

## Annex F Detailed Assessment of Organisational Efficiency

The capacity of the four embassies varies considerably, while also the capacity over time has varied over time for each embassy. When there are ongoing bilateral PSD programmes, there is at least one section in the embassy with at least two to three staff members responsible for the programme. The embassy in Kenya had most staff dealing with PSD/GG at the time of the country, while the capacity in other embassies was considerably lower for different reasons. In Tanzania, the embassy will be closed, and the capacity has been gradually reduced over time. In Ghana, the embassy is not responsible for a bilateral development cooperation anymore and now focuses on trade and political relations, which led to a change and reduction of staff. In Mali where the PSD programme continues the section responsible for PSD was reduced in staff over time.

Bilateral cooperation staff members are responsible for the management of specific development engagements, which means that they are in regular contact with the implementing partners, make field visits, discuss the progress reports, etc. In addition, bilateral cooperation staff participate in embassy team meetings and participate in relevant donor coordination meetings per sector or sub-sector. The role of the embassy changed following the change in aid modalities in the different periods of support as some aid modalities such as direct government-to-government support require more embassy involvement than contracting out. For example, in Mali, based on the positive experiences with contracting out the skills development component to an international NGO, the embassy decided for the 2018-2022 programming period to contract out the PSD components to international organisations. This was expected to lead to efficiency gains and the local PSD embassy staff was reduced. However, these efficiency gains did not materialise<sup>1</sup>. Another disadvantage of contracting out is that realising synergies and engagement in policy dialogue becomes more challenging.

Danida, just as other donors, took the strategic choice to focus on three sectors (plus general budget support) in the country programmes and maximum three components in each sector. In addition, the number of development engagements was reduced to increase efficiency, reduce the workload of the embassies, and to enhance internal coherence. This has been the case especially in Kenya and to a lesser degree in Mali<sup>2</sup>. In Kenya, the embassy has also embarked on a more integrated and holistic DDD approach, requiring four teams with different responsibilities<sup>3</sup> to work more closely together as indicated in the section on internal coherence. It is beyond the scope of this Evaluation to assess whether this new DDD approach works. There are some good first experiences, but synergies are very difficult to realise, and it is felt by stakeholders that working in silos still prevails to some extent.

The embassies aim for a good balance between doing strategic tasks, policy dialogue and programme monitoring themselves and outsourcing some of these tasks such as programme design and monitoring. There is a clear trade-off between staff capacity at the embassy and the involvement of external

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<sup>1</sup> As the IFC implemented USAID funded BER programme came to an end in 2018, a new Trust Fund was set up for the new EPEC programme to be implemented by IFC. However, the embassy in Mali had no expertise with WBG Trust Fund programmes and how to deal with a powerful implementing partner such as IFC with also relatively high costs of implementation. Comparable problems occurred with IFAD as implementing partner of INCLUSIF.

<sup>2</sup> Given the phasing-out of bilateral cooperation in Ghana and Tanzania, there was no deliberate reduction in DEs for these countries.

<sup>3</sup> 1. Bilateral cooperation: Sustainable Jobs and trade team; 2. Bilateral cooperation: Climate and resilience team; 3. Four sector cooperation counsellors; 4. Trade council. The bilateral cooperation teams (plus part-time M&E staff) deal with the various development engagements related to green growth and the linkages to DMDP. The sector counsellors are responsible for SSCs but also for P4G, while the Trade Council deals with Danish business interests, including IFU and DSIF.

consultants. Only in Kenya, the embassy is well-staffed and embarked in 2021 on a DDD approach. A larger number of embassy staff makes it possible to be less dependent on external consultants. In Kenya, it was perceived that in the 2016-2020 too many responsibilities were delegated to external consultants (formulation, appraisal, monitoring and Real-Time Evaluation). Therefore, the focus is now on internalisation of processes (e.g., monitoring, see section 6.3.3 below) and closer working together. In Ghana, Tanzania and Mozambique, there were limited opportunities for grasping broader lessons learned from bilateral cooperation and using these for sustaining the results and/or integrating these in the new strategic direction in the case of Ghana. Also in Mali, staff capacity has been rather limited especially for such a complex fragile context.

All embassies organised meetings among implementing partners to enhance internal coherence, but this remained mainly limited to information exchange. Internally in the embassies, information exchange and coordination between development assistance and the trade council has also increased. For example, the Danish embassy in Accra organised internal, so-called “Wall Street” meetings for discussion of cross-cutting thematic issues related to the business environment and Danish business interests, when the decision regarding ‘from aid to trade’ was taken.

embassies also play an important role in policy dialogue and donor coordination. Not only the bilateral cooperation staff is involved in the policy dialogue, but also sector counsellors, trade counsellors and Ambassadors, depending on the composition of staff and the division of roles and responsibilities. For example, in Tanzania and Ghana, in the first decade of this millennium, Denmark was an important PSD donor, and the Danish embassy played an important role in the private sector donor group. Discussions with public sector partners mainly took place through the joint donor government meetings. The changes in involvement of the embassies in policy dialogue and donor coordination have been dealt with in the coherence section in Chapter 6. The realisation of internal and external coherence requires active engagement from the embassy.