MS and EC obligations under the Maastricht Treaty, EU donors will have to make a decision: uphold the EU constituting Treaty by consolidating all 2C authority either in the field or at HQs, continue with the status quo and disregard the 3C principles of the Treaty, or change the Treaty. The decision taken will also reflect the Member States' strategic vision of the role that an integrated influence/leadership bloc could play in support of the EU's foreign policy.
- A related issue is the inherent difficulty managing coordination systems across all EU donors when there is a high level of financial asymmetry with respect to specific priorities in their programme in the country. Particularly in countries that are more reliant on donor participation in national planning (e.g., emergent or donor-push countries), a key variable of the effectiveness of coordination mechanisms (and therefore, aid effectiveness) is the number of participants who need to agree. The assumption of consensus management under a "one donor, one vote" regimen is difficult to maintain when some donors account for a marginal portion of the total budget that will be used in a sector or priority. Realizing that all MSs are sovereign but also part of the EU, donors only wishing to contribute a token amount to a programme could, in the name of 2C effectiveness for the EU as a whole, find mech-

Coordination is extremely difficult because the decision makers are in Brussels. The management culture of the EC is totally centralistic and rigid on procedures.

Director of a large multi-donor project

anisms that concentrate the number of donors involved in decision making. There are limited examples of these patterns of best practices in the cases evaluated.

- Coordination systems have been difficult, if not impossible, to implement in the absence of a common development **agenda** between EU donors. The strategic intent of that agenda needs to answer the following question: “Towards which objectives shall we coordinate?” Donors do not all have to share a common programme but all of the country strategy papers (or equivalent) should be internally aligned and coherent (in the sense defined in the 2006 coherency evaluation undertaken by France). Current practice appears to be based on a “let’s share information on what you and I are doing” mindset. The former is strategic and capable of higher levels of value-added such as problem resolution and knowledge management; the latter is tactical and will rarely go beyond low-intensity manifestations of coordination such as the identification of needs and discussion of issues.

4.5.4 *Systems and capacities*

The systems and capacities required by donors and partners to support 2C.

- European donors in the countries examined do not have the management expertise, supporting MIS/IT systems or knowledge bases needed to achieve what is potentially available in terms of aid effectiveness through coordination systems management. To achieve higher levels of value from coordination processes requires that donors as well as development partners possess the individual skills, organizational capacities and state-of-the-art practices to professionally⁴ manage this important function. Moreover, donors do not have permanent organizational structures and units to support this function on a professional and continuous basis, even though millions of euros’ worth of efficiency and effectiveness gains are possible. Donors must also share the values embedded in 2C constructs and eliminate those that are not coherent with them. Consensus or unanimity in decision making and the requirement to integrate all stakeholders (donors) in a decision-making process regardless of the value/nature of their contribution, for example, are values that may need revisiting because, while laudable, they are potentially incompatible with aid administration effectiveness.
- As noted, coordination systems are elementary and not supported by adequate and appropriate resources. Information management, knowledge management, intelligence systems and information technology are not adequately applied to this important function and are certainly the most important constraint affecting the donors’ 2C performance. These critical elements are essential for the professionalization of

4 Note: The term “professional” is often used in its colloquial sense in ODA contexts. Everyone considers that he or she is “professional,” but the term has a different meaning in management science and refers to a comprehensive and adequate set of specialized skills, systems, practices and codes of deontology brought to bear on a function to ensure that it is managed to meet predefined standards of performance.

the coordination function. They could also contribute significantly to the resolution of the negative effects generated by the high turnover in field staff.

- While donors and officials were quick to point out that they were committed to the principles of the Paris Declaration dealing with alignment and harmonization, they could not provide any evidence of having integrated mechanisms to ensure mutual accountability into their programmes or interventions. Moreover, they admitted that this is a fundamental weakness in the implementation of this and other accords. It is interesting to note that everyone spoke of the “transfer” of accountability, a concept that is entirely false because accountability can only be shared.

4.5.5 Role of other stakeholders

Extending 2C obligations to other stakeholders.

- The 2C (Treaty) obligations of INGOs funded by EU donor sources are not clear, even to the INGOs. In all the case countries, INGOs were not coordinated among themselves or even between themselves (individually) and their donor representatives in the field. Moreover, they are not coordinated at a national level (donor-recipient country). They are perceived as displacing local NGOs and disturbing (i.e., either destroying or not assisting in creating and strengthening) the civil society structures of the country. They are seen as not participating in the institutional capacity development of local civil society organizations. Most INGOs noted that it would be more effective and efficient if they were coordinated but that they needed an “external” management force to do this.
- Most recipients feel powerless to manage INGOs because they feel that they do not have the support of the donors who fund them, and the present situation is problematic for many countries concerned. In the case of South Africa, externally funded INGOs are, in essence, a “fifth column” and need to be better coordinated to increase their effectiveness and ensure that the recipient country is in a position to continue their work as service deliverers at some point in the future. For example, a large number of INGOs work in the field of HIV/AIDS with different norms, service levels, approaches, treatment protocols and management systems. Most are also not financially sustainable over the long term and are beginning to abandon their interventions as their funding dries up and it becomes clear that the effort was not made sustainable; the government (at all levels) is stuck integrating these various interventions into larger and more sustainable programmes, and is bearing alone the substantial financial and social costs of the transition.
- In over 30 interviews with 52 participants taking place across the four countries studied, the issue of the coordination (or more specifically the problems of the non-coordination) of NGOs and/or INGOs was noted by participants. The extent to which local NGOs should occupy a central role in local development and the development of sustainable and autonomous civil society organizations needs to be defined and managed between the donors and the recipient country. The strategic intent

of recent international accords and declarations (including Paris and Monterrey) clearly places more responsibility for development in the hands of the recipient country partner. The role of INGOs needs to evolve in line with those strategic intents. All of the case countries noted that the historical funding relationship between donors and INGOs needs to change to reflect not only local ownership of development, but the coordination responsibilities of EU donors. It is undoubtedly a significant finding that all participants, including those at EU donors' headquarters, noted that EU politicians were apparently not prepared to address this issue and, as a result, there was nothing to be done. As noted in the introduction to this report, a detailed analysis of this finding is beyond the scope of the mandate.

4.5.6 Outputs and effects of 2C on local development

The finality of the development effort under the umbrella of 2C.

- The planning processes adopted by the national governments studied were not set up on the basis of “local development” per se. In the course of this evaluation, this concept needed to be assumed from a combination of poverty reduction strategies and plans, budget lines, programme thrusts and projects.
- In all four cases but for different reasons, the effects of 2C on local development were negligible or marginal. The opportunity costs were often reported as being important but the determination of their magnitude was beyond the scope of this mandate.
- A high level of coordination is required to design, implement and monitor (local) institutional capacity building, but it was not present in the cases evaluated. In the case of South Africa, this finality was one of their key strategic intents for the use of ODA but has not been realized.

4.6 Patterns of 2C performance for each type of ODA partnership

This subsection presents, in a concise way, the key findings of this mandate applied to the four specific context-types defined in the methodology. It also identifies the key management parameters of the coordination systems that should be implemented in each of the four contexts studied.

The following, while based on discrete findings, are presented at a meta-level (roughly the equivalent of “findings of the findings”). Methodologically-speaking, these extrapolations must not be over-generalized because they are based on a minimal level of saturation of findings (the evaluation methodology called for one case study for each partnership context-type). However, because of the low level to which coordination management systems have been adapted to the contexts in which they take place, (including the relative absence of professional and systemic approaches to coordination by all donors, including non-EU bilaterals, IFIs, multilateral and INGOs), methodologi-

cal rigour allows for some aspects of the findings to be generalized to wider global donor contexts.

The following sub-section takes a look at the logical patterns of 2C from the perspective of that larger level of analysis. It can provide a framework for a broader level of research and study into the main characteristics of performance behaviour and development that would be appropriate (needed) for each type of 2C partnership context.

4.6.1 Emergent partnership (Mozambique)

What has been the 2C performance:

- Low intensity level of effective results (i.e., performance) of coordination;
- Over-investment in terms of low value-added information sharing that was done within a non-sustainable process of information management;
- Ad hoc and tactical management of the coordination function;
- Non-strategic coordination between donors, not supported or based on the continuity of relationships;
- Strategies for the development of national capacities are based on informal perceptions and not hard evidence. As a result, there is a wide discrepancy in these perceptions among donors; developing common strategies under such conditions is very difficult and the joint monitoring of progress almost impossible.

What are the management system requirements:

- Develop and implement an empowered EU donor coordination organization;
- Design and introduce systemic and professional processes for coordination;
- Develop a knowledge management system and a management information system to support coordination;
- Train donor managers on state-of-the-art management practices of coordination;
- Internally align donor management processes and develop standards (and benchmarks) of performance for coordination.

4.6.2 Donor-push partnership (Nicaragua)

What has been the 2C performance (relatively of the same behaviour and performance characteristics as the emergent type)

- Medium intensity of effective results (i.e., of performance) of coordination;
- Lack of an integrated and shared strategy, plans and performance monitoring;
- Poor productivity of coordination activities.

What are the management system requirements:

- Develop and implement an empowered EU donor coordination organization;
- Design and introduce systemic and professional processes for coordination;

- Develop a knowledge management system and management information system to support coordination;
- Train donor managers on state-of-the-art management practices of coordination;
- Develop a professional unit for coordination support and management;
- Develop and negotiate a collective transition plan for the implementation of an effective ownership and ODA leadership capacity on the part of the recipient partner.

4.6.3 Recipient-pull partnership (South Africa)

What has been the 2C performance:

- Lack of strategic and programmatic integration and coherency between donors;
- Lack of collective actions and integrated cooperation;
- Lack of coordination of NGOs funded by donors.

What are the management system requirements (based on the overriding priority of transferring the leadership role and coordination processes to the recipient country):

- Improve the efficiency and effectiveness of dialogue with the recipient country and facilitate the performance of donors' coordination processes overall, which should be "managed" by the recipient partner;
- Increase the efficiency of the donors' shared country analysis as well as of joint evaluation and learning.

4.6.4 Mature partnership (Indonesia)

What has been the 2C performance:

- The nature and level of the systemic and professional management of coordination in place (from both the donors and recipient) are not appropriate for a mature relationship.
- The degree to which donors align on recipient country plans and administrative processes is not adequate for this type of relationship to flourish.
- There is no joint accountability framework in place, making the real sharing of accountability impossible.

What are the management system requirements:

- Both parties should increase and optimize the performance of the coordination systems and organizations by developing appropriately resourced professional-level systems.
- To continue making the relationship more sustainable, design every ODA intervention so that it develops know-how.

5 Recommendations

“Fundamentally, it comes down to this: it is essentially impossible to coordinate in the absence of a common goal.”

EU Head of Aid

One of the most authoritative authors on policy making, Aaron Wildavsky, noted that “speaking truth to power is what informs systems on opportunities for growth.”¹ Based on the assumption that Member States and the European Commission value the strategic intent to increase the effectiveness and efficiency of ODA through the improved coordination of efforts, the following represents a compact, straightforward, practical and results-oriented set of recommendations for achieving that goal. The logic is based on the organizational and management concepts adopted for this evaluation.

5.1 Strategic foundations required for EU 3C performance

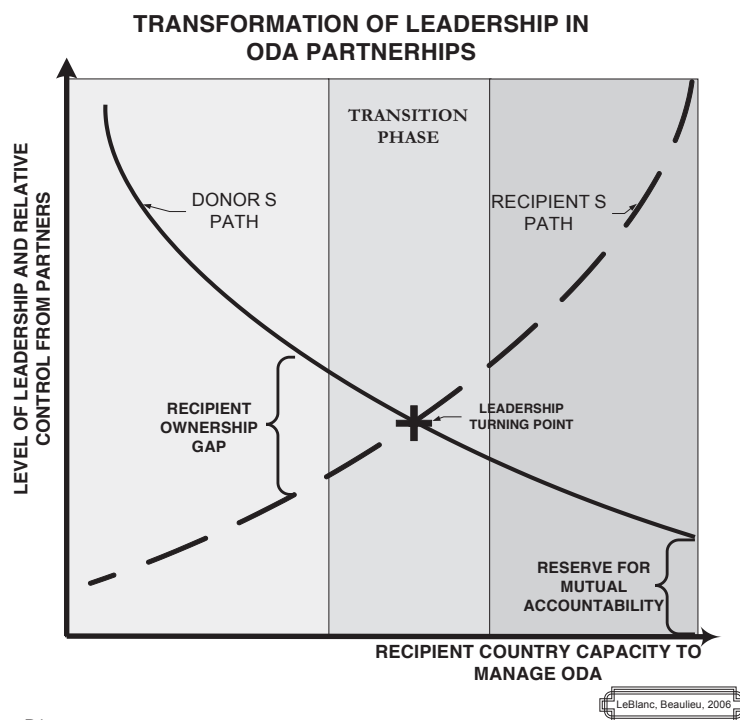
Any intent to transform the performance of EU ODA coordination must build upon six essential elements. Together they represent the “critical conditions” that are required if greater levels of performance are to be attained. Without a commitment to these basic elements by all concerned, a very high level of risk of not attaining 3C objectives is introduced and, in fact, little more than the low levels of performance now experienced can be achieved.

1. The recognition that development assistance has irrevocably embedded in its rationale and supportive values a number of fundamental assumptions, one of the most important being that partners in a mature developmental relationship will seek to maximize the combined efforts of all stakeholders. A related assumption is that development relationships are contextual, their management being a function of the nature of the evolution of both the donors and the recipient country within what might be termed “a potential and an environment for donor-assisted (not donor-led) development.” Because they are contextual, various forms of partnership need specific types of management, depending, *inter alia*, on the capacity of the recipient country to assume more responsibility and the extent to which the donor community is prepared to share some level of accountability. Relationships therefore can evolve from “donor-push” to “emergent,” “recipient-pull” and

1 Note: See the reference to Wildavsky in the bibliography. His texts are considered benchmarks for the in-forming of public policy using grounded analysis.

“mature,” the evolutionary path between them being strategically chosen (as well as known and shared) by both partners.

As a consequence of the above, when evolving from a donor-push type of relationship to one that is recipient-pull, there will come a point in the relationship when the predominant vector or influence changes from one partner to the other. The following diagram illustrates this fundamental organizational principle.



This critical management concept is fundamental to understanding the coordination and complementarity performance of EU donors, because it begs the question: “Why coordinate and for what purpose?” If part of the strategic intent of ODA is to transfer responsibility and share accountability, then the “weaker” partner needs help assuming that role. For each context, an appropriate but formal and shared transition plan needs to be in place for the partner’s eventual ownership, in particular to manage the latter’s development. This means that both the donors and the recipient country should agree that the effective leadership of ODA coordination needs to be assumed by the latter; this eventuality then has to be planned for and managed by both parties.

2. The coordination of ODA efforts (and its anticipated effects, including complementarity, coherency, holism, transparency, mutual accountability and sustainability)

should be organized and managed in accordance with organizational design best practices. It must be supported with state-of-the-art management tools and systems as well as adequate and appropriate human resources. Many recent global events have shown that the scale of the human misery and financial investments at stake is so extensive that half-hearted and non-professional management systems are no longer acceptable organizational management options.

3. For the achievement of geopolitical ends (including the balancing of spheres of influence), as well as for expectations of greater ODA efficiency and effectiveness, senior representatives of all four countries involved in this evaluation expressed a definite and unambiguous need to have EU donors begin acting as a bloc in their relationships with their country. Specifically, Member States and the European Commission are seen to prefer not dealing with their EU partners; they were often perceived as being in competition with one another. Their influence on national policy was marginal and the effect of their individual programmes was minimized in large part because they acted individually and unilaterally. The following recommendations must assume that this situation is contrary to the *raison d'être* of the EU and therefore must be challenged.
4. It is axiomatic that in order to be able to adjust something (a plan, position, strategy, etc.), the parties present must have the authority to do so. It is therefore foolhardy to assume that coordination of ODA efforts in the field can be efficient and effective if provision is not made to empower field representatives to “coordinate,” a task that can only be done by making decisions. A considerable amount of leeway must be given to all EU field managers if they are to coordinate efficiently; in each context studied, however, there is so much asymmetry in the authorities delegated to field personnel that coordination can only be inefficient. It is therefore assumed that the strategic intent identified in numerous political and administrative statements can only be achieved through increased delegation to agents in the field. The option of recentralizing authority in European capitals has been disregarded because of the expressed policy of local ownership.
5. All efforts towards the achievement of national or EU ODA objectives must be coordinated in the 3C sense. The extent of that coordination needs to be defined and is contextual, but the Treaty does not appear to distinguish between Member States’ funds managed by an aid agency, those given to INGOs and those given to other organizations. The widespread practice of directly funding INGOs that subsequently do not participate in coordinated efforts in the field needs to be studied in depth from the perspective of the recipient country’s need to marshal all development efforts to a sustainable end representative of its priorities.
6. It must be assumed that the primary level of organizational logic among EU donors is the Member State: it is the association of sovereign countries that gives existence to the EU and its constituent institutions. In terms of international development assistance, the sovereignty of those states is fundamental, but each of them has agreed to abide by a Treaty, and that, in international law, constitutes an obligation

for each Member State. The basic configuration of these relationships is analogous to that which exists in a “confederation,” where individual political entities agree to be separate yet united. Given the basic fact that it is the bilateral paradigm that defines the strategic intent of European donors (institutions are logically only the means), EU members need to better define how they could transform their relationships. It is assumed that to better reflect the 3C principles of the Maastricht Treaty, EU donors need to evolve from strict bilateralism (where the focus is on the interests of the Member State, with the EC a separate and independent donor) to a form of collective bilateralism (where the combined effects of all national interests are managed to maximize the impact while, at the same time, retaining the nature of the individual State’s sovereignty). This evolution can take place within a common framework where developing and sharing EU-wide strategies and approaches can not only be done collectively but where those decisions reflect the bilateral interests of the Member States as members of the EU.

Necessarily, the term “collective bilateralism” used in this report does not put the emphasis on the “collective” to the detriment of individualism, nor does it imply that the Member States of the European Union must systematically do everything together. Neither does it refer to a homogenization of the strategic or tactical management of the EU donors’ ODA. Instead, the concept proposed is a balanced approach incorporating diversity and innovation based on the shared values of sharing and leveraging EU efforts, but with a common vision and a shared perspective of the nature of the problem and key elements of the solution set.

Collective bilateralism should be based on the use of shared and “most appropriate” competencies, wider use of mandate delegation between Member States and a much higher level of aggregation in terms of strategies, plans and programmes. This will require much different forms of coordination than has been common in the past, but the Commission was created for just such a purpose. In the end, the development of a collective intervention, based on varied “geometries” of collaboration should simplify relations with recipient countries as well as leverage the effects of coordination in terms of greater complementarity and coherence.

The diagram on the next page illustrates an appropriate and feasible strategy for creating the management environment and systems required to ensure 2C performance in line with the Treaty, current international ODA objectives and modern management practices. Using a networked approach incorporating a progressive “enabling” scenario based in large part on the institutional capacity of both the donors and the recipient countries, the diagram positions the six elements above as critical conditions to achievement of the first step, and then shows how each step enables the following step. In order to be able to go from one step to the next, the recommendations found in the following pages must be implemented and are positioned here for reference.

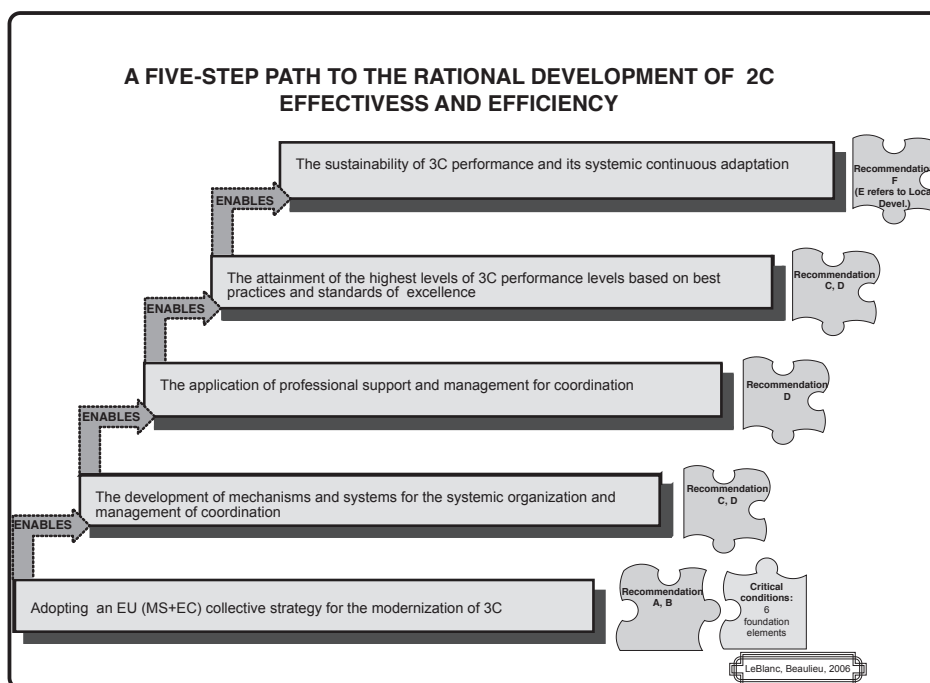


Diagram 6

5.2 Logical model and architecture of the recommendations

Within the field of organizational science and design, coordination is considered the focal point of management. Designing and implementing a comprehensive and effective network for coordination is, and has been for decades, one of the most difficult management challenges, and recent breakthroughs in this area have resulted in enormous advances in efficiency, such as those achieved in supply chain management, innovation in complex networks, supplier partnerships and distributed decision making. Because ODA management takes place within complex networks, the processes that must be designed for effective coordination within that environment also need to be complex.² In practice, this implies that 2C coordination must be the result of a systemic approach where managers have the skills and support systems required to manage enablers, inputs, processes and feedback loops within a specified context (in order to produce the desired outputs and effects). They must also manage the uncertainty associated with the various elements of that coordination process.

Enablers are the foundation of that logic; they represent what must be in place before the system can be effective. As described above, an unambiguous European coordina-

² Note: This is the management principle of “requisite variety.”

tion policy with accompanying performance standards must be established. It will become the foundation for the development and ongoing management of context-specific coordination processes adapted specifically to each country. The policy must provide clarity at different levels, including the following:

- First, a strategic intent statement establishing the principle of integrated (not common) approaches and strategies must be adopted at the highest levels of policy making within the EU (Member States and European Commission). It must invoke a “collective bilateralism” approach similar to that outlined in this report.
- Second, and based on the results of this evaluation, the resources, activities and relationships required to improve ODA coordination must become professionalized and a systemic approach to their organization and management implemented.
- Third, a decision must be taken on the physical location of the authority and responsibility for decision making with respect to coordination, and all EU donors should follow the same delegation path. It is recommended that this take place in the field, but it cannot be in both places. Donor representatives must receive adequate delegation of authority and be empowered to make decisions regarding the coordination of approaches and activities with other donors in the field.
- Fourth, all INGOs and LNGOs funded by EU donors must be required to actively participate in coordination activities and align their strategies and activities on recipient country plans in accordance with EU strategies.

These actions will “enable” EU donors to act on a collective basis even if the ODA management system they need to use for their own State purposes is primarily based on strict bilateralism. Finally, ODA coordination in the area of local development would be greatly facilitated if a shared policy and/or general framework/approach existed among EU donors.

In terms of ODA coordination **inputs and processes**, it is clear that management of the latter will define the extent to which the combined leverage of all EU efforts will produce the outputs, effects and impacts intended. Furthermore, this management will define not only the effectiveness of these outputs, effects and impacts (effectiveness) but also the efficiency with which they are generated. Once the foundation (enablers) is in place, it is with respect to management of the inputs and processes that major improvements must be sought. To reach levels of coordination performance above and beyond what was observed in this evaluation requires that state-of-the-art processes, methods, information systems, facilities and tools be brought into play and that management performance standards be significantly upgraded.

It is up to us to try to coordinate the efforts of different EU donors and the European NGOs they finance for our region; we have seen that they do not want to coordinate themselves.

Mayor

5.3 Specific recommendations

This subsection identifies and provides details on six key recommendations regarding, in particular:

- The development of a collective approach
- The support required for the development of the ODA partnership
- A systemic approach to the development of the donor coordination function under a 2C paradigm
- The information systems and tools required
- An EU-based approach to local development policy
- Complementary studies that should be carried out under the management improvement thrust.

Recommendations regarding enablers, inputs and processes relate directly to the Donor Coordination Model approved in December 2005 by the Working Group for this evaluation. Diagram 7 on the next page provides an easy reference point to position the various recommendations.

There are other, more tactical recommendations that could have been presented, but these six are the essential ones. They are strategic enough to transform the effectiveness of the system, yet the details provided in the following pages provide practical descriptions of what needs to be done. Each of these recommendations is presented first as a statement of what should be achieved, followed by a brief description of the actions required to implement the recommendations. It is important to recognize that these actions are illustrative and not exhaustive.

OVERALL ARCHITECTURE OF THE RECOMMENDATIONS

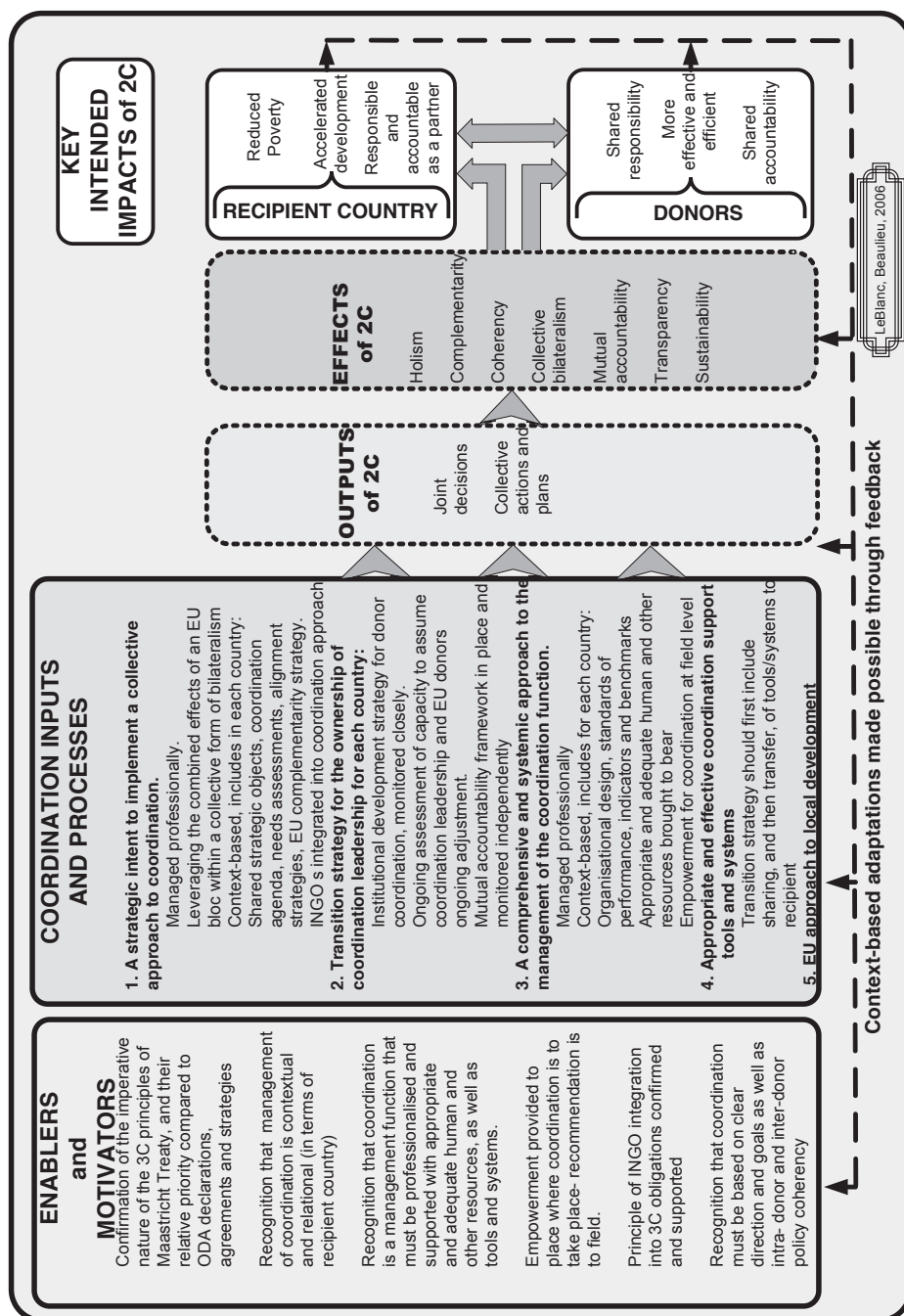


Diagram 7

Recommendation A

Collective Approach to EU ODA Coordination Management

Recommendation:

Member States and the EC should develop and agree on a management concept for the practical application of ODA coordination management according to the specificities of the 3C principles found in the Maastricht Treaty. They should also agree to put into place the pre-conditions and enablers that will ensure that EU donor agencies and their executing organisations (including INGOs) internalise and implement the concept and the obligations that accompany it.

Details:

A number of difficult but essential political and strategic decisions must be made by EU Members if the re-alignment of ODA coordination to the Maastricht Treaty principles is to take place. A partial list of the required policy decisions follows:

- A commitment among EU donors to manage their ODA programmes in accordance with a coherent and integrated “EU bloc” vision. It is anticipated that this approach would be developed as a form of collective bilateralism analogous to a confederation, with each independent state participating in a combined and integrated effort to attain (the EU-specified) development goals that all EU members agreed were to be sought for a country or a region.
- For each recipient country or region, this shared EU ODA approach would include: shared ODA strategic development goals and objectives; common processes of issues assessment and priorities identification; collective approach to support to the PRSP; integrated plans for development and an agreement on the mutual accountability framework that would trigger the transfer of greater autonomy for resource use to the development partner.
- An agreement among all EU ODA agencies that those who are expected to coordinate will be given the necessary delegated authority to do so. If all agencies do not agree to decentralise authority then it is not logical to expect coordination. Once the decentralisation agreement is reached, ODA field managers and units must be empowered through the provision of appropriate and adequate resources, process flexibility and financial leeway. The management model for each country should be based on coordination management best practices and the specific context of their recipient country partners.
- NGOs financed by or through EU ODA must be required to align to EU coordination mechanisms.

Actors and stakeholders for the implementation of the recommendation:

Head offices of all EU donor agencies.

Intended effects of recommendation:

- To provide a backdrop for increased coherency of EU development strategies.
- Enable an EU approach to the development of ODA plans adapted for each type of ODA context, providing for greater impact potential.
- To provide a stronger and integrated support for development to recipient countries.
- To re-enforce the geopolitical influence of EU in the domain of ODA.
- To facilitate the diffusion of a European perspective on the development of countries and improvement of social justice.
- To provide necessary enabling conditions for the implementation of effective coordination in the field.

Enabling conditions:

- The joint leadership of major EU donors will be required to facilitate this effort of EU ODA “integration”, but will eventually require all donors to agree.
- A preliminary study must be done to frame the adequate path and process for the EU discussions. It must include a detailed risk assessment.
- The process leading up to a policy decision must be managed at the highest levels and as a key priority.
- Political support must be in place.

Risks and mitigation strategies:

- The principal major risk is the failure of Member States to achieve a joint level of political will to see this through. Sensitization and lobbying are a large part of the answer, as are support from research institutions.
- The adoption of a time scale for change that goes beyond the next two years or so would seriously dilute the perception of political engagement. In that sense, this recommendation should be tackled at the highest level of EU decision making as soon as possible.
- There is a danger that for convenience sake or in order to find an easy but sub-optimal solution, the Member States will approach this issue in a partial way; this would lead to marginal effects in the field once the 25 bureaucracies have adapted to the policy in their own way. The policy and the direction must be simple and unambiguous.

Performance indicator:

- The existence of a new shared policy framework across EU ODA plans.

Recommendation B

Recipient Country Assumes Leadership of ODA Coordination

Recommendation:

EU donors should take the lead in developing (strategy) and then implementing a long term transition plan that is geared to significantly improving the institutional capacity

of the development partner so that it can a) assume the leadership for donor coordination and b) provide a sustainable basis for mutual accountability.

Details:

As mentioned in Francis Fukuyama's last book "State Building", the development of the State's capacity for management is of critical importance for socio-economic development as well as for national and international stability. An EU commitment to a dynamic development partnership in a bilateral context must incorporate a planned effort to help improve the State-level capacities of the recipient. Especially important *but lacking in most cases* is the latter's ability to strategically and tactically manage the ODA resources that are potentially available and the portfolio of organisations that constitute the sources for that support. Part of that leadership role involves the development of accountability processes, systems and standards that will inspire confidence from the donor community. Implementing this recommendation will involve:

- The development of **context-based models** clearly outlining the nature and extent of the institutional capacities for ODA management required. The models will be accompanied by a comprehensive but easy to administer assessment matrix for the analysis of that capacity. The models/ matrices should be developed jointly with a selection of partners.
- An objective assessment of institutional capacity for ODA management in place should be performed every two years and serve for the identification of needed improvements. This assessment should cover, where applicable, the central (central governance and sector ministries); regional (provinces or departments, and districts), and local levels of the State. This activity must be managed longitudinally, with monitoring, indicators, benchmarks, etc. and be performed by the recipient's institutions where possible.
- Based on the above, a consensus on the needs should be reached by the recipient country and the donors. It must be internalized by the partner because it will give legitimacy to the development of a three-year rolling plan of action dedicated to the improvement of the ODA management capacities of the recipient country as well as a programme to improve the corresponding capacities of the donors. The plan needs to be assured of financing and support and could be used as a performance-based contract for the transfer of responsibilities to the recipient, assuming that it is accompanied by a "shared accountability" framework providing third-party assurance of the performance of all parties.
- The EU donors should collectively take the lead in securing the alignment of IFI and multilateral institutions to the objectives of this recommendation. Other bilateral and "like-minded" donors could also be approached.
- Depending on the country context, plans should include the provision that the leadership of ODA coordination will be assumed by the partner within a manageable but defined timeframe.

Actors and stakeholders for the implementation of the recommendation:

Donor agencies in Europe and in the field. Recipient country central agencies responsible for planning, public administration and donor coordination. Other donors.

Intended effects of recommendation:

- To provide a benchmark for a shared set of EU development objectives in each country so that 2C management may have a definable goal.
- To provide for the development of effective mechanisms for joint decision-making between EU donors (at least) and the development partner. These decisions should be based on the principle of collective bilateralism inherent in the Maastricht Treaty.
- Provide a more effective reception capacity, on the recipient side, for improved EU influence.
- To enable the development partners to professionally manage ODA activities in their country, and to assume effective leadership for the coordination of all ODA-based actors and activities.
- To increase the efficiency of recipient-donor partnerships.
- To increase the level of credibility of the public administration of the recipient country in the field of ODA management, and subsequently increase the level of trust and confidence from the donors.
- To accelerate the process that must eventually lead to a more balanced sharing of mutual accountability for performance among all development stakeholders.
- Provide greater stability in ODA strategies of development partners through tighter and more performing coordination networks.

Enabling conditions:

- A commitment to the finality of the recommendation, shared by all EU donors
- An investment in the development of models, tools and methodologies based on contexts.
- A mutual accountability framework (Canada is working on this) that includes performance standards and risk mitigation.
- A review of EU agency and managers' performance objectives to include this objective
- A recognition that institutional capacity is primarily systemic, but based on people. All elements have to be integrated and improved in tandem.

Risks and mitigation strategies:

- Focussing on improving 2C within the EU community without a reference point in the partner countries could be perceived as unnecessary and inefficient. Both elements have to be improved simultaneously.
- The collective approach within the EU could be seen to be unacceptable by other donors and perhaps the recipient country. The EU should nevertheless take the lead with the recipient. If the latter does not actively participate with a view to leadership, the EU should adopt a restrictive approach and invest elsewhere.

- Political changes and a high roll-over of personnel in recipient countries could mean that the process will be lengthy. That is why the 3 year rolling plans are required, as well as a concerted position on the part of donors that key processes are not to be changed.

Performance indicators:

A specific set of indicators and targets for this recommendation should be established and agreed to by heads of EU ODA agencies. The indicators of country-specific performance will be provided from the ongoing assessments of the capacities of the State.

Recommendation C

Systemic Development of Donors Coordination Function

Recommendation:

EU donor agencies should put into place appropriate organisations and approaches for the professional management of the ODA coordination function in each country.

Details:

Because donors' activities are complex, relations are extensive and ODA programmes are relatively asymmetric in most dimensions (size, targets, time, etc.) between EU agencies in every partnership context, the implementation of this recommendation will require a significant number of organisational, process and other changes. The following list is meant to be indicative only.

- A country-specific **action plan for the development of EU coordination** should be developed for implementation in each recipient country. As a pan-EU effort, it would specify, for example, the status of the current performance and the gaps that need to be addressed. It would also identify actions to be taken for the improvement of the performance of EU-donor coordination within a specified time span. The influence of any structural factors that have a destabilising effect on overall donor performance (ex. high and rapid human resources turnover, political instability of recipient country) must be compensated by a structured effort to monitor and then adjust the planned evolution towards a high level of quality standards. The plan should also specify what actions will be taken to increase the capacity of donors to manage coordination. Covering not only processes but people as well, the donor improvement thrusts will be context-specific and benchmarked in the same way as is common practice in large and global concerns.
- Develop and implement a **specific management unit**, as a secretariat dedicated to 2C coordination of all EU donors in recipient countries. An organisational design should be developed for this unit that reflects the ODA partnership context in each country, but each secretariat needs to meet common (EU-wide) performance standards. A difficult choice needs to be made on the organisational positioning of the secretariat but a definite recommendation cannot be provided at this time. One

option would be to create it inside the EC Delegation Office and have it managed by the EC HOA. Another would be for it to be located in a more neutral place. The key issue here is that the secretariat supports the entire community, it is not responsible for coordination. .

- Field-based **representatives of EU donor agencies must be capable of managing the process and the objectives of coordination**, a knowledge and skill set that must not be underestimated. A performance profile and other human resources management tools must be developed and the required competencies should be included in the appropriate position/task description and form part of the performance assessment review of the human resources involved in ODA. A set of competencies and organisational capacities must be described to serve as a guideline for the monitoring of the coordination performance and to benchmark the state of performance annually.
- Valid and practical **models, methodologies, standards of performance and tools** should be developed and then implemented to support the coordination model and standards of performance selected.
- An annual (periodicity to be reviewed) **auto-assessment and performance analysis** process should be implemented, supported by appropriate instruments and data bases; donors should treat this process very seriously: it is at the core of the coordination management process.

Intended effects of recommendation:

- To provide EU and context-specific standards of performance and criteria for the evaluation of coordination performance.
- To enable the effective transfer of coordination leadership to development partners.
- To support the continuous improvement of coordination performance and to insure sustainability of coordination.
- To generate greater impact from EU ODA.
- Be in a better position to provide European perspectives and experience, not only to the development strategies of partner countries, but also to the major issues being addressed in global ODA forums.

Enabling conditions:

- A grounded approach is needed, meaning that a small number of pilot projects based on context types should be undertaken. This approach would enable EU donors to master the specificities of the learning curves that are specific to the contexts, and to adjust all subsequent efforts accordingly (ex. tools, systems, interfaces). From the experience gained in his mandate, it is suggested that Indonesia and Nicaragua would be excellent pilot locations.
- The development of adequate tools and systems prior to implementation.
- The enabling factors found in recommendation "A" need to be in place.

Risks and mitigation strategies:

- Attempting to implement this recommendation without using a grounded approach (ex. a pilot) would greatly increase the potential for error.
- If an organisational design and development paradigm is not used for the roll-out of the recommendation, the emphasis will be switched to something other than performance (ex. relationships, power, and cultural interfaces). While these factors have to be included in any solution set, the objective is performance of coordination.
- Over time, ODA managers in the field and in HQ may be distracted by non-performance issues. A management strategy to continue to reinforce performance needs to be in place. Adequate and appropriate resources and knowledge management systems must be available.

Performance indicators:

Indicators will be developed as a specific output for the planned implementation of this recommendation.

Recommendation D

Tools and Systems for ODA Coordination

Statement and details of recommendation:

Recommendation:

In order to support a systemic and professional management approach to ODA coordination, an integrated **system for the management of data, information, knowledge and intelligence** dedicated to ODA coordination (within the specific contexts of recipient countries) should be developed and implemented. Based on distributed systems and managed in real time, the systems should be integrated, transparent and accessible. They should also enable reports to be generated by the user and promote knowledge management and institutional learning.

Details:

- Complementary to, and closely linked to the implementation of the recommendation C (concerning the systemic organisation of the coordination function) the systems and tools developed should be designed as **a multi-user platform** and be **multifunctional**.
- The information and knowledge management system should be **networked to all EU donors' facilities**, be fully supported by a team of information technology professionals with adequate access to MIS and communications technology.
- Input requirements should be based on an open system and user requirements for reporting formats should be exercised by the user wherever possible.
- All execution activities should be integrated into the systems.
- The systems should be the **responsibility of the country secretariat** for EU ODA coordination.

- The information management strategy should **provide for access by the recipient partner** then eventual systems sharing by all stakeholders.
- A **contextualised set of reliable and valid methodologies** for the objective, systemic and multi-factored evaluation of the state of the recipient country's capacities to plan, manage and implement development coordination needs to be developed (refer to recommendation B). The methodologies and their support instruments should be adapted to the different contexts of State complexity and be designed to incorporate the active leadership of the key donor coordination unit of the recipient country as well as the organisation responsible for the public service.

Actors and stakeholders for the implementation of the recommendation:

EU donors' HQ and field personnel. Recipient country organisations responsible for donor coordination and the public service

Intended effects of recommendation:

- To provide effective management tools to support this important function.
- To provide economy of scale and systemisation in the management of data and information across the global network of donors.
- To radically increase the rate of information exchange and to downsize the amount of informative meetings.
- To facilitate donors interfaces and collective decisions.
- To enable prospective analysis and scenario development.
- To better support risk management at a strategic as well as the tactical levels.

Enabling conditions:

- A design study must be done to clarify the parameters, modules and the configuration of the system.
- The implementation of the integrated systems should be done on a grounded basis.
- Pilots should be undertaken to mitigate risk and facilitate adaptation and learning. Pilots should be done for each ODA partnership context.

Risks and mitigation strategies:

- The development of systems has its own set of risks that are well documented.

Performance indicators:

Systems indicators are part of the performance specifications and need to be established before design work can begin.

Recommendation E

EU Policy on Local Development

Recommendation:

EU donors should articulate and publish a shared approach to local development.

Details:

Without intending to propose a unique “recipe” across all donors, it is suggested that a shared framework, however comprehensive, will increase overall aid effectiveness because it will reinforce the EU donors’ efforts at attaining greater levels of coherency and complementarity in that domain. It could also provide a reference point for collaboration and coordination amongst all stakeholders, including other donors and NGOs. It goes without saying that the approaches need to be aligned to those developed by recipient countries, where they exist.

- A **concept paper** on the positioning of local development within a coordinated approach to ODA should be developed. It would provide a foundation to a process whereby all Member States and the EC would arrive at some consensus on a set of common approaches, goals, strategic architectures of programmes and interventions related to local development. Of specific importance is the conceptual framework that will enable different EU donors to ensure that they act in a complementary manner in local development in any country context (including the coordination required to ensure the complementarity).
- A **meta-evaluation of the management of EU ODA efforts in local development (the technical perspective)** in the last five years should be done to facilitate the diagnostic of current practices and strategies for local development. The quality of any consensus on the formulation of a European donor shared approach to local development would be greatly enhanced by this retrospective.
- An **analysis framework and corresponding progress indicators for local development** should be defined to support the monitoring of performance in this domain. Closely related to the policy framework, these shared indicators should be included in all country programme evaluations. Some work has been undertaken on this topic internationally but needs to be made specific to the EU vision.
- **The role of INGOs (funded by EU donors)** in local development must be part of the analyses noted above. The results of the consensus should be extended to the INGOs to assure that their interventions are aligned and therefore leverage the shared policy framework, approach, goals and targets.
- The local development approaches described above should serve as the standard framework for bilateral agreements with recipient countries. It will need to be **adapted, where appropriate, to the specific ODA contexts.**

Actors and stakeholders for the implementation of the recommendation:

All donors, recipient country partners and INGOs funded by EU donors.

Intended effects of recommendation:

- Provide a reference point for the development of, (or an alignment to), a local development approach in any specific country. This reference point will condition the nature of interventions undertaken by any donor(s) and will define the need for a complementarity-based approach.
- Support the development of coordination management efforts in the domain of local development.
- Improve the policy and programmatic coherency among EU donors' proposals for local development.
- Assist in defining where EU expertise, skills and resources can best be applied in support of local development. In the same light, EU donors will be better able to see where they could leverage their support within the project management cycle of any local development strategic or tactical intervention.
- An increased impact of local development efforts will assist all stakeholders in meeting targets under the MDGs.

Enabling conditions:

To develop a robust and highly coherent framework for the key variables that condition local development for the different ODA context types.

Risks and mitigation strategies:

- Without such a framework, EU donors will continue to participate in an uncoordinated and scattered set of interventions without the benefits of leveraging or any other coordination effect.
- If the non-governmental organisations are not brought under a coordination and complementarity framework for local development, the combined effect of all EU ODA in that domain may not only be weakened but could, as was observed, be hindered.

Performance indicators:

N.A.

Recommendation F

Recommended Complementary Studies on 3C

Recommendation:

A number of complementary studies should be undertaken to assist in the EU donors' quest for increased performance of their ODA efforts through better coordination. These could be done by the EU donors or jointly with other international partners.

Details:

Because coordination is a core function of ODA management and is a key determinant of its performance, it is important to continue the development of our knowledge concerning its different dimensions. The expected effects of coordination on ODA objectives would certainly be improved if ODA policy makers and practitioners in the field had a better understanding of the four following issues:

- How do the 3C principles interface with the intent of the Paris and other development declarations? Specifically, what do managers have to consider as the order of priority?
- In specific domains such as local development, governance and institutional development, what has been the **overall effect of the coordination between EU donors and major non-EU donors**, such as the USA.; JICA; WB; UNDP and key Regional Development Banks (IADB, ADB, AsDB)? Was the collaboration leveraged or merely additive?
- From the perspective of the recipient country, what has been the **effect of the use of INGOs within EU donors' delivery strategies**? Specifically, under what conditions were the interventions sustainable and when did they develop local capacity in support of civil society? Is the model of INGO support that was used until now still pertinent in the light of the intent of the Paris declaration and similar international agreements?
- To what extent have EU ODA efforts supported EU foreign policies and vice versa?

In addition, the following are recommended as priority areas for research:

- The **concept of Collective Bilateralism** should be developed more extensively with a particular preoccupation of identifying and evaluating the key factors related to its added-value to ODA patterns and strategies of coordination and/or collective action. It should also be described in terms of its application in the ODA context.
- Coordination intrinsically includes a concept of mutuality. In the case of the coordination of EU donors' efforts under the Maastricht Treaty and the Paris Declaration, **what constitutes the management framework for mutual accountability?**
- The ODA **context type classified as "Maturity"** should be studied further to document more extensively the best practices of a mature coordination partnership. A solid benchmark project should be useful for that purpose.
- A study should be done on the best practices and approaches that could be used by recipient countries to **organise, strategically frame and manage their ODA coordination portfolio**. The case of RSA should be used as a starting point.
- The organisation of an **international network of management experts and researchers on ODA coordination** could focus and channel the efforts that need to be done on the advancement of knowledge and the development of know-how in that field. Resourced adequately to undertake research and provide grounded advice to practitioners, it could meet regularly in order to integrate the experiences of ODA decision-makers.

Actors and stakeholders for the implementation of the recommendation:

The EU committee of heads of evaluation.

Intended effects of recommendation:

- To support the professionalisation of coordination management
- To increase the potential for a sustainable EU coordination approach
- To provide recipient countries with a clear understanding of know how and best practices and/or methods on the organisation and policies for the management of their ODA. This should increase the recipient ownership capacities to assume leadership in the ODA partnership processes.
- To provide researched insight into particularly difficult issues in ODA management.

Enabling conditions:

- The existence of a shared EU political will to facilitate the EU ODA coherence and a certain level of integration.
- The will to explore the management boundaries of ODA coordination.

Risks and mitigation strategies:

Complex societal endeavours (ex. medicine, education, transport, agri-business) around the world undertake research and development efforts in order to understand the interface between the products and services they represent and the management they need to put into place to deliver them effectively and efficiently. This is considered as a fundamental necessity. In general, ODA agencies have not internalised this need and, for an “industry” based on an annual expenditure of billions, does very little in the way of management research. Admittedly, there are a small number of “institutes” and “think tanks” that publish papers and a small number of these have been prepared as a result of rigorous research, but those are the exception. Another is the macro-economic research that is published regularly by various IFI. Even though most ODA agencies have been the recipient of evaluation or consultant reports that refer to their management capacity, little in the way of research that is carried out and management strategies are proposed without the basis of that knowledge base. In the case of management coordination, the knowledge base is fragile and needs to be supported, or the wrong decisions will be made, affecting not only institutional effectiveness but the well-being of millions.

A pan-European (global) network of researchers should be established, funded and directed by the Heads of Agencies, in much the same way as research institutes are managed in other domains.

Performance indicators:

The output of these studies and the implementation of their recommendations in EU ODA management.

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Evaluation of Co-ordination and Complementarity of European Assistance to Local Development

This report presents the outcome of an evaluation study of the co-ordination and complementarity between European actors with regard to assistance to local development. The study provides an in-depth look at the actual use of co-ordination mechanisms and task divisions in a field which is increasingly important to development efforts. It concludes that European Union Member States and the Commission have a remarkably low level of performance when it comes to achieving value-added effects and impacts of co-ordination efforts with each other in general, and in the area of support for local development specifically. These conditions impede local ownership and represent important obstacles to aid effectiveness and balanced relationships based on mutual accountability. On the basis of the evidence that was collected through a grounded research approach, which included country studies on South-Africa, Indonesia, Guatemala and Mozambique, concrete recommendations are brought forward to improve the present situation.

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