



“The Paris Declaration Indicators and Ownership in Practice in Zambia”

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THE PARIS DECLARATION INDICATORS AND OWNERSHIP IN PRACTICE IN ZAMBIA by Opa Kapijimpanga

This Paper attempts to cast a critical eye on the Paris Declaration Indicators on ownership; asking whether they are sufficient measures of ownership in Zambia and whether they are capable of being achieved. The Paper also specifically attempts to describe what steps the Zambian Government is taking to improve ownership in the development finance system in the context of the Paris Declaration Indicators; the main challenges faced by the Government in taking true leadership of its relationship with donors. Along the way, the Paper makes some policy recommendations and action oriented advice for developing country policy makers, donors and other stakeholders.

Given that behaviour of both Government and Donors affects ownership the Paper attempts to highlight the dynamics and how they affect ownership and leadership on the part of Government and how that could be changed through reassigning responsibilities for the attainment of the various indicators. Suggestions for discussion at the Ghana High Level Meeting in 2008 are also made.

Ownership:

The Zambian reality seems to suggest that the relationship between Government and Donors in increasing Aid Effectiveness remains defined by the power of decisions that financial resources assigns to the Donors. The degree of Ownership over anything is dependent on the extent to which one has leverage and control over what is to be owned.

Indicator 1: Partners have operational national development strategies

The underlying notion of the responsibility of the development process being owned by the national government is well captured in this indicator. The Zambian Government completed and had stakeholders validate the long-term *Vision 2030* and the Fifth National Development Plan (FNDP) for the period 2006-10. The Medium Term Expenditure Framework (MTEF) and annual Budget provide the financial budgetary framework for both local and external resources for the resource envelop. Although fragile, a monitoring and evaluation framework for key result areas is being consolidated for the various sectors.

The establishment of Sector Advisory Groups (SAG) comprising Government, Donors and Stakeholders meeting regularly to secure attainment of goals through monitoring exercises and reviewing progress towards meeting the FNDP targets provides a framework for attainment of his Indicator. This process is stronger in some sectors than in others. The Planning process is only now being rebuilt from its collapse during late 1990s during economic liberalization processes.

However, given that external financial resources remain crucial for attainment of FNDP and in the spirit of the Paris Declaration having a Plan is not enough. Government found it prudent to develop an Aid Policy and Strategy within which to define the modalities of development assistance.

Aid Policy and Strategy:

The Aid Policy and Strategy is an attempt to provide a systematic and well coordinated approach in soliciting for, acquiring, utilizing, managing, monitoring and evaluating development assistance from Donors. When well articulated an Aid Policy could provide

an appropriate Aid architecture (different modalities) and direction during dialogue between Government and Donors and improve aid effectiveness in the country. Notwithstanding that the real value of the Aid Policy has not been fully tested, it is nonetheless an important step taken by Government to improve ownership in the development finance system. ***We would recommend that those countries that have not developed such an Aid Policy could benefit from developing one as a framework for defining development assistance and securing aid effectiveness.***

The Donor Joint Assistance Strategy:

Another component that was required for improving ownership by Government was the Donor Joint Assistance Strategy for Zambia (JASZ): a Donor response and support to the development goals set by the Government and working in the context of the Aid Policy.

The JASZ is relatively new, having been finalized during 2007 and therefore its real value is yet to be revealed but it is a framework that is important for gauging Donor response to the development efforts of a developing partner country. The Zambian JASZ reveals some disappointing unwilling for Donors to make specific commitments; relegating the document to a non-binding one; in some cases in favour of their own Country Assistance Strategies or the Bilateral Agreements (Thus increasing the transactions cost for the Government because the JASZ becomes an added activity to the relationship between Government and Donors). The non-committal attitude to the development goals of Zambia as revealed in the JASZ is an indicator of their uncertainty of the destination of the Paris Declaration agenda or for some donors like Japan and USAID they are not really yet on board the Paris Declaration platform inspite of the fact that they engage in the discussions. Notwithstanding these early experiences in Zambia, the JASZ is going to be an important instrument of harmonization that will assist the Government improve its ownership of the development process. ***A JASZ may therefore be recommended for countries.***

Alignment:

Indicator 2: Reliable country systems

It is a fact that unless Government significantly improves its country financial systems it is difficult to expect that Donors can buy into using hem. This target cannot be achieved. The pace of change towards Public Sector Reforms addressing public expenditure management and financial accountability have been painfully slow. Budget reforms, Payroll Management and Establishment Control systems; cash management systems and installing an Integrated Financial Management and Information System (IFMIS) including its computerization in all line Ministries, provinces, and government agencies remain in the distance (to be completed in 2009). While the Office of the Auditor General strides to improve its capacity and reveals ongoing corruption and misuse and misappropriation of government resources by the Officials a fragile legal framework and a weak enforcement of procurement regulations continue to indicate a very disappointing inability of the Government to deal with these issues. That corruption is engrained is known; the challenge remains of how to eradicate it.

Although there is a crowding of donors in the Governance sector which is responsible for securing reliable country system, there is an obvious disjoint between the Government and Donors on just how best this problem could be resolved.

We **recommend** that an ongoing articulation of how Zambia can get rid of corruption and improve its system (and how Donors can best assist) is worth additional financial resources.

Indicator 3: Aid flows are aligned on national priorities:

Under the alignment theme, this Indicator points to a very important and perhaps critical issue that is essential for Government ownership of the harmonization process and where the Government can have the confidence of being in the driver's seat!

On completion of the FNDP and its attempt to coordinate development assistance, the Government sent out priority sectors for the Donors to align too; expecting a Donor consensus of having not more than 5 donors per sector and that all sectors should be covered. The resultant reality is that the donors aligned themselves to sectors on the basis of what they felt was best for them or for which the donor country could provide a comparative advantage. Some sectors (Health:9, Education:10, Governance:10, Macroeconomics:9 remain over crowded) while others remain with less support lined up for them (e.g. Science and Technology: 0, Housing:2 Environment, Social Protection, Energy with 4 each). The donors did not take any initiative to dialogue among themselves and reach a consensus on how other sectors could be covered. Although there are many underlying rationale for each donor; this process completely undermined Government ownership and it being in the Driver's seat. The result is an ongoing lack of confidence in the ability or commitment of the donors to align themselves to national priorities. So, if the behaviour pattern does not change, this Indicator will not be achieved. It must be the responsibility of the donors as a group to secure that as a group they are responding to national priorities.

There seems to be a distortion between the Indicator and the actual Target. The target for this Indicator is on assessing the proportion of aid recorded in the Government budget and also whether or not the Government budget is comprehensive and realistic. The 2006 Survey indicates a low score of 52% against the target of 85%. It should be said that the consolidation and finalization of the Development Assistance Database in Zambia will go a long way in synchronizing donor disbursements and those reflected in the Budget.

We recommend that this Indicator be discussed to secure clarity on its intentions and to reaffirm what the true measures should be.

Indicator 4: Strengthening Capacity through Coordinated efforts:

For Zambia, there seems to be a difference of opinion between Government and Donors on what capacity building or capacity development really is. While Government takes a pragmatic and demand driven approach based on Zambia's human resources needs; meaning having properly qualified staff who are well paid and have adequate retention incentives, Donors see capacity development in building systems that include human resources development and appropriate remuneration packages. Donor focus is on the implementation of the Public Sector Reform Programme with focus on the Public Service Management component, including pay reform, and the introduction of performance-based management and incentive schemes. This difference in definition has resulted in a lack of movement in dialogue between Government and Donors. If Government has to remain in the Driver's seat, *the first thing therefore is for Donors to have a framework of analysis which would enable them to map out a response to such capacity needs at a pragmatic level.*

It is highly unlikely that this Indicator could be achieved without a common understanding and making a distinction between meeting short term and long term capacity needs as defined in the Aid Policy. The Aid Policy and reality is moving towards the need for Donors to put money into a common pool from which Government can source the appropriate Technical Assistance at what it considers real value for money.

Indicator 5: Use of Country Systems (procurement and public financial management systems):

Donors are encouraged to increasingly use country systems. The reality is that although Donors have assisted in the strengthening of these systems, they largely remain extremely weak and as discussed under indicator 2 above, there is an ongoing need for strengthening the context in which these systems could work effectively. Equally, the ongoing identification of the human resources constraint remains key to be resolved. Donors are generally not responsive to this clearly short term problem of capacity constraints in the realization of the intentions of established systems.

The FNDP recognizes government weaknesses in monitoring and utilization of development assistance. This recognition is important for the Government taking full responsibility to secure that the systems are such as could provide the necessary confidence for the donors to use. Some progress is being made but it seems clear that Government commitment is far less than expected.

The Zambian reality would seem to suggest that attaining this indicator will depend on the extent to which both government and donors are able to speed up the reform processes.

Indicator 6: Strengthen capacity by avoiding parallel implementation structures.

The World Bank and the African Development Bank, The United Kingdom, European Commission and the United Nations System carry the highest number of Parallel Implementation Units (PIUs) (with 16 out of the overall 24 measured in 2006). In general these PIUs carry with them salaries and benefits above normal government standards and have been a source of discomfort between Project Staff and Government officers in similar positions. Although they created these Units, the current desire of the donors to have them dismantled seems to be met with some level of resistance and unwillingness on the part of the Government because the Government sees these as standards by which the rest of the civil service could aspire. It must therefore be the responsibility of the donors to agree to dismantle them. There exist good practices that they could learn from. An Ireland Aid's decision to finance the establishment of the Rural Water Supply and Sanitation Unit (RWSSU) as a constituent part of the Ministry for Local Government and Housing, rather than as an independent PIU was strategic and requires less energy to integrate into the Government system. Financing of the RWSSU has since been taken over by the Government.

We would recommend therefore that as a Group, donors discuss this issue and resolve to shorten the project periods of these PIUs while integrating similar functions in the government structures financed by the Donors. Failure to dismantle the PIUs should not be relegated to Government inability to be in the driver's seat or its lack of commitment to ownership of the development process!

Indicator 7: Aid is more predictable

Apart from the reality that financial planning systems of some Donors are not able to project financial support levels beyond a limited period of say 2 years, the present Government financial recording systems are not designed to capture data of future assistance. The Development Assistance Database (DAD) currently being developed will go a long way in enabling future indicative resources to be known. Donors have been requested by the Government to update the data on a quarterly basis. The actual predictability of future flows should be the responsibility of the donors.

So again the attainment of this indicator is solely dependent on Donors supporting the DAD and updating the data every three months. It is likely that this will be achieved over the coming years.

Indicator 8: Aid is untied

The 2006 Survey on Monitoring the Paris Declaration shows that 81 percent of aid to Zambia is untied. It remains for the Government to monitor this. The Aid Policy unfortunately does not discuss this issue in a conclusive way. The reality is that in the long term some of the development aid which is seen to be useful as tied aid could continue. The main issue is getting results. Both the project approach and tied Aid by Japan in Road Construction and provision of Water services to communities has proved welcome

Overall, Government needs to implement the national economic planning cycle which includes various spaces and platforms for dialogue with donors on achievements of the different development finance modalities. .

Harmonization:

Indicator 9: Use of Common arrangements or procedures:

The most urgent issue under this indicator in Zambia is the need for a discussion and finalization of an Aid architecture in the context of the Aid Policy; securing clarity on the different modalities (Project Support, Sector Support, Budget Support and support through Donor and local NGOs) and their benefits and finally the harmonization by Donors of their country systems to such architecture.

Both the Aid Policy and the JASZ makes the assumption that the preferred modality in Budget Support and yet the reality seems to suggest that various modalities have a place in the development process. A consensus is recommended.

Indicator 10: Encouraging Shared Analysis

The JAS process has revealed that most Donors are not yet able to subordinate their analysis to joint analysis yet. This might take a while. But it must be said here that it is the responsibility of the donors to make this happen. Government can only encourage them.

Managing for Results:

Indicator 11: Results Oriented Frameworks.

The FNDP (2006-2010) provides the framework for the development strategies. Efforts being made for establishing and concretizing the Monitoring and Evaluation Framework and Key Performance Indicators for the overall Plan and the various Sectors and the support that Donors have provided to this work is constructive.

The establishment of the Sector Advisory Groups (SAGs) as the main framework for review and assessment of achievement and correction of errors provides confidence that Zambia could have a monitorable performance assessment system by the end of the Plan period. Given that sound statistical systems are a precondition for programme monitoring, evaluation, and informed decision-making enhancing the Indicator by addition of the target for improved national statistical systems might be useful

Mutual Accountability:

Indicator 12: Mutual Accountability

Although establishing a development effectiveness assessment framework may be important, the reality seems to be that on the part of the Government, Mutual Accountability is also generally interpreted as mutual responsibility. That failures for reaching goals should be shared. Thus although finding an Independent Monitoring Group (agreed to by Government and Donors) might be agreeable, the Zambian government has given thought to the idea that Donors should also be subjected to review of their performance by the stakeholders they work with facilitated by a Government only chosen independent group. It is perceived that such an evaluation could strengthen Government exercising its leadership and that this could put pressure on the donors to also be accountable for their failures. This would also reduce the well known tendency of Donors blaming Government for all failures.

This Indicator will need to be discussed again in Ghana in 2008 in order to secure its true meaning and to confirm the need for an Independent Monitoring Group to review annual CP and GRZ performance based on clearly set targets. The planned evaluation of the WHIP process to be carried out by end of 2007 should be brave enough to address the different perceptions of the Donors and the Government.

Issues for further discussion:

Drawing on some of the issues from above, the following might be useful for the Ghana Meeting

- a). The Indicators and their real measures should be rediscussed in the interest of enhancing ownership of the Governments and Donors for Aid effectiveness.
- b) For some of the Indicators to be achieved, responsibility lies squarely on the shoulders of Governments (Indicator 1 and 11); others lie on the shoulders of Donors (Indicators 2,3,4,5,6,7,8, 9 and 10) and yet others are the responsibility of both parties through dialogue (Indicator 12). This is based on the fact that one cannot own a process over which they have no real control and that in development assistance, financial resources and the role of Donors in providing such resources is the domain of the donors.
- c). All countries should be encouraged to have national plans based on their national consultative processes, Aid Policy and a donor Joint Assistance Strategy.
- d). Governments and Donors should change their behaviour patterns in areas where such behaviour constrains development. The Indicators are not enough.