Abstract

Complimentarity in development cooperation

To improve the effectiveness of development cooperation, in 2005 Finland endorsed the Paris Declaration, which sets objectives to be met by 2010. The objectives include improving cooperation and eliminating overlap. This audit examined how the principles in the Paris Declaration, particularly complementarity, are applied in Finland's development policy and development cooperation.

Appropriations earmarked for development cooperation in the 2005 state budget totalled 458 million euros. In the 2010 budget appropriations had risen to 737 million euros or about 61 per cent.

At the policy level Finland has made a general commitment to the agreed principles to promote the effectiveness of aid.

The managing and steering of development cooperation by the Ministry for Foreign Affairs has not been in line with the agreed principles in all respects. Shortcomings were observed in several policy papers and guidelines concerning development cooperation that were issued by the ministry. The division of authority and labour between the ministry and missions in development cooperation matters does not serve the changed operating environment. The partial transfer of authority to missions should be carried out as soon as possible.

Finland's areas of expertise in development cooperation should be defined. These would form an important basis for focusing and delimiting Finnish aid and for the division of labour among donors.

The Ministry for Foreign Affairs does not monitor the costs of administering development cooperation. Monitoring should take place according to the form of aid, based primarily on the use of working time. Monitoring would help serve as a basis for evaluating the effectiveness of the steering of resources and activities. It could also influence the allocation of Finland's development cooperation appropriations between different instruments.

The principles in the Paris Declaration promote above all development cooperation actors' internal efficiency. At the same time they create preconditions to improve the effectiveness of activities.

The openness to interpretation and inconsistent application of the indicators used in monitoring the Paris Declaration weaken the reliability of monitoring. Results concerning Finland are generally above average among donors. The results for Finland contain some mistakes and inaccuracies. The National Audit Office considers it important for the future monitoring of the Paris Declaration to evaluate the impact of principles on the effectiveness of aid and development results.

From the viewpoint of the Paris Declaration, the preconditions for the effectiveness of development cooperation are better in programme aid than in project aid. Finland is increasing the share of its project aid in the country programme for Mozambique. In Zambia as well Finland is preparing new bilateral projects. This may place challenges on the achievement of the objective of harmonizing aid.

In Zambia agreeing on the division of labour has made it possible to balance donors' presence in different sectors. The division of labour still needs to be developed, however. In Mozambique an agreement has not yet been reached on the division of labour among donors. Cooperation in its current form has been considered inefficient, since donors spend too much time doing the same things.

Guidelines for local cooperation funds prevent Finland from supporting jointly financed projects. Harmonizing aid would promote the effectiveness of activities and would lower administrative costs. New guidelines that would allow joint financing should be issued as soon as possible.

The Accra Agenda for Action, which supports the Paris Declaration, also calls for improvement in the effectiveness of development cooperation conducted by NGOs. The Ministry for Foreign Affairs' objectives to promote the effectiveness of NGO support include the better integration of projects in Finland's development cooperation as a whole. The National Audit Office considers this objective to be in the right direction.