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# 1 ARE WE MEETING THE TARGETS?

With only three years remaining until 2010, this chapter tells us how far we are from meeting the commitments and targets for effective aid that were agreed in the Paris Declaration. It focuses mainly on the sub-set of countries for which progress can be measured – the 33 partner countries that took part in the two rounds of monitoring in 2006 and 2008. This chapter also provides useful information on the survey process, how it was managed and its limitations.

## MONITORING THE PARIS DECLARATION

When donors and partner countries endorsed the Paris Declaration on Aid Effectiveness in March 2005, they were united by a common objective: to build stronger, more effective partnerships that enable partner countries to achieve their own development objectives.

They pledged to achieve this objective by introducing far-reaching changes that imply not just a new way of thinking about their partnerships and the role of aid, but also new behaviours and practices.

As a gauge of their political resolve, they agreed to set targets against 12 indicators for effective aid and reconvene to review progress in 2008 in Accra. This report is the main, but not the only, source of information on progress made. It presents the results and findings from two surveys – in 2006 and 2008 – and tells us how far we are from reaching the 2010 target for effective aid.

Other qualitative reports are also an important complementary source of information on progress. These include *Improving Ways of Working for Aid Effectiveness: A Progress Report on Implementing the Paris Declaration* (OECD, 2008) and *Evaluation of the Paris Declaration (Phase 1)* (Wood, *et. al.*, 2008).

## MORE ABOUT THE 2008 SURVEY REPORTS

This report presents findings, conclusions and recommendations drawn from the two surveys undertaken in 2006 and 2008. It is divided into two volumes. Volume 1 (140 pages) presents an overview of key findings across the 55 countries that took part in the 2008 Survey. It also sets out some high-level policy recommendations designed to accelerate progress and help transform the aid relationship into a full partnership. Statistical appendices provide the data that underpin the analysis. Volume 2 (750 pages) includes a detailed analysis for each of the 55 countries in the 2008 Survey, with each country presented as a stand-alone chapter. Both volumes are available on line at [www.oecd.org/dac/effectiveness](http://www.oecd.org/dac/effectiveness).

*This chapter tells us how far we are from reaching the 2010 target for effective aid.*

*Progress is being made across all indicators.*

The findings in both volumes are based on a very broad and representative body of evidence. For the 2008 Survey, 55 partner countries volunteered to organise the survey in their own countries – a marked increase compared with the 34 countries in the 2006 Baseline Survey. Broader participation means that the findings of the 2008 Survey are based on a more reliable and representative set of data: more than one-half of all aid that was delivered to aid recipient countries in 2007 – nearly USD 45 billion – is recorded in the 2008 Survey.

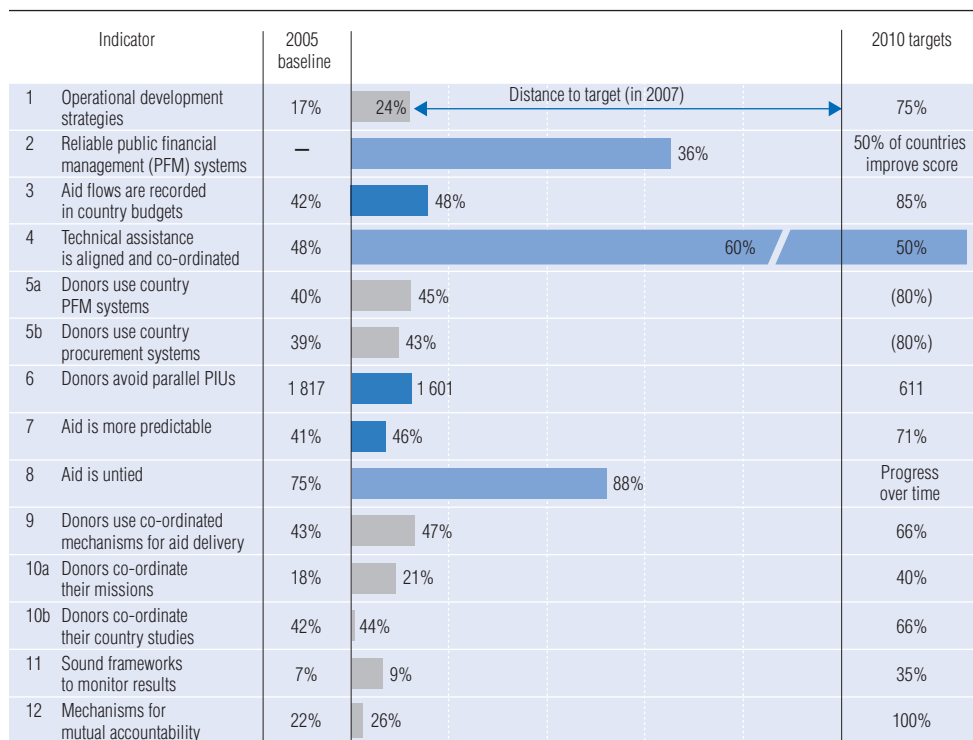
The quality of data has also significantly improved since 2005. It draws principally from the 55 country reports that assess the challenges and opportunities in implementing the Paris Declaration at country level. These reports were prepared by senior government officials from partner countries, in close consultation with donor country offices and key actors from civil society.

### HOW FAR ARE WE FROM MEETING THE TARGETS?

Chart 1.1 gives a summary answer to this question. For each of the 12 indicators, it plots the relative distance required to meet the 2010 targets for effective aid. Analysis is based on the sub-set of 33 countries with data available for both 2005 and 2007.

Progress is being made across all indicators. The detailed analyses in the following chapters show significant advances in some countries and areas, suggesting that real change is possible when there are joint efforts between partner countries and donors. However, not all countries have been moving ahead in a decisive way, and some appear to have moved backwards, making the aggregate performance less impressive in almost all of the 12 areas covered by the indicators.

**CHART 1.1: How far are we from meeting the targets? (33 countries)**



A considerable acceleration of change in the majority of countries will be needed to achieve the targets set for 2010. In almost all areas, there is a need for a change in gear – leading to a more vigorous, imaginative and concerted approach – and not just more pressure on the accelerator pedal.

The following section examines progress against each of the 12 indicators and makes a distinction between those objectives that are on track, those within reach and those requiring very real and special efforts.

### PROGRESS ON TRACK

Three of the aid effectiveness objectives are within reach by 2010.

#### ■ Indicator 4 – Technical co-operation is aligned and co-ordinated.

The objective of Indicator 4 is to ensure that at least half of all technical co-operation is co-ordinated and aligned with the capacity development programmes of partner countries. The 2008 Survey shows that the target for Indicator 4 has already been exceeded. Indicator 4 has progressed from 48% in 2005 to 60% in 2007, reflecting improvements in the design of technical co-operation (Chapter 3). Progress against this indicator is, however, to a certain degree misleading and thus should not result in slackening of efforts. The strong performance is due, in part, to a definition (or a target) for “co-ordinated technical co-operation” that could have been more ambitious. The 2005 baseline, at 48%, was already very close to the 50% target. Even modest improvements made since 2005 are significantly amplified by the chart. As explained in Chapter 3, there is a need to develop a better understanding of how technical co-operation can more effectively contribute to the capacity development efforts of partner countries.

#### ■ Indicator 2a – Public financial management (PFM) systems are reliable.

The objective of Indicator 2a is to measure and encourage improvements in developing country systems for managing public funds – both domestic and external. Indicator 2a provides some encouraging news: 36% of the countries in the sample (10 out of 28 countries that took part in both the 2006 Baseline Survey and 2008 Survey) have improved the quality of their PFM systems. The agreed target is that half of partner countries improve their score. Therefore, on this measure, partner countries are already more than half way to the objective.

#### ■ Indicator 8 – Aid is increasingly untied.

Untying of aid is an area of substantial improvement according to the figures reported to the survey by the OECD Development Assistance Committee (OECD-DAC). Untied aid increased from 75% in 2005 to 88% in 2006.<sup>1</sup> The target for Indicator 8 is to increase untied aid over time (rather than a numerical target as with the other indicators).

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<sup>1</sup> The data on untying status excludes technical co-operation and administrative costs, and the tying status is not reported for over 20% of bi-lateral aid reported to the OECD-DAC.

### TARGETS REQUIRING EFFORTS BUT WITHIN REACH

Three other objectives for 2010 are within reach as long as efforts are significantly scaled up at country level.

#### ■ Indicator 6 – Donors avoid parallel project implementation units (PIUs).

The objective of Indicator 6 is to encourage donors to make increasing use of country systems and to avoid using parallel PIUs, which tend to undermine country capacity development efforts. Since 2005, the total stock of parallel PIUs recorded in the 33 countries has declined significantly: from 1817 in 2005 to 1601 in 2007. The target is to decrease the total stock of parallel PIUs by two-thirds (611 parallel PIUs) by 2010. The limited life cycle of PIUs means that the stock should tend to decrease naturally by 2010 as long as no new parallel PIUs are established. Accelerating the pace of change will mean, however, beginning a frank discussion at country level on the proper role of PIUs and how they can support project implementation without undermining country capacity development efforts. The evidence suggests that, currently, little is being done on the ground to reduce the number of parallel PIUs.

#### ■ Indicator 3 – Aid flows are accurately recorded in country budgets.

The objective of Indicator 3 is to improve transparency and accountability by encouraging partner countries and donors to accurately record aid as much as possible in the national budget, thereby allowing scrutiny by parliaments. On average, the realism of the country's budgets improved from 42% in 2005 to 48% in 2007. However, this represents only a marginal improvement in relation to the general target agreed, *i.e.* that at least 85% of this type of aid is captured accurately in the budget. More work is required both at country level to improve the modalities for recording aid, and at the international level to agree on general good practice in this area.

#### ■ Indicator 7 – Aid is more predictable within the year it is scheduled.

This objective is two-fold. First and foremost, to encourage disbursements of funds within the year they are scheduled. Second, to encourage accurate recording of disbursements by partner authorities. Both objectives require strong co-operation between donors and partner authorities. The average country has seen an improvement in Indicator 7 of predictability, from 41% in 2005 to 46% in 2007. However, if the target of 71% is to be reached by 2010, the proportion of aid disbursed within the fiscal year for which it is scheduled must increase considerably. This calls for a considerable acceleration in the rate of progress.

### TARGETS REQUIRING VERY SPECIAL EFFORTS

Six of the Paris Declaration objectives are off-track and will be difficult to achieve unless partner countries and donors seriously gear-up their efforts.

#### ■ Indicator 1 – Countries operationalise their development strategies.

Indicator 1 encourages partner countries to design development strategies that are more operational and effective in achieving their own development goals. Progress has been made by several of the countries in the 2008 Survey but by no means enough to put the agreed target within reach. Countries with sound operational strategies have increased from 13% to 20%, but the aim is to reach 75% by 2010. One particular element in the operationalisation of country strategies is proving difficult to achieve, namely linking the strategy to resource allocation through the national budget.

■ **Indicators 5a and 5b – Donors use country PFM and public procurement systems.**

The objective is to encourage donors to increasingly use country, rather than donor, systems for managing aid. Progress against this indicator is positive (four to five percentage points increase) but very modest compared with the targeted levels that require as much as 80% of aid to use country systems. There is some indication of increased use of country budget execution arrangements by donors not using direct budget support, an important trend if confirmed. However, overall donor willingness to use country systems does not seem to be any more closely related to the quality of the systems than in the previous survey.

■ **Indicator 9 – Donors use co-ordinated mechanisms for aid delivery.**

This indicator measures the extent to which total aid is delivered in the framework of programme-based approaches (PBAs). Change between 2005 and 2007 suggests little progress from 43% to 47%, reflecting, in part, more stringent definitions for PBAs. Qualitative evidence suggests that the use of PBAs has continued to advance, although not at anything close to the rate required to meet the target of two-thirds of aid delivered in this way by 2010.

■ **Indicators 10a and 10b – Donors co-ordinate their missions and their country studies.**

Joint missions and joint analytical work have been adopted more widely according to the 2008 Survey returns, but the increase in both cases is a matter of a few percentage points. The proportion of joint activities continues to hover around 20% for missions and 40% for analytical work, whereas the targets are 40% and 66% respectively. The gap is very significant.

■ **Indicator 11 – Countries develop sound frameworks for monitoring development results.**

The number of countries with sound results-based monitoring frameworks has increased from 5% (two countries) to 7.5% (three countries). The target, however, is 35%. Therefore, an enormous change of pace will be required if this commitment to improve decision-making for development is to be met.

■ **Indicator 12 – Mechanisms for mutual accountability are established at country level.**

Indicator 12 records whether countries have mechanisms for mutual review of partnership commitments. The target for 2010 is that all partner countries have such a mechanism. The 2008 Survey found that the number of such mechanisms did not significantly increase despite the larger number of countries participating in this Survey. This suggests that momentum has been lost in establishing mutual accountability for partnership commitments at country level.

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### HOW WAS THE SURVEY MANAGED?

The monitoring survey was designed to advance the aid effectiveness agenda by providing a tangible means to promote its use at country level.

There is strong evidence to suggest that the 2006 Baseline Survey and 2008 Survey have been instrumental in pushing forward the commitments agreed in the Paris Declaration at the country level. They have helped generate a common sense of purpose at country level on actions needed to improve aid effectiveness over time. Three important features of the 2008 Survey have helped achieve these results:

*There is strong evidence to suggest that the monitoring surveys have been instrumental in pushing forward the commitments agreed in the Paris Declaration at the country level.*

- Participation in the survey is on a strictly voluntary basis. Countries determined for themselves the value of organising a survey, weighing the expected benefits against the high transaction costs of organising it. The number of countries engaged in the monitoring exercises increased from 34 to 55, suggesting that it was strongly supported by partner countries. Increased country coverage provides more robust data, which also means that the 2008 Survey is more representative with regard to geographic distribution, levels of aid dependency and countries in fragile situations (for more information on these countries, see Chapter 6).
- The 2008 Survey was managed at country level by a senior government official, the so-called National Co-ordinator. The principle of country ownership is fully enshrined in the design of the 2008 Survey. The National Co-ordinator has the overall responsibility to manage the 2008 Survey by ensuring that the government and donors are fully informed and engaged in the exercise. The National Co-ordinator is assisted by one or more donor focal points from the local donor community.

- The 2008 Survey is based on, and also stimulates, broad-based dialogue at country level. The 2008 Survey is not only about collecting hard data for the 12 indicators. It is also, more importantly, about building a common understanding of the challenges and actions needed to improve aid effectiveness at country level. This dialogue involves a broad range of stakeholders including the broader development community and key actors from civil society. The country findings are presented as stand-alone chapters.

While the survey was firmly grounded in country-level dialogue, important actions were taken at the international level to assist the process:

- The standard guidance and definitions for the indicators were clarified in order to make responses more consistent and facilitate completion of the survey questionnaires. The guidance and definitions are presented in Appendices D and E.
- An international help desk and dedicated website were established by the OECD, the UNDP and the World Bank to respond to questions. Many recurrent questions and answers were made available to the public on a dedicated website.
- Five workshops were organised to support and inform National Co-ordinators on the survey process. The workshops brought together 250 participants from 70 different developing countries.

## THE SCOPE AND LIMITS OF THE MONITORING SURVEYS

This Overview report does not present raw survey data but sets out the conclusions that can reasonably be drawn from an inevitably imperfect body of information, given the diversity and complexity of the aid relationships that exist at the country level. It does not give undue weight to any single statistic, but examines trends indicated by the combined evidence that can be assembled to shed light on each point.

For most of the indicators, the major findings are based on analyses of the quantitative information and qualitative comments from the National Co-ordinators involved in rich discussions and reflections at country level. In many cases, the discussions regarding the survey findings have sparked heated debate amongst partner countries and donors about the state of efforts to improve aid effectiveness.

Conclusions are based on careful consideration of the information reported from each country, as well as the aggregated data contained in the statistical annexes of the Overview (Appendices A, B and C). For the indicators covering country ownership and country systems, the analysis draws mainly on information gathered separately by the World Bank, particularly the review summarised in the report *Results-Based National Development Strategies: Assessments and Challenges Ahead*.

In addition to the country reports, this Overview report also draws on – and benefits from – a growing body of qualitative analysis that was not available in 2005. This includes the OECD *Report on the Use of Country Public Financial Management (PFM) Systems* and in-depth work undertaken by senior African budget officials on putting aid on budget.<sup>2</sup> Findings drawn from these, and other in-depth studies, are clearly signalled in subsequent chapters.

It is important to bear in mind the scope and the limits of the monitoring survey. The survey is built around the 12 agreed upon indicators for progress and targets on aid effectiveness. These indicators aim to provide a proxy for assessing the five principles of aid effectiveness: ownership; alignment; harmonisation; managing for results; and mutual accountability. One of the limitations of the survey is that these 12 indicators are indirect, or “proxy”, measures and do not capture the full range and depth of the 56 partnership commitments included in the Paris Declaration.

There is an obvious concern that the indicators and targets will assume importance in their own right, becoming a barrier to rigorous thinking and innovative practice that aims to meet the broader objective of aid effectiveness. There is already some evidence of this happening. To mitigate this problem, the Overview tries not to focus too narrowly on the indicators and targets. Where additional evidence is available from non-survey sources, it is used to shed further light on the possible policy implications of the survey findings.

It may not be reasonable to expect that progress over the five years between 2005 and 2010 will be linear, or that the pace of change will remain the same throughout. Improvements on some indicators may only become possible as existing multi-year agreements expire and new programmes are put in place that reflect the latest thinking. Like the course of a large ship, the performance may respond to changes in steering only after a delay. At the same time, even on the assumption of a slow start followed by an accelerating rate of change, more progress should have been made between 2005 and 2007. Whilst some countries have made considerable progress, the survey results overall are an urgent call for action on the part of all concerned with development. ■

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<sup>2</sup> Through the Collaborative Africa Budget Reform Initiative (CABRI).

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# E ACRONYMS AND GLOSSARY OF KEY TERMS

## ACROYNMS

AER	Aid Effectiveness Review
CDF	Comprehensive Development Framework
CFAA	Country Financial Accountability Assessment
CPIA	Country Policy and Institutional Assessment
DAC	Development Assistance Committee
DBS	direct budget support
HAP	Harmonisation Action Plan
IDA	International Development Association
LICUS	Low-Income Countries Under Stress
MIC	Middle-Income Countries
MTEF	medium-term expenditure framework
NDS	National Development Strategy
ODA	official development assistance
PAF	performance assessment framework
PBA	programme-based approach
PEFA	Public Expenditure and Financial Accountability
PFM	public financial management
PIU	project implementation unit
PRSP	Poverty Reduction Strategy Paper
PRS	Poverty Reduction Strategy
SWAp	sector-wide approach
TC	technical co-operation

## GLOSSARY OF KEY TERMS

The following glossary provides the definitions for the key terms used in the donor and government questionnaires (see Appendix D).

KEY TERM	DEFINITIONS & GUIDANCE
Annual budget	Is the annual budget as it was originally approved by the legislature. In order to support discipline and credibility of the budget preparation process, subsequent revisions to the original annual budget – even when approved by the legislature – should NOT be recorded under question Q#1. This is because it is the credibility of the original, approved budget that is important to measure and because revisions to the annual budget in many cases are retroactive.
Capacity development	Different organisations use different definitions for capacity development. According to the OECD-DAC Network on Governance, capacity development is the process whereby people, organisations and society as a whole unleash, strengthen, create, adapt and maintain capacity over time. Recent research shows that capacity development is more likely to be effective when: <ul style="list-style-type: none"> <li>– Capacity development is treated as a goal in its own right and that increased efforts are made to identify the objectives it seeks to achieve (“Capacity development for what?”).</li> <li>– Support for capacity development addresses three dimensions: human capacity, organisational capacity and broader institutional capacity.</li> <li>– Capacity development is country owned rather than donor driven.</li> </ul>
Co-ordinated country analytic work	Co-ordinated country analytic work is: <ul style="list-style-type: none"> <li>– CAW undertaken by one or more donors jointly;</li> <li>– CAW undertaken by one donor on behalf of another donor (including work undertaken by one and/or used by another when it is co-financed and formally acknowledged in official documentation);</li> <li>– CAW undertaken with substantive involvement from government.</li> </ul>
Co-ordinated missions	Co-ordinated missions are: <ul style="list-style-type: none"> <li>– missions undertaken by one or more donors jointly, or</li> <li>– missions undertaken by one donor on behalf of another donor (delegated co-operation).</li> </ul>

KEY TERM	DEFINITIONS & GUIDANCE
Co-ordinated technical co-operation	<p>Co-ordinated technical co-operation means free standing and embedded technical co-operation that respects the following principles:</p> <ul style="list-style-type: none"> <li>■ Ownership           <p>Partner countries exercise effective leadership over their capacity development programmes.</p> </li> <li>■ Alignment           <p>Technical co-operation in support of capacity development is aligned with countries' development objectives and strategies.</p> </li> <li>■ Harmonisation           <p>Where more than one donor is involved in supporting partner-led capacity development, donors co-ordinate their activities and contributions.</p> </li> </ul> <p>Donors are invited to review all their development activities with a view to determining how much technical co-operation was disbursed through co-ordinated programmes that meet BOTH criteria below:</p> <ul style="list-style-type: none"> <li>– Have relevant country authorities (government or non-government) communicated clear capacity development objectives as part of broader national or sector strategies? (Y/N)</li> <li>– Is the technical co-operation aligned with the countries' capacity development objectives? (Y/N)</li> </ul> <p>AND at least ONE of the criteria below:</p> <ul style="list-style-type: none"> <li>– Do relevant country authorities (government or non-government) have control over the technical co-operation? (Y/N)</li> <li>– If more than one donor is involved in supporting country programmes, are there arrangements involving the country authorities in place for co-ordinating the technical co-operation provided by different donors? (Y/N)</li> </ul>
Country analytic work (CAW)	<p>Country analytic work (CAW) encompasses the analysis and advice necessary to strengthen policy dialogue, develop and implement country strategies in support of sound development assistance. Good analytic work is essential for well-focused development policy and programmes. It should include major pieces of analytical work such as:</p> <ul style="list-style-type: none"> <li>– Diagnostic reviews (<i>e.g.</i> Country Procurement Assessment Report, Country Financial Accountability Assessments etc.).</li> <li>– Country or sector studies and strategies.</li> <li>– Country or sector evaluations.</li> <li>– Cross-cutting analytical work such as gender assessments.</li> </ul>

KEY TERM	DEFINITIONS & GUIDANCE
Direct budget support	Direct budget support is defined as a method of financing a partner country's budget through a transfer of resources from a donor to the partner government's national treasury. The funds thus transferred are managed in accordance with the recipient's budgetary procedures. Funds transferred to the national treasury for financing programmes or projects managed according to different budgetary procedures from those of the partner country, with the intention or earmarking the resources for specific uses, are therefore excluded from this definition of budget support (OECD 2006 <sup>1</sup> ). This definition also includes sector budget support provided and general budget support (see definitions below).
Direct budget support provided in support of PBAs (Q <sup>d</sup> 14)	This includes all direct budget support provided in support of PBA under the definition of PBA provided in this glossary. Direct budget support – including general and sector budget support – is defined as a method of financing a partner country's budget through a transfer of resources from a donor to the partner government's national treasury.
Disbursements	A disbursement is the placement of resources at the disposal of a recipient country or agency (OECD-DAC Statistical Directives para. 15-18). Resources provided in-kind should only be included when the value of the resources have been monetised in an agreement or in a document communicated to government. In order to avoid double counting in cases where one donor disburses ODA funds on behalf of another, it is the donor who makes the final disbursement to the government who should report on these funds.
Disbursements for the government sector	ODA disbursed in the context of an agreement with administrations (ministries, departments, agencies or municipalities) authorised to receive revenue or undertake expenditures on behalf of central government. This includes works, goods or services delegated or subcontracted by these administrations to other entities such as: <ul style="list-style-type: none"> <li>– Non-Governmental Organisations (NGOs);</li> <li>– semi-autonomous government agencies (e.g. parastatals), or;</li> <li>– private companies.</li> </ul>
Donor	A donor is an official agency – including state and local governments – that provides Official Development Assistance (OECD-DAC Statistical Directives para. 35). Under this definition, Non-Governmental Organisations (NGOs) and private companies do NOT qualify as donors.

<sup>1</sup> OECD 2006, *Harmonising Donor Practices for Effective Aid Delivery*, Vol. 2, Chap. 2: Budget Support.

KEY TERM	DEFINITIONS & GUIDANCE
Donor missions to the field	<p>Donor missions to the field are defined as missions that meet all of the following criteria:</p> <ul style="list-style-type: none"> <li>– The mission is undertaken by, or on behalf of, a donor, including programme developers, appraisers and evaluators, sector assessment teams commissioned by a donor.</li> <li>– The mission involved international travel typically, but not exclusively, from donor headquarters.</li> <li>– The mission made a request to meet with government officials including local government.</li> </ul> <p>This definition should exclude missions:</p> <ul style="list-style-type: none"> <li>– Undertaken by donors to attend events (workshops, conferences, etc.) that do not involve request to meet with government officials.</li> <li>– Undertaken by parliamentary or other political delegations.</li> <li>– Special event missions undertaken as part of a defined program, <i>e.g.</i> electoral observers.</li> <li>– External consultants that are executing work as part of scheduled programme implementation plans.</li> <li>– Disaster assessment teams.</li> </ul>
Exchange rates	<p>ODA should be reported in US dollars.</p> <p>A table of exchange rates is provided on the 2008 Survey website (<a href="http://www.oecd.org/dac/hlfsurvey/faq/exchangerate">www.oecd.org/dac/hlfsurvey/faq/exchangerate</a>).</p>
Fiscal year 2006/07	<p>The fiscal year is the fiscal year of the country receiving ODA. In the last survey in 2006, both the donor and the partner governments were asked to report data against the partner country's fiscal year. This is not the case in the 2008 Survey. In order to have data available in time for the Accra High-Level Forum both donors and partner countries are required to report against the calendar year 2007 except in the case of Indicator 3 (Aid Flows aligned on national priorities) that is measured against partner country's fiscal year 2006/07.</p>
General budget support	<p>General budget support is a sub-category of direct budget support. In the case of general budget support, the dialogue between donors and partner governments focuses on overall policy and budget priorities (OECD 2006).</p>

KEY TERM	DEFINITIONS & GUIDANCE
Mutual assessments of progress	<p>Mutual assessments of progress are exercises that engage at a national level both partner authorities and donors in a review of mutual performance. In determining whether mutual assessments of progress have been undertaken, partner authorities and donors may be guided by the following criteria:</p> <ul style="list-style-type: none"> <li>■ Broad-based dialogue           <p>Mutual assessments should engage in dialogue a broad range of government ministries (including line ministries and relevant departments) and donors (bilateral, multilateral and global initiatives). Government and donors should also consider engaging with civil society organisations.</p> </li> <li>■ Country mechanisms for monitoring progress           <p>A formal process for measuring progress and following-up the assessment on a regular basis (<i>e.g.</i> one to two years) might be supplemented, wherever possible, through independent/impartial reviews. The results of such assessments should be made publicly available through appropriate means to ensure transparency.</p> </li> <li>■ Country targets           <p>Partner countries have established country targets for improved aid effectiveness including within the framework of the agreed Partnerships Commitments and Indicators of Progress included in the Paris Declaration (PD-§9). They may, however, go beyond the Paris Declaration wherever government and donors agree to do so.</p> </li> <li>■ High-level support           <p>The assessments should be transparent and country led with significant support at the highest levels and with an appropriate level of resources.</p> </li> </ul>
ODA	<p>Official Development Assistance (ODA) includes all transactions as defined in OECD-DAC Statistical Directives para. 35 (see <a href="http://www.oecd.org/dac/hlfsurvey/glossary">www.oecd.org/dac/hlfsurvey/glossary</a>), including official transactions that:</p> <ul style="list-style-type: none"> <li>– are administered with the promotion of the economic development and welfare of developing countries as its main objective; and</li> <li>– are concessional in character and convey a grant element of at least 25%.</li> </ul>
ODA actually received	<p>ODA actually received in the context of agreements between donors and the government sector (see definition provided under disbursements). Government should report data as it was recorded in the government accounting/reporting systems including, where the information is available, payments made directly by donors to third parties.</p>

KEY TERM	DEFINITIONS & GUIDANCE
ODA recorded in annual budget	This should include all ODA recorded in the annual budget as grants, revenue or ODA loans.
ODA scheduled for disbursement	This includes ODA scheduled by donors for disbursement in calendar year 2007 and notified to government within calendar year 2006; it includes ODA scheduled for disbursement in aid agreements entered into in 2007.
Other forms of assistance provided in support of PBAs(Q <sup>d</sup> 15)	<p>This includes ODA provided in support of PBAs as defined above but excluding direct budget support (see above). This might include:</p> <p>Projects integrated into Sector-Wide Approaches (SWAs).</p> <ul style="list-style-type: none"> <li>– Pooled arrangements in support of programme-based approaches (e.g. basket funding or pooling of technical assistance).</li> <li>– Other forms of assistance provided in support of PBAs.</li> </ul> <p>In each of the countries where the survey is undertaken, donors should be prepared to share with National Co-ordinators the list of their activities that qualify as programme-based approaches and how each meets the PBA criteria.</p>
Parallel PIU	<p>A PIU is parallel when it is created and operates outside existing country institutional and administrative structures at the behest of a donor. In practice, there is a continuum between parallel and integrated PIUs. The criteria below have been designed to help donors and partner authorities draw a line within this continuum and identify with greater certainty parallel PIUs.</p> <p>Donors are invited to review all their development activities with a view to determining how many PIUs are parallel. For the purpose of this survey, PIUs are said to be parallel when there are three or more “Yes” to the four questions below (anything less counts as integrated):</p> <ul style="list-style-type: none"> <li>– Are the PIUs accountable to the external funding agencies/donors rather than to the country implementing agencies (ministries, departments, agencies etc)? (Y/N)</li> <li>– Are the terms of reference for externally appointed staff determined by the donor (rather than by the country implementing agencies)? (Y/N)</li> <li>– Is most of the professional staff appointed by the donor (rather than the country implementing agencies)? (Y/N)</li> <li>– Is the salary structure of national staff (including benefits) higher than those of civil service personnel? (Y/N)</li> </ul>

KEY TERM	DEFINITIONS & GUIDANCE
Programme-based approach (PBA)	<p>Programme-based approaches (PBAs) are a way of engaging in development co-operation based on the principles of co-ordinated support for a locally owned programme of development, such as a national development strategy, a sector programme, a thematic programme or a programme of a specific organisation. Programme-based approaches share the following features:</p> <ul style="list-style-type: none"> <li>– Leadership by the host country or organisation;</li> <li>– A single comprehensive programme and budget framework;</li> <li>– A formalised process for donor co-ordination and harmonisation of donor procedures for reporting, budgeting, financial management and procurement;</li> <li>– Efforts to increase the use of local systems for programme design and implementation, financial management, monitoring and evaluation.</li> </ul> <p>Donors can support and implement programme-based approaches in different ways and across a range of aid modalities including budget support, sector budget support, project support, pooled arrangements and trust funds.</p> <p>Donors are invited to review all their development activities with a view to determining how much ODA was disbursed in support of programme-based approaches that meet ALL four of the following criteria (anything less does not qualify as a PBA):</p> <ul style="list-style-type: none"> <li>– Is the host country or organisation exercising leadership over the programme supported by donors? (Y/N)</li> <li>– Is a single comprehensive programme and budget framework used? (Y/N)</li> <li>– Is there a formal process for donor co-ordination and harmonisation of donor procedures for at least two of the following systems: (i) reporting, (ii) budgeting, (iii) financial management and (iv) procurement? (Y/N)</li> <li>– Does your support to the programme use at least two of the following local systems: (i) programme design, (ii) programme implementation, (iii) financial management and (iv) monitoring and evaluation? (Y/N)</li> </ul> <p>A list of illustrative examples is provided below to help respondents determine how the criteria apply to specific assistance activities. For the purpose of this survey, direct budget support provided in support of PBAs is tracked separately from other PBA modality:</p> <ul style="list-style-type: none"> <li>– Direct budget support provided in support of PBAs.</li> <li>– Other assistance in support of programme-based approaches.</li> </ul>



KEY TERM	DEFINITIONS & GUIDANCE
Project Implementation Unit (PIU)	<p>When providing development assistance in a country, some donors establish Project Implementation Units (They are also commonly referred to as project management units, project management consultants, project management offices, project co-ordination offices etc.). These are dedicated management units designed to support the implementation and administration of projects or programmes. PIUs typically share the following key features:</p> <ul style="list-style-type: none"> <li>– PIUs are TYPICALLY required to perform subsidiary (rather than principal) tasks with regard to the implementation of a project or programme: monitoring and reporting on technical and/or financial progress, accounting, procurement of works, goods and services, drawing-up of terms of reference, contract supervision, detailed design or equipment specification.</li> <li>– PIUs are often established at the request of a donor following the inception of a project or programme.</li> <li>– The staff of PIUs vary considerably in size and composition. Staff size can vary from one to as many as 200 but most count less than 10 professional staff. Although a significant number of PIUs make use of government staff, most PIUs rely on staff recruited outside the civil service (<i>e.g.</i> long-term local consultants).</li> <li>– A distinction is made here between a PIU and technical advice provided directly to national administrations.</li> </ul>
Sector budget support	<p>For the purposes of this Survey, sector budget support is a sub-category of direct budget support. Sector budget support means that dialogue between donors and partner governments focuses on sector-specific concerns rather than on overall policy and budget priorities (OECD 2006).</p>
Technical co-operation	<p>Technical co-operation (also referred to as technical assistance) is the provision of know-how in the form of personnel, training, research and associated costs. (OECD DAC Statistical Reporting Directives 40-44). It comprises donor-financed:</p> <ul style="list-style-type: none"> <li>– Activities that augment the level of knowledge, skills, technical know-how or productive aptitudes of people in developing countries; and</li> <li>– Services such as consultancies, technical support or the provision of know-how that contribute to the execution of a capital project.</li> </ul> <p>Technical co-operation includes both free standing technical co-operation and technical co-operation that is embedded in investment programmes (or included in programme-based approaches). In order to report against this indicator, donors are invited to review their portfolio of projects and programmes and estimate the share of technical co-operation.</p>

KEY TERM	DEFINITIONS & GUIDANCE
Transactions not to be recorded in this survey	<p>The following transactions are excluded from the scope of this survey and should not be recorded:</p> <ul style="list-style-type: none"> <li>– Transactions made to beneficiaries that are not based in the country receiving ODA or to regional organisations.</li> <li>– Debt reorganisation/restructuring.</li> <li>– Emergency and relief assistance.</li> </ul> <p>Information on these components of ODA, and how they are managed, can be described within the scope of the Country Report.</p>
Use of all three national procedures (Q <sup>10</sup> )	<p>Disbursements of ODA for the government sector that use all three components of a country's national public financial management procedures, <i>i.e.</i>:</p> <ul style="list-style-type: none"> <li>(i) national budget execution procedures;</li> <li>(ii) national financial reporting procedures and</li> <li>(iii) national auditing procedures.</li> </ul>
Use of national auditing procedures (Q <sup>9</sup> )	<p>Donors rely on the audit opinions, issued by the country's supreme audit institution, on the government's normal financial reports/statements. The use of national auditing procedures means that donors do not make additional requirements on governments for auditing.</p> <p>Donors are invited to review all their development activities with a view to determining how much ODA for the government sector meet BOTH criteria below: :</p> <ul style="list-style-type: none"> <li>– Are your funds subject to audit carried out under the responsibility of the Supreme Audit Institution? (Y/N)</li> <li>– You do NOT under normal circumstances request additional audit arrangements<sup>2</sup>? (Y/N)<sup>3</sup></li> </ul> <p>AND at least one of the two criteria below:</p> <ol style="list-style-type: none"> <li>3. You do NOT require audit standards different from those adopted by the Supreme Audit Institution? (Y/N)<sup>4</sup></li> <li>4. You do NOT require the Supreme Audit Institution to change its audit cycle to audit your funds? (Y/N)<sup>5</sup></li> </ol>

<sup>2</sup> Reserving the right to make an exceptional audit (e.g. when fraud or corruption is discovered) does not count against this criteria.

<sup>3</sup> YES: donors do not require additional audits. NO: donors do require additional audits.

<sup>4</sup> YES: donors do not require different audit standards. NO: donors do require different audit standards.

<sup>5</sup> YES: donors do not require to change the audit cycle. NO: donors do require to change the audit cycle.

KEY TERM	DEFINITIONS & GUIDANCE
Use of national budget execution procedures (Q <sup>d</sup> 7)	<p>Donors use national budget execution procedures when the funds they provide are managed according to the national budgeting procedures established in the general legislation and implemented by government. This means that programmes supported by donors are subject to normal country budgetary execution procedures, namely procedures for authorisation, approval and payment.</p> <p>Donors are invited to review all their development activities with a view to determining how much ODA for the government sector meet three out of the four criteria below (anything less does not qualify):</p> <ul style="list-style-type: none"> <li>– Are your funds included in the annual budget approved by country legislature? (Y/N)</li> <li>– Are your funds subject to established country budget execution procedures? (Y/N)</li> <li>– Are your funds processed (<i>e.g.</i> deposited and disbursed) through the established country treasury system? (Y/N)</li> <li>– You do NOT require the opening of separate bank accounts for your funds? (Y/N)<sup>6</sup></li> </ul>
Use of national financial reporting procedures (Q <sup>d</sup> 8)	<p>Legislative frameworks normally provide for specific types of financial reports to be produced as well as periodicity of such reporting. The use of national financial reporting means that donors do not impose additional requirements on governments for financial reporting. In particular donors do NOT require: (i) maintenance of a separate accounting system to satisfy donor reporting requirements, and (ii) creation of a separate chart of accounts to record the use of donor funds.</p> <p>Donors are invited to review all their development activities with a view to determining how much ODA for the government sector meet BOTH criteria below (anything less does not qualify):</p> <ul style="list-style-type: none"> <li>– You do NOT require maintenance of a separate accounting system to satisfy your own reporting requirements?<sup>7</sup></li> <li>– You ONLY require financial reports prepared using country's established financial reporting arrangements? (Y/N)</li> </ul>
Use of all three national procedures (Q <sup>d</sup> 10)	<p>Disbursements of ODA for the government sector that use all three components of a country's national public financial management procedures, <i>i.e.</i>:</p> <ul style="list-style-type: none"> <li>(i) national budget execution procedures;</li> <li>(ii) national financial reporting procedures and</li> <li>(iii) national auditing procedures.</li> </ul>

<sup>6</sup> *Budget execution* – YES: you do not require opening separate accounts. NO: you do require opening separate accounts

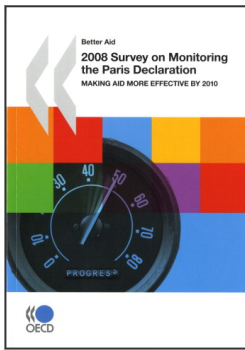
<sup>7</sup> *Financial reporting* – YES: you do not require a separate accounting system. NO: you do require a separate accounting system.

KEY TERM	DEFINITIONS & GUIDANCE
Use of national procurement procedures	Donors use national procurement procedures when the funds they provide for the implementation of projects and programmes are managed according to the national procurement procedures as they were established in the general legislation and implemented by government. The use of national procurement procedures means that donors do not make additional, or special, requirements on governments for the procurement of works, goods and services. (Where weaknesses in national procurement systems have been identified, donors may work with partner countries in order to improve the efficiency, economy, and transparency of their implementation).

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