EVALUATION OF
THE DECENTRALISATION OF
DANISH AID MANAGEMENT

evaluation

2009.03

Evaluation of
the Decentralisation of
Danish Aid Management

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Abbreviations

AMG	Aid Management Guidelines
BFT*	Technical Advisory Service
CD	Country Director
CIDA	Canadian International Development Agency
DAC	Development Assistance Committee
DCCD	Danida's Centre for Competence Development**
DKK	Danish Krone
ERH	Department for Business Cooperation and Technical Assistance
HQ	Headquarters
ICT	Information and Communications Technology
KVA*	Department for Quality Assurance
MDG	Millennium Development Goals
MFA	Ministry of Foreign Affairs of Denmark
MRS*	Results Contract
PD	Paris Declaration
PDB	Project/Programme Database
PMF	Performance Management Framework
PR	Performance Review
PRS	Poverty Reduction Strategy
TA	Technical Advisor
ToR	Terms of Reference
UDV*	Department for Development Policy
UMKC*	MFA Competence Centre
VPA*	Annual Business Plan
WFP	World Food Programme

*   Acronym for the Danish term

**   Now UMKC

Note: The British spelling of decentralisation, decentralised, harmonisation etc. are used throughout this report to be consistent with the spelling in the Paris Declaration.

Executive Summary

attention been given to the embassies' activities outside the country programme – notably activities to support HQ functions – and the impact these have on other embassy priorities.

The Performance Management Framework provides a comprehensive framework for reporting and accountability at all levels. Staff raised, however, concerns about the selection and use of the VPA indicators. The selection of one indicator (usually at the output level) for each programme component is seen to be arbitrary and to provide information of questionable validity. This output information is used by HQ to reflect progress with respect to programme targets. However, embassy staff expressed concerns that the information is not adequate to reflect programme performance with respect to development results, yet reporting on development results is a key principle of the Paris Declaration.

Embassy Human Resources
The main human resource challenge in the decentralised model that has implications for embassy staff capacities is that, with limited aid management activities being carried out at HQ, there are limited opportunities at HQ for developing new aid management staff prior to posting to embassies. Ironically, as a result of decentralisation, Danida needs staff with more experience than it did prior to decentralisation. Yet accessing adequate resources is a challenge because embassy managers do not have adequate authorities under the decentralised model for the recruitment of posted staff. There were mixed views from staff on the extent to which they have the skills necessary to do their jobs – with concerns expressed in two specific areas. Firstly, many staff indicated that they lack the non-sector-specific skills (e.g. skills in policy dialogue, negotiation, institutional capacity assessments) to respond better to the new effectiveness agenda. Secondly, posted and local staff expressed reservations about the management skills of embassy managers, particularly with respect to work organisation, communication and information sharing. These reservations are shared, to some extent, by embassy managers, who indicated the need for additional skill development in this area.

A range of training courses is available to embassy staff, including pre-departure training for posted staff and an orientation course for new local staff. However, staff indicated the need for more or improved professional development opportunities. Local staff noted particularly the need for more professional development opportunities and posted staff noted the need to improve the pre-departure training.

There has been a general decline in the use of Danish/international consultants, contracted through the HQ Department for Business Cooperation and Technical Assistance, for decentralised embassies. It is not known, however, why this is the case. It may have been offset by an increase in local consultancies and/or national tender processes or it may be that embassy staff experience increasing challenges in managing the consultancy process. Although embassy staff indicated that they can contract international consultants, there appears to be reluctance in some embassies, and among some embassy staff, to make greater use of consultants. A number of embassy staff expressed the view that contracting creates extra work for them, as consultants are not necessarily familiar with Danida policies and practices and staff resources are required to identify suitable consultants, develop ToR, select the consultants, manage the contract and monitor the consultants' work.

Recommendations

The evaluation identified two sets of recommendations – those targeted to other development agencies that might be considering decentralisation of their operations and those targeted to the MFA and Danida, in order to improve the current decentralised aid management model.

Recommendations for Other Development Agencies
Recommendation 1: It is recommended that other development agencies follow the good practices identified in Danida's decentralisation, including ensuring that:

- There is clear and consistent senior management support for decentralisation and ensuring that this is communicated regularly to staff, both verbally and in the creation of a senior level group to spearhead the process;
- The pace in preparation of decentralisation is maintained so that the process is not derailed; and
- Appropriate policies, procedures and tools to guide the decentralised management of programmes are in place and disseminated to staff before the decentralisation is launched.

Recommendation 2: It is recommended that other development agencies considering decentralisation ensure that:

- The human resource implications of decentralisation are assessed and a human resource strategy is put in place to address these challenges;
- The impact of decentralisation on HQ operations is assessed and any need for HQ reorganization is considered;
- Communications with staff on the decentralisation process and changes resulting from decentralisation is ongoing and addresses the evolving needs of staff;
- Pilot projects, with clear objectives, are carried out and evaluated and the lessons learned contribute to the development of the final decentralised model; and
- The agency adequately documents the decentralisation process and develops a plan for evaluating the decentralisation process and outcomes and that this plan includes a clear statement of the objectives of the decentralisation and criteria/indicators for measuring the outcomes. In particular, it seems appropriate to do an evaluation after two or three years of implementation, to identify and share best practices, as well as to address the main challenges with the adopted decentralised model.

Recommendations for the MFA and Danida
Recommendation 3: It is recommended that the Aid Management Guidelines be revised with a particular view to:

- Facilitating the interpretation of the Guidelines in order to more explicitly encourage embassy staff to make use of national or joint formats/procedures for programme preparation and implementation and to loosen the specific Danida requirements for joint programme documents;
- Toning down and limiting the rather detailed requirements for the Programme Document;

- Including on the AMG website more practical examples on joint programming and practical programme implementation (e.g. how to prepare ToR and monitor external consultants);
- Clarifying expectations with respect to the cross-cutting issues and, in particular, the priority themes and reducing the reporting requirements on these issues;
- Opening the possibility of joint programme reviews with other donors that do not include BFT participation; and
- No longer requiring the use of a separate Danish embassy reporting format, when joint reviews are carried out with other donors.

Recommendation 4: It is recommended that the current system for ensuring quality in programme development be revised to encourage the involvement of BFT and/or other technical experts earlier in the programme formulation process (at the design stage) and encourage continuous use of BFT and/or other technical advice through:

- Replacing the current appraisal procedure with the provision of technical inputs and/or a pre-appraisal mission during the programme design stage, which involves national and development partners;
- In addition to the semi-annual videoconferences with BFT and embassy management, establishing and communicating clear and flexible mechanisms for embassy and HQ staff to ensure continuous technical advice and support to embassies throughout the programme formulation process; and
- If necessary and supported by the embassy, planning a BFT desk appraisal prior to programme approval.

Recommendation 5: It is recommended that the MFA reassess the use and usefulness of the VPA indicators in order to improve its ability to report on Danida's development results.

Recommendation 6: It is recommended that the MFA develop a human resource strategy that explicitly considers:

- The requirements of, and support for, management functions at the embassies;
- A more direct and transparent involvement of embassy management in the recruitment process for posted staff;
- A more integrated approach to recruitment and competence development; and
- Clarification of the roles and responsibilities between HQ and the embassies for staff professional development.

Recommendation 7: It is recommended that the MFA strengthen professional development by ensuring that:

- Professional development opportunities are considered more systematically in the MRS/VPA process, including, for example, allocating resources for the systematic mentoring of new posted and local staff;
- Embassy management provides the time and equipment required to facilitate staff accessing professional development opportunities; and
- More frequent regional exchanges of experiences (e.g. workshops, seminars).

Recommendation 8: It is recommended that the MFA take a more differentiated approach to the planning and allocation of HQ resources for technical support and quality functions for embassies and that this be based on an assessment of the specific competence gaps.

Recommendation 9: It is recommended that the MFA encourage and facilitate a more strategic use of external consultants to fill current competence gaps at the embassies through, for example, instituting an annual planning process for the use of consultants and encouraging the use of framework contracts, particularly in embassies that are currently making only limited use of this modality.

1   Introduction

This report reflects the results of an evaluation of the Danish Ministry of Foreign Affairs' (MFA) decentralisation of bilateral aid management. The MFA had been discussing the option of decentralising aid management for at least a decade – discussions that paralleled Denmark's engagement in the development of the new aid effectiveness agenda.[2] In 2003, these discussions cumulated in a decision to decentralise the management of its bilateral aid to embassies in selected partner countries.[3]

The objective of decentralisation was to improve the quality of Danida's development programming in programme countries.[4] The key components of decentralisation included:

- Devolving programme formulation and implementation responsibilities to the embassy level, by giving embassies the authority for the preparation and implementation of programmes within the context of approved Country Strategy and budget frames; strengthening the embassies' responsibilities for reporting to Headquarters (HQ) and servicing the Danish political system and the media;
- Devolving increased administrative responsibilities, including the management of the embassies administrative budgets, local staffing and administration of advisors;
- Provision of HQ support and quality assurance, including technical support through the existing technical advisory services unit (BFT) (including responsibility for programme appraisals), the creation of a Programme Committee and the development of a new quality control assurance unit (KVA); and
- Strengthening professional development, through the creation of a new professional development centre[5] to design tailor-made and targeted training for all staff, as well as increase the use of new information technology tools for learning, especially for posted staff.

After five years of operations of the decentralisation approach, the MFA decided to conduct an evaluation of the current approach.

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2)   *For a more complete discussion of the history and process of decentralisation, see Chapter 2.*

3)   *This included the following countries known as "programme countries": Bangladesh, Benin, Bolivia, Burkina Faso, Ghana, Kenya, Mali, Nepal, Nicaragua, Tanzania, Uganda, Vietnam and Zambia. Management in South Africa (a non-programme country) was also decentralised in 2003. Decentralisation was later extended to the "programme country" Bhutan and to other countries as capacity was developed. The latest embassies to be decentralised were in China and Ethiopia.*

4)   *The term "Danida" is used to refer to the MFA's development assistance activities. The South Group is the unit at the MFA that is responsible for development assistance activities. The terms "programming" and "programme" are both used in this report. The term "programme" refers to the sum of Danida's development activities in a given country. The term "programming" refers not only to the substance of the programme, but also to the way in which the programme is developed and implemented. As such, it includes the ways in which embassy staff interact with national and development partners.*

5)   *This centre was originally called Danida's Centre for Competence Development (DCCD). It is now called the MFA Competence Centre (UMKC).*

1.1 Evaluation Objectives

The evaluation was instigated, at least in part, by a recommendation in the Development Assistance Committee's (DAC) 2007 Peer Review of Danish development cooperation. It noted that "It would be useful for Denmark to undertake some comprehensive "lessons learned" analysis that could be subsequently shared with colleagues in the DAC."[6] However, it was also identified by the MFA as an opportunity to highlight any areas for improvement in the decentralised model. As a result, the two evaluation objectives were to:

• Assess, in view of the evolving international aid agenda, in particular the Paris Declaration, and based on five years' experience with a decentralised Danish aid management, the possible need for adjustments in the current decentralised aid management and to make concrete and realistic recommendations on these adjustments; and

• Identify and analyse the principal lessons and experiences from the decentralisation process that may have general interest and applicability.[7]

The evaluation Terms of Reference (ToR) are provided in Annex 1.

1.2 Methodology

The evaluation was carried out between June 2008 and May 2009 by a consortium of two firms: Goss Gilroy Inc. (Canada) and Orbicon A/S (Denmark). The evaluation team included three staff (including the team leader) from Goss Gilroy Inc. and one from Orbicon.

The evaluation included five lines of evidence:

• A literature, document and data review that included a review of the literature on decentralisation and a review of background documents on Danida, recent reviews of Danida's aid management and its programming and operational guidelines. The team also collected some administrative data to reflect Danida's decentralised operations;

• Case studies in five programme countries (Burkina Faso, Benin, Ghana, Uganda and Zambia), which included a review of country-specific documents and interviews with Danish embassy staff and national government and development partners. In each case study, between 22 and 49 individuals were interviewed;[8]

• An e-mailed management questionnaire for ambassadors and deputy heads in the embassies of programme countries that were not included in the sample of case study countries. Responses were received from seven individuals, covering six embassies;

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6) *Development Co-operation Review, Denmark, Development Assistance Committee, 2007, p. 36.*

7) *"Consultancy Services Tender Dossier: Evaluation of the Decentralised Danish Aid Management", MFA, Danida, April 2008, Appendix B, p. 42.*

8) *Zambia was the pilot case study country and three team members participated in this case study. In all other countries, two team members conducted the case study. The Head of the MFA Evaluation Department accompanied the team on two case studies.*

- An online survey of the professional posted and local staff in all embassies with decentralised programmes. The team received 109 responses, which represents a response rate of 70%;[9] and
- Interviews with 14 senior managers at HQ and with the Chair of Danida's Board for International Development Cooperation (Board).[10] These interviews were conducted after the case studies and surveys to complement the information from these other lines of evidence.

Details of each line of evidence are provided in Annex 2.

As with any evaluation, there are limitations to the extent that the methodology can address the evaluation issues. There were three key limitations to the data collection and analysis and the development of recommendations for this evaluation: the extensive use of qualitative data; factors that confound the assessment of the management of Danish aid; and changes to Danida's aid management structures and operations currently underway.

Use of Qualitative Data
With the exception of the online survey, all lines of evidence involve essentially qualitative data and have the limitations that are common to all qualitative data. The evaluation relied heavily on the five country case studies, which involved interviews with key informants and allowed the evaluation to take into account different perspectives on Danish aid management – including both those of embassy staff and their in-country partners. However, given the rotation of posted embassy staff, both at Danida and among development partners, and turnover in government staff, there was limited opportunity to interview staff who had experienced Danish aid management prior to decentralisation. It was also a challenge to obtain the same type of information from all embassy or partner staff, as embassies were in different places in the programme cycle or in the implementation of the Paris Declaration.

Understanding how the qualitative data was interpreted is important for the readers of this evaluation report. When the report refers to "embassy staff", it includes management, posted and local staff, as well as contracted embassy staff. (However, much of the quantitative analysis actually compares the response of these groups: management, posted (including international contracted staff) and local staff.) Comments relating to one specific group within these groups are specifically identified.

In the qualitative analysis, it is not possible to say how many respondents raised an issue (particularly since some interviews were conducted in groups). Given the nature of qualitative research (for example, the selection of interview respondents was not random, but rather based on recommendations of embassy staff and largely influenced by respondents' availability), it is not appropriate to attempt to quantify information from the case study interviews. The information from the interviews on specific issues was assessed according to two key factors. The first was the circumstances in the country (for example, whether the staff had recent experience with the programme formulation process, the extent of implementation of the Paris Declaration). The second was the extent to which the

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9)   Unless otherwise specified, all graphs in the report are based on data from the online survey.
10) The Board includes representatives of various groups in Danish society (including business, labour associations, universities and non-governmental organisations) and provides independent advice to the Minister for Development Cooperation. It operates within the political guidelines defined by Parliament and the Government.

respondent had direct knowledge of the issues being assessed (for example, ambassadors commenting on relations with HQ, development and government partners talking about recent experience with programme formulation processes). These factors influenced how the qualitative information was treated.

Although it is not possible to quantify the interview responses, the report does identify, for key issues, the number of case studies in which a given issue was raised, which provides an indication of the representativeness of the evaluation findings. In addition, the results of the online survey were used to substantiate issues raised in the case studies. The high survey response rate provides a high level of confidence in the results.

Confounding Factors
There are many other changes, beyond decentralisation, that had an impact on the effectiveness of Danish aid management, including the Paris Declaration and resource changes in the Danish government. The implementation of the Paris Declaration principles may have influenced the way in which Danish aid is managed, as much as the process of decentralisation itself. Similarly, as the MFA was preparing the decentralisation of aid management, the Danish government was implementing resource cuts in many ministries. The cuts that the MFA had to make had an impact on the resources for aid management, both at HQ and in the embassies, and potentially on decentralised aid management. As a result, it was difficult to attribute changes in the perceptions of Danish aid management solely to decentralisation.

Ongoing Changes to Danida's Aid Management
As the evaluation was underway, Danida was discussing and implementing changes to its structures and aid management operations. As this report was being finalized, changes were made to the organization of HQ structures that support the decentralised embassies and changes were being made to the Aid Management Guidelines (AMG). While this did not have an impact on data collection, which preceded these changes, it did have an impact on the evaluation report. The evaluation cannot assess the impact of the recent changes and the evaluation recommendations do not necessarily reflect the recent decisions.

The evaluation addressed these limitations as well as it could and so, in spite of the limitations, the evaluation report provides a good assessment of decentralised Danish aid management.

1.3 Criteria for Assessing Decentralisation

The team conducted a limited review of the literature on decentralisation.[11] The few articles that were found provided background to the concepts of decentralisation and assisted in the identification of criteria for assessing decentralisation. However, one specific report – a review of the decentralisation of the World Food Programme (WFP) – provided specific insights into the strengths and challenges in the decentralisation of an aid management organisation.[12] Some observations from this review have been integrated into this report.

In the literature, the distinction is usually made between *decentralisation and deconcentration*. Administrative decentralisation "seeks to redistribute authority, responsibility and financial resources for providing public services among different levels of government. It is the transfer of responsibility for the planning, financing and management of certain functions from the central government to field units of government agencies, subordinate units or levels of government."[13] Whereas deconcentration "only concerns relations between central level organs and their lower tiers. Deconcentration means that decision-making remains at the center, the other levels of government being limited to transmitting orders and implementing decisions. Though decisions regarding crucial issues are made at the center, the levels with deconcentrated authority can by delegation, make decisions concerning less important issues."[14] It is important to note that, according to these definitions, the objective of the Danish decentralisation was clearly decentralisation and not simple deconcentration.

A number of rationales are presented for decentralisation. "Economists justify decentralization on the grounds of efficiency. The rationale is that decisions about public expenditure that are taken by a level of government closer, and more responsive, to a local constituency are more likely to reflect the demand for local services than similar decisions taken by a remote central government."[15] This suggests that one criterion for assessing the effectiveness of Danish aid management decentralisation should be the extent to which the aid management is more responsive to local needs.

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11) *The team found limited literature on the decentralisation of aid management. Most articles and reports identified that were related to development and decentralisation focused on the role of development assistance in the decentralisation of the delivery of public sector services in developing countries. The team also identified general public service management literature that dealt with the issues of decentralisation, but found it to be of limited value for the purpose of this evaluation.*

12) *"Full Report of the Review of WFP's Decentralization Initiative", Office of Evaluation, WFP, May-June 2003. The most significant difference between the MFA and WFP decentralisation was that WFP out-posted its regional bureaux. http://documents.wfp.org/stellent/groups/public/documents/reports/wfp022508.pdf*

13) *"A History of Decentralisation", The Online Sourcebook on Decentralization and Local Development, Center for International Earth Science Information Network (CIESIN), Columbia University, http://www.ciesin.org/decentralization/English/General/history_fao.html*

14) *Ibid.*

15) *"Rationale for Decentralization", The Online Sourcebook on Decentralization and Local Development, Center for International Earth Science Information Network (CIESIN), Columbia University, http://www.ciesin.org/decentralization/English/General/Rational.html*

This link between decentralisation and more responsive services is made clearer in the context of aid management in the working paper, "Reforming the international aid architecture: Options and ways forward." It suggests that a "strong rationale for decentralized aid management is the adoption of harmonized practices and of the new paradigm in development cooperation based on donor coordination and country ownership. It is also viewed as a response to increasingly high transaction costs for all concerned, particularly between 1995 and 2004, and the overall complexity of the aid system."[16] This link between decentralisation and Paris Declaration principles of alignment and harmonisation is found also in a concept note prepared for an evaluation of the decentralisation of the African Development Bank. It notes that:

Intermediate gains arising from the Decentralisation Strategy would be reflected in[17]:

• An understanding of client needs through proximity to clients
• Taking leadership on Africa's development through deep local knowledge
• A fostering of country ownership
• Stronger alignment, harmonization and partnership working with others
• Significant improvements in the quality of the portfolio
• A strengthened focus on results providing a stronger basis for mutual accountability
• Greater development effectiveness (enhanced contribution to country led development from Bank lending and non lending operations)
• Increased responsiveness to clients.[18]

This suggests that the extent to which decentralisation of aid management contributes to the implementation of the Paris Declaration principles (including increased understanding of client needs, country ownership, alignment, harmonisation and partnership, mutual accountability, increased responsiveness to clients) would be another criterion for assessing the effectiveness of decentralised aid management.

The literature also identifies a range of principles or conditions for decentralisation – highlighting the importance of adequate structures, tools, resources and accountability mechanisms for effective decentralisation. "The assumption of new responsibilities

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16) *OECD/DAC (2004) "Survey on Progress in Harmonisation and Alignment: Explanatory Note on the Questionnaire." Paris: OECD/DAC. In Working Paper 278, "Reforming the international aid architecture: Options and ways forward", Simon Burall and Simon Maxwell with Alina Rocha Menocal, Overseas Development Institute, London, UK, October 2006, p. 1-2. Note that, although changes in transaction costs would make a very good indicator of the success of decentralisation, there is not adequate historical data on programme and embassy management costs to include this as an indicator.*

17) *In July 2008 Operational Resources and Policies Department provided for the Board the results of an initial assessment of the impact of the decentralisation strategy on portfolio quality and country dialogue (Impact of the Decentralisation Strategy on Country Dialogue and Portfolio Quality). This drew on a set of performance indicators (and associated data sets) approved by the Board in 2005 and looked at the experience of the 13 field offices which have been in operation for more than 12 months as of December 2007. This provides the evaluation with a potentially valuable source of data on a number of the above progress indicators.*

18) *"Evaluation of the Decentralisation Strategy and Process of the African Development Bank: Concept Note", Operations Evaluation Department, 22 October 2008, p. 6.*

through decentralization often requires improved planning, budgeting and management techniques and practices; the adoption of new tools; and the development of improved human resources to operate the decentralized programmes."[19] Similar requirements are picked up in a report to the DAC Working Party on Aid Effectiveness. "Measures needed may vary from organizational re-structuring to the development of clear policy guidelines, or from a review of existing procedures to formal and informal individual incentives which reward practical efforts to promote harmonization."[20]

The importance of accountability was highlighted in a review of structures for the delivery of decentralised military health care services. Although much of this review is not relevant to aid management decentralisation, its comments on monitoring and evaluation in decentralised structures are relevant. "Centralized and decentralized organizations monitor performance as part of their continuous improvement processes, and decentralized organizations rely on monitoring to ensure that local decisions are consistent with corporate goals."[21]

The indicators used to review progress in WFP's decentralisation reflected comparable key features of effective decentralisation, including:

- New delegated authority in place and being used, with mechanisms in place to ensure accountability;
- New normative guidance for field operations;
- Improved information and technology systems;
- Better vertical and horizontal communications;
- Expanded training to support new roles;
- Streamlined processes and procedures;
- More regional meetings and visits to and from regional offices; and
- Cross-fertilisation of ideas and approaches.[22]

19) *United Nations (DDSMS and UNDP), "Report of the United Nations Global Forum on Innovative Policies and Practices in Local Governance", Gothenburg, Sweden, 23-27 September 1996, Ref St/Tcd/ Ser.E/46, P. 26, cited in Decentralization: A Sampling Of Definitions (Working paper prepared in connection with the Joint UNDP-Government of Germany evaluation of the UNDP role in decentralization and local governance), October 1999, p. 2*

20) *"Incentives For Harmonisation And Alignment In Aid Agencies: A Report to the DAC Working Party on Aid Effectiveness", Paolo de Renzio with David Booth, Andrew Rogerson, Zaza Curran, Overseas Development Institute, London, November 2004, Executive Summary, p. i.*

21) *Reorganizing the Military Health System: Should There Be a Joint Command? Susan D. Hosek, Gary Cecchine, RAND, p. 84 http://www.rand.org/pubs/monograph_reports/MR1350/*

22) *"Full Report of the Review of WFP's Decentralization Initiative", p. 2. Other indicators were included but were of less relevance to Danida, given that it does not have the resource mobilisation responsibilities that a United Nations' agency does.*

This information from the literature, combined with the evaluation team's knowledge of organizational theory and experience with development programming, led the team to develop a set of inter-related criteria for assessing the effectiveness of the decentralised Danish aid management. The criteria reflect what is required for effective decentralised management:

• Adequate authorities and tools (policies, guidelines and procedures) to guide programme design and implementation to meet country needs, while still maintaining quality in programming;
• Adequate mechanisms for quality control and accountability to ensure high quality programming and compliance with the guidelines/procedures. This includes the establishment of accountability mechanisms to plan and measure results and monitor embassy management and programming; and
• Qualified embassy human resources, including adequate recruitment, management and professional development processes for management, posted and local staff and access to HQ technical assistance.

These criteria are based on the espoused principal objective of the decentralisation of Danish aid management – to improve the quality of Danish aid programming, through the devolution of programme decision-making to the embassy level. The literature identifies the importance of decentralisation to respond more effectively to local needs and to contribute to the Paris Declaration principles of alignment and harmonisation. Yet, it is not possible to assess whether decentralisation has improved the quality of Danish aid, since there are no agreed-upon indicators for what constitutes "quality" in Danish aid programming – or in development programming, in general.[23] However, for the purposes of this report, the assumption is made that greater adherence to the principles of the Paris Declaration – particularly the principles of ownership, alignment and harmonisation processes – in partner countries will, in itself, raise the quality of Danish development aid.

The evaluation team is aware that, at times, adherence to the Paris Declaration principles may not be consistent with some definitions of quality. For example, promoting greater country ownership of development programming and programmes may mean that a development agency has to be willing to accept initially a lower level of quality, as defined by the standards of quality that it might pursue if it was developing and implementing its own programmes. A senior HQ manager pointed out to the team that Denmark is recognized as one of the strictest donors, with higher quality standards than some other development partners. He suggested that this is reflected in Danida's strict financial guidelines, espoused zero tolerance for corruption and the use of Danish technical assistance. Even though the concept of "quality" in Danish programming may, at times, be at odds with the principles of the Paris Declaration, there were no other indictors that could be used as proxies for improvements in the quality of Danish aid management.

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23) The review of the World Food Programmes' decentralisation noted that "Decentralization is relatively recent, and standard measures of programme quality are under development, so we did not try to assess the impact of decentralization on programme quality. Instead, we focused on activities, intermediate results, and the mechanisms that should be in place and working for decentralization to succeed." ("Full Report of the Review of WFP's Decentralization Initiative", p. v.) A similar approach was adopted for this evaluation.

The specific indicators used to assess each criterion are outlined in the annex on the evaluation methodology (Annex 2). The indicators are based on those proposed in the inception report for this evaluation, but modified to address the specific criterion identified through the literature review and take into account the availability of data.

1.4 Evaluation Report Outline

The three criteria provide the overall framework for the analysis of the evaluation findings in this report. However, the criteria are inter-related, as the operation of the decentralised model is based on a complex set of interactions between authorities, quality control mechanisms and resources. In order to provide a clear structure for reporting, each criterion is the subject of a separate chapter. Following an analysis of Danida's process for decentralisation (Chapter 2), the report presents the team's analysis of the results of all lines of evidence with respect to:

- Authorities and tools (Chapter 3);
- Quality control and accountability mechanisms (Chapter 4); and
- Embassy human resources (Chapter 5).

Each of Chapters 2-5 includes:

- A descriptive section that summarizes the current relevant structures and processes, primarily for the benefit of external readers;
- An analysis of the issues associated with each of the criteria; and
- A summary of the key findings for the chapter.

The report ends with a chapter of conclusions and recommendations (Chapter 6).

2   Decentralisation Process

In 2003, Denmark decentralised the management of its bilateral aid to embassies in selected partner countries.[24] This chapter describes the decentralisation process and analyses the factors that contributed to the decentralisation of bilateral aid management. The chapter is divided into three sections: a description of the process leading to the decentralisation in 2003 (Section 2.1); an analysis of the process of decentralisation (Section 2.2); and a summary of the key findings (Section 2.3).

2.1 Description of Decentralisation Process

According to a background paper prepared for this evaluation, the roots of decentralisation at Danida "can be traced back at least a decade."[25] However, the recent decentralisation process began in 1999. In the 2000 Danida overall strategy for development cooperation outlined in *Partnership 2000*, Denmark confirms its commitment to the principles of country ownership and harmonisation, even though these were only formally adopted by the broader development community in the Paris Declaration in 2005. The strategy confirms the intention to strengthen partnerships with institutions in programme countries, which requires the ability and will to engage in effective dialogue at the country-level. "For Denmark, this means that there must be adequate decision-making authority at country level to enable Denmark to operate as a flexible and credible negotiating partner. … There are weighty grounds for a further decentralisation of competence from the Ministry of Foreign Affairs to the embassies. The principle should be that all daily administration of development co-operation … is delegated to the respective embassies. The task of the Ministry of Foreign Affairs is to ensure co-ordination, compliance with strategies and objectives and the provision of specialist support and dialogue when necessary."[26] So, already in 2000, Danida had committed formally to the decentralisation of operations to the embassy level.

Again, in a background paper prepared for the High Level Forum on Harmonization in Rome in 2003, the MFA noted that it had "embarked upon a comprehensive decentralisation of the management and administration of Danish development cooperation to the Danish representations in the partner countries. After several years of piloting, the decentralisation will be fully implemented by 1 September 2003. The key motive to the decentralisation is to bring the decision-making processes closer to the partners, thereby facilitating harmonisation efforts at the national level and, in so doing, improving the quality and efficiency of the Danish supported programmes."[27] The decentralisation process was

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24) *This included the following countries known as "programme countries": Bangladesh, Benin, Bolivia, Burkina Faso, Ghana, Kenya, Mali, Nepal, Nicaragua, Tanzania, Uganda, Vietnam and Zambia. In addition, decentralisation was implemented at the time, in some non-programme countries – South Africa, Thailand, Malaysia, Gaza/West Bank, and Indonesia.*

25) *"Danida Decentralisation of the Danish Aid Management: A Preliminary Analysis Background Paper", March 2008, COWI, p. 4-5. Much of this section on the process of decentralisation is based on information from this background paper.*

26) *"Partnership 2000: Denmark's Development Policy: Analysis" MFA, Danida, October 2000, p. 129.*

27) *"High Level Forum on Harmonization in Rome 24-25 February 2003: Denmark's strategy towards harmonization of donor aid", p. 1.*

running in parallel to the development of the aid effectiveness agenda which was formally adopted in the Paris Declaration on Aid Effectiveness in 2005. This reaffirmed the international community's commitment to harmonise and align aid delivery and included a commitment to take effective action to address remaining insufficiencies in the delegation of authority to donors' field staff. [28]

Rationale for Decentralisation

While there was no formal analysis of the need for decentralisation of Danish aid management, a background paper prepared for this evaluation and the interviews conducted by the evaluation team indicate that the rationales included:

- Theoretical considerations based on the benefits of decentralisation identified in the literature. Although the author notes that it is not clear to what extent Danida's decentralisation was guided by theoretical considerations, the document suggests that at least some theoretical aspects did inform the process;
- Other "like-minded" development agency partners (such as the Netherlands and Sweden) had already decentralised their operations in order to promote local ownership of development assistance by national governments and better harmonisation of donor assistance;
- The field experience of Danida staff suggested that decentralisation was necessary to avoid duplication and heavy administrative procedures and was key to effective aid management;
- The changing context for the delivery of aid required changes to aid management. The advent of sector-wide programming, which brings together stakeholders at the country level (national governments and donors) to develop joint programmes, required a local Danish presence with the authority to engage in policy dialogue and develop common programmes and monitoring mechanisms. As noted above, Denmark was a strong supporter of the new aid effectiveness agenda and its call for increased delegation of authority to field staff; and
- The need for administrative streamlining, as noted in requirements from the newly elected Liberal/Conservative government and the State Auditors.[29]

Process and Timelines for Decentralisation

The decentralisation process began in 1999 with the establishment of an internal working group to "formulate a number of recommendations about the possibilities to increase the embassies' independent competence in connection with the administration of Denmark's development assistance.[30] (See Box 1 for a summary of the timelines.) When the working group released its report in August 1999, it supported decentralisation because it felt that "…the quality of aid may be improved if decisions are taken closer to the level of delivery"[31] and proposed the establishment of pilot projects to test the approach.

28) *"Paris Declaration on Aid Effectiveness", March 2005. p. 2.*
29) *"Danida Decentralisation of the Danish Aid Management: A Preliminary Analysis Background Paper", p. 4-8. The paper cites specifically a notits prepared for participants in a bilateral seminar held in June 2001 that outlined the rationales for decentralisation (p. 21). The paper also notes that a letter, dated 10 January 2001, responding to the State Auditors, notes that the MFA expects to be able to establish a system of decentralised administration of the aid management based on one-year contracts with the Ambassadors from 2002 (p. 33).*
30) *Ibid, p. 9. Quoted from ToR for the internal MFA working group on decentralisation of aid management (S.1, 4 June 1999.)*
31) *Ibid, p. 9.*

Box 1   Steps and Timelines for Decentralisation

June 1999	Establishment of internal working group on decentralisation
February/March 2000	Launch of pilot projects at the embassies in Managua, Hanoi, Dar es Salaam and Cotonou
August 2000	Report on the pilot projects to the annual Aid Meeting
August 2001	Annual Aid Meeting at which decentralisation was the principal issue
September 2001	All programme countries instructed to prepare results contracts
October 2001	First guidelines for results contracts
May 2002	Decision to develop AMG
July 2002	Establishment of the Task Force on Increased Decentralisation of the Bilateral Assistance to develop ideal model for decentralisation Establishment of Working Group on AMG
November 2002	Proposal for decentralisation submitted to the Minister for Foreign Affairs and presented to Danida management and staff Information meeting on decentralisation with Danida staff
January 2003	South Group management decision to proceed with decentralisation
February 2003	Information meeting for Danida staff
March 2003	Department for Quality Assurance established and decision made to undertake Performance Reviews
July 2003	Aid Management Guidelines finalized and all policies, strategies, guidelines etc. made available on AMG's website
September 2003	Decentralisation of bilateral aid management to 15 programme countries and South Africa
September/October 2003	Training workshops conducted in all embassies

In October 1999, the decision was made to conduct pilot projects in four embassies and the pilots were launched in February/March 2000. Although they were expected to last for one year, they were ultimately extended until July 2001. The overall principles for the pilot projects were "flexibility, sparring-partner concept, long-term perspective, incentives and motivation, training and job content, monitoring, and use of ICT,"[32] the specific terms of the pilot projects were defined in the results contracts between HQ and the pilot embassies.

After the first four months, an assessment of results indicated that decentralisation was effective but that adjustments to the procedures were necessary. According to the background paper, this "suggests that management in Danida had already decided that decentralisation would be rolled out to all the relevant embassies. Moreover, the interviews conducted by the author of this background report clearly indicate that the pilot project was not meant as an input to the process of deciding whether to decentralise, but rather to clarify how this was to be done and as a means to build support for this."[33] This was confirmed in interviews for this evaluation, as was the observation that "there was no systematic and comprehensive assessment of the lessons learned from the pilot project.[34] Indicators for measuring the success of the pilot projects were developed and a mid-term evaluation was planned for mid-2001.[35] Although no formal evaluation was conducted, the embassies did provide informal feedback on their experiences with the pilot projects.[36] According to interviews for this evaluation, the pilot projects had only a limited influence on the decision to decentralise but did contribute to the development of the decentralised model.

In 2002, the Task Force on Increased Decentralisation of the Bilateral Assistance was set up "to prepare a concrete proposal for increased decentralisation within the existing personnel and budgetary frameworks. The wider purpose of this was to improve the quality of aid and establish a more effective and streamlined administration of [aid]."[37] The Task Force was small, but included two representatives from the field. At that point, it was clear that decentralisation had the support of Danida's senior management and would proceed.

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32) *Ibid, p. 10. ICT is Information and Communications Technology.*

33) *Ibid, p. 11.*

34) *Ibid, p. 32, 33.*

35) *Ibid, p. 33. The three indicators included: (1) extent to which the delegated opportunities were used; (2) the simplification of aid administration; (3) the quality of aid (including the degree of job satisfaction). Taken from "Danida Decentralisation of the Danish Aid Management: A Preliminary Analysis Background Paper", p. 10.*

36) *See "Danida Decentralisation of the Danish Aid Management: A Preliminary Analysis Background Paper.". According to the background paper, the notits prepared for the prepared for participants in a bilateral seminar held in June 2001 indicated that since the last meeting of the bilateral group in August 2000, there had been no systematic review of experiences from the pilot project (p. 21). It goes on to note that all four embassies had used their delegated authorities (except the reallocation among components of Sector Programme Support), three embassies identified that aid management was simplified (especially in recruitment of consultants). But all embassies indicated that it was too early or too difficult to measure the quality of aid. However, they reported improved job satisfaction among staff (p. 32).*

37) *"Danida Decentralisation of the Danish Aid Management: A Preliminary Analysis Background Paper." Quoted from the Terms of Reference for the Task Force on Increased Decentralisation of the Bilateral Assistance (5 July 2002).*

In November 2002, a proposal for decentralisation, based on the principle of cost neutrality in terms of wages and operational costs, was submitted to the Minister for Foreign Affairs. Two days later, Danida management and staff were invited to an information meeting at which the Head of the South Group clearly indicated that work on decentralisation had been underway for a number of years, but that the MFA was ready now to take the full step towards decentralisation in order to respond to the pressures for greater efficiency in the public sector. He also stated that:

It is important to stress that decentralisation is not an element of the general round of budget cuts. On the contrary, it is a forward looking initiative – a vision *for the South Group – that both enhances the efficiency of administrative processes and makes space for new and exciting tasks both at the embassies and at home.*[38]

Danida staff were invited to submit written comments to the Head of Bilateral Cooperation by December 2002.[39]

There were reportedly initially strong objections to decentralisation, primarily from the regional departments and the Technical Advisory Service (BFT). However, the background paper indicates that, at least in writing, the opposition was more muted:

BFT mentioned that while most of its staff supported increased decentralisation, many BFT staff members found that the considerations behind and reasons for the chosen decentralised model were not sufficiently nuanced. In particular, BFT pointed out that the working group's concept of quality was unclearly defined in the report and that the improvement of quality seemed to be based upon assumptions.[40]

However, others felt that, based on the experience of the pilot projects, the proposed changes were not radical.[41]

Following an assessment of aid management policies and procedures, based on the experience of the decentralised model in Hanoi, the decision was made, in May 2002, to develop the AMG. A Working Group to develop these was set up in July 2002. The Working Group, which worked on the AMG for ten months, involved about ten HQ staff, with two or three staff members working on them full-time for some time. Although the Working Group involved only HQ staff, embassies and other HQ staff were consulted in the development of the AMG by being asked to comment on draft products. At the same time, they were indirectly commenting on the decentralised model because it was in the AMG that the specifics of decentralisation were reflected.

In September 2002, the Task Force produced an "ideal model" for decentralisation. This was revised and a final model presented in October. The model included an "ideal staffing" for decentralised embassies, based on the premise that the country desks and BFT would be reduced by about 30-45 staff.[42] Interviews indicated that the model for embas-

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38) *Ibid, p. 12-13. From speaking notes prepared for the Head of the South Group for the meeting on 22 November 2002. Underlining shown also in the source.*

39) *Ibid, p. 12.*

40) *Ibid, p. 9. BFT's comments (dated 18 December 2002) to the report from the Task Force on Decentralisation (2002).*

41) *Ibid, p. 37. From written comments provided to the Task Force by the embassy in Cotonou.*

42) *Ibid, p. 23-24.*

sies included a financial officer for each embassy,[43] a macro-economist for embassies providing budget support and one posted and one local staff person for each major programme. Interviews conducted in the case studies indicated that, as a result of further government cuts, this model was not fully implemented. Some, but not all, embassies received one additional staff person.[44]

In January 2003, management of the South Group announced the decision to proceed with decentralisation.

In March 2003, a new Department for Quality Assurance (KVA) was established to ensure HQ monitoring of decentralisation. A main function of KVA was to undertake Performance Reviews (PRs) in all programme countries. The first round PR methodology was tested in two countries in May 2003.

The AMG were finalized and made publicly available on the MFA website in July 2003. At the time, they included about eight or nine products but the two key products were an organisational manual that identified the key roles and responsibilities of the embassies and the HQ units and the guidelines on programme management that provide the tools for the formulation, implementation and monitoring of Danida's programming.[45] At the same time, KVA established a "hotline", providing additional information support for embassy staff.

In September, the MFA decentralised aid management in 15 programme countries and South Africa.[46] During 2003, the MFA held 22 three-day workshops at HQ and in partner countries, with 800 participants from HQ, partner countries and South Africa, Thailand and Malaysia. The aim was "to create an overview and ensure uniform interpretation of key policies, strategies, management tools and guidelines for Danish development and environmental assistance."[47] In addition, information materials on decentralisation were disseminated and the newly-instituted PRs supported the implementation of the decentralised model.

In the first six months of decentralisation, a systematic effort was made to cut the relations between HQ and the embassies. Reportedly during this period, BFT staff had no contact with embassy staff and embassies were not required to submit any reports to HQ. This provided a clear signal that senior management was serious about decentralisation and provided the necessary impetus for embassy staff to assume their responsibilities for programme management.

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43) *Reportedly some embassies already had a financial officer, but not all did.*
44) *Quantitative information was not available from Danida to allow the evaluation to report on the changes in staff levels as a result of decentralisation. Although resource issues were raised in the case studies, these issues were not included in the evaluation ToR.*
45) *Updated versions of these documents are: "Organisation Manual for the Management of Danish Development Cooperation", MFA, September 2006 and "Programme Management Guidelines", MFA, October 2007.*
46) *Decentralisation was later extended to Malaysia and Indonesia, as capacity was developed. The latest embassies to be decentralised were Beijing and Addis Ababa.*
47) *"Danida's Annual Report 2003", MFA, p. 21.*

2.2 Analysis of the Decentralisation Process

Although the decentralisation process was seen by all stakeholders to have been largely effective, the evaluation's analysis of the process, based primarily on the document review and interviews with HQ and embassy staff suggests both positive contributions and possible challenges. These are discussed in the following sections.

Senior Management Support
The most critical factor was the strong support from Danida senior management. It was clear in the years leading up to decentralisation that senior management had decided that decentralisation was the best option for aid management. This meant that the discussions within the MFA could focus on the guidelines and procedures for decentralisation and addressing the concerns identified by staff, but would not be derailed by smaller issues.

Pace of Decentralisation
Although decentralisation had been under discussion at the MFA for a long time, beginning in the late 1980s, the period of preparation for the current decentralisation began only in October 1999, with the establishment of an internal working group and, soon after, the launch of the pilot projects. However, the intensive period of preparation of the decentralisation began in July 2002, with the establishment of the Task Force on Increased Decentralisation and the Working Group to develop the AMG. At that point the senior management decision to decentralise had been made. What remained to be done was the development of the model for decentralisation. The pace at which this was developed and discussed with Danida staff was reportedly very important to maintaining the momentum of decentralisation. As will be seen later in this section, Danida did not develop a human resource strategy for decentralisation and it is possible that this was, in part, related to the pace of decentralisation.

Pilot Projects
The pilot projects implemented in 2000-01 reportedly did not influence to a great extent the decision to decentralise. However, reportedly, the embassy staff in the pilot project countries learned from their local experience with decentralisation and this facilitated their adaptation to decentralisation. In addition, staff from two pilot project countries participated in the task force to develop the decentralised model and the pilot project experience contributed to the identification of areas in which the guidelines and procedures had to be revised to support more effectively the decentralised embassies. The contribution of the pilot projects to the decentralised model might have been more important had the plan for evaluation of the pilots been undertaken and information collected systematically on the decentralisation experience. This would have provided the incentive to develop clear objectives for decentralisation and specific indicators for assessing the results.

Task Force on Increased Decentralisation
The creation of this Task Force to develop concrete proposals for decentralisation gave a strong signal of senior management support for decentralisation. It reportedly played a key role by providing the opportunity for staff to identify any concerns about decentralisation, provide a mechanism to address them and contribute to ensuring "buy in" for decentralisation.

Development of AMG

The development of the AMG over ten months, their posting on the MFA website prior to the implementation of decentralisation and the creation of a KVA "hotline" were reportedly key components of the decentralisation process. Prior to this, policies and guidelines had been spread around Danida, but were not centralised or easily accessible to those responsible for programme management. The creation of a Working Group and the dedication of a few staff solely to the development of the AMG made this task feasible in period prior to the launch of decentralisation. The consultation process undertaken for the development of the AMG also reportedly provided additional opportunities for Danida staff to contribute to the detailed design of the decentralised model.

Resource Implications

The 2002 proposal to the Minister was that decentralisation would be resource neutral in terms of salaries and operational costs. Senior management made it clear that the objective of decentralisation was to improve the quality of aid management, not to cut resources from within the MFA. This commitment to resource neutrality may have been important in building external support for decentralisation but it is not possible to assess the impact within the MFA, and particularly at the embassy level, because the original resourcing "ideal" staffing model was never fully implemented.

Staff Communications

Although there were efforts to inform staff throughout and following the process, communications were not seen as consistently positive by all stakeholders. The plans for decentralisation were discussed at information meetings with staff and were the key subject of discussion at the biannual ambassadors' meetings. At these consultations with staff it was reportedly evident that senior management supported decentralisation and that the consultations were intended to identify concerns about the approach and, to the extent possible, address them. Although orientation sessions were provided to staff at both HQ and the embassies, the results of the case studies and the online survey suggest that the effectiveness of these sessions varied.

Figure 1:   Percentage of staff at Danida in 2003 indicating effectiveness of information

Percent

Information provided to embassy staff on the process of the decision-making about decentralisation

Information provided to embassy staff on the changes in Danish aid management as a result of decentralisation

■ *Somewhat effective*   ▉ *Very effective*   Management n=14; Posted n=21; Local n=14

28
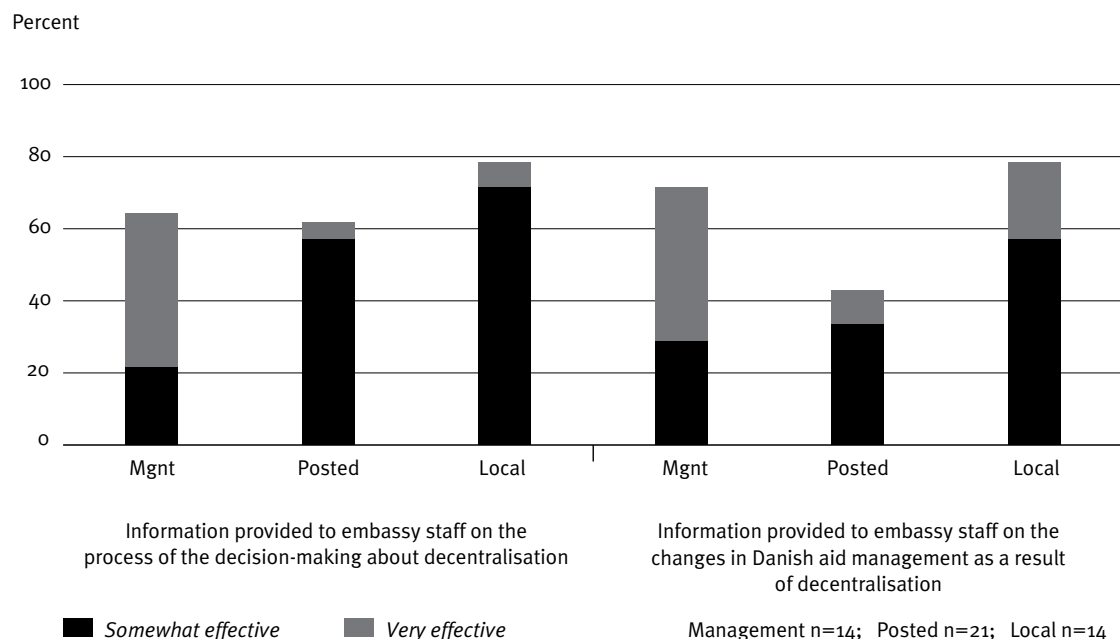
Respondents to the online survey, who were at Danida during the period 1999 to 2003, were asked to comment on the effectiveness of the communication of information on the process of, and the changes resulting from, decentralisation. As can be seen in Figure 1, 62% or more of the embassy staff reported that the communications on the process of decentralisation were somewhat or very effective. However, it should be noted that management was more likely to find the communications to be *very* effective (43%), compared to posted (5%) or local (7%) staff.

The workshops that were conducted for HQ and embassy staff in programme countries conveyed information about the changes to aid management in the decentralised model. About three-quarters of management (72%) and local staff (79%) found the information was somewhat or very effective. They were more likely to report this than posted staff. Less than half the posted staff (43%) reported that the information on the changes was effective. In both cases, the differences by type of staff is likely explained by the fact that those who are managers now were likely more directly involved in the decentralisation process than those who are posted or local staff now.[48]

In all five case study countries, some staff who were at Danida at the time of the decentralisation indicated that there was some lack of clarity on role and responsibilities under the new decentralised model. This suggests to the evaluation that, in spite of the communication tools and the availability of the AMG prior to the launch of decentralisation, communication about the decentralised model was not adequate, as staff began to exercise their new responsibilities and the context continued to evolve.

Initial Limitation on Relationships with HQ
During the first six month of decentralisation, there was reportedly very little contact between HQ and the embassies. This approach was chosen because management was concerned that, given the challenges of changing the organisational culture, there would be a tendency for embassy staff to continue to refer to HQ on matters that were now the embassy's responsibility. Since the necessary tools and guidance were available through the AMG, it was deemed that embassy staff were adequately equipped to implement their responsibilities without reference to HQ. It is difficult to assess if this was necessary, but it may have facilitated achieving such a significant organisational change through staff who were used to operating under a centralised model. However, it may have contributed to confusion about the roles and responsibilities, particularly with respect to HQ management functions. It certainly meant that some departments had limited regular contact with embassy staff. This was a particular challenge for BFT which, under the centralised model, had primary responsibility for the preparation, appraisal and review of all bilateral development programmes. Following decentralisation and the transfer of these responsibilities to the embassies (except for appraisals and reviews of programmes above DKK 30 million, which are still a BFT responsibility), BFT had limited contact with embassies. However, later embassies were expected to re-establish links with BFT and request its services through a (partly) demand-driven approach. This led to some uncertainty about the role of BFT in support of embassies.

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48)   15 of the 16 managers who responded to the survey worked in Danida at some point between 1999 and 2003.

The limited relationships between decentralised embassies and HQ departments did not affect only BFT. Interviews with staff of other HQ departments suggested that, in order to fulfil their mandates, some HQ departments (for example, the policy and regional departments) require regular contact with embassies – contact which has reportedly been limited under the decentralised model.[49] However, recently proposed changes to the HQ structures and processes are expected to increase the level of contact between HQ and decentralised embassies.

Gaps in the Decentralisation Process

Although stakeholders found the process of decentralisation to be largely effective, the evaluation suggests that there were two gaps in the process of decentralisation – the lack of documentation of the overall decentralisation approach and the lack of a human resource strategy to address the human resource challenges of decentralisation:

- *Lack of documentation of the decentralised model:* As became apparent at the beginning of this evaluation, there is no document that describes the decentralised model, its objectives or the criteria /indicators for measuring success. The details of the decentralised model were reflected in the AMG, but these are evolving and there are no baseline and indicators for measuring the impact of decentralisation. In addition, no plans were put in place for an evaluation of decentralisation until the DAC suggested the current evaluation; and
- *Lack of human resource strategy:* The decentralisation was launched before a strategy was in place to ensure the development of adequate competencies for decentralised management. Although the tools and guidance were in place, no strategy had been developed for ensuring that embassy staff had the necessary competencies for operating in a decentralised model.[50] Similarly, it was assumed that the existing ambassadors and deputy heads in the embassies would have the necessary competencies to be responsible for a decentralised programme and the human resources required to manage that programme. The implications of this gap will be seen in the discussion in Chapter 5 on embassy human resources.

The impact of the decentralisation process on the actual results of decentralisation will be discussed in the conclusions to this report (Chapter 6), following the presentation of the findings on decentralisation in the next three chapters.

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49) *The review of WFP's decentralisation also noted the importance of links between HQ functions (such as the policy function) and the field: "…there is also a strong belief that policy-makers need field experience and field input to make sure that policies are workable at the field level." "Full Report of the Review of WFP's Decentralization Initiative", p. 18.*

50) *A staff development strategy was subsequently developed in 2005. "Strategy for Staff Competence Development: Development Cooperation", MFA, June 2005. In the WFP decentralisation, a three-year training strategy was put in place and authority was delegated to regional offices for identifying training needs and coordinating delivery. ("Full Report of the Review of WFP's Decentralization Initiative", p. 21)*

2.3 Key Findings on the Decentralisation Process

1. Senior management support was critical to the successful implementation of decentralisation and was reflected at Danida in the creation of a senior-level Task Force on Decentralisation.

2. The relatively long period of reflection on decentralisation in the late 1990s and early 2000s was important to create awareness of the potential of decentralisation. However, once the decision was made to decentralise, it was deemed important to implement the changes as quickly as possible. Yet, the rapid pace meant that key implications of the decentralised model were not initially adequately addressed. This included the lack of a human resource strategy, the lack of documentation on the decentralised model (its objectives and criteria/indicators for measuring success), the lack of a plan for evaluating decentralisation and the lack of attention to the impact of decentralisation on HQ operations. This was exacerbated by unforeseen resource cuts in the MFA.

3. There was no systematic process for evaluating the pilot projects to ensure maximum learning from these pilots and they contributed minimally to the decision to decentralise. However, they provided useful experience to those in the pilot project countries and communicated to other staff the likelihood of decentralisation.

4. It was critical for effective decentralisation that the adequate policies, procedures and tools to support decentralised management were available and quickly disseminated to staff prior to the launch of the decentralised model.

5. The human resource implications of decentralisation were not adequately considered prior to decentralisation. The assumption was made that existing embassy staff – both programme and management staff – had the necessary competencies to implement the decentralised aid management.

6. Communications with both HQ and embassy staff on both the process of decentralisation and the changes brought about by decentralisation were critical. However, in spite of the communication tools offered at the time of decentralisation, the availability of the AMG prior to the launch of decentralisation, and the KVA supports, communication about the decentralised model was not adequate, as staff began to exercise their new responsibilities and the context continued to evolve.

3 Adequacy of Authorities and Tools

A key criterion for assessing decentralisation is whether there are adequate authorities and tools in place to provide adequate flexibility for programming and management to meet country needs, while still maintaining quality in programming. This chapter explores the adequacy of these authorities and tools. It is divided into three sections: a description of the authorities and tools for both programme and embassy management (Section 3.1),[51] an assessment of these authorities and tools (Section 3.2) and key findings (Section 3.3).

3.1 Description of Authorities and Tools for Programme and Embassy Management

While there is no single document that summarises the changes that occurred with the decentralisation of bilateral aid management, based on interviews with Danida HQ and embassy staff and information in the background document for this evaluation, the evaluation was able to develop a profile of the key changes with respect to programme and embassy management. For the purpose of setting the context for the assessment of the decentralised model, the following describes the key components of the current model of decentralised management. It should be noted that some components existed prior to decentralisation.[52]

Programme Management Process and Authorities
In the decentralised model the embassies were given increased responsibility for programme formulation and implementation. The embassy authorities and responsibilities are outlined in the AMG, which are publically available on the AMG website. The number of policies, guidelines and tools has increased significantly since the launch of decentralisation. The website now includes:

- Danida's strategy and policy document – *Partnership 2000* – with accompanying background documents and the Government's priorities in development policy;
- 22 policies and strategies that support the implementation of *Partnership 2000*;
- 14 management tools that include the internal forms for the administration of the development aid, including an organization manual; and
- 19 technical guidelines to support the preparation and implementation of programmes, reporting, evaluation and financial management.[53]

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51) *The descriptive sections, in this and subsequent chapters, provide considerable detail in order to make the report useful to readers from other development agencies. However, they do focus on the key components related to decentralisation and are not exhaustive descriptions of all Danida processes.*

52) *For the purpose of this report, this description has to be a simplified version of the more detailed information provided in the "Organisation Manual for the Management of Danish Development Cooperation" and the "Guidelines for Programme Management." It also describes the model as it existed at the time of the case studies. Since then there have been changes to the management processes, which are not reflected in this document.*

53) *www.amg.um.dk/en*

Box 2   Programme and Embassy Management Processes

Long-term Programme and Embassy Planning					
Programme Documents	Country Strategy (including Concept Paper)			Annual programme and embassy planning	
Authorities		Concept Paper drafted by embassy and reviewed by Programme Committtee. Analysis and drafting of Strategy by embassy. Finalisation by Regional Department. Presented to the Board, Minister, Parliamentary Foreign Affairs Committee. Approved by the Minister.		Prepared by embassy. Reviewed by KVA. Approved by Danida senior management.	
Programme Formulation	**Programme Approval**	**Programme Implementation**	**Programme Review**		
Programme Documents	Concept Paper	Appraisal Note	Programme Document	Inception Report	Programme Reviews
Authorities	Prepared by embassy. Reviewed by Programme Committee.	Draft ToR prepared by embassy. BFT-led team (unless joint appraisal).	Draft ToR prepared by embassy. Submitted to Board.	Prepared by embassy.	Draft ToR prepared by embassy. Review by BFT-led team (unless joint review).

The first step in the Danish programming process is the development of either a bilateral or joint country strategy.[54] (See Box 2 for a graphical depiction of the programme documentation and authorities.) The country strategy forms strategic foundation for the partnership between Denmark and the programme country. The regional departments have overall responsibility for country strategy processes but the embassies play a key role in the analytic work and consultations in-country and draft the Concept Paper for the strategy. The regional department is responsible for presentation of the mandate to Danida's management, the Board and the Minister for Development Cooperation who subsequently informs the Parliamentary Foreign Affairs Committee.

Country strategies form the basis of the statutory rolling five-year planning of Denmark's total development activities in a given country and for the allocation of funds through the annual *Finance Act*. (Each country's annual budget includes both programme and administrative country frames.) Once approved, there is limited ability to make major modifications to the strategy or the country frame, without HQ approval.

The embassy proposes programmes within the context of the Country Strategy and budget frames. The embassy prepares and presents to the HQ Programme Committee a Concept Paper for new programmes or new phases of existing programmes over DKK 30 million.[55] The Programme Committee plays a key role in ensuring consistency in programmes across countries.

The Concept Paper presents the major overall strategic considerations and choices for the programme, as well as the programme formulation process. The Paper must reflect how the cross-cutting issues of gender equality, environment and human rights and democratisation/good governance are going to be addressed. Where relevant, it should reflect, among other things, consideration of the priority themes (HIV/AIDS, private sector, children and youth, sexual and reproductive health and rights, conflict, trade and development, indigenous peoples, and climate). The Programme Committee provides feedback on the proposed programme.

Once the Concept Paper is approved, the embassy can move to detailed programme formulation. Once the Programme Document is finalized by the embassy, it is presented by embassy management to the Board. The embassy is also responsible for elaborating final draft appropriation notes to the Finance Committee of the Parliament.

Embassies are responsible for the implementation of approved programmes. Embassy staff have the authority to adjust up to 10% of the funds within a programme and across components of the same programme, as long as the changes are consistent with the original programme intent and objectives. Modifications of the development objective of a component during its implementation or adjustments of more than 10% are possible, but require HQ approval.

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54) *Material in this section is drawn largely from "Guidelines for country strategy processes (joint and bilateral)", MFA, September 2007.*

55) *Note that the majority of Danida's programme budget is expended on programmes over DKK 30 million.*

Programme reviews for programmes over DKK 30 million occur at least every two years. The embassy drafts the ToR for the review, but these are approved and carried out by BFT. In joint reviews with other donors, BFT is consulted in the development of the ToR, but they are approved by the steering committee set up for decision-making on joint programmes. BFT participates in the joint reviews as the Danish representative.

Administrative and Embassy Management
Under decentralisation, there has been devolution of administrative responsibilities, including the administration of the embassies' administrative budgets, local staffing and administration of Danish technical advisors (TAs).

At the beginning of the year, the MFA identifies key strategic objectives, which each embassy is to consider in the development of its annual plan.[56] The results are reflected in a results contract (MRS) which the ambassador signs with HQ. As part of the MRS, an annual business plan (VPA) is developed. The VPA is the annual framework for the management and monitoring of the Country Programme and include the annual frames and disbursement targets for the Country Programme and an overview of planned activities, including requirements for BFT support during the year. At the same time, targets and output indicators from programme and project documents must be entered into the Project/Programme Database (PDB), including:

- One indicator for each component of sector programmes, and
- One indicator for any other programme above DKK 30 million.

The embassy uploads the draft VPA into the PDB. Following the submission of the VPA, a videoconference is held with HQ and embassy staff to discuss the submission. BFT participates and also holds semi-annual videoconferences with the embassies to confirm the requirements for BFT services and get feedback to and from the embassies on BFT services provided in the past six months.

Financial management authorities are defined in the 2004 Financial Management Guidelines.[57] In accordance with the guidelines, management of individual programmes and projects must follow the procedures and principles agreed upon between Denmark and the partner country, as set out in the Programme/Project Document and in the bilateral agreement.

A principal objective of Danida's strategy document – *Partnership 2000* – is the gradual transfer of responsibility for implementation of activities and administration of resources to the partner country.[58] To ease this transfer of administrative responsibility to the partner country, Danida's policy is to use partner country's procedures for public financial management, insofar as they comply with internationally acceptable principles and standards.

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56) *This section draws largely on "Guidelines for Annual Business Plan 2009 (VPA)."*
57) *"Financial Management Guidelines", MFA, 13 May 2004. http://amg.um.dk/en/menu/ TechnicalGuidelines/FinancialManagement/FinancialManagement*
58) *Partnership 2000 is Danida's overall development strategy and policy document.*

The five-year rolling financial frame, based on the country strategies, gives rise to annual commitment and disbursement budgets. The commitment budget is designed to commit all the funds pursuant to a programme approval within a year of approval of the programme. The disbursement budget provides the budget expenditures for the commitments over the period of the programme approval.

Embassies are responsible for monitoring the political, economic, social and human rights situation in the country, as well as development cooperation processes. As a result of decentralisation, the embassies also have increased responsibility for reporting to HQ and servicing the Danish political system and the media.

Ambassadors also have increased responsibilities for human resource management, including "responsibility for ensuring appropriate professional development of staff, including competence development and coaching … [and] … ensuring an annual updating of the job descriptions of relevant staff."[59] This includes an annual performance review for each staff member.

3.2 Adequacy of Authorities and Tools

Decentralised Authorities
The decentralisation of Danish aid management is seen by HQ and embassy stakeholders as generally positive. While, as will be seen in this and subsequent chapters, there are areas in which the decentralised model can be strengthened, none of the stakeholders felt that the MFA should move back to a more centralised model of aid management.[60] Both HQ and embassy staff indicated in the interviews that they were satisfied with the new decentralised authorities, which allow Danida to be more flexible and responsive to local needs, particularly during programme formulation and implementation.

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59)   *"Organisation Manual for the Management of Danish Development Cooperation", p. 39.*

60)   *This is unlike the finding of the review of the WFP's decentralisation, which found that after six years of the decentralised model, "there is not a common understanding, appreciation, and commitment among staff to the original objectives, intents and long-range vision for a decentralized WFP." ("Full Report of the Review of WFP's Decentralization Initiative", p. 26).*

The online survey reflects embassy staff's overwhelming agreement that decentralisation contributes effectively to the quality of Danish programmes through supporting alignment, coordination and harmonisation (see Figure 2). Over 88% of all staff agree somewhat or strongly that it contributes to these Paris Declaration principles. In fact, nearly half of all groups agreed strongly on these points.

Figure 2: Percentage of staff (management, posted or local) that somewhat or strongly agree that decentralisation allows for effective:

Percent

Alignment with national goverment partners Coordination with other donor partners Harmonisation with other donor partners

■ *Somewhat agree*   ■ *Strongly agree*   Management n=16; Posted n=41-42; Local n=42-43
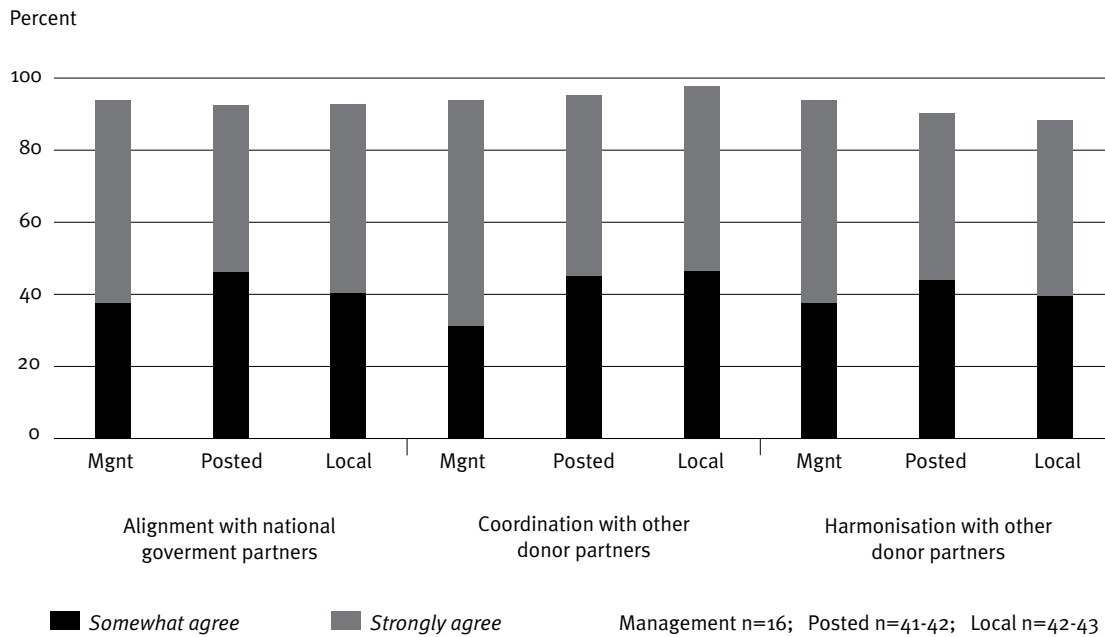
According to the Danish case study carried out for the evaluation of the Paris Declaration, "Danish development cooperation is believed to be one of the most decentralised."[61] This view was echoed in the case studies. Many national partners identified Danida as one of the most decentralised and flexible donors, with the ability to respond quickly to local issues during programme implementation. Development partners in embassies (e.g. CIDA) and multilateral organisations (e.g. the European Commission, the World Bank), which are not very decentralised, particularly noted how valuable Danida's decentralisation is.

The only two areas in which embassy staff expressed reservations about decentralised authorities were the selection of posted staff (see Chapter 5) and the requirements for addressing the cross-cutting issues and priority themes. (See the following section for a further discussion of these issues.)

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61)   *"Phase One of the Evaluation of the Implementation of the Paris Declaration – Case Study Denmark", MFA, June 2008, p. 18.*

As noted, staff are generally satisfied with the level of decentralisation, noting particularly that the areas in which Danida's aid management is the most flexible are the formulation and implementation of programmes. Embassy staff interviewed in all five case studies and managers responding to the management questionnaire appreciated the authority they have for programme formulation and implementation. Information from the online survey supports these findings. As can be seen from Figure 3, the vast majority of all staff strongly or somewhat agreed that they have adequate authority for the various components of programme formulation and implementation:

- Identification and formulation of programmes (over 90% in all employment types);
- Making changes to the design of an existing programme (over 80% in all employment types); and
- Changes to financial allocations within an existing programme (over 75%).

Overall satisfaction with programme authorities was also reflected in the case study of Denmark's implementation of the Paris Declaration, although some dissatisfaction with the limits on budget reallocations was also noted. "Overall the Embassies reported that they enjoy adequate authority and autonomy on administrative, policy and managerial issues to pursue the objectives of the PD. The only stated problem is the limited possibility of making budgetary reallocations."[62]

Figure 3: **Percentage of staff (management, posted or local) that somewhat or strongly agree that decentralisation gives adequate management authority with respect to:**
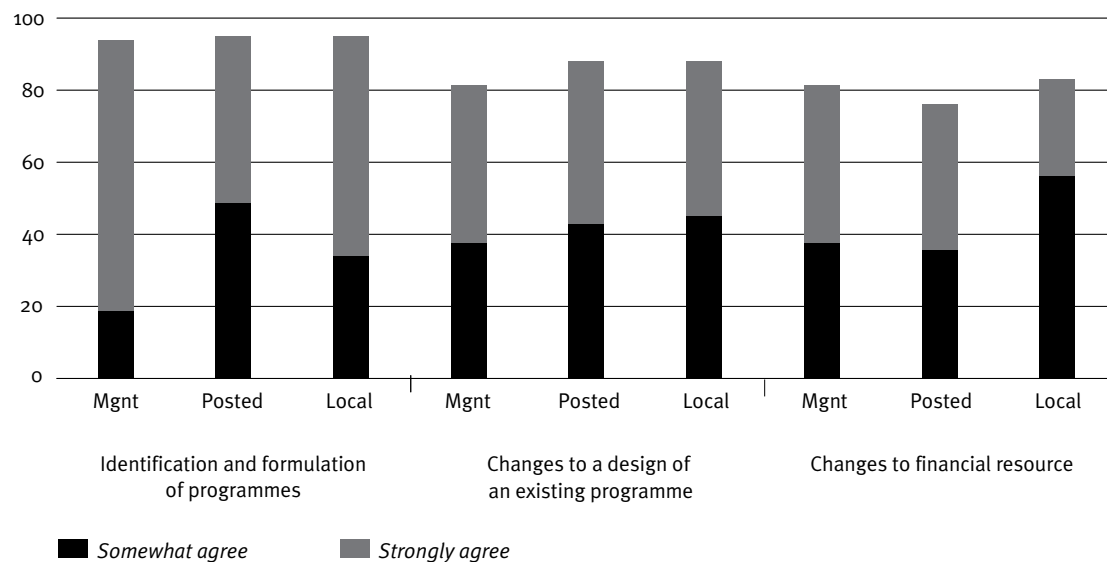
Although, in the online survey, embassy staff expressed slightly less agreement on the adequacy of the authorities with respect to financial reallocations, 87% of embassy management felt that the authorities were adequate. HQ staff explained that the challenge in increasing this authority is that it would make it more difficult for Danida to monitor disbursements and ensure that it met its commitment to spend 0.8% of its Gross

National Income on development cooperation.[63] As a result, there was little support for increasing this authority.

It was also clear from the case studies that working in an environment of decentralised management had contributed to an increase in staff's sense of ownership of the aid programme and increased job satisfaction. There were similar findings from the online survey. As shown in Figure 4, 80% or more of all staff indicated that decentralisation has made a moderate or large contribution to increasing their:

• Sense of staff ownership of Danida programming,
• Level of staff job satisfaction; and
• Engagement of local staff in aid management

However, posted and local staff were considerably less likely to report that it had made a *large contribution* to their level of job satisfaction or level of engagement of local staff, than was management. This is consistent with many survey findings discussed throughout this report – management tend to be more positive about the various components of decentralisation than local and, particularly, posted staff.[64]

Embassy staff's positive sense of ownership likely explains the positive comments received from government and development partners in all five case studies on the engagement and commitment of Danida staff. They noted that it facilitated establishing good interpersonal working relations with staff who are working on either coordinated or joint programmes.

Figure 4: Percentage of staff (management, posted or local) identifying decentralised aid management making a moderate to large contribution to:

Percent

Increased sense of staff ownership of Danida programming | Increased levels of job satisfaction | Increased engagement of local staff in aid management

■ *Moderate contribution* ■ *Large contribution*   Management n=16; Posted n=39-40; Local n=40-42

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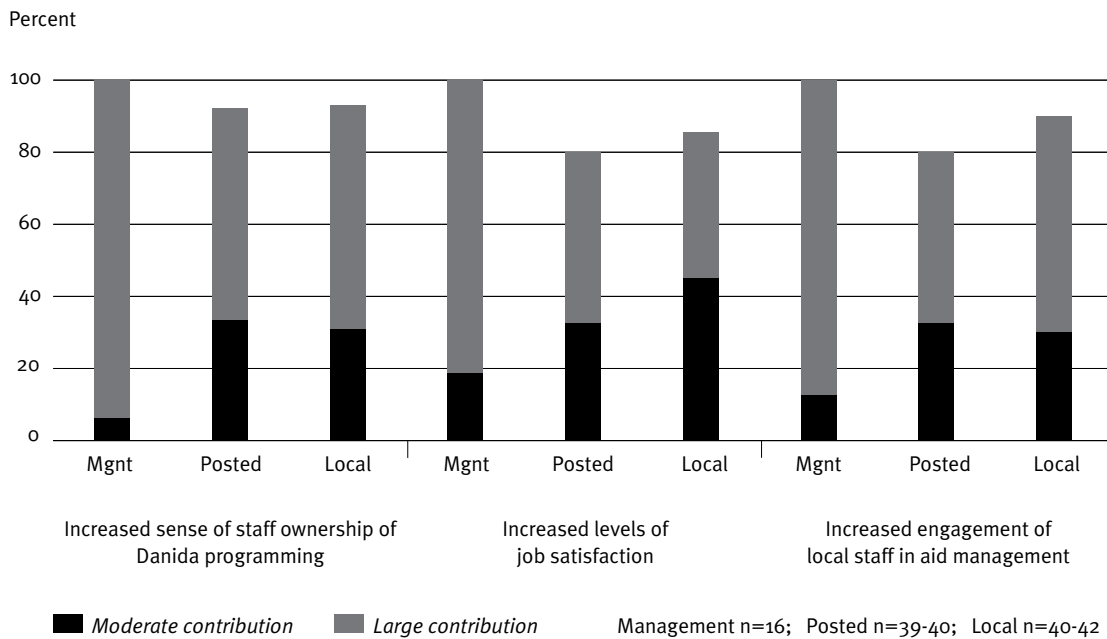
63)   *Priorities of the Danish Government for Danish Development Assistance: Overview of the Development Assistance Budget 2009-2013, MFA, August 2008.*
64)   *Where there are differences in the responses of management and posted or local staff, they will be highlighted in the text.*

Aid Management Guidelines

The AMG provide the policies, procedures and tools for decentralised aid management. Embassy staff in all five country case studies and HQ staff felt that, generally speaking, the AMG provide adequate programme and financial authorities and guidance for decentralisation.

The online survey also reflects overwhelmingly positive views on the adequacy of the AMG (see Figure 5). Over 90% of embassy staff reported that they somewhat or strongly agree that the AMG provide adequate guidance for:

- Programme identification and formulation;
- Programme approval; and
- Programme appraisal and review.[65]

Figure 5:   Percentage embassy staff indicating that they somewhat or strongly agree that AMG provide adequate guidance for:

Percent

| | Somewhat agree | Strongly agree | Embassy staff n=94-98 |
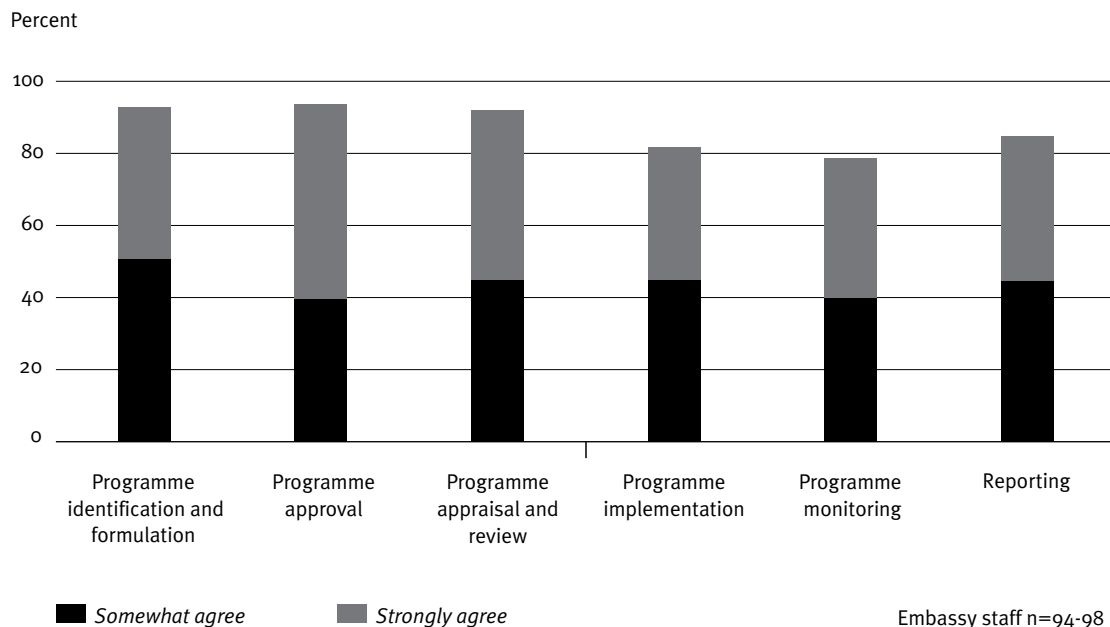
A somewhat smaller, but still high, percentage (between 79% and 85%) indicated that they somewhat or strongly agreed that the AMG provide adequate guidance for:

- Programme implementation;
- Programme monitoring; and
- Reporting.

In a few case studies, staff asked for more specific guidance from the AMG. They were looking for more information on how to do development programming, rather than more policies. They wanted more practical/operational guidance for decentralised aid management. (e.g. "how-to" documents on developing ToR for consultants).

65)   *Since there was relatively little difference among management and posted and local staff, only the responses of all embassy staff are presented in Figure 5.*

However, embassy staff were less positive when asked if the AMG were adequately flexible to facilitate harmonisation and alignment. Although the AMG provide generally adequate guidance, there appear to be some questions about the interpretation of the flexibility to meet the needs of the Paris Declaration. Only 69% of staff indicated that they somewhat or strongly agreed that the AMG were sufficiently flexible (see Figure 6). About half strongly agreed with this statement.

Figure 6: Percentage embassy staff indicating that they somewhat or strongly agree that AMG are adequately flexible to facilitate harmonisation and alignment

	Percent
Strongly agree	20
Somewhat agree	49
Neither agree nor disagree	8
Somewhat disagree	19
Strongly disagree	4

Embassy staff n=99
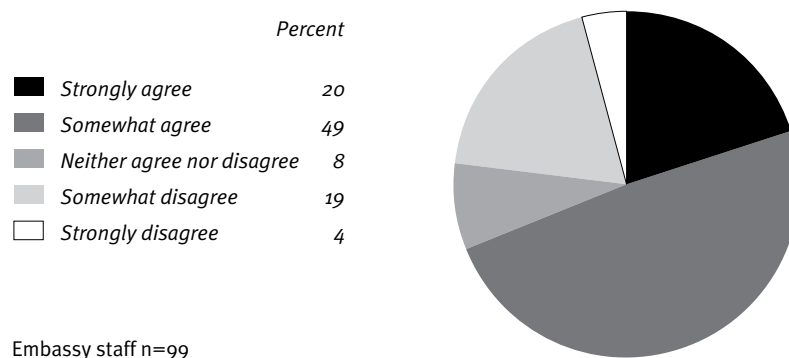
Specifically, in the case studies, staff expressed specific reservations about the flexibility of some elements of the Guidelines for Programme Management (Guidelines).[66] Interviews with HQ staff clearly indicated the intention that the Guidelines be flexible and allow embassy staff to align and harmonise Danida's programming with that of its national and development partners. The Guidelines do, in fact, specify that "*Flexibility* is the overriding principle in the application of the guidelines…"[67] However, this section then goes on to identify a number of elements that are mandatory in Danida programming, including:

- A focus on poverty reduction and consideration of Danida's cross-cutting issues;
- Specifications on the structure and design of the programme (maximum of three components and three sub-components of each component, structure of budgets, design based on an institutional analysis, management structures clearly described); and
- Defined monitoring and accountability systems (including objectives, targets and indicators, regular reviews, and "separate Danida reviews [covering] a series of mandatory issues."[68]

The flexibility in the Guidelines is focused on situations in which there is a "high degree of alignment with partner systems and/or a high degree of harmonisation with other donors."[69] In such cases, Danida can adopt the formats and procedures of its partners. However, most Danida programmes are not joint programmes with other donors. Even when Danida has a joint programme, it is often the case that partners do not have their own prescribed programme formats and procedures and, as a result, Danida's guidelines are often applied.

66) *Unless otherwise specified, when the term "Guidelines" is used in this report, it refers to the Guidelines for Programme Management.*
67) *"Guidelines for Programme Management", MFA, October 2007, p. 5.*
68) *Ibid, p. 5-6.*
69) *Ibid, p. 5.*

Even when there is flexibility in the Guidelines, it would appear that this flexibility may not be exercised. It is possible that staff do not perceive, given the wording and tone of the Guidelines, that there is really flexibility. It is also possible that some staff do not want to apply the flexibility that the Guidelines offer because they perceive the need to follow the Guidelines to ensure the quality of Danish programmes. In the latter case, this may reflect a potential conflict between (undefined) standards of quality in Danida programmes and the principles of alignment and harmonisation.

This apparent rigidity in the reading and application of Danida's guidelines by embassy staff has implications for the way in which partners perceive Danish aid management. In four of the five case studies, some national and/or development partners indicated that they perceive the requirements for Danish programmes to be rigid and the approval process to be lengthy (see Chapter 4). As a result, they have the impression that Danida staff are micro-managing their aid.

There are two specific inter-related areas in which some embassy staff and partners find the Guidelines to be rigid – the first is the level of detail required for the Programme Document and the second, the application of Danida's priority themes. The management questionnaires, all five case studies and the online survey all indicate that some embassy staff find these requirements challenging.

The Guidelines define, in over six pages, the content of a Programme Document (with an additional three pages identifying the content of a component description, which is required if there are large or complex components to the programme).[70] Embassy staff identified the national and sector context as presenting a particular burden in the preparation of these documents. The requirement to address the cross-cutting issues and priority themes also adds to the complexity and length of the Programme Document. The time required to prepare this document reportedly contributes to the lengthy process (estimated in the case studies to be about a year and a half to two years) to prepare a programme. The time considerations present a growing challenge, given the increasing pace of aid management and the engagement of multiple partners under the new aid effectiveness agenda.

The Guidelines specify that, while the cross-cutting issues are mandatory in all programmes, there is some flexibility to apply the priority themes (with the exception of HIV/AIDS) only when they are relevant. Cross-cutting issues should be included in each programme and each priority theme should be considered for inclusion in the programme.[71] The inclusion of these issues and themes affects both the programme documentation and reporting processes, as well as the nature of the programmes themselves. Although the Guidelines reflect this flexibility with respect to the integration of the priority themes, the embassies are still required to report on the priority themes. For example, the embassies have to report on the priority themes in the annual Country Assessments. "Reporting on the strategies for priority themes has been systematised and rationalised. For two themes (HIV/AIDS and private sector development), reporting will take place annually. For six priority themes (children & youth, indigenous peoples, climate, sexual and reproductive health and rights, conflicts, and trade and development) reporting will be biannual, rotating between the themes."[72]

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70) *Ibid., p. 30-36 and p. 37-40.*
71) *Even if not included in the programme, at least one indicator for HIV/AIDS should be identified. Ibid, p. 18.*
72) *"Assessment of Country Programme 2008", p. 8.*

Staff challenges with priority themes (and, to a lesser extent, the cross-cutting issues) are reflected in the online survey results (see Figure 7). Staff were asked to assess the extent to which the issues and themes were useful in a decentralised management context – that is, the extent to which they contribute to effective decentralised aid management.[73] About three-quarters of local staff found the priorities and themes to be either extremely or somewhat useful for decentralised management. However, management and posted staff were considerably less likely to report that they were useful, with no posted staff reporting that they are extremely useful. Just over half of management (54%) reported that the cross-cutting issues were useful and 46% that the priority themes were useful. Less than half of posted staff (48%) indicated that the cross-cutting issues were useful and only 35% that the cross-cutting themes were useful.

Figure 7: **Percentage staff identifying as somewhat or extremely useful specific HQ requirements in decentralised management**

Percent

Management n=13; Posted n=14; Local n=39-40
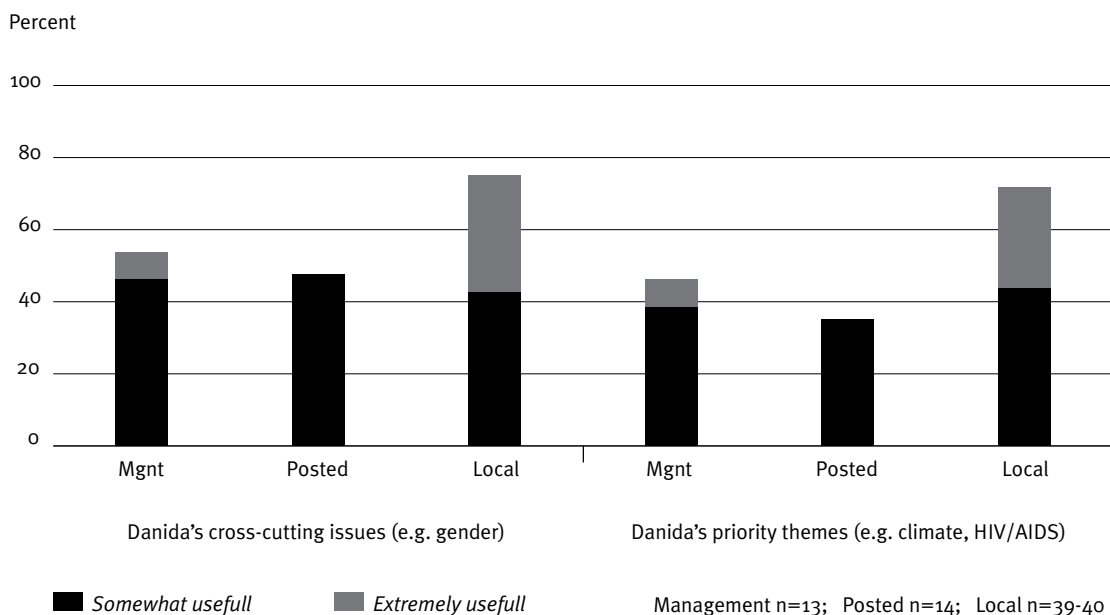
The fact that the staff assessment of the usefulness of the *cross-cutting issues* was somewhat higher than their assessment of the *priority themes* likely reflects the fact that Danida is not alone among development partners in promoting the cross-cutting issues (particularly gender equality). For this reason, although there is not a lot of support for the issues, they are likely not inconsistent with cross-cutting issues promoted by other agencies. However, the case studies indicated that the perceived requirement to integrate the *themes* into programming requires either the creation of separate programme(s) or additional component(s) within larger programmes (at a time when embassies are trying to focus their programming efforts and move to joint programming). While, the

73) *"Useful" was the term used in the online survey question. The intention was to assess the extent to which the issues and themes contributed to effective decentralised aid management. However, since the responses to this question from management and posted staff are relatively negative (compared to other online survey questions), it is important to recognize that respondents may not have all interpreted the question in this way. Based on the information from the case studies, however, the team interpreted the negative findings to be a reflection of perceived barriers that the issues and themes present for embassy staff working in a decentralised programme.*

Guidelines suggest that embassy staff have flexibility with respect to most priority themes, there appears to be confusion among staff about when they have to judge the themes as "relevant." For example, in a country where climate is an issue (for example, a Sahelian country), adding climate-related programmes would be relevant for the country. However, to add programming on climate issues would distort the existing programming, make it difficult for the embassy to concentrate on fewer sectors and require staff resources, which are already stretched with the existing programming. The HIV/AIDS theme posed a particular challenge in a number of the case study countries where Danida had recently withdrawn from the health sector. Embassy staff were challenged to find ways to integrate HIV/AIDS programming and monitoring into their current portfolio and workload.

While the priority themes, in particular, are not seen as being very useful in the context of decentralised aid management, HQ staff highlighted the fact that, in the Danish political context, Danida has to balance local needs with political needs. As noted in the Paris Declaration evaluation case study:

… pursuance of the Danish defined priority themes tends to be balanced against the desire to strengthen partner country leadership. … although Denmark loyally subscribes to objectives of the Paris Declaration, the Government is likely also in the future to set its own priorities and apply the aid modalities found most suitable to achieving the MDG and PRS targets while doing its utmost to maintain the strong popular support of continuation of Denmark's engagement in the developing countries.[74]

The study defines this as a potential conflict between the Paris Declaration principles and the principles of Danish development cooperation.[75] The challenge for Danida is to balance the needs of the Danish public and those of partner countries.

The AMG also define the authorities for financial management. The evaluation found that the financial payment procedures are adequate for decentralised management. With the decentralised system of financial payment control, embassies have been able to make financial payments in ways that promote alignment and harmonisation. In the case study countries Danida is making use, as much as possible, of government systems for programming funding. Government partners in the case studies noted that the transfer of funds from Danish embassies is generally very prompt.

74) *"Phase One of the Evaluation of the Implementation of the Paris Declaration – Case Study Denmark",*
      p. 22.
75) *Ibid, p. 32.*

3.3 Key Findings on the Adequacy of Authorities and Tools

1. Decentralisation of Danish aid management is generally seen by HQ and embassy stakeholders as positive. It has allowed embassy staff to be more flexible, timely and responsive to local needs and has increased embassy staff's job satisfaction and sense of ownership of Danida's aid programming.
2. Danida is seen by most national and development partners as being one of the most decentralised agencies, particularly with respect to its timeliness and responsiveness during programme implementation.
3. Generally, embassy staff deem the programme and financial authorities to be adequate and the AMG provide adequate programme management and financial authorities to embassies. However, there appears to be questions about the interpretation of the flexibility in the Guidelines for Programme Management, a lack of clarity on the sections dealing with the priority themes (particularly about when to include them in programming) and burden of preparing Programme Documents.

4 Quality Controls and Accountability Mechanisms

Ensuring the ongoing quality of, and accountability for, aid programming is a key consideration in decentralisation. While embassy staff see themselves as primarily responsible for programme quality, HQ has functions to support embassies in developing quality programmes and ensure compliance with Danida's guidelines/procedures. The first section of this chapter describes the HQ quality control and accountability mechanisms and the second provides an assessment of these. The final section includes key findings from this chapter.

4.1 Description of Quality Control and Accountability Mechanisms

There are two key HQ departments exercising direct quality control functions – BFT and KVA. (See Box 3 for a graphical depiction of all HQ support.) Their key roles with respect to their relationships with the embassies are described below.

BFT services include:

- Provision of *ad hoc* technical advice to embassies, as scheduled through the annual VPA;
- Appraisals of programmes over DKK 30 million.[76] The ToR are drafted by the embassy but finalised by BFT and the appraisal team may include external consultants, but must be led by a BFT staff member. (The embassy is responsible for integrating the recommendations of the appraisal report into the Programme Document, or for justifying to the Head of Bilateral Aid why the recommendations have not been accepted);
- Programme reviews for programmes over DKK 30 million that are conducted at least every two years. The embassy drafts the ToR for the review, but these are approved and carried out by BFT; and
- Newly-created Country Programme Reviews, which provide an optional support for embassies.

Some services provided by BFT at the request of the embassies; others (programme appraisals and reviews) are mandatory.

KVA services include:

- Development and ongoing maintenance of the AMG;
- Management of the MRS/VPA process, including the preparation of annual plans and budgets and progress and financial reports. Annual and semi-annual reports are prepared by the embassy to demonstrate performance with respect to activities outlined in the VPA, disbursement and commitment targets and output indicators;

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76) *Programmes under DKK 30 million are appraised by an external consultant with ToR prepared by the embassy.*

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Box 3   HQ Support and Quality Controls for Embassies*

HQ department	Roles/responsibilities/tools
Regional Departments	Analysing the political context. Finalization of Country Strategy.
UDV	Development of development cooperation policy.
BFT	*Ad hoc* technical support. Appraisal of Country Programmes. Review of Country Programmes. Country Programme Reviews.
KVA	AMG. MRS/VPA process. Performance Reviews. Project/Programme Database. Performance Management Framework.
UMKC	Staff competence development.
ERH	International consultancies. Technical advisors.
EVAL	Evaluating performance of Danida's development cooperation.
Personnel Department	Recruitment and staff postings.

* Focuses on functions that support embassies' roles in development cooperation

in the MRS/VPA and undertaking programme appraisals and review. These are discussed in this section.

BFT Technical Advisory Services
One BFT role is to provide technical assistance, at the request of the embassies, during programme formulation and implementation.[79]

Figure 8:   Percent staff (management, posted or local) identifying BFT technical advice as somewhat or extremely useful for a decentralised programme

Percent

Somewhat usefull   Extremely usefull   Management n=16;   Posted n=38;   Local n=32

Generally speaking, embassy staff appreciate BFT's technical advice. All management (100%) and 94% of local staff indicated that BFT's technical advice is somewhat or extremely helpful for a decentralised programme (see Figure 8). However, fewer posted staff (73%) shared this view. There may be a number of explanations for the differences in the views of posted staff. Management staff may find BFT services more useful because they have a full understanding of how and when to use these services. Posted staff, on the other hand, who are more responsible for daily programming activiti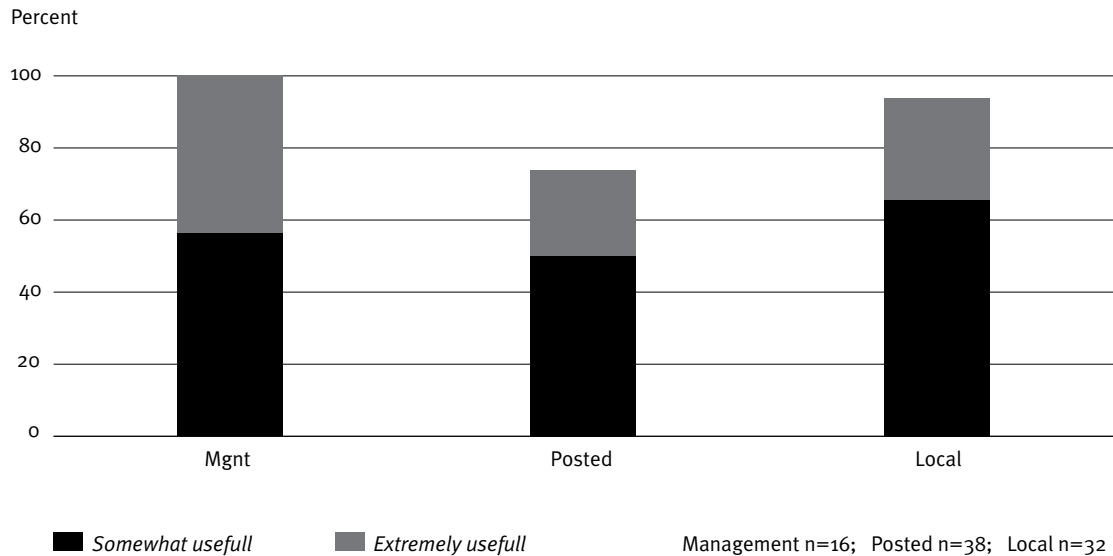es, have to address the operational challenges related to BFT missions. In three case study countries, it was found that posted staff (in particular newer, less experienced staff), were not clear on how they could contact BFT for *ad hoc* advice, other than through the appraisal/ review processes. This suggests there was a communication problem either within the embassies or between the embassies and HQ. In addition, the case studies suggest that, although local staff are not as likely to have overall responsibility for relations with BFT, compared to posted staff, they reported that they learn from the presence of BFT missions.

The findings from the case studies, as well as from the subsequent interviews carried out at HQ, revealed that, in general, BFT is perceived to have strong competencies in most technical areas. However, like the embassies, BFT is facing a continuous challenge in

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79)   *"Organisation Manual for the Management of Danish Development Cooperation", p. 29-30.*

ensuring that their staff competencies reflect the new aid effectiveness agenda as well as changing Danish priority themes and sectors. (See Chapter 5 for a discussion of these human resource issues at the embassy level.) For example, in the case studies, embassy staff highlighted the need for more BFT support in the non-sector specific areas of public sector management, the new Danida priority themes sectors (notably the private sector and climate) and more appropriate language skills for BFT missions to Francophone countries. BFT is working on addressing these issues but has difficulties in making short-term adjustments in their human resource base.

There were mixed reports from staff in the case study countries on the use of BFT services. The extent to which embassy staff have need of BFT services depends on where the embassy is in the programming cycle in any given sector (e.g. programme identification, formulation, implementation etc.) and the extent to which Danida is harmonising its programmes with those of other development partners. However, this is not sufficient to explain the reported different levels of use of these services. The evaluation suggests that a possible explanation is that the use varies according to the profile of embassy staff. Those who know BFT staff personally (and may well have worked with them in the past) were more likely to access easily BFT technical advice – even on an informal basis – than those who do not know BFT staff – most likely new MFA staff and local staff. However, the processes for accessing BFT services are changing. The VPA process, which is used to schedule access to BFT services, has been improved and is reported, by HQ staff and embassy management, to be functioning well. Embassy staff are no longer supposed to access BFT services informally, but to request these services through the formal VPA process.

In most case countries, embassy staff expressed a need for more BFT advice. This was also noted in the Danish case study for the evaluation of the Paris Declaration:

… a considerable number of Embassy respondents called for more backstopping and coaching by the HQ and more attention to experience-sharing among Embassies. … The KVA Department (KVA) and the Technical Advisory Service … are already providing such back-stopping services, but the feedback given by the Embassies suggests that the demand goes beyond what is presently available.[80]

Programme Appraisals, Approvals and Reviews
The most important HQ tool for ensuring quality in Danida programmes is the BFT-led appraisal process. However, in all five case studies, Danida's programme appraisal and approval processes were identified as presenting a specific challenge to the alignment and harmonisation processes. This was also reflected in the online survey. While managers indicated that the programme identification and formulation process (100%) and the programme review (87%) contributed to alignment and harmonisation (see Figure 9), they were less likely to indicate that the appraisal (60%) and approval (50%) processes contributed to alignment and harmonisation. The case studies suggested a number of reasons for this.

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80) *"Phase One of the Evaluation of the Implementation of the Paris Declaration – Case Study Denmark",* p. 46.

Figure 9: Percentage management staff indicating that management processes make a moderate or large contribution to alignment and harmonisation

Percent

Programme identification and formulation	Programme appraisal	Programme approval	Programme review

■ *Moderate contribution*   ■ *Large contribution*   Management n=14-16
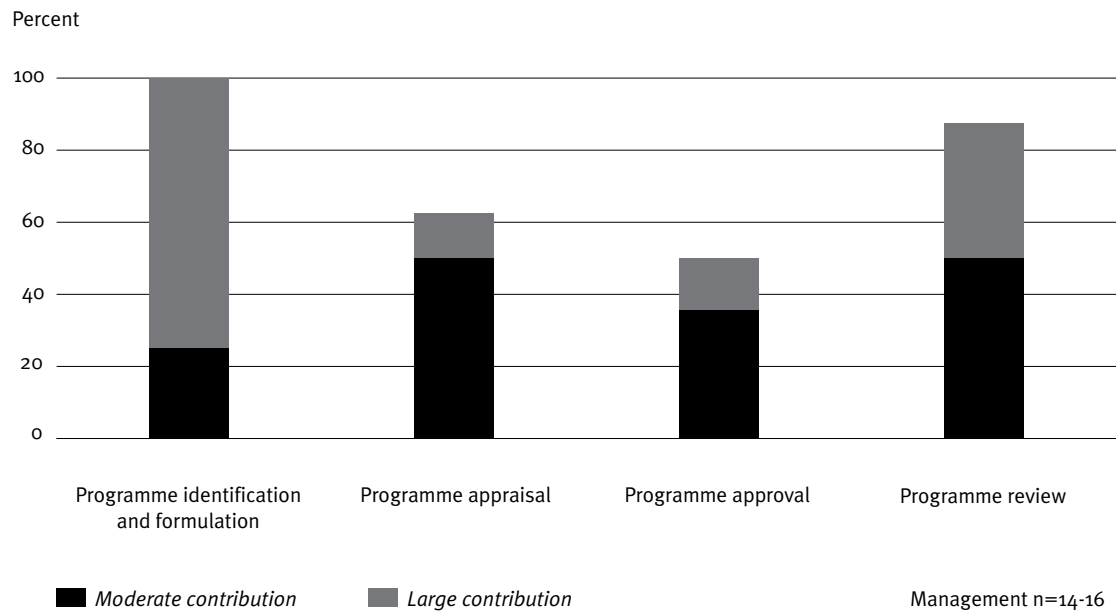
The first reason is that the approval process appears to be rigid. Nominally all programmes over DKK 30 million are subject to an appraisal by BFT and the Guidelines suggest that field appraisals are an integral part of programme formulation and approval processes. Yet, they also open the possibility that desk appraisals could replace field appraisals.[81] In practice, however, this option is not well-known and apparently rarely used.

The AMG also reflect additional flexibility, in that:

Joint appraisals with other donors should preferably replace separate Danish appraisals. If other quality assurance procedures are in place for assessment of joint programme documents with other donors, Denmark should participate in these where feasible, and separate Danish appraisals should not be conducted.[82]

However, joint appraisals do not often happen because many so called "like-minded" development partners do not have the same requirement for HQ-driven appraisals. As a result, joint donor appraisals are not really replacing bilateral Danida appraisals. In fact, BFT noted that, in a recent review of 15 appraisals, only two were carried out jointly with other development partners.

The second reason for the perceived challenge with the appraisal process lies in the scheduling of appraisal missions. These challenges are related to the tendency, under the new aid effectiveness agenda, to move to larger, more complex programmes developed jointly with other development partners. It appears that the appraisal is often scheduled by the embassies late in the programme formulation process, often after extensive consultations

81) *"Guidelines for Programme Management", MFA, October 2007, p. 42.*
82) *Ibid, p. 41.*

(particularly in the case of joint programmes, but not limited to joint programmes) have already been completed with the government and other donors. This reportedly can occur because embassy staff often underestimate the time required for programme formulation or because there are delays at the country level – delays which may be inherent in programming processes that are aligned with those of the government. The late appraisal by BFT can leave the embassy with little time to integrate the BFT recommendations before the fixed date on which the Programme Document has to go to the Board. The integration of these recommendations late in the formulation process may contribute to the perception identified by some national and development partners in all five case studies of rigid Danida procedures. Many development partners interviewed in the case studies found that the current Danish programme formulation process does not allow adequate flexibility for full engagement with partners to the approval stage.

As a result, the appraisal process can contribute to reducing the sense of ownership of the programme by government partners and even embassy staff. In two case study countries, the evaluation team had the opportunity to review some specific recent Danish appraisal processes with national government partners. Most government partners interviewed expressed a feeling that their involvement and influence on the programme formulation, carried out with the Danish embassy staff, gradually decreased as the process moved from initial discussions, through drafting the Programme Document (normally led by a team of consultants), to the BFT-led appraisal. In these cases, the government partners found that the focus and content of the Programme Document changed substantially during drafting and, in particular, the appraisal stage. Government partners felt that they put a significant effort into programme discussions at the early stages of the process, through planning and participation in stakeholder workshops, meetings, field visits etc., but that their role in the drafting of the Programme Document and subsequent revisions following the appraisal and decision-making is less evident. They also stressed that they are required to commit considerable resources to planning and participating in two comprehensive missions (programme formulation and appraisal) within a relatively short period of time and that both missions entail meetings with many of the same stakeholders and visits to the same sites. As a result, government ownership of, and commitment to, the final programme design was reduced.

Danida is in the process of revising its appraisal policies and procedures. A January 2009 meeting of ambassadors in Copenhagen focused on how to address these issues and revisions to the AMG with respect to the appraisal process are being drafted.

The challenge of the appraisal process is compounded, in the eyes of national and development partners, by the Danish approval system. Unlike other development agencies, Danida's programmes are submitted to the Board. In the case studies, embassy staff and development partners indicated that this process does not facilitate alignment and harmonisation of programmes. Yet, the involvement of the Board has been considered critical to maintaining the high level of public support for development cooperation that exists in Denmark. As noted in the Danish case study for the evaluation of the Paris Declaration "Traditionally, Danish development cooperation enjoys widespread support among all major political parties."[83]

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83) *"Phase One of the Evaluation of the Implementation of the Paris Declaration – Case Study Denmark"*, *MFA, June 2008, p. 22.*

Programme Reviews
Embassy management is more likely to report that programme reviews, compared to programme appraisals, contribute to harmonisation and alignment. One explanation for this could be that the AMG require that all reviews must be carried out with national partners, unlike the requirements for the appraisals, which only state that partners "usually participate."[84] As a result, the reviews could be considered more likely to contribute to alignment than the appraisals. However, the AMG still include restrictions and requirements on the review processes, which some embassy staff and partners feel are not supportive of harmonisation and alignment. Firstly, they still require that, for joint reviews with other donors, BFT "will participate in the review as the Danish representative."[85] This does not open the possibility for a joint review team to include only representatives of other donors. Secondly, even when joint reviews are conducted, the participating BFT representative still has to sign, with the Ambassador, a separate Danish "Format for Assessing the Progress of Programme Support", which is drafted by the embassy prior to the review mission. Some embassy staff and partners found that may detract from harmonisation and alignment, by contributing to the perception that Danida is micro-managing even joint programmes.

A second possible explanation for the more positive views of the programme reviews was provided in some case studies. Embassy staff indicated that, at times, the presence of the review teams provides a good opportunity for the embassies to address deficiencies in programme components, particularly on sensitive issues that could lead to potential conflicts with national partners. In these cases, it was convenient that the review team be the facilitator/messenger of sometimes unpopular recommendations. Embassy staff could then follow-up on the issues, arguing that the analysis and recommendations were provided by the review team, not them.

Country Programme Reviews
BFT has recently introduced a new mechanism to support quality – tailor-made Country Programme Reviews – that is available at the request of the embassies. These Country Programme Reviews, which look at the country programming as a whole and are carried out by multidisciplinary BFT teams, may address, among other things, Paris Declaration-related issues.[86] Only one Country Programme Review had been conducted in a case study country and the embassy staff noted that some of the issues covered were similar to those of KVA's Performance Reviews. There are as yet no ToR for these reviews in the AMG, so a comparison of the mandates of the two reviews was not possible. (See also the discussion of KVA's Performance Reviews in the following section.)

There was a perception among staff in the case study embassy that had experienced a BFT Country Programme Review that there is overlap in the mandates of these reviews and the PRs. As indicated in the HQ interviews, a key difference between the two reviews is that the BFT reviews are embassy-driven; whereas the PRs are HQ-driven. To the extent that there may be overlap, this results, not only in the duplication of resources at HQ, but also at the embassies, as staff are called on to address similar issues with both groups. BFT and KVA are aware of the potential overlap between parts of their reviews and are trying to coordinate their interventions to avoid any duplication. In fact, they are

84) *"Guidelines for Programme Management", MFA, October 2007, p. 61 and 41.*
85) *Ibid, p. 61.*
86) *Ibid, p. 19.*

trying to develop opportunities for synergy between the two reviews. For example, a PR might help identify the need for a Country Programme Review.

Department for Quality Assurance
KVA's mechanisms for quality control include responsibility for the AMG, management of the MRS/VPA and Country Assessment processes, conduct of Performance Reviews, management of the PDB and responsibility for the PMF. The AMG have already been discussed in Chapter 3. Other KVA quality control mechanisms are discussed in this section.

Results Contract/Annual Business Planning and the Country Assessments
KVA manages the MRS/VPA process, which has reportedly become more useful. However, embassy and HQ staff noted that the MRS/VPA process still does not result in a clear assessment of the embassy resource needs. Given the resource constraints in the MFA and what seems to be an increasing workload at the embassy level, the MRS/VPA process has been gradually adjusted and revised in order to reflect more effectively the specific conditions and needs at the individual embassies. For instance, a videoconference with HQ and embassy staff has been added to the process to allow for a more open discussion and dialogue on embassy needs and the resource needs of embassies for activities outside the programme management requirements – for example, the needs for supporting HQ activities and servicing the Danish political system and media.

Country Assessments feed into the MRS/VPA process. They constitute the embassy's report to the Board on the country programme, but also provide information to meet other HQ reporting requirements. There were mixed views from embassy staff on the value-added of these Country Assessments. Some embassy staff found them useful, in that they provide an opportunity to reflect on performance and, in a short paragraph, describe progress. They did not find the preparation of these assessments onerous. However, staff in other embassies found that the Country Assessments were not really providing any value-added, that they were too technical in their structure and did not provide adequate information to HQ. It appears that the process for completing the self-assessment varies from country to country and this may provide some explanation for the mixed views. One embassy, for example, had developed a group process to rate the programmes. This provides a good opportunity for embassy staff to review their programmes with their colleagues and staff are more comfortable that the results provide better information for HQ.

Performance Reviews
KVA conducts Performance Reviews (PRs) in selected countries each year, ensuring that each embassy is reviewed about every three years. The timing of the PRs is defined by HQ and all embassies are currently reviewed with approximately the same frequency. The PRs are considered an important management tool to assess embassy performance, but also an opportunity for embassy staff for sparring and dialogue on embassy management, programming and key development issues.
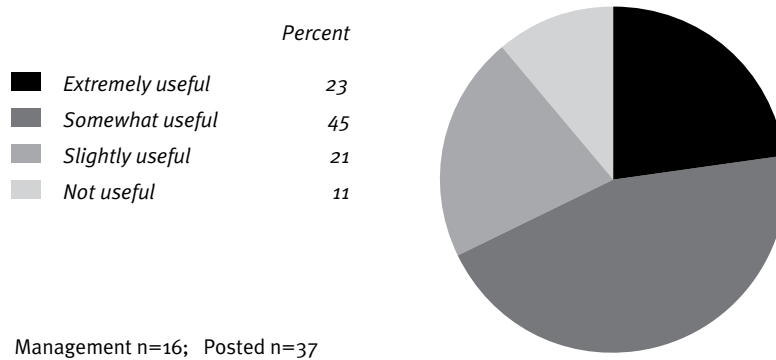
The first round of PRs focused primarily on "ensuring that the new procedures, which were introduced in connection with the decentralization of the administration of bilateral development assistance, were understood and followed."[87] The second round focused on

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87)   *"Terms of Reference, Performance Review of Bilateral Representations (3rd Round, 2008-10)", p. 1.*

"the organization, management and staffing of the representations, on financial administration, as well as on progress with harmonization and alignment in country programmes."[88] The third round will continue to assess the achievement of the Paris Declaration targets, with a particular focus on alignment. It will also explore options for simplifying and focusing country programmes. The reviews will continue to focus on organization, management and staffing, as well as on financial administration of the embassy.

KVA shifted its approach to conducting and reporting on PRs somewhat between the first and second round. The PR reports are now shorter and the reporting is more focused on dialogue and interaction with embassy staff, during the PRs.

Figure 10: Percent management and posted staff identifying Performance Reviews as useful for a decentralised programme

	Percent
■ Extremely useful	23
Somewhat useful	45
Slightly useful	21
Not useful	11

Management n=16; Posted n=37

The online survey reflects only somewhat positive views of management and posted staff on the PRs. Just over two-thirds of management and posted staff (68%) identified the Performance Reviews as being somewhat or extremely useful in the context of a decentralised programme (see Figure 10).[89] However, it is difficult to interpret these findings. Embassy staff responding to the survey will have experienced, and hence be commenting on, different rounds of the PRs. Given the different approaches to conducting the PRs, it is possible that respondents may not be assessing the same service.[90]

The case studies suggested, however, that those embassies that experienced a recent PR valued the input provided through by the KVA team, noting particularly the recent tendency of KVA to see the PR as a "support", as opposed to "control", mechanism. They valued also the increasing focus on debriefings with all embassy staff, as it provides an improved mechanism for dialogue and exchange of ideas. The views of posted and local staff, in one case study, were quite positive because the PR mission had facilitated better integration of local staff at the embassy. However, the views of management and posted staff in some case study embassies were rather more mixed. Some found the PRs quite

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88) *Ibid.*

89) *Local staff were not included in this graph because the number of local staff who responded to this question was much lower than for other questions in the survey (n = 29).*

90) *In addition, HQ staff noted that embassy staff may be more likely to not see the PRs are useful if the PRs have been critical of embassy management.*

useful for the embassies, while others found that the PRs do not really change anything at the embassy and that the PR teams lack the power and, to some extent, the necessary skills and experience to carry out PRs that focus on embassy management, organisation and staffing. Some staff felt that, although all KVA staff have field experience, they may not have sufficient experience and power to contribute in a meaningful way to strengthening overall embassy management capacities and practices.

Performance Management Framework
KVA is also responsible for Danida's PMF. The PMF is a comprehensive document that presents a framework for Danida's commitment to results-based management made at various international fora on the new aid effectiveness agenda.[91] The key components of the framework are:

- At the programme level: project/programme monitoring, sector and programme reviews, and programme evaluations;
- At the country level: the country strategies, the MRS/VPA, poverty reduction strategy (PRS) reviews, country and sector assessments, country evaluations, and PRs; and
- At the corporate (Danida) level: analyses of inputs from the MRS/VPA and PRS annual reviews and PRs.[92]

Figure 11: **Percentage staff (management, posted or local) indicating that management processes make a moderate or large contribution to alignment and harmonisation**

Percent
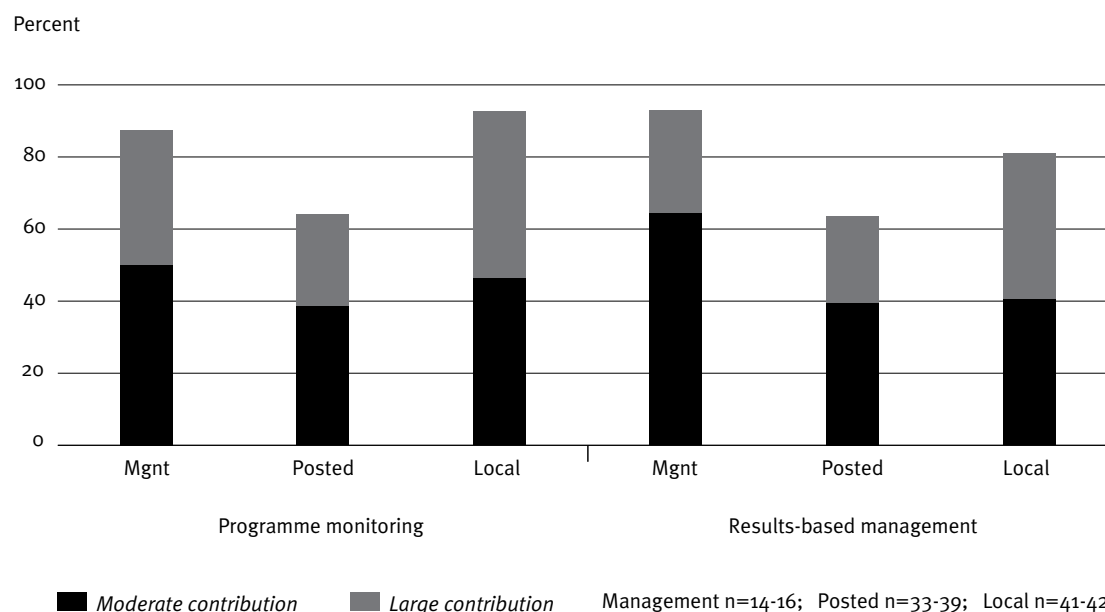
91)   *Monterrey (Conference on Finance, 2002), Rome (Conference on Harmonisation, 2003), Marrakesh (Conference on Managing for Results, 2004) and Paris (Conference on Aid Effectiveness, 2005). "Performance Management Framework for Danish Development Cooperation 2006-07", p.4.*
92)   *The PMF includes also monitoring at the organisation level (HQ), but this relates primarily to multilateral cooperation and, as a result, has not been included here.*

KVA is responsible for analysing and synthesising all performance-related information for use in Danida's Annual Performance Report. Most framework components have already been discussed in this report. However, the case studies did highlight embassy staff issues with respect to one component – the use of programme indicators for measuring output results. The Country Assessment requires staff to provide information, using these indicators, on the achievement of the country programmes. The information that KVA uses to prepare its corporate reports comes from these Country Assessments and is based on selected indicators for Danida's programming.

As part of its commitment to the Paris Declaration principles, Danida is committed to focusing on development results, in line with its alignment and harmonisation commitments. As shown in Figure 11, about two-thirds of posted staff (64%) found that programme monitoring made a moderate or large contribution to alignment and harmonisation. However, management (88%) and local (93%) staff were more likely to find that it made a contribution. Similarly, posted staff (64%) were less likely to identify that Danida's results-based management contributed to alignment and harmonisation than were management (93%) or local staff (81%).

The possible explanations for the somewhat mixed views came from the case studies. In four of the five case studies, staff (for the most part, posted staff, who were generally

5 Embassy Human Resources

Under a decentralised structure, the human resources at the embassy would be expected to have a larger influence on the quality of Danish aid than in a centralised structure. As noted in the WFP review of its decentralisation "Decentralization is a major organizational change and as such it exposes and magnifies issues related to staffing levels and capacities."[94]

This chapter presents an overview of the human resource responsibilities (Section 5.1) and then an analysis of the human resource issues associated with decentralisation, including how staff use their time, the staff skill mix, the selection and recruitment of staff and their professional development opportunities (Section 5.2). The chapter concludes with a summary of the key findings (Section 5.3).

5.1 Description of Human Resources Responsibilities

In the decentralised model, ambassadors have more responsibilities for human resource management, including:

- The annual updating of the job descriptions of embassy staff;
- Ensuring appropriate professional development of staff, including coaching; and
- Annual performance review for staff. [95]

While ambassadors do not have authority for the selection of staff posted to the embassy, they do have authority to recruit local staff. The ambassadors are held accountable for the implementation of the human resource functions through the MRS/VPA.

A range of professional development opportunities are available to staff:

- Pre-departure training for all posted staff immediately before leaving for the field;
- An orientation programme, offered online and in Copenhagen, for local staff;[96]
- A range of specialised courses on relevant topics for current issues in development cooperation (including, for example, public financial management, sector-wide approaches, climate); and
- Training courses provided by various HQ departments (e.g. KVA on PDB or changes to the AMG, ERH on contracting).

There is a central fund for supporting training for both posted and local staff. It is available by application to UMKC. In addition, embassies have funds for training that is usually used for in-country training and training for local staff.

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94) *"Full Report of the Review of WFP's Decentralization Initiative", p. 20.*
95) *"Organisation Manual for the Management of Danish Development Cooperation", p. 39.*
96) *Anecdotal information from HQ suggests that considerably more local staff have taken the online training than participated in the training in Copenhagen. Costs of the training in Copenhagen are split between HQ and the embassy.*

The embassies also make use of external consultants to support embassy staff through the provision of technical inputs to programme formulation and implementation. Currently, although contracts with local (regional or national) consultants are managed by the embassies, contracts with Danish/international consultants are managed by HQ, under the guidance of ToR developed at the country level. ERH is the HQ department responsible for international consultants.

5.2 Assessment of Embassy Human Resource Issues

The case studies, management questionnaires and the online survey identified a number of challenges with respect to embassy human resource management in the decentralised model. This section analyses four key issues:

- Ensuring adequate programme and management competencies at embassies;
- Limitations of human resource management authorities;
- Challenges in human resource development; and
- Declining use of external consultants.

Ensuring Adequate Management and Programme Staff Competencies
HQ interviews indicated that no human resource strategy was developed prior to the launch of decentralisation. The assumption was made that the existing profile of staff resources at the embassies – both in terms of programme and management staff – would be able to implement the decentralised model. Yet this assumption failed to take into account the two implications of decentralisation:

- The need for increased programme and management capacities at the embassies; and
- The loss of positions at HQ that had previously been used to develop the aid management capacities of new staff.

At the same time as decentralisation was being implemented, the aid effectiveness agenda was changing the nature of development work in the field. This had an impact on how embassy staff spend their time. In four of five case studies, staff indicated that they are spending increased amounts of time in meetings and consultations with national and development partners. The online survey, which provided information on how staff use their time,[97] indicated that staff spend about 13% of their time in an average month in meetings with national partners and 12% in meetings with development partners.[98] About 35% of their time is spent in programme administration in the office.

Danida, like other donors, faced the challenge of shifting the profile of staff at both the embassy and HQ level, within the constraints of existing contractual obligations to staff and, particularly in the case of Denmark, cuts to the MFA human resources.

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97) *The Ministry's time management system was not able to provide a breakdown of information that was useful for addressing these evaluation issues.*

98) *Although these categories would appear to not be mutually exclusive, staff made a judgement in responding to the survey on the primary purpose of the meetings. The total time allocation reported in the survey could not exceed 100%.*

As a result of these human resource cuts at the MFA, the ideal staffing model that had been developed during the decentralisation process was never implemented. There was some transfer of resources from HQ to the embassy (estimates for interviews suggest that about one additional resource was provided to the embassy in each programme country). However, all five case studies, as well as other reports,[99] indicated that staff perceive that the human resource complement at the embassies is insufficient for the workload. There was a general sense that the workload requirements for staff have both changed and increased, not only with decentralisation, but also with implementation of the Paris Declaration.

Figure 12: Percentage of time spent by staff (management, posted and local) on major activity areas

Percent

Programme administration and partners meetings

Internal embassy meetings

HQ issues and servicing political system

Other issues

Management n=16; Posted n=42; Local n=42
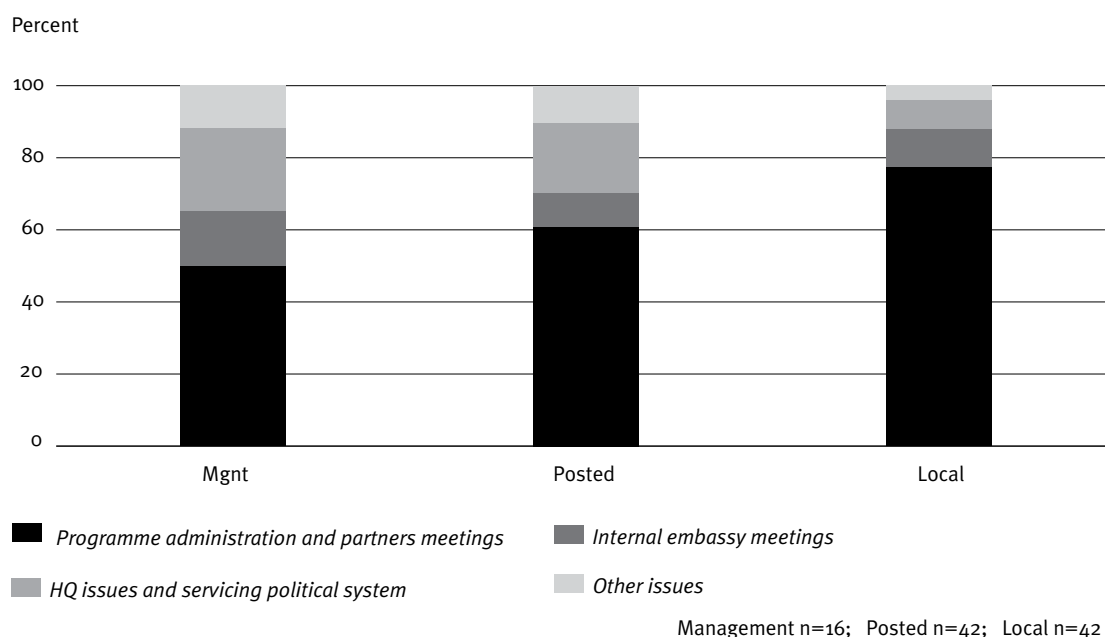
Through the online survey, embassy staff indicated that they spent considerable time on activities not directly related to the country programme – mainly work related to HQ issues (reporting, servicing the political system and media) and other embassy matters, than do local staff (see Figure 12). Not surprisingly, management (50%) spends less time than posted (61%) and local (77%) staff on programme administration and partner meetings. However, managers still spend half their time on these functions. Management spends more time (23%) on HQ issues, compared to posted (20%) and local (8%) staff. While it would be expected that management would spend considerable time on HQ issues, posted staff, who have primarily responsibility for programme management in-country, still spend one-fifth of their time on HQ issues. In the case studies, posted staff flagged that these activities are particularly demanding because the requests are unpredictable, time consuming and disrupt their schedules.[100] HQ interviews suggest that the MRS/VPA resource planning process is beginning to take into account these additional requirements.

99) For example, "Phase One of the Evaluation of the Implementation of the Paris Declaration – Case Study Denmark."

100) A specific example, provided in the case studies, was the support required from embassies for the international Commission for Africa. Embassies were requested to provide inputs to discussion papers and host high-level representatives from the MFA – all often at short-notice and disrupting the priorities established by the embassies for their own activities.

The challenge is not limited to staff workloads, but also includes the profile of staff competencies. In the case study embassies, staff indicated that, with the implementation of the Paris Declaration, the types of skills required in embassies is changing and that maintaining the right balance of sector and non-sector specialists is key. The debate appears to be between sector (e.g. water, education, health) and non-sector (e.g. policy dialogue, public sector financial management, planning, negotiation and institutional capacity assessments and building) specific skills. The case studies and the management questionnaires indicate that embassy staff feel that, to implement the Paris Declaration, they need a somewhat different mix of skills at the embassy than they currently have. The most commonly identified gaps were non-sector-specific skills. This is reinforced by the perceptions of some national and development partners interviewed for the case studies who indicated that most Danida staff are well respected for their technical sector skills and that, if there were gaps in Danish staff skills, they tended to be in the non-sector-specific areas.

Figure 13:   Percentage staff (management, posted or local) indicating that to a large extent they have:

Percent

Adequate skills in non-sector speciffic areas   Adequate skills to manage a decentralised programme

■ *Large extent*   Management n=15-16; Posted n=38-39; Local n=39-40
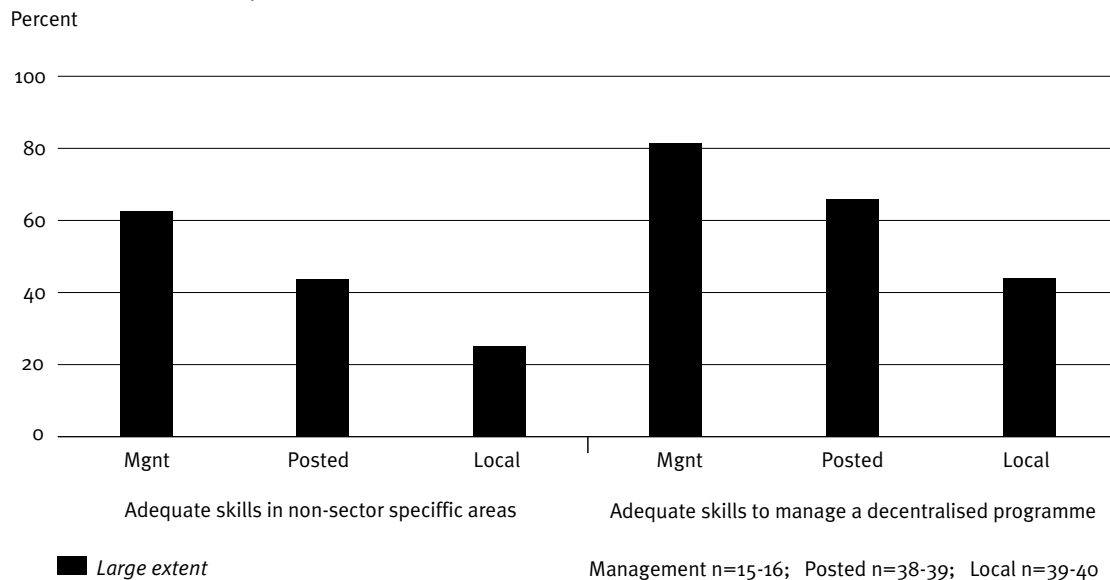
The online survey indicated that while two-thirds (63%) of the embassy managers felt that they have, to a large extent, adequate non-sector specific skills, less than half the posted (44%) and local (25%) staff reported that they have these skills (see Figure 13).[101]

The case study of Denmark's implementation of the Paris Declaration also highlights this issue of the mix of staff competencies:

In particular, the mix or complement of staff was seen by many as critical in the present phase of decentralisation and transition towards a more focused development cooperation based on the PD principles. Hence, striking the right balance between sector-specific knowledge and broader management and coordination skills remains a challenge for Danida.[102]

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101)   *Note that, for all questions related to skills, the category "moderate extent" has been removed from the analysis since it was assumed that staff should have more than "moderate" level skills to carry out their job.*

102)   *"Phase One of the Evaluation of the Implementation of the Paris Declaration – Case Study Denmark", p. 53.*

Staff's assessment of their skills to manage a decentralised programme were somewhat higher. Eighty-one percent of management felt that, to a large extent, they have the skills to manage a decentralised programme. However, it is somewhat lower for both posted (66%) and local (44%) staff. The reason why assessments are lower for posted and local staff may be that they have fewer years of experience than management staff. (On average, management staff, who responded to the online survey, have seven years of experience at HQ and eight in embassies, compared to posted staff who have five at HQ and five in embassies.[103])

In the decentralised model, and with the move to implement the Paris Declaration, embassy managers are now not only responsible for the development and implementation of large, complex aid programmes, but also increased administration and human resource management tasks. They are faced with the challenge of balancing the workload with available resources. The report of the case study of Denmark's implementation of the Paris Declaration reflects these changes:

The role of the ambassadors has also changed since the decentralisation of the Embassies. Decentralisation has meant a greater need for good leadership and the ability of the leader(s) to guide the Embassy through various stages of PD developments and processes, to contain anxiety, and influence the organisational culture in a positive way throughout this process.[104]

The online survey reflected also staff perceptions of gaps in management capacity to address these needs. This was echoed in all five case studies. In the management questionnaires, some embassy managers themselves identified the need for more management skills, particularly in the area of human resource management.

In the online survey, over two-thirds (69%) of managers felt that, to a large extent, they had adequate skills for staff management and supervision. However, they rated their skills in this area lower than their skills in planning and administration (88%) or communications and information sharing (75%) (see Figure 14). Yet it is interesting to note that posted and local staff rated the skills of embassy management lower than the managers themselves, particularly with respect to communication and information sharing. Only 25% of posted staff and 37% of local staff felt that managers had, to a large extent, adequate skills in this area.

The issue of management capacity in a decentralised model was also highlighted in the review of WFP's decentralisation:

Decentralization works only if CDs [Country Directors] can handle new authority and function independently. Those lacking experience and skills, including management skills, are not in a position to fully utilise new decision making authority and responsibility. CD capacities are said to be uneven, suggesting the need for a more extensive, focused training and career development program, particularly for new or inexperienced CDs. Also mentioned were mentoring and the designation of certain deputy posts for training purposes. This subject merits further review and creative thinking. It is more than a training issue: it is a career development issue.[105]

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103) *See Annex 2: Evaluation Methodology for a summary of the years of experience of those who responded to the online survey*

104) *"Phase One of the Evaluation of the Implementation of the Paris Declaration – Case Study Denmark", p. 55.*

105) *"Full Report of the Review of WFP's Decentralization", p. 27.*

Figure 14: Percentage staff (management, posted or local) indicating that to a large extent embassy management has adequate skills for:

Percent

| | Large extent | Management n=16; Posted n=40; Local n=43 |
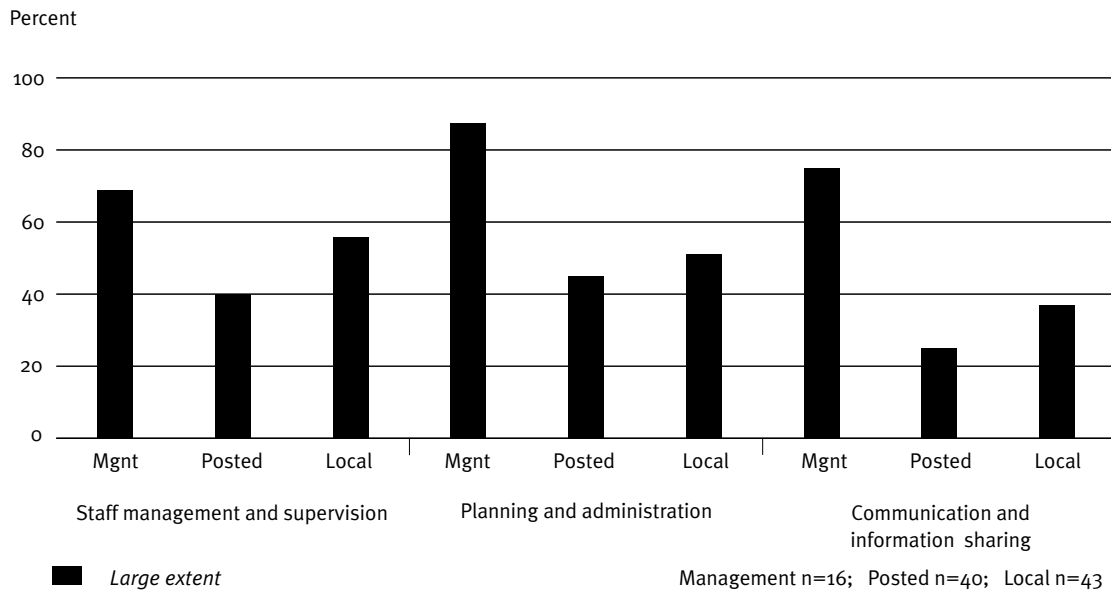
On the same theme, embassy staff were asked to what extent the organisation of the work at embassy was adequate (see Figure 15). All managers indicated that to a large extent organisation was adequate. However, substantially fewer of the posted (38%) and local (41%) staff gave organisation of the work the same rating. This, combined with the staff's rating of the management skills in the areas of planning and administration and communication and information sharing suggests that there are at least some perceived weaknesses in embassy management. Perhaps it was a faulty assumption, at the launch of decentralisation, to believe that the existing management capacities would be adequate for a decentralised model.

Figure 15: Percentage staff (management, posted or local) indicating that to moderate or large extent the organisation of the work at the embassy was adequate

Percent

| | Large extent | Moderate extent | Management n=16; Posted n=37; Local n=41 |
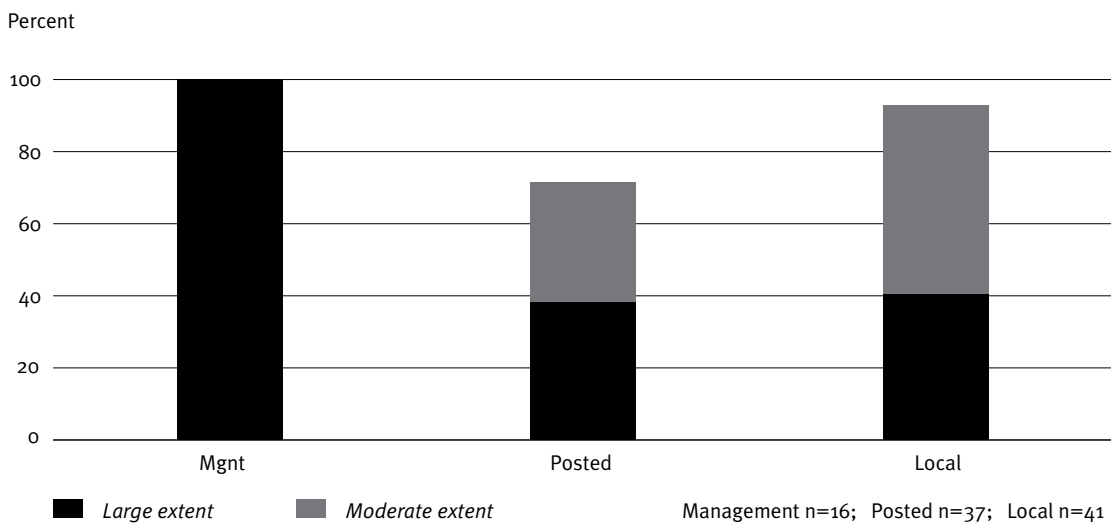
One HQ manager noted that there is an increasing expectation of good leadership and a changing organisational culture in the MFA. Yet the challenge of developing management capacity is that there is, as yet, no formal, accepted job description for embassy managers (ambassadors and deputy heads), although a profile has been developed to prepare competence development courses this year. Other recent or current initiatives to strengthen management skills include:

- Over the past few years, coaching opportunities have been offered to managers to allow them to discuss management challenges;
- Intercultural management training will be offered this year; and
- A course for deputy heads will be piloted this year.

Limitations of Human Resource Management Authorities
A key issue raised in the case studies was the management authority for staff recruitment. In the decentralised model, ambassadors have the authority to recruit local staff. However, they do not have the authority to select posted staff. Most staff interviewed for the case studies or responding to the management questionnaire indicated that the embassy's authority in the selection of posted staff is limited and this is confirmed in the results of the online survey (see Figure 16).[106] While the vast majority of management (88%) and posted (90%) staff agree that the embassy has adequate authority for the recruitment of local staff, only 19% of management and 36% of posted staff agreed that the embassy has adequate authority with respect to the recruitment of posted staff.

Figure 16: **Percentage staff (management or posted) that somewhat or strongly agree that decentralisation gives adequate management authority with respect to:**

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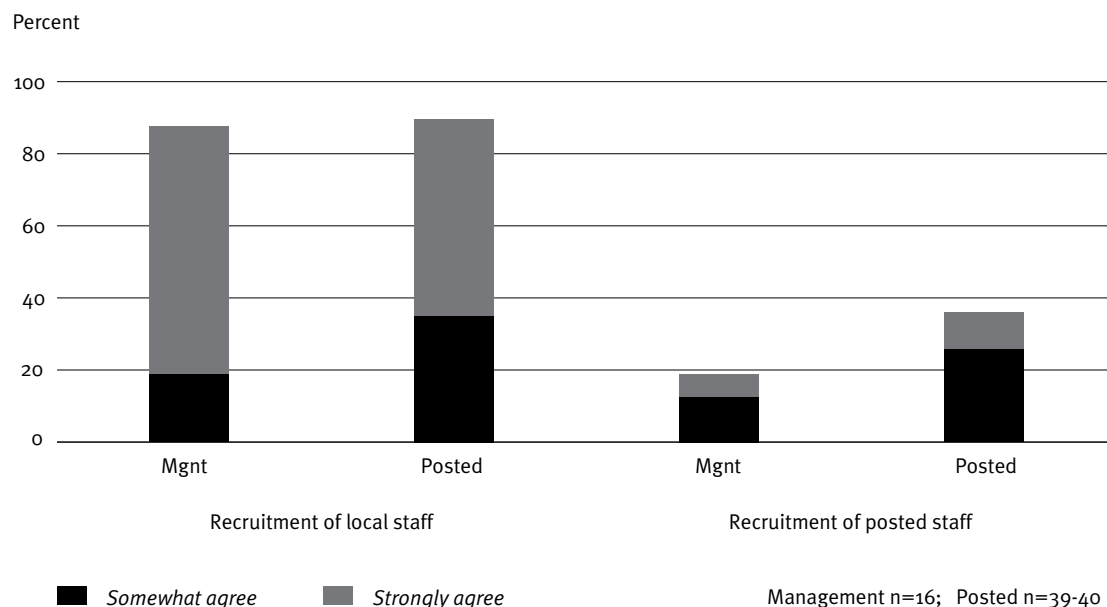
106) *The response from local staff were not included in the analysis for this question because the number of responses from local staff was low (n = 24) for the question about posted staff. They would not, in fact, be expected to know about staff recruitment process – particularly for posted staff.*

The only formal opportunity that most embassy managers have to influence the recruitment of posted staff is through the development of job descriptions. However, some ambassadors or deputy heads of mission indicated that they have informal opportunities to influence the selection of staff, but most reportedly do not. Most noted that they do not even have the opportunity to interview potential candidates. The fact that some managers appear to be more able to influence the selection than others points to a lack of transparency in the selection process.

Admittedly there must be considerable challenges in the process of deciding on staff postings. There are many factors to take into consideration and a relatively small pool of resources from which to select staff for posting. When one considers that the MFA has to balance, among other things, the position requirements, staff member experience (both sector and non-sector specific), development cooperation experience, seniority, language and staff preferences, the choices are likely quite limited.[107]

The challenge of recruiting posted staff is reportedly exacerbated for embassies in Francophone countries by the limited number of MFA staff who speak French. In fact, development partners in French-speaking case study countries were critical of Danida's inability to staff embassies in Francophone countries with posted staff with adequate French language skills. As a result, a number of the international staff positions in Francophone countries are filled by contracted, rather than MFA, staff. Since these contracted staff are not as likely to know Danida policies and procedures, this places an additional burden on embassy management as they require additional support for understanding and interpreting Danida's development policies and guidelines.

Challenges in Human Resource Development
Given the need for increased capacity and skills at the embassy level in a decentralized environment, the lack of a human resource development plan was an important challenge. However, Danida's professional development capacity is evolving. A staff development strategy was drafted in 2005, but there is reportedly no clear allocation of responsibilities for professional development between embassies and HQ. Relations with the embassies and among HQ departments (e.g. KVA, BFT, ERH, UMKC) are reportedly becoming clearer through practice, rather than by design. In addition, although UMKC is part of the MFA personnel department, it does not play a role in the selection of posted staff. The VPA process, which is used to plan BFT technical assistance for embassies, is not currently being used to access professional development services. However, with UMKC support, about two-thirds of the embassies reportedly now have staff development plans.

In addition, the challenge of developing staff competencies has been exacerbated under the decentralised model – at a time when strong resources are required for decentralised field operations. Danida no longer has as many development cooperation positions in HQ that can be used for developing the aid management skills in new professional staff. As a result, new staff are posted to embassies with limited aid management experience.

The online survey collected information on the years of experience of embassy staff. About half the posted staff who responded to the online survey had less than five years of

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107) *The human resource challenges were also highlighted in the review of WFP's decentralisation – "Decentralization requires careful monitoring of recruitment, hiring, posts assignments and career strategies." ("Full Report of the Review of WFP's Decentralization Initiative", p. 27-28).*

HQ experience and less than five years of embassy experience (see Figure 17). Nineteen percent (19%) had one year or less of HQ experience and 32% had one year or less of embassy experience. This is also the case with local staff. Two-thirds (65%) of local staff had less than five years of embassy experience.

Figure 17: Percentage of staff (management, posted and local) within each range of years of experience

Percent

| Headquarters | Embassy | Management n=16; Posted n=31-42; Local n=0-43 |
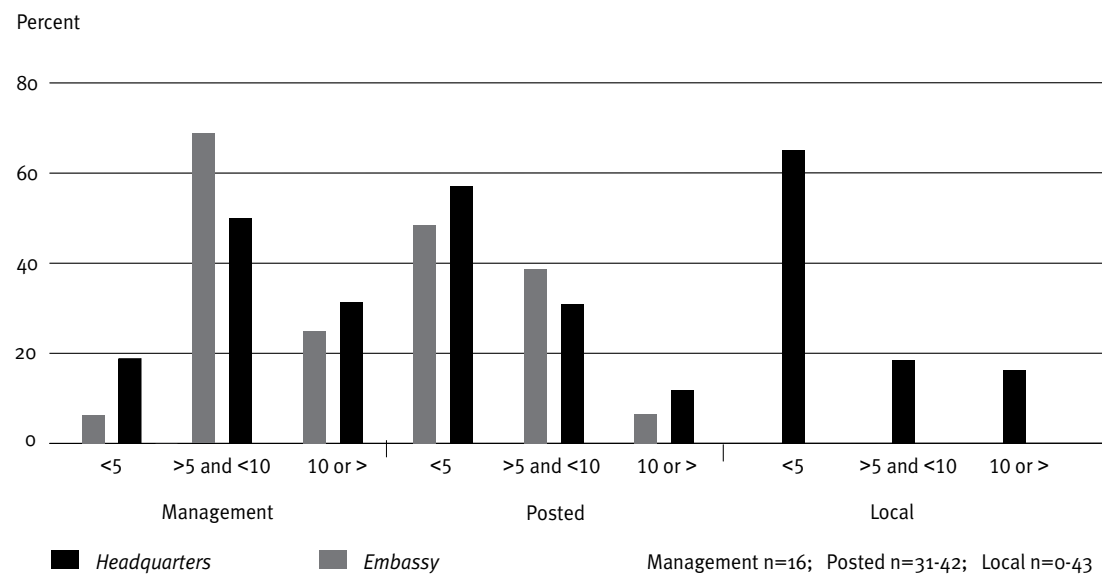
The posting of staff with limited aid management experience places an additional burden on existing professional staff at the embassies when, in addition to their own programme management responsibilities, they have to support the development of new staff.

The limited experience of both posted and local staff highlights the importance of offering adequate professional development opportunities for staff. In spite of the de-centralised model having addressed the need for increased professional development opportunities through the creation of a competence development centre, there is still a need for strengthening the capacity of embassy staff. However, assessment of the need for allocation of resources for capacity development/mentoring at the embassies is still not an integrated part of the MRS/VPA process.

All case studies identified the need for additional training opportunities for *local* staff and four of the five identified the need for additional training for *posted* staff. A number of observations were made in the case studies:

- Some posted staff indicated that they would like to see the pre-departure training strengthened with more sector specific introductions and information from BFT. However, HQ interviews indicate that this is a challenge because there is limited time prior to departure and it is difficult for staff to appreciate, before posting and before they face the challenges of the specific country context, the value of these types of briefings;
- While development needs vary across the embassies, the different staff groups (posted, local, management) in all embassies indicated that additional professional development is required in public sector financial management;
- Language training is required: English language training for local staff in Francophone countries and French for posted staff in Francophone countries; and
- Local staff experience particular barriers to professional development because of the

lack of time during working hours to participate in training and their limited access to computers for online training after working hours.

Online survey respondents were also asked to identify areas in which they would like additional professional development. More comments were received from local, than posted, staff – probably reflecting the greater importance that local staff attached to professional development opportunities, particularly in light of their increasing responsibilities for programme management. Based on the analysis of their comments on the survey, the following needs were identified:

- Just over 40% of both posted and local staff who provided comments in the survey identified the need for development in non-sector specific skills (e.g. public sector financial management, Paris Declaration principles, new aid modalities, dispute resolution mechanisms, policy dialogue, general and sector budget support and basket funding);[108]
- Nine of the ten management staff mentioned development in embassy management and administration;
- About a quarter of both groups identified the need for training in programme management issues, such as contract management, results management, the AMG, and Danida's reporting cycle; and
- Between 12% and 14% of both groups identified the need for sector-focused training, including training in sector specific areas (e.g. agriculture, health, conduct of sector assessments and training in sector lead responsibilities).

For the most part, the training needs identified by posted and local staff were the same. However, about 7% of posted staff, which include embassy managers, identified the need for training related to embassy management, including embassy leadership and staff management.

The preferences with respect to training methods were similar for both posted and local staff. Both posted and local staff favoured on-the-job training (see Table 2). However, local staff were equally likely to prefer off-site training, unlike posted staff, who were slightly less likely to identify this training approach.

Table 2   Percentage of Posted and Local Staff Favouring Different Training Approaches*

	Posted staff	Local staff
On-the-job training	19%	44%
Off-site courses	10%	44%
Online courses	10%	37%
Exchange experiences	3%	12%

Based on those providing comments to the open-ended questions in the online survey.
Posted staff n= 58; local staff n=43.

108)   The human resource challenges were also highlighted in the review of WFP's decentralisation – "Decentralization requires careful monitoring of recruitment, hiring, posts assignments and career strategies." ("Full Report of the Review of WFP's Decentralization Initiative", p. 27-28).

Although on-the-job training appears to be the most favoured approach to professional development – an observation confirmed also in a HQ interview – staff indicated that the workload in the embassies does not leave experienced posted or management staff with much time to mentor less experienced staff.

Decline in the Use of External Consultants

The use of Danish/international consultants (i.e. not national or regional consultants) in programme countries has decreased since decentralisation. ERH data shows that the number and value of Danish/international consultancies for decentralised embassies have decreased overall between 2004 and 2008 (see Box 5 and Figure 18).

Box 5	**Value and Number of ERH-contracted Consultancies for Programme Countries, 2004-08**				
	2004	2005	2006	2007	2008
Value (1000 DKK)	190,423	177,478	108,265	127,253	117,947
Number	359	359	237	276	301

Source: ERH data, March 2009. Analysed by the evaluation team.

It is not clear why this decline has occurred. It may be that it has been offset by an increase in the use of locally-engaged national consultants. (Information on the use of local consultants was not available at HQ or from the embassies in the case study countries.)

Figure 18:   Value of ERH-contracted Consultancies in Programme Countries, 2004 - 2008
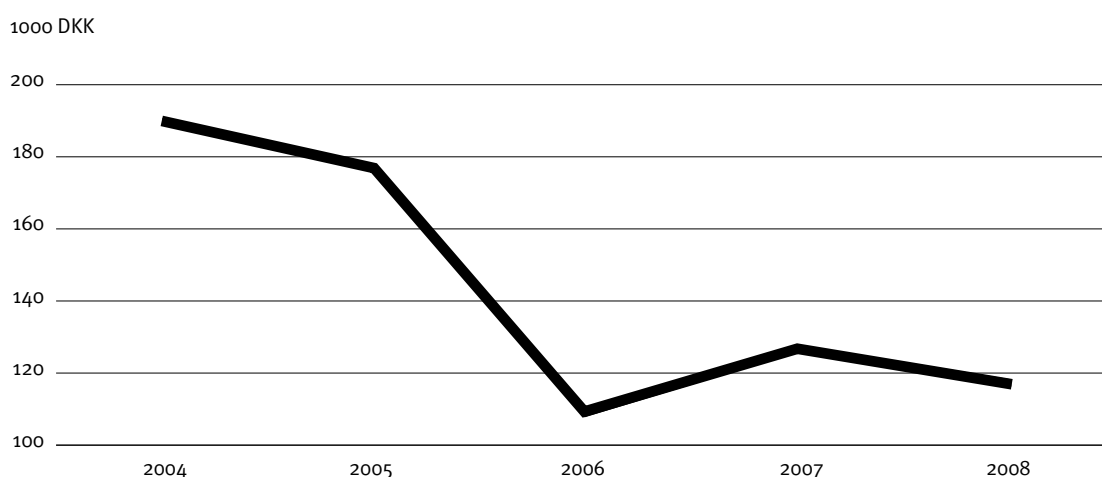
Source: ERH data, March 2009. Analysis by evaluation team

Some staff in the case studies indicated that they could access more resources to engage consultants than they are currently doing. This may mean that embassy staff are not familiar with the processes for engaging consultants. Some case study embassies noted that the identification and management of consultants were a challenge for staff who do not have experience in this area. This includes the challenge of identifying suitable consultants, developing the ToR, selecting the consultants, managing the contract, monitoring the consultants' work and supporting consultants who are not always familiar with Danida's policies and guidelines. HQ interviews also noted that there is limited procurement capacity in embassies and that embassies do not have adequate strategies for using consultants.

Figure 19: **Percent all staff identifying the usefulness of ERH contracting services for a decentralised programme**

	Percent
■ Extremely useful	35
■ Somewhat useful	47
■ Slightly useful	13
■ Not useful	5

Management n=15; Posted n=38; Local n=32
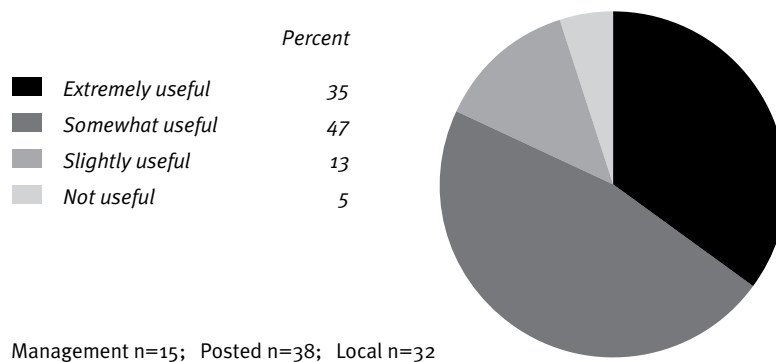
During the country visits, most staff seemed satisfied with the role and division of responsibility between ERH and the embassies. Eighty-two percent (82%) of online survey respondents indicated that the ERH's contracting services were useful (see Figure 19).

Figure 20: **Percentage of all staff indicating contribution of procurement services to alignment and harmonisation**

	Percent
■ Extremely useful	32
■ Somewhat useful	45
■ Slightly useful	18
■ Not useful	5

Management n=15; Posted n=36; Local n=41
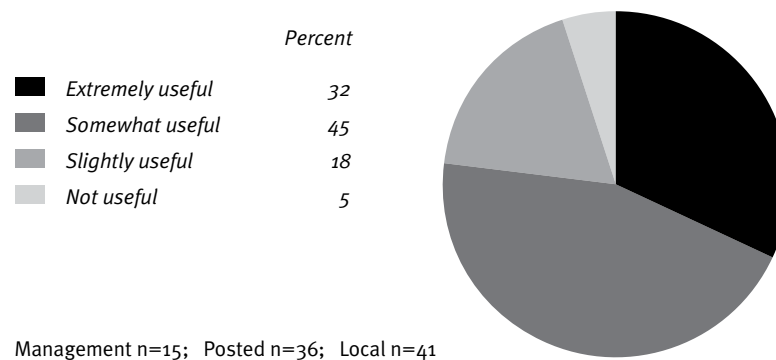
Similarly, 79% of staff indicated that procurement processes made a moderate or large contribution to alignment and harmonisation (see Figure 20). In some case study embassies, staff indicated that they were not allowed to use the procurement structures used by national or development partners. Most posted and local staff interviewed would not like to see more contract administration delegated to the embassies.

5.3 Key Findings on Embassy Human Resources

1. The main human resource challenge faced by Danida, which has implications for the capacities of embassy staff, is that, with limited aid management activities being carried out at HQ, there are limited opportunities at HQ for developing new development staff prior to posting to the embassies located in partner countries. Ironically, as a result of decentralisation, Danida is sending people with more limited aid management experience to work at embassies where they have now more responsibilities for development cooperation programming than prior to decentralisation. There were mixed views from staff on the extent to which they feel they have the skills necessary to do their jobs. Many staff indicated that they lack non-sector-specific (e.g. policy dialogue, negotiation skills, skills in institutional capacity assessments) and management skills. Yet, in the context of the new aid effectiveness agenda, these skills are reportedly increasingly important.

2. Embassy managers indicated that they do not have adequate authorities under the decentralised model for the recruitment of posted staff. The selection of posted staff for the embassies is a HQ responsibility. Yet some, but not all, ambassadors appear to be able to influence the selection of staff for their embassy. This points to a lack of transparency in the staff posting process.

3. Posted and local staff expressed reservations about the management skills of embassy managers, particularly with respect to work organisation, communication and information sharing. These reservations are shared, to some extent, by embassy managers, who indicated the need for additional skill development in this area. This is currently being addressed by HQ, as tools to improve embassy management, including job profiles for embassy managers and a training course for deputy heads, are being developed.

4. A range of training courses is available to embassy staff, including pre-departure training for posted staff and an orientation course for new local staff. However, staff indicated the need for more or improved professional development opportunities. Local staff noted particularly the need for more professional development opportunities and posted staff noted particularly the need to improve the pre-departure training.

5. There has been a decline in the number and value of ERH-contracted Danish/international consultants for decentralised embassies. It is not known however why this is the case or whether it has been offset by an increase in locally-engaged national and international consultants. Embassy staff indicated that they have access to more financial resources for engaging consultants than they presently use. However, there appears to be reluctance in some embassies, and among some staff, to use consultants to a larger extent, reportedly because of the additional work they create for embassy staff (e.g. preparation of the ToR, selection of consultants, management of the contracts and supervision of the consultants' work).

6 Conclusions and Recommendations

Overall, it is not possible to assess whether decentralisation has improved the quality of Danish aid. However, it is the assumption of this evaluation that stronger Danish support for the principles of the Paris Declaration – particularly the principles of alignment and harmonisation processes – in partner countries will, in itself, raise the quality of Danish development aid.

Overall, stakeholders – embassy staff and government and development partners – indicated that the decentralisation of Danish aid management has been the right approach. They would not want to reverse the decision on decentralisation. However, there are some features of the decentralised model that are not supportive of the principles of the Paris Declaration. These are summarized in these conclusions and recommendations are proposed that focus on how the model could be adjusted to support more effectively the Paris Declaration and lead to improvements in the quality of Danida's programming.

Before addressing these issues for improvement in the model, recommendations arising from the lessons learned about the process of decentralisation are presented for the benefit of any other development partners who are considering decentralisation of their aid management.

Process of Decentralisation

The decentralisation process was largely very effective and there are a number of best practices in the decentralisation process that contributed to the successful practices that exists today. These are key factors that other development agencies should consider in any decentralisation planning.

Recommendation 1: It is recommended that other development agencies follow the good practices identified in Danida's decentralisation, including ensuring that:

- There is clear and consistent senior management support for decentralisation and ensuring that this is communicated regularly to staff, both verbally and in the creation of a senior level group to spearhead the process;
- The pace in preparation of decentralisation is maintained so that the process is not derailed; and
- Appropriate policies, procedures and tools to guide the decentralised management of programmes are in place and disseminated to staff before the decentralisation is launched.

There were, however, also factors that were missed in Danida's decentralisation process and may be at the origin of some areas in which the current decentralised model needs to be adjusted. This also suggests ways in which other development agencies considering decentralisation might avoid these challenges.

Recommendation 2: It is recommended that other development agencies considering decentralisation ensure that:

* The human resource implications of decentralisation are assessed and a human resource strategy is put in place to address these challenges;
* The impact of decentralisation on HQ operations is assessed and any need for HQ reorganization is considered;
* Communications with staff on the decentralisation process and changes resulting from decentralisation is ongoing and addresses the evolving needs of staff;
* Pilot projects, with clear objectives, are carried out and evaluated and the lessons learned contribute to the development of the final decentralised model; and
* The agency adequately documents the decentralisation process and develops a plan for evaluating the decentralisation process and outcomes and that this plan includes a clear statement of the objectives of the decentralisation and criteria/indicators for measuring the outcomes. In particular, it seems appropriate to do an evaluation after two or three years of implementation, to identify and share best practices, as well as to address the main challenges with the adopted decentralised model.

Authorities and Tools

Under the Paris Declaration, the donor community is gradually moving towards more joint programmes – joint with national governments and/or other development agencies. As such, Danida needs to ensure that its procedures and tools are adequately flexible to allow embassy staff to engage effectively in alignment and harmonisation. The evaluation found that, with a few exceptions, embassies have adequate authorities for programme design and implementation and the Danida guidelines and procedures are adequate to support embassy staff and contribute to the Paris Declaration principles of harmonisation and alignment. However, there are a few areas in which the interpretation of these guidelines or the guidelines themselves limit the flexibility that the embassies have at the country level.

Two particular concerns were expressed by embassy staff. The first related to the requirement to address HQ-identified cross-cutting issues and priority themes. There was concern about the lack of clarity on the need to integrate these issues and themes into embassy programming and reporting and the challenges they pose to embassies that are, at the same time, being encouraged to focus more their programmes. The second was the level of detail required for the Programme Document and the extent to which these requirements contribute to a perception that Danida is micro-managing its aid, particularly in the context of joint programmes. The evaluation notes, however, that Danida is currently in the process of revising its AMG.

Recommendation 3: It is recommended that the Aid Management Guidelines be revised with a particular view to:

* Facilitating the interpretation of the Guidelines in order to more explicitly encourage embassy staff to make use of national or joint formats/procedures for programme preparation and implementation and to loosen the specific Danida requirements for joint programme documents;
* Toning down and limiting the rather detailed requirements for the Programme Document;

- Including on the AMG website more practical examples on joint programming and practical programme implementation (e.g. how to prepare ToR and monitor external consultants);
- Clarifying expectations with respect to the cross-cutting issues and, in particular, the priority themes and reducing the reporting requirements on these issues;
- Opening the possibility of joint programme reviews with other donors that do not include BFT participation; and
- No longer requiring the use of a separate Danish embassy reporting format, when joint reviews are carried out with other donors.

It is important that these recommended adjustments to the guidelines be communicated clearly to all embassy programme staff, in order to ensure a common understanding and application of the AMG in the future.

Quality Control and Accountability Mechanisms

The programme appraisal function is considered a key mechanism for ensuring quality in Danida's programmes. While the AMG allow some flexibility, the bottom line is that an appraisal (whether Danida-driven or a joint appraisal, whether based on a field mission or a desk review) is required for all programmes over DKK 30 million. The evaluation findings suggest that the approach to the HQ-driven appraisals is not consistent with the principles of alignment and harmonisation. The challenge is to find an approach to programme appraisals that is more consistent with the Paris Declaration principles without adversely affecting the quality of Danish aid. As noted earlier, Danida is currently revising its AMG.

Given the challenges of ensuring the necessary competencies at the embassy, embassy staff and their partners could benefit from more technical advice and sparring from BFT or other technical experts in the early stages of programme formulation for the larger, more complex, joint programmes that are being prepared under the new aid effectiveness agenda. If more technical support is provided to the embassies earlier in the programme formulation process, it may be possible to develop a higher quality programme design early in the process, which would then not require substantial changes later. This would reduce the perception that Danida is micro-managing its aid and strengthen ownership, alignment and harmonisation of Danish aid.

Recommendation 4: It is recommended that the current system for ensuring quality in programme development be revised to encourage the involvement of BFT and/or other technical experts earlier in the programme formulation process (at the design stage) and encourage continuous use of BFT and/or other technical advice through:

- Replacing the current appraisal procedure with the provision of technical inputs and/or a pre-appraisal mission during the programme design stage, which involves national and development partners;
- In addition to the semi-annual videoconferences with BFT and embassy management, establishing and communicating clear and flexible mechanisms for embassy and HQ staff to ensure continuous technical advice and support to embassies throughout the programme formulation process; and
- If necessary and supported by the embassy, planning a BFT desk appraisal prior to programme approval.

Embassy staff are required to report on selected indicators in the VPA. These indicators measure the performance of the country programmes and the information is used in Danida corporate reports. However, the use of these indicators at HQ is not well understood by embassy staff. If they are used to measure development results, then some staff suggested that the indicators are somewhat arbitrary, the data available to measure the indicators may be weak and the timeliness of information is questionable. If, as has been suggested, they are used only to measure target achievement, then there is a gap in Danida's measurement of development results, which is inconsistent with the Paris Declaration principles.

Recommendation 5: It is recommended that the MFA reassess the use and usefulness of the VPA indicators in order to improve its ability to report on Danida's development results.

Embassy Human Resources

Decentralisation has human resource implications for the embassies. There is a need to strengthen the resources available at the embassy – both to accommodate the challenges of the Paris Declaration (e.g. skills in policy dialogue, negotiation, public sector financial management) but also to manage large, complex decentralised programmes and a different profile of embassy staff. This requires the development of a human resource development strategy, including clarification of the roles and responsibilities of HQ and the embassies for professional development and a strengthening of opportunities for embassy staff.

Recommendation 6: It is recommended that the MFA develop a human resource strategy that explicitly considers:

* The requirements of, and support for, management functions at the embassies;
* A more direct and transparent involvement of embassy management in the recruitment process for posted staff;
* A more integrated approach to recruitment and competence development; and
* Clarification of the roles and responsibilities between HQ and the embassies for staff professional development.

A range of specific professional development needs were identified in the evaluation. The two main areas were non-sector-specific training (e.g. public sector financial management, the Paris Declaration principles, new aid modalities (including various forms of budget support), negotiation skills and policy dialogue) and programme management training (e.g. contract management, results management, the AMG, and Danida's reporting cycle). Moreover, given the importance of the local context and the varying capacities at individual embassies, more opportunities are required for embassy staff to learn from the experiences and practices at other embassies in the region.

Recommendation 7: It is recommended that the MFA strengthen professional development by ensuring that:

* Professional development opportunities are considered more systematically in the MRS/VPA process, including, for example, allocating resources for the systematic mentoring of new posted and local staff;

- Embassy management provides the time and equipment required to facilitate staff accessing professional development opportunities; and
- More frequent regional exchanges of experiences (e.g. workshops, seminars).

Interviews with HQ staff indicated that the quality of programme work varies considerably across embassies. In addition, the evaluation found that there are large differences among the 15 programme embassies on how they make use of support functions (such as BFT support and the use of external consultants) to fill in competence gaps. A key challenge facing the MFA is, therefore, how to ensure that embassies facing particular challenges in terms of staff competence will get sufficient support to enable them to deliver the expected quality in Danish programming. This is a particular challenge within a highly demand-driven support system.

Recommendation 8: It is recommended that the MFA take a more differentiated approach to planning and allocation of HQ resources for technical support and quality functions for embassies and that this be based on an assessment of the specific competence gaps.

The use of Danish/international consultancies has declined. Yet, if the challenges that embassy staff appear to face in contracting and managing these consultancies can be addressed, they represent an opportunity to strengthen embassy capacities.

Recommendation 9: It is recommended that the MFA encourage and facilitate a more strategic use of external consultants to fill current competence gaps at the embassies through, for example, instituting an annual planning process for the use of consultants and encouraging the use of framework contracts, particularly in embassies that are currently making only limited use of this modality.

Annex 1   Terms of Reference

1   Introduction and background

1.1 Introduction

DAC's 2007 Peer Review of Denmark concluded that the key strengths of Denmark's development co-operation system are its legal basis, strategic framework, institutional system and emphasis on quality assurance. The Peer Review also stated that combining a decentralised but highly integrated system within Ministry of Foreign Affairs (MFA) headquarters and in the field has proven effective. It found that these strengths ensure that Denmark is in a good position to address the MDGs and the aid effectiveness agenda. Against this background, the Peer Review invited Denmark to evaluate its decentralised aid management. It was found that such an evaluation could benefit other DAC members engaged in a similar process as well as those considering decentralising, including new donors.

1.2 Background

In 2000 Denmark launched a pilot project for decentralisation of the bilateral development administration. This involved the Danish embassies in Dar es Salaam, Hanoi, Cotonou and Managua. By 2003 decentralisation was rolled out to 16 embassies in countries where Denmark supported large cooperation programmes. At present, the decentralised embassies play a pivotal role and have considerable responsibilities in the management of Danish international development assistance. The decentralisation process was followed by a number of institutional changes at MFA headquarters level, including the establishment of a new department for quality assurance (KVA) and a new centre for competence development (DCCD).

After the decision to launch an evaluation, the Evaluation Department contracted (October 2007) an external process consultant to prepare a preliminary analysis of the decentralisation process and the changes in procedures and guidelines that have accompanied this. The process consultant read and annotated numerous documents on the decentralisation process that were made available from different MFA files and dossiers. He also interviewed top management officials of MFA, both present officials and those who served around 2000, members of the Task Force on Increased Decentralisation (2002), and others. … Further details on the additional products delivered by the process consultant are listed in Section 8 below.

2   Objectives

The evaluation of the decentralised Danish aid management has two objectives:

1. To assess, in view of the evolving international aid agenda, in particular the Paris-declaration, and based on five years' experience with a decentralised Danish aid management, the possible need for adjustments in the current decentralised aid management and to make concrete and realistic recommendations on these adjustments.
2. To identify and analyse the principal lessons and experiences from the decentralisation process that may have general interest and applicability.

Although the decentralisation has entailed considerable institutional changes at the MFA headquarters, the evaluation will focus on the embassy level.

It follows from the above that the primary target audiences are Danish MFA and other DAC members.

3 Outputs

The consultant will produce the following primary outputs:

- Draft Inception Report
- Final Inception Report
- Short reports on each country visit
- Short report based on questionnaire sent to decentralised embassies not covered by field visits
- Draft Evaluation Report
- Final Evaluation Report

The purpose of the inception phase is for the evaluation team to prepare a detailed operational plan, i.e. the inception report, for the next phases of the evaluation: fieldwork and reporting. The structure of the Inception Report should as far as possible be based on the outline given in Evaluation Guidelines.

A standardised format should be developed for the reporting (max. 10 pages per country) that is to be made at the end of each country visit. The format should be approved with the final Inception Report before the commencement of fieldwork. It is envisaged that the evaluation shall comprise visits to Benin, Burkina Faso, Ghana, Uganda and Zambia. A debriefing/validation session should be held with the embassy prior to the evaluation team's departure from each country. The country reports should be in English in Ghana, Uganda and Zambia and in French in Benin and Burkina Faso.

A short questionnaire will also be developed during the inception phase. The questionnaire will be sent to decentralised embassies not visited by field trips. A draft version of the questionnaire will be included in the Inception Report.

The Final Report shall be written in English. The main report should be of 40-50 pages of length, of which a substantial part is to be made up of the main conclusions and recommendations. Detailed findings are referred to the annexes, as necessary. An executive summary, written as a self-contained paper of maximum 4 pages, should be delivered. In addition a longer executive summary of 8-10 pages should be prepared in French, The structure of the Final Report should follow the outline given in Evaluation Guidelines. The Final Report should be in accordance with the Danish MFA's layout for evaluation reports.

The due dates for the presentation of the deliverables listed above are stated in Section 6 (see below).

4   Scope of work

The evaluation of the decentralised Danish aid management will as far as possible rely on the DAC Peer Review, the ongoing evaluation of the implementation of the Paris Declaration, and the desk work and interviews carried out by the process consultant. It is expected that the background report for this evaluation obviates the need for further study and analysis of the reasons why the decentralisation was carried out, and the document on "Roles and responsibilities – changes over time" will constitute the basis for the evaluation's description of the changes, which have taken place as a consequence of the decentralisation.

Rather than spending time on this, the evaluation should have a forward orientation with focus on (i) whether there may be a need for adjustments in the current decentralised aid administration and (ii) assess the lessons and experiences from the decentralisation process. The aim is to generate proposals that may contribute towards improving the current Danish decentralised aid management and to draw lessons for a wider audience.

The scope of work may be divided into two parts with the following main evaluation questions:

Part I: Assessment of the need for adjustments in the decentralised Danish aid management

Issue A – Staff use of time, motivation and staff competence at decentralised Danish embassies:

- How does the decentralisation impact on the way in which embassy staff use their time?
- How does the decentralisation influence the sense of ownership for the development programmes among embassy staff and their level of job-satisfaction?
- Do embassies have the right mix of staff competences to meet the challenges that have come with decentralisation? Can areas be identified where additional staff training is needed?

Issue B – Local government partners:

- How do government partners assess the relationship between their ownership of activities funded by Denmark and the Danish decentralised aid management?
- Compared with others, how are the flexibility and response time of Danish embassy staff seen by government partners?
- Compared with others, how is the understanding of the country situation, technical competence and "partnering skills" of Danish embassy staff in the context of Danish contributions to national development programmes?

Issue C – Local donor partners:

- Compared with others, how are the flexibility and response time of Danish embassy staff seen by local donor partners in the context of Danish participation in jointly funded development programmes (e.g. SWAPs)?

- Compared with others, how is the technical competence and "partnering skills" of Danish embassy staff in the context of their participation in jointly funded development programmes (e.g. SWAPs) and to take on the lead role in various sectors?

Issue D – Embassy relations to MFA headquarters:

- What is the embassies' assessment of the relevant procedures, which guide programme preparation and management? Can adjustments in these procedures be identified, which will further facilitate harmonisation and alignment?
- A feature of the decentralised Danish aid management is a stronger focus on result management and quality assurance. How do the embassies perceive the current balance of competencies and responsibilities vis-à-vis the MFA headquarter within these specific areas?
- What is the embassies' assessment of the current rules and procedures relating to grant approval and management of administrative budgets. Would any feasible changes in these areas increase administrative efficiency and the effectiveness in terms of greater adaptability to changes, etc?

Issue E – Assessment of the need for possible adjustments in the decentralised Danish aid management:

Based on issues A-D assess the possible need for adjustments in the current decentralised aid management and prepare, where relevant, concrete and realistic recommendations. These recommendations will take the present budget framework (2008) as given.

Part II: Lessons and experiences from the decentralisation process

Issue F – The process of implementing the decentralisation:

- Was the process of staff hearings and establishment of broad-based working groups and task forces suitable to ensure sufficient buy-in to the decentralisation process from staff at the Danish MFA (headquarters and at embassies)?
- What were the main benefits and utility of starting with a pilot project to decentralise?
- How critical was the strong commitment of the management of the South Group of MFA for the implementation of decentralisation?
- The decentralisation was fully implemented over a relatively short time period. How key was the pace for the decentralisation process?
- In the Danish decentralisation it was made clear by the management of the South Group of MFA that the decentralisation was not an element in a round a budget cuts. How important was it for the decentralisation process that it was a clear intention for the management of the South Group of MFA that the decentralisation itself should be neutral for the embassies in terms of resources?

The work of the evaluation team shall follow the DAC Principles for the Evaluation of Development Assistance which means, among other things, that the evaluation shall be guided by DAC's definition of the criteria for evaluating development assistance: relevance, efficiency, effectiveness, impact and sustainability. Given that the decentralisation of the Danish aid management has been essentially a process of institutional reform, the Evaluation Department anticipates that the most relevant evaluation criteria for this evaluation shall be "effectiveness," with secondary emphasis given to the "efficiency" dimensions of the decentralisation.

5   Methodology

The methodology to be applied in the evaluation will be further developed and detailed in the inception phase. The evaluation will draw on the following documents and main types of sources of information:

• The DAC Peer Review of the development programmes and policies of Denmark
• Documents from the ongoing evaluation of the Paris-declaration, including the Danish MFA headquarters evaluation
• MFA documents
• The background report and various documents prepared by the process consultant
• Interviews with MFA-staff, both in Copenhagen and at embassies
• Interviews with main local government partners in the countries visited by the team
• Interviews with local donor partners in the countries visited by the team
• Questionnaire to other decentralised Danish embassies

6   Work plan

The Evaluation Department expects that the invitation to tender for the contract to undertake the evaluation can take place in April 2007. This means that the evaluation assignment could commence in June 2007.

The following estimates are made regarding required consultant time:

Inception phase: 2 man-month
Country visits: 6 man-months

(It is anticipated that a total consultant input of 5 working weeks is required for each of the country visits (based on two consultants visiting each country). With five country visits planned, this will require an input of approximately 6 man-months)

Questionnaires to decentralised embassies: 1 man-months
Evaluation synthesis report and associated workshops at Danida: 6 man-months.

Altogether, a consultant input of 15 man-months is expected. Allowing for 2-3 team members and time required for commenting on draft documents, mission planning etc. the Draft Report will be expected in the end of 2008 and the final report in the beginning of 2009.

Assuming that work on the evaluation commences on 15 June 2008, the following presentations and report submissions can be tentatively planned:

• Draft Inception Report   20 July 2008
• Final Inception Report   15 August 2008
• Workshop at Danida   August 2008
• Short reports on each country visit   1 November 2008
                                 (submission of last report)
• Draft Evaluation Report   1 January 2009
• Final Evaluation Report   1 March 2009
• Presentation of Evaluation Report March-April 2009

7 Composition of evaluation team

The Evaluation Department believes that a small team of consultants is required for this assignment, 2-3 senior consultants.

The consultants should hold at least a Master's Degree in a relevant field (public administration, development planning, economics, or similar) and the team members should have working experience from Africa, ideally from some of the countries to be covered by the evaluation. The consultants should be fluent in English, and at least one consultant should be fluent in Danish respectively French. Both consultants should have excellent communication and writing skills, and at least one should be thoroughly familiar with the aid effectiveness agenda (Paris Declaration, harmonisation and alignment). The team leader should be an expert on evaluation and have good communication skills, and at least one of the team members should have solid and long-term experience from international development work. Finally, substantial knowledge of Danish development assistance is required from at least one of the consultants.

8 Financial Proposal

The financial proposal up to a maximum of DKK 2.5 million must include all cost of fees and personnel related expenses as well as project related costs, cf. Appendix C.

9 Documents available

DAC Peer Review
The Evaluation of the Paris Declaration
Danida documents (most available on: http://www.amg.um.dk/en)
• Organisation Manual for the Management of Danish Development Cooperation (September 2006)
• Guidelines for Programme Management (October 2007)
• Guidelines for Annual Business Plan 2008 (VPA).

Documents produced by the external process consultant
• Background report (December 2007)
• Annotated lists of documents on decentralisation from MFA files and dossiers (translated to English):
    o Sub-folder 1: 2001
    o Sub-folder 2: 2002, Task Force on Decentralisation
    o Sub-folder 3: 2002, VPA
    o Sub-folder 4: 2003, VPA
    o Sub-folder 5: Pilot Project
    o Sub-folder 6: Archives on Decentralisation
• Timeline on the decentralisation of Danish bilateral assistance (table)
• Roles and responsibilities – changes over time (matrix).

Annex 2   Evaluation Methodology

The evaluation was carried out between June 2008 and May 2009 by a consortium of *t*wo firms: Goss Gilroy Inc. (Canada) and Orbicon A/S (Denmark). The evaluation team included:

- Three staff from Goss Gilroy Inc.: Sheila Dohoo Faure (team leader), Steve Mendelsohn, and Louise Mailloux; and
- One from Orbicon A/S: Carsten Schwensen.

The evaluation was carried out in three phases:

- Evaluation planning (June to August 2008), culminating in the development and approval of an Inception Report;
- Data collection (August to May 2009), during which the team implemented all lines of evidence; and
- Analysis (January to May 2009), which overlapped with the data collection. A first draft report was prepared in January 2009 and then a second draft, after additional data collection, in May 2009.

This annex describes in detail the evaluation objectives, indicators, data collection and analysis.

Evaluation Objectives

The evaluation objectives were to:

- Assess, in view of the evolving international aid agenda, in particular the Paris Declaration, and based on five years' experience with a decentralised Danish aid management, the possible need for adjustments in the current decentralised aid management and to make concrete and realistic recommendations on these adjustments; and
- Identify and analyse the principal lessons and experiences from the decentralisation process that may have general interest and applicability.[109]

The expectation was that the evaluation would assess the decentralisation of Danish aid management primarily from the perspective of the embassies – as opposed to HQ.[110]

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109) *"Consultancy Services Tender Dossier: Evaluation of the Decentralised Danish Aid Management", MFA, Danida, April 2008, Appendix B, p. 42*

110) *As will be seen in the discussion of the evaluation lines of evidence, the collection of information on the perspectives of HQ managers was added to the evaluation methodology in order to provide a better context for assessing the embassy staff perspectives.*

Evaluation Criteria and Indicators

Based on a limited literature review and the knowledge and experience of the team members, the team identified three criteria for assessing the effectiveness of decentralised aid management in the current context:

*   Adequate authorities and tools (policies, guidelines and procedures) to guide programme design and implementation to meet country needs, while still maintaining quality in programming;
*   Adequate accountability mechanisms for quality control and adequate reporting mechanisms to ensure high quality programming and compliance with the guidelines/procedures; and
*   Qualified management and programme staff resources.[111]

In order to conceptualise further these criteria, the team used a number of indicators to assess the performance of the Danish decentralised aid management. These are outlined in Figure 1.

Figure 1:   Criteria and Indicators for Assessment of Decentralised Aid Management

Criteria	Indicators
Adequate authorities and tools	• Authorities provide adequate flexibility for embassies to apply the principles of the Paris Declaration (particularly alignment and harmonisation) • Adequacy of tools (policies, guidelines, procedures) to support embassy staff in management of high quality bilateral aid programmes that are consistent with the Paris Declaration • Tools provide support that is adequate to supplement the competencies of embassy staff • Authorities for embassy management are clear and adequate
Adequate quality control and accountability mechanisms	• Accountability mechanisms effectively ensure the application of policies/procedures • Accountability mechanisms do not unnecessarily hamper the embassies' ability to apply the Paris Declaration principles • Accountability mechanisms are efficient (no overlap or duplication) • Reporting mechanisms provide adequate information to HQ to manage the global bilateral programme and support others components of the HQ mandate • Reporting mechanisms do not place an unnecessary burden on embassy staff

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111)   *As will be seen in the discussion of the evaluation lines of evidence, the collection of information on the perspectives of HQ managers was added to the evaluation methodology in order to provide a better context for assessing the embassy staff perspectives.*

Adequate embassy human resources	• Management processes are adequate to ensure the recruitment and posting of embassy staff with the necessary competencies to manage the bilateral aid programme
	• Professional development processes are adequate to ensure the continuous learning and development of embassy staff
	• Embassy staff have adequate access to effective technical support (from HQ or through external consultants)
	• Embassies have adequate management competencies to be responsible for the bilateral aid programme and the professional staff to manage the programme
	• Staff are adequately motivated to operate in a decentralised management context

Evaluation Lines of Evidence

The evaluation included five lines of evidence and each is described below:

1.   Document, Literature and Data Review

A document, literature and data review was conducted. The *document review* included background documents on Danida, recent reviews of Danida's aid management, its programming and operational guidelines and information on Danida's operations corporately. Key documents consulted were:

"Assessment of Country Programme: 2008", Word template for Assessment of Programme Support, Review of Aide Memoires, annual review of PRS, etc., 2007-08

"Communication Policy 2007-09", MFA, January 2007

"Danida's Annual Report 2007: Denmark's Participation in International Development Cooperation", MFA, Danida, June 2008

"Danida's Centre for Competence Development (DCCD) Annual Report 2004, DCCD, (no date)

"Decentralisation of the Danish Aid Management: A Preliminary Analysis (Background Paper)", COWI, March 2008

"Development Co-operation Review: Denmark", OECD, Development Assistance Committee, 2003

"Financial Management Guidelines", MFA, 13 May 2004

"Follow-up on Staff Satisfaction Survey 2005: Greater focus on managerial development", (Word document), Mette Marie Volander, (no date)

"Follow-up on the 2005 Staff Satisfaction Survey", (Word document), Senior Management, June 2005

"Guidelines for Annual Business Plan 2008 (VPA)", MFA, KVA, 2008

"Guidelines for Country Strategy Processes (Joint and Bilateral)", MFA, Department for Development Policy, Department for Development Policy, Danida, September 2007

"Guidelines for Country Strategy Processes (Joint and Bilateral)", MFA, Department for Development Policy, September 2007

"Guidelines for Programme Management", MFA, Department for Quality Assurance of Development Cooperation, Danida, October 2007

"Guidelines for the Provision of Budget Support", MFA, Department for Development Policy, Danida, September 2007

"Guidelines: Programme Committee for Bilateral and Multilateral Development Cooperation", MFA, Danida, Department for Quality Assurance of Development Assistance, January 2008

"Organisation Manual for the Management of Danish Development Cooperation", MFA, Danida, Department for Quality Assurance of Development Cooperation, September 2006

"Paris Declaration on Aid Effectiveness: Ownership, Harmonisation, Alignment, Results and Mutual Accountability", High Level Forum (Paris), February 28-March 2, 2005

"Performance Management Framework for Danish Development Cooperation 2006-2007", MFA, Danida, Quality Assurance Department (KVA), December 2005

"Phase One of the Evaluation of the Implementation of the Paris Declaration – Case Study Denmark: Evaluation Report", MFA, Evaluation Department, Danida, June 2008

"Principles for Provision of General Budget Support", MFA, Danida, Department for Development Policy, May 2006

"Priorities of the Danish Government for Danish Development Assistance: Overview of the Development Assistance Budget 2009-2013", MFA, August 2008

"Staff Satisfaction Survey 2005: Greater satisfaction – with room for improvement", (Word document), Mette Marie Volander, (no date)

"Staff Satisfaction Survey in the Royal Danish Ministry of Foreign Affairs", Rådgivende Sociologer A/S, MFA, Danida, May 2004

"Staff Satisfaction Survey", Rådgivende Sociologer A/S, MFA, Danida, May 2006

"Strategy for Staff Competence Development: Development Cooperation", MFA, Danida, June 2005

"Terms of Reference: Performance Review of Bilateral Representations" (3rd Round, 2008-10), MFA, KVA, July 2008.

The document review provided three types of information – information on the components of decentralisation, information on other views of Danida's operations and information on other donor policies and practices. The information on decentralisation was used to inform the development of other data collection instruments and to provide the evidence for actual policies and procedures. The information from other reviews of Danida's operations was used to corroborate or present another point of view on issues identified in the case studies.

The team conducted a limited *literature review* to identify the criteria for assessing the effectiveness of the decentralised aid management. The team found no literature addressing specifically the decentralisation of aid management. In the context of international development, the literature on decentralisation relates to the use of development assistance to support the decentralisation in partner countries. Some academic literature was found that deals with the decentralisation of public sector management. However, the applicability to this evaluation was limited. The few sources that were of use for this evaluation report include:

"A Sequential Theory of Decentralization and its Effects on the Intergovernmental Balance of Power: Latin American Cases in Comparative Perspective", Tulia G. Falleti, Working Paper #314, July 2004

"Decentralization – Why and How?", Walter Kälin, (no date), http://www.ciesin.org/decentralization/English/General/SDC_why_how.pdf

"Denmark's Development Policy: Analysis", MFA, Danida, October 2000

"Denmark's Development Policy: Strategy", MFA, Danida, October 2000

"Effective Aid Management, Twelve Lessons from DAC Peer Reviews", OECD, 2008

"Evaluation of the Decentralisation Strategy and Process in the African Development Bank: Concept Note", African Development Bank Group, Operations Evaluation Department (OPEV), October 2008

"Full Report of the Review of WFP's Decentralization Initiative", Office of Evaluation, WFP, May – June 2003.

"Government Decentralization in Comparative Perspective: Developing Countries", Rondelli, et al., 1981, http://www.fao.org/docrep/006/ad697e/ad697e03.htm#bm03

"Identifying the Necessary Conditions for Successful Decentralization", Management Sciences for Health (MSH), 2006 http://erc.msh.org/mainpage.cfm?file=2.2.1f.htm&module=health&language=English

"Incentives for Harmonization and Alignment in Aid Agencies": A Report to the DAC Working Party on Aid Effectiveness", Paolo de Renzio with David Booth, Andrew Rogerson, Zaza Curran, Overseas Development Institute, November 2004

"Paying their Fair Share – Donor Countries and International Population Assistance", SR Conly et al., Population Action International, 1998 http://www.populationaction.org/Publications/Reports/Paying_their_Fair_Share/Summary.shtml

"Reforming the international aid architecture: Options and ways forward", S. Burall et al., Overseas Development Institute, Working Paper #278, October 2006, http://www. odi.org.uk/resources/download/616.pdf

"Report of the United Nations Global Forum on Innovative Policies and Practices in Local Governance", United Nations (DDSMS and UNDP), September 1996, cited in Decentralization: A Sampling of Definitions (Working paper prepared in connection with the Joint UNDP-Government of Germany evaluation of the UNDP role in decentralization and local governance) October 1999

"The Fragmented State", Ronan Paddison, Oxford, 1985, , in http://www.ciesin.org/ decentralization/English/General/SDC_why_how.pdf

"The Heart of the Nation: Regional and Community Government in the New South Africa", Francis Kendall, Norwood , 1991, in http://www.ciesin.org/decentralization/ English/General/SDC_why_how.pdf

"The Online Sourcebook on Decentralization and Local Development: Rationale for Decentralization", World Bank, Decentralization Thematic Team, (no date), http:// www.ciesin.org/decentralization/English/General/Rational.html

"UNFPA and Government Decentralization: A Study of Country Experiences", UNFP Issue 30, June 2000

"What is effective decentralization?", WB, 2009, http://go.worldbank.org/ LV3DHULDH0

The team also collected and analysed some *administrative data* to reflect Danida's decentralised operations. However, systematic data on embassy operations is limited. For example:

- A MFA time management system was put in place a few years ago but the available information was not useful for the evaluation and information was not available for the period prior to decentralisation. Interviews conducted during the case studies suggest that the information on the use of time by embassy staff is not being entered into the system systematically or consistently. Limited information being extracted from the system at HQ was available or useful for this evaluation, since the standard reports did not address specifically the evaluation issues;
- The team was unable to get a staff profile for all programme country embassies, since HQ was reportedly not always aware of the current level of embassy-level staffing, particularly with respect to local staff;
- Information on the embassies' use of external consultants is available from HQ, but only for those contracted through the HQ contracting unit (ERH). Information on the use of local consultants and consultants contracted through national procurement systems could only be obtained from the embassies, but the information was not reported in a systematic fashion that would have allowed for aggregating the information across embassies.
- The team received copies of the results of recent Danida staff satisfaction surveys. It then request survey information specifically for the decentralised programme countries; however, the information was not available in time for the drafting of this report.

Since there was limited administrative data available to describe the decentralised operations, the team had to rely to a greater extent on the case studies to collect information about the operations of the programme embassies.

2.   Case Studies
Case studies were conducted in five programme countries (Burkina Faso, Benin, Ghana, Uganda and Zambia). Two team members conducted each case study, with the exception of the first case study in Zambia, which was considered as a pilot of the methodology for the case studies and three team members participated. Considerable revisions to the approach and the interview guides were made during and after the pilot case study. The Head of the Evaluation Department accompanied the team in two the case study countries, including the pilot project in Zambia.

Each case study included:

* A *review of country-specific documents.* The team requested information on Danida's programming in the country and the profile of the embassy in advance of the field missions. However, only one country was able to provide information in advance – most provided some written documentation to the team on arrival. The information provided included generally information on Danida's programming in the country (Concept Papers, programme documents, programme summaries), the staff profile of the embassy and, on occasion, organisation manuals. The team also requested additional documents as they were identified during the mission.
* *Interviews* with Danish embassy staff (management, posted, local and contracted staff), national government and development partners. In some countries, interviews were also conducted with non-government organisation representatives and Danish-funded Technical Advisors. In each case study, between 22 and 49 individuals were interviewed. Interviews were conducted using a structured interview guide.

Number of Interviews and Respondents, by Country and Category

Category	Case Study Country				
	Benin	Burkina Faso	Ghana	Uganda	Zambia
Embassy Management	2	2	2	2	1
Posted/ International Staff	4	5	6	6	4
Local Staff	3	5	6	8	3
Technical Advisors	7	3		3	2
Country Partners	21 interviews – 6 ministries	6 interviews – 4 ministries	5 interviews – 4 ministries	12 interviews – 4 ministries	9 interviews – 6 ministries

Donor Partners	12 interviews – 7 donors	10 interviews – 10 donors	3 interviews – 3 donors	9 interviews – 6 donors	17 interviews – 9 donors
NGO Partners			1 interview – 1 NGO		8 interviews – 2 NGOs
Total	**49**	**31**	**23**	**40**	**44**

A list of interview respondents, by case study, is provided at the end of this annex. Following each case study, a case study report was prepared and shared with embassy management. Comments from the embassies reviewed, but the case study reports were considered as internal working papers for use by the evaluation team as a way to summarise the key findings from each case study.

The case studies provided qualitative information to address the evaluation issues – primarily information on the perceptions of embassy staff and government and development partners on Danida's decentralised aid management. There are a few observations that should be made on this qualitative data to assist the reader to interpret the findings:

- When the report refers to "embassy staff", it includes posted and local staff, as well as contracted embassy staff. When it refers to "posted" staff, it includes both managers (ambassadors and deputy heads) and programme officers (including contracted staff). If comments related to one specific group, within these two groups, it is specifically identified.
- It is not possible to say how many respondents raised an issue (particularly since some interviews were conducted in groups). Given the nature of qualitative research (for example, the selection of interview respondents was not random, but rather based on recommendations of embassy staff and largely influenced at respondents' availability), it is not appropriate to attempt to quantify information from the case study interviews. The evaluation team weighed the information from the interviews according to the circumstances in the country (for example, whether the staff had recent experience with the programme formulation phase of the programme cycle, the extent of implementation of the Paris Declaration) and the extent to which the respondent has direct knowledge of the issues being assessed (for example, ambassadors commenting on relations with HQ, development and government partners talking about recent experience with programme formulation processes).
- Although it is not possible to quantify the interview responses, to provide a level of comfort with the representativeness of the evaluation findings, the report does identify, for key issues, the number of case studies in which a given issue was raised. In addition, the results of the online survey were used to substantiate issues raised in the case studies. The high survey response rate provides a high level of confidence in the results (See the description of the online survey below).

3. Management Questionnaire
A management questionnaire (using an open-ended questionnaire instrument) for ambassadors and deputy heads in the programme countries that were not included in the sample of case study countries was developed. The questionnaire replicated, to the extent possible, the questions covered in the case studies. However, the instrument had to be

much shorter and the number of questions that could be asked had to be limited to what would be appropriate and reasonable for an email questionnaire.

Questionnaires were sent to 20 individuals in nine embassies. Responses were received from seven individuals, covering six embassies. The information from the management questionnaires was treated in the same way as the case study information. Each team member reviewed the questionnaires to identify the findings with respect to the evaluation issues for which they were responsible.

4.   Online Survey

An online survey (including primarily closed-ended questions) was sent to all professional posted and local staff in all embassies with decentralised programmes. The online survey results were used extensively throughout this report to help overcome the challenge of having only qualitative information from the case studies.

The evaluation team drafted the questionnaire after completing two case studies in order to ensure that the survey addressed, to the extent, possible the main issues for embassy staff. The draft questionnaire was reviewed by the client (the Evaluation Department). Suggested changes were integrated into a final questionnaire, which was subsequently translated into French. Respondents were given the choice of responding in either English or French.

The staff names were provided by the Evaluation Department and a letter of invitation was sent out by the evaluation team. The letter included a personalised link to the online survey. Respondents could open the survey and then return to work on it at their convenience until they indicated that the survey was complete. Two reminder emails were sent to respondents and the survey timeframe was extended by about two weeks to allow more time for staff to respond. The response rate was 70% (see calculation below).

Calculation of Response Rate

	Number	Percent
Names identified by the Evaluation Department	161	100%
Survey invitations success-fully emailed	155	96%
Responses	109	70%

There was some variation in the response rate across the embassies, as shown in the table below. Although some of the higher response rates came from countries in which case studies were conducted (see shaded rows), similar response rates (e.g. greater than 60%) were also found in six non-case study countries. For this reason, the variation in responses rates is not considered to be a significant issue for the analysis of the online survey data.

Response Rate, by Embassy

Number of valid email

It was determined that the evaluation would benefit from interviews with senior managers at HQ in order to provide more context for understanding the findings on decentralisation from the perspective of embassy staff. HQ interviews had not been foreseen in the original evaluation ToRs. These interviews were conducted and a second draft of the report prepared for review by the Reference Group.

Evaluation Limitations

As with any evaluation, there are limitations to the extent that the methodology, as outlined in the ToR, can address the evaluation issues. There are three limitations: the reliance on qualitative data, factors that confound the assessment of the management of Danish aid and ongoing changes to Danida's aid management. These are discussed at some length in Chapter 1 of main text of the report. The evaluation team managed these limitations as much as it could so that, in spite of the limitations, this evaluation report provides a good assessment of the decentralised Danish aid management.

Case Study List of Interview Respondents

Benin

Ambassade Danoise Benin

Gert Meinecke	Ambassadeur
Esther Lønstrup	Première conseillère
Henrik Westerby	Conseiller Bonne gouvernance
Rikke Damm	Conseillère en Éducation
Birte Pedersen	Conseillère en Transport
Karl Jørgensen	Conseiller en Eau et assainissement
Abelle Dessou Houessou	Chargée de programme Agriculture
Sylvain Degré	Chargé de programme Aide budgétaire/ Bonne gouvernance
Ariane Djossou Segla	Chargée de programme Genre et VIH/SIIDA

Partenaires Nationaux

Ministère de l'Économie et des finances

Mathias Houdonougbo	Directeur adjoint de Cabinet
Justin Grandijon	Trésor
Bertrand Codjia	Directeur général – Budget
Ansèque Gomez	Décentralisation CSPEF
Raphale Koudjo	Secrétaire technique CSPEF

Ministère du Transport

Idrissou Tchenegnon	DGATP
Théodore Nadjo	Coordonnateur PASR
Mohamed, M. Yaya	DPR/PI
Albert Okidji	DER/DGTP
Sanson Balogoun	DPR
Firmin Hounsa	DPR

Ministère de l'Éducation maternelle et primaire
Moïbi Adamon   Point Focal
Emilienne Ousou   Chef Service Budget

Ministère de l'Enseignement secondaire et de la formation technique et professionnelle
Sylvie Dedewanou   DFQP
Gisèle Saïzonou   En service à la DPP
Bienvenu Yessouf   DIPP
Michel Ahouanvoegbe   En service à la CPMP

Ministère de l'Agriculture de l'Élevage et de la Pêche
Bienvenu Bonaventure   Directeur DPP
Yvette Akoèba Ayikoue   Administratrice et coordonnatrice de projet

Ministère des Ressources en Eau et Assainissement
M. Balisaniri   Directeur général
Félix V. Azonsi   Directeur
Grégoire Ale   Directeur de la planification et de la gestion de l'eau

Ministère de la Famille et de l'enfant
Rigobert K. Hounnouvi   Administrateur de l'action sociale –
                                  Secrétaire général du Ministère
Catherine Agossouvo   Genre et HIV/SIDA

Partenaires Techniques et Financiers

Agence française de développement
Fulvio Mazzeo   Directeur

Confédération Suisse
Claudio Tognola   Directeur Résident
Yvette Onifon Doubogan   Chargée de programme

Ambassade du Royaume des Pays-Bas
J.C.J. Vlaar   Chef de Poste
Carel De Groot   Premier Secrétaire (expert en Eau)

PNUD
Isidore Agbokou   Assistant Représentant
Evelyne C. H. Atadokpede   Assistante au Programme

UNCEF
Gervais Havyarimana   Chef du Programme Éducation

Comission européenne
Jean Barbé   Chef de la section 'Social et Bonne gouvernance'

Banque mondiale
Nouridine Dia   Économiste

Conseillers Techniques

Jaime Lopez	Conseiller technique secteur Agriculture (PADSA – Phase II)
Klaus Bach Andersen	Conseiller technique secteur Transport (PASR)
Herman Van de Voorde	Conseiller technique secteur Agriculture (PADSA – Phase 11)
Jean-Pierre Triboulet	Conseiller technique secteur Eau et assainissement (PADSEA)
Peter de Winter	Conseiller technique secteur Eau et assainissement (PADSEA)
Serge Chauve	Conseiller technique secteur Transport (PASR)
Linda Trudel	Coordonnatrice, Programme de Gouvernance et Droits de la personne

Burkina Faso

Ambassade Danoise Burkina Faso

Mogens Pedersen	Ambassadeur
Ulla Næsby Tawiah	Première conseillère
Peter B. Heinze	Conseiller financier
Mikael Erbs-Jørgensen	Chargé de programme/Bonne gouvernance
Jytte Wagner	Chargé de programme/Éducation
Abdoulaye Ouédraogo	Chargé de programme adjoint /Éducation
Peter Jørgensen	Chargé de programme/Eau et assainissement
Aboubacar Zougouri	Chargé de programme adjoint/Eau et assainissement
Anthony Van De Loo	Chargé de programme/Agriculture et développement rural
Ignace Ouédraogo	Chargé de programme adjoint /Agriculture et développement rural
Rina Lauritzen Trautner	Chargé de programme/ Énergie/Gendre/ Bonne gouvernance/B2B
Mariam Compaoré Diop	Macroéconomiste/Bonne gouvernance
Rihanata Sawadogo	Énergie/Consulat
Kristian Lund Kofoed	Stagiaire/Bonne gouvernance
Bernadette Boly	Secrétariat ambassadeur/Mini-projets/culture
Hortense Traoré	Secrétaire/réceptionniste
Alimita Ouédraogo	Archiviste

Partenaires Nationaux

Ministère de l'Économie et des Finances

Inoussa Ouiminga	Directeur, Coopération bilatérale
Nana Damini	Coopération bilatérale
François Zoundi	Secrétaire Permanent, Secrétariat permanent pour le Suivi des Politiques et Programmes Financier

Ministère de l'Enseignement de Base et de l'Alphabétisation

Innocent Zaba	Secrétaire Générale

Ministère de l'Agriculture, de l'Hydraulique et des Ressources Halieutique
Alphonse Bonou   Secrétariat Permanente, Secrétariat Permanente de la
                                  Coordination des Politiques Sectorielles Agricoles

Ministère des Ressources en Eau et Assainissement
Francis Bougaïre   Directeur Général, Ressources en Eau

Partenaires Techniques et Financiers

Agence française de développement
Patrice Tranchant   Directeur

Ambassade du Canada
Alfred Ouédraogo   Agent principal de développement (Coopération),
                                  Charge de Programme Éducation

Ambassade du Royaume des Pays-Bas
Paul Tholen   Premier Secrétaire, Bonne Gouvernance/ Politique

Ambassade du Suède
Cecilia Gjerdrum   Conseiller/Chef de Bureau

Ambassade de la République Fédérale d'Allemagne
Annette Coly   Conseillère au développement

Coopération Technique Allemande
Marina Mdaihli   Directrice Résidente

KfW
André Meyer   Directeur du Bureau

Union européenne
Stéphane Meert   Chef de Section Développement rural et Environnement

Banque mondiale
Pierre Kamano   Spécialiste senior de l'éducation

Banque africaine du développement
Tankien Dayo   Macroéconomiste

Conseillers techniques danois
Eric Hugo Hoogland   Conseiller technique
Jean-Paul Laude   Conseiller technique
Jacques Fournier   Conseiller planification, gestion et suivi-évaluation

Ghana

Danish Embassy Ghana

Stig Barlyng	Ambassador
Jan Pirouz Poulsen	Deputy Head
Wagn Winkel	Counsellor
Tine Lund	Counsellor Finance
Vibeke Gram Mortensen	Counsellor
Camilla Christensen	First Secretary
Lars Møller Larsen	Programme Coordinator
Lars Jepsen	Programme Coordinator
Fred Pappoe	Senior Programme Officer
Hammond Mensah	Senior Programme Officer
Anita Patience D'Almeida	Programme Officer
Suzan-Hermina Yemidi	Programme Officer
Mawuena V. K.	Programme Officer

National Goverment Partners

Ministry of Transportation

G.J Brock	Director of Research

Ministry of Trade and Industry

Mr Isaac Hagan	Senior Policy Specialist, Private Sector Development Strategy Coordinator

Judicial Service

Sandra Cofie	Director of the Judicial reform Project
Abdulkarim Mohammed	Development Policy and Project Management Specialist

Donor Partners

Embassy of the Kingdom of the Netherlands

Marius de Jong	First Secretary, Health and Gender

Department for International Development (UK)

Pauline Seenan	Deputy of DFID

Canadian International Development Agency

Michael Gort	Head of Cooperation

NGO Partners

Ibis
Birgitte Rasmussen

Uganda

Danish Embassy Uganda

Nathalia Feinberg	Ambassador
Henrik Larsen	Deputy Head of Mission
Anders Korsby	Financial Controller
Charlotte Kanstrup	Programme Officer
Lars Rimmer	Programme Officer
Karina Hedemark	Programme Officer
Warwick Thomson	Programme Officer
Peter Bøgh Jensen	Programme Officer
Steven Ajalu	National Programme Officer
John Olweny	National Programme Officer
Charles Magala	National Programme Officer
Enock Nyorekwa	National Programme Officer
Pamela Kabuchu	National Programme Officer
Peter Ogwal	National Programme Officer
Grace Katuramu	National Programme Officer
Andrew Lubanga	Accountant

National Goverment Partners

Ministry of Finance Planning and Economic Development

Keith J. Muhakanizi	Deputy Secretary to Treasury

Ministry of Water & Environment

Eng. Richard Cong	Commissioner Water for Production
Eng Aaron Kabrizi	Commissioner Rural Water development
Dr Callist Tindimugaya	Commissioner Water Resources Regulation
Eng. Kavute Dominic	Acting Commissioner Urban Water & Sewerage Development

Ministry of Agriculture, Animal Industry & Fisheries

V.R. Rubarema	Permanent Secretary

Ministry of Works, Housing and Communications

Charles Muganzi	Permanent Secretary
Alex Kakooza	Under Secretary
Eng Karuma Kagyina	Asst Commissioner for Engineering
Eng S Bagonza	Director of Engineering
Eng Alex Onen	Principal Engineer
Charles Ngeye	Senior engineer

Donor Partners

Embassy of the Kingdom of the Netherlands

Michel Rentenaar	Deputy Head of Mission

Department for International Development (UK)
Gwyneth Lee   Head of Development

Embassy of Sweden
Christine Johansson   Head of Development

Irish Aid
Donal Cronin   Head of Development

European Commission
Celine Prud'homme Madsen   Programme Officer, Private Sector Development
Francis Lemoine   Programme Officer, Economic Affairs

World Bank
Kundhavi Kadiresan   Country Manager
Martin Onyach-Olaa   Urban Specialist
Barbara Magezi Ndamira   Public Sector Specialist

Danish Technical Advisors
Mogens Mechta   Senior Water Advisor
Rilla Norslund   Senior Advisor Agriculture
Niels Hjortdal   Head of Programmes, Human Rights and
                                Good Governance

Zambia

Danish Embassy Zambia
Peter Jul Larsen   Deputy Head
Peter Sievers   Programme Coordinator
Jytte Laursen   Development Counsellor
Annelise Boysen   Development Counsellor
Kaj Østergaard   Financial Counsellor
Litumelo Mate   Programme Officer
Ronah K. Lubinda   Programme Officer
Moffat Mwanza   Programme Officer

National Goverment Partners

Ministry of Finance
Davis Ndopu   Director, National Policy and Programme
                                Implementation

Ministry of Education
Felix Phiri   Director, Planning

Ministry of Local Government and Housing
Peter Lubambo   Director, Department of Infrastructure and
                                Support Services

Lytone Kanowa   Senior Engineer, Department of Infrastructure and Support Services, Ministry of Local Government and Housing

Ministry of Tourism, Environment and Natural Resources
Chiseche Mutale   Chief Planner
Duncan

Ministry of Works
Raphael Mabenga   Director & CEO, National Road Fund Agency
Daniel Mulonga   Acting Manager, Planning & Design, Road Development Agency
Frans H.G. Blokhuis   Technical Advisor, Danida-RSPS, Institutional Support Component
Erasmus M. Chilundika   Acting Director & CEO, Road Development Agency
Charles Mushota   Head of Procurement, Road Development Agency

Ministry of Justice
Maria Mapani Kawimbe   Coordinator

Donor Partners

Embassy of the Kingdom of the Netherlands
Peter de Haan   Senior Policy Officers, Public Sector

Department for International Development (UK)
Bruce Lawson-McDowall   Governance Adviser

Embassy of Germany
Birgit Pickel   Counsellor, Development Cooperation

Embassy of Norway
Gunnar Bøe   Deputy Head of Mission
Olav Lundstøl   Country Economist

Embassy of Finland
Sari Jormanainen   Counsellor
Wilma Viljanmaa   Counsellor
Ireland
Gerry Cunningham   Head of Development Cooperation

European Commission
Eric Beaume   Head of Cooperation
Juergen Kettner   Head of Infrastructure
Christina   Governance Adviser
José Sevilla   Private Sector and Civil Society

UNDP
Winnie Musonda   Assistant Resident Representative

World Bank

Kapil Kapur	Country Manager
Helen Mbao	Senior Operations Officer, World Bank
Marcus Wishart	Energy and Water Development
Patricia Palale	Public Sector Management Specialist

NGO Partners

Transparency International Zambia

Goodwell Lungu	
Ngoza Phiri Yezi	Programme Manager
Isaac Mundia	Finance and Administration Officer

Anti-Corruption Commission

Kayobo Ng'andu	Director, Prevention and Education
Mr Mbewe	Secretary to the Commission
Mr. Hansingo	Chief Prevention Officer
Mr Chipongu	Chief Community Education Officer
Mr Mofya	Corruption Prevention Officer

Danish Technical Advisors

Christian Eldon	Danish Technical Advisor, Ministry of Justice
René Hansen	Danish Technical Advisor, Ministry of Justice

EVALUATION OF
THE DECENTRALISATION OF
DANISH AID MANAGEMENT