What are the emerging lessons from donors on results-based approaches? How can these be made more effective? What opportunities are presented by initiatives that try to foster closer links between development performance and resource allocations? These are some of the issues confronting the international development community, donors and partners alike, issues which were examined at the 2002 DAC Development Partnership Forum on "Managing for Development Results and Aid Effectiveness". The main themes and outcomes of the Forum are presented in this section of the Report.

1. Introduction

The aim of the DAC *Development Partnership Forum*, held on 11-12 December 2002, was to help advance work on results management and aid effectiveness through sharing experiences of managing for results at the operational level, both from a donor and a partner perspective, and through identifying emerging lessons for management. The Forum built on DAC work, notably peer review findings and work by the DAC Working Party on Aid Evaluation. It also drew on the Roundtable held in Washington on 5-6 June 2002, on *Better Measuring, Monitoring and Managing for Results*, and on discussions in the Development Committee.

The specific purposes of the Forum were to:

- Consider results-oriented management approaches in the broader strategic context of the Millennium Development Goals (MDGs) and the increased priority given to aid effectiveness.
- Discuss experiences with managing for development results at the operational level, both from a partner and donor perspective, and identify the key lessons learned so far.
- Show linkages between management reform initiatives in the donor community and results-oriented public management reforms in partner countries.
- Identify the implications for development management of the above.

The Forum explored performance management practices, especially attempts by donors and partners to assess the results of their activities. In particular, the Forum considered the implications for two main aspects of development management, namely the experiences of donor agencies in becoming more results focused, and the experiences of public sector reforms at partner country level. The Forum also considered the implications of managing for results in both project-based and programme-based approaches such as sector-wide approaches (SWAPs).

This section presents the themes of the main sessions of the Forum: managing for results at the operational level; results-based management in public sector reform in developing countries; and the implications of results-based approaches for management.

2. Strategic context

Development results and aid effectiveness have moved to the centre of the development debate.[1] Reasons for this include:

- The lingering effects of declining aid volumes in the 1990s accompanied by questions surrounding the accomplishments of almost a generation of development assistance in advancing development in poor countries, notably in Africa.

- Greater demand in OECD countries for public sector efficiency and effectiveness, coupled with domestic reforms towards results orientation in management of public entities overall affecting development co-operation.

- The prospect of substantially increased aid flows from most major donors, as announced in recent major international conferences, including Monterrey, if these funds can be used effectively and with credible demonstration of results. This is a potential important reversal of trends in aid volume seen during the 1990s.

A shared global development vision, based on a series of UN Summits in the 1990s, has therefore emerged for the first time, setting out more clearly the shared development agenda. The DAC's *Shaping the 21st Century: The Role of Development Co-operation* (OECD, 1996), set out some targets to inspire effective development co-operation. These targets later became the Millennium Development Goals against which development results can be monitored.

Public sector reforms are affecting both donors and partners. As donors are searching for better results on the ground, and the management systems to track them, partner countries are working on reforming their public sectors aimed at delivering results more effectively and efficiently to their publics. In partner countries, the governments' efforts at public sector reform are a response to the development needs of improving governance and ensuring the efficient and effective delivery of public services. These management concerns in donors and partners have also been associated with establishing processes to measure results.[2]

Country ownership and partnership in development policy have been re-asserted by certain institutional trends in the development process. These trends include increasing co-ordination of projects within sectors by government ministries, formal SWAPs, country-wide strategies and the formal Poverty Reduction Strategy Paper (PRSP) led by the Ministry of Finance. All of these institutional changes put more emphasis on

1. "Development effectiveness" is used here to refer to the attainment of desired development objectives by a developing country. Partner countries are principally responsible for their own development. Donors can only have a contributing effect to development outcomes since there are many factors besides aid influencing such outcomes. "Aid effectiveness" refers to the achievement of the objectives of an aid activity, programme or of a total ODA programme. Donors have a direct influence over aid effectiveness since they can decide on delivery instruments, modalities and the policies governing their aid programmes.
2. There have been several OECD public sector reform meetings focused on governing for results, including a meeting on Implementation Challenges in Results-Focused Management and Budgeting, held on 11-12 February 2002; an OECD-Germany High Level Symposium held in Berlin on 13-14 March 2002; and the OECD Public Management Committee meeting on 21-22 March 2002.

demonstrating the contributions of stakeholders to outcomes at different levels. These approaches pose a challenge of attribution for donors.

The measurement of the results of development co-operation now presents a challenge for donors and partners. For their part, donors have found it difficult to measure the effectiveness of their aid, not least because of problems of attributing effects to different partners in a country-owned process. At the same time, the inadequacy of data in partner countries is stimulating greater efforts to develop and use statistical capacity.

3. Managing for results at the operational level

Aims underlying a results focus among donors

There has been a variety of driving forces behind the introduction of a results focus by donor countries. It often arises from a broader civil service reform or as a particular initiative by the Ministry of Finance.[3] Such initiatives can go beyond the boundaries of the donor country. According to the National Security Strategy of the United States, "the United States is committed to a comprehensive reform agenda for making the World Bank and other multilateral development banks more effective in improving the lives of the poor". The G7 Finance Ministers also referred to the need for a greater results focus in the multilateral development bank context in June 2002: "We urge the MDBs to continue to increase their collaboration and the effectiveness of their assistance, including through increased priority on improving governance in recipient countries, an enhanced focus on measurable results, and greater transparency in program decisions." The IDA 13 replenishment contains an agreement on specific arrangements to track results, and parts of the UN system, notably the UNDP, have launched results-based management initiatives as part of reform efforts to improve effectiveness.

The requirement to show results may have the following intended uses:

- *Accountability, evaluation and reporting*. To demonstrate results to authorities and the public.

- *Knowledge and learning*. To bring continuous improvements in agency performance according to donor concern.

- *Performance management*. To ensure operational staff share the policy vision, or to increase efficiency.

- *Resource allocation*. There is also an intention among some donors that allocations to countries, sectors, and instruments will respond to results, *i.e.* better performing activities will attract more support over time.

Systems for managing for results

To implement the above aims, some donors have established systems for

3. For a discussion of reforms in several OECD countries, see "In search of results: Performance Management Practices" (OECD, 1997), and more recent PUMA work including "Results-Focused Management and Budgeting in Government" (OECD, 2002).

tracking the results of aid activities. Key principles of such systems include:

- Focus on outcomes and results rather than inputs, activities, and processes.
- Logic chain of causality from inputs and activities, through outputs, to outcomes.
- Identification of indicators and data collection.
- Mixture of donor performance data and contextual data.
- Increased attention to accountability and transparency.

Performance measurement requires monitoring and evaluation systems that go beyond inputs and activities, setting out results at various levels. For the most part, these results monitoring systems are in their infancy, and donors are still learning and adapting them.[4]

Emerging lessons and challenges for results management

Several recent DAC peer reviews have provided information about the present status of donor systems of managing for results. A review of donor practice with results-based management, carried out by the DAC Working Party on Aid Evaluation, focused on the experiences of several donors. The review's final report set out the current practice at different levels, drew several lessons and highlighted some remaining challenges for donors in implementing a results focus.[5]

There have been several initial positive effects. A main impact of a results focus is in the area of information systems and learning. Donors have set up systems that encourage their staff to learn how actions impact on the development context. Attention is also paid to monitoring and evaluation systems, not just as a separate activity which is the responsibility of a specialist evaluation unit, but one which is increasingly integrated into the whole management approach. For example, USAID's operational units undertake evaluations to inform design and implement decisions. Some donors see the need to increase their evaluation capacity by integrating all the evaluative functions to give better feedback on performance assessment. In this context, Germany's BMZ and Canada's CIDA have in recent years made a structural link between audit and evaluation to improve their performance assessment capabilities, and AusAID established a Quality Assurance Group in 1998. These models have increased donors' capacities to improve the relevance of their aid programmes and to report on their effectiveness to both political leaders and the public.

The report to the Working Party on Aid Evaluation highlighted the following emerging lessons:

- Leadership support for results-based reforms is important.
- Begin with pilot efforts to demonstrate effective practices.

4. Some donors are more advanced. USAID has had a results-based management system in place for a decade, and has been refining its system since 1998. Canada is also refining its well established system (see Box II-1).
5. Binnendijk, A. (2001), "Results-based management in donor agencies", DAC Working Party on Aid Evaluation meeting, 22-23 May 2001.

- Keep the performance measurement system relatively simple and user friendly.
- Provide a wide variety of support mechanisms and institutionalise practices agency-wide by issuing clear guidance.
- Allow sufficient time and resources to build effective results-based management systems.
- Monitor both implementation progress and results achievement and complement performance monitoring with evaluations to ensure appropriate decisions.
- Ensure the use of performance information for management learning and decision making, as well as reporting and accountability.
- Anticipate and avoid the misuse of performance management systems.
- Give managers autonomy to manage for results.
- Build ownership by using participatory processes within the agency.

There is a need to enhance impact. Peer reviews and the study by the Working Party on Aid Evaluation show the need for some improvements to develop the systems before the other intended uses of results-oriented management can be fully realised across the donor community. The assessment of results needs to be integrated more actively into performance management, staff incentive structures, improvement of service quality, and the allocation of ODA resources. Other factors compete in management decision making in these areas.[6]

There are some remaining challenges for donors that have introduced a results focus to their operations. Three particular challenges are discussed below. Several donors have been taking steps to increase the relevance of their present systems, to integrate top-down and bottom-up approaches, and to reduce the burdens of their systems. Examples of the challenges being addressed can be seen in Box II-1.

Design of donor results frameworks

To assess the contribution of aid to overall development effectiveness, donors have set themselves an ambitious agenda to track results systematically (see Box II-2). In this respect, donors appear to be reconsidering whether the framework of results is capable of assessing the impacts of policies, resources, and organisation, and whether some redesign is necessary. For instance, management results frameworks tend to be designed from the bottom up, being based on previous project assessment methodologies, while discussions on aid effectiveness require a system designed from the highest level activities. CIDA has been addressing this challenge in its approach to its own results framework (see Box II-1). There are also particular challenges in tracking long-term capacity building programmes.

Integration of levels

While the results frameworks try to set out the logic models that link inputs through activities to outcomes, it is important that the causal logic is tested by the system of checking results. There are challenges in reaching the highest level outcomes

6. These other factors include pressures from political authorities or from decentralisation, uncritical continuation of historical trends and relationships, lack of attention to efficiency of delivery and aid untying, and continuing emphasis on inputs rather than outcomes.

Box II-1.

Managing for results: Canada, the United States and the United Kingdom

Canada and the United States

The USAID system, driven by the requirements of the Performance and Results Act of 1993, addresses the main principles of a results-focused system. Based on its early experiences, USAID has been refining its systems since 1998. Results are expected for four pillars, and some management objectives. They are clearly specified, and the indicators of progress are also clearly defined. There is a requirement to set out a development hypothesis, which is the logic model linking the inputs to the process and the outputs and results. The systems for collecting the data are set out in detail and there are teams for each strategic objective. Results feed back into the agency's performance report, the Congressional Budget Justification, and the Strategic Plan.

The CIDA system has been driven by requirements from the Treasury Board to demonstrate results in the public sector. CIDA produced its framework for specifying results in 2001. There are four clearly defined results in each of the three areas (development results, enabling results and management results), and a very clear logic model working down to agency activities. Results are specified for different levels, and the indicators are similarly precise at each level. The system for collecting the data is clear, along with the responsibilities of the different actors in the system. Agency responsibility is set at the levels of inputs to outputs. The results are intended to influence resource allocation, performance, and all other aspects of the organisation's work.

Both CIDA and USAID recognise some common challenges. In CIDA, there are many different results and indicators, and in USAID many strategic objectives. Both agencies are taking action to reduce the burden of the tracking and to focus on the most significant results. Both recognise their lack of control over longer-term, higher-order outcomes. CIDA is now looking to show its contribution to achieving the MDGs, recognising these require collective action, which poses an "attribution problem". The agency expects to have indirect influence through its partnership strategy, involving a wide range of other Canadian actors. USAID sets its sights on the immediate and medium-term objectives, within a longer-term vision. Again, a wide range of actors is involved in a partnership to achieve these objectives.

In the United States, the government's *Millennium Challenge Account* (MCA) builds on the results-oriented approach. The rationale is to reward results-oriented beneficiaries by their performance on three criteria: ruling justly, investing in people, and economic freedom. The MCA will make aid disbursements conditional on the achievement of project/programme results. Partner countries will therefore compete for funds, by proving their eligibility for the MCA and by their sustained performance. The tracking of country performance is expected to make use of the USAID system described above.

United Kingdom

A key driving force behind the UK Government's performance-oriented management reforms is the Treasury's requirement for departments to prepare Public Service Agreements (PSAs). The National Audit Office (NAO) considers DFID an example of good practice among government departments. According to its 2002 report on DFID's performance management, DFID should maintain a focus on intended results, "looking to improve their alignment with the International Development Targets and Millennium Development Goals (MDGs) which DFID have endorsed". Linking DFID's performance to such high-order goals is inherently challenging, which is recognised by the NAO. DFID has recently made a determined effort to link its PSA for 2003-2006 to the MDGs, using country level indicators. The PSAs have been supplemented by detailed Service Delivery Agreements that show how DFID intends to meet these requirements.

Box II-2.

Results orientation in the World Bank

The World Bank launched a major effort to increase its results orientation earlier this year and, following Development Committee endorsement in late September, has moved into the implementation phase. Its approach draws heavily on the international Roundtable, "*Better Measuring, Monitoring, and Managing for Development Results*", that the Bank and the other multilateral development banks sponsored in June 2002, in co-operation with the DAC. The conceptual framework underpinning the approach builds on the simple but powerful idea that development results can be improved by enhanced management focus on them. The framework brings together three strands of the development dialogue of recent years: country-led development and partnership, results-based management, and development effectiveness. Focusing on sustainable growth and poverty reduction, it puts a premium on country efforts to manage for results, as set out in national strategies such as the PRSP. This requires co-ordinated donor support for the enhancement of the knowledge base, statistical systems, and monitoring and evaluation capacity that countries need to do so effectively. The focus on country outcomes, including the MDGs and other priorities, has implications for the architecture of donor accountability and evaluation systems. In particular, it is desirable to increase the use of joint evaluations of donor programmes. These can complement assessments of individual agencies' performance, such as those carried out within the Bank by its Quality Assurance Group (QAG) and the independent Operations Evaluation Department (OED).

Central to the implementation of the enhanced results orientation within the Bank is the design and piloting of the so-called results-based Country Assistance Strategy (CAS), a distinguishing feature of which is its enhanced "evaluability" in terms of outcomes. This evaluability derives from the articulation of a clear CAS monitoring and evaluation framework and the introduction of self-assessment through a CAS Completion Report, as a basis for subsequent peer review and independent evaluation. Efforts are also underway to ensure that the monitoring and evaluation framework used in the CAS and the supporting lending and knowledge activities are effectively "joined-up", including a clear link to the country's own efforts to manage for results. Meanwhile, staff learning programmes and incentives are being reviewed to ensure their alignment with the Bank's enhanced results focus. Building on these efforts are the investments in corporate reporting on results on three levels: corporate strategy and budget documents, QAG operational reports (*e.g.* the Annual Report on Operational Performance and Results), and the IDA Results Measurement System.

associated with aid effectiveness or the MDGs. The United Kingdom has been attempting to address this issue through its own system (see Box II-1). In general, donors are making increasing efforts to:

- Ensure that the logic chain reaches as far as the MDGs.
- Evaluate the linkages in the logic chain.
- Address the problems associated with aggregating project-level assessments.
- Set out clear indicators for inputs, processes, outputs and outcomes throughout the system.
- Evaluate partnership relationships and country ownership in terms of the effectiveness of selectivity, informal dialogue, facilitation and political dynamics.
- Identify more transparent ways to bring together political judgement and technical results.

Streamlining the system

To ensure that their systems are practicable and useful for managers, donors find that they need to consider the following improvements:

- *Focus on the results that matter and be selective*. It is not necessary to track every activity, only those likely to give significant results.
- *Simplify the evaluative procedures*. It is not necessary to test every chain in the causal logic linking activities to outcomes.
- *Undertake institutional change and staff training*. There are problems if a small group, demanding data from others, drives results management.
- *Consider joint monitoring and evaluation arrangements with other donors and the partner country*. A focus on individual donor activities will face major methodological challenges in situations where many donors are involved.

4. Results management in public sector reforms in developing countries

Public sector reforms in partner countries have been concerned during recent years with the development of government capacity to lead the development effort in their countries. Many of these public sector reforms have promoted a results focus in government agencies, with implications for internal management. The following paragraphs set out some of the implications of partner countries' public sector reforms and results focus.

Types of public sector reforms

Increasing numbers of partner countries have been involved in public sector reforms with several different dimensions. Many earlier reforms, often under pressure from structural adjustment and fiscal stabilisation, were concerned with administrative efficiency and involved retrenchment of civil servants. The present reforms, which may be included in a comprehensive approach, are concerned with three main issues:

- *Promotion of effective governance*, which encompasses a wide range of issues from election processes to local government decentralisation to anti-corruption strategies.
- *Enhancing the efficiency and effectiveness of public services*, notably health, education and agricultural extension, often in the context of different forms of sectoral co-ordination and involving various forms of public-private partnerships. (An example of such a reform in Tanzania is given in Box II-3.)
- *Improving government financial management and accountability mechanisms*, often associated with broader partnerships in SWAPs and PRSPs.

Emerging lessons and challenges for partner countries

The DAC Network on Good Governance and Capacity Development undertook a country engagement initiative[7] which began with a study of public sector reform experiences in anglophone Africa, with case studies in Ghana, Kenya, Tanzania, Uganda, and Zambia. The study set out a number of critical factors in the examples

7. Report on the London Meeting of the Donor Public Service Reform Working Group, 24-25 October 2002 [DCD/DAC/GOVNET(2002)2].

Box II-3.
Public sector reform in Tanzania

The Public Sector Reform Programme is part of a broader reform including local government, public financial management, legal sector reforms, and sectoral reforms to improve social and economic services in Tanzania. It aims to improve performance management systems, restructure public and private sector participation, improve management of information, strengthen personnel management, and develop leadership and good governance.

The programme's operational focus is on the effective delivery of public services. This has involved the specification of expected outcomes at different levels, identification of enabling factors, and systems for monitoring the results of the reform programme.

Donors have been supporting this programme during different stages. A Joint Consultative Forum has been set up and some donors have also joined a Common Basket Fund with joint reporting and accounting requirements, and some support associated projects within the sector framework.

Source: Donor Working Group, September 2001.

of successes, constraints encountered, and lessons learned.

There have been several initial positive effects. Reform programmes have moved from narrow cost containment to focusing on service delivery within a comprehensive approach to public sector reform.

- In *Tanzania*, public sector reforms have been successful in controlling numbers, improving pay and enhancing basic systems. There has been good progress in capacity building. A number of agencies have been established, with a focus on service improvements.

- *Uganda* has also taken radical steps to improve pay and reduce numbers, and is now engaged in a comprehensive programme to improve its structures, introduce results-based management and new information systems. It is also setting up autonomous agencies.

- *Kenya* has a strategy for improving service delivery through enhanced performance. The strategy emphasises the role of the private sector and NGOs. New legislation is intended to improve financial accountability and auditing. There has been an overhaul of public procurement.

- In *Ghana*, the current phase of the reform includes a public financial management reform programme and a policy on public sector incomes. There are some demonstrable improvements in revenue collection and service efficiency.

- In *Zambia*, reforms have had their most positive impact at the sectoral level, where there are new arrangements for service provision. There is also a more supportive political environment and an engagement of stakeholders.

The study notes a number of emerging lessons and success factors including:

- A broadly favourable political environment, including efforts to promote democracy, poverty reduction and economic development, with continuing support at the highest levels.

- Clarity of vision and strategy by governments to institutionalise reform management. This should set the public sector reform programme in a comprehensive context of other government reforms in financial management, local government reform, etc.

- Effective management by government, including the ability to be flexible and to adapt to circumstances.

- Technical assistance which is supportive and promotes ownership.

- Effective collaboration with a range of stakeholders, including civil service managers, even through periods of retrenchment.

- Attention to capacity building by civil service managers who have to manage difficult adjustments.

- Public sector institutions should be structured around service delivery targets, and adopt a customer-oriented focus. Piloting of agencies in key service areas can be valuable.

- Success of a "quick wins" initiative, which is important in gathering support and building up confidence. As confidence grows, the ability to be more innovative is important.

- Sufficient resources to cover the costs of the programme, especially for retrenchment.

Several challenges also emerged in the study, even where there was overall success. Some of these provide a mirror image of the critical success factors noted above, but others include:

- Highly centralised decision making, which does not empower managers.

- Narrow vested interests within the public sector which intervene in the programme.

- Over-stretched capacity, including shortage of critical staff.

- Difficulty with setting out priorities and sequencing of reforms.

- Poor work cultures and incentives, and low morale related to low pay, making the reforms hard to implement.

- Tendency to create parallel systems to resolve the over-cautious attitude of donors to providing resources.

- Insufficient management autonomy.

- Difficulty in demonstrating impact, with weak monitoring and evaluation systems.

- Inadequate public information and education, especially to counter the early negative perceptions created by retrenchment.

Systems for measuring results in partner countries

Managing for results implies certain data requirements. However, in partner countries, surveys do not generally provide reliable data below the level of the largest province, thereby supplying insufficient coverage of administrative areas at the sub-national level. Data collection at country level may not adequately integrate all the various sources, although there are techniques that integrate surveys, census and administrative data to give reliable predictions of poverty at the village or small area level. These kinds of techniques require planning and a consistency of approach, which has not been the norm in most developing countries. Country level statistical data may lack credibility if the autonomy and neutrality of the government system is compromised. The role of civil society is important in these cases.

Three main considerations for improving the capacity of measurement systems to inform management decision making in partner countries are:

- *Data types*. Both qualitative and quantitative data are needed to assess short and long-term objectives, activities, processes, outputs, and outcomes. Data producers and users need to collaborate closely to ensure that the scarce statistical resources available are used to produce the priority information required.
- *Data quality and availability*. Consistent data collected over time are vital for assessing results and calibrating indicators of progress. There are many areas where basic data are lacking. The systems that produce the basic data underpinning the indicators of progress are under-performing in many partner countries and much of the data collected has been of an *ad hoc* nature, leading to data gaps and inconsistencies in time series. Investment in statistics has not been considered a priority by national governments. There is a need to build capacity in a strategic manner, to improve the production and use of data, and to integrate qualitative, administrative and survey data.
- *Data use and dissemination*. The publication and use of data can be extremely important for strengthening governance at different levels. The use of data in Uganda is often cited as a best practice example, since data on public expenditure is available to local people so that they can hold political leaders to account. In many other countries however, while data may be collected, there are often constraints on the analysis and presentation of the results, both to the potential professional users within government and to the wider public. These constraints may concern technical capacity and lack of human resources, as well as political constraints, with interference in the publication of uncomfortable results (either suppression or delay).

5. Implications for management

Agreeing results-oriented strategies to achieve the MDGs

It is necessary to sharpen the focus on development effectiveness and the contribution made by aid. Elements of international consensus have already been reached in the MDGs. These overarching goals resolve the challenge of specifying outcomes at the top of the logic chain. Such clarity on the overall outcomes helps sharpen the focus of donors and partners on the country's own development strategy.

Several donors are trying to make the MDGs more operational. Donors have endorsed the multi-faceted definition of poverty, and many partner countries are pursuing development strategies that are aligned with the MDGs. Nonetheless, it remains a challenge to internalise the concept, and to devise appropriate sub-strategies. Donors still face challenges in clearly defining their own comparative advantages and added value within a collective donor framework to achieve the MDGs, and in attributing impact to their efforts. Partner countries find it challenging to develop intermediate indicators linked to the MDGs and to gather the requisite data.

Partnership strategies to support country ownership

Instruments to increase ownership and partnership need further development. There is widespread agreement that development policy should be country owned, and recognition that donors should aim to help strengthen leadership capacity at country level. Donors that favour project approaches have increasingly sought to co-ordinate their efforts within an overall sectoral strategy. Experience on the ground has been brought to bear on sector policy dialogue. Donors recognise that PRSPs and SWAPs have put greater emphasis on participation of civil society in policy formulation, and on co-ordination between donors and governments. There are unresolved debates about the role of budget support or other forms of basket funding in PRSP and SWAP frameworks. DAC discussions have also focused on improving aid delivery mechanisms within the policy reform environment.

Further dialogue is needed on how partners make policy choices and identify priorities. Country ownership and partnership need to be based on performance, both of the donor and partner, and of the interaction between the two. Donors, whether involved in projects or programmes, increasingly recognise that they must take account of the partner country's development management system, not just their bilateral partnership with the country. The dialogue needs to encompass a framework of results for operations at different levels, linking project outputs with sector results and country outcomes. This will allow donors to avoid micro-management and to be flexible on the choices made by partners within the agreed framework. The dialogue can also include the overall governance situation and trends, and the nature of conditionality employed by donors.[8] These issues are discussed in detail in Section III, *Harmonising Donor Practices for Effective Aid Delivery*.

The dialogue has to take account of capacity implications on the part of both parties. There needs to be country capacity for analysis and priority setting and donor capacity for policy discussions at the level of country and sector strategies. This has implications for donor support to countries and donor management organisation.

Donor co-ordination continues to be an issue for the DAC. Several studies[9] in recent years have pointed out that, at country level, donors can improve the effectiveness of their aid for partner countries. There is also a need to co-ordinate around the identification and monitoring of results.

8. Selection by donors in terms of "good and bad performers", another item within this partnership perspective, will be one of the issues for a separate workshop. The DAC and the World Bank have recently held a joint workshop on the subject of "difficult partnerships" where agreements on results frameworks is usually not feasible (see Section VII).
9. The DAC Task Force on Donor Practices has facilitated discussions on donor co-ordination, sector-wide approaches, and the harmonisation of donor practices in countries, and has also undertaken country studies (see Section III). The DAC has organised several discussions on donor co-ordination and partnership, and in 1999 jointly sponsored with UNDP and the World Bank a Partnership Forum: *From Aid Co-ordination to Development Partnership*. The UNDP presented an evaluation study of policy reform and co-ordination (Round Table Mechanism: An Interim Report). The World Bank also presented an evaluation study (World Bank Operations Evaluation Department, 1999, *The Drive to Partnership: Aid Co-ordination and the World Bank*).

Managing for results in partnership

Donors and partners need to bridge the gap between their respective results systems for a better assessment of development effectiveness. There are several general considerations:

- *Types of results*. Donors and partners need to distinguish between various kinds of results. One possibility, following the CIDA framework, is to define three types of result:

  – *Development results* should specify the agreed development outcomes in a country. Acceptance of the MDGs as a frame of reference for reporting achievements appears to be increasingly likely, despite the inherent data challenges.

  – *Enabling results* should show how donors and partners take account of, and seek to influence, the development context.

  – *Management results* should show how the operational units in both the partners' and donors' systems aim to improve their performance and service quality.

- *Selection of results at different levels.* Partner countries have made some progress in specifying results at the activity and sector levels, but there are serious challenges when specifying and measuring results at the programme and national levels. In donor agencies, results management systems seek to assess the impact of policies and procedures at the different levels but, in practice, tend to give greater attention to the activity and sector levels. Several donors are trying to streamline their procedures to focus on the significant results in the logic chain, requiring a convergence with systems of results measurement in partner countries. Further joint work in partnership will be required.

- *Attributing outcomes to the stakeholders' performance*. The theory that links activities to outcomes becomes weaker higher up the logic chain. Recognising that outcomes are the result of collective action, and attribution to individual efforts are not feasible, there needs to be agreement on how to present and assess results on a collective basis. At the same time, such presentations of results need to be helpful in sustaining individual stakeholder support.

Measuring collective performance

The collection of performance data to meet donor requirements implies a different strategy to data collection for promoting country ownership of policy reform. The data collected are likely to be different in each case, but there is also a likely trade-off between the two, and it is necessary to consider how donor requirements may undermine principles of country ownership. There is also a risk that if donor needs are not integrated within a statistical and information strategy, then country systems will be overloaded.

Building country capacity requires human development of relevant individual skills for data collection and analysis and the institutional development of integrating a country's information systems. Box II-4 below outlines contributions from PARIS21.

Relatively little attention has been given to the possibility of partner country reviews of aid. The New Partnership for Africa's

Box II-4.

PARIS21

The PARIS21* Consortium was established in 1999 as a partnership to promote results-based management and the use of statistics in developing countries. The partnership between policy makers, statisticians, and users of statistical information has so far promoted advocacy for better statistics and for their effective use in monitoring and developing policy. Work is required to sensitise statisticians to the new policy environment, and to ensure that the statistics that are available are accessible and targeted at policy makers.

The partnership aims to increase the importance of statistics in policy discussions and to encourage stakeholders to take a strategic, integrated approach to planning the statistical system. A virtuous cycle is envisaged, where the funders of statistics are provided with the statistics information they need, and so increase the resources available for their production, thus building a sustainable developing system. PARIS21 facilitates and stimulates country action to improve the ability to produce and use effectively the statistics and other information required for setting and monitoring policy. Other partners carry out the operational work in countries to provide the support needed to implement the improvements identified.

The work so far in task teams and regional and country workshops has included the sharing of best practices, advocacy materials, south-south co-operation, assessment of statistical capacity, and the promotion of a strategic approach to statistical management. Action has started in Africa and Latin America, and further work is programmed for those continents and for Asia, the Arab States, the Pacific, and the Caribbean. The work of the Consortium is guided by a Steering Committee with representatives of developing and transition countries from each region of the world, bilateral donors, and the UN, OECD, World Bank, IMF, and EC. Progress of PARIS21's work can be followed on its website at *www.paris21.org.*

* PARIS21: Partnership in Statistics for Development in the 21st Century, a Consortium hosted at OECD's Development Co-operation Directorate.

Development (NEPAD) is concerned with developing a peer review approach to countries' own governance and management, *i.e.* a "mutual review". This might be extended to consider the overall development performance, and the systems in place to produce the information needed for monitoring and evaluation. The NEPAD has requested work on the design of such a system from the Economic Commission for Africa and the OECD, and involving the Strategic Partnership with Africa (SPA).

It is also possible to consider more joint assessments and joint evaluations by donors of collective performance, given the increasing co-ordination of donor efforts in partner countries. The OECD has undertaken two joint assessments on Mali and Mozambique,[10] and is planning

10. OECD/DCD, Club du Sahel and UNDP, 1999 "Improving the effectiveness of aid systems: The case of Mali"; "DAC joint assessment of the aid programmes of Germany, the Netherlands and the United Kingdom in Mozambique", DAC *Journal* 2001, Vol. 2, No. 4, pp. III-1 to III-30. The OECD/DCD also participated in a World Bank sponsored review of donors' activities in Nepal during 2001.

another (possibly Tanzania). The DAC Working Party on Aid Evaluation has undertaken some joint evaluations and is actively promoting further joint evaluations. Various instruments, including guidance on joint evaluations and systematic and standardised exchange of information on evaluation plans, have been developed to facilitate joint exercises. While some results have been achieved, further efforts are needed, recognising that partnerships cannot start in the evaluation phase but must build on collaboration in earlier phases of the programme cycle, including possible joint monitoring arrangements. Moving from an individual donor approach to a joint evaluation approach will stimulate fundamental changes in the way evaluation is currently conducted, and in the way evaluation results are demanded.

Results focus at partner country level

Within these different aspects of a results focus at the country level there are some key considerations for partners and donors. Development managers need to consider those policies, and delivery instruments that promote better partnership and country ownership. In particular:

- *Reform of governance structures and public sector management*, with an emphasis on improving outcomes, such as efficient and effective delivery of public services, can increase the benefits of development assistance.
- *Country ownership, broad participation and good donor partnerships* are essential elements of such policy reform.
- In their dialogue with partners, donors should seek to achieve the *optimal use of resources to attain agreed development results*, sustainability, replicability and diffusion of lessons learned.
- *Accountability and transparency* to the public in the partner country, as well as to taxpayers in the donor country, can be enhanced by a clear results focus of partner governments.
- *Public sector reforms* should include monitoring systems and measurement of results. Such systems will need to take account of the increasingly collective nature of the development management system in a country, affecting projects as well as programmes.
- *Donor co-ordination* can reduce the burden of aid procedures, but co-ordination has its own transaction costs. Some transactions costs, absorbed by partner governments, can also help build capacity.

6. Main conclusions and findings of the Forum

The Forum concluded that the search for better results on the ground is central to the evolving development agenda. In partner countries, citizens are demanding better public expenditure management, including of aid allocations, from their respective governments. In OECD countries, taxpayers are eager to get value for the money spent on development budgets. For the first time in over a decade, OECD donors committed themselves to increase aid volumes by up to USD 15 billion over the next few years. They made these commitments conditional on enhanced aid effectiveness through the achievement of concrete results.

The establishment of the Millennium Development Goals provides donor and partner countries with a common framework for results-oriented delivery of aid. At the Forum, a general convergence on the need to link MDGs to partner countries' development environments emerged. Identifying related targets at the country level will facilitate the co-ordination of donor and partner interventions and help mobilise participation of local stakeholders, both in government and civil society.

The Forum showed the momentum reached by the results agenda. Bilateral and multilateral donors are currently working towards improving their results management systems and new tools and procedures are being developed, such as the US Millennium Challenge Account (see Box II-1). Donors highlighted the relevance of placing country ownership at the centre of their management systems. The World Bank and many bilateral donors link their country assistance to country-owned poverty reduction strategies. UNDP is extending its MDG country reports to a growing number of partner countries as a basis for results-based management at country level.

A number of partner countries make results orientation central to their public sector reform programmes. In Uganda for instance, results-based budgeting is a cornerstone of the reform agenda. Chile has moved away from the traditional approach of incremental budgeting by implementing an advanced process for resource allocation. Tanzania is currently making budgeting and management at all government levels centre on the PRSP, which functions as the main target-setting document. The experience of Malaysia also demonstrates the benefits of planning for results in implementing performance-based reform of public agencies.

The variety of experiences in OECD and partner countries highlighted several common lessons:

- *Country-led development architecture*. Country ownership is essential to ensure aid effectiveness. Designing aid interventions to fit partners' priorities and features is important, particularly by using country-owned poverty reduction strategies and engaging in consultation with local stakeholders, from governments to civil society. The need to unburden partner countries from donors' often redundant and incoherent requirements was repeatedly recognised by Forum participants.

- *Aligning timescales*. There is a mismatch between the long-term dimensions of development and the shorter timeframe of measuring and managing for results. An agency's need to account for performance to its management board within the timescale of a programme has in the past led to a focus on inputs and short-term outputs. Showing development outcomes takes a longer time and needs a different focus on results.

- *Streamlining measurement*. There was general convergence on the need to simplify measurement approaches to facilitate joint reporting arrangements and common monitoring and evaluation procedures. Harmonisation might be facilitated by moving towards limited and generally accepted core sets of indicators related to the MDGs. Partner countries need to be involved in the choice of indicators to be used, with an eye to allowing consistent reporting formats for cross-country comparison. Such an approach should nonetheless avoid an over-simplification of the qualitative dimension of development by reducing the choice of indicators too much.

- *From attribution to contribution*. The Forum highlighted an emerging shift from concerns about donor attribution to a recognition of opportunities to contribute jointly to development. The trend in joint sector reviews is showing that donor interest in "visibility", typical of input orientation, is giving way to mutual accountability towards achieving common results.

• *Providing adequate incentives for results achievement*. Appropriate incentive systems are fundamental to implementing a results focus successfully. Several partner countries' experiences with public sector reform showed how a highly motivated civil service is central to performance-oriented management. Enhancing communication channels provides powerful incentives to improve performance. The accountability of agencies can be strengthened by involving civil society stakeholders in results planning and disclosing outcomes to the public.

• *Harmonisation*. Joint priorities can only be achieved through effective co-ordination between donors and partners. Harmonisation of donor practices is recognised today as essential to making ODA more effective, as is the need to make donor procedures compatible with partner systems. More transparency among donors, and between donors and partners is crucial to achieving development results efficiently and effectively.

The issue of harmonisation of aid procedures is discussed in greater depth in the following section of the Report.

Glossary of Key Terms and Concepts

(Cross-references are given in CAPITALS)

AID: The words "aid" and "assistance" in this publication refer only to flows which qualify as OFFICIAL DEVELOPMENT ASSISTANCE (ODA) or OFFICIAL AID (OA).

AMORTIZATION: Repayments of principal on a LOAN. Does not include interest payments.

ASSOCIATED FINANCING: The combination of OFFICIAL DEVELOPMENT ASSISTANCE, whether GRANTS or LOANS, with any other funding to form finance packages. Associated Financing packages are subject to the same criteria of concessionality, developmental relevance and recipient country eligibility as TIED AID credits.

BILATERAL: See TOTAL RECEIPTS.

CLAIM: The entitlement of a creditor to repayment of a LOAN; by extension, the loan itself or the outstanding amount thereof.

COMMITMENT: A firm obligation, expressed in writing and backed by the necessary funds, undertaken by an official donor to provide specified assistance to a recipient country or a multilateral organisation. Bilateral commitments are recorded in the full amount of expected transfer, irrespective of the time required for the completion of DISBURSEMENTS. Commitments to multilateral organisations are reported as the sum of *i*) any disbursements in the year in question which have not previously been notified as commitments and *ii*) expected disbursements in the following year.

CONCESSIONALITY LEVEL: A measure of the "softness" of a credit reflecting the benefit to the borrower compared to a LOAN at market rate (*cf.* GRANT ELEMENT). Technically, it is calculated as the difference between the nominal value of a TIED AID credit and the present value of the debt service as of the date of DISBURSEMENT, calculated at a discount rate applicable to the currency of the transaction and expressed as a percentage of the nominal value.

DAC (DEVELOPMENT ASSISTANCE COMMITTEE): The committee of the OECD which deals with development co-operation matters. A description of its aims and a list of its Members are given at the front of this volume.

DAC LIST: See RECIPIENT COUNTRIES AND TERRITORIES.

DEBT REORGANISATION (also: **RESTRUCTURING**): Any action officially agreed between creditor and debtor that alters the terms previously established for repayment. This may include **forgiveness** (extinction of the LOAN), or **rescheduling** which can be implemented either by revising the repayment schedule or extending a new **refinancing** loan. See also "Notes on Definitions and Measurement" below.

DISBURSEMENT: The release of funds to, or the purchase of goods or services for a recipient; by extension, the amount thus spent. Disbursements record the actual international transfer of financial resources, or of goods or services valued at the cost to the donor. In the case of activities carried out in donor countries, such as training, administration or public awareness programmes, disbursement is taken to have occurred when the funds have been transferred to the service provider or the recipient. They may be recorded **gross** (the total amount disbursed over a given accounting period) or net (the gross amount less any repayments of LOAN principal or recoveries on GRANTS received during the same period).

EXPORT CREDITS: LOANS for the purpose of trade and which are not represented by a negotiable instrument. They may be extended by the official or the private sector. If extended by the private sector, they may be supported by official guarantees.

GRACE PERIOD: See GRANT ELEMENT.

GRANTS: Transfers made in cash, goods or services for which no repayment is required.

GRANT ELEMENT: Reflects the **financial terms** of a COMMITMENT: interest rate, MATURITY and grace period (interval to first repayment of capital). It measures the concessionality of a LOAN, expressed as the percentage by which the present value of the expected stream of repayments falls short of the repayments that would have been generated at a given reference rate of interest. The reference rate is 10% in DAC statistics. This rate was selected as a proxy for the marginal efficiency of domestic investment, *i.e.* an indication of the opportunity cost to the donor of making the funds available. Thus, the grant element is nil for a loan carrying an interest rate of 10%; it is 100% for a GRANT; and it lies between these two limits for a loan at less than 10% interest. If the face value of a loan is multiplied by its grant element, the result is referred to as the **grant equivalent** of that loan (*cf.* CONCESSIONALITY LEVEL). (*Note*: the grant element concept is not applied to the non-concessional ("hard window") operations of the multilateral development banks.)

GRANT-LIKE FLOW: A transaction in which the donor country retains formal title to repayment but has expressed its intention in the COMMITMENT to hold the proceeds of repayment in the borrowing country for the benefit of that country.

LOANS: Transfers for which repayment is required. Only loans with MATURITIES of over one year are included in DAC statistics. Data on net loans include deductions for repayments of principal (but not payment of interest) on earlier loans. This means that when a loan has been fully repaid, its effect on total NET FLOWS over the life of the loan is zero.

LONG-TERM: Used of LOANS with an original or extended MATURITY of more than one year.

MATURITY: The date at which the final repayment of a LOAN is due; by extension, the duration of the loan.

MULTILATERAL AGENCIES: In DAC statistics, those international institutions with governmental membership which conduct all or a significant part of their activities in favour of development and aid recipient countries. They include multilateral development banks (*e.g.* World Bank, regional development banks), United Nations agencies, and regional groupings (*e.g.* certain European Community and Arab agencies). A contribution by a DAC member to such an agency is deemed to be multilateral if it is pooled with other contributions and disbursed at the discretion of the agency. Unless otherwise indicated, capital subscriptions to multilateral development banks are presented on a **deposit** basis, *i.e.* in the amount and as at the date of lodgement of the relevant letter of credit or other negotiable instrument. Limited data are available on an encashment basis, *i.e.* at the date and in the amount of each drawing made by the agency on letters or other instruments.

NET FLOW: The total amount disbursed over a given accounting period, less repayments of LOAN principal during the same period, no account being taken of interest.

NET TRANSFER: In DAC statistics, NET FLOW minus payments of interest.

OFFICIAL AID (OA): Flows which meet the conditions of eligibility for inclusion in OFFICIAL DEVELOPMENT ASSISTANCE, except that the recipients are on Part II of the DAC List of Aid Recipients (see RECIPIENT COUNTRIES AND TERRITORIES).

OFFICIAL DEVELOPMENT ASSISTANCE (ODA): GRANTS or LOANS to countries and territories on Part I of the DAC List of Aid Recipients (developing countries) which are:

- Undertaken by the official sector.
- With promotion of economic development and welfare as the main objective.
- At concessional financial terms (if a loan, having a GRANT ELEMENT of at least 25%).

In addition to financial flows, TECHNICAL CO-OPERATION is included in aid. Grants, loans and credits for military purposes are excluded. For the treatment of the forgiveness of loans originally extended for military purposes, see "Notes on Definitions and Measurement" below.

OFFICIAL DEVELOPMENT FINANCE (ODF): Used in measuring the inflow of resources to recipient countries: includes *a*) bilateral ODA, *b*) GRANTS and concessional and non-concessional development lending by multilateral financial institutions, and *c*) those OTHER OFFICIAL FLOWS which are considered developmental (including refinancing LOANS) but which have too low a GRANT ELEMENT to qualify as ODA.

OFFSHORE BANKING CENTRES: Countries or territories whose financial institutions deal primarily with non-residents.

OTHER OFFICIAL FLOWS (OOF): Transactions by the official sector with countries on the DAC List of Aid Recipients which do not meet the conditions for eligibility as OFFICIAL DEVELOPMENT ASSISTANCE or OFFICIAL AID, either because they are not primarily aimed at development, or because they have a GRANT ELEMENT of less than 25%.

PARTIALLY UNTIED AID: Official Development Assistance for which the associated goods and services must be procured in the donor country or among a restricted group of other countries, which must however include substantially all recipient countries. Partially untied aid is subject to the same disciplines as TIED AID credits and ASSOCIATED FINANCING.

PRIVATE FLOWS: Consist of flows at market terms financed out of private sector resources (*i.e.* changes in holdings of private LONG-TERM assets held by residents of the reporting country) and private grants (*i.e.* grants by **non-governmental**

organisations, net of subsidies received from the official sector). In presentations focusing on the receipts of recipient countries, flows at market terms are shown as follows:

- **Direct investment:** Investment made to acquire or add to a lasting interest in an enterprise in a country on the DAC List of Aid Recipients (see RECIPIENT COUNTRIES AND TERRITORIES). "Lasting interest" implies a long-term relationship where the direct investor has a significant influence on the management of the enterprise, reflected by ownership of at least 10% of the shares, or equivalent voting power or other means of control. In practice it is recorded as the change in the net worth of a subsidiary in a recipient country to the parent company, as shown in the books of the latter.

- **International bank lending:** Net lending to countries on the DAC List of Aid Recipients by banks in OECD countries. LOANS from central monetary authorities are excluded. Guaranteed bank loans and bonds are included under OTHER PRIVATE or BOND LENDING (see below) in these presentations.

- **Bond lending:** Net completed international bonds issued by countries on the DAC List of Aid Recipients.

- **Other private:** Mainly reported holdings of equities issued by firms in aid recipient countries.

In data presentations which focus on the outflow of funds from donors, private flows other than direct investment are restricted to credits with a MATURITY of greater than one year and are usually divided into:

- **Private export credits:** See EXPORT CREDITS.

- **Securities of multilateral agencies:** This covers the transactions of the private non-bank and bank sector in bonds, debentures etc. issued by multilateral institutions.

- **Bilateral portfolio investment and other:** Includes bank lending and the purchase of shares, bonds and real estate.

RECIPIENT COUNTRIES AND TERRITORIES: The DAC List of Aid Recipients used to compile the statistics in this volume is shown separately at the end of this publication. Some details about recent changes in the List are given in the "Notes on Definitions and Measurement" below. From 1 January 2000, Part I of the List is presented in the following categories (the word "countries" includes territories):

- **LDCs:** Least Developed Countries. Group established by the United Nations. To be classified as an LDC, countries must fall below thresholds established for income, economic diversification and social development. The DAC List is updated immediately to reflect any change in the LDC group.

- **Other LICs:** Other Low-Income Countries. Includes all non-LDC countries with per capita GNP $760 or less in 1998 (World Bank Atlas basis).

- **LMICs:** Lower Middle-Income Countries, *i.e.* with GNP per capita (Atlas basis) between $761 and $3 030 in 1998. LDCs which are also LMICs are only shown as LDCs – not as LMICs.

- **UMICs:** Upper Middle-Income Countries, *i.e.* with GNP per capita (Atlas basis) between $3 031 and $9 360 in 1998.

- **HICs:** High-Income Countries, *i.e.* with GNP per capita (Atlas basis) more than $9 360 in 1998.

Part II of the List comprises "Countries in Transition". These comprise *i)* more advanced Central and Eastern European Countries and New Independent States of the former Soviet Union; and *ii*) more advanced developing countries. See also OFFICIAL AID.

SHORT-TERM: Used of LOANS with a MATURITY of one year or less.

TECHNICAL CO-OPERATION: Includes both (a) GRANTS to nationals of aid recipient countries receiving education or training at home or abroad, and (b) payments to consultants, advisers and similar personnel as well as teachers and administrators serving in recipient countries (including the cost of associated equipment). Assistance of this kind provided specifically to facilitate the implementation of a capital project is included indistinguishably among bilateral project and programme expenditures, and is omitted from technical co-operation in statistics of aggregate flows.

TIED AID: Official GRANTS or LOANS where procurement of the goods or services involved is limited to the donor country or to a group of countries which does not include substantially all aid recipient countries. Tied aid loans, credits and ASSOCIATED FINANCING packages are subject to certain disciplines concerning their CONCESSIONALITY LEVELS, the countries to which they may be directed, and their developmental relevance so as to avoid using aid funds on projects that would be commercially viable with market finance, and to ensure that recipient countries receive good value. Details are given in the **Development Co-operation Reports** for 1987 (pp. 177-181) and 1992 (pp. 10-11).

TOTAL RECEIPTS: The inflow of resources to aid recipient countries (see Table 1 of the Statistical Annex) includes, in addition to ODF, official and private EXPORT CREDITS, and LONG- and SHORT-TERM private transactions (see PRIVATE FLOWS). Total receipts are measured net of AMORTIZATION payments and repatriation of capital by private investors. **Bilateral** flows are provided directly by a donor country to an aid recipient country. **Multilateral** flows are channelled via an international organisation active in development (*e.g.* World Bank, UNDP). In tables showing total receipts of recipient countries, the outflows of multilateral agencies to those countries is shown, not the contributions which the agencies received from donors.

UNDISBURSED: Describes amounts committed but not yet spent. See also COMMITMENT, DISBURSEMENT.

UNTIED AID: Official Development Assistance for which the associated goods and services may be fully and freely procured in substantially all countries.

VOLUME (real terms): The flow data in this publication are expressed in US dollars. To give a truer idea of the volume of flows over time, some data are presented in constant prices and exchange rates, with a reference year specified. This means that adjustment has been made to cover both inflation in the donor's currency between the year in question and the reference year, and changes in the exchange rate between that currency and the United States dollar over the same period. A table of combined conversion factors (deflators) is provided in the Statistical Annex (Table 36) which allows any figure in the Report in current United States dollars to be converted to dollars of the reference year ("constant prices").

Notes on Definitions and Measurement

The coverage of the data presented in this Report has changed in recent years. The main points are:

Changes in the ODA concept and the coverage of GNP

While the definition of Official Development Assistance has not changed since 1972, some changes in interpretation have tended to broaden the scope of the concept. The main ones are the recording of administrative costs as ODA (from 1979), the imputation as ODA of the share of subsidies to educational systems representing the cost of educating students from aid recipient countries (first specifically identified in 1984), and the inclusion of assistance provided by donor countries in the first year after the arrival of a refugee from an aid recipient country (eligible to be reported from the early 1980s but widely used only since 1991).

Precise quantification of the effects of these changes is difficult because changes in data collection methodology and coverage are often not directly apparent from members' statistical returns. The amounts involved can, however, be substantial. For example, reporting by Canada in 1993 included for the first time a figure for in-Canada refugee support. The amount involved ($184 m.) represented almost 8% of total Canadian ODA. Aid flows reported by Australia in the late 1980s, it has been estimated, were some 12% higher than had they been calculated according to the rules and procedures applying fifteen years earlier.*

The coverage of national income has also been expanding through the inclusion of new areas of economic activity and the improvement of collection methods. In particular, the new System of National Accounts (SNA) co-sponsored by the OECD and other major international organisations broadens the coverage of GNP, now renamed GNI – Gross National Income. This tends to depress donors' ODA/GNI ratios. Norway's and Denmark's ODA/GNI ratios declined by 6 to 8% as a result of moving to the new SNA in the mid-1990s. Finland and Australia later showed smaller falls of 2 to 4%. All DAC members are now using the new SNA.

Recipient country coverage

Since 1990, the following entities have been added to the list of ODA recipients at the dates shown: the Black Communities of South Africa (1991 – now simply South Africa); Kazakhstan, the Kyrgyz Republic, Tajikistan, Turkmenistan and Uzbekistan (1992); Armenia, Georgia and Azerbaijan (1993), Palestinian Administered Areas (1994), Moldova (1997). Eritrea, formerly part of Ethiopia, has been treated as a separate country from 1993. The former United States Trust Territory of the Pacific Islands has been progressively replaced by its independent successor states, *viz.* Federated States of Micronesia and Marshall

* S. Scott, "Some Aspects of the 1988/89 Aid Budget", in *Quarterly Aid Round-up*, No. 6, AIDAB, Canberra, 1989, pp. 11-18.

Islands (1992); Northern Marianas and Palau Islands (1994).

Over the same period, the following countries and territories have been removed from the ODA recipient list: Portugal (1991); French Guyana, Guadeloupe, Martinique, Réunion and St Pierre and Miquelon (1992), Greece (1994).

From 1993, several CEEC/NIS countries in transition have been included on Part II of a new List of Aid Recipients (the List is given at the end of this volume). Aid to countries on Part II of the List is recorded as "Official Aid", not as ODA. To avoid overlap, Part II of the new List does not include those CEEC/NIS countries which have been classified as ODA recipients.

From 1996, the following High-Income Countries were transferred from Part I to Part II of the List: Bahamas, Brunei, Kuwait, Qatar, Singapore and United Arab Emirates. From 1997, seven further High-Income Countries were transferred to Part II: Bermuda, Cayman Islands, Chinese Taipei, Cyprus, Falkland Islands, Hong Kong (China), and Israel. From 1 January 2000, Aruba, the British Virgin Islands, French Polynesia, Gibraltar, Korea, Libya, Macao, Netherlands Antilles, New Caledonia and Northern Marianas progressed to Part II. In 2001, Senegal transferred to the group of LDCs, and Northern Marianas left the List.

Data on total aid to Part I countries (ODA) and total aid to Part II countries (OA) follow the recipient list for the year in question. However, when a country is added to or removed from an income group in Part I, totals for the groups affected are adjusted retroactively to maximise comparability over time with reference to the current list.

Donor country coverage

Spain and Portugal joined the DAC in 1991, Luxembourg joined in 1992 and Greece joined in 1999. Their assistance is now counted within the DAC total. ODA flows from these countries before they joined the DAC have been added to earlier years' data where available. The accession of new members has added to total DAC ODA, but has usually reduced the overall ODA/GNP ratio, since their programmes are often smaller in relation to GNP than those of the longer-established donors.

Treatment of debt forgiveness

The treatment of the **forgiveness of loans not originally reported as ODA** varied in earlier years. Up to and including 1992, where forgiveness of non-ODA debt met the tests of ODA it was reportable as ODA. From 1990 to 1992 inclusive it remained reportable as part of a country's ODA, but was excluded from the DAC total. From 1993, forgiveness of debt originally intended for military purposes has been reportable as "Other Official Flows", whereas forgiveness of other non-ODA loans (mainly **export credits**) recorded as ODA is included both in country data and in total DAC ODA in the same way as it was until 1989.

The **forgiveness of outstanding loan principal originally reported as ODA** does not give rise to a new net disbursement of ODA. Statistically, the benefit is reflected in the fact that because the cancelled repayments will not take place, net ODA disbursements will not be reduced.

Reporting year

All data in this publication refer to calendar years, unless otherwise stated.

DAC List of Aid Recipients – For 2001 Flows

Part I: Developing Countries and Territories (Official Development Assistance)					Part II: Countries and Territories in Transition (Official Aid)	
LLDCs	Other LICs (per capita GNP < $760 in 1998)	LMICs (per capita GNP $761-$3 030 in 1998)	UMICs (per capita GNP $3 031-$9 360 in 1998)	HICs (per capita GNP > $9 360 in 1998)[1]	CEECs/NIS	More Advanced Developing Countries and Territories
Afghanistan Angola Bangladesh Benin Bhutan Burkina Faso Burundi Cambodia Cape Verde Central African Republic Chad Comoros Congo, Dem. Rep. Djibouti Equatorial Guinea Eritrea Ethiopia Gambia Guinea Guinea-Bissau Haiti Kiribati Laos Lesotho Liberia Madagascar Malawi Maldives Mali Mauritania Mozambique Myanmar Nepal Niger Rwanda Samoa São Tomé and Príncipe Sierra Leone Solomon Islands Somalia Sudan Tanzania Togo Tuvalu Uganda Vanuatu Yemen Zambia	❊ Armenia ❊ Azerbaijan Cameroon China Congo, Rep. Côte d'Ivoire East Timor Ghana Honduras India Indonesia Kenya Korea, Democratic Republic ❊ Kyrgyz Rep. ❊ Moldova Mongolia Nicaragua Nigeria Pakistan Senegal[2] ❊ Tajikistan ❊ Turkmenistan Viet Nam Zimbabwe	❊ Albania Algeria Belize Bolivia Bosnia and Herzegovina Colombia Costa Rica Cuba Dominica Dominican Republic Ecuador Egypt El Salvador Fiji ❊ Georgia Guatemala Guyana Iran Iraq Jamaica Jordan ❊ Kazakhstan Macedonia (former Yugoslav Republic) Marshall Islands Micronesia, Federated States Morocco Namibia Niue Palestinian Administered Areas Papua New Guinea Paraguay Peru Philippines South Africa Sri Lanka St Vincent and Grenadines Suriname Swaziland Syria Thailand ● Tokelau Tonga Tunisia ❊ Uzbekistan ● Wallis and Futuna Yugoslavia, Federal Republic	Botswana Brazil Chile Cook Islands Croatia Gabon Grenada Lebanon Malaysia Mauritius ● Mayotte Mexico Nauru Palau Islands Panama ● St Helena St Lucia Trinidad and Tobago Turkey Uruguay Venezuela **Threshold for World Bank Loan Eligibility ($5 280 in 1998)** ● Anguilla Antigua and Barbuda Argentina Bahrain Barbados ● Montserrat Oman Saudi Arabia Seychelles St Kitts and Nevis ● Turks and Caicos Islands	Malta[1] Slovenia[1]	❊ Belarus ❊ Bulgaria ❊ Czech Republic ❊ Estonia ❊ Hungary ❊ Latvia ❊ Lithuania ❊ Poland ❊ Romania ❊ Russia ❊ Slovak Republic ❊ Ukraine	● Aruba Bahamas ● Bermuda Brunei ● Cayman Islands Chinese Taipei Cyprus ● Falkland Islands ● French Polynesia ● Gibraltar ● Hong Kong, China Israel Korea Kuwait Libya ● Macao ● Netherlands Antilles ● New Caledonia Qatar Singapore United Arab Emirates ● Virgin Islands (UK)

❊ Central and eastern European countries and New Independent States of the former Soviet Union (CEECs/NIS).
● Territory.
1. These countries and territories will transfer to Part II on 1 January 2003.
As of July 2002, **the Heavily Indebted Poor Countries (HIPCs)** are: Angola, Benin, Bolivia, Burkina Faso, Burundi, Cameroon, Central African Republic, Chad, Comoros, Congo (Dem. Rep.), Congo (Rep.), Côte d'Ivoire, Ethiopia, Gambia, Ghana, Guinea, Guinea-Bissau, Guyana, Honduras, Kenya, Laos, Liberia, Madagascar, Malawi, Mali, Mauritania, Mozambique, Myanmar, Nicaragua, Niger, Rwanda, São Tomé and Príncipe, Senegal, Sierra Leone, Somalia, Sudan, Tanzania, Togo, Uganda, Viet Nam and Zambia.

List of acronyms[1]

ACP	AFRICAN, CARIBBEAN AND PACIFIC COUNTRIES
AERA	ACCELERATED ECONOMIC RECOVERY IN ASIA
AfDB	AFRICAN DEVELOPMENT BANK
AfDF	AFRICAN DEVELOPMENT FUND
AsDB	ASIAN DEVELOPMENT BANK
AsDF	ASIAN DEVELOPMENT FUND
ASEAN	ASSOCIATION OF SOUTH-EAST ASIAN NATIONS
BIS	BANK FOR INTERNATIONAL SETTLEMENTS
BHN	BASIC HUMAN NEEDS
BSS	BASIC SOCIAL SERVICES
CCA	COMMON COUNTRY ASSESSMENT
CDE	CAPACITY DEVELOPMENT IN ENVIRONMENT
CDF	COMPREHENSIVE DEVELOPMENT FRAMEWORK
CEC	COMMISSION OF THE EUROPEAN COMMUNITIES
CEDAW	CONVENTION ON THE ELIMINATION OF DISCRIMINATION AGAINST WOMEN
CEECs	CENTRAL AND EASTERN EUROPEAN COUNTRIES
CFA[2]	AFRICAN FINANCIAL COMMUNITY
CIS	COMMONWEALTH OF INDEPENDENT STATES
CMH	COMMISSION ON MACROECONOMICS AND HEALTH (WHO)
CPE	COUNTRY PROGRAMME EVALUATION
CPIA	COUNTRY POLICY AND INSTITUTIONAL ASSESSMENT
CRS	CREDITOR REPORTING SYSTEM (of the DAC)
CSOs	CIVIL SOCIETY ORGANISATIONS
DAC	DEVELOPMENT ASSISTANCE COMMITTEE
DCD	DEVELOPMENT CO-OPERATION DIRECTORATE (OECD)
EBRD	EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT
EC	EUROPEAN COMMUNITY
ECA	ECONOMIC COMMISSION FOR AFRICA
ECHO	EUROPEAN COMMUNITY HUMANITARIAN OFFICE
EDF	EUROPEAN DEVELOPMENT FUND
EFA	EDUCATION FOR ALL
ESAF	ENHANCED STRUCTURAL ADJUSTMENT FACILITY (IMF, now PRGF)
EU	EUROPEAN UNION
FDI	FOREIGN DIRECT INVESTMENT
FSAP	FINANCIAL SECTOR ASSESSMENT PROGRAMME (of the IMF/World Bank)
GSP	GENERALISED SYSTEM OF PREFERENCES
GNI	GROSS NATIONAL INCOME
HICs	HIGH-INCOME COUNTRIES
HIPCs	HEAVILY-INDEBTED POOR COUNTRIES (see DAC List of Aid Recipients in this annex)
HPI	HUMAN POVERTY INDEX
IBRD	INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
ICB	INTERNATIONAL COMPETITIVE BIDDING

ICPD INTERNATIONAL CONFERENCE ON POPULATION AND DEVELOPMENT (Cairo, 1994)
IDA INTERNATIONAL DEVELOPMENT ASSOCIATION
IDAI INTEGRATED DEVELOPMENT ACTIVITY INFORMATION
IDB INTER-AMERICAN DEVELOPMENT BANK
IDGs INTERNATIONAL DEVELOPMENT GOALS
IECDF INTERNATIONAL ECONOMIC CO-OPERATION DEVELOPMENT FUND
IFAD INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT
IFC INTERNATIONAL FINANCE CORPORATION
ILO INTERNATIONAL LABOUR ORGANISATION
IMF INTERNATIONAL MONETARY FUND
IMSG INFORMAL MULTILATERAL SECRETARIATS GROUP
IRTA INVESTMENT-RELATED TECHNICAL ASSISTANCE
ITC INTERNATIONAL TRADE CENTRE

JBIC JAPAN BANK FOR INTERNATIONAL CO-OPERATION (ex OECF + JEXIM)
JEXIM JAPAN EXPORT IMPORT BANK (now JBIC)

KfW[2] BANK FOR RECONSTRUCTION AND DEVELOPMENT (Germany)

LDCs DEVELOPING COUNTRIES
LICs LOW-INCOME COUNTRIES
LLDCs LEAST DEVELOPED COUNTRIES
LMICs LOWER MIDDLE-INCOME COUNTRIES

MDBs MULTILATERAL DEVELOPMENT BANKS

NEPAD NEW PARTNERSHIP FOR AFRICA'S DEVELOPMENT
NGO NON-GOVERNMENTAL ORGANISATION
NIS NEW INDEPENDENT STATES (of the former Soviet Union)
NSSDs NATIONAL STRATEGIES FOR SUSTAINABLE DEVELOPMENT

ODA OFFICIAL DEVELOPMENT ASSISTANCE
ODF OFFICIAL DEVELOPMENT FINANCE
OECD ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT
OECF OVERSEAS ECONOMIC CO-OPERATION FUND (Japan, now JBIC)
OLICs OTHER LOW-INCOME COUNTRIES
OOF OTHER OFFICIAL FLOWS

PDGG PARTICIPATORY DEVELOPMENT AND GOOD GOVERNANCE
PRGF POVERTY REDUCTION AND GROWTH FACILITY (IMF, formerly ESAF)
PRSP POVERTY REDUCTION STRATEGY PAPER

RBM RESULTS-BASED MANAGEMENT

S-21 21st CENTURY STRATEGY
SAF STRUCTURAL ADJUSTMENT FACILITY
SDR SPECIAL DRAWING RIGHT
SNA SYSTEM OF NATIONAL ACCOUNTS
SPA STRATEGIC PARTNERSHIP WITH AFRICA (formerly Special Programme of Assistance for Africa)
SPS SECTOR PROGRAMME SUPPORT
SSA SUB-SAHARAN AFRICA
SWAPs SECTOR-WIDE APPROACHES

TC	TECHNICAL CO-OPERATION
TRTA	TRADE-RELATED TECHNICAL ASSISTANCE
UMICs	UPPER MIDDLE-INCOME COUNTRIES
UN	UNITED NATIONS
UNCED	UNITED NATIONS CONFERENCE ON ENVIRONMENT AND DEVELOPMENT (Rio de Janeiro, 1992)
UNCTAD	UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT
UNDAF	UNITED NATIONS DEVELOPMENT ASSISTANCE FRAMEWORK
UNDP	UNITED NATIONS DEVELOPMENT PROGRAMME
UNEP	UNITED NATIONS ENVIRONMENT PROGRAMME
UNESCO	UNITED NATIONS EDUCATIONAL, SCIENTIFIC AND CULTURAL ORGANISATION
UNFCCC	UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE
UNFPA	UNITED NATIONS FUND FOR POPULATION ACTIVITIES
UNHCR	UNITED NATIONS HIGH COMMISSIONER FOR REFUGEES
UNICEF	UNITED NATIONS CHILDREN'S FUND
WFP	WORLD FOOD PROGRAMME
WHO	WORLD HEALTH ORGANISATION
WID	WOMEN IN DEVELOPMENT
WSSD	WORLD SUMMIT FOR SUSTAINABLE DEVELOPMENT (Johannesburg, 2002)
WTO	WORLD TRADE ORGANISATION

1. This list is not exhaustive. It provides the most common development co-operation related acronyms, including those referred to in this Report. Acronyms for country Ministries and Aid Agencies are provided in Chapter V.
2. Denotes acronym in the original language.

Charts

Boxes

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