

# COMPARISON OF DEVELOPMENT CO-OPERATION REVIEWS

## 1 BACKGROUND

The South African Department of Finance Chief Directorate: International Development Co-operation (IDC) and the United Nations Development Programme (UNDP) completed the first phase of the national Development Co-operation Report (DCR I) in May 1999. This phase highlighted the need for more in-depth analysis of methodologies in collecting, analysing and managing information on aid to South Africa.

The UNDP produces Development Co-operation Reports (DCRs) in its countries of operation on an annual basis. These reports attempt to catalogue and analyse the total flows of Official Development Assistance (ODA) coming into the recipient country.

International Organisation Development South Africa (IODSA) was asked to investigate and compare a sample of UNDP DCRs and make recommendations relevant to the South African process for carrying out Phase Two of its own report (DCR II). In particular, this study is expected to:

- ◆ Identify trends and commonalities between the UNDP process and DCR II
- ◆ Critique the recommendations and conclusions of the UNDP DCRs, particularly relating to impact assessment
- ◆ Make points of relevance to the DCR II process and analysis

This report appraises a sample of DCRs, and comments on their content and methodologies in relation to the South African DCR II process. As the study will show, there is a consistent approach throughout the DCRs. However, some reports are particularly quoted to give ideas and examples in helping formulating thinking around the scope and format of DCR II.

### 1.1 KEY OBJECTIVES OF DCR II

The key objectives of the South Africa DCR II are as follows:

- ◆ To achieve greater South African control and ownership of ODA
- ◆ To enhance the institutional arrangements for effective ODA management and co-ordination (including a framework to ensure dynamic alignment of ODA with the Medium Term Expenditure Framework (MTEF) and sector specific objectives).

Notably this must ensure that:

- There is a clear definition of roles and responsibilities of departments within government
- That there is a clear structural relationship between the Department of Finance Chief Directorate of International Development Co-operation (IDC) with other line departments

- That there is a clear framework for strategic sector-based partnerships between donors and recipients
- ◆ To create a framework for evaluating the impact of ODA in South Africa
- ◆ To design and establish a Monitoring and Evaluation system for tracking ODA and ensuring its alignment with the MTEF
- ◆ To compile an accurate and accessible ODA database

## **1.2 BACKGROUND INVESTIGATION**

An extensive desk-based investigation was carried out, starting from UN sources, involving the identification of contacts and pursuit of documents from the countries listed in Table 1. It was expected that this broad base would provide a suitable sample for comparative purposes.

The outcomes of the investigation and requests for DCRs varied. In certain cases, (Brazil and Argentina) DCRs have been discontinued as the countries moved out of the economic target range for bi-lateral and multi-lateral aid. Other countries promised to send on their latest DCR but at the time of writing these had yet to be received (Chile and India). There was also some confusion by recipients between DCRs and Human Development Reports.

**Table 1: Countries from which DCR information was sought**

- |                 |              |                         |
|-----------------|--------------|-------------------------|
| • Argentina     | • Jamaica    | • Namibia               |
| • Benin         | • Kazakhstan | • Nepal                 |
| • Brazil        | • Kenya      | • Sao Tome and Principe |
| • Bulgaria      | • Lebanon    | • Senegal               |
| • Chad          | • Lithuania  | • Seychelles            |
| • Chile         | • Madagascar | • Tanzania              |
| • China         | • Malaysia   | • Uruguay               |
| • Cote D'Ivoire | • Malawi     |                         |
| • Djibouti      | • Morocco    |                         |
| • Ghana         | • Mongolia   |                         |
| • India         | • Mozambique |                         |

In most cases, requests for DCRs proved fruitless. This may not necessarily be due to ignoring the request, but could be linked to the fact that September appears to be the target date for publication of DCRs, and that recipients were still waiting for the latest report to be completed.

In the end seven DCRs were received, which form the sample for this study:

- ◆ Ghana DCR 1994/95 (published October 1997)
- ◆ Lebanon DCR 1998 (published September 1998)
- ◆ Malaysia DCR 1995 (published September 1997)
- ◆ Mozambique DCR 1994/95 (published June 1996)
- ◆ Namibia DCR 1996 (published December 1997)

- ◆ Namibia DCR 1997 (published 1998)
- ◆ Seychelles DCR 1996 (published November 1997)

Although the sample is relatively small, it illustrates satisfactorily the formulaic and quantitative approach adopted by the UNDP towards appraising and measuring patterns of aid flows. In practice, it proved perfectly adequate to draw out conclusions on the UNDP approach in relation to the study brief.

It is important to note that DCRs are seen as a regular series of information reports. This allows comparison, updating of information, consistent improvement in methodology and building links with donors and executing agencies. Therefore, while this exercise points out the shortcomings of individual DCRs, this must be taken in the context that: firstly, the DCR only reports on information that it receives from donors; and secondly, the DCR is a component of a continuing process that should strive to improve the quality and presentation of information over time.

### **1.3 IMPLEMENTING AGENCY**

It was not a surprise to observe that the UNDP country office took the lead in compiling each DCR. However, the degree of assistance and participation with agencies in the recipient country showed some variation:

- ◆ **Ghana:** DCR produced by UNDP Country Office in collaboration with Ministry of Finance (Technical Co-operation Management Desk within the Aid & Debt Management Unit)
- ◆ **Lebanon:** DCR produced by UNDP Country Office, with support from Council for Development & Reconciliation, and Ministry of Finance. Database management and report preparation carried out by the UNDP-funded 'Management Support for Sustainable Human Development' project
- ◆ **Malaysia:** produced by UNDP Country Office.
- ◆ **Mozambique:** produced by the UNDP Country Office in collaboration with the Government of Mozambique (no more detail provided)
- ◆ **Namibia (1996 and 1997):** DCR produced by UNDP Country Office with research carried out by Bank of Namibia, working with Namibian National Planning Commission, Ministry of Finance and UNDP.
- ◆ **Seychelles:** DCR produced by the UNDP country office for Mauritius & Seychelles, with inputs from Ministry of Foreign Affairs

These variations are presumably due to the different conditions and relationships pertaining to each particular country.

### **1.4 THE UNDP DCR APPROACH**

The DCRs are produced using the UN 'Development Co-operation Analysis System (DCAS)'. The DCAS collects and stores information about all externally financed development activities, and is kept up-to-date throughout each year. The system is used to provide reports aggregating project data by criteria such as donor and sector (as in the DCR); produce ad-hoc reports based on specific

selection criteria, such as geographic target area; and provide more detail on individual projects.

The use of a standard system has strong advantages in applicability and comparability. It can produce the DCR for Seychelles (a small, stable country with the highest per capita income in Sub-Saharan Africa) and for Mozambique (which has one of the lowest Human Development Indicator scores in the world, and has suffered sixteen years of war).

This system aims to meet the needs of recipients and donors by producing a comprehensive, integrated picture of multiple aid flows to facilitate co-ordination and minimise duplication. The approach is also claimed to *'serve as a useful tool in technical co-operation and consultations and provides interesting insights to the changing patterns of sources of aid as well as sectoral trends in channelling of aid and concentration of donors over time'*<sup>1</sup>.

The DCR approach attempts to cover all ODA to a particular country for the specified year – bi-lateral, multi-lateral and NGOs - and provide a comprehensive picture of aid flows. In this respect the approach differs from that proposed for DCR II, which has excluded NGOs from its scope. Given the large numbers of donor NGOs active in South Africa, this at least should make the task of information collection and analysis more manageable.

The principal purpose of the UNDP DCR is to provide the recipient country and its development partners with an information tool to enhance development programming and improve aid co-ordination.

As a result, the underlying emphasis of the approach is unequivocally **quantitative** – it collects data that can be analysed in a numerical form. It poses the questions: who, what, when, where, how much, how many? Who provides the aid? What type of assistance, and over what period? Where and in what sector is it to be used? How many experts are involved? Each DCR catalogues the various flows of aid by amount and type, and comments on overall trends and changes in ODA flows. This overwhelmingly descriptive approach has the advantage of neutrality in a highly politicised arena.

### **1.4.1 Methodology**

The UNDP exercise is built around the use of standard questionnaires – the UNDP Standard Questionnaire on External Assistance and the Donor Profile Questionnaire on External Assistance. These are sent to multi-lateral and bi-lateral donors and to external non-governmental donor organisation, which are based either locally or abroad. The donors are then followed up with reminders, and where necessary, interviews and questions to try and ensure that data is as compatible as possible.

The DCAS computer programme is then used to generate the tabulated data that is contained in each report.

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<sup>1</sup> Seychelles DCR 1996, (1997)

### 1.4.2 Standardisation

The DCR process attempts to ensure that the data collected is standardised, even though it is from disparate sources. The value of this approach is that there is some assurance that the data within each report is coherent, and is comparable with other country DCRs. It also forms a database for feeding into other indicators and assessments within the UN and other donor systems.

The framework underpinning the approach is formed by:

- ◆ a single classification of development assistance projects
- ◆ a rigorous set of definitions on types and operational aspects of assistance
- ◆ a uniform comparison of financial data by conversion of donor spending into US dollars using the average UN official exchange rates for the year under review

### 1.4.3 Classification

There is a standard classification of development assistance projects by sector and sub-sector, which attempts to classify according to the **purpose** of the activity rather than the **nature** of the activity. For example, a project for microprocessor development for a university engineering faculty is classified as Sector – Human Resource Development; Sub-sector – tertiary education, instead of say coming under ‘Technology’<sup>2</sup>.

The DCR Sector Classification comprises 16 separate sectors, each divided into between 2 and 8 specific sub-sectors. There are 91 different sub-sectors in total. The sectors are shown in Table 2.

The Sector Classification forms a framework for data collection and analysis, and comprises the whole Summary Table Inventory of External Assistance Projects in each report.

1 Economic Management	9 International Trade in Goods & Services
2 Development Administration	10 Domestic Trade in Goods & Services
3 Natural Resources	11 Transport
4 Human Resource Development	12 Communications
5 Agriculture, Forestry, Livestock, Fishing	13 Social Development
6 Area Development	14 Health
7 Industry	15 Disaster Preparedness
8 Energy	16 Humanitarian Aid & Relief

The proposed sample sectors chosen for appraisal under DCR II can be broadly correlated to the UNDP classification, although it is not a perfect match. As

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<sup>2</sup> See Malaysia DCR 1995, (1997), p iii

shown in Table 3, some DCR II sectors are actually sub-sector categories in the UNDP system.

**Table 3: Comparison between UNDP classification and DCR II Sample Sectors**

No	UNDP Sector/Sub-sector	DCR II Sample Sector
3	Natural Resources	Environment
4	Human Resource Development	Education Labour & Skills Development Capacity Building
5	Agriculture, Forestry, Livestock & Fishing	Agriculture
7	Industry	
	7.03 Support services & facilities	SMME
	7.04 Cottage & small-scale industry	SMME
	7.05 Medium-scale industry	SMME
13	Social Development	
	13.02 Urban Development (including sites & services)	Water and sanitation
	13.03 Drinking water & sanitation	Water and sanitation
	13.04 Housing	Housing
14	Health	Health

Clearly, DCR II will have to build up a similar classification to categorise projects and areas of assistance within its exercise to quantify aid flows to South Africa. Given the complexities of development, it is understandable that no single classification can account and categorise all possibilities. The UNDP Classification has obvious limitations; for example, there is no obvious Sector/Sub-sector classification for land reform projects, a significant South African programme (the closest category is say, Sector 6 *Area Development* Sub Sector 01 *Integrated Rural Development*, which is not accurate enough for South African purposes).

The UNDP sector classification should prove a useful and tested starting point for this component of DCR II. Other classifications such as that used by the Organisation for Economic Co-operation & Development (OECD) Development Assistance Committee (DAC) should also be appraised.

## **1.5 DEFINITIONS**

Each DCR uses a standard set of definitions in compiling the report, which is clearly an attempt to ensure precision and help the donors in attributing their information to particular sectors. These definitions broadly cover operational aspects, sector and theme assistance, and the different types of assistance.

### 1.5.1 Operational aspects

This category relates to the practical aspects of aid flow, including types of ODA, stages of the process and the various actors in the process.

For example:

**Official Development Assistance (ODA):** The UNDP uses a precise definition of what constitutes ODA:

*'Flows to developing countries and multilateral institutions provided by official agencies, including state and local governments, or by their executive agencies, each transaction of which meets the following tests:*

- a) *ODA is administered with the promotion of the economic development and welfare of developing countries as its main objective;*
- b) *ODA is concessional in character and conveys a grant element of at least 25% (calculated at a discount rate of 10%)'.<sup>3</sup>*

**External Assistance:** External assistance for DCR purposes consists of Official Development Assistance (ODA), including emergency and relief assistance, and external non-governmental organisation assistance.

**Grant:** The provision of funds by a donor that do not require reimbursement from the recipient Government.

## 2 SECTOR AND THEME ASSISTANCE

**Sector:** This is defined as *'the substantive sector in which the project or activity has been classified using a standard classification system'*. The UNDP DCR system is used to classify external assistance by sector and sub-sector, and to categorise projects by sector.

**Theme:** Development assistance activities often address specific themes and DCR projects may be classified as addressing a specific theme. Classification by theme is not to be confused with classification by sector, since a project can belong to only one sector but may address several themes. The eleven special themes, which have been identified as relevant for all countries, are:

- ◆ **Women:** assistance specifically aimed at enhancing the role of women as beneficiaries and/or participants in the development process as a whole or within a specific sector or sub-sector.
- ◆ **Private sector:** assistance specifically aimed at enhancing the role of the private sector in development
- ◆ **Non-governmental organisations:** assistance specifically aimed at strengthening national NGOs or grass-roots organisations or which uses the services or know-how of international or local NGOs

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<sup>3</sup> (Compare this definition to the one contained in the Department of Finance Development Assistance Guidelines: *Official Development Assistance (ODA) is regarded as assistance provided by international donors to the South African Government in the forms of grants, technical assistance (eg consultants) and concessionary finance (loans).*

- ◆ **Acquired immuno-deficiency syndrome (AIDS):** assistance specifically aimed at preventing or reducing the incidence of AIDS or AIDS-related illnesses through health or other community programmes or by providing education programmes designed to promote practices which may help prevent the spread of the human immuno-deficiency virus (HIV).
- ◆ **Technical Co-operation among Developing Countries (TCDC):** assistance specifically aimed at increasing or enhancing technical co-operation among developing countries or which is specifically designed to transfer technology from one developing country to another.
- ◆ **Management Development:** assistance specifically aimed at developing management capacity and management institutions in the public and private sector.
- ◆ **Drug abuse:** assistance specifically aimed at reducing the production and use of, and traffic in, drugs other than for medicinal purposes.
- ◆ **Environment:** assistance specifically aimed at preventing environmental damage and/or at countering past environmental degradation.
- ◆ **Transfer and adaptation of technology:** assistance specifically aimed at strengthening the capacity of developing countries to attract, develop, apply and replicate technology.
- ◆ **Aid co-ordination:** assistance specifically aimed at promoting and facilitating the co-ordination of external technical assistance as a whole or within particular sectors or sub-sectors.
- ◆ **Poverty eradication:** assistance specifically aimed at satisfying the basic human needs of disadvantaged groups through participatory approaches thus enabling them to create income-earning opportunities and organise services

There is also an overlap between themes and the project classification. Two themes appear as specific sub-sectors. Drug Abuse (Theme 7) falls under Sector: Social Development, Sub-sector: Prevention of Crime and Drug Abuse. Aid co-ordination (Theme 10) appears in Sector: Development Administration, Sub-sector: Foreign Aid co-ordination and planning.

### **2.1.1 Lack of information on themes**

However, despite the comprehensive definitions of themes, not one DCR reviewed carried a section that attempted to categorise or break down aid flows by the UNDP's own identified themes in any detail.

It is difficult to see why this was not at least attempted, since the data collected by project and sector should provide a good starting point. It may be that the standard report format does not encourage a theme-based evaluation, and any studies of this kind would then be produced by means of ad-hoc reports, separate to the DCR.

It is also possible that disentangling financial allocations that cover more than one theme or target group proves too difficult. Take an example from the Lebanon DCR. The Area Development Sector has two projects that refer to women:



- ◆ A micro-finance project (Group Guarantee Lending & Savings), supported by USAID with US\$ one million disbursed in 1997. The project goal is to provide access to credit for women living in rural resettlement and high poverty rural areas.
- ◆ The Canadian Fund for Local Initiatives, supported by CIDA with US\$ 270 000 disbursed in 1997. The project objective is to provide small scale grants to specific target groups (women, farmers, fishermen) and to productive sectors (agriculture, small industries etc),

Clearly, it is much easier to classify the USAID funded project under the Women Theme than the CIDA project. The amounts in the latter would have to be further disaggregated by target group for a more accurate picture to be obtained.

### 2.1.2 Comparison between UNDP proposed DCR II themes

Table Four contrasts the UNDP themes with the proposed crosscutting themes of the SA DCR II:

**Table 4: UNDP themes and proposed DCR II themes**

	<b>UNDP themes</b>	<b>Proposed SA 'Cross-Cutting' Themes</b>
1	Women	Gender
2	Private sector	-
3	Non-governmental Organisations	-
4	AIDS	-
5	Technical Co-operation among Developing Countries	-
6	Management Development	-
7	Drug Abuse	-
8	Environment	Environment
9	Transfer & Adaptation of Technology	-
10	Aid Co-ordination	-
11	Poverty Eradication	-
	-	Governance & Democracy
	-	Capacity Building

It seems likely that disentangling sector project information to quantify aid flows into themed areas may require a special effort. However, even a partial picture would give some indication of activity in that area. Given that the DCRs are supposed to be produced annually, the data should improve over time and a more accurate picture built up from the original starting point.

A lesson here for DCR II is that the information collected across all the sectors/sub-sectors must be obtained in a way that facilitates the analysis on a crosscutting theme basis. The design of the DCR II Project Classification must

pay particular attention to this point. In addition, time should be set aside in each sector study to collect information relevant for the theme studies.

### **2.1.3 Types of assistance**

The DCAS classifies six types of assistance:

**Free-standing Technical Co-operation (FTC):** Provision of resources for transfer of skills or technology to build national capacity to carry out development activities. It is not linked to the implementation of specific investment projects.

**Investment-related Technical co-operation (ITC):** Provision of resources directly aimed at strengthening capacity to undertake specific investment projects.

**Investment Project Assistance (IPA):** Provision of financing (cash or kind) for specific capital investment projects. It may also include a technical co-operation component.

**Programme/Budgetary Aid or Balance-of-Payments Support (PBB):** Assistance not linked to specific investment or technical co-operation projects, but instead related to broader development programmes, macro-economic objectives and/or supporting the recipients' balance-of-payments position. This includes non-food commodity assistance and debt relief.

**Food Aid:** Provision of food for human consumption, including grants and loans for the purchase, transport and distribution of food.

**Emergency & Relief Assistance (ERA):** Provision of resources aimed at immediately relieving distress and improving well-being of populations affected by natural or man-made disasters. This is humanitarian assistance, rather than development co-operation.

This classification must be reviewed and tested to see if it is appropriate for DCR II, or if alternatives or variations need to be developed.

## **3 THE DCR FORMAT**

The DCRs follow a similar format, generally with only minor variations. The main elements of the report are as follows:

### **3.1 INTRODUCTION/FOREWORD**

This sets out the purpose of the report, includes some comments on aid trends, and usually points out the shortcomings of the data due to non-responses from donors. Comments on sources and methodology are either included here or put into an annexe to the report. There is usually a section setting out basic country facts (land area, demographics, social and economic statistics). The Lebanon DCR has adapted this latter section by including a wider range of Human Development Indicators, and including comparative figures for the Arab States

and Developing Countries as a whole. This comparative approach makes this section much more useful and relevant, and should be considered for possible adoption in DCR II.

### **3.2 COUNTRY BACKGROUND**

This section usually begins with a general description of the country geography, climate demography and political structure. It comments on changes affecting the country in the review year in the context of current trends in certain key areas:

- ◆ Economic factors (for example, production, growth and performance, prices and income)
- ◆ Social factors (for example, trends in health, education and human capital, infrastructure)
- ◆ Economic Policy (for example, changes in macro-economic policy, government expenditure, debt, foreign trade and exchange rates)
- ◆ Planning and aid co-ordination (for example, comments on efforts to improve national planning, and also aid co-ordination. Somewhat bravely, the Lebanon DCR noted here that 'there have been no salient initiatives of the Government to further develop aid co-ordination')

The Lebanon report has a separate section on Reconstruction and Development, which has a great deal of resonance for South Africa. Although the Lebanese context is different, this section is useful in giving examples of how the country is planning, financing and implementing the national effort for reconstruction and development after years of civil war.

### **3.3 EXTERNAL ASSISTANCE TRENDS**

This section forms the heart of the report, commenting on the scale, type, distribution and changes in the flow of external assistance to the country. Emphasis is placed on showing the actual disbursements of assistance. External assistance is classified as ODA, including emergency and relief assistance, and assistance from international NGOs. Not all categories are relevant – Seychelles, for example was not a recipient of Food Aid (FOA) or Emergency and Relief Assistance (ERA), whereas in Mozambique FOA and ERA comprised 27% of the total external assistance. Key focus areas are:

- ◆ Total aid flows. This is put in the context of flows of external assistance for the current year compared to preceding years.
- ◆ Terms of assistance. This shows the breakdown between grants and loans.
- ◆ Type of assistance. Disbursements are shown broken down by the DCAS six major categories: Free-standing Technical Co-operation (FTC), Investment Related Technical Co-operation (ITC), Investment Programme Assistance (IPA), Programme/Budgetary Aid or Balance-of-Payments Support (PBB), Food Aid (FOA), and Emergency & Relief Assistance (ERA).
- ◆ Sectoral Distribution. This section presents information on the distribution of assistance by sector, using the DCAS classification system. The

disaggregated data from which this section is drawn is presented in Summary Table form as an annexe in each DCR.

- ◆ Sources of Financing. This describes the distribution and trends in sources of financing, broken down into:
  - Bilateral donors (individual countries, for example, UK, USA, France, Saudi Arabia)
  - Non-UN multi-lateral donors (for example, European Union, European Investment Bank)
  - UN System (the UN agencies, for example UNICEF, WHO, World Bank)
  - Non Governmental Organisations (international NGOs for example the International Committee for the Red Cross, Oxfam, World Vision).

In most DCRs reviewed, the whole section on External Assistance Trends is purely descriptive and perfunctory, usually restricted to showing the various percentage shares in sectoral distribution, or by donor.

The Lebanon report is a notable exception to this and tries to go further. As well as describing aid flows, the Lebanon DCR made some effort in commenting and providing a critique of aid activities; in the section on distribution of assistance by sector, for example:

*'Disbursements for basic social services were not in line with their importance for successful long-term development of the country. Their relative importance was nowhere near to the recommended target that donors within the context of their development co-operation budgets provide 20 per cent for financial and technical assistance towards meeting the needs of basic social services sectors'*

After giving some examples of the low levels of aid in these sectors, the report goes on to make the recommendation:

*'Government may wish to review and restructure national expenditure priorities on the one hand, and to consult with donors to link aid-programmes to time-specific objectives for basic social services improvement, on the other. Both initiatives would make a significant contribution towards the achievement of people-centred sustainable development in the country'.<sup>4</sup>*

The Lebanon approach, with the use of samples and illustrations from selected projects, makes for a more lively and interesting report. It gives a better impression of the realities of aid in the country. It prepares the reader for the section that concludes the External Assistance chapter, again unique to the Lebanon report from the sample surveyed, which sets out conclusions and recommendations.

This section summarises the context of assistance to Lebanon and the progress being made, for example:

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<sup>4</sup> Lebanon DCR, 1998, p 37

*'Lebanon has made remarkable achievements and progress in recovery since the end of the conflicts in the early 1990s, notwithstanding the constraints and challenges of complex problems at different levels'*<sup>5</sup>

It also highlights specific actions that should be taken:

*'The reconstruction effort would further gain in efficiency by the adoption of an indicative, comprehensive annual/pluri-annual programme for reconstruction and development, underpinned by rolling financial plans'*<sup>6</sup>

*'The national authorities are encouraged to review and to adopt a one-step approval process of external assistance and financing, and to speed up the commitment and disbursement in accordance with agreed schedules'*<sup>7</sup>

### **3.4 DATA ON EXTERNAL ASSISTANCE**

This chapter forms the bulk of each DCR, consisting of summary tables generated by the DCAS computer programme. The tables comprise:

- ◆ External assistance disbursements, shown by sector, type and donor, for the current and preceding years
- ◆ An inventory of current external assistance projects, listed by the DCAS classification system.

The inventory format is shown below in Table 5.

**Table 5: DCAS Project Inventory Format**

Inventory of External assistance: Ongoing Projects by Sector (US \$ 000)							
Sector/Sub-sector details:							
DCR Project Number	Duration	Country/Donor	Total Commitment	Disbursements in DCR Year	Type & Terms	No of Experts	Project Objectives
Project title		Executing Agency	(US\$)	(US\$)			(Beneficiary Institutions)
Donor Reference Number)							

The project listing is effective in showing the scale and diversity of the various types of aid projects in the country, and is the starting point for a range of analyses that could be undertaken. Particular will be required in collecting and collating this data to form the comprehensive database for DCR II.

<sup>5</sup> Lebanon DCR, 1998, p 59

<sup>6</sup> Lebanon DCR 1998, (1998), p 59

<sup>7</sup> Lebanon DCR 1998, (1998), p 60

## **4 PARTICIPATION BY DONOR AGENCIES**

All the DCRs noted that the surveys were incomplete, due to organisations that did not reply, even after reminders, or submissions received too late to be incorporated. However, very few reports from the sample quantified or estimated the actual degree of coverage they had achieved. The Namibia DCR 1997 showed that it had responses from 86% of the multi-lateral and bi-lateral agencies contacted, which was a significant improvement over that achieved in 1996 (53%). The Mozambique DCR 1994-95 showed that the response rate from bi-lateral and multi-lateral agencies was 57% and that of NGOs only 10%.

It appears that the major donors generally comply and respond, and it is NGOs that are the main culprits. Namibia in particular noted that only 'a few of the many NGOs involved in development activities responded'<sup>8</sup>.

The Malaysia DCR makes the assumption that non-responding organisations did not contribute significantly to donor assistance<sup>9</sup>, although it did not define 'significance', nor put in an estimate (say, equivalent to less than five per cent of all ODA).

This does raise the question that while individually, the contribution of one donor may not be significant, collectively a number of non-complying donors will lead to under-representation of the total sums of ODA, or may lead to misrepresentation in a particular sector.

While NGOs are not envisaged as part of the coverage of the SA DCR, there is a clear lesson that the participation of donors should not be taken for granted, and that follow-up efforts are important if quality information and complete coverage is to be achieved. The DCAS system includes direct interviews and correspondence with donors to check figures, obtain extra information or to ensure that the data provided is in the correct format. It is clear that an allowance must be made for this task in the planning and information gathering phases of the SA DCR.

## **5 IMPACT ASSESSMENT**

Impact assessment is basically the measurement of progress in achieving project or programme objectives. Ideally, this section should have been one of the longer reports of this study, assessing the lessons from the DCRs on the various ways in which impact is assessed. Unfortunately, it is one of the shortest.

In general, the DCRs surveyed show very little evidence of any attempt to analyse the impact of ODA in their countries. Characteristically, the reports are formulaic and descriptive. As a rule there is no measurement of aid-supported change against baseline indicators. There is also very little use of even simple cumulative totals (for example, number of schools built or under construction or

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<sup>8</sup> Namibia DCR 1996 (1997), p iv

<sup>9</sup> See Malaysia DCR 1995, (1997), p iii

the number of rural households connected to potable water). Despite the mass of statistics, the overall impression is that it is very difficult to discern from the DCR what difference ODA has actually made to the country.

The Lebanon DCR makes some attempt to counteract this. It occasionally highlights certain achievements within particular sectors. For example, under the Area Development sector, *'30 clusters of 200 villages throughout the country were benefiting from small-scale grant funding to improve local infrastructure and the environment'*.<sup>10</sup>

In the Primary Health Care sub-sector programme to eradicate polio *'more than 90 per cent of the targeted 375 000 children were vaccinated'*.<sup>11</sup>

These examples are straightforward indices of activity, results and achievements, and are valuable in measuring progress against quantified targets. DCR II should be able to include such measures at least in the sample sector reviews.

However, more complex issues arise in measuring the impact of ODA projects in terms of empowerment, governance and democracy, and popular participation. It is particularly difficult to measure impact of social development projects, which tend to focus on process rather than product:

*'It is not an easy matter to examine whether the goals of development are being met when those goals include the improvement of qualitative characteristics such as capacity which cannot be directly observed'*.<sup>12</sup>

It is beyond the scope of this report to propose suitable social development evaluation methodologies. Suffice to say that this issue will be central in the planning for the DCR II sample sector studies, and the crosscutting theme studies of Gender, Democracy & Good Governance, and Capacity Building. If DCR II is able to provide cogent impact assessments in these fields, then it will have achieved a significant improvement over the standard UNDP DCR approach.

## **6 REPORT PRESENTATION**

The ways in which information is presented is a critical point, and yet generally little thought is given to this. The DCRs are packed with tables, analysis and statistics, and from the sample surveyed, are generally boring and unattractive. The bulk of each report is made up of dense summary tables in the chapter 'Data on External Assistance'. On a rough page count of the reports no more than 35% is made up of commentary. In one case it is just over 10%. (The Lebanon report is a more creative exception to the norm, but still has some presentational shortcomings).

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<sup>10</sup> Lebanon DCR 1998 (1998) p 45

<sup>11</sup> Lebanon DCR 1998 (1998) p 53

<sup>12</sup> Bryant C, and LG White (1982) *Managing Development in the Third World*, Westview Press

Given the complexities of ODA, and its importance to South Africa, then the report is critical vehicle in informing and influencing policy, decision-makers and other stakeholders in the aid process.

Such documents must be made as user-friendly and attractive as possible to encourage the broadest range of readers to use them and understand the information they contain. This should not be dismissed as merely an 'ad-agency' viewpoint; the simple premise is that if the presentation of the DCR builds understanding of its content and the messages it wishes to put across, then the authority and influence of the report is that much stronger.

Good text layout, presentation and the use of graphics are very important. Incredibly, the Lebanon and Namibia DCRs do not even include a map of the country. None of the DCRs surveyed had spatial illustrations of distribution of projects or aid. The South African DCR II should, as a minimum, look at ways presenting information in say Geographical Information System (GIS) formats, for example to correlate flows of ODA with the spatial incidence of poverty.

It is recognised that budgetary constraints may limit presentation and format. However, much can be achieved with the use of document scanners, simple computer graphic packages, and by ensuring that from the outset (say, in the various sample sector studies) that information is collected with an eye on the ways in which it might be presented attractively.

## **7 CONCLUSION AND RECOMMENDATIONS**

The DCR II process has the overall objective of producing an evaluation of ODA that is uniquely South African, demonstrating a high degree of local ownership and participation. This review of the DCRs produced under the UNDP system illustrates a number of issues, in particular the importance of a rigorous system for collecting and presenting information. The lack of a comprehensive database is one of the core problems facing South Africa in successfully managing ODA.

The project Logical Framework Analysis for DCR II includes the following key output:

- ◆ The production of a comprehensive, disaggregated, accurate and usable ODA dataset for SA, covering the period April 94-March 99, and incorporated into the IDC Project Management System (PMS) database.

It is essential to ensure that the PMS arising from DCR II is consistent, reliable and sustainable over time. This has resource implications – the effort and widespread support for DCR II as the first full-blown study of aid to democratic SA may not be available at the same scale in future years. Similarly, the PMS must be comparable – it must not so unique to South Africa that the information it contains does not easily correspond to that of other countries.

The present study of DCRs undertaken by other countries illuminates some of the activities necessary to achieve this output, and also the intention to incorporate the findings from ODA sector impact studies into DCR II.



## **7.1 RECOMMENDATIONS**

### **7.1.1 UNDP DCAS system**

The DCR II team should examine the UNDP DCAS system as a whole. The approach and methodology is proven, and will provide valuable input to the design of data collection instruments and management systems. Attention must be paid to ensuring that a consistent classification system and definitions are agreed and in place.

### **7.1.2 OECD DAC system**

A comparison should also be made with the OECD DAC system to ascertain whether it too has aspects that could be incorporated into the emerging DCR II system.

### **7.1.3 Data collection and impact methodologies**

The DCR II process must pay particular attention to the time and resources allowed for data collection, and the proposed sample sector and theme studies. These studies must have their impact methodologies worked out beforehand, to ensure compatibility with the emergent PMS database and system.

### **7.1.4 Commentary and critique**

The DCR II team must also give thought to the overall nature of the final report, in particular to how much commentary and critique of ODA in South Africa should be included.

### **7.1.5 Presentation**

The DCR II team should make sure that the final report is presented in a lively and attractive way, with creative use of graphics and layout, within the limits of the budget.