

Eurodad brief analysis of the OECD Paris monitoring survey¹

More than one hundred countries – both aid donors and recipients – signed up to the Paris declaration in 2005 in recognition of the need to make aid work better to address the needs of poor people and for development.

In 2006 the OECD coordinated a baseline survey of donor and recipient country performance as a way to monitor progress against commitments from then until 2010 for when targets had been set.

Last month (May 2007) the OECD published the overview of their results obtained from the 2006 Survey on Monitoring the Paris Declaration. The Paris Declaration is an important step in achieving better quality aid and the publication of this report is a positive step in following up on the commitments that have been made.

Following our concerns that the report would not publish the individual data for donors, we are pleased that the OECD has been transparent in this regard. This transparency could have been improved had the 2010 targets also been included in the presentation of the donor data so that it would be easier to compare the baseline information against the targets that have been agreed.

The overall message of the survey is that donors and recipients 'have a long road ahead to meet the commitments they have undertaken'.

The process has revealed that, although all donor agencies have made efforts to implement the Paris Declaration, there is a significant 'disconnect between headquarters policies and in-country practices, as illustrated by continued donor-driven technical cooperation and lack of visible progress on untying aid.' The report suggests that donor headquarters need to provide leadership, acknowledge the costs of delivering aid more effectively, focus incentives on development outcomes and review legal or procedural frameworks than impede implementation.

Some messages that emerge from the report include:

Donors must take immediate steps to:

- Make their aid more predictable and report it accurately, so that governments can plan ahead.
- Reform technical assistance to ensure that it meets needs identified by the recipient, builds real capacity on the ground and uses local systems wherever possible.
- Support country systems – too many donors are continuing to use their own parallel implementation units, and not enough aid is being channeled through countries own administrative systems.
- Reduce the administrative costs of aid – each country in the survey received on average over 300 missions from donors in 2005.

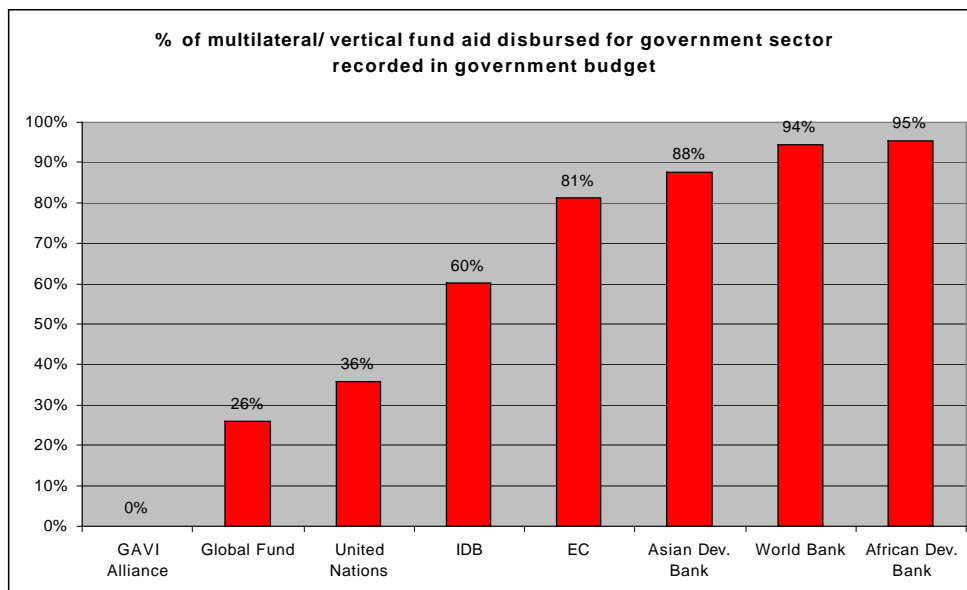
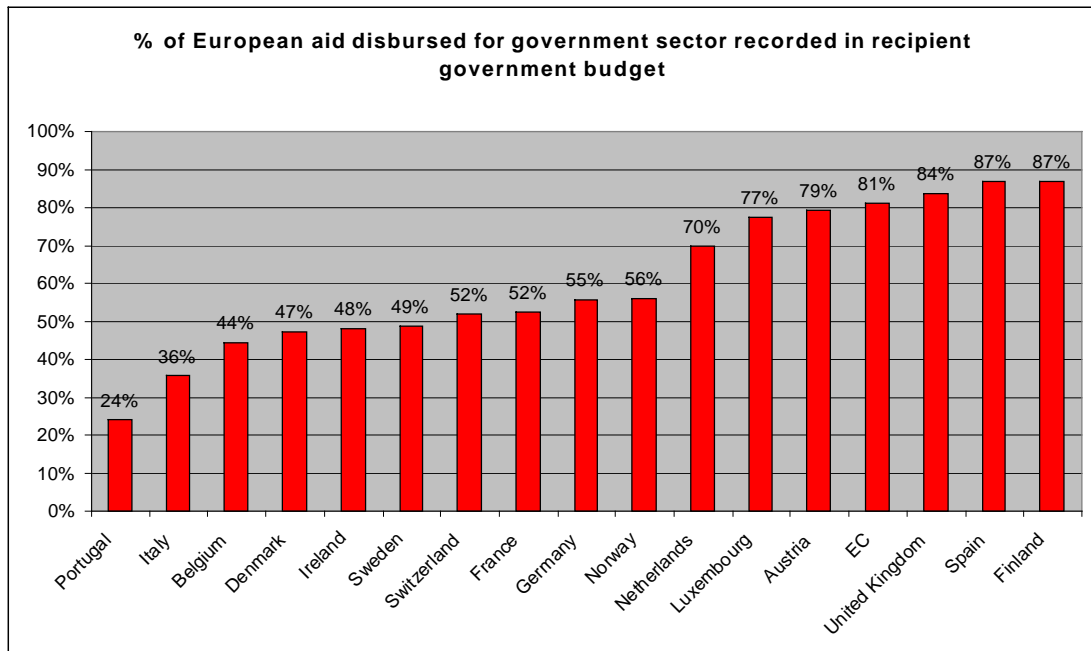
Action is needed both by donors and recipients of aid, but donors in particular must take more responsibility for their commitments – the report includes some worrying indications that donors are seeking to avoid responsibility, for example by applying definitions that exaggerate their performance.

This short briefing takes a closer look – using graphs – at some of the results of the survey, in particular looking at the relative performance of European governments and multilateral institutions/ funds.

¹ Thanks to Sarah Mulley from the UK aid network for her contribution to this short briefing

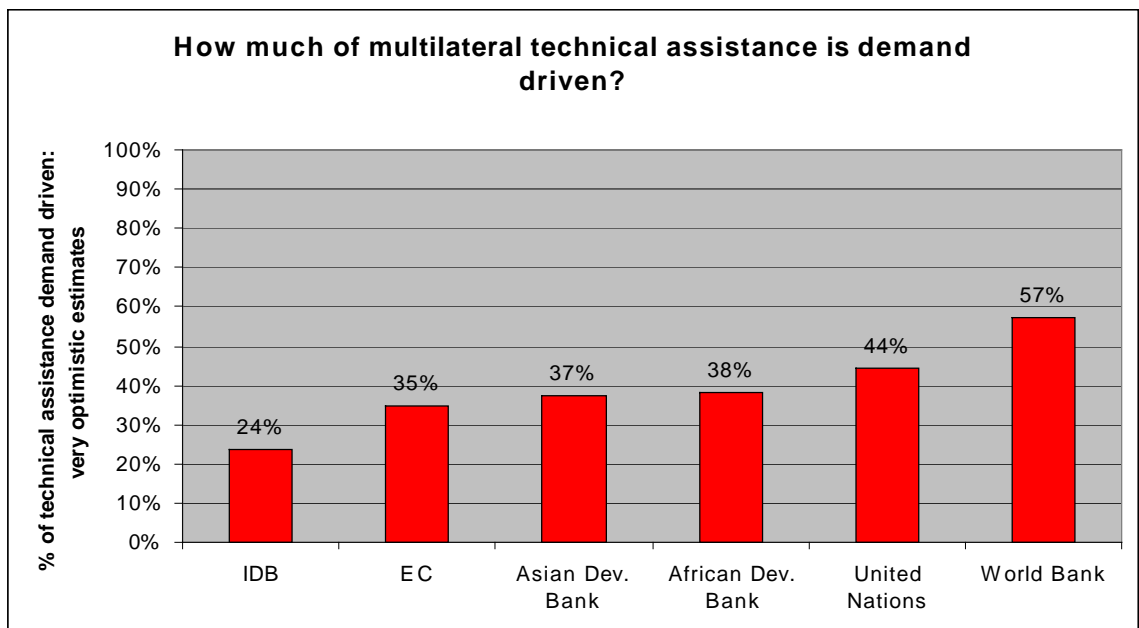
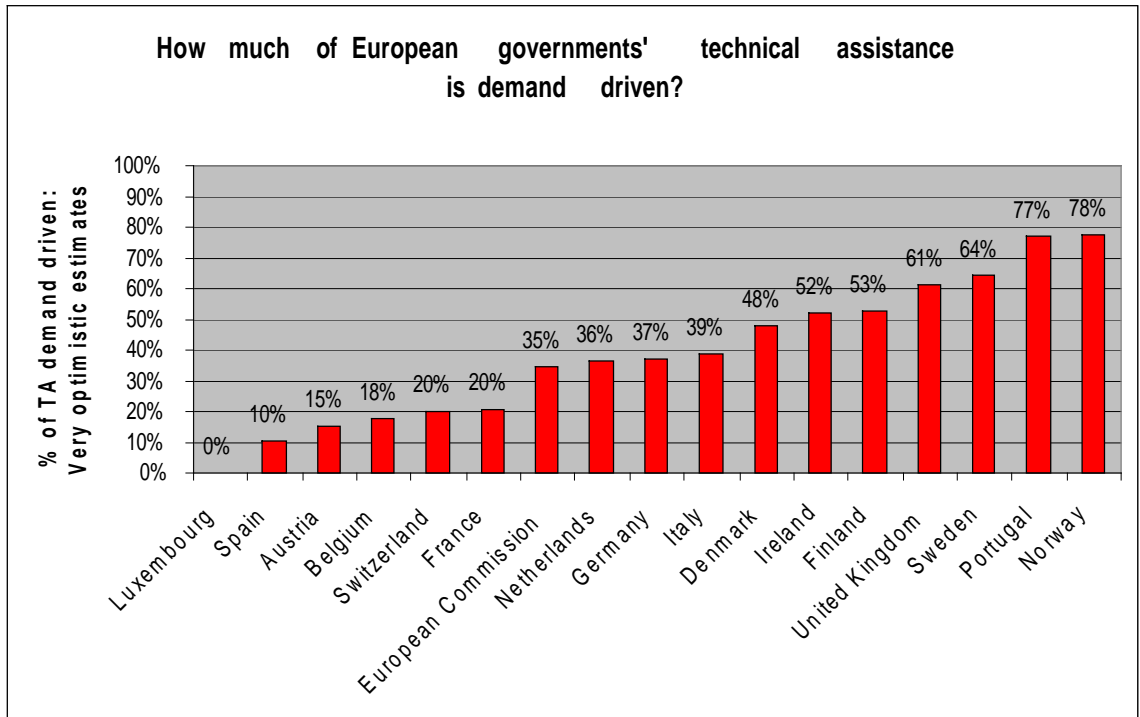
Indicator 3: Is aid money recorded accurately and in realistic way in recipient country budgets?

Essence of what trying to measure?	Do what degree is there a real connection between aid and recipient country policies and processes?
How was it defined?	This indicator measures both how much aid governments estimate they will receive from donors and how much donors disburse to the government sector.
Accurate figures?	Reliable figures. Not so much opportunity to "negotiate" progress here!
Main problems	Donors don't always provide the correct information in a useful form to recipient governments Donors are unrealistic about their ability to disburse money on time Recipient governments are ill-equipped to capture information or are unrealistic about how much aid they can expect
Revealing quote	<i>"the discrepancies in the budget numbers include a significant element due to non-disbursement of scheduled funds or to unscheduled disbursements – in other words the problem of low aid predictability as opposed to weak information capture"</i>



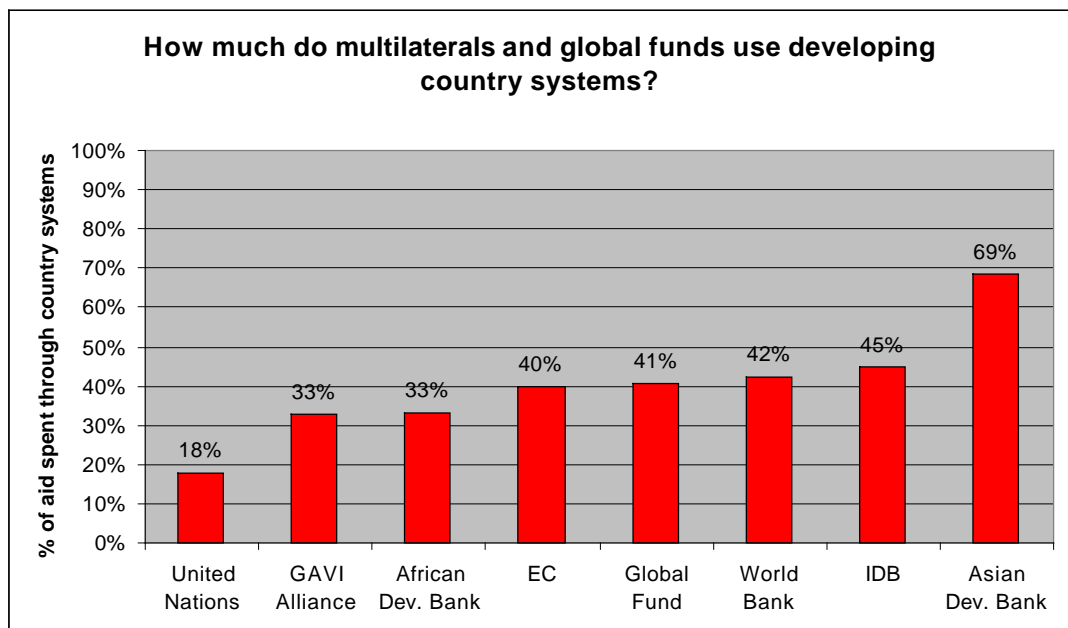
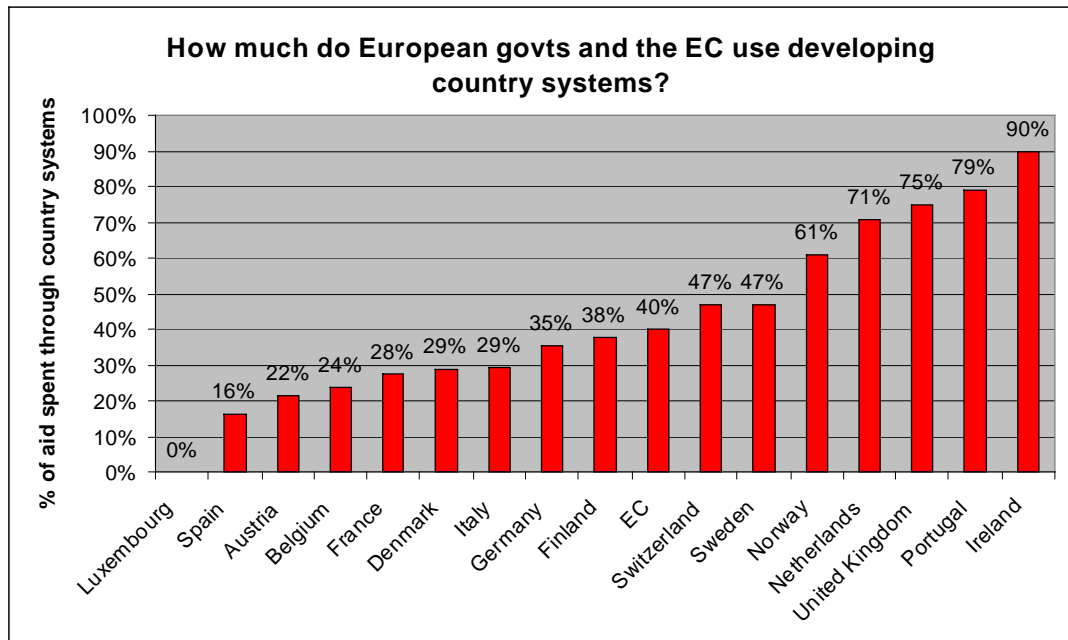
Indicator 4: How much technical assistance is “coordinated”?

Essence of what trying to measure?	How useful is technical assistance?
How was it defined?	Clear leadership of TA from recipients, alignment of TA with recipient priorities, and coordination among donors.
Accurate figures?	There were particular problems with definitions for this indicator, with the report diagnosing a ‘profound lack of consensus on valid approaches to capacity development and the meaning of the Paris commitments in this area’. This is likely to mean that the headline figure of 47% of TA being coordinated overstates performance. Some National Coordinators judged the true baseline to be zero.
Revealing quote	<i>“The Paris Declaration’s vision of the future needs of capacity development is clearly not just unfinished business, but business that has barely begun.” Pg 24</i>



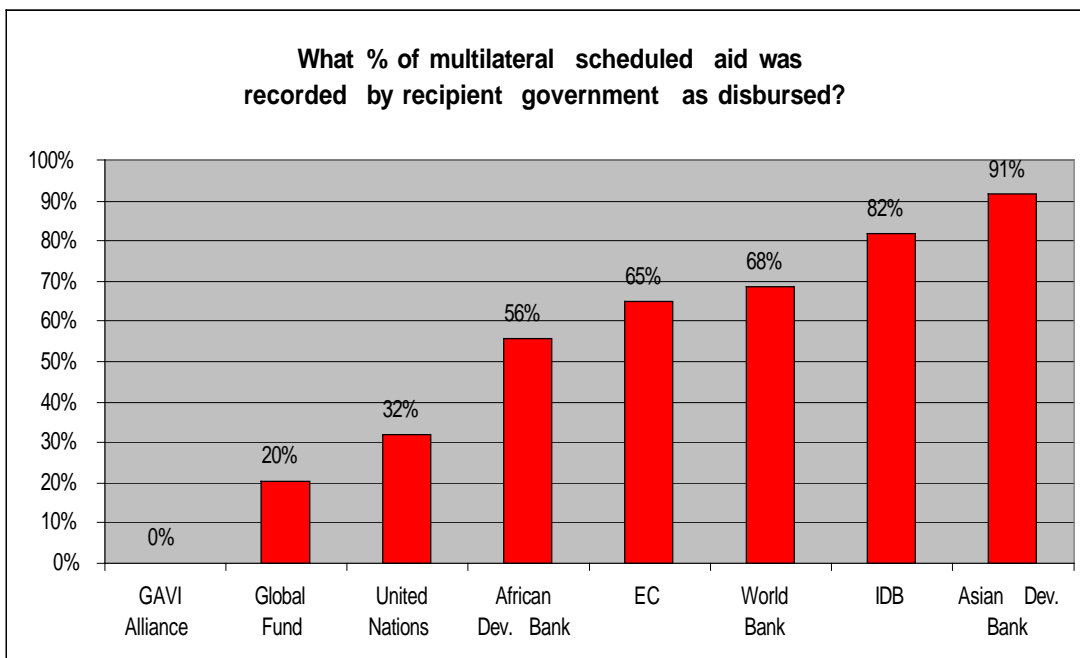
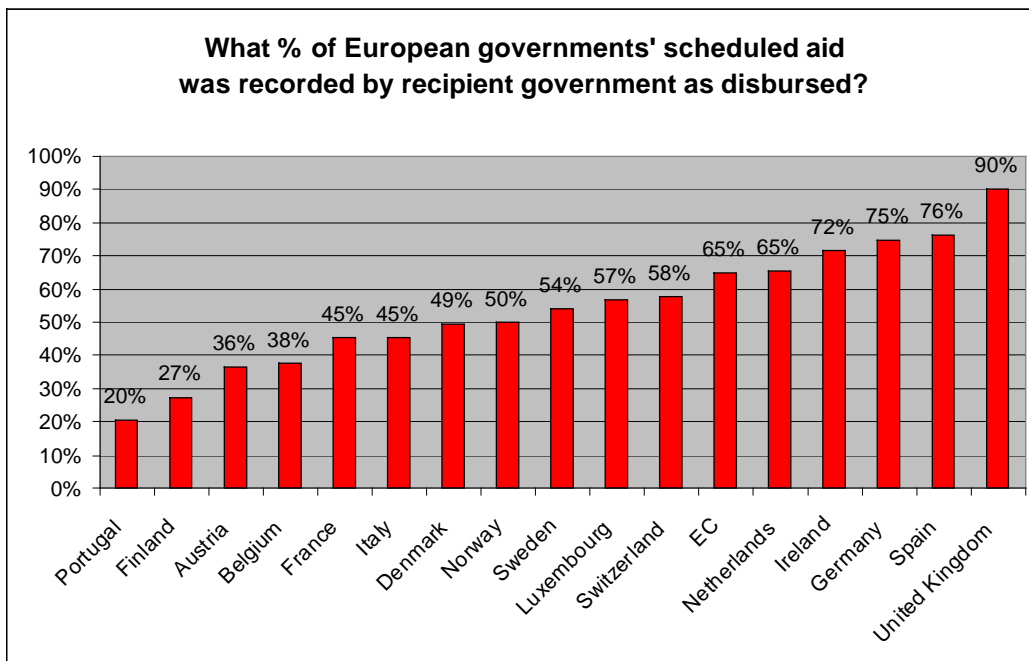
Indicator 5: How much are donors using developing country systems?

Essence of what trying to measure?	Are donors committed to strengthening recipient country systems and not reduce transaction costs?
How was it defined?	Use of country public financial management systems (budget execution, financial reporting and audit) and procurement systems
Accurate figures?	On average 39% of aid flows for the government sector used country public financial management and procurement systems. However, the report suggests that the figures 'overstate somewhat the effective use of country systems'.
Revealing snippets	<p>Most use of country systems is accounted for by those donors using budget support: "It could be taken to indicate that there is little commitment to the use of country systems amongst donors other than those providing budget support" (pg 26)</p> <p>There is little or no correlation between the quality of a developing countries financial systems and whether or not a donor decides to use them.</p>



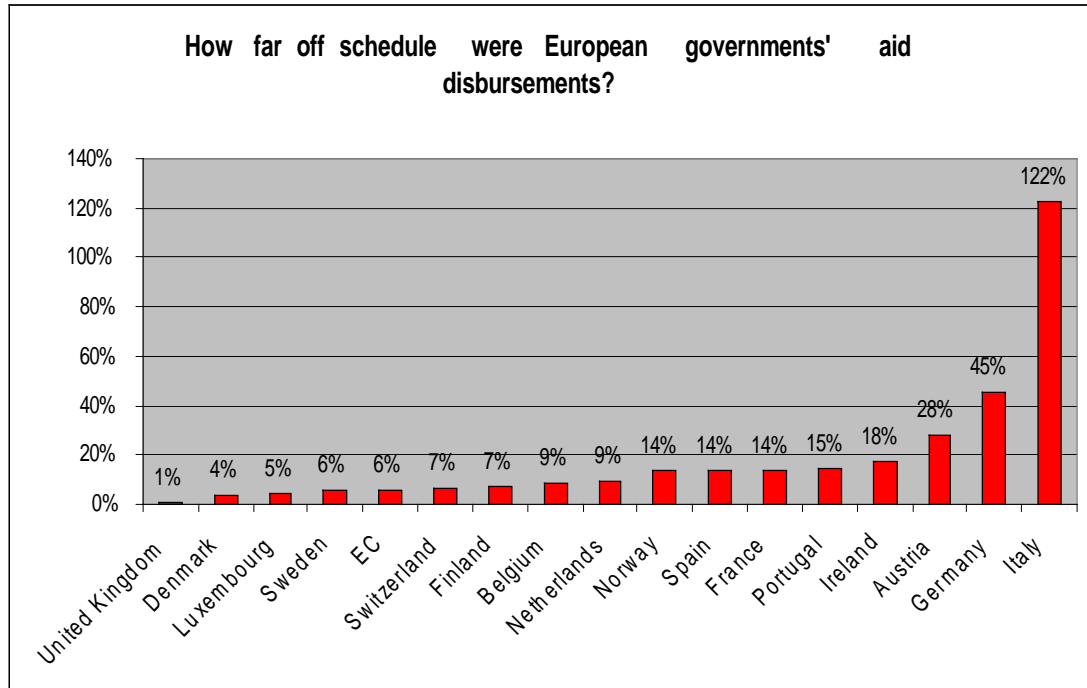
Indicator 7: How predictable is donor aid?

Essence of what trying to measure?	To what extent is donor aid money disbursed on schedule and recorded accurately as disbursed?
How was it defined?	The baseline indicator measures both
Accurate figures?	Reliable figures. Not so much opportunity to "negotiate" progress here! But only captures in-year not multi-year predictability.
Key issues	<p>Aid is unpredictable.</p> <p>Large difference between what donors said they had disbursed and what recipient governments recorded in their budgets. Reasons could be failure by donors to provide right information to recipients about their disbursements or inability of government systems to capture and process information.</p> <p>Total amount scheduled for disbursement by donors US\$21.1 billion. Total amount actually disbursed by donors US\$19.9 billion Total amount recorded as received by recipient governments, US\$14.8 billion</p>

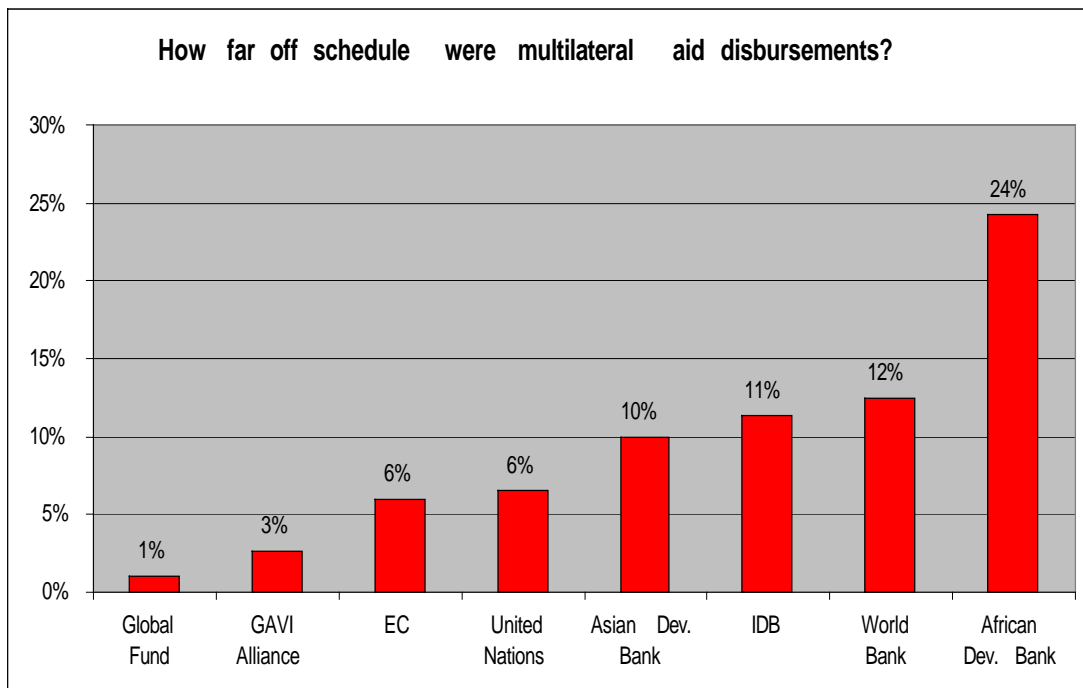


... continued, Indicator 7: How predictable is aid?

The following graph looks at how far off schedule European governments' were in disbursing aid in relation to what they had scheduled. Many countries actually spent much **more** money than they had scheduled. All of the countries from Spain to Italy (the most off-schedule) actually disbursed more money than they had planned, as did the two better performers – United Kingdom and Denmark. The remaining countries all spent less money than they had scheduled.

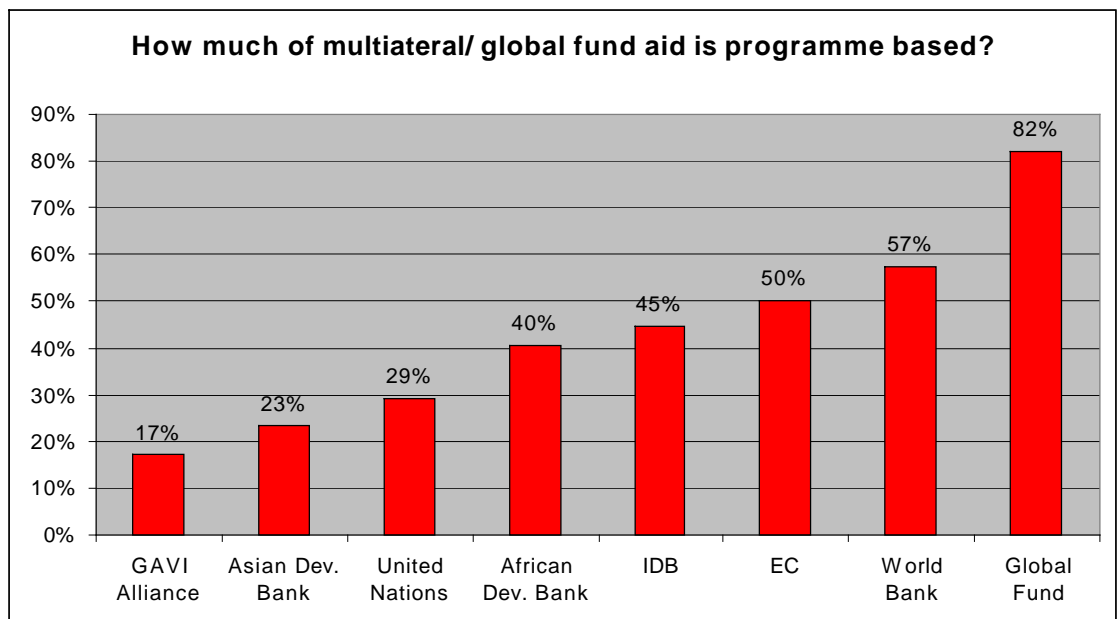
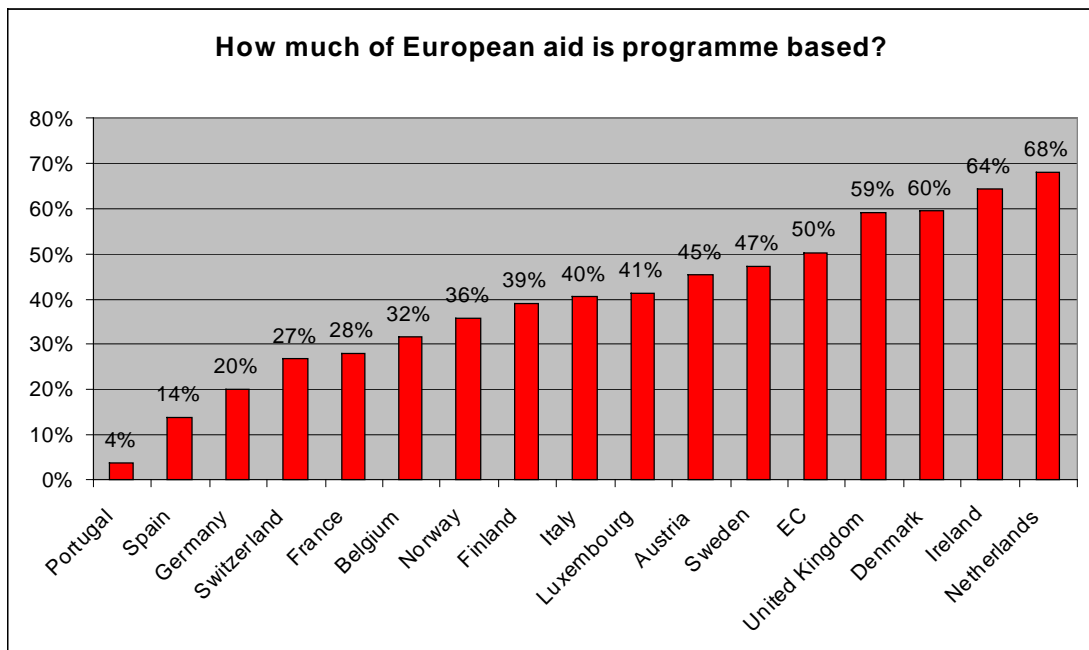


The following graph asks the same question of multilateral institutions. The Asian Development Bank and the Global Fund both disbursed more than they had scheduled. The remaining donors disbursed less than they had scheduled.



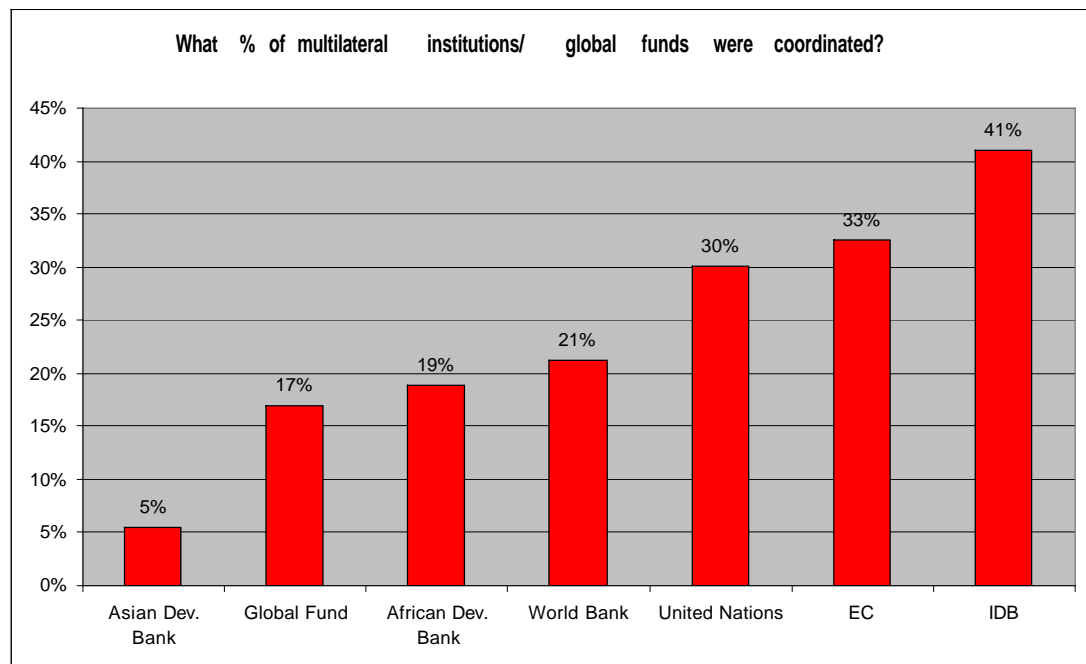
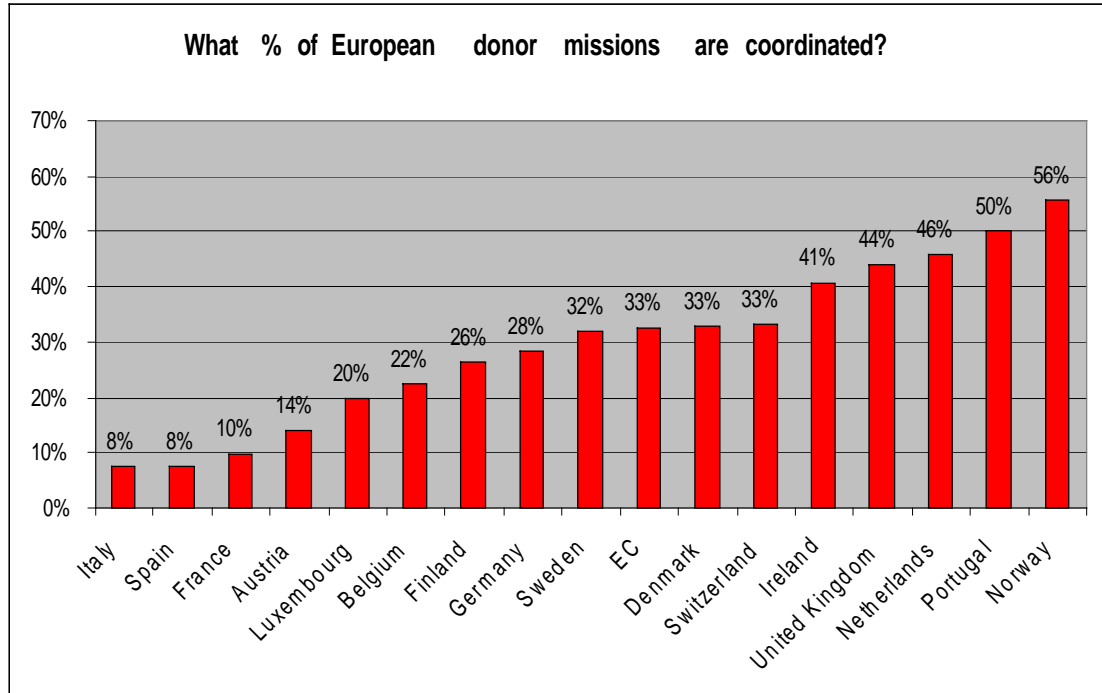
Indicator 9: How much aid is budget support or “programme based aid”?

Essence of what trying to measure?	Are donors harmonising their delivery of aid?
How was it defined?	Programme based approaches were defined as programmes which have leadership from the recipient, a single comprehensive programme and budget, a formalised process for the coordination of donor procedures and efforts to increase the use of local systems
Accurate figures?	The figures for this indicator are problematic and are likely to overstate the use of programme based approaches (see quote below)
Revealing quotes	<p>“Donors in many countries had some difficulties in accepting the suggestion definition of a programme based approach and usually National Coordinators did not feel empowered to impose a ruling” and donors used their own definitions</p> <p>“Apart from the tiny amount of budget support in Senegal, the donors used their own procedures for the major part of the resources delivered through programme approaches”</p>



Indicator 10a: Number of donor missions

Essence of what trying to measure?	The extent to which donors are reducing the administrative burden on recipient countries by undertaking fewer and more coordinated missions and to carry out joint analysis
How was it defined?	The baseline indicator 10 measures both numbers of missions that were undertaken jointly (10a) and how much donor analytical work was undertaken jointly (10b)
Key points	<p>The countries that were surveyed received over 10,000 donor missions in 2005, over 300 each. This is more than one for each working day.</p> <p>Only 18% of all missions across the surveyed countries are joint. <i>"The total number of missions is strikingly high for some countries and for some donors, notably large multilaterals"</i></p>



Main report recommendations

The overall message of the survey is that donors and recipients 'have a long road ahead to meet the commitments they have undertaken'.

The report identifies six priority areas for action:

- Partner countries need to deepen their ownership of the development process, including by engaging their citizens and parliaments more fully and linking development strategies more effectively to budgets. 'For aid to be effective, each country needs to be able to determine its own priorities, pace and sequencing of reforms.'
- Donors need to make better use of partners' budgets and share more timely and accurate information with budget authorities.
- Partner countries need to take the lead in setting priorities for capacity building and donors need to better coordinate their technical assistance with recipients and with each other.
- Donors need to 'work aggressively' to reduce the transaction costs of aid, including by rationalising the division of labour, making more use of programme-based approaches and increasing efforts on untying.
- Countries and donors should make greater use of performance assessment frameworks to ensure that aid delivers results.
- Countries and donors should clearly define a mutual accountability agenda and discuss progress on aid effectiveness more explicitly at a country level.

Survey Process

The survey has generated useful dialogue between donors and recipients at country level, and the report is hopeful that country-level results will lead to actionable plans to improve aid effectiveness in the countries which took part.

However, the survey process has also raised a number of problems:

- The survey process has been onerous for National Coordinators.
- Donors have, in effect, often adopted their own definitions of various key terms. This has made the survey process more burdensome, creates problems with comparability, and in a number of cases means that the survey results overstate donor performance.
- The use of World Bank assessments to measure a number of the indicators has meant that the survey process at country level has not created an integrated action plan covering all indicators (esp. ownership and mutual accountability).

The report makes a number of recommendations to improve the survey process, including reducing survey costs, tightening definitions and increasing the authority of National Coordinators.

The report suggests that, although the 'picture provided is as accurate as possible, given the constraints that affected the survey process', the data may not provide an adequate baseline:

'A particular concern about the 2005 baseline established by the 2006 survey is that it may systematically overstate the process already achieved in relation to the 2010 targets. If, as a number of National Coordinators perceive, donors have used the permitted leeway on definitions to place their performance close to the targets than would otherwise be the case, this may create difficulties for them in demonstrating that they have made progress over the first monitoring period (2005-07). If, as is recommended, the guidance provided in the 2008 survey is tighter and National Coordinators are given greater authority, some of the results may show a shocking – although actually illusory – reduction in performance against the commitments. The donor community should be prepared to meet this eventuality in a mature and far-sighted way.'