

Additional Guidance Note on the Paris Declaration Monitoring Survey in Cambodia

Background

In March 2005, 126 countries, 26 International Organisations and 14 Civil Society Organisations have signed the Paris Declaration on aid effectiveness recognizing the key role more effective aid can play to support national development priorities and to reach the MDGs.

The Paris Declaration Monitoring Survey provides an excellent opportunity for the government and development partners to review and further strengthen its role in aid coordination and management at the country level. The Paris Declaration provides an opportunity to level the playing field between development partners and to enhance the quality and effectiveness of government-led partnerships for aid effectiveness.

While one of the goals of the monitoring survey is to establish a baseline for future monitoring, an even more important aspect is the opportunity for government and donors to conduct a mutual review of their aid policies and practices: what practices need to change to reduce government burden, improve aid effectiveness and deliver development results? The survey questionnaires provide a practical tool for such a mutual review process as well as for enhancing on-going dialogue and monitoring.

Core principles for conducting the survey

- 1) Stress the mutual-review character of the survey exercise
- 2) Ensure a light process through use of existing coordination fora
- 3) Use the survey exercise for an internal review of development partners' policies and operations.
- 4) Complete accuracy may not be possible - don't go to extreme efforts to complete the survey.
- 5) Do not go back to 2005 OECD/DAC questionnaire. This year is for baseline based on more commonly agreed definition and guidance.

Timeline to complete the survey

- 1) A small development partner group to develop a set of definitions and criteria for some key concepts reflecting Cambodian context (**by May 26**) while the government work on the lists required by the Survey
- 2) A set of draft definitions and criteria documents based on the above be agreed with CDC, and circulated to all development partners (**June 1**)
- 3) Feedback to be received from development partners, incorporated into this guidance note and the revised guidance note circulated (**June 13**)
- 4) Each reporting development partner should identify its focal point for the Questionnaire Exercise and verify it to Mr. Chhieng Yanara, National Coordinator (CDC) through Yoko Konishi (UNDP) and Helen Appleton (DFID), Development Partner Coordinators of the Survey (**by June 13**)
- 5) Development partners begin to complete the questionnaire (**from June 13 onwards**)
- 6) National Coordinator to convene a meeting of all focal points to address any queries arising during the process and strengthen clarity and consistency of the answers (**June 19, 2:30 pm**)
- 7) Development partner focal points to finalise their questionnaires (endorsed by each Head of Agency) then submit to the National Coordinator through Development Partner Coordinators (**July 5**).
- 8) After completing both Donor and Government Questionnaires, the National Coordinator will jointly work on the Country Worksheet with Development Partner Coordinators to prepare a draft (**July 5-31**)
- 9) A consultation meeting to be convened by the National Coordinator with development partners, to validate the draft of the country worksheet (between **August 1- 6**).

10) All parts of the questionnaires to be ready to submit to OECD/DAC **by 15 August**.

OECD/DAC Definitions & Guidance

The key element of support is the OECD/DAC Guidance, which provides the starting point for the completion of the survey and has been agreed globally by development partners as well as partner country representatives in the OECD/DAC Working Party on Aid Effectiveness.

Additional guidance for completion of the 2006 DAC Baseline Survey

General points

- Please make sure you read the **final version** of the Definitions and Guidance (dated May 2nd), which can be found on the OECD website. The objective of this note is to provide additional guidance on the indicators related to the development partners based on the discussion during the launching workshop and follow-up discussion among development partners. There are two annexes to this note, which are provided to help with the categorisation of PIUs.
- Development partner HQs have important responsibilities for survey completion. Check with your HQ to ascertain if any additional definitions, templates and/or guidance are available.
- In each country, a national co-ordinator will lead the process and it is important to ensure that the development partners are aware that Mr. Chhieng Yanara is National Co-ordinator in Cambodia.
- In this Guidance Note, some of the global DAC definitions have been further clarified and agreed upon at national level. Such definitions will be documented for in-country consistency and future monitoring purposes. The final data is not intended for cross-country comparison.
- Two further documents will be circulated with this Guidance Note: i) a list of all development partner projects, as recorded by CDC in order to assist donors to answer the questionnaire (such identifying the number of parallel PIUs, amount for certain PBA; ii) an electronic version of the DAC questionnaire with a additional column for providing qualitative comments or assessments

Indicator 3 (Aid flows are aligned on national priorities) NB: For Point of Delivery Donors

- Contributions from bilaterals to multi-laterals should be recorded by the multilateral as the donor who finally disburses at the “point of delivery”. In order to avoid double counting, all resources which multilaterals manage and spend on behalf of bilaterals and bilaterals who disburse through other bilaterals (whether through core resources or non-core resources raised locally) which count as ODA, should be included. Bilaterals should not include these resources in their survey responses (the OECD/DAC guidance note identifies point of delivery as the point which “counts”). The reason for applying this approach is that the agency which actually disburses the funds to government knows best when they are disbursed (overall ODA flows are reported separately to the DAC therefore individual development partners should not be concerned about apparent “non-reporting” of their ODA flows where these flows are disbursed through multilaterals. For the purposes of the questionnaire, the multilaterals will report on all funds spent by them, regardless of the source)
- **The questionnaire covers the period from January-December 2005**, following the Cambodian fiscal year. If an agency’s fiscal year is different from that of Cambodia, that agency should provide **actual** expenditures for this period if possible, rather than estimates.
- **ODA disbursed ‘to the government sector’ means all agreed programme support to the government**, including that provided for service delivery as directed/delegated by the government. It is not just funds that donors provide in general budget support or basket/pooled funds. The figure should include all programme resources, not only the amount actually disbursed to government accounts. Agreement with government on the project/programme is the key to determine whether funds are ‘to the government sector’.

- **Support through an NGO that has been contracted directly by government using donor money, or has been contracted by the donor in agreement with government to deliver a government service, is counted as ‘to the government sector’.** While NGO participation in discussion is most welcome, NGOs do not report figures in this survey. Donors are responsible for their ODA contribution through NGOs. Other arrangements (such as direct small funding to NGOs from donors without agreement with government) are counted as ODA ‘not to the government sector’.
- **Figures should only reflect the programme agreed with government.** This will include project/programme funded staff costs for those agencies that have such staff. TA in-kind that has not been monetized in an agreement or in a document communicated to the government will not be reported in the Survey (due to the complexity of tracking such resources by many agencies).
- **ODA to local government and public hospitals/schools should be counted as ‘to the government sector’ if there is agreement with them or with the government.** On the other hand, in cases where an NGO, with donor funding (ODA), is providing assistance to schools and hospitals without a formal agreement between the donor and the government, this is not counted as ‘to the government sector’.

Indicator 4 (Strengthen capacity by co-ordinated support) NB: For Point of Delivery Donors

- Technical Co-operation (TC)/Assistance is the provision of know-how in the form of personnel, warning, research and associated costs. It can be both freestanding and embedded in investment programmes (or included in Programme Based Approaches). Things which would **not** be considered TC include: equipment for donor offices and training for donor staff
- The OECD/DAC statistical directive states that “Free Standing Technical Co-operation” is the provision of resources aimed at the transfer of technical and managerial skills and know-how or of technology for the purpose of building up national capacity to undertake development activities, without reference to the implementation of any specific investment project(s). TC includes pre-investment activities, such as feasibility studies, when the investment itself has not yet been approved or funding not yet secured.
- Investment-related technical co-operation (ITC) is the provision of resources, as a separately identifiable activity, directly aimed at strengthening the capacity to execute specific investment projects. Included under ITC would be pre-investment-type activities directly related to the implementation of an approved investment project.
- For the purposes of the DAC Questionnaire, development partners should identify i) how much TC for capacity development they provided in 2005, and ii) how much of that was provided through “Coordinated” programmes. Answers should be monetized. It might help to refer to the OECD-DAC guidance, Section 5, Definitions and Guidance, page 5.
- The OECD/DAC guidance states that Co-ordinated Technical Cooperation comprises either capacity development programmes or programmes which have capacity building components and which also:
 - support a country’s national development strategy,
 - are led by government and follow widely shared and clearly articulated objectives from senior government sources
 - are integrated within country led programmes, and
 - are co-ordinated with other donors where relevant (including arrangements for coordinating donor contributions)
- All TC activities included in the programmes defined as PBAs in Cambodia can be identified as coordinated TC: SEILA, PFM Reform programme, LMAP Land Management, Health SWiM, Education SWAp, HIV/AIDS and Mine Action. Donors should identify any capacity building components in the PBAs highlighted above and report them as “Coordinated TC”.

- Donors should also identify as “coordinated” any projects and programmes where donors are beginning to coordinate their capacity building efforts and share responsibilities around activities and/or a common strategy/framework. Examples of this can be found, for example, in Fisheries and Forestry sectors, between ADB and AFD in the irrigation sector, and the support to the formulation of the National Strategic Development Plan (2006-20 10). All answers should be monetised.

Indicators 5a/5b (Use of country system) NB: For Point of Delivery Donors

Donor agencies are moving towards a harmonised approach to cash transfers, harmonizing among themselves, but not yet fully aligned with government procedures. Development partners are encouraged to provide qualitative comments on, for example, the use of special and/or harmonised approaches to financial management and procurement where these have been developed.

- The possibilities for alignment are currently limited in some cases by donor agencies’ regulations. Since not all agencies work in the same way, it may be useful for each donor to specify exactly how its own procedures work and if possible the degree to which those procedures are aligned with those of government.

Indicator 5a (Use of country public financial management systems) NB: For Point of Delivery Donors

- Donors should claim that their funds are using country budget execution procedures if those funds are following government procedures for authorisation, approval and payment procedures.
- In relation to national financial reporting procedures, if donors ask government to provide reports to their agencies according to their own timing and reporting formats then donors cannot describe this as use of national financial reporting procedures.
- In relation to use of national auditing procedures, only if donors use the National Audit Authority to audit donor-funded projects using unmodified national budget execution procedures, can they report this as use of auditing procedures

Indicator 5b (Use of country procurement systems) NB: For Point of Delivery Donors

- Only use of unmodified national procurement procedures applies here. The following subordinate legislation and policy have been functioning:
 1. 1995 Sub-Decree for public procurement;
 2. 1995 Prakas on Implementation of the Rule and Regulation on the Management of Public Procurement;
 3. 1998 supplementary instruction to 1995 Prakas on Implementing Rules and Regulations on Public Procurement (IRRPP);
 4. August 2003 Under decentralization policy; Social Fund and Sangkat /Commune Fund handling; and
 5. February 1998 Privatized concession or BOT.
 6. August 2005 Standard Operating Procedures Procurement manual for externally funded projects under the purview of the Ministry of Economy and Finance
- Donors should note when they have been able to use the above procedures, and also when they have been able to harmonise with other donors in the use of these procedures.

Indicator 6 (Strengthen capacity by avoiding parallel implementation structures) NB: For Point of Delivery Donors

- The OECD/DAC guidance states that a Project Implementation Unit (PIU) is a dedicated management unit designed to support the implementation of projects or programmes. A parallel PIU is accountable to the external funding agency rather than the relevant government institutions such as ministries, agencies and authorities, whereas in a fully integrated PiU, the government institution takes full

responsibility and implements projects using existing structures, procedures and staff.

- The question in the DAC survey asks donors to declare only the number of parallel PIUs.
- CDC will provide a list of projects by donor in order to guide responses. Donors should review and update this list to include all the projects for which they are responsible for disbursement. Subsequently, donors should identify for each of their projects whether the PIU arrangements are integrated, semi-integrated or parallel. They are then requested to indicate this information in the appropriate column in the list, and submit the list together with the Donor questionnaire.
- For the ease of answering this question, a support team for the DAC survey exercise has developed a PIU Checklist (Annex I) and a PIU Reference Matrix (Annex II). The Checklist will guide donors in classifying their PIUs as parallel, semi-integrated, or integrated, using the following criteria:
 - Accountability (to whom are PIU staff accountable?)
 - Staff selection/recruitment, staffing (who determines the TOR of PIU staff?)
 - Implementation/operational responsibility (who is responsible for management of implementation issues?)
- The PIU Reference Matrix (Annex II) offers more details around the three criteria above, and the opportunity to further classify PIUs. This could be a useful tool to support donors who want to work more on improving the structure of their PIUs, or in cases where donors are unclear about how to categorise a particular PIU. If donors identify a PIU as “Mostly Parallel” using this matrix, then the PIU should be reported as “Parallel”. This could provide us with a more realistic baseline from which to work and evaluate progress in years to come. Donors are also encouraged to provide further qualitative information on distinguishing characteristics of PIUs that they are funding.
- The physical location of a PIU inside a relevant ministry or agency does not automatically mean that a PIU is integrated. Qualitative information on the reasons for particular PIU structures (whether parallel or integrated) could be provided as examples.

Indicator 7 (Aid is more predictable) NB: For Point of Delivery Donors

- If the scheduled disbursements are significantly higher than the actual disbursements (Indicator 3) it is usually because of problems with liquidation of Cash Assistance to Government, though there may be other reasons. If there is an increase in actual disbursements we should also note why. What is important is an explanation for any discrepancy between scheduled and actual disbursements. Such discrepancies will be dealt with during the preparation of the Country Worksheet which will bring together both donor and government questionnaires.

Additional Resources: OECD DAC Working Party on Aid Effectiveness: Predictability of Aid (February 2004)

Indicator 9 (Use of common arrangements or procedures) NB: Lead Donor to report in each case

- A list of programme based approaches (PBAs) is to be prepared by the government. The National Coordinator suggested that the LMAP, SEILA, Education SWAp, Health SWiM, HIV/AIDS, PFM reform programme and Mine Action should be regarded as PBAs in Cambodia. Although not all of these programmes have a single budget framework, they are all loosely coordinated around a programme framework or mechanism which enables the coordination of interventions and activities and budgets around a strategy or action plan. In the Cambodian context, these will be counted as PBAs, and Development Partners should use this list as our guide.
- If donors are beginning to coordinate their efforts and share responsibilities around activities and/or a common strategy/framework, there are two key criteria to decide if such an initiative is a

PBA: i) common plans and ii) common arrangements (e.g. pooled funds). If programme support is provided within the context of a common plan but does not use common arrangements then donors should note additional justification to show that it is a PBA..

- Other criteria include:
 - Leadership and decision-making by the government;
 - A formalised process for donor coordination and harmonisation of donor procedures for reporting, budgeting, financial management and procurement.
 - Efforts to increase the use of local systems for programme design and implementation, financial management, monitoring and evaluation;

Indicator 10(a) (Joint missions)

- In order to avoid double-counting, names, donors and timing of the missions are needed for compilation. The questionnaire asks us to distinguish between missions that were jointly formulated (i.e. carried out with other donors) and those that were not. Each donor should identify its joint missions and the name(s) of its joint mission partner(s) in order to make aggregation easier.
- For reporting purposes for the OECD/DAC, all missions (apart from donor workshops, conferences, etc. that do not involve a request to meet with government officials) should be included.

Indicator 10(b) (Joint country analytic work)

- In order to avoid double-counting of analytic work, a list of all works produced in 2005 is needed for compilation of the questionnaire. This list should contain the title of the work, the donors(s) involved, and timing.
- Discussion on this indicator will highlight collaboration around the joint country analysis. Additional Resources: Country Analytic Work: <http://www.countryanalyticwork.net/>

Indicator 12 (Mutual accountability)

- This indicator will be discussed and established during the preparation of the Country Worksheet. Therefore, no need for donors to answer at this time. The main criteria for the existence of a mutual assessment mechanism depend on the presence of national targets and institutionalised mechanisms for setting targets, discussion and debate on them. In many countries the progress of mutual accountability is institutionalised through the action plan on harmonization, which is evaluated each year by an independent body and discussed and agreed between the government and donors.

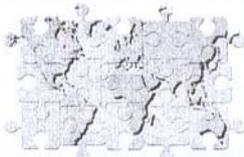
The preparation of this Guidance Note was made possible through the contributions of a support team, established under the Partnership & Harmonization Technical Working Group - Helen Appleton (DFID), Yoko Konishi (UNDP), Mia Hyun (World Bank), Stephen Close (AusAID), Emi Morikawa (Japanese Embassy), Eiichiro Hayashi (JICA), Guillaume Prevost and Celine Azais (French Embassy), Yves Terracol and Julien Calas (AFD), Ann Lund (UNORC). For all further questions contact the Development Partner Coordinators for the DAC exercise - Helen Appleton and Yoko Konishi - or any members of the support team, who will liaise with CRDB/CDC and the OECD/DAC helpdesk.

Checklist of Project Implementation Unit (PIU)

| Key Features | Key Question | Answer | |
|--|--|--------|----|
| | | Yes | No |
| Accountability/ Reporting | Is the PIU accountable to your agency rather than to the relevant government institution (e.g. ministries, agencies, departments)? | | |
| Staff Selection/ Recruitment, Staffing | Does your agency determine the ToRs for the externally appointed staff of the PIU, rather than the relevant government institutions (e.g. ministries, agencies, departments). | | |
| Implementation/ Operational Responsibilities | Do the PIU staff appointed by the Donor have responsibility for the management of implementation issues, rather than the relevant government institutions (e.g. ministries, agencies, departments) making these decisions? | | |
| <p>Note 1: If all your answers are “Yes”, the PIU is classified as a Parallel PIU. On the other hand, if all the answers are “No”, the PIU is classified as an Integrated PIU.</p> | | | |
| <p>Note 2: If there are some “Yes” answers and some “No”, your PIU is classified as a Semi-Integrated PIU, i.e., neither a Parallel PIU nor an Integrated PIU, but located on the continuum between a Parallel PIU and an Integrated PIU. (For further information and help in classifying the PIU in detail, see the Annex II: the PIU Reference Matrix.)</p> | | | |

Annex II PIU Reference Matrix

| Key Features | Mode of PIUs | | | | | Possible conditions for Integrated PIU |
|--|--|--|---|--|---|---|
| | Parallel PIUs | | Semi-Integrated PIUs | | Integrated PIUs | |
| | Parallel | Mostly parallel | Partially integrated | Mostly integrated | | |
| <p><u>Accountability/ Reporting/Consultation</u></p> <p><i>(Is your PIU accountable to your agency or to relevant Government agencies?)</i></p> | <ul style="list-style-type: none"> Accountability of the PIU activity to the Government is not considered. Reporting systems are only accountable to funding donor. Consultation with Government in report preparation is neither required nor practiced. | <ul style="list-style-type: none"> Accountability of the PIU activity to the Government is very limited Report is prepared by donor and then shared with Government with very limited possibilities for Govt inputs | <ul style="list-style-type: none"> Accountability of PIU activity to government is limited Limited Govt staff involvement in report preparation. Reports are fully shared with Govt but not signed off by them | <ul style="list-style-type: none"> Accountability of PIU activity to government is partial Govt staff and donors jointly prepare reports. Both Government and Donor sign off on reports. | <ul style="list-style-type: none"> Accountability of PIU activity to Govt is a prerequisite. Govt is accountable for PIU activities and responsible for reporting PIU activities to donors | Govt agency has transparent reporting/ accounting mechanisms. Effective consultation mechanisms in place |
| <p><u>Staff selection/ recruitment, staffing</u></p> <p><i>(i. Does your agency determine the ToRs for externally appointed staff of the PIU, or does Govt?</i></p> <p><i>ii. Does your agency appoint most of the professional staff of the PIU, or the relevant Govt agency?)</i></p> | <ul style="list-style-type: none"> PIU staff selection/ recruitment process does not require Government involvement. No government staff are working in the PIU. | <p>TORs are shared with Government but donor approved final version. Govt no veto for selection result.</p> <ul style="list-style-type: none"> Some existing Govt staff recruited for PIU but working exclusively on project activities rather than Govt. | <ul style="list-style-type: none"> PIU staff TORs and selection/ recruitment process are jointly prepared but final decision is on donor side, with Govt offering “no objection”. Govt staff work both on project activities and govt responsibilities, but project activities are distinct from of govt responsibilities | <ul style="list-style-type: none"> PIU staff TORs and selection/ recruitment processes are jointly determined and final decision is by both Govt and donors together Government staff work principally on govt responsibilities as part o project. | <ul style="list-style-type: none"> Government determines staff TORs and selection/ recruitment processes. Government takes full responsibility for managing any external PIU staff Principally staffed by Govt officials working on govt responsibilities. | Govt has established meritocratic and transparent recruitment systems |
| <p><u>Implementation/ Operational Responsibility</u></p> <p>(preparation of work plan, oversight of budget and implementation of activities, management of reviews, and authorization of financial transactions)</p> <p><i>(Do your project staff have responsibility for the management of design and implementation issues, or does a government agency make these decisions?)</i></p> | <ul style="list-style-type: none"> Donors manage all stages of project activity and donor rules and regulations are followed for implementation of PIU activities Government involvement is not required. | <ul style="list-style-type: none"> Donors manage all stages of project activity Government involvement is limited to sharing of information. | <ul style="list-style-type: none"> Government is consulted over operational responsibilities in project but final decisions are with the donor Govt involvement is on “No objection” Basis. | <ul style="list-style-type: none"> Operational responsibility in project implementation of the PIU is shared between the Government and donor. Final decisions require bothe Govt and donor approval. | <ul style="list-style-type: none"> Responsibility for management of all activities and stages of project lies in the hands of Government. Government exercise its full authority to make final decisions. | Govt agencies are well-staffed, and have the required mix of skills; clear lines of responsibility are established. |

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| <h2>2.- Donor Questionnaire</h2> | <p>Monitoring the Paris Declaration on Aid Effectiveness</p>  |
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This document can be downloaded at:
www.oecd.org/dac/effectiveness/monitoring

About this questionnaire

This questionnaire is to be completed by all donor agencies providing Official Development Assistance (ODA) directly to the country receiving aid. Each donor should complete a single questionnaire. It should be noted that in cases where a donor provides funds through another donor (bilateral or multilateral), the latter is responsible for reporting in this questionnaire¹. Once the questionnaire has been completed it should be communicated to the **National Coordinator** for the consolidation of results at country-level. This questionnaire is part of a set of documents that also includes:

- Doc. 1: Explanatory Note.
- Doc. 2: Donor Questionnaire** (this document)
- Doc. 3: Government Questionnaire
- Doc. 4: country Worksheet
- Doc. 5: Definitions & Guidance

Definitions of key terms and additional guidance for all of the indicators are provided in Document 5. This also includes a table of exchange rates.

Donor & country information

- Country: -----
- Name of donor: -----

Indicators 1 & 2

Both of these indicators are established by the means of desk review. For additional information please turn to the Explanatory Note (Document 1).

Indicator 3: Aid flows are aligned on national priorities

- How much ODA (excluding debt reorganisation) did you disburse at country-level in FY 2005?
 Q^d1 Total ODA disbursed (USD): _____
 Q^d2. How much of this was for the government sector (USD): _____

Indicator 4: Strengthen capacity by co-ordinated support

- How much technical cooperation did you provide in FY 2005?
 Q^d3 Total technical cooperation (USD): _____
- How much technical cooperation did you provide through co-ordinated programmes in support of capacity development in FY 2005? (*A full fist of coordinated programmes is to be established by the National Coordinator*)
 Q^d4. Coordinated technical cooperation (USD): _____

Indicator 5a: Use of country public financial management systems

- How much ODA disbursed for the government sector in FY 2005 used
 Q^d5 ...National budget execution procedures (USD)? _____
 Q^d6 ...National financial reporting procedures (USD)? _____

¹ UN agencies are encouraged to report both individually and collectively in completing the Donor Questionnaire.

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Q^d7 ...National financial auditing procedures (USD)? _____

Q^d8 ...All three national procedures as defined above (USD)? _____

Indicator 5b: Use of country procurement systems

- How much ODA disbursed for the government sector in FY 2005 used national procurement systems?
Q^d9. Use of national procurement systems (USD): _____

Indicator 6: Avoiding parallel implementation structures

- How many parallel project implementation units did you make use of in 2005?
(An Illustrative —or full— list of parallel PIUs might be established by the National Coordinator in order to guide donors' responses and improve constituency between donors)
Q^d10 Number of parallel PIUs: _____

Indicator 7: Aid is more predictable

- How much total ODA for the government sector did you schedule for disbursement in FY 2005?
Q^d11. Total ODA for the government sector (USD):
Q^d12. How much of this was direct budget support (USD):

Indicator 8: Aid is increasingly untied

This indicator is established by the means of a desk review. Additional information provided in Explanatory Note.

Indicator 9: Use of common arrangements or procedures

- How much ODA did you disburse in support of initiatives adopting programme-based approaches in FY 2005?
Please provide information for the following components of PBAs
(A full list of other form of programme assistance is to be established by the national coordinator):
Q^d13. Direct budget support (USD): _____
Q^d14 Other forms of assistance (USD): _____

Indicator 10a: Joint missions

- How many donor missions to the field were undertaken in FY 2005?
Q^d15. Number of missions: _____
Q^d16. How many of these were coordinated: _____

Indicator 10b: Joint country analytic work

- How many country analytic works did you undertake in FY 2005?
Q^d17. Number of works: _____
Q^d18. How many of these were coordinated: _____

Indicator 11: Performance measurement frameworks

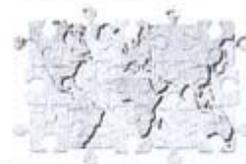
This Indicator is established by the means of a desk review. Additional information provided in Explanatory Note.

Indicator 12: Mutual accountability

This indicator is to be established in the Country Worksheet

1.- Explanatory Note

Monitoring the Paris
Declaration on Aid
Effectiveness



This document can be downloaded at:
www.oecd.org/dac/effectiveness/monitoring

About this document

▪ This Explanatory Note provides background information on the questionnaires and guidance used for the 2006 Survey on Monitoring the Paris Declaration on Aid Effectiveness. It also provides explanations on how the questionnaire might be managed at country level. This document is part of a set of documents that also includes:

- Doc. 1: Explanatory Note (this document)
- Doc. 2: Donor Questionnaire
- Doc. 3: Government Questionnaire
- Doc. 4: Country Worksheet
- Doc. 5: Definitions & Guidance

Purpose of the survey

▪ Partner countries and donors decided at the Paris High-Level Forum on Aid Effectiveness to monitor progress against 12 indicators¹. This Survey is the first of three rounds of monitoring (2006, 2008 & 2010) — it will determine the baseline for eight indicators against which future progress will be measured. The remaining four indicators will be assessed through desk reviews and will, as far as possible, be made available as a point of reference during the survey process at country level.

The main purpose of these Surveys is to track and encourage progress in implementing the Paris Declaration at country level. In doing so, the Surveys should build, as far as possible, on existing local processes with a view to:

- Supporting broad-based dialogue at country level on how to make aid more effective.
- Building a common understanding on how more effective aid contributes to achieving development results.
- Providing an accurate description of how aid is managed.

The questions under each indicator are designed to focus discussion on a particular set of issues, rather than simply to collect data. To this end, partners and donors are invited to provide in the *Country Worksheet* a qualitative assessment for each indicator that reflects discussions at country-level. Definitions and guidance are provided in Document 5 to facilitate dialogue and enable consistent aggregation of data across countries.

In order to reduce the level of detail and complexity, the definitions and guidance provided are principles-based and objective-oriented; they do not make provisions for all possible cases, exceptions and contingencies that might arise. **Where interpretation of the guidance is required, partner authorities and donors should reach agreement at country level on how to adapt these definitions and apply them consistently across time** — the same criteria should be applied in subsequent rounds of monitoring in 2008 & 2010.

Tracking and encouraging progress

▪ Actions not words- More so than previous agreements, the Paris Declaration goes beyond a statement of general principles and lays down a practical, action-oriented roadmap to improve the

¹ See important footnote on p. 4 (appendix).

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quality of aid and its impact on development. The partnership commitments included in the Paris Declaration are organised around five key principles:

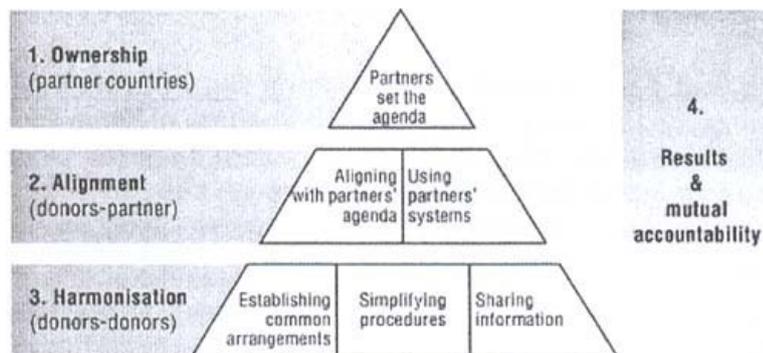
Ownership — Developing countries exercise effective leadership over their development policies, strategies and co-ordinate development efforts. Donors' are responsible for supporting and enabling developing countries ownership by respecting their policies and helping strengthen their capacity to implement them (paragraphs 14 and 15).

Alignment— Donors base their overall support on partner countries' national development strategies, institutions and procedures. For example, this means that donors will draw conditions, wherever possible, from a developing country government's development strategy, instead of imposing multiple conditions based on other agendas (para. 16).

Harmonisation — Donors aim to be more harmonised, collectively effective and less burdensome especially on those countries, such as fragile states, that have weak administrative capacities. This means, for instance, establishing common arrangements at country level for planning, funding and implementing development programmes (para. 32).

Managing for results — Both donors and partner countries manage resources and improve decision-making for results. Donors should fully support developing countries efforts in implementing performance assessment frameworks that measure progress against key elements of national development strategies (para. 43-46).

Mutual accountability— Donors and developing countries pledge that they will hold each other mutually accountable for development results as outlined in the aid effectiveness pyramid below



▪ **Targets for the year 2010 have been set for eleven of these indicators** — These targets, which commit both donors and partner countries, are designed to encourage progress at the global level among the countries and agencies that have agreed to the Paris Declaration (see appendix). They are not intended to prejudge or substitute targets which individual donors or countries may wish to set, but rather provide a flexible benchmark against which countries and organisations can measure their performance. Progress towards these targets will also be reviewed in 2008.

Managing the survey

▪ **Informing dialogue & enhancing accountabilities** — This survey will make the biggest contribution to improving aid effectiveness when it informs country level dialogue between donors and government by making best use of local mechanisms such as Consultative Groups and Round Tables.

▪ **Role of the National Coordinator** — The survey is managed at country-level under the responsibility of a national coordinator appointed by government. The National Coordinator in exercising its responsibilities might, where appropriate, be supported by donors. The National Coordinator will assume the following responsibilities:

- Ensure that government, donors and other stakeholders, as deemed relevant, are appropriately informed and fully take part in the dialogue on aid effectiveness.
- Convene meetings of representatives from donors and government in order to complete the Survey.
- Establish a full list of coordinated programmes to support capacity development (Indicator 4), an illustrative (or full) list of parallel PIUs (Indicator 6), and a full list of programme-based approaches (Indicator 9). Additional information is provided in Document 5.

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- Support donors and government representatives in completing the survey, control quality and consistency of responses provided.
- Consolidate the Donor Questionnaire and the Government Questionnaire into the Country Worksheet.
- Communicate responses to the OECD Secretariat for analysis by **15 August 2006**.

Key steps

- Step 1*— In May 2006 the Survey is launched in all of the countries who have confirmed their interest in taking part. The Survey material (i.e. Documents 1 to 5) is made available to the National Coordinators and donors. Each donor takes the responsibility for forwarding the documents to the country offices in all of the countries where the Survey is undertaken.
- Step 2*— National Coordinators convene a meeting with government representatives, donors and other relevant stakeholders to reach agreement on the process for managing the Survey at country-level. In particular an agreement is reached on a full list of coordinated programmes to support capacity development (Indicator 4), an illustrative (or full) list of parallel PIUs (Indicator 6), and a list of programme-based approaches (Indicator 9). Additional information is provided in Document
- Step 3*—The Government Questionnaire is completed by government representatives; the Donor Questionnaire is completed by all donors. Once both questionnaires are completed they are submitted to the National Coordinator for consolidation into the Country Worksheet (Document 4).
- Step 4*—The National Coordinator shares the completed Country Worksheet with government representatives, donors and key stakeholders and convenes a meeting for final validation.
- Step 5*— The National Coordinator will convene a meeting with all donors and government representatives to examine and discuss the information with a view to validating the country worksheet and reaching a common understanding on its content. The country worksheet might usefully inform national action plans to improve aid effectiveness.
- Step 6*— The National Coordinator will submit the Country Worksheet and narrative comments to the OECD Secretariat by the **15 August 2006** for analysis and aggregation.
- Step 7*— By December 2006, the OECD Secretariat will make available the final report presenting results and key findings of the 2006 Survey on Monitoring the Paris Declaration.

Questionnaire and desk reviews

Twelve Indicators of Progress were agreed at Paris (see appendix). A distinction is to be made between those indicators established through the questionnaires and the indicators that are established through desk reviews. Information on the desk reviews is available on a country by country basis on the OECD website (www.oecd.org/dac/effectiveness/monitoring).

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| | Indicators | Questionnaire | Desk review |
|----|--|---------------|-----------------------|
| 1 | Ownership — Operational PRS | | CDF (World Bank) |
| 2a | Quality of PFM systems | | CPIA (World Bank) |
| 2b | Quality Procurement systems | | OECD-DAC ² |
| 3 | Aid reported on budget | ■ | |
| 4 | Coordinated capacity development | ■ | |
| 5a | Use of country PFM systems | ■ | |
| 5b | Use of country procurement systems | ■ | |
| 6 | Parallel PIUs | ■ | |
| 7 | In-year predictability | ■ | |
| 8 | Untied aid | ■ | OECD-DAC ³ |
| 9 | Use of programme-based approaches | ■ | |
| 10 | Joint missions & country analytic work | ■ | |
| 11 | Sound performance assessment framework | | CDF (World Bank) |
| 12 | Reviews of mutual accountability | ■ | |

Help desk

A Help Desk has been established in order to provide additional support to country teams (government, donors) in undertaking the 2006 Survey on Monitoring the Paris Declaration. The desk is prepared to respond to questions by phone or email and also, upon request, engage through video conferences and organise a limited number of country missions to support the process directly at country-level. Please feel free to contact persons listed below.

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² The OECD-DAC Joint Venture on Procurement is currently developing a framework for measuring progress. Countries for which data are will be posted on the OECD website: www.oecd.org/dac/effectiveness/monitoring.

³ Information to be drawn from OECD-DAC annual progress report on Implementing the 2001 DAC Recommendation on Untying ODA to the Least Developed Countries.

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Appendix: Agreed Targets for the 12 Indicators of Progress

| INDICATORS | | TARGETS FOR 2010 | |
|------------|---|--|---|
| 1 | Partners have operational development strategies | At least 75% of partner countries have operational development strategies. | |
| 2a | Reliable procurement systems | Half of partner countries move up at least one measure (i.e., 0.5 points) on the PFM/CPIA (Country Policy and Institutional Assessment) scale of performance. | |
| 2b | Reliable procurement systems | One-third of partner countries move at least one measure (i.e., from D to C, C to B or B to A) on the four-point scale used to assess performance for this indicator. | |
| 3 | Aid flows are aligned on national priorities | Halve the gap – halve the proportion of aid flows to government sector not reported on government's budget(s) (with at least 85% reported on budget). | |
| 4 | Strengthen capacity by co-ordinated support | 50% of technical co-operation flows are implemented through co-ordinated programmes consistent with national development strategies | |
| 5a | User of country public financial management systems | For partner countries with a score of 5 or above on the PFM/CPIA scale of performance (see Indicator 2a). | All donors use partner countries' PFM systems; and Reduce the gap by two-thirds – A two-thirds reduction in the % of aid to the public sector not using partner countries' PFM systems |
| | | For partner countries with a score between 3.5 and 4.5 on the PFM/CPIA scale of performance (see Indicator 2a). | 90% of donors use partner countries' PFM systems; and Reduce the gap by one-third – A one-third reduction in the % of aid to the public sector not using partner countries' PFM systems. |
| 5b | user of country procurement systems | For partner countries with a score of 'A' on the Procurement scale of performance (see Indicator 2b). | All donors use partner countries' procurement system; and Reduce the gap by two-thirds – A two-third reduction in the % of aid to the public sector not using partner countries' procurement systems. |
| | | For partner countries with a score of 'B' on the Procurement scale of performance (see Indicator 2b). | 90% of donors use partner countries' procurement systems; and Reduce the gap by one-third – A one-third reduction in the % of aid to the public sector not using partner countries' procurement systems. |
| 6 | Avoiding parallel PIUs | Reduce by two-thirds the stock of parallel project implementation units (PIUs). | |
| 7 | Aid is more predictable | Halve the gap – halve the proportion of aid not disbursed within the fiscal year for which it was scheduled. | |
| 8 | aid is untied | Continued progress over time. | |
| 9 | Use of common arrangements or procedures | 66% of aid flows are provided in the context of programme-based approaches. | |
| 10a | Missions to the field | 40% of donor missions to the field are joint. | |
| 10b | Country analytic work | 66% of country analytic work is joint. | |
| 11 | Results-oriented frameworks | Reduce the gap by one-third – Reduce the proportion of countries without transparent and monitorable performance assessment framework by one-third. | |
| 12 | Mutual accountability | All partner countries have mutual assessment reviews in place. | |

Footnote – This agreement is subject to reservations by one donor on (a) the methodology for assessing the quality of locally-managed procurement systems (relating to targets 2b and 5b) (b) the acceptable quality of public financial management reform programmes (relating to target 5a.ii). Further discussions are underway to address these issues. The targets, including the reservation, have been notified to the Chairs of the High-level Plenary Meeting of the 59th General Assembly of the United Nations in a letter of 9 September 2005 by Mr. Richard Manning, Chair of the OECD Development Assistance Committee (DAC).