

# *Making Aid More Effective by 2010*

## 2008 Survey on Monitoring the Paris Declaration Indicators in Selected FTI Countries

March 2009



**Fast Track Initiative**

A global partnership to achieve Education For All





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*Making Aid More Effective  
for Education by 2010*

2008 Survey on Monitoring  
the Paris Declaration Indicators  
in Selected FTI Countries

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Prepared by the FTI Secretariat

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World Bank  
1818 H Street, NW  
Washington, DC 20433  
Website: [www.education-fast-track.org](http://www.education-fast-track.org)  
E-mail: [info@educationfasttrack.org](mailto:info@educationfasttrack.org)

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The Education for All – Fast Track Initiative (FTI) was launched in 2002 as a global partnership between donor and developing countries to ensure accelerated progress towards the Millennium Development Goal of universal primary education by 2015. All low-income countries that demonstrate serious commitment to achieving universal primary completion can receive support from FTI.

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# ABBREVIATIONS AND ACRONYMS

ADB	Asian Development Bank	FM	financial management
AER	Aid Effectiveness Reviews (World Bank)	FTI	Fast Track Initiative
AfDB	African Development Bank	G-8	Group of Eight
CONEA	Coordination nationale pour l'efficacite de l'aide (Burkina Faso)	GBS	general budget support
CDCF	Cambodia Development Cooperation Forum	GDP	gross domestic product
CPA	Country Programmable Aid	GNI	gross national income
CPI	Corruption Perceptions Index (Transparency International)	HIV/AIDS	human immunodeficiency virus/acquired immune deficiency syndrome
CPIA	Country Policy and Institutional Assessment (World Bank)	IDA	International Development Association (WB agency providing concessional financing)
CRS	Creditor Reporting System	IDB	Inter-American Development Bank
CSLP	Cadre Stratégique de Lutte contre la Pauvreté (Mauritania)	Ind.	Indicator
DAC	Development Assistance Committee (part of OECD)	M&E	monitoring and evaluation
DBS	direct budget support	MTEF	medium-term expenditure framework
DFID	Department for International Development (of the United Kingdom)	NGO	Nongovernmental organization
EC	European Commission	ODA	official development assistance
EFA	Education for All	OECD	Organisation for Economic Co-operation and Development
EMIS	Educational Management Information System	OEIECC	Ibero-American Organization for Education, Science and Culture (Organización de Estados Iberoamericanos para la Educación, Ciencia y Cultura)
ESP	education sector plan		
EU	European Union		

PBA	program-based approach	SWAp	sectorwide approach
PBS	Protection of Basic Services (program in Ethiopia)	UIS	Institute for Statistics (UNESCO)
PD	Paris Declaration	UN	United Nations
PDDEB	Plan on the Development of Basic Education (Burkina Faso)	UNDP	United Nations Development Programme
PEFA	Public Expenditure and Financial Accountability	UNESCO	United Nations Educational, Scientific, and Cultural Organization
PIU	project implementation unit	UNFPA	United Nations Population Fund
PFM	public financial management		
SBS	sector budget support	UNICEF	United Nations Children's Fund
Sida	Swedish International Development Cooperation Agency	WFP	World Food Programme
SRPF	Strategy for Strengthening Public Finances (Burkina Faso)		

*All dollar figures are in United States dollars unless otherwise specified.*



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# DEFINITIONS AND KEY TERMS

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**Catalytic Fund** is a multidonor trust fund established in 2003 and managed by the World Bank on behalf of the contributing donors (for example, Australia, the European Commission, France, Germany, Ireland, Japan, the Netherlands, Spain, the United Kingdom). Its purpose is to provide financial assistance to FTI countries that have a poverty reduction strategy in place and whose education sector plans have been endorsed by the local donor group following a review process agreed on by the FTI Partnership. Support from the Catalytic Fund enables countries to begin scaling up the implementation of their sector programs and establishing a track record of performance that will help to attract longer term, predictable support from both internal resources and existing and new donors.

**Coordinating Agency** (lead donor) is designated by the local donor group in consultation with the partner country to act as the communications link between the government of the partner country, the local donor group, and the FTI Secretariat, and is given other agreed-on roles, such as managing the appraisal process for the education sector plan or facilitating policy discussions.

**Local Donor Group** is a subset of the local education group (see below) and is a forum for organization and coordination of donor support to the education sector. The local donor group supports the development, implementation, and monitoring of the education sector plan, and takes an active role in joint sector reviews. In the context of FTI, the local donor group is responsible for the appraisal of the education sector plan.

**Local Education Group** refers to representatives of the government (including or solely the Ministry of Education) and representatives of international organizations (including bilateral and multilateral donors and nongovernmental organizations) and civil society (for example, local nongovernmental organization coalitions, trade unions, advocacy and user groups, as well as private sector service providers) who meet to discuss education strategies, plans, programs, funding, and policies. The local education group, led by the government, joins resources and efforts to support the education sector strategy. The specific composition, terms of reference, and working arrangements of the local education group vary from country to country.

**The Paris Declaration on Aid Effectiveness** (2005) is an international agreement to which more than 100 ministers, heads of agencies, and other senior officials committed their countries and organizations to continue to increase efforts in harmonization,

alignment, and managing aid for results monitored through 12 indicators of aid effectiveness. The Paris Declaration encompasses five broader partnership principles—ownership, alignment, harmonization, managing for results, and mutual accountability.

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# ACKNOWLEDGMENT

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We would like to thank the lead agencies, donors, and government representatives for their time and efforts in filling out the surveys and reviewing the country reports. We would also like to acknowledge the support of the OECD-DAC

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Under the direct supervision of Olav Rex Christensen, two consultants, Caroline Schmidt and Timo Casjen Mahn, carried out the survey and helped with the analysis. The survey was also supported by members of the FTI Secretariat Koli Banik, Luc-Charles Gacougnolle, and Michelle Mesen.



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# PREFACE

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The Education for All – Fast Track Initiative (FTI), was launched in 2002 as a global partnership between donor and low-income partner countries, and has played a key role in promoting the implementation of the Paris Indicators on Aid Effectiveness in the education sector. FTI focuses on country-level processes and partnerships, providing governments and local donor groups a platform for collaboration in the education sector. The five pillars of the Paris Declaration—ownership, alignment, harmonization, managing for results, and mutual accountability—are core elements of the FTI partnership. Performance on the Paris Indicators was assessed at the macro level by the Development Assistance Committee of the Organisation for Economic Co-operation and Development (OECD-DAC) in 2006 and 2008. Scaling up of aid, changes in aid modalities, and the strong international focus on aid effectiveness have led to the need to track the implementation of the Paris Principles at the sector level.

Against this background, the FTI Secretariat initiated an education sector survey closely aligned with the 2008 OECD-DAC Survey on Monitoring the Paris Declaration. Data for the FTI survey were obtained through quantitative ques-

tionnaires distributed to the ministries of education and local donors and a qualitative questionnaire designed to facilitate a joint assessment among the ministries of education and local donor groups.

The FTI survey was carried out between March and May 2008 in 10 FTI-endorsed countries: Burkina Faso, Cambodia, Ethiopia, Ghana, Honduras, Madagascar, Mauritania, Mozambique, Nicaragua, and Rwanda. Some of the FTI Secretariat–selected countries had received direct support from the Catalytic Fund; others had not. All selected countries took part in the 2008 OECD-DAC survey. The local donor groups in Ghana and Madagascar withdrew from participating in the survey because of other initiatives on aid effectiveness.

The immediate objectives of the FTI survey are (a) to track progress toward implementing the Paris Declaration in the education sector and (b) to facilitate dialogue at the country and international levels on taking action to make progress on ownership, alignment, harmonization, managing for results, and mutual accountability.

The survey confirms the positive impact of the FTI process on strategy and policy in countries with an FTI-endorsed education sector plan. It also shows, in

line with the broader results of the 2008 OECD-DAC survey, that stronger efforts are needed on the part of donors and FTI partner countries to achieve the Paris targets set for 2010. To assist in this process, this FTI report measures the progress 10 countries have made

toward increasing aid effectiveness. It presents the qualitative and quantitative outcomes of the country-level assessments and, based on those assessments, is seeking to make available a range of country practices for review and further development.

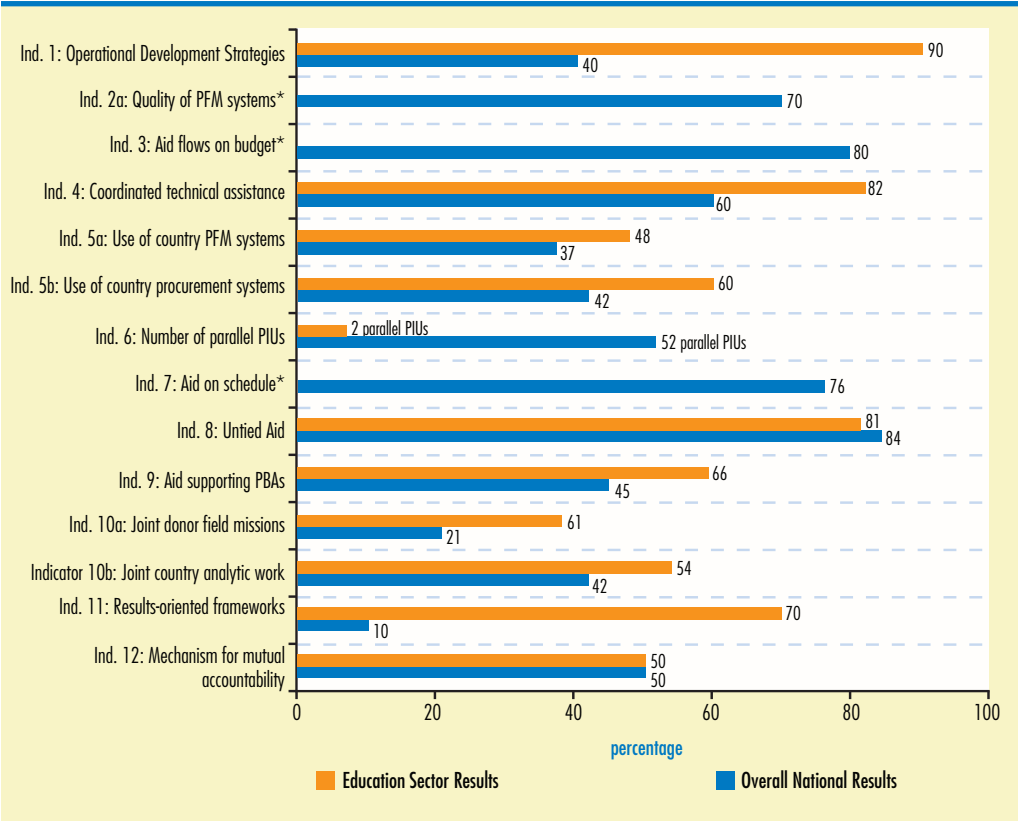
# KEY FINDINGS

## Positive Impact of the FTI Process

Most of the FTI-surveyed countries have made substantial progress on the majority of the Paris Indicators. In several countries, performance on the Paris Indicators in the education sector is significantly better than overall performance.

The positive impact of the FTI process is most evident in the following core areas:

- Sound and operational education sector strategies and results-oriented performance assessment frameworks (Ind. 1 and 11);



**Figure 1:** Comparing the education sector results to the overall national results in 10 FTI countries

Sources: 2008 FTI survey; OECD-DAC 2008c.  
 Note: CPIA = Country Policy and Institutional Assessment; PFM = Public financial management; PIU = Project implementation unit.  
 \* No separate education sector results available.

- Coordinated technical cooperation through local donor groups (Ind. 4);
- Use of program-based approaches, for example, sectorwide approaches (SWAPs) for education (Ind. 9); and
- Joint field missions and shared analytic work (Ind. 10a and 10b).

### Slow Progress in Using Country Systems

The quality of country Public Financial Management (PFM) systems has significantly improved since 2005. Of the 10 surveyed FTI countries, 7 have moved up at least 0.5 points on the World Bank's Country Policy and Institutional Assessment (CPIA) scale.<sup>1</sup> However, there is little correlation between improved country systems and the use of those systems by donor agencies.<sup>2</sup>

### Progress Toward Achieving the Paris Declaration Targets in the Education Sector

The 2008 FTI survey shows that on 10 of the 12 indicators<sup>3</sup> for which data are available, results for the education sector in the surveyed countries are close to, have achieved or are above their respective PD targets for 2010. On two indicators (Ind. 10b and 12) major efforts are needed to achieve the 2010 target.<sup>4</sup>

### Key Messages

- A concerted effort to encourage the selection of more aligned aid modalities is needed.

- Donor agencies should increase their use of country systems and phase out parallel project implementation units.
- Needs for financing recurrent costs in the education sector call for more predictable funding.
- Systematic monitoring of the Paris Indicators in the education sector is needed to complement the overall monitoring of aid effectiveness by OECD-DAC. This monitoring should be part of the joint government-donor monitoring process in the education sector to strengthen mutual accountability.
- More effective and coordinated capacity development is needed, particularly for preparation and implementation of education sector plans.

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<sup>1</sup> See footnote 15.

<sup>2</sup> The term "donor agency" encompasses bilateral, multilateral, regional, and international agencies and development banks.

<sup>3</sup> The indicators are numbered 1 through 12, but two of the indicators have two parts, for a total of 15 individual elements. There is no data available for Ind. 2b. For Ind. 3 and 7 there are no education sector specific data available.

<sup>4</sup> This survey closely followed the OECD-DAC structure and methodology, and the results are thus subject to the same limitations and cautions that have been raised in the 2008 OECD-DAC survey report. In addition, please note that this is a pilot study with a relatively small sample size. These factors have to be kept in mind when interpreting the findings.



# SECTION I: SURVEY RESULTS



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# MONITORING THE PARIS INDICATORS IN THE EDUCATION SECTOR

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The Education for All – Fast Track Initiative (FTI) is a global partnership that focuses on accelerating progress toward universal primary completion for all girls and boys by 2015. This will be achieved by developing and implementing better education sector plans with increased domestic resources, but also through delivering aid for primary education in a more effective and efficient way. The guiding principles for improved management and effectiveness of aid in the FTI framework are informed by the Rome High-Level Forum on Harmonization<sup>5</sup> and are in line with the Paris Declaration on Aid Effectiveness.<sup>6</sup> Both of these initiatives provided development partners with principles, indicators, and targets to make aid effective through strengthening country ownership, harmonization, alignment, managing for results, and mutual accountability.

FTI is regarded as a model for putting the Paris Principles into practice in the education sector. Since its inception in 2002, FTI has been hailed as a new aid paradigm supporting aid effectiveness as an integral part of the Education for All objectives. The FTI compact explicitly links increased donor support for primary education to recipient countries' policy performance and accountability for

results. Partner countries commit themselves to developing and implementing sound and sustainable education sector plans and to increasing domestic financing for primary education. These commitments include government leadership to put in place improved financial management capacity enabling the implementation of the agreed-on education programs. Donors, multilateral organizations, and civil society organizations commit themselves to backing the education sector plan with increased harmonization and support, including financial support. On the donors' part, that includes supporting the country's capacity development, mobilizing predictable and long-term financing, and aligning donor procedures to the extent possible with the country's systems. As described in the FTI Annual Report 2007, "Quality Education for All Children: Meeting the

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<sup>5</sup> The High-Level Forum on Harmonization took place in Rome in February 2003. The major multilateral and bilateral donor agencies were represented, as were recipient countries. It was agreed that action would be taken to improve the management and effectiveness of aid before the group reconvened in Paris in 2005.

<sup>6</sup> Paris Declaration on Aid Effectiveness 2005.

Challenge,” external aid to education is becoming more effective because donors in FTI countries are aligning their support with a single national education sector plan.<sup>7</sup>

Progress toward meeting the Paris Declaration (PD) targets was thoroughly discussed and evaluated in 2008. The largest monitoring exercise was carried out by OECD-DAC, which obtained data from 55 partner countries.<sup>8</sup> The survey shows tendencies and progress made since the 2006 baseline survey.<sup>9</sup> However, it only looks at overall national performance and does not assess individual sectors. In most developing countries the education sector is the sector with the highest expenditures and donor involvement and thus is particularly relevant when assessing donor and country performance in making aid more effective.

To track progress in implementing the PD in the education sector and to encourage donors and FTI partner countries to assess to what extent they have practiced the aid effectiveness principles jointly and coherently, the FTI Secretariat initiated a survey to facilitate joint monitoring exercises at the country level in February 2008. In May 2007, the FTI Steering Committee directed the FTI Secretariat to help collect information and measure progress against the PD Indicators in collaboration with OECD-DAC. The FTI Secretariat adapted the PD Indicators for the education sector in initiating the monitoring process. The FTI survey was closely aligned to the 2008 OECD-DAC survey.

## Methodology

The FTI Secretariat selected 10 FTI countries to take part in the survey: Burkina Faso, Cambodia, Ethiopia, Ghana, Honduras, Madagascar, Mauritania, Mozambique, Nicaragua, and Rwanda. Except for Burkina Faso and Honduras, all countries have received direct support from the Catalytic Fund.<sup>10</sup> The local donor groups in Ghana and Madagascar withdrew from participating in the survey because of other initiatives on aid effectiveness. This report, however, makes reference to the 2008 OECD-DAC survey outcomes for both of these countries.

Apart from Madagascar, all selected FTI countries took part in both the 2006 and 2008 OECD-DAC surveys, making it possible to review progress and to compare the baseline ratios in the FTI survey with the overall trends.

The FTI survey was carried out in two parts. In phase one (March and April 2008), quantitative data were obtained from the ministries of education on Ind. 3 and 7. Donors were asked to provide data on Ind. 3, 4, 5a, 5b, 6, 7, 9, 10a, and 10b. (See appendixes 4 and 5 for the government and donor questionnaires.) As a result of lack of government responses for Ind. 3 (aid flows on budget), the FTI survey data cover only data from Cambodia and Mauritania on Ind. 3. No specific

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<sup>7</sup> Fast Track Initiative 2007a, 34.

<sup>8</sup> OECD-DAC 2008c.

<sup>9</sup> OECD-DAC 2006a.

<sup>10</sup> See Definitions and Key Terms for Catalytic Fund.

sector results are reported for Ind. 7 (aid predictability) because of the low response rate from both governments and donors. On Ind. 1 and 11 the 2008 ESP Quality Review (FTI 2008c) was used. Information on Ind. 2a was drawn from the World Bank's CPIA score provided in the 2008 OECD-DAC survey (OECD-DAC 2008c). Education sector specific data on Ind. 8 was determined through data from the OECD-DAC Creditor Reporting System Database. The baseline ratios for the indicators in the education sector were calculated according to the methodology used in the 2008 OECD-DAC survey. (See appendix 3 for an explanation of how baseline ratios for Ind. 4, 5a, 5b, 9, 10a, and 10b were determined.) In phase two (April and May 2008) the local education group in each country (local donor group and Ministry of Education) undertook a joint qualitative assessment evaluating the 12 Paris Indicators using a set of illustrative questions (see appendix 4). The qualitative assessment was thought to be a particularly good opportunity for the local education group to reflect on key challenges and methods to strengthen country processes.

The FTI Secretariat carried out the education survey in close cooperation with the coordinating agencies (see appendix 1 for a list of the coordinating agencies) in the 10 countries. The coordinating agencies play a central role in the FTI partnership at the country level, communicating new FTI developments to the Ministry of Education and the local donor group. In each country, the survey exercise was facilitated by the coordinating agency, which distributed the quantitative ques-

tionnaire to the Ministry of Education and to the donor partners. The coordinating agencies also led the joint qualitative assessment and reviewed the country report prepared by the FTI Secretariat.

## Sources

Most prominent among the many resources upon which this report draws are the government and donor responses to the quantitative survey questionnaires, complemented by the results of the joint qualitative assessments conducted by the local donor groups and the governments. Other sources include the 2006 and 2008 OECD-DAC survey reports on monitoring the Paris Declaration (OECD-DAC 2006a, 2008c) and the respective country chapters to those reports, the World Bank's Aid Effectiveness Reviews (AERs; World Bank 2006a, 2006b, 2006c, 2006d, 2006e, 2006f) and World Development Indicators (World Bank 2008f), FTI's Education Sector Plan Review (FTI 2008c), FTI Country Profiles provided in the EFA-FTI Annual Review 2008 (FTI 2008b), and academic and commissioned country studies (Strategic Partnership with Africa, USAID, UNESCO, FRIDE, and others), as well as publications by donors (EU Blue Book [European Commission 2008]), and civil society organizations (Lacayo and Gomez 2007) for reference.

## Survey Challenges and Limitations

Enlisting the participation of all donor agencies active in the surveyed countries

proved to be a challenge. On average, the FTI survey included responses from seven local donor agencies per participating country. With an average of 14 individual donor agencies in each country as reported by OECD-DAC (2006b), the survey results are only a partial representation of the actual donors. Limitations to the survey are well exemplified by Mozambique. Quantitative data were provided by only a small number of donors, the government chose not to participate, and a joint qualitative assessment was not undertaken. Based on the feedback to the draft country report from the local education group, the chapter on Mozambique is limited to the summarized quantitative data provided by six donors.

The surveyed FTI countries are not best practice cases; rather, the surveyed countries include some regarded as very challenging for improved aid effectiveness. General budget support figures were not available for all of the surveyed countries and were therefore not incorporated into the calculations. FTI recommends that any future monitoring exercise should include some portion of the general budget support figures.

## Structure

This section (section 1) outlines the approach and the mechanism used to carry out the monitoring exercise at the country level. The overall survey results are presented for each of the 14 indicators. The ratios identified for the education sector are compared with the overall

national scores and trends provided by the 2006 and 2008 OECD-DAC surveys. Section 2 presents the country indicators in detailed country reports. These country reports are not available for Ghana and Madagascar because both countries withdrew from taking part in the survey. The Mozambique report summarizes quantitative data only.

## Overall Objectives

The immediate objectives of the monitoring exercise were to (a) track progress toward implementing the Paris Indicators, (b) facilitate dialogue at the country and international levels on the five Paris Principles, and (c) develop a clearer picture on how aid to education is managed by donors and partner governments. With the survey FTI is seeking to help strengthen the effectiveness of programs and processes in the education sector through the generation of discussions on

- key challenges and reforms needed to improve effectiveness of aid in the education sector,
- country-specific action items on aid effectiveness,
- methods to reduce transaction costs of delivering and managing aid,
- methods of record keeping and reporting on aid on both the government and donor sides, and
- ways of translating the results drawn from the survey data into an actionable agenda for fostering aid effectiveness in the education sector.

The survey exercise aimed at initiating a joint effort for strengthening mutual accountability and changing behavior at the country level. The survey report is supporting the exchange of key factors for success as well as highlighting bottlenecks and challenges in achieving better results in effective aid management. In addition, the survey data provided a basis for input to the Accra High-Level Forum

on Aid Effectiveness in September 2008 at “Round Table 8: A Sectoral Approach” and at the Accra Marketplace. With these developments, the FTI Secretariat aims to gain more active support on the implementation of the Paris Indicators in the education sector from bi- and multilateral donors in the headquarters of their agencies.





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# OVERALL FTI SURVEY RESULTS

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## Indicator 1 – Operational Development Strategies

Ind. 1 of the OECD-DAC surveys uses the existence and quality of operational development strategies as a proxy measure for country ownership. The OECD-DAC analysis relies on the World Bank's 2007 assessment of development strategies.<sup>11</sup> The FTI, in turn, used a 2007 quality review of education sector plans (ESPs) to assess a country's development strategy in the education sector.

Experience has shown that aid is most effective when it supports countries' own development efforts and policies. The FTI compact is built around the principle of country ownership and increasing mutual accountability, a focus on tangible results, and donor harmonization and alignment. The FTI process fundamentally depends on collaboration between governments and donor agencies in support of a single education sector plan.

The FTI survey confirms the positive impact of the FTI process on strategy and policy in countries with an FTI-endorsed ESP. The education sector in 90 percent of the surveyed FTI countries is considered to "substantially achieve good practice" or to have a "largely developed strategy" (reflecting an "A" or "B" ranking)<sup>12</sup>, compared

with an average overall national score of only 40 percent. In all of the surveyed countries, results in the education sector for Ind. 1 meet the Paris Declaration target for 2010, and are well above the average "C" rankings for the countries overall for Ind. 1.<sup>13</sup>

## Indicators 2a and 2b – Reliable Country Systems

In recent years, much attention has focused on the quality of partner countries' PFM and procurement systems. It has been recognized that a country's overall performance in managing its development process also depends on the effectiveness with which public resources (both domestic and external) are raised, managed, and spent. The improvement of those country systems depends on reform programs and capacity development strategies defined by the government and supported by the donor partners.

The OECD-DAC published an extensive report on the use of country PFM systems,<sup>14</sup> and the Public Expenditure and Fi-

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<sup>11</sup> World Bank 2007b.

<sup>12</sup> See appendix 2 for the methodology.

<sup>13</sup> OECD-DAC 2008c.

<sup>14</sup> OECD-DAC 2008d.

nancial Accountability (PEFA) partnership developed a comprehensive performance measurement framework. While much remains to be done, the overall trend is that country PFM systems in the surveyed FTI countries are improving. The quality of country systems was assessed by the World Bank's Country Policy and Institutional Assessment (CPIA) Ind. 13 (Quality of Budgetary and Financial Management),<sup>15</sup> which showed an improvement in 7 of the 10 surveyed FTI countries. As a result, 8 of them now have a score of 3.5 or better (on a scale of 1 to 6).

### Indicator 3 – Aid Flows on Budget

Incorporating aid flows into the budget has been another focal area of the international debate on monitoring the Paris Declaration. The aim of Ind. 3 is to provide a measure for the extent of aid being captured in a government's budget estimates. Accurate budget reporting is a prerequisite for citizen and parliamentary oversight.

Because a number of governments did not respond to this survey question, the FTI survey data for aid flows on budget were insufficient for analysis. Tentative evidence from two countries, Cambodia and Mauritania, suggested that approximately 68 percent of aid flows to the education sector were on budget, compared with the average baseline ratio of 80 percent in the 10 FTI countries surveyed in the 2008 OECD-DAC survey. However, this evidence is potentially misleading. Ind. 3 relies on a combined ratio of the

effects of two different variables (information capture and predictability of disbursement). In addition, levels of aid on budget are strongly driven by general budget support,<sup>16</sup> which is, by definition, on budget.

### Indicator 4 – Coordinated Capacity Development Support

Ind. 4 assesses the extent to which technical cooperation is coordinated and aligned with a country's capacity development strategy or program. The PD target defined for Ind. 4 is that at least half of all technical cooperation is coordinated by 2010.

The FTI survey reports that on average, 82 percent of technical cooperation to the education sector in the surveyed FTI countries is implemented through coordinated programs, compared with an average of 60 percent in the 10 FTI countries at the overall national level (2008 OECD-DAC survey). The share in the education sector, well above the PD target of 50 percent by 2010, suggests that the cooperation of local donor groups with their government counter-

<sup>15</sup> In 2007, the World Bank carried out a Country Policy and Institutional Assessment. The assessment looked at four broad areas: Economic Management, Structural Policies, Policies for Social Inclusion and Equity, and Public Sector Management and Institutions. Indicator 13 "Quality of Budgetary and Financial Management" under Public Sector Management and Institutions was used by OECD-DAC to measure the quality of country systems. For further information, see <http://go.worldbank.org/74EDY81YU0>.

<sup>16</sup> Mokoro Ltd 2008b, 25.

parts is a successful model for aid effectiveness. However, OECD-DAC cautions that “progress against this indicator, is ... to a certain degree misleading,” and the strong performance is “due, in part, to a definition (or target) for ‘coordinated technical co-operation’ that could have been more ambitious.”<sup>17</sup> Still, it could be argued that because education sector results are consistently above the overall national results, they are indicative of an innate positive effect of the collaboration mechanisms between local donor groups and their government counterparts instituted by the FTI.

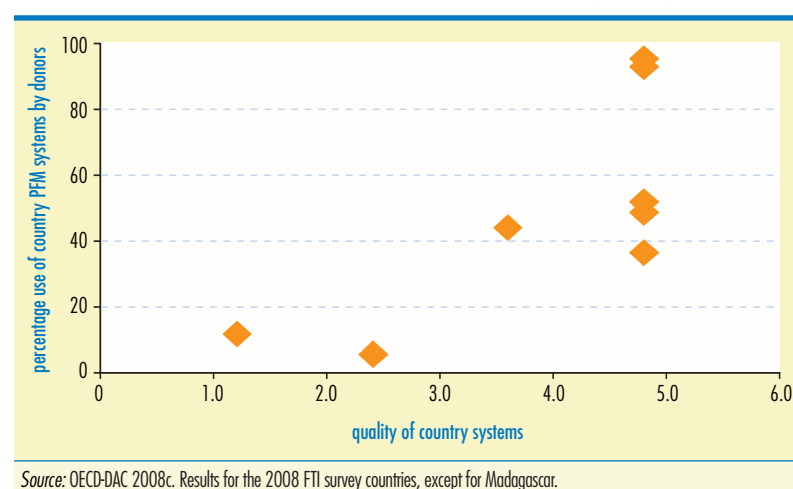
### Indicator 5a – Use of Country Public Financial Management Systems

The objective of Ind. 5a is to encourage donors to increase the use of country PFM systems, rather than using donor systems, for managing aid—depending on the quality of the country systems. Ind. 5a evaluates three components of the PFM process: budget execution, financial reporting, and auditing.

There is a strong case for increased use of country PFM systems for the management of aid in developing countries. According to the OECD-DAC, donors’ use of country PFM systems (a) contributes to their strengthening, (b) enhances the country’s sense of ownership, and (c) expresses respect for the country’s institutions and traditions. In addition, positive effects are derived from a strengthened focus on common goals, enhanced sustainability, and reduced transaction costs.<sup>18</sup>

It is widely assumed that the quality of a partner country’s PFM system is the principal determinant in a donor agency’s decision about whether to use that system. While there are short-term fiduciary risks involved in using country systems, their use has the potential for significant long-term systemic gains. However, results from the FTI survey as well as the OECD-DAC surveys seem to suggest that there is only a weak correlation between the quality of country systems and their use by donor agencies. Figure 1.1 shows that there is great variance across countries in the use of PFM systems of the same quality. For example, among the five countries with the same CPIA (Ind. 13) score of 4.0, the use of country systems ranges from 36 percent to 95 percent. This suggests that donor agencies are lagging behind in their use of country PFM systems compared with

**Figure 1.1:**  
The Quality and Use of Country PFM Systems



<sup>17</sup> OECD-DAC 2008c, 23.

<sup>18</sup> OECD-DAC 2008d.

actual system quality improvements in a number of cases.

On average across all FTI surveyed countries, the use of country PFM systems in the education sector was reported to be 48 percent, which is well above the average ratio of 37 percent identified for these 10 countries in the 2008 OECD-DAC survey.<sup>19</sup> It also reflects the lack of confidence by donors in PFM country systems. The PD target for countries with a CPIA rating between 3.5 and 4.5 is that 90 percent of donors use country PFM systems by 2010, and that the aid volume not using partner countries' PFM systems be reduced by one-third. Donor agencies still have a long way to go to achieve these targets. The Accra Agenda for Action, endorsed in September 2008, stated an objective of 50 percent overall use of country systems for both PFM and procurement.<sup>20</sup>

### Indicator 5b – Use of Country Procurement Systems

The survey findings for the use of country procurement systems suggest that donor agencies' level of confidence is somewhat higher than for PFM systems, as reflected in a 60 percent average use of procurement systems in the education sector. This could be partly due to less complicated procurement in the education sector with higher levels of funding of recurrent costs compared with investments. For the 10 FTI countries overall, OECD-DAC reports an average usage rate of 42 percent. Unfortunately, procurement system quality scores from OECD-DAC are not

available at this point so an analysis of the relationship between the quality and use of procurement systems has to be postponed.

### Indicator 6 – Avoiding Parallel Project Implementation Units

Ind. 6 calls for reducing and avoiding parallel project implementation units (PIUs). Progress toward reducing PIUs has been slow, with an average of two such units per country in the education sector in surveyed FTI countries. Because the indicator is in absolute terms, there is no basis for comparing sector-level results with the country overall. However, the negative effects of PIUs, such as crowding out the best-skilled employees to work exclusively on donor agency funded projects, have been well established. Donor agencies need to step up their efforts to achieve the PD target.

### Indicator 7 – Aid is on Schedule

Ind. 7 measures the gap between scheduled aid and aid effectively disbursed and recorded in a country's accounting system. It relies on a combined ratio of the effects of two different variables: the accuracy of recording and the predictability of disbursements. Because the indicator focuses specifically on the in-year

<sup>19</sup> OECD-DAC 2008c.

<sup>20</sup> Accra Agenda for Action 2008 at [http://siteresources.worldbank.org/ACCRAEXT/Resources/4700790-1217425866038/ACCRA\\_4\\_SEPTEMBER\\_FINAL\\_16h00.pdf](http://siteresources.worldbank.org/ACCRAEXT/Resources/4700790-1217425866038/ACCRA_4_SEPTEMBER_FINAL_16h00.pdf).

predictability of aid, it is important to call attention to the fact that in the Paris Declaration (and reaffirmed in Accra) donors committed themselves to providing reliable aid over three to five years based on forward expenditure or implementation plans.

Among the surveyed countries, aid predictability—the discrepancy between scheduled and actual disbursement levels—remains a challenge. As a result of a low response rate, there are no education sector results available for comparison. The 2008 OECD-DAC survey results show that progress in disbursing aid in a timely and predictable manner according to agreed-on schedules is modest and remains a major issue. On average, the country ratios on disbursements that are on schedule and recorded by the government show an improvement from 41 percent (2006) to 46 percent (2008) at the macro level in the 33 countries that took part in both OECD-DAC surveys.

## Indicator 8 – Aid is Untied

Ind. 8 measures what share of the aid provided is not tied, meaning that it is provided without the condition that the recipient country purchase goods and services from suppliers based in donor countries. While the average shares of untied aid in the education sector and at the national level correspond roughly (81 percent vs. 85 percent), there are significant differences between countries. The Paris Declaration target is defined as “continued progress over time.”

## Indicator 9 – Use of Common Procedures and Arrangements

In general, aid qualifies as being in support of a PBA when the following criteria are met:

- a. leadership is provided by the host country or organization;
- b. a single, comprehensive program and budget framework is in use;
- c. a formalized process for donor coordination and harmonization of donor procedures for reporting, budgeting, financial management, and procurement exists (for at least two of these four subcriteria); and
- d. efforts are being made to increase the use of local systems for program design, program implementation, financial management, and monitoring and evaluation (for at least two of these four subcriteria).

Common arrangements under country leadership are a clear strength of the FTI process. According to the FTI survey results, the proportion of aid delivered within program-based approaches (PBAs) to the education sector is 66 percent, in comparison with an average of 45 percent of aid in support of PBAs in the 10 FTI countries in the OECD-DAC survey. This trend suggests that donor agencies, particularly in the education sector, are willing to align their assistance with an existing ESP. In fact, according to UNESCO’s Global Monitoring Report 2008,<sup>21</sup> aid to educa-

<sup>21</sup> UNESCO 2007a.

tion has been increasingly provided as programmatic support. If accurate, these countries are on track to achieve the target of 66 percent of aid being in support of a PBA by 2010. The target was reconfirmed in Accra in September 2008 and included in the Accra Agenda for Action.

### Indicator 10 – Joint Donor Missions and Joint Country Analytic Work

One of the most frequent complaints made by developing country authorities is that too much time is spent meeting with donors and responding to donor needs.<sup>22</sup> In many partner countries, capacity is stretched by the number of duplicative donor agency missions, reviews, and analytic exercises. Increasing the number of shared missions (Ind. 10a) and joint analytic work (Ind. 10b) is an important element of the harmonization agenda. The FTI survey shows positive results for the education sector: On average, 61 percent of donor missions to the education sector were conducted jointly, compared with 21 percent of all missions in the 10 countries; and 54 percent of analytic work projects were conducted jointly, compared with 42 percent at the overall national level in the 10 FTI countries.<sup>23</sup> Again, this is an apparent impact of the strong coordination efforts among the local donor groups instituted by the FTI.

### Indicator 11 – Results-Oriented Frameworks

Ind. 11 looks at the existence, and more important, the quality, of a country's

results-based monitoring framework. The quality of those frameworks is defined through the data and information they generate, access to that information, and its use in the monitoring and evaluation (M&E) system.

For the education sector, the 2008 FTI review of education sector plans (FTI 2008c; specifically the subsection on monitoring frameworks) was used to assess progress on Ind. 11. Reviewed education sector plans were analyzed according to four categories (policy, financing, data, and capacity). Each category was then assessed according to the clarity of the issue, the existence of a relevant strategy, and its monitoring framework. While the first two criteria were used in assessing each education sector plan's coherency of long-term vision and medium-term strategy derived from that vision, the latter criterion (monitoring framework) was instrumental for assessing the results-oriented framework indicator.

The survey results reflect that all the countries with FTI-endorsed ESPs have development strategies in place that are focused on results in areas such as learning outcomes, children with dis-

<sup>22</sup> OECD-DAC 2008c, 50.

<sup>23</sup> Following the OECD-DAC methodology, numbers for Ind. 10a and 10b were adjusted to avoid double counting. A discount factor of 35 percent was applied to overall results for Ind. 10a, and a factor of 25 percent to Ind. 10b. Please refer to OECD-DAC (2008, 88–89) and to the data on Ind. 10a and 10b in the 2008 OECD-DAC survey country chapters.

abilities, or girls' education. In 7 of the 10 countries the performance assessment frameworks in education sectors were considered to be "sustainable" or "largely developed" (indicated by an "A" or "B" rating), compared with only 10 percent of overall country-level frameworks in the 10 countries.

## Indicator 12 – Mutual Accountability

Ind. 12 is concerned with the presence of a country-level mechanism for mutual assessment of progress on partnership commitments. As part of the FTI survey process, it was proposed that

Indicator	Target to be achieved by 2010	Overall 2008 OECD-DAC survey results (55 countries)	Overall national results in FTI-surveyed countries (10 countries)	Average education sector results (10 countries) <sup>a</sup>
Ind. 1 – Operational Development Strategy (percentage rated "B" or above)	75	24	40	90
Ind. 2a – Quality of PFM systems (percentage of partner countries that have moved up 0.5 points on the PFM/CPIA scale)	50	36	70	70
Ind. 2b – Reliable procurement systems (percentage of partner countries that have moved up at least one measure on the four-point scale)	33	—	—	—
Ind. 3 – Aid flows on budget (percentage)	85	45	80	68 <sup>c</sup>
Ind. 4 – Coordinated technical cooperation (percentage)	50	59	60	82
Ind. 5a – Use of country PFM systems (percentage)	50 <sup>b</sup>	47	37	48
Ind. 5b – Use of country procurement systems (percentage)	50 <sup>b</sup>	44	42	60
Ind. 6 – Number of parallel PIUs (reduce stock of PIUs by 2/3)	611	2,473	522	19
Ind. 7 – Aid on schedule (percentage)	71	42	76	—
Ind. 8 – Untied aid (percentage)	progress over time	85	84	81
Ind. 9 – Aid supporting PBAs (percentage)	66	44	45	66
Ind. 10a – Joint donor missions (percentage)	40	20	21	61
Ind. 10b – Joint country analytic work (percentage)	66	42	42	54
Ind. 11 – Results-oriented frameworks (percentage with)	35	9	10	70
Ind. 12 – Mechanism for mutual accountability (percentage with)	100	24	50	50

Sources: 2008 FTI survey; OECD-DAC 2008c.

Note: — = Not available.

a. Results for Ind. 4, 5, 6, 8, 9, 10a, 10b, and 12 are based on a sample size of eight countries. For Ind. 1, 2, 3, 7, and 11, the sample size is 10.

b. In the Accra Agenda for Action (2008) it was agreed that "donors will aim to channel 50% or more of government-to-government assistance through country fiduciary systems" (Accra Agenda for Action 2008, 3).

c. The average baseline ratio for Ind. 3 is determined by data from Cambodia (30%) and Mauritania (86%) only.

**Table 1.1:**  
Paris Declaration Targets:  
Taking Stock of Progress

local donor groups and governments conduct a joint qualitative assessment. Taking this exercise as a proxy for Ind. 12, there is little difference between the education sector and the overall national level: both show a 50 percent participation level.

### Summary: The Paris Targets in the Education Sector

Results on the 2008 FTI survey show that on 10 of the 12 indicators for which data were available, the surveyed countries on average are close to, have achieved or are exceeding their respective PD targets for 2010 (see table 1.2) in the education sector. On two indicators (Ind. 10b and 12) major efforts are needed to achieve the 2010 target in the education sector and overall. Although

results on Ind. 5a suggest that the PD target of 50 percent (as agreed in the Accra Agenda for Action) are within reach at the sector level, the average overall result for the 10 countries is with 37 percent considerably lower. Moreover are the education sector results only tentative because of the varying donor response rates from country to country. As for Ind. 12 the sector and the overall results show that half of the 10 FTI countries do not provide mechanisms for mutual accountability. It is suggested to pool efforts on all parts to increase the use of country systems and to enhance mutual accountability. Also, the slow progress on the use of country procurement systems (Ind. 2b) and the phasing out of parallel PIUs (Ind. 6) call for stepped-up efforts at country and international levels.



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# WAY FORWARD

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The commitments set out in the Paris Declaration in 2005 were globally reaffirmed in the Accra Agenda for Action adopted by the Third High-Level Forum on Aid Effectiveness in September 2008. Three issues were emphasized to be of great importance to make progress on the Paris Principles: (a) strengthened country ownership, (b) more effective and inclusive partnerships, and (c) accountability for translating actions into positive impacts. The FTI compact is in line with these issues, with its emphasis on the joint assessment of country systems, transparent donor plans for using those systems, cross-cutting issues, and the commitment to provide aid through program-based approaches.

The FTI survey confirms the positive impact of the FTI process on strategy and policy development in countries with an FTI-endorsed ESP. But it also shows that local education groups need to develop joint approaches for meeting the Paris targets and to take firm leadership of the process at the country level. The survey results underscore that improvements in aid effectiveness can only be achieved if support for education strategies is provided through more-aligned modalities and if greater use is made of country systems. To assist in this process, the FTI

Secretariat, with this report, is providing insight into the progress and challenges 10 FTI countries have encountered toward increasing aid effectiveness. As stated in the Accra Agenda for Action, the improvement of the aid effectiveness agenda will involve the development of “country-based action plans that set out time-bound and monitorable proposals to implement the Paris Declaration and the Accra Agenda for Action,”<sup>24</sup> referencing specific country circumstances and existing aid relationships.

## *For Donor Agencies*

- Headquarters should communicate to all country offices the importance of participation in country-led joint sector monitoring enhancing mutual accountability.
- As defined in the Accra Agenda for Action, donors should agree to use country systems as the first option for aid programs; if that is not feasible, donors should assist governments to strengthen national systems and procedures. Donors should promptly develop plans outlining

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<sup>24</sup> Accra Agenda for Action 2008, 7.

how they will live up to those commitments. In addition to helping to improve the quality of country systems, donors should commit to increased use of country systems according to the Paris targets for 2010.

### *For Partner Countries*

- In line with the principle of country ownership, governments should assume leadership in monitoring the Paris Indicators in the education sector. The FTI Secretariat can assist governments with incorporating Paris Indicator monitoring into their existing monitoring processes.
- The use of joint sector reviews would provide an efficient and fully aligned framework for Paris Indicator monitoring. To ensure complementarity with overall OECD-DAC monitoring of aid effectiveness, results could be reported to the Education for All meetings at the international level.

### **Continuing Monitoring of Aid Effectiveness in FTI Countries**

In view of the two-way FTI compact between a government and donor agencies, it is recommended that mutual assessments of progress on the PD Indicators be included in the joint annual review. The FTI Steering Committee decided in September 2008 that the FTI Secretariat will extend its aid effectiveness survey to all FTI-endorsed countries, preferably in conjunction with regular country-based monitoring.

The FTI Secretariat will execute this mandate annually through the coordinating agencies in the FTI countries. The coordinating agencies will facilitate the inclusion of the aid effectiveness indicators in the country's monitoring process and will relay data on these indicators back to the FTI Secretariat, together with a limited number of other pertinent indicators that are not currently available through either UNESCO's Institute for Statistics or DAC. This procedure is to ensure that progress on the FTI Indicative Framework can be measured and reported to the partnership. The government and coordinating agency will be encouraged to make the data available for discussion during the joint sector review.

Experience with the FTI survey and the resource-intensive OECD-DAC survey indicates that each country's local education group should take joint ownership for institutionalized, periodic monitoring of the Paris Indicators to ensure good quality and comprehensive coverage of the collected data. The FTI survey exercise encountered a number of challenges that could be overcome by raising awareness within the local education groups. The quantitative part of the monitoring exercise requires contributions from the government and the local donor group, which means they have to have a genuine interest in discussing the enhancement of aid effectiveness based on transparent reporting on their aid effectiveness behavior.

The work done on aid effectiveness in the education sector might trigger more

coordination with ministries of finance and lead countries to establish more systematic sector-specific monitoring of the Paris Indicators.

Over time, this exercise would provide an important source of information for all stakeholders to systematically evaluate progress on aid effectiveness. It will be an element of ensuring consistency and quality of effectively working partnerships and country processes

across the global FTI partnership. FTI partners have acknowledged the survey as an important instrument in changing behavior and obtaining a higher degree of mutual accountability to ensure that all actors fulfill their agreed-on roles. Progress on aid effectiveness will have to continue, but faster, more vigorously, more targeted, and jointly—as emphasized in the Accra Agenda for Action in September 2008.

**Table 1.2:**  
Comparing Education Sector Results With Overall National Results by Country

Country	Ind. 1 Operational Development Strategy	Ind. 2 Quality of PFM systems	Ind. 3 Aid flows on budget	Ind. 4 Coordinated technical cooperation systems	Ind. 5a Use of country PFM systems	Ind. 5b Use of country procurement systems	Ind. 6 Number of parallel PIUs	Ind. 7 Aid on schedule	Ind. 8 Unified aid	Ind. 9 Aid supporting PBAs	Ind. 10a Joint donor missions	Ind. 10b Joint country analytic work	Ind. 11 Results- oriented framework	Ind. 12 Mechanism for mutual accountability
Burkina Faso	B	4.0	92	56	43	54	102	92	92	57	13	39	C	No
Education sector	B	4.0	—	96	36	54	4	—	97	72	65	56	C	Yes
Cambodia	C	3.0	85	35	14	16	121	96	76	28	12	17	C	Yes
Education sector	B	3.0	50	90	5	40	3	—	71	48	26	53	A	No
Ethiopia	B	4.0	62	67	47	41	56	73	82	66	29	70	C	Yes
Education sector	B	4.0	—	59	53	23	2	—	92	37	34	30	C	Yes
Ghana	B	4.0	94	75	51	56	16	83	92	69	39	60	C	Yes
Education sector	B	4.0	—	—	—	—	—	—	87	—	—	—	B	No
Honduras	C	4.0	99	84	55	63	36	66	75	17	21	43	C	No
Education sector	A	4.0	—	99	49	34	5	—	17	53	48	63	B	Yes
Madagascar	C	3.5	87	71	21	26	48	79	84	44	24	42	C	No
Education sector	C	3.5	—	—	—	—	—	—	99	—	—	—	C	No
Mauritania	C	2.5	57	53	8	22	27	52	67	35	11	25	C	No
Education sector	A	2.5	86	100	12	62	1	—	95	100	100	50	B	Yes

**Table 1.2: (continued)**  
Comparing Education Sector Results With Overall National Results by Country

Country	Ind. 1 Operational Strategy	Ind. 2 Quality of PFM systems	Ind. 3 Aid flows on budget	Ind. 4 Coordinated technical cooperation	Ind. 5a Use of country PFM systems	Ind. 5b Use of country procurement systems	Ind. 6 Number of parallel PIUs	Ind. 7 Aid on schedule	Ind. 8 United aid	Ind. 9 Aid supporting PBAs	Ind. 10a Joint donor missions	Ind. 10b Joint country analytic work	Ind. 11 Results- oriented framework	Ind. 12 Mechanism for mutual accountability
Mozambique Country overall	C	3.5	83	27	44	54	26	74	91	46	17	32	B	Yes
Education sector	A	3.5	—	27	44	68	2	—	92	66	0	0	B	No
Nicaragua Country overall	C	4.0	85	45	48	45	49	74	85	46	20	52	C	Yes
Education sector	B	4.0	—	92	93	100	2	—	78	90	41	15	B	Yes
Rwanda Country overall	B	4.0	51	84	42	43	41	67	95	38	21	42	C	No
Education sector	B	4.0	—	90	95	95	0	—	87	61	37	60	A	No
Paris Declaration targets, average achievements in 10 countries at the overall national level in 2007	40	70	80	60	37	42	52	76	84	45	21	42	10	50
Paris Declaration targets, average achievements in 10 countries at the education sector level in 2007	90	70	68 <sup>a</sup>	82	48	60	2	—	81	66	61	54	70	50
Paris Declaration targets rated B or above	75%	50% move up 0.5 points	85% of aid on budget	50% of technical assistance coordinated	50% of aid flows use country PFM system	50% of aid flows use country procurement system	Reduce stock of PIUs by 2/3	71% of aid flows on schedule	Progress over time (100%)	66% of aid supporting PBAs	40% of donor missions are joint	66% of country analytic work is joint	35% of countries have frameworks	100% of countries have such mechanisms

Sources: 2008 FTI survey; OECD-DAC 2008c.

Note: — = Not available.

a. The average baseline ratio for ind. 3 is determined by data from Cambodia (30%) and Mauritania (86%) only.



## SECTION II: COUNTRY REPORTS





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# BURKINA FASO

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## Country Background

Burkina Faso is highly dependent on external aid. The aid that the country received in 2005 amounted to 108.8 percent of central government expenditures financed by the government's own resources.<sup>25</sup> Harmonization and alignment of aid flows have increased since general budget support was started in 2004. A National Coordinator for the Effectiveness of Aid has been appointed and a national Plan of Action on Aid Effectiveness for the period 2007–10 has been drawn up. Burkina Faso significantly enhanced its score and rank on Transparency International's Corruption Perceptions Index in 2008.

### *Aid Effectiveness Indicators*

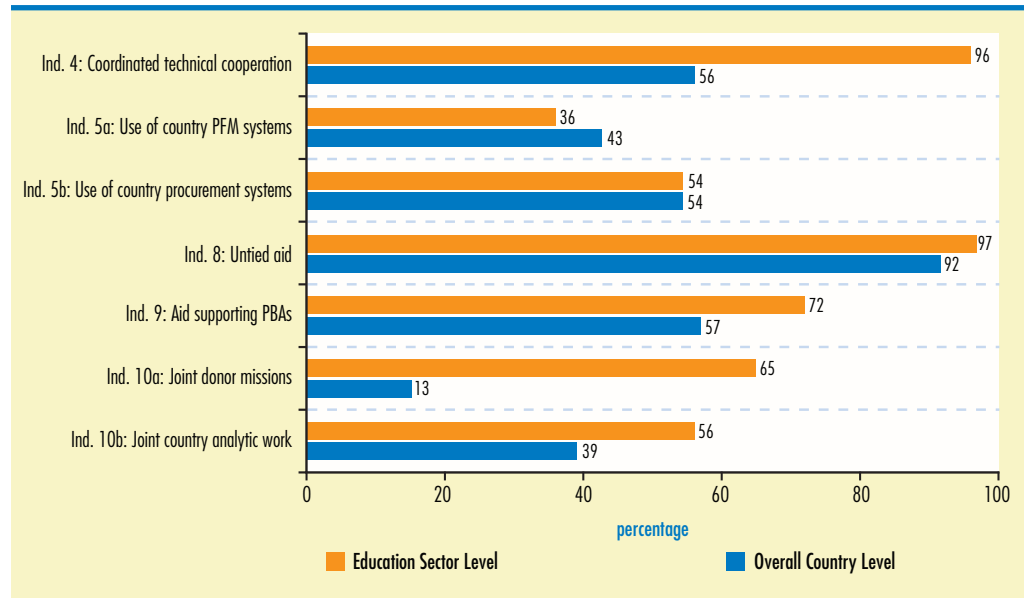
At the overall country level, Burkina Faso's progress on the aid effectiveness indicators established in the Paris Declaration remains moderate (figure 2.1). The assessments of its operational development strategy (Ind. 1), results-oriented frameworks (Ind. 11), the state of its mutual assessment reviews (Ind. 12), and the quality of its PFM systems (Ind. 2a) have remained unchanged since 2006. Ind. 3 (aid on budget) and Ind. 4 (coordinated

technical assistance) show notable progress. Burkina Faso has a relatively high score on the World Bank's Country Policy and Institutional Assessment (CPIA) and, in addition, receives a large share of its aid as general budget support. The use of country public financial management (PFM) systems (Ind. 5a) seems rather low, both at the overall country level (43 percent) and in the education sector (36 percent). There are significant differences between individual donors in their use of country procurement systems (Ind. 5b). With 102 donors in the country, and 13 being active in the education sector (OECD-DAC CRS database 2006), the use of 4 parallel project implementation units (PIUs; Ind. 6) is still high. There has been good progress on Ind. 7 (aid on schedule) and Ind. 8 (untied aid). The use of program-based approaches (PBAs) (Ind. 9; including budget support aid) in the country overall increased by 12 percentage points in the last two years to 57 percent, and at 72 percent it is even higher in the education sector. Coordination of donor missions (Ind. 10a) and analytic work

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<sup>25</sup> World Bank 2008f. As of March 2009 data on aid dependency was available for 2005 only at [http://siteresources.worldbank.org/DATASTATISTICS/Resources/table6\\_11.pdf](http://siteresources.worldbank.org/DATASTATISTICS/Resources/table6_11.pdf)

**Figure 2.1:**  
Burkina Faso: Comparison of  
Education Sector Results to  
Overall Country Results



Source: 2008 FTI survey; OECD-DAC 2008c.

Note: Data for Ind. 1, 6, 11, and 12 are not on a percentage basis and therefore not included in this figure. Data for Ind. 2 and 3 are at the country level only, so not included in the figure. The government provided no information for Ind. 7.

(Ind. 10b) at the overall country level is low and has declined since 2006, but performance is much better in the education sector on those two indicators.

### Country-Specific Survey Challenges

Inclusion of all donors active in the education sector in Burkina Faso proved to be a challenge. The FTI Secretariat received seven responses, from Canada, Denmark, France, the Netherlands, Switzerland, UNICEF, and the World Food Programme (WFP). The OECD-DAC Creditor Reporting System (CRS) database lists 13 donors that made disbursements to the education sector in 2006: Austria, Belgium, Canada, Denmark, the European Commission (EC), France, Germany, the International

Development Association (IDA), Japan, the Netherlands, Spain, Sweden, and the United States. Two of the five main donors, namely the IDA and the EC, did not participate in the survey. Therefore, the findings contained in this report provide only an indicative picture of aid effectiveness in the education sector in Burkina Faso. Efforts to capture information from the full range of donors active in the education sector should be intensified in future years.

### Aid Effectiveness Environment

As measured by GNI per capita, at \$430, Burkina Faso is one of the poorest countries in the world. In 2006, Burkina Faso received net official development assistance (ODA) of \$871

Official Development Assistance to Burkina Faso, 2006	
Net ODA	\$871 million
Aid per capita	\$61
Aid as % of GNI	15

Source: World Bank 2008f.

million—approximately 15 percent of its GNI or about \$61 per capita. Aid effectiveness, including in the education sector, remains a vital concern for Burkina Faso and the international donor community.

In 2005, a Technical Secretariat for Aid Effectiveness was established by donors to help support in-country donors in implementation of the Paris Declaration agenda. Furthermore, the government has nominated a National Coordinator for Aid Effectiveness as an interface with the donor community, and has put in place a national action plan on aid effectiveness (Plan d'Action National de l'Efficacité de l'Aide).

### Education Funding

Burkina Faso devotes approximately 21.6 percent of its total public expenditures (or 2.8 percent of GDP) to education.<sup>26</sup> In recent years, Burkina Faso has made significant progress in gross primary school enrollment rates (from 43 percent in 1999 to 60 percent in 2006).<sup>27</sup> Yet the country still has one of the lowest adult literacy rates. On average, the literacy rate was as low as 14 percent between 1985 and 1994. By 2006 it had increased to 26 percent.<sup>28</sup> In addition, the significant

achievements in primary education have increased demand for postprimary education, resulting in a bottleneck within the education system. The government, together with the local donor group, is working to address the situation.

According to the OECD-DAC CRS database, in 2006 Burkina Faso received \$112.8 million in aid (disbursements) for the education sector (including a 20 percent share of general budget support to education) from 13 donors that are members of the OECD-DAC: Austria (\$1.6 million), Belgium (\$7.0 million), Canada (\$8.4 million), Denmark (\$4.0 million), the EC (\$11.7 million), France (\$29.9 million), Germany (\$2.3 million), the IDA (\$15.3 million), Japan (\$4.1 million), the Netherlands (\$23.1 million), Spain (\$0.8 million), Sweden (\$2.6 million), and the United States (\$2.0 million).<sup>29</sup> The five largest donors to education in that year were France, the Netherlands, the IDA, the EC, and Canada.

### Performance on the Paris Indicators

#### Ownership

##### *Indicator 1 – Operational Development Strategy*

OECD-DAC Ind. 1 uses the existence and quality of an operational develop-

<sup>26</sup> Ministry of Economy and Development Burkina Faso 2004, 13.

<sup>27</sup> UNESCO 2008, 304, 305.

<sup>28</sup> UNESCO 2008, 377.

<sup>29</sup> FTI compilation from OECD-DAC CRS database (2006).

ment strategy as a proxy measure for country ownership. The analysis relies on the World Bank's 2007 assessment of development strategies.<sup>30</sup> The FTI Secretariat, in turn, used a 2008 quality review of education sector plans (ESPs) to assess countries' development strategies in the education sector. The results of Burkina Faso's ESP's assessment are in line with the World Bank's assessment of its poverty reduction strategy paper: both are said to be "largely developed" (a "B" rating). See table 2.1.

Burkina Faso presented its ESP to the local donor group and the FTI partnership for endorsement in late 2002. The country was one of the first seven countries to become endorsed for FTI support, and donors have pledged to align their funding and strategy with Burkina Faso's ESP. The ESP consists of two main elements, the Education Policy Statement (adopted in 2001) and the 10-Year Plan on the Development of Basic Education (PDDEB) launched in 2002.

The PDDEB is an operational strategy for the education sector for the period 2001–11. According to the Education

Policy Statement and the PDDEB, the government of Burkina Faso has set the goal of reaching an enrollment rate of 70 percent by 2010, and education for all by 2015. The PDDEB has three components: (a) increasing the supply of basic education, including alternative education, and reducing socioeconomic, regional, and gender disparities; (b) improving the quality, relevance, and effectiveness of basic education and developing coherence; and (c) integrating the various levels and styles of education, and building capacity to lead, manage, and assess centralized and decentralized sectoral structures, as well as developing the ability to coordinate external assistance.

The PDDEB references FTI's Indicative Framework and the proposal is clear in its priorities.<sup>31</sup> According to the joint qualitative assessment, strategies for the medium and long terms are aligned with the national budget through the medium-term expenditure framework. There is a focus on the development

<sup>30</sup> World Bank 2007b.

**Table 2.1:**  
Burkina Faso: Education Sector and Country-Level Results for Ind. 1

Ind. 1: Education sector									
Policy clarity	Relevant policy strategy	Clarity of financing issues	Relevant financing strategy	Data clarity	Relevant data strategy	Clarity of capacity issues	Relevant capacity strategy	FTI overall score	FTI score converted
—	—	X	—	—	—	—	X	6/8	B
Ind. 1: Country level									
Unified strategic framework			Prioritization		Strategic link to budget			Score	
B			B		C			B	
Sources: FTI 2008c; World Bank 2007b.									

of access to education, complemented by improvements in quality and capacity building. There are discussions and strategies for girls' education, protection of the most vulnerable, and HIV/AIDS; however, specific monitoring outputs and dates are not provided. The plan does not discuss children with disabilities or learning outcomes.<sup>32</sup> The financing section of the PDDEB in general is vague and lacks detailed cost projections that can be validated.<sup>33</sup>

### Alignment

The seven alignment indicators in the PD monitoring framework focus mainly on the quality and use of country systems and the way aid is delivered. Harmonization and alignment have increased with the provision of general budget support, which started in 2004.

The government of Burkina Faso created a National Coordinator for the Effectiveness of Aid (Coordination nationale pour l'efficacité de l'aide, CONEA). As a counterpart, donors created the Technical Secretariat for the Effectiveness of Aid, overseen by the president of the Donor Contact Group. Although separate, CONEA and the Technical Secretariat collaborate closely. CONEA drew up the National Plan of Action on Aid Effectiveness 2007–2010, which was approved in September 2007.<sup>34</sup>

### Indicator 2a – Reliable Public Financial Management Systems

Burkina Faso is currently engaged in redefining its PFM system through various

processes, in particular the Plan of Action to Strengthen Budget Management (Plan d'actions pour le Renforcement de la Gestion Budgétaire)<sup>35</sup> and the Strategy for Strengthening Public Finances (SRPF). The implementation of the SRPF is being handled through three-year rolling sector action plans, the first of which covers the period 2007–09.

The World Bank's aid effectiveness review reports that Burkina Faso's PFM systems have improved since 2002.<sup>36</sup> The government has decentralized budget preparation to the sectors. In 2007, Burkina Faso underwent a PEFA assessment. A number of measures that the

#### Quality of Burkina Faso's Public Financial Management Systems

World Bank CPIA Score, 2008: 4.0  
(1.0: very weak; 6.0: very strong)

Transparency International Corruption Perceptions Index, 2008:  
Rank: 80th  
(out of 180 participating countries)

Score: 3.5  
(0: highly corrupt; 10: highly clean)

government is currently implementing to strengthen its PFM systems, such as publishing periodic financial reports on resources collected and expenditures made, tightening fiduciary controls, and

<sup>31</sup> FTI 2008c, 18.

<sup>32</sup> FTI 2008c, 18.

<sup>33</sup> FTI 2008c, 18.

<sup>34</sup> Government of Burkina Faso 2007.

<sup>35</sup> PEFA 2007c, 13.

<sup>36</sup> World Bank 2006a.

adopting a strategy for strengthened public finance, were pointed out in the joint qualitative assessment.

The World Bank's CPIA 2007, Ind. 13, gave the quality of Burkina Faso's PFM systems a score of 4.0 (on a scale of 1.0 to 6.0)—unchanged from its 2005 assessment. Out of the 55 countries that participated in the 2008 OECD-DAC survey, fewer than 25 percent received a 4.0 score—the highest score given to any country surveyed.

### *Indicator 2b – Reliable Public Procurement Systems*

The OECD-DAC survey rated procurements systems based on self-assessments generated in some countries. Burkina Faso did not take part in this exercise.

The joint qualitative assessment pointed out that efforts have been made under the framework of the SRPF, among them the establishment of a national regulatory procurement authority, the passage of a new public procurement code, and a new mechanism for blacklisting companies.

Corruption was not addressed in the joint qualitative assessment. Burkina Faso's score and rank in the 2007 Transparency International Corruption Perceptions Index showed a significant drop from the previous year. According to the 2008 Index, however, the situation has improved. Burkina Faso received a score of 3.5 and is ranked 80th out of 180 countries.<sup>37</sup>

### *Indicator 3 – Aid Flows on Budget*

According to the aid effectiveness re-

view,<sup>38</sup> the Ministry of Finance coordinates all development assistance by maintaining an electronic database of all projects and disbursements and publishes an annual report. However, the government's response to the FTI survey only partially reflected information on the number and activities of donors in the education sector.

Reflecting all donor commitments fully and accurately in the national budget is an ongoing challenge. In the joint qualitative assessment several reasons for over- and under-capture of aid flows to the government were stated: (a) donor aid announcements received after the preparation of the budget, (b) noncompliance with budgetary procedures by project officers, and (c) delayed processing, accounting, and production of financial documents required for aid disbursement.

While the 2006 OECD-DAC survey suggested significant challenges in putting aid on budget at the overall country level (the government's budget estimate under-captured the actual aid flows by a significant margin of 68 percent),<sup>39</sup> this situation has improved in the last two years. According to the 2008 OECD-DAC survey, aid flows in 2007 were more accurately captured at the country level (92 percent), with only a slight over-estimation of aid flows. The Ministry of Finance is developing an Integrated System for External Finances (le Circuit Intégré des

<sup>37</sup> Transparency International 2008.

<sup>38</sup> World Bank 2006a.

<sup>39</sup> OECD-DAC 2006a, table 6.5.

Finances Extérieures).<sup>40</sup> Because of the lack of government data, no separate education sector data are available for Ind. 3.

A study commissioned by the Strategic Partnership with Africa and Collaborative Africa Budget Reform Initiative reports that levels of aid on budget are often driven by general budget support (which is, by definition, on budget).<sup>41</sup> According to the 2008 OECD-DAC survey report, Burkina Faso receives 32 percent of its aid in the form of general budget support.

While the local donor group and the government are in the best position to assess the validity of the 2008 OECD-DAC survey findings, a comment on the indicator itself is in order. Ind. 3 has been criticized for representing a combined ratio of the effects of two different variables

(information capture and predictability of disbursement). Both variables routinely involve large discrepancies in either direction that can cancel each other out. This needs to be kept in mind when analyzing results for Ind. 3.

#### *Indicator 4 – Coordinated Capacity Development Support*

Weak capacity in the government departments is a persistent problem in the education sector. The Ministry of Education has not yet responded to the capacity challenge strategically. The negative impact of the absence of an overall capacity development plan to address structural and logistical capacity issues is voiced in the joint qualitative

<sup>40</sup> Mokoro Ltd. 2008c, 9.

<sup>41</sup> Mokoro Ltd 2008b, 33.

Donor agency	Coordinated technical cooperation (\$)	Total technical cooperation (\$)	Baseline ratio (%)
<b>Ind. 4: Education sector</b>			
Canada	465,420	465,420	100
Denmark	—	—	— (basket fund)
France	685,832	728,268	94
Netherlands	0	0	n.a.
Switzerland	0	0	n.a.
UNICEF	0	0	n.a.
WFP	—	—	—
<b>Total</b>	<b>1,151,252</b>	<b>1,193,688</b>	<b>96</b>
<b>Ind. 4: Country level</b>			
<b>Total</b>	<b>43,000,000</b>	<b>77,000,000</b>	<b>56</b>
<i>Sources: 2008 FTI survey; OECD-DAC 2008c.</i>			
<i>Note: — = Not available. n.a. = Not applicable.</i>			

**Table 2.2:**  
Burkina Faso: Education Sector and Country-Level Results for Ind. 4

assessment. Interlinked with this issue is a lack of consensus among partners on the level and applicability of technical assistance. While the government has been concerned that some of the donors' initiatives have been supply-driven rather than demand-driven, donors stress the fact that the Ministry of Education sometimes is not yet proactive enough in accessing the technical assistance available to it. Again, this shows the importance that needs to be attached to achieving a higher level of ownership for increasing and coordinating capacity development in the education sector. Efforts such as the study on institutional strengthening or the pooling of the various technical support facilities that are mentioned in the joint qualitative assessment are crucial in this respect.

According to the 2008 OECD-DAC survey, 56 percent of technical assistance to the country overall is coordinated (table 2.2), up from just 3 percent in the 2006 baseline survey. If accurate, this increase represents the third-largest improvement among the countries that participated in the 2006 and 2008 OECD-DAC surveys. Because of the low number of responses, the FTI survey result for coordination of technical assistance in the education sector (96 percent) cannot be regarded as representative. In addition, the 2008 OECD-DAC survey report raised the concern that overall strong performance on Ind. 4 was "due, in part, to a definition (or a target) for 'co-ordinated technical co-operation' that could have been more ambitious."<sup>42</sup>

### *Indicator 5a – Use of Country Financial Management Systems*

The use of country PFM systems is an important indicator of donor alignment with country procedures. With the Paris Declaration, donors committed themselves to use country systems and procedures to the maximum extent possible. On the proxy measure for the quality of PFM systems in the World Bank's CPIA, Burkina Faso received a score of 4.0, which is currently the highest score in the 55-country sample. The country received this score together with 11 other countries. In line with this assessment, Burkina Faso's PFM system was characterized as "reliable" in the joint qualitative assessment. The assessment also noted that procedures seem "slow and complex, with long payment delays," which cause difficulties in absorptive capacity of funds. In addition, internal and external oversight institutions were unable to carry out their mandate because of a lack of human and financial resources.

At the overall country level, the 2008 OECD-DAC survey reports that 43 percent of aid uses country PFM systems (table 2.3), a slight decline since the 2006 survey (down 2 percentage points). In the education sector, participating donors made use of the country PFM system for 36 percent of their aid according to the FTI survey. While these findings mirror the general results from the 2008 OECD-DAC survey, given Burkina Faso's relatively strong CPIA rating, the lack of connection between the quality of PFM

<sup>42</sup> OECD-DAC 2008c, 21.



Donor agency	Aid disbursed by donors in calendar year 2007 (\$)	Budget execution (\$)	Financial reporting (\$)	Auditing (\$)	Baseline ratio (%)
<b>Ind. 5a: Education sector</b>					
Canada	7,912,128	7,466,709	7,466,709	7,466,709	94
Denmark	3,787,258	3,275,466	3,275,466	0	58
France	6,666,667	5,505,818	0	5,505,818	55
Netherlands	23,613,963	9,582,478	0	0	14
Switzerland	2,999,892	0	0	0	0
UNICEF	3,965,922	1,975,000	1,975,000	1,975,000	50
WFP	1,901,189	—	—	—	—
<b>Total</b>	<b>50,847,019</b>	<b>27,805,471</b>	<b>12,717,175</b>	<b>14,947,527</b>	<b>36</b>
<b>Ind. 5a: Country level</b>					
<b>Total</b>	<b>727,000,000</b>	<b>330,000,000</b>	<b>306,000,000</b>	<b>307,000,000</b>	<b>43</b>

*Source:* 2008 FTI survey; OECD-DAC 2008c.  
*Note:* — = Not available.

**Table 2.3:**  
Burkina Faso: Education Sector and Country-Level Results for Ind. 5a

systems and the use of those systems remains striking. Furthermore, the 43 percent of ODA channeled through country systems includes budget support aid, which accounts for 32 percent of total ODA to Burkina Faso (see table 2.7). In other words, ODA targeted to other than general budget support is still largely spent using donor policies, procedures, and mechanisms for budget execution, financial reporting, and auditing. About 29 percent of aid to education is in the form of sector budget support (see table 2.7). Normally, a percentage of general budget support representing the share of the budget going to education would also be allocated to the sector, but the current surveys do not ensure that double counting is avoided. Therefore, table 2.3 has not been adjusted for general budget support.

While donors refrain from using Burkina Faso's PFM systems for a number of reasons, including corruption, donor practices themselves sometimes weaken government systems. For example, a clear contributing factor to the perceived low level of human resources on PFM is the number of parallel PIUs in the country. PIUs are known to crowd out highly qualified staff to work exclusively on donor-funded projects while the government-financed part is neglected.

#### *Indicator 5b – Use of Country Procurement Systems*

The situation looks somewhat more favorable for the use of country procurement systems. According to the FTI survey results, donors in the education

sector use country procurement systems for about 54 percent of their aid disbursements (table 2.4). This finding is in line with the overall country-level results as reported by OECD-DAC. However, there are significant differences among individual donors in the education sector. Some donors (Canada, Denmark, and France) seem to rely extensively on the country's own procurement systems, whereas other major donors (the Netherlands, Switzerland, and UNICEF) seem to abstain from their use. These findings suggest that there is little agreement among donors in the education sector about the reliability of Burkina Faso's procurement systems.

The joint qualitative assessment states that there are no major constraints to the use of country procurement systems as long as all procedures are

followed. It further notes that there is a certain monetary threshold for the use of national procurement systems, above which donors rely on other designated tendering procedures. Thus, it seems advisable that donors should increase their efforts to build the capacity for larger scale public tendering in the government, streamline their processes, and align them with country procedures, to subsequently allow for greater use of those systems.

### *Indicator 6 – Avoiding Parallel Implementation Units*

Parallel PIUs are generally set up in response to perceived weak capacity in the government's administration. Downside risks to multiple PIUs include the tendency for PIUs to undermine national capacity development, diffuse account-

**Table 2.4:**  
Burkina Faso: Education Sector and Country-Level Results for Ind. 5b

Donor agency	Aid disbursed by donors in calendar year 2007 (\$)	Procurement (\$)	Baseline ratio (%)
<b>Ind. 5b: Education sector</b>			
Canada	7,912,128	7,466,709	94
Denmark	3,787,258	3,684,900	97
France	6,666,667	6,666,667	100
Netherlands	23,613,963	9,582,478	41
Switzerland	2,999,892	0	0
UNICEF	3,965,922	0	0
WFP	1,901,189	—	—
<b>Total</b>	<b>50,847,019</b>	<b>27,400,754</b>	<b>54</b>
<b>Ind. 5b: Country level</b>			
<b>Total</b>	<b>727,000,000</b>	<b>391,000,000</b>	<b>54</b>
<small>Sources: 2008 FTI survey; OECD-DAC 2008c. Note: — = Not available.</small>			

ability for development results, and distort public sector salaries through salary supplement schemes. In the Paris Declaration, donors committed themselves to “avoid, to the maximum extent possible, creating dedicated structures for day-to-day management and implementation of aid-financed projects and programs.”<sup>43</sup>

Donors in Burkina Faso still make extensive use of parallel PIUs, both at the country level (102 PIUs) and in the education sector (4 PIUs) as shown in table 2.5. The joint qualitative assessment mentions general issues associated with using parallel PIUs (slow and complex bureaucratic structures delay disbursements and cause difficulties in absorptive capacity).

### Indicator 7 – Aid is on Schedule

Indicator 7 measures the gap between scheduled aid and aid effectively disbursed and recorded in a country’s accounting system. It relies on a combined ratio of the effects of two different variables: the accuracy of recording and the predictability of disbursements. Because the indicator focuses specifically on the in-year predictability of aid, it is important to call attention to the fact that in the Paris Declaration (and reaffirmed in Accra) donors committed to providing reliable aid over three to five years based on forward expenditure or implementation plans.

At the overall country level, 92 percent of aid is disbursed as scheduled in Burkina Faso. This share has remained unchanged since the 2006 OECD-DAC survey. As a result of missing data from the government, no education sector data are available.

Donor agency	Number of PIUs
<b>Ind. 6: Education sector</b>	
Canada	1
Denmark	1
France	0
Netherlands	0
Switzerland	1
UNICEF	1
WFP	0
<b>Total</b>	<b>4</b>
<b>Ind. 6: Country level</b>	
<b>Total</b>	<b>102</b>
<i>Source: 2008 FTI survey; OECD-DAC 2008c.</i>	

**Table 2.5:**  
Burkina Faso: Education Sector and Country-Level Results for Ind. 6

According to the joint qualitative assessment, challenges to scheduling aid flows accurately mainly result from one or more of the following: (a) donor aid announcements after the preparation of the budget; (b) noncompliance with budgetary procedures by project officers in charge; and (c) delayed processing, accounting, and production of financial documents required for aid disbursement.

### Indicator 8 – Aid is Untied

The Paris Declaration target for untied aid is vague (“continued progress over time”). For the analysis of Ind. 8, the FTI survey relied on the most recent data from the OECD-DAC CRS database, which indicates that in 2006, 97 percent

<sup>43</sup> Paris Declaration on Aid Effectiveness 2005, 5.

**Table 2.6:**  
Burkina Faso: Education  
Sector and Country-Level  
Results for Ind. 8

Donor	Untied (%)	Amounts for which information is available (%)
<b>Ind. 8: Education sector</b>		
Austria	95	100
Belgium	100	100
Canada	0	100
France	100	64
Germany	65	97
Japan	100	93
Luxembourg	100	100
Netherlands	100	100
Sweden	100	100
Switzerland	100	31
UNICEF	100	100
<b>Total</b>	<b>97</b>	<b>82</b>
<b>Ind. 8: Country level</b>		
<b>Total</b>	<b>92</b>	<b>n.a.</b>
Sources: FTI compilation from OECD-DAC CRS database 2006; OECD-DAC 2008c. Note: n.a. = Not applicable.		

of aid to the education sector was untied (table 2.6). At the country level, the 2008 OECD-DAC survey reported that 92 percent of aid flows in 2006 were untied.

### Harmonization

#### *Indicator 9 – Use of Common Arrangements or Procedures*

According to the 2008 OECD-DAC survey, 57 percent of total aid to the government of Burkina Faso was in support of program-based approaches (PBAs; 32 percent of total aid disbursements was for general budget support and 25 percent supported

other PBAs). This is an increase of 12 percentage points since the 2006 survey.

Donors in the education sector are progressively moving toward joint implementation mechanisms. The FTI survey data suggest that 72 percent of aid to education from participating donors supported PBAs (table 2.7). While a number of donors strongly supported PBAs (Switzerland, WFP, and to a lesser extent, Canada), others were more reluctant to do so (Denmark, France, the Netherlands, and UNICEF). Donors' opinions seem to differ on what qualifies as a PBA and whether to support PBAs. According to the FTI survey results, aid volumes show a slight preference for other forms of PBA support over budget support (\$21.9 million vs. \$14.8 million). While there has been concern about the validity of the findings in some cases, the 2008 OECD-DAC survey report notes that in a number of countries, including Burkina Faso, the "delivery of aid within a PBA has increased by a margin that is fully consistent with the Country Report and other information, for example on the government's policy stance on SWAp."<sup>44</sup>

In the education sector, some donors pool their funds in a common fund through a special Treasury appropriation account (Fonds de soutien au développement de l'éducation de base, or CAST-FS-DEB), which accommodates the sectoral approach but falls short of constituting sector budget support, according to the joint qualitative assessment. This pooled funding arrangement accounts for about

<sup>44</sup> OECD-DAC 2008c, 52.

Donor agency	Budget support (\$)	Other PBAs (\$)	Total (\$)	Total aid disbursed in calendar year 2007 (\$)	Baseline ratio (%)
<b>Ind. 9: Education sector</b>					
Canada	0	7,446,709	7,446,709	7,912,128	94
Denmark	3,275,466	0	3,275,466	3,787,258	86
France	0	5,505,818	5,505,818	6,666,667	83
Netherlands	9,582,478	4,106,776	13,689,254	23,613,963	58
Switzerland	0	2,999,892	2,999,892	2,999,892	100
UNICEF	1,975,000	0	1,975,000	3,965,922	50
WFP	0	1,901,189	1,901,189	1,901,189	100
<b>Total</b>	<b>14,832,944</b>	<b>21,960,384</b>	<b>36,793,328</b>	<b>50,847,019</b>	<b>72</b>
<b>Ind. 9: Country level</b>					
<b>Total</b>	<b>269,000,000</b>	<b>204,000,000</b>	<b>473,000,000</b>	<b>827,000,000</b>	<b>57</b>

Sources: 2008 FTI survey; OECD-DAC 2008c.  
Note: Because Switzerland's disbursement does not make use of country PFM systems (see Ind. 5a), the FTI Secretariat does not consider it to be "direct budget support." It has therefore been moved to the category "other forms of assistance provided in support of PBA."

**Table 2.7:**  
Burkina Faso: Education Sector and Country Level-Results for Ind. 9

**Table 2.8:**  
Burkina Faso: Education Sector and Country-Level Results for Ind. 10a

20 percent of the PDDEB's funding of \$252.5 million (2004 estimate). The identified challenges comprise weak capacity, insufficient harmonization of procedures, and a low level of aid coordination.

### Indicator 10a – Joint Donor Missions

According to the 2008 OECD-DAC survey report, one of the most frequent complaints made by developing country authorities is that too much time is spent meeting with donors and responding to donor needs.<sup>45</sup> In the Paris Declaration, donors committed to fewer missions overall, and to conduct more of their missions jointly.

At the country level, the number of donor missions decreased slightly from 375 in the 2006 survey to 330 in the

Donor agency	Number of joint donor missions	Total number of donor missions	Baseline ratio <sup>a</sup> (%)
<b>Ind. 10a: Education Sector</b>			
UNICEF	0	0	n.a.
Denmark	4	4	100
Switzerland	0	0	n.a.
Netherlands	0	0	n.a.
WFP	0	0	n.a.
Canada	2	2	100
France	4	4	100
<b>Total</b>	<b>10</b>	<b>10</b>	<b>65</b>
<b>Ind. 10a: Country Level</b>			
<b>Total</b>	<b>42</b>	<b>330</b>	<b>13</b>

Sources: 2008 FTI survey; OECD-DAC 2008c.  
Note: n.a. = Not applicable.  
a. Following the OECD-DAC methodology, the number of coordinated missions by donor was adjusted to avoid double counting. An adjustment factor of 35 percent was applied to the education sector total.

<sup>45</sup> OECD-DAC 2008c, 50.

2008 survey (table 2.8). The degree of coordination, however, has decreased by 11 percentage points, resulting in an overall level of coordination of only 13 percent. This is even below the overall average of 21 percent coordinated donor missions among the 10 countries as reported by OECD-DAC.

In the education sector, the local donor group has agreed to conduct joint reviews to monitor the implementation of the PDDEB. As a result, the FTI survey shows a high level of coordination of missions in the education sector by participating donors, with 65 percent of donor missions conducted jointly. According to these results, participating donors in the education sector are well in line with the PD target for 2010, which calls for 40 percent of donor missions to be conducted jointly.

### *Indicator 10b – Joint Country Analytic Work*

The situation for shared analytic work has deteriorated at the overall country level in Burkina Faso since the 2006 OECD-DAC survey. The number of total donor analytic work projects increased from 78 to 102 in the 2008 survey (table 2.9). While the number of analytic work projects conducted jointly rose slightly as well, the increase in the absolute numbers resulted in an overall decrease of coordination from 45 percent in the 2006 survey to 39 percent in the 2008 survey.

The joint qualitative assessment notes that donor analytic work in the education sector in Burkina Faso is organized by topics that generally correspond to the components or subcomponents of

**Table 2.9:**  
Burkina Faso: Education Sector and Country-Level Results for Ind. 10b

Donor agency	Coordinated donor analytic work	Total donor analytic work	Baseline ratio <sup>a</sup> (%)
<b>Ind. 10b: Education Sector</b>			
Canada	3	3	100
Denmark	0	0	n.a.
France	0	0	n.a.
Netherlands	0	1	0
Switzerland	0	0	n.a.
UNICEF	0	0	n.a.
WFP	0	0	n.a.
<b>Total</b>	<b>3</b>	<b>4</b>	<b>56</b>
<b>Ind. 10b: Country level</b>			
<b>Total</b>	<b>40</b>	<b>102</b>	<b>39</b>
Sources: 2008 FTI survey; OECD-DAC 2008c.			
Note: n.a. = Not applicable.			
a. Following the OECD-DAC methodology, numbers of coordinated donor analytic work projects were adjusted to avoid double counting. An adjustment factor of 25 percent was applied to the education sector total.			

the PDDEB, with the work being conducted in thematic working groups that meet on a monthly basis. According to the FTI survey findings, 56 percent of total analytic work by participating donors in the education sector in Burkina Faso is coordinated.<sup>46</sup>

### Managing for Results

#### Indicator 11 – Results-Oriented Frameworks

At the country level, the assessment of Burkina Faso’s results-oriented framework is based upon the World Bank’s review of the comprehensive development framework.<sup>47</sup> Burkina Faso received an overall “C” rating (“action taken”), unchanged from its 2005 results. For the education sector, the 2008 FTI review of ESPs<sup>48</sup> (specifically the subsection on monitoring frameworks) was used to assess progress on Ind. 11. Accordingly, the results-oriented framework in the education sector received an overall “C” rating (“action taken”) as well (table 2.10).

Both the FTI and the country-level findings suggest that efforts need to be significantly strengthened in linking strategic decision-making to the budgeting process.

### Mutual Accountability

#### Indicator 12 – Mutual Accountability

Mutual assessments of progress are a critical element of FTI’s partnership compact. For this report, whether a country undertook a joint qualitative assessment served as a proxy measure for mutual accountability in the education sector. At the overall country level, according to the 2008 OECD-DAC survey, there is no review mechanism for mutual accountability in place in Burkina Faso (table 2.11).

<sup>46</sup> Following the OECD-DAC methodology, the numbers were adjusted to avoid double counting.

<sup>47</sup> World Bank 2007b.

<sup>48</sup> FTI 2008c.

Ind. 11: Education sector					
Policy monitoring	Financing monitoring	Data monitoring	Capacity monitoring	FTI overall score	FTI score converted
X	X	—	—	2/4	C
Ind. 11: Country level					
Quality of development information	Stakeholder access to information		Coordinated country-level M&E		Score
C	C		C		C

Sources: FTI 2008c; World Bank 2007b.

**Table 2.10:**  
Burkina Faso: Education Sector and Country-Level Results for Ind. 11

**Table 2.11:**  
Burkina Faso: Education  
Sector and Country-Level  
Results for Ind. 12

<b>Ind. 12: Education sector</b>	
Joint qualitative assessment took place	Yes
<b>Ind. 12: Country level</b>	
Country has review of mutual accountability	No
Sources: FTI 2008c; OECD-DAC 2008b.	

## Progress Toward Achievement of the Paris Declaration Targets

Looking at Burkina Faso overall, 6 of the 12 indicators for which data were available are either currently meeting or exceeding their PD targets in the education sector (figure 2.2).<sup>49</sup> However, there is no room for complacency. For example, the result for Ind. 4 suggests near universal coordination of technical assistance in the

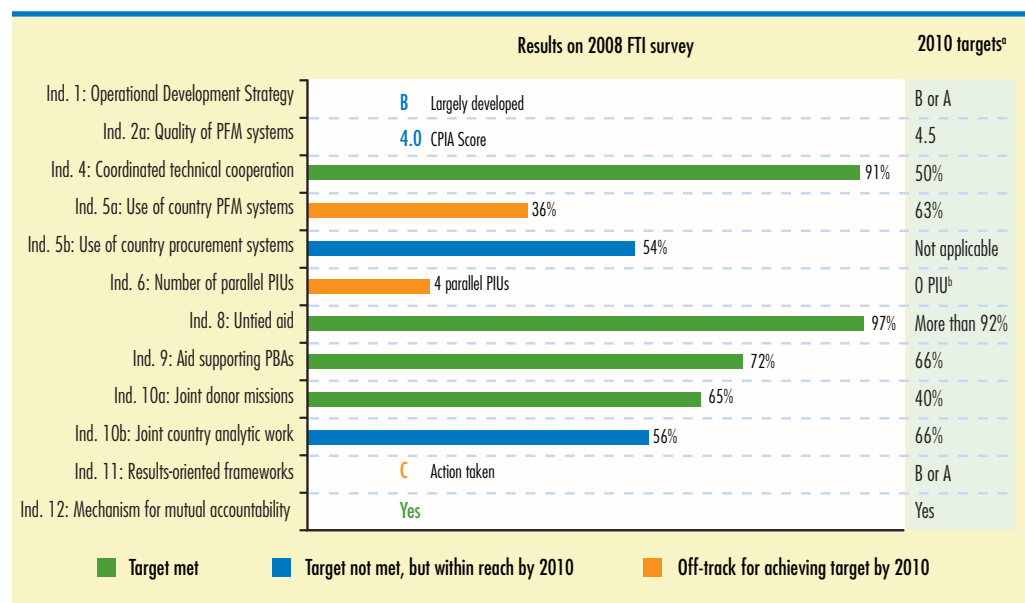
education sector in Burkina Faso, but the 2008 OECD-DAC survey report indicates that “the strong performance is due, in part, to a definition (or a target) for ‘coordinated technical cooperation’ that could have been more ambitious.”<sup>50</sup>

Efforts on four indicators, the use of the country’s PFM systems (Ind. 5a), reduction of parallel PIUs (Ind. 6), the share of joint donor analytic work (Ind. 10b), and a developed performance assessment framework (Ind. 11) need to be significantly stepped up to achieve their respective PD targets. With 4 parallel PIUs (Ind. 6) and with only 36 percent of aid using

<sup>49</sup> Please note that Ind. 2a is a country-level based indicator and results are thus not specific to the education sector.

<sup>50</sup> OECD-DAC 2008c, 21.

**Figure 2.2:**  
Burkina Faso:  
The Paris Declaration Targets  
in the Education Sector—  
State of Play



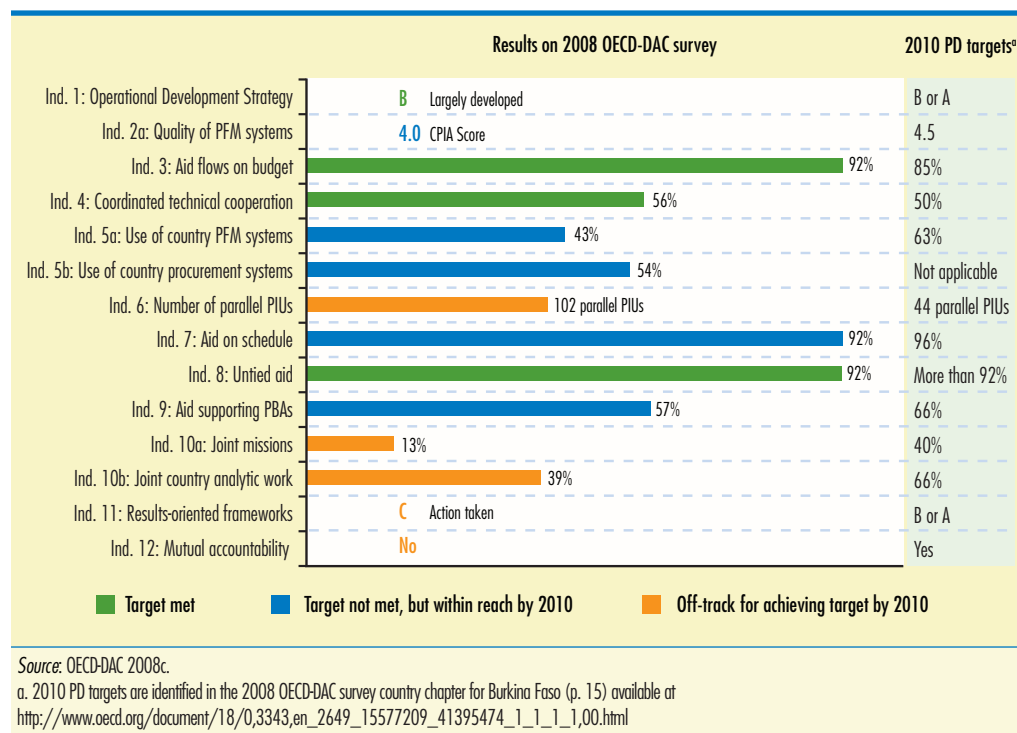
Source: 2008 FTI survey; OECD-DAC 2008c; FTI 2008c; OECD-DAC CRS database.

Note: No data are available for Ind. 3 and 7 because the government did not respond to those items.

a. 2010 PD targets are identified in the 2008 OECD-DAC survey country chapter for Burkina Faso (p. 15) available at [http://www.oecd.org/document/18/0,3343,en\\_2649\\_15577209\\_41395474\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/18/0,3343,en_2649_15577209_41395474_1_1_1_1,00.html)

b. Ind. 6 is, with “0 PIU”, the only sector adjusted Paris Declaration target.





**Figure 2.3:**  
Burkina Faso: Overall  
Country-Level Progress on the  
Paris Declaration Targets

Burkina Faso's PFM system (Ind. 5a), concrete actions need to be undertaken to make progress until 2010. The quality of PFM systems in the country is close to meet the PD target by 2010.

## Survey Improvements

**Government:** Government and donor responses on Ind. 3 matched in only two cases (WFP and UNICEF). Figures were provided in Franc Communauté Financière Africaine (FCFA) and no conversion rate to US dollars was provided. Only aggregate data were provided for several of the entries without itemization by individual donor.

**Switzerland:** Switzerland reported a \$2.99 million disbursement as “budget

support” (Q14 on the donor questionnaire; see appendix 3). However, responses to Q7–Q10 established that no country systems had been used for these funds. As a result, the disbursement was reclassified as “Other forms of assistance provided in support of PBAs.”

**World Food Programme:** The WFP took the position that several of the questions were “not applicable” to the aid it provided in the form of supplementary food aid (Q5–Q11 on coordination of technical assistance and the use of country PFM and procurement systems). The inclusion of aid flows in the survey is preferable.

**Denmark:** Denmark's response to Q4 and Q5 was “n/a Basket fond.” The inclusion of aid flows in the survey is preferable.



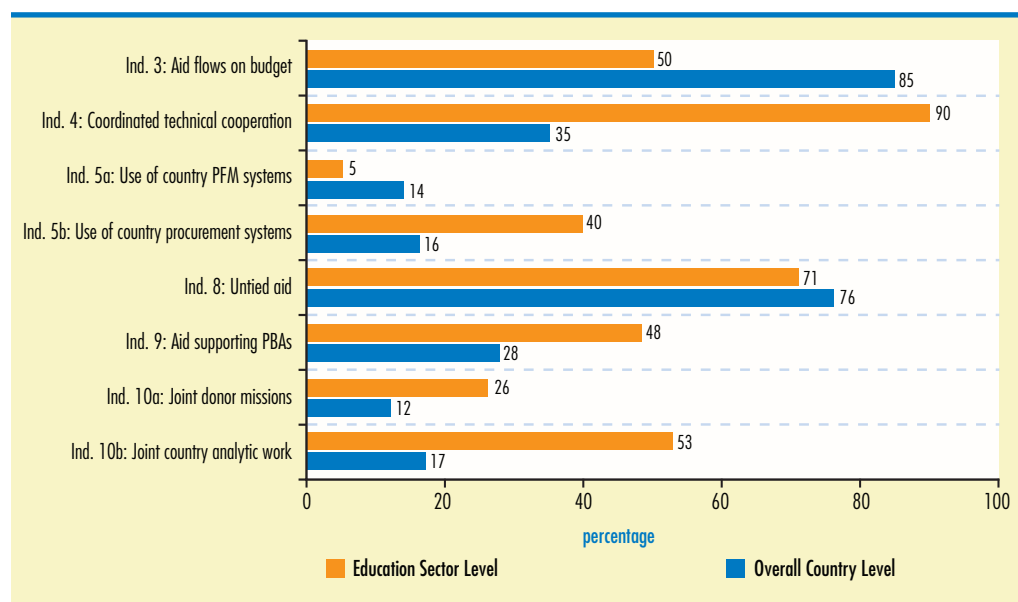
# CAMBODIA

## Country Background

Cambodia is highly dependent on external aid and a substantial part of its education sector is externally financed. The government shows active leadership in harmonization and alignment. Reforms have led to significant improvement, such as in public financial management (PFM). However, high levels of corruption have curbed further progress.

## Aid Effectiveness Indicators

The FTI survey indicates that partners in the education sector in Cambodia do better on most of the Paris Indicators than they do at the overall country level. In particular, results are better for those indicators that are closely related to the FTI partnership compact: operational development strategy (Ind. 1), the coordination of capacity development support (Ind. 4),



Source: 2008 FTI survey; OECD-DAC 2008c.

Note: Data for Ind. 1, 6, 11, and 12 are not on a percentage basis and therefore not included in this figure. Data for Ind. 2 and 7 are based on country-level results. Please refer to the discussions of the indicators in this section for more information.

**Figure 2.4:**  
Cambodia: Comparison of  
Education Sector Results to  
Overall Country Results

the number of joint donor missions and shared donor analytic work (Ind. 10a and 10b), and the existence and quality of a results-oriented framework (Ind. 11).

The FTI survey also indicates that donors make limited use of Cambodia's own national systems and procedures. Donors' lack of confidence in the country's systems can be justified on the basis of high levels of corruption in Cambodia. For the reliability of its PFM systems (Ind. 2a), Cambodia has improved its CPIA score<sup>51</sup> from 2.5 to 3.0 since 2005. In total, the survey reports that only 5 percent of aid flows to the education sector use national PFM systems (Ind. 5a), which is below the (already low) overall country share of 14 percent. The result for use of Cambodia's procurement system was only slightly more positive. In line with this finding, the number of parallel project implementation units (PIUs; Ind. 6), with 3 parallel PIUs in the education sector and 121 at the overall country level, is still very high.

### Survey Challenges

Inclusion of all donors active in the education sector in Cambodia proved to be a challenge. The FTI Secretariat received responses from 8 of the 19 donors active in the education sector in Cambodia: the Asian Development Bank (ADB), Belgium, the EC, the IDA, Japan, Sweden, UNESCO, and UNICEF.

### Aid Effectiveness Environment

As a result of the destruction of much of the physical and human infrastructure in

the education sector following the political conflict and instability of the 1980s, Cambodia became heavily dependent upon external assistance.<sup>52</sup> In 2006, the country received \$529 million in net official development assistance (ODA), which was equivalent to 84.7 percent of expenditures by the central government. Improving the partnership between donors and the government can yield significant gains in aid effectiveness. For most of the 1990s, the government was still too weak to manage, coordinate, and prioritize the inflowing aid and, as a result, the development impact was often undermined by weak ownership over programs, policies, and procedures.

In recent years, the government of Cambodia has made significant efforts and shown progress in moving from "donorship to owner- and partnership"<sup>53</sup> as set out in the government's 2004 declaration on harmonization and alignment<sup>54</sup> and more recently in the 2006 joint declaration on enhancing aid effectiveness<sup>55</sup>. The government has published an Action Plan on Harmonization, Alignment and Results (2006–2010).<sup>56</sup> Both the World

<sup>51</sup> World Bank's Country Policy and Institutional Assessment (CPIA), Ind. 13 (Public Financial Management Systems).

<sup>52</sup> Asian Development Bank 2003, 1.

<sup>53</sup> World Bank 2006b.

<sup>54</sup> Government of Cambodia 2004a.

<sup>55</sup> Government of Cambodia 2006a.

<sup>56</sup> Government of Cambodia "Up-dated Action Plan on Harmonization, Alignment and Results: 2006–2010," which replaced the "Action Plan for Harmonization and Alignment: 2004–2008."

Bank's aid effectiveness review (2006b) and the 2006 OECD-DAC Cambodia Chapter<sup>57</sup> portray the government as exercising increasing leadership in aid coordination. In 2007, the government took the lead in organizing and chairing the high-level government-donor consultations. On that occasion, the government published a comprehensive report on donor aid effectiveness, the "Cambodia Aid Effectiveness Report."<sup>58</sup> The report has been heralded as a potential model for other countries.

### Education Funding

Between 2002 and 2006, aid to education increased steadily. However, the share of aid to education of total ODA increased only slightly between 2002 and 2006, from 10 percent to 11 percent. In 2006, Cambodia spent 18 percent of its budget for education. In 2006, the volume of ODA for education from a total of 16 OECD-DAC donors amounted to \$45.9 million.<sup>59</sup> According to the government's report, which includes information on 19 bi- and multilateral donors,<sup>60</sup> disbursements for the education sector totaled \$83.8 million in 2007.

In 2006, six countries and agencies from among OECD-DAC members were major donors to the education sector: Belgium, the EC, France, Sweden, Japan, and the IDA (each disbursed more than \$2.5 million). According to Cambodia's ODA database, the major donors to the education sector (2007 disbursements) were the ADB, Australia, the EC, Japan,

Official Development Assistance to Cambodia, 2006	
Net ODA	\$529 million
Aid per capita	\$37
Aid as % of GNI	8
Source: World Bank 2008f.	

Rep. of Korea, Sweden, the United States, the WFP, and the World Bank.<sup>61</sup>

## Performance on the Paris Indicators

### Ownership

#### Indicator 1 – Operational Development Strategy

At the country level, Cambodia adopted a national development strategy and vision, "The Rectangular Strategy for Growth, Employment, Equity, and Efficiency" in 2004.<sup>62</sup> A "National Strategic Development Plan (NSDP)" operationalizes this strategy as Cambodia's medium-

<sup>57</sup> OECD-DAC 2006a.

<sup>58</sup> Government of Cambodia 2007.

<sup>59</sup> Australia, Austria, Belgium, Canada, Denmark, the EC, Finland, France, Germany, the IDA, Ireland, Japan, the Netherlands, Norway, Spain, and Sweden (FTI compilation, based on data from 2006 OECD-DAC CRS online database).

<sup>60</sup> The ADB, Australia, Belgium, Canada, Denmark, the EC, Finland, France, Japan, Rep. of Korea, the Netherlands, New Zealand, Spain, UNESCO, UNICEF/Sweden, the United Kingdom, the United States, and the World Bank.

<sup>61</sup> The Cambodia ODA Database: Reporting Year 2008.

<sup>62</sup> Government of Cambodia 2004b.

term development strategy. This strategy received an overall score of “C” (“action taken”) on the World Bank’s assessment of development strategies (operational, unified, prioritized, and linked to the budget process). This score remained unchanged from the previous assessment in 2005.<sup>63</sup>

In the education sector, FTI programming was based on the Ministry of Education, Youth and Sport’s (MoEYS) Education Strategic Plan 2006–2010 (ESP), as well as an Education Sector Support Program 2006–2010 (ESSP). The ESSP identifies the necessary program activities and priorities for reaching Cambodia’s goals for the education sector, and progress is reviewed annually by all education partners, including the government, nongovernmental organizations (NGOs), and international donor agencies. The FTI process has been fully in line with and integrated into the ESP-ESSP processes, strategies, and priorities.

The ESP-ESSP does not reference FTI’s Indicative Framework; however, it does review a majority of the issues covered in FTI’s appraisal guidelines. Specific strategies for girls’ education (Gender Mainstreaming Strategic Plan in Education, 2006) and children with disabilities (Policy on Education for Children with Disabilities, 2008) have been developed and integrated into the ESP-ESSP. The budget projections in the plan seem reasonable and funding gaps have been discussed by the government and the in-country donors. The plan has strengths in certain areas—mainly in the method it uses to break down program priorities

using objectives, indicators, and targets; strategies and coverage; main programs and activities; program management and monitoring; financing; and capacity development needs.<sup>64</sup>

## Alignment

### *Indicator 2a – Reliable Public Financial Management Systems*

As a country strongly dependent on external aid, Cambodia faces particular challenges, such as a high level of donor fragmentation and high levels of technical cooperation, low multiyear predictability of aid, and high disparities between financial pledges and disbursements by donors. The government of Cambodia, with external help, has developed an exemplary national system for managing ODA flows (Cambodia ODA Database)<sup>65</sup> that has significantly enhanced the reliability of Cambodia’s PD monitoring reports.

Solid PFM systems are key to the use of national systems by development partners. In 2008, a national financial management capacity assessment was conducted by the World Bank as part of the FTI programming process to prepare the Catalytic Fund Program. The assessment found that fiduciary risks in using Cambodia’s PFM systems are significant. The assessment also noted that the government has made a strong

<sup>63</sup> World Bank 2007b.

<sup>64</sup> FTI 2008c.

<sup>65</sup> The Cambodia ODA Database: Reporting Year 2008.

Ind. 1: Education sector									
Policy clarity	Relevant policy strategy	Clarity of financing issues	Relevant financing strategy	Data clarity	Relevant data strategy	Clarity of capacity issues	Relevant capacity strategy	FTI overall score	FTI score converted
X	—	—	—	X	—	—	—	6/8	B
Ind. 1: Country level									
Unified strategic framework			Prioritization		Strategic link to budget			Score	
C			B		C			C	

Sources: FTI 2008c; World Bank 2007b.

**Table 2.12:**  
Cambodia: Education Sector  
and Country-Level Results  
for Ind. 1

### Quality of Cambodia's Public Financial Management Systems

World Bank CPIA score 2005–07: 2.5 → 3.0  
(1.0: very weak, 6.9: very strong)

Transparency International Corruption Perceptions Index, 2008:  
Rank: 166th  
(out of 180 participating countries)

Score: 1.8  
(0: highly corrupt; 10: highly clean)

commitment to implement its Public Financial Management Reform program, which is clearly leading toward mitigation of these risks. The World Bank's 2007 Country Policy and Institutional Assessment (CPIA) (Ind. 13) gives Cambodia a score of 3.0 for the quality of its budgetary and PFM systems, up 0.5 points from its score of 2.5 on the 2005 CPIA. Together with Cambodia, 13 other countries out of the 55 countries participating in the 2008 OECD-DAC survey (or 25 percent) have achieved such an improvement.

Progress and management of the PFM reform program, as well as govern-

ment ownership of the effort, have been commendable.<sup>66</sup> For example, the MoEYS has established a PFM reform working group to coordinate the implementation of this reform program in the education sector. Development partners have jointly supported the MoEYS in its implementation of the reform program. However, the perception of corruption—as measured by Transparency International's Corruption Perceptions Index (CPI)—is on the rise. In fact, the last four consecutive CPI surveys show a downward trend (2005: 130th with a score of 2.3; 2006: 151st with a score of 2.1; 2007: 151st with a score of 2.1). In 2008, Cambodia was ranked 166th out of 180 countries with a score of 1.8. Against this background it remains to be seen whether efforts to improve the reliability of Cambodia's PFM systems will lead to any immediate increase in the use of those systems by donors.

<sup>66</sup> IMF 2008b.

### *Indicator 2b – Reliable Public Procurement Systems*

Complementary to the above-mentioned national financial management capacity assessment the World Bank conducted for the preparation of the Catalytic Fund Program, a procurement capacity and risk assessment conducted by the World Bank concluded that the overall risk of using Cambodia's procurement system is high. The assessment report provided concrete recommendations to mitigate specific identified risks. The procurement system ratings in the OECD-DAC survey were based on self-assessments generated in some countries, but Cambodia did not take part in this exercise.

### *Indicator 3 – Aid Flows on Budget*

At the overall country level, 85 percent of aid disbursements are on budget, according to the 2008 OECD-DAC survey. In 2005, the government's budget estimate under-captured the actual aid flows by a margin of 21 percent (\$314 million on budget vs. \$397 million disbursed).<sup>67</sup> In 2007, again, the government budget estimate of aid flows fell short of the actual disbursements by 15 percent (\$522 million on budget vs. \$612 million disbursed).<sup>68</sup> This discrepancy suggests that there are problems associated with the timely and accurate notification of the government by donors, as well as with processing and administering information on aid flows by the government (that is, information capture). At the education sector level, following the OECD-DAC methodology, the FTI survey suggests

that 44 percent of aid flows to Cambodia are captured on budget.

The government of Cambodia provided comprehensive data from 19 donors<sup>69</sup> to the education sector that allowed for a more in-depth analysis of the extent to which aid flows are accurately captured on budget (table 2.13). According to that data, in 2007 donors collectively disbursed 11 percent more aid than was recorded in the government's budget (b/a). A total of \$21.2 million of disbursements (e) were not reflected on budget, which hints at information capture challenges. But \$12.8 million of funds that were recorded on budget did not get disbursed (f), which suggests that there are significant disbursement challenges as well.

At the level of individual donor agencies, disbursements from five donors, amounting to \$8.3 million, or only 11 percent of the total budget estimate, are accurately registered on budget (h). Disbursements from 11 donors (amounting to \$54.4 million, or 72 percent of total budget estimate) included some over-recording and under-recording at the individual project level (i). These discrepancies resulted in a total of \$5.9 million being disbursed without being on budget (d); and a total of \$12.9 million being

<sup>67</sup> OECD-DAC 2006a.

<sup>68</sup> OECD-DAC 2008c, table A.3.

<sup>69</sup> The ADB, Australia, Belgium, Canada, Denmark, the EC, Finland, France, Japan, Rep. of Korea, the Netherlands, New Zealand, Spain, UNESCO, UNICEF/Sida, the United Kingdom, the United States, the World Bank, and the WFP.



on budget without getting disbursed (g). One disbursement of \$15.3 million (equal to 20 percent of the total budget estimate) by one individual donor was not captured on budget in its entirety (c). Table 2.13 provides these figures, including a donor count for each category.

However, these figures are only partially useful for policy recommendations. Ind. 3 has been criticized as lacking specificity because it relies on a combined ratio of the effects of two different variables (information capture and predictability of disbursement). Both effects require different efforts by different stakeholders. Another problem associated with the

data is that the aid recorded as disbursed is not always the same (in its source or its use) as the aid anticipated in the budget.<sup>70</sup> Thus, similarity of budget estimate totals to disbursement totals following the OECD-DAC methodology may be a coincidence.

#### *Indicator 4 – Coordinated Capacity Development Support*

Given Cambodia's significant need for capacity development, technical cooperation represents a major part of

<sup>70</sup> Mokoro Ltd 2008b.

Aid on budget (calendar year 2007)	Aid volume (\$)	Number of donors involved	% of total budget estimate	% of total disbursements
<b>Ind. 3: Education sector</b>				
Total budget estimate (a)	75,499,380	16	100	90
Total disbursements (b)	83,883,842	17	111	100
Aid disbursements absent from budget <sup>a</sup> (c)	15,265,621	1	20	18
Under-recorded disbursements <sup>b</sup> (d)	5,977,589	4	8	7
Aggregate disbursements not on budget (e = c + d)	21,243,210	6	28	25
Aid on budget estimate but not disbursed (f)	12,858,747	7	17	15
Over-recorded disbursements (g)	12,858,747	7	17	15
Disbursements accurately on budget (h)	8,289,436	5	11	10
Aggregate disbursements partially on budget (i)	54,351,196	11	72	65
<b>Ind. 3: Country level</b>				
Total budget estimates	522,000,000	n.a.	100	85
Total disbursements	612,000,000	n.a.	117	100
Sources: 2008 FTI survey ; OECD-DAC 2008c.				
Note: n.a. = Not applicable.				
a. Aid disbursements absent from budget encompass those aid flows by individual donors that did not record any aid flows on the government's budget.				
b. Under-recorded disbursements were not on budget. They encompass those aid flows that were made in excess of what has been recorded on budget by an individual donor.				

**Table 2.13:**  
Cambodia: Education Sector  
and Country-Level Results  
for Ind. 3

aid flows to the country. According to the country's aid effectiveness review, technical cooperation constituted about 46 percent of overall aid disbursements in 2006.<sup>71</sup> Because of the importance of technical cooperation, Cambodia is undertaking significant analytic work in this area.

At the country level, the degree of coordination of donor's capacity development support remained quite low (36 percent and 35 percent, respectively), as reported by the OECD-DAC in the 2006 and 2008 surveys. For the education sector, the government reported an even lower degree of coordination for 2006—27.6 percent of \$63.5 millions.<sup>72</sup> In light of these figures, the results of FTI's education sector survey (table 2.14) seem to overestimate the degree of coordina-

tion. The reason most likely stems from a sample that is not totally representative of the overall donor landscape. In addition, the government's aid effectiveness report identifies a lack of understanding of technical cooperation definitions and classifications among development partners as one of the problems with Ind. 4.<sup>73</sup> There are significant differences among donors. While some donors report that all of their technical cooperation aid is coordinated (the EC, Japan, and UNICEF/Sida), others report more moderate levels of coordination (the ADB, Belgium, and the World Bank).

<sup>71</sup> Government of Cambodia 2007.

<sup>72</sup> Government of Cambodia 2006b, 3.

<sup>73</sup> Government of Cambodia 2007, 21.

**Table 2.14:**  
Cambodia: Education Sector  
and Country-Level Results  
for Ind. 4

Donor agency	Coordinated technical cooperation (\$)	Total technical cooperation (\$)	Baseline ratio (%)
<b>Ind. 4: Education sector</b>			
ADB	72,096	731,442	10
Belgium	63,212	124,525	51
EC	1,300,000	1,300,000	100
Japan	4,102,526	4,102,526	100
UNESCO	330,000	330,000	100
UNICEF/Sida	5,476,215	5,476,215	100
World Bank	0	576,949	0
<b>Total</b>	<b>11,344,049</b>	<b>12,641,657</b>	<b>90</b>
<b>Ind. 4: Country level</b>			
<b>Total</b>	<b>78,000,000</b>	<b>225,000,000</b>	<b>35</b>
<i>Sources: 2008 FTI survey; OECD-DAC 2008c.</i>			

### Indicator 5a – Use of Country Public Financial Management Systems

The use of country PFM systems—measured through budget execution, financial reporting, auditing, and procurement—is an important indicator of donor alignment with country procedures. With the Paris Declaration, donors committed themselves to using country systems and procedures to the maximum extent possible. While Cambodia improved its CPIA ranking from 2.5 to 3.0 between 2005 and 2007, corruption remains widespread and there have been examples of misuse of donor funds.

At both the country and sector levels, the use of the country’s PFM systems

is very low. At the country level, the 2008 OECD-DAC survey reports that 14 percent of aid disbursements use country PFM systems. According to the government, 27.2 percent of aid disbursements for the education sector used country PFM systems in 2007.<sup>74</sup> Results from the sample group that participated in the FTI survey show that only one donor (the EC) reported the use of government PFM systems for some of its aid, bringing the overall score to 5 percent (table 2.15).

While donors refrain from using Cambodia’s PFM systems on the basis of their unreliability, inefficiency, and

<sup>74</sup> Government of Cambodia 2006b.

Donor agency	Aid disbursed by donors for the education sector in calendar year 2007 (\$)	Budget execution (\$)	Financial reporting (\$)	Auditing (\$)	Baseline ratio (%)
<b>Ind. 5a: Education sector</b>					
ADB	14,484,442	—	—	—	—
Belgium	2,902,090	0	0	0	0
EC	7,000,000	4,000,000	200,000	2,000,000	30
Japan	4,102,526	0	0	0	0
UNESCO	330,000	0	0	0	0
UNICEF/Sida	5,476,215	0	0	0	0
World Bank	6,895,177	0	0	0	0
<b>Total</b>	<b>41,190,450</b>	<b>4,000,000</b>	<b>200,000</b>	<b>2,000,000</b>	<b>5</b>
<b>Ind. 5a: Country level</b>					
<b>Total</b>	<b>612,000,000</b>	<b>87,000,000</b>	<b>85,000,000</b>	<b>79,000,000</b>	<b>14</b>

Sources: 2008 FTI survey; OECD-DAC 2008c.  
Note: — = Not available.

**Table 2.15:**  
Cambodia: Education Sector and Country-Level Results for Ind. 5a

vulnerability to corruption, sometimes donor practices weaken government systems as well. For example, a clear contributing factor to the perceived low level of human resources on PFM is the number of parallel PIUs in the country. Cambodia has the second highest number of PIUs among the 55 countries that participated in the 2008 OECD-DAC survey. PIUs are known to crowd out highly qualified staff to work exclusively on the donor-funded projects while the government-financed part is neglected.

#### *Indicator 5b – Use of Country Procurement Systems*

Although confidence in the country's procurement system has improved, as shown by an increase in its use from 6 percent in 2005 to 16 percent in 2007 (table 2.16),

donors still regard it as weak and generally use their own procurement procedures. In large part because of a significant ADB disbursement, the FTI survey reports that about 40 percent of aid flows from the sample group to Cambodia's education sector were disbursed using the country's procurement system.

#### *Indicator 6 – Avoiding Parallel Implementation Units*

Parallel PIUs are known to undermine national capacity development, confuse accountability for development results, and distort the public-sector salary structure. Parallel PIUs are in part a response to perceived weak capacity in government ministries. In light of weak PFM systems in Cambodia, donors are reluctant to phase out their own aid management

**Table 2.16:**  
Cambodia: Education Sector  
and Country-Level Results  
for Ind. 5b

Donor agency	Aid disbursed by donors for the education sector in calendar year 2007 (\$)	Use of country procurement systems (\$)	Baseline ratio (%)
<b>Ind. 5b: Education sector</b>			
ADB	14,484,442	14,484,442	100
Belgium	2,902,090	2,034,487	70
EC	7,000,000	0	0
Japan	4,102,526	0	0
UNESCO	330,000	0	0
UNICEF/Sida	5,476,215	0	0
World Bank	6,895,177	0	0
<b>Total</b>	<b>41,190,450</b>	<b>16,518,929</b>	<b>40</b>
<b>Ind. 5b: Country level</b>			
<b>Total</b>	<b>612,000,000</b>	<b>101,000,000</b>	<b>16</b>

Sources: 2008 FTI survey; OECD-DAC 2008c.

and reporting systems. Research by the OECD-DAC has shown, however, that the use of country systems often lags behind country efforts to improve system quality.<sup>75</sup> Although donors generally claim that they cannot work through weak country systems, other considerations seem to influence their actual behavior as well. In addition, widespread salary supplement schemes for project counterpart staff can also create situations where individual employees have an interest in keeping PIUs alive. Through its Action Plan for Harmonization, Alignment and Results, the government of Cambodia is committed to phasing out PIUs in line with the PD target.

At the country level, the number of PIUs was reported to be 121 in 2007 (table 2.17), an increase of 65 PIUs since 2005. This is the second highest number of PIUs among all 55 countries that participated in the 2008 OECD-DAC survey. At the education sector level, the basic principle adopted in the ESSP is that programs are to be planned and implemented through government and ministry systems rather than through parallel arrangements. The government of Cambodia reported the existence of three partially integrated PIUs in 2006 in the education sector.<sup>76</sup> The FTI survey confirms this number for 2007.

### *Indicator 7 – Aid is on Schedule*

Ind. 7 measures the gap between aid scheduled and aid effectively disbursed and recorded in countries' accounting systems. Because the indicator concerns the national budget, the analysis relies on

Donor agency	Number of PIUs
<b>Ind. 6: Education sector</b>	
ADB	1
Belgium	1
EC	0
Japan	0
UNESCO	0
UNICEF/Sida	0
World Bank	1
<b>Total</b>	<b>3</b>
<b>Ind. 6: Country level</b>	
<b>Total</b>	<b>121</b>
<i>Sources: 2008 FTI survey; OECD-DAC 2008c.</i>	

**Table 2.17:**  
Cambodia: Education Sector  
and Country-Level Results  
for Ind. 6

country-level data only. Ind. 7 has been criticized for its lack of specificity because it relies on a combined ratio of the effects of two different variables (accuracy of recording disbursements and predictability of disbursements). Both variables require different actions from different development partners. Furthermore, because the indicator focuses specifically on in-year predictability, it is important to call attention to the fact that in the Paris Declaration, donor agencies committed themselves to provide reliable aid over a multiyear framework. This commitment was confirmed in the Accra Agenda for Action in September 2008.

At the country level, the 2008 OECD-DAC report shows that the government of Cambodia recorded a total of

<sup>75</sup> OECD-DAC 2008c, 24.

<sup>76</sup> Government of Cambodia 2006b, 3.

**Table 2.18 :**  
Cambodia: Education Sector  
and Country-Level Results for  
Ind. 7

Ind. 7: Country level			
Disbursements recorded by the government (\$)	Aid scheduled for disbursement by donors (\$)	Aid actually disbursed for the government sector (\$)	Baseline ratio (%)
612,000,000	586,000,000	612,000,000	96
<i>Source: OECD-DAC 2008c.</i>			

\$612 million in donor disbursements in 2007, whereas donors scheduled slightly less (\$586 million, or 96 percent) for disbursement (table 2.18). This result is exceptional in that in all but three countries (including Cambodia) that participated in the 2008 OECD-DAC survey, the aid scheduled for disbursement by donors was higher than the figure recorded by the governments. A positive balance (higher disbursements than scheduled by donors) is preferable to disbursements falling short of scheduled aid levels. Development partners should nonetheless strive for improvement in this area because aid level fluctuations pose a planning challenge regardless of their direction. Finally, while it appears that disbursements recorded by the government and actual disbursements are identical, the “Putting Aid on Budget” report points out that “aid recorded as spent may not be the same (in its source or in its use) as the aid anticipated in the budget.”<sup>77</sup>

Finally, Ind. 7 narrowly focuses on the within-year predictability of aid flows. While this is one important element of aid predictability, achieving multiyear predictability is the other. To reduce obstacles to development plan-

ning and management caused by fluctuating aid levels, in 2007 the government of Cambodia introduced a multiyear financing framework providing three-year aid flow projections.<sup>78</sup> While not legally binding, most donors have been willing to provide such projections and there are hopes that this will have a positive impact on aid being more predictable and on schedule.

### *Indicator 8 – Aid is Untied*

The PD target for untied aid is vague (“continued progress over time”). The analysis for Ind. 8 relies on data routinely reported to OECD-DAC. Although based on voluntary self-reporting by donors, the data are subject to scrutiny within a peer review process. The latest data available relate to 2006 donor commitments. These data are used by both the 2008 OECD-DAC survey and by FTI’s education sector analysis (own compilation). For enhanced transparency, FTI reports the percentage of aid amounts for which information was

<sup>77</sup> Mokoro Ltd 2008b, 19.

<sup>78</sup> World Bank 2006b, 14, and Addendum November 2007.

available in table 2.19. At the overall national level, 76 percent of aid to Cambodia was reported to be untied, compared with 71 percent of aid to the education sector in Cambodia.

### Harmonization

Aid harmonization efforts in Cambodia are hampered by, among other factors, a high degree of donor fragmentation in the country, particularly in the education sector.<sup>79</sup> There were 79 different projects in 2006. Nevertheless, the education sector has made much progress in developing an education sector-wide approach (SWAp). Still, according to the country's aid effectiveness report, the extent to which the introduction of sector-wide programs has served to lower transaction costs remains unclear—the education sector is still characterized by individually implemented project support.<sup>80</sup>

### Indicator 9 – Use of Common Procedures and Arrangements

At the country level, according to OECD-DAC data, \$202 million (or 28 percent of total aid) was disbursed through program-based approaches (PBAs) in 2007 (table 2.20), which constitutes an increase of 4 percent from 2005. Of the total PBA funding, \$40 million (or 6 percent of total aid disbursed) was in the form of budget support.

In the education sector, a SWAp has been developed by the government and development partners to support a single sector policy and expenditure program

Donor	% of aid that is untied	% of amounts for which information is available
<b>Ind. 8: Education sector</b>		
Austria	6	100
Belgium	100	100
Finland	100	100
France	100	23
Germany	3	58
Greece	100	91
Ireland	100	100
Netherlands	83	100
Norway	100	100
Portugal	100	100
Sweden	100	100
Switzerland	100	100
UNICEF	100	100
<b>Total</b>	<b>71</b>	<b>83</b>
<b>Ind. 8: Country level</b>		
<b>Total</b>	<b>76</b>	<b>n.a.</b>
<i>Sources: FTI compilation from OECD-DAC CRS database 2006; OECD-DAC 2008c.</i>		
<i>Note: n.a. = Not applicable.</i>		

**Table 2.19:**  
Cambodia: Education Sector  
and Country-Level Results  
for Ind. 8

under government leadership and adopt common perspectives across the sector. These actions are all in line with FTI principles. According to government figures in its ODA database, 59.4 percent of all ODA to the education sector was part of a PBA in 2006. The FTI survey reports

<sup>79</sup> Government of Cambodia 2007, 6.

<sup>80</sup> Government of Cambodia 2007, 34.

**Table 2.20:**  
Cambodia: Education Sector  
and Country-Level Results  
for Ind. 9

Donor agency	Budget support (\$)	Other PBAs (\$)	Total (\$)	Total aid disbursed in calendar year 2007 (\$)	Baseline ratio (%)
<b>Ind. 9: Education sector</b>					
ADB	0	7,912,000	7,912,000	14,484,442	55
Belgium	0	0	0	2,902,090	0
EC	0	6,200,000	6,200,000	7,000,000	89
Japan	0	0	0	4,102,526	0
UNESCO	0	330,000	330,000	330,000	100
UNICEF/Sida	0	5,476,215	5,476,215	5,476,215	100
World Bank	0	0	0	6,895,177	0
<b>Total</b>	<b>0</b>	<b>19,918,215</b>	<b>19,918,215</b>	<b>41,190,450</b>	<b>48</b>
<b>Ind. 9: Country level</b>					
<b>Total</b>	<b>40,000,000</b>	<b>162,000,000</b>	<b>202,000,000</b>	<b>711,000,000</b>	<b>28</b>

*Sources: 2008 FTI survey; OECD-DAC 2008c.*

that 48 percent of total aid to the education sector from the participating donors was in support of a PBA. Specifically, the ADB, the EC, UNESCO, and UNICEF/Sida provided support for PBAs in 2007. The EC has committed to the provision of education sector budget support and general budget support for the period 2007–13, which represent 40 percent and 35 percent, respectively, of all financial commitments to Cambodia.

The share of aid delivered in support of PBAs in the education sector is nearly double that at the overall national level. This is a clear sign of the progress made by the local education group in improving aid effectiveness.

Although not covered by the OECD-DAC or FTI survey methodologies, the delegated partnership arrangement between Sweden (through Sida) and

UNICEF is highlighted here as a good practice in line with the PD harmonization agenda.

### *Indicator 10a – Joint Donor Missions*

Two messages on joint field missions at the overall country level are important. While the 2006 OECD-DAC survey reported that 26 percent of donor missions were conducted jointly, this figure decreased to 12 percent in 2007. However, through a joint effort by donors and the government, the absolute number of donor missions was reduced from 568 to 358 per year (table 2.21).

In the education sector, the number of joint field missions is closely connected to the increase in PBAs and delegated partnership arrangements. Results from the donors participating in the FTI sur-



Donor agency	Number of joint donor missions	Total number of donor missions	Baseline ratio <sup>a</sup> (%)
<b>Ind. 10a: Education sector</b>			
ADB	1	3	33
Belgium	0	2	0
EC	0	1	0
Japan	1	2	50
UNESCO	3	7	43
UNICEF/Sida	2	2	100
World Bank	1	3	33
<b>Total</b>	<b>8</b>	<b>20</b>	<b>26</b>
<b>Ind. 10a: Country level</b>			
<b>Total</b>	<b>44</b>	<b>358</b>	<b>12</b>

Sources: 2008 FTI survey; OECD-DAC 2008c.  
 Note:  
 a. Following the OECD-DAC methodology, the number of coordinated missions by donor was adjusted to avoid double-counting. An adjustment factor of 35 percent was applied to the education sector total.

**Table 2.21:**  
Cambodia: Education Sector  
and Country-Level Results  
for Ind. 10a

vey are slightly more positive than at the overall country level. In absolute terms, 8 of the 20 donor missions conducted by the donors in the education sector in 2007 were reported to have been conducted jointly. Following the OECD-DAC methodology, a discount factor of 35 percent was applied to account for double counting, which brings the indicator to 26 percent.

### *Indicator 10b – Joint Country Analytic Work*

In line with results for the coordination of donor missions in the education sector, the FTI survey reports relatively favorable results for joint country analytic work. Some 53 percent of donor analytic work was coordinated in 2007 (after ad-

justment for double counting). This figure is well above the overall country level of 17 percent as reported by OECD-DAC (table 2.22), and in proximity to the 2010 PD target of 66 percent

At the country level, the proportion of joint country analytic work declined sharply between 2005 and 2007 (from 64 percent to 17 percent) while the total number of analytic work projects remained unchanged. The reasons for this sudden drop in joint efforts remain unclear. Joint country analytic work helps to curb transaction costs for partner authorities, avoid unnecessary duplicative work, and foster common understanding between donors. Donors are encouraged to draw on partner countries' own analytic work.

**Table 2.22:**  
Cambodia: Education Sector  
and Country-Level Results for  
Ind. 10b

Donor agency	Coordinated donor analytic work	Total donor analytic work	Baseline ratio <sup>a</sup> (%)
<b>Ind. 10b: Education sector</b>			
ADB	—	—	—
Belgium	0	0	0
EC	1	3	33
Japan	1	1	100
UNESCO	2	3	67
UNICEF/Sida	2	2	100
World Bank	1	1	100
<b>Total</b>	<b>7</b>	<b>10</b>	<b>53</b>
<b>Ind. 10b: Country level</b>			
<b>Total</b>	<b>20</b>	<b>118</b>	<b>17</b>
Sources: 2008 FTI survey; OECD-DAC 2008c.			
Note: — = Not available.			
a. Following the OECD-DAC methodology, the number of coordinated missions by donor was adjusted to avoid double counting. An adjustment factor of 25 percent was applied to the education sector total.			

## Managing for Results

### Indicator 11 – Results-Oriented Frameworks

At the country level, the assessment of the country's results-oriented framework is based on the World Bank's review of national development strategies.<sup>81</sup> Cambodia received an overall "C" rating ("action taken"), unchanged from its 2005 results (table 2.23).

At the sector level, the 2008 FTI review of ESPs was used to assess progress on Ind. 11. (See discussion under "Indicator 1" above.) The analysis of monitoring frameworks in that ESP review was used to score the education sector's progress on results-oriented frameworks. The sector results indicate a much more favorable situation (a score of "A") than the country-

level results. This progress on Ind. 11 can be attributed to the monitorable performance assessments framework established through Cambodia's ESP-ESSP.

## Mutual Accountability

### Indicator 12 – Mutual Accountability

Cambodia held its first Cambodia Development Cooperation Forum (CDCF) in June 2007; these forums replace the consultative group meetings. The launch of the first Cambodia Aid Effectiveness Report<sup>82</sup> and subsequent discussions in the CDCF have led to substantial discus-

<sup>81</sup> World Bank 2007b.

<sup>82</sup> Government of Cambodia 2007.

Ind. 11: Education sector					
Policy monitoring	Financing monitoring	Data monitoring	Capacity monitoring	FTI overall score	FTI score converted
—	—	—	—	4/4	A
Ind. 11: Country level					
Quality of development information		Stakeholder access to information		Coordinated country-level M&E	
C		C		C	
Sources: FTI 2008c; World Bank 2007b.					

**Table 2.23:**  
Cambodia: Education Sector  
and Country-Level Results  
for Ind. 11

sion of development partners' roles and responsibilities, which positively affects mutual accountability. Cambodia participates in the OECD-DAC Working Group on Aid Effectiveness and has signed the Paris Declaration.

In the education sector, the Education Sector Working Group, currently chaired by UNICEF, addresses donor coordination issues and serves as an information exchange on programs and projects supported by donors. The Joint Technical Working Group, chaired by the Ministry of Education, brings together the leadership of the ministry with the donor community to facilitate the operational side of development planning. The consultation process is well established and has been shown to influence the quality of policy interventions. At the highest level, the Ministry of Education has established a Program Management Committee responsible for oversight of the entire Education Strategic Plan to streamline policy development, strategic planning, and implementation decision-making processes. It is envisaged

that the Program Management Committee will progressively assume oversight responsibility of donor-financed projects and thus will replace project-specific PIUs in the sector.

Both at the country and the education sector levels, some review mechanism for mutual accountability exists. At a sectoral level, progress toward the establishment or conduct of joint reviews has been encouraging, with the education sector conducting an annual review exercise that assesses progress and resource needs.<sup>83</sup> For the purpose of this assessment, however, whether a country undertook a joint qualitative assessment as part of the FTI survey served as a proxy measure for mutual accountability (table 2.24).

### Progress Toward Achievement of the Paris Declaration Targets

While some PD targets apply universally to all countries, other targets are set

<sup>83</sup> Government of Cambodia 2007, 35.

relative to country-specific results in the 2006 OECD-DAC survey.<sup>84</sup>

In the education sector, 5 of the 13 indicators for which data were available currently meet or exceed the PD targets (figure 2.5). No other area shows the positive effect of the FTI process as clearly as does the harmonization agenda. In a difficult environment characterized by high levels of development assistance fragmentation, the local donor group in Cambodia has made progress in delivering 48 percent of aid in support of a PBA, and in jointly conducting donor field missions (26 percent) and analytic work (53 percent). While these results are encouraging, further efforts are needed to bring and keep the education sector in line with the PD targets. As discussed for the results on Ind. 4 the positive outcome of 90 percent for the education sector has to be looked at with caution. While the results suggest that the coordination of technical assistance is high at both levels, the 2008 OECD-DAC survey report suggests that the “strong performance is due, in part, to a definition (or a target) for ‘coordinated technical cooperation’ that could have been more ambitious.”<sup>85</sup>

Positive developments on the performance and interdependency were

reported on Ind. 9, 10a and 10b although precise actions need to be identify to meet or come close to their PD targets by 2010. Although Ind. 12 is reported to not meeting the PD target progress seems to be underway.

The two indicators that considerably fall behind are Ind. 5a and Ind. 6. Only 5 percent of aid to education is using Cambodia’s PFM systems. Cambodia’s CPIA score of 3.0 currently does not meet the threshold for a concrete target for the use of country PFM systems under the Paris Declaration, but the Accra Agenda for Action set the goal for use of country systems at 50 percent, without taking CPIA scores into account.

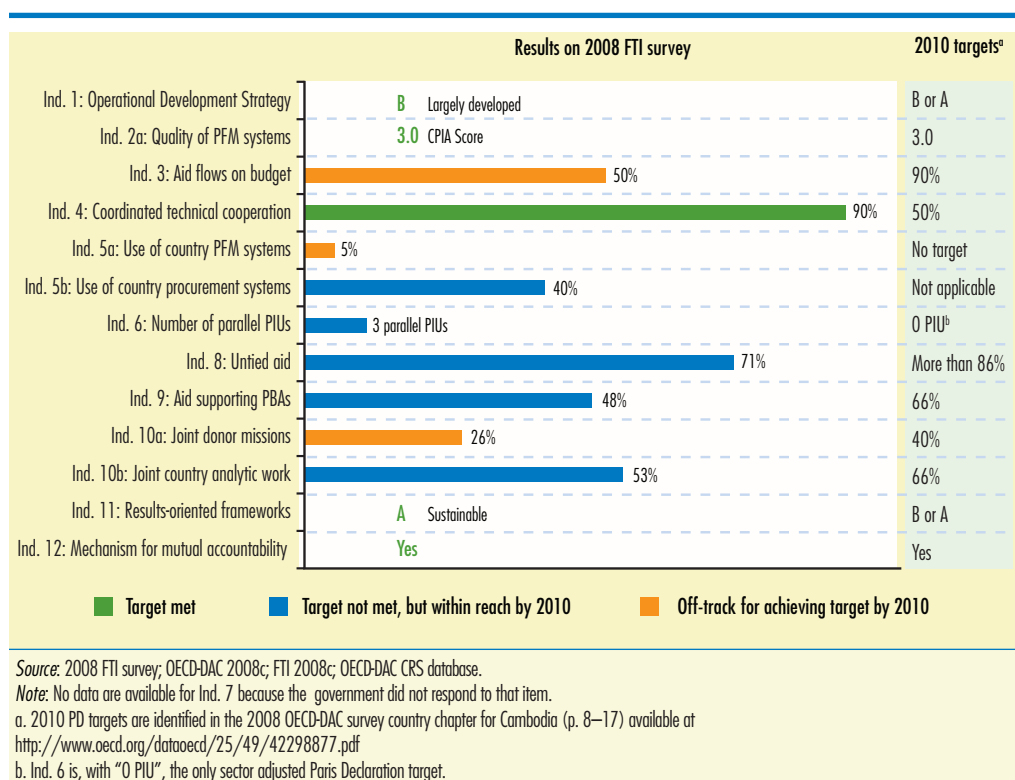
At the overall country level (figure 2.6), 3 of the 14 indicators are currently on track to achieve the PD targets. Two indicators (Ind. 3 and 8) are in the neighborhood of their respective target marks. Nine indicators, however, seem to be off track for achieving their 2010 targets unless efforts are significantly strengthened. Among them are Ind. 9, 10a and 10b in contrast to the relatively higher achievements in the education sector. Results on Ind. 5 reflect the need for an agreed alignment agenda to improve performance on the reliability and use of country systems.

**Table 2.24:**  
Cambodia: Education Sector  
and Country-Level Results  
for Ind. 12

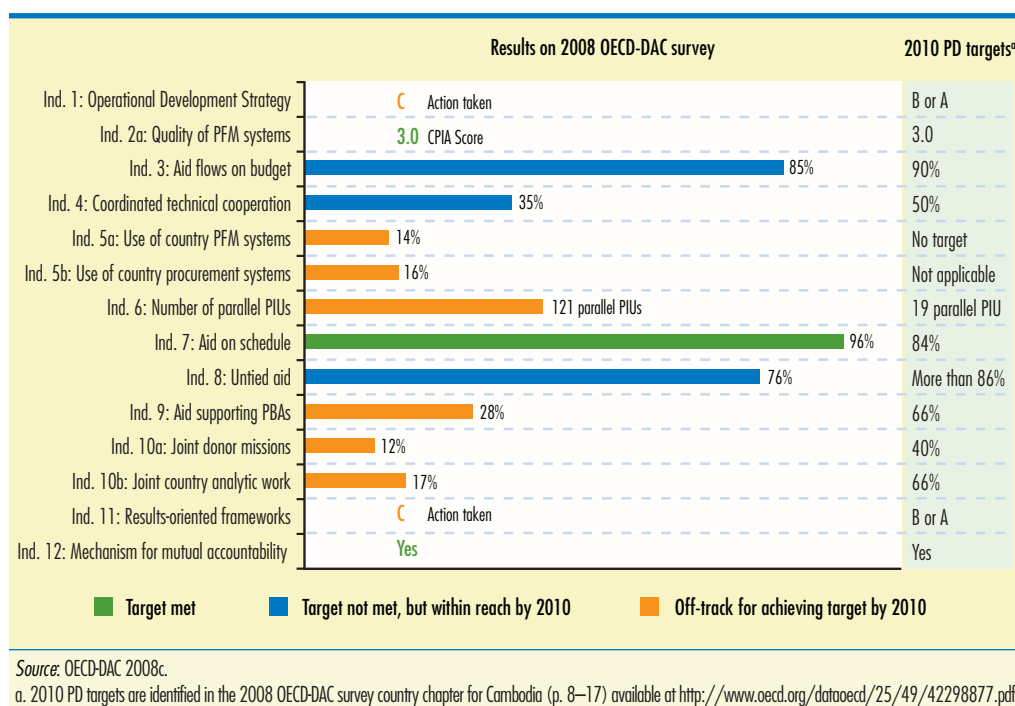
<b>Ind. 12: Education sector</b>	
Joint qualitative assessment took place	Yes
<b>Ind. 12: Country level</b>	
Country has review of mutual accountability	Yes
<i>Sources: 2008 FTI survey; OECD-DAC 2008c.</i>	

<sup>84</sup> Indicators with relative targets (depending upon results in the 2006 survey) are Ind. 1, 2, 5a, 5b, 6, 8, 11, and 12. The 2010 targets shown in figures 2.5 and 2.6 are applied from the 2008 OECD-DAC survey country chapter on Cambodia.

<sup>85</sup> OECD-DAC 2008c, 21.



**Figure 2.5:**  
The Paris Declaration Targets  
in the Education Sector in  
Cambodia: State of Play



**Figure 2.6:**  
Cambodia: Overall Country-  
Level Progress on the Paris  
Declaration Targets

## Improvement of Survey Responses

**Belgium, Ind. 4:** The total technical cooperation (Q5 on the donor questionnaire; see appendix 3) reported was lower than the sum of coordinated technical cooperation (Q6).

**Belgium, Ind. 9, 10a, 10b:** No answers.

**EC, Ind. 5a:** The aid volume provided under Q10 is supposed to reflect the volume of ODA to education disbursed to the government that fulfills all of the three mentioned criteria (use of national budget execution procedures [Q7], use of national financial reporting procedures

[Q8], and national auditing procedures [Q9]) together. However, given the low amount for the use of national auditing procedures, for example, this is not the case. The amount has therefore been adjusted to “0” for Q10 in the donor questionnaire “how much ODA to education was disbursed for the government sector by all three national procedures.”

**ADB, Ind. 9:** In the additional comments section, ADB notes that an amount of \$7.9 million was released to the government “as a part of budget support program.” However, this is not reflected in Q15 (Other forms of assistance provided in support of PBAs.) This has been adjusted.

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# ETHIOPIA

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## Country Background

With outside assistance, Ethiopia seeks to meet its universal primary education goal and to expand its education coverage in the face of high population growth rates. With its reasonably favorable conditions in administrative capacity and PFM, Ethiopia has managed to attract relatively large amounts of budget support aid in the past. After the political unrest and human rights issues of 2005, however, donors replaced budget support with a decentralized mechanism called the Protection of Basic Services (PBS).

### *Aid Effectiveness Indicators*

At the overall country level, progress on the aid effectiveness indicators remains mixed, arguably, at least in part, because of the less favorable conditions since 2005. While a number of indicators show significant progress (Ind. 1, 2a, 4, 6, 8, 9, and 10b), others remained unchanged (Ind. 5a, 5b, 10a, 11, and 12) and a few have decreased (Ind. 3 and 7).

### *Survey Challenges*

Inclusion of all donors active in the education sector in Ethiopia proved

to be a challenge. The FTI Secretariat received responses from 10 donors: the African Development Bank (AfDB), the EC, Finland, Ireland, Japan, the Netherlands, Sweden, the United Kingdom, the United States, and the World Bank. In addition to these donors, the OECD-DAC Creditor Reporting System (CRS) database (2006) recorded aid disbursements from Austria, Belgium, France, Norway, and Spain.

### *Aid Effectiveness Environment*

Ethiopia is facing a development challenge of almost unparalleled scale. With per capita GNI of \$220 in 2007, poverty is pandemic.<sup>86</sup> In 2006, the country received \$1,947 million in net official development assistance.<sup>87</sup> This is about \$25 per capita and equal to about 13 percent of Ethiopia's GNI.<sup>88</sup> The level of aid to Ethiopia is quite low relative to its needs and compared with what other low-income developing countries receive. A particular feature of Ethiopia's aid dependence is its propensity to rely on

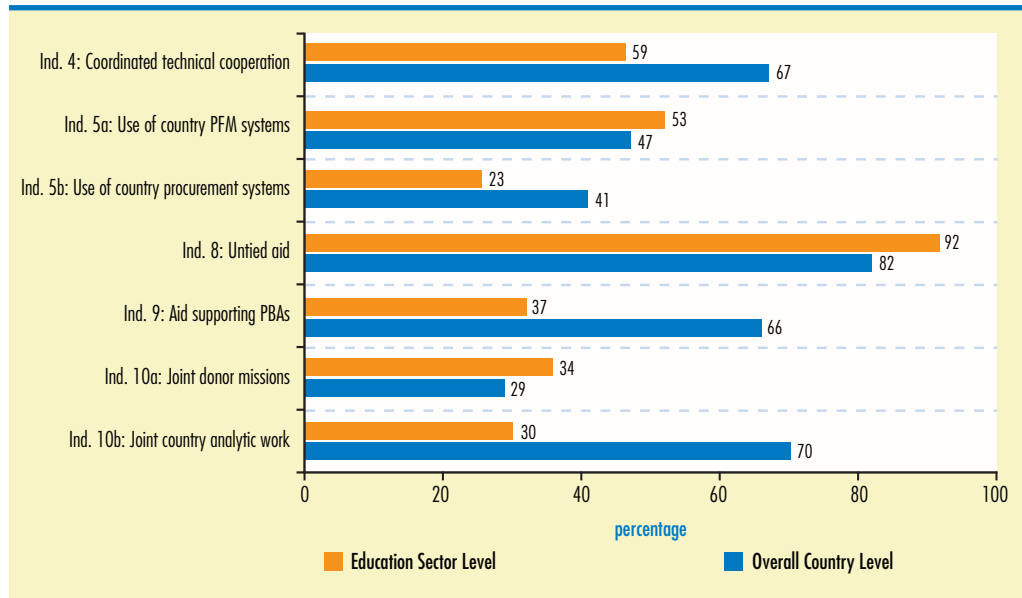
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<sup>86</sup> World Bank 2008f.

<sup>87</sup> World Bank 2008f.

<sup>88</sup> World Bank 2008f.

**Figure 2.7:**  
Ethiopia: Comparison of  
Education Sector Results and  
Overall Country Results



Source: 2008 FTI survey; OECD-DAC 2008c.

Note: Data for Ind. 1, 6, 11, and 12 are not on a percentage basis and therefore not included in this table. Data for Ind. 2 and 3 are country level only, so not included. No data are available for Ind. 7 because the government did not respond to that item.

donor assistance to meet the challenges of livelihood vulnerability for its people. In any one year at least 4 million people are in need of food-related assistance, and large portions of the growing population are extremely food vulnerable.<sup>89</sup>

The Development Assistance Group is a designated forum for dialogue and cooperation between the government of Ethiopia and the local donor group, which is chaired by a rotating set of donor members. There are currently 11 Technical Working Groups that address policy and coordination, harmonization, and alignment issues in specific sectors. In early 2008, two of these groups were converted into Government-Donor Sector Working Groups, and the government displayed strengthened ownership of the process by designating the respective ministers

#### Official Development Assistance to Ethiopia, 2006

Net ODA	\$1,947 million
Aid per capita	\$25
Aid as % of GNI	13

Source: World Bank 2008f.

for the sectors as chairs. There are plans to convert additional Technical Working Groups into Government-Donor Sector Working Groups.

#### Education Funding

The high rate of annual population growth in the country creates immense

<sup>89</sup> Mokoro Ltd 2008c, 3.



pressure on the education system. Ethiopia will need a significant increase in education expenditure simply to maintain its present coverage. The government has mounted an aggressive campaign to meet the Millennium Development Goal of achieving universal primary education by 2015, which would mean an increase in enrollment by some 19 million children. Ethiopia has made major strides over the past years—increasing the gross enrollment ratio from 30 percent to 92 percent from 1991 to 2006/07.<sup>90</sup> However, the fast expansion in enrollment has had a negative impact on educational quality. The education share of the budget has been increasing, from 10 percent in 2000 to 20 percent in 2006, which amounts to about 5.7 percent of Ethiopia's GDP.<sup>91</sup>

According to the 2006 OECD-DAC CRS database, disbursements for education from 16 OECD-DAC donors amounted to \$185.5 million.<sup>92</sup> Donors comprised Austria, Belgium, Canada, the EC, Finland, France, Germany, the IDA, Ireland, Japan, the Netherlands, Norway, Spain, Sweden, the United Kingdom, and the United States. In 2006, the five biggest donors for the education sector in 2006 were the United Kingdom (\$61.6 million), the IDA (\$59.6 million), the Netherlands (\$14.7 million), the United States (\$12.5 million), and Germany (\$7.7 million). With the exception of Germany, these donors all participated in FTI's education sector survey.

The government of Ethiopia has a history of commitment to the PD principles. After being a pilot country for the

Rome Declaration (2003), Ethiopia was deeply involved in the preparation of the Paris Declaration. Thereupon, Ethiopia initiated the establishment of a set of country-specific PD targets.

## Performance on the Paris Indicators

### Ownership

#### *Indicator 1 – Operational Development Strategy*

OECD-DAC Ind. 1 uses the existence and quality of operational development strategies as a proxy measure for country ownership. Its analysis relies on the World Bank's 2007 assessment of development strategies.<sup>93</sup> The FTI Secretariat, in turn, used its 2008 quality review of education sector plans (ESPs) to assess countries' development strategies in the education sector.<sup>94</sup>

Ethiopia joined the FTI partnership in 2004 when the local donor group endorsed its Second Education Sector Development Program (ESDP II). The government's updated plan (ESDP III) spans five years (2005/06 to 2009/10) and has again received endorsement by the local donor group. The ESDP is part of a 20-year education plan to achieve the Millennium Development Goals and

<sup>90</sup> World Bank 2008b.

<sup>91</sup> FTI 2007.

<sup>92</sup> Data from the OECD-DAC CRS online database (2006), FTI compilation.

<sup>93</sup> World Bank 2007b.

<sup>94</sup> FTI 2008c.

Education for All. ESDP III references FTI's Indicative Framework. Budget projections are adequately explained with three different financing scenarios.<sup>95</sup> According to the joint qualitative assessment, "whereas ESDP I and II clearly prioritized the quantitative targets (enrolment figures), ESDP III focuses much more on quality and outcomes." Given the increase in enrollment in recent years, this seems like a reasonable choice, although it has to be balanced with the demands placed on the education system by the high rate of population growth.

It was noted in the joint qualitative assessment that activity plans are mostly designed at the *woreda* (district) level, or at the overall program level when central leadership and guidance are required. In practice, operational plan design and actual budget allocations for implementation take place mostly at the decentralized level. The joint qualitative assessment confirms this observation. Because of the high degree of decentralization to, and administrative autonomy of, the regions and the districts, the links between the (planned) central budget frameworks and the district (implementation) budget are complex. The Ministry of Education has only a limited mandate to allocate funds that the Ministry of Finance transfers directly to the districts in the form of block grants.

FTI's survey results show the education sector in Ethiopia to have a "largely developed strategy" (reflecting a "B" rating), a result that is in line with the World Bank's rating of the country's

overall national development strategy (see table 2.25).

### Alignment

Historically, Ethiopia has received a relatively large share of its aid as direct budget support. Following the political unrest and human rights issues after Ethiopia's general election in May 2005, however, a number of donors decided to freeze their direct budget support and instead created a decentralized replacement mechanism called the Protection of Basic Services (PBS). It has been noted that while PBS "is in many ways an inventive instrument [...] it is still an instrument which is less aligned than direct budget support."<sup>96</sup>

High level donor-government coordination is institutionalized through the Development Assistance Group. The group is made up of about 30 bilateral and multilateral agencies chaired by the World Bank, UNDP, and one bilateral donor. The Ethiopian Partners' Group is another forum of resident donors. The government and donors have also established a Joint Harmonization Task Force. A Harmonization Action Plan was in place until 2006. The finalization of a Joint Declaration of the Government and local donors on Harmonization, Alignment and Aid Effectiveness has since stalled.

To support the implementation of the Paris Declaration, Ethiopia is implementing an Aid Management Platform

<sup>95</sup> FTI 2007; 2008c.

<sup>96</sup> Mokoro Ltd 2008c, 23.

Ind. 1: Education sector									
Policy clarity	Relevant policy strategy	Clarity of financing issues	Relevant financing strategy	Data clarity	Relevant data strategy	Clarity of capacity issues	Relevant capacity strategy	FTI overall score	FTI score converted
—	—	—	—	X	—	—	—	7/8	B
Ind. 1: Country level									
Unified strategic framework			Prioritization		Strategic link to budget			Score	
B			B		C			B	

Sources: FTI 2008c; World Bank 2007b.

**Table 2.25:**  
Ethiopia: Education Sector and  
Country-Level Results  
for Ind. 1

in collaboration with donor partners. The Aid Management Platform is an e-government tool aimed at improving government capabilities to manage aid flows and related information and documents.

### *Indicator 2a – Reliable Public Financial Management Systems*

Reliable PFM systems are seen as a key to the use of national systems by development partners. The World Bank's Country Policy and Institutional Assessment (CPIA) 2007, Ind. 13, gives Ethiopia a score of 4.0 for the quality of its budgetary and PFM systems, up 0.5 points from the country's score of 3.5 in 2005. Out of the 55 countries that participated in the 2008 OECD-DAC survey, Ethiopia is among the 13 countries that improved their scores since 2005. Fewer than 25 percent of countries currently hold a score of 4.0, the highest score among the surveyed countries. The 2007 Public Expenditure and Financial Accountability assessments for the federal and regional levels confirm that Ethiopia's PFM systems are generally robust.<sup>97</sup> This

brings Ethiopia in line with the PD target for Ind. 2a, although much work remains, including dealing with the issue of corruption. Out of 180 countries that were included in Transparency International's Corruption Perceptions Index, Ethiopia is ranked 126th with a score of 2.6.

### *Indicator 2b – Reliable Public Procurement Systems*

For the purpose of the OECD-DAC survey, the procurement system rating was based on self-assessments generated in some countries. Ethiopia did not take

#### Quality of Ethiopia's Public Financial Management Systems

World Bank CPIA Score, 2008: 4.0  
(1.0: very weak; 6.0: very strong)

Transparency International Corruption Perceptions Index, 2008:  
Rank: 126th  
(out of 180 participating countries)

Score: 2.6  
(0: highly corrupt; 10: highly clean)

<sup>97</sup> PEFA 2007a, 2007b.

part in this exercise. In 2006, the government of Ethiopia introduced a new public procurement proclamation and created a Federal Public Procurement Agency, which has an oversight role. According to the joint qualitative assessment, the agency is currently understaffed.

### *Indicator 3 – Aid Flows on Budget*

In the debate on the monitoring of the Paris Declaration, Ind. 3 has received much attention. It has been criticized as lacking specificity because it relies on a combined ratio of the effects of two different variables (information capture and predictability of disbursement). Both effects require different efforts by different stakeholders. Another problem associated with the basis for the data is that the aid recorded as disbursed is not always the same (in its source or its use) as the aid anticipated in the budget.<sup>98</sup> Thus, similarity of budget estimate totals and disbursement totals following the OECD-DAC methodology may be coincidence.

As a result of a lack of government data, no education-sector-specific data are available for Ind. 3. However, the joint qualitative assessment provides some insight. Donor aid in the form of support to projects is not adequately captured on budget, and information on aid flows provided to the government is not always clear and unambiguous. In addition, experience has shown that levels of aid on budget are strongly driven by budget support aid,<sup>99</sup> which is, by definition, on budget, but which many donors decided to suspend after the events in May 2005.

At the overall country level, 62 percent of aid disbursements are on budget, according to the 2008 OECD-DAC 2008 survey. In 2005, the government's budget estimate under-captured the actual aid flows by a margin of about 35 percent (\$779 million on budget vs. \$1,048 million disbursed).<sup>100</sup> In 2007, again, the government budget estimate of aid flows fell short of the actual disbursements by 15 percent (\$1,063 million on budget vs. \$1,723 million disbursed).<sup>101</sup> This discrepancy suggests that there are problems associated with the timely and accurate notification of the government by donors, as well as with processing and administering information on aid flows by the government (that is, information capture). In other words, the challenge to putting aid on budget in Ethiopia seems to have less to do with the predictability-of-disbursement dimension of Ind. 7 and more to do with a problem of accurate management by the government.

The "Putting Aid on Budget" study commissioned by the Strategic Partnership with Africa and Collaborative Africa Budget Reform Initiative<sup>102</sup> reports another challenge in putting aid on budget in the Ethiopian context: the policy of adjusting federal grants to subnational governments to offset aid that flows directly to the subnational level resulted in an incentive for both donor agencies

<sup>98</sup> Mokoro Ltd 2008b, 26.

<sup>99</sup> Mokoro Ltd 2008b, 25.

<sup>100</sup> OECD-DAC 2006a, 157.

<sup>101</sup> OECD-DAC 2008c, table A.3.

<sup>102</sup> Mokoro Ltd 2008b, 34.

and some government institutions to not fully report aid out of fear that reporting would lead to a reduction in the allocation of domestic finances.

#### *Indicator 4 – Coordinated Capacity Development Support*

Human capacity in the civil service remains a bottleneck for development efforts. Given Ethiopia's needs in the field of human and technical capacity, capacity development support (technical cooperation) by donors represents a big share of the aid the country receives. To reduce duplication of effort and other inefficiencies, coordination of capacity development support becomes increasingly important. High turnover rates among both administrative and teaching staff pose an additional challenge because they require consolidation and deepening of capacity building activities. Donor agencies have to realize that parallel project implementation units (PIUs) and international nongovernmental organizations with salary levels significantly higher than comparable salary scales in the public sector often limit the success of capacity development efforts. The government, for its part, needs to show leadership in matching demand with supply and increasing efforts to support capacity development sustainably through assigning counterpart staff to external consultants for training and knowledge transfer.

At the national level, the Public Service Capacity Building Program aims to strengthen overall PFM capacity throughout the country and at different levels. According to the 2008 OECD-DAC

survey, about 67 percent of total technical assistance was coordinated in Ethiopia in 2007. Compared with a low 27 percent in 2005, this marks a noticeable increase of 40 percentage points in two years.

In the education sector, the management and administration component of the General Education Quality Improvement Package Program soon will address capacity deficits more explicitly.<sup>103</sup> The Education Capacity Building task force is the appropriate forum for coordination efforts. According to the FTI survey, 59 percent of technical assistance to the education sector was coordinated (table 2.26). There are significant differences between individual donors. Seven donors active in the field exhibit very high levels of coordination, while one major donor (the United States) exhibits a low level of coordination.

#### *Indicator 5a – Use of Country Financial Management Systems*

There is a strong case for the use of country PFM systems for the management of aid in developing countries. According to the OECD-DAC report on "The Use of Country Systems in PFM," donors' use of country PFM systems contributes to their strengthening, enhances the country's sense of ownership, and expresses respect for the country's institutions and traditions.<sup>104</sup> In addition, there are positive effects from increased alignment, a strengthened focus on

<sup>103</sup> 2008 FTI survey, Ethiopia joint qualitative assessment.

<sup>104</sup> OECD-DAC 2008d.

**Table 2.26:**  
Ethiopia: Education Sector  
and Country-Level Results for  
Ind. 4

Donor agency	Coordinated technical cooperation (\$)	Total technical cooperation (\$)	Baseline ratio (%)
<b>Ind. 4: Education sector</b>			
AfDB	0	0	n.a.
EC	1,474,000	1,474,000	100
Finland	303,671	303,671	100
Ireland	0	0	n.a.
Italy	4,000,000	4,000,000	100
Japan	1,791,400	1,791,400	100
Netherlands	217,080	217,080	100
Sweden	30,000	30,000	100
United Kingdom	1,100,000	1,140,377	96
United States	1,000,000	7,857,000	13
World Bank	0	0	n.a.
<b>Total</b>	<b>9,916,151</b>	<b>16,813,528</b>	<b>59</b>
<b>Ind. 4: Country level</b>			
<b>Total</b>	<b>265,000,000</b>	<b>383,000,000</b>	<b>67</b>

Sources: 2008 FTI survey; OECD-DAC 2008c.  
Note: n.a. = Not applicable.

common goals, enhanced sustainability, and reduced transaction costs. For these reasons, partner countries in the Paris Declaration committed to strengthen their systems, and donors pledged to use those systems to the maximum extent possible.

Ethiopia has made significant progress on its side of the commitment and, as a result, has improved its CPIA score from 3.5 to 4.0 since 2005. Following a concerted decentralization effort, Ethiopia transferred a great deal of autonomy—at least in theory—to the regional and *woreda* (district) level. As a result, many of the conditions for donors' use of country systems are in place.

However, at the overall national level, only 47 percent of aid uses the country's PFM systems (table 2.27). In the education sector, this share is with 53 percent of coordinated technical assistance slightly higher. These findings suggest that political considerations and donor policies are important determinants of the decision to use country PFM systems. The joint qualitative assessment indirectly acknowledges this by stating, "It seems as if only internal donor policy guidelines and political arguments [...] determine whether or not they will use Ethiopia's PFM systems." Arguably, the human rights concerns since the events in 2005 are another important factor

**Table 2.27:**  
Ethiopia: Education Sector and  
Country Level Results  
for Ind. 5a

Donor agency	Aid disbursed by donors for the education sector in calendar year 2007 (\$)	Budget execution (\$)	Financial reporting (\$)	Auditing (\$)	Baseline ratio (%)
<b>Ind. 5a: Education sector</b>					
AfDB	5,000,000	0	0	5,000,000	33
EC	40,369,444	38,190,000	38,190,000	38,190,000	95
Finland	3,335,235	3,000,000	3,000,000	0	60
Ireland	3,970,312	3,749,599	3,749,599	3,749,599	94
Italy	17,656,539	16,653,028	0	16,653,028	63
Japan	4,184,250	0	0	0	0
Netherlands	12,014,996	3,015,000	3,015,000	3,015,000	25
Sweden	2,000,000	0	0	0	0
United Kingdom	49,600,000	49,600,000	42,200,000	0	62
United States	8,730,000	0	0	0	0
World Bank	66,700,000	63,700,000	3,000,000	0	33
<b>Total</b>	<b>213,560,776</b>	<b>177,907,627</b>	<b>93,154,599</b>	<b>66,607,627</b>	<b>53</b>
<b>Ind. 5a: Country level</b>					
<b>Total</b>	<b>1,723,000,000</b>	<b>1,015,000,000</b>	<b>601,000,000</b>	<b>798,000,000</b>	<b>47</b>

Sources: 2008 FTI survey; OECD-DAC 2008c.

influencing the decision to use country systems.

### *Indicator 5b – Use of Country Procurement Systems*

Both the OECD-DAC findings for the overall national level and FTI's findings for the education sector suggest that a number of major donor agencies are reluctant to use Ethiopia's procurement system for their acquisition of goods and services on a regular basis. While the 2008 OECD-DAC survey reports that 41 percent of total aid flows use the country's procurement system, the

FTI survey suggests that this figure is lower in the education sector (23 percent; table 2.28). Again, however, there are broad differences in the use of country procurement systems by individual donors. While many bilateral donors report high levels of use of country systems for procurement, the World Bank—the single largest donor in the survey sample—uses the country procurement system for only a small fraction of its aid.

Recent reform efforts include the adoption of a new procurement framework and the creation of a Federal

**Table 2.28:**  
Ethiopia: Education Sector and  
Country-Level Results  
for Ind. 5b

Donor agency	Aid disbursed by donors for the education sector in calendar year 2007 (\$)	Use of country procurement systems (\$)	Baseline ratio (%)
<b>Ind. 5b: Education sector</b>			
AfDB	5,000,000	0	0
EC	40,369,444	38,190,000	95
Finland	3,335,235	3,000,000	90
Ireland	3,970,312	3,749,599	94
Italy	17,656,539	0	0
Japan	4,184,250	0	0
Netherlands	12,014,996	3,015,000	25
Sweden	2,000,000	0	0
United Kingdom	49,600,000	0	0
United States	8,730,000	—	—
World Bank	66,700,000	1,500,000	2
<b>Total</b>	<b>213,560,776</b>	<b>49,454,599</b>	<b>23</b>
<b>Ind. 5b: Country level</b>			
<b>Total</b>	<b>1,723,000,000</b>	<b>712,000,000</b>	<b>41</b>
Sources: 2008 FTI survey; OECD-DAC 2008c. Note: — = Not available.			

Procurement Agency. However, according to the joint qualitative assessment, petty corruption seems to be persistent. A complaint mechanism has been put in place, but data on resolution of complaints is not yet accessible.

### *Indicator 6 – Avoiding Parallel Implementation Units*

In the Paris Declaration, donor agencies committed themselves to “avoid, to the maximum extent possible, creating dedicated structures for day-to-day management and implementation of aid-financed projects and programmes.”

In their responses to the FTI survey, participating donors in Ethiopia reported the existence of two parallel PIUs in the education sector (table 2.29). However, in light of the responses to the joint qualitative assessment, this number potentially undercounts the prevalence of parallel aid implementation structures and is thus misleading. The joint qualitative assessment makes reference to at least two additional PIUs (by the United States and the Netherlands), which is inconsistent with reporting in the quantitative survey. At the overall country level, according to the 2006 and 2008



OECD-DAC surveys, the number of parallel PIUs in Ethiopia has been reduced from 103 in 2005 to 56 in 2007—a substantial reduction. Parallel PIUs tend to undermine national capacity development, diffuse accountability for development results, and distort public-sector salaries through salary supplement schemes. Whenever country capacities allow, donors should make a real effort to phase out parallel PIUs.

### *Indicator 7 – Aid is on Schedule*

At the overall country level, 73 percent of aid is disbursed as scheduled. No education sector results are available because the government provided no response to this element. The joint qualitative assessment notes that the use of parallel systems and procedures had a negative impact on aid predictability. It further acknowledges the political basis for aid pledges and their contingency upon the human rights and good governance situation in Ethiopia. Some delays have also been caused by the government's failure to produce necessary documents on time.

### *Indicator 8 – Aid is Untied*

The PD target for untied aid is vague (“continued progress over time”). The analyses for both the country and the education sector for Ind. 8 rely on data routinely reported to OECD-DAC. Although based on voluntary self-reporting by donors, the data are subject to scrutiny within a peer review process. The latest data available relate to 2006 donor commitments. For enhanced transpar-

Donor agency	Number of PIUs
<b>Ind. 6: Education sector</b>	
AfDB	0
EC	0
Finland	1
Ireland	0
Italy	1
Japan	0
Netherlands	0
Sweden	0
United Kingdom	0
United States	—
World Bank	0
<b>Total</b>	<b>2</b>
<b>Ind. 6: Country level</b>	
<b>Total</b>	<b>56</b>

*Sources: 2008 FTI survey; OECD-DAC 2008c.  
Note: — = Not available.*

**Table 2.29:**  
Ethiopia: Education Sector  
and Country-Level Results for  
Ind. 6

ency, FTI also reports the percentage of aid for which information is available (table 2.30).

At the overall national level, 82 percent of aid to Ethiopia is reported to be untied. This is a significant increase—43 percentage points in one year—the most significant increase among the countries surveyed in both 2005 and 2006. In the education sector, 92 percent of aid flows are reported to be untied.

### *Harmonization*

According to the findings of an evaluation on the implementation of the Paris Declaration produced for the Third High-Level

**Table 2.30:**  
Ethiopia: Education Sector and  
Country-Level Results  
for Ind. 8

Donor	% untied	% of amounts for which information is available
<b>Ind. 8: Education sector</b>		
Austria	6	100
Belgium	100	100
Finland	100	100
France	100	23
Germany	3	58
Greece	100	91
Ireland	100	100
Netherlands	83	100
Norway	100	100
Portugal	100	100
Sweden	100	100
Switzerland	100	100
UNICEF	100	100
United Kingdom	100	100
United States	0	100
<b>Total</b>	<b>92</b>	<b>65</b>
<b>Ind. 8: Country level</b>		
<b>Total</b>	<b>82</b>	<b>n.a.</b>
<i>Sources:</i> FTI compilation from OECD-DAC CRS database 2006; OECD-DAC 2008c.		
<i>Note:</i> n.a. = Not applicable.		

Forum in Accra, “the role and importance of harmonization within the Paris Declaration agenda may be changing, increasingly taking a back seat to the push for greater alignment with country systems.”<sup>105</sup> Still, donor harmonization remains an important element of the aid effectiveness agenda, especially when alignment with country procedures is not feasible.

The education sector in Ethiopia remains highly fragmented. According

to a recent OECD-DAC report, Ethiopia received support from at least 26 donors on average in 2005 and 2006.<sup>106</sup> Of these, 13 collectively provided less than 10 percent of the country’s programmable aid, the OECD-DAC measure for donor fragmentation.<sup>107</sup> Conversely, the remaining 13 donors collectively provided over 90 percent of programmable aid to Ethiopia.

### *Indicator 9 – Use of Common Procedures and Arrangements*

National results show that about 66 percent of aid is in support of a program-based approach (PBA; table 2.31). The government of Ethiopia has consistently repeated its preference for budget support modalities. In the education sector, the FTI survey results suggest that about 37 percent of total aid flows are in support of a PBA. However, these figures have to be interpreted with caution because (a) there has been considerable confusion as to what constitutes aid in support of a PBA and what does not, and (b) the donor data show varying levels of specificity and accuracy.

Following the suspension of direct budget support in 2005, the PBS was installed. The PBS is funded by eight donors (the AfDB, Canada, the EC, Germany, Ireland, the Netherlands, the United Kingdom, and the World Bank), six of which also participated in the FTI survey.

<sup>105</sup> Wood and others 2008, xii.

<sup>106</sup> OECD 2007.

<sup>107</sup> OECD 2007.

**Table 2.31:**  
Ethiopia: Education Sector and  
Country-Level Results  
for Ind. 9

Donor agency	Budget support (\$)	Other PBAs (\$)	Total (\$)	Total aid disbursed in calendar year 2007 (\$)	Baseline ratio (%)
<b>Ind. 9: Education sector</b>					
AfDB	0	0	0	5,000,000	0
EC	0	0	0	40,369,444	0
Finland	0	3,000,000	3,000,000	3,335,235	90
Ireland	0	3,749,559	3,749,559	3,970,312	94
Italy	0	16,653,028	16,653,028	17,656,539	94
Japan	0	4,184,250	4,184,250	4,184,250	100
Netherlands	0	3,015,000	3,015,000	12,014,996	25
Sweden	0	0	0	2,000,000	0
United Kingdom	0	48,500,000	48,500,000	49,600,000	98
United States	—	—	0	8,730,000	0
World Bank	0	0	0	66,700,000	0
<b>Total</b>	<b>0</b>	<b>79,101,837</b>	<b>79,101,837</b>	<b>213,560,776</b>	<b>37</b>
<b>Ind. 9: Country level</b>					
<b>Total</b>	<b>0</b>	<b>1,303,000,000</b>	<b>1,303,000,000</b>	<b>1,986,000,000</b>	<b>66</b>

Sources: 2008 FTI survey; OECD-DAC 2008c.  
Note: — = Not available.

The joint qualitative assessment defines the PBS as a PBA. About 38 percent of total PBS funding goes to the education sector. This is the major share compared to 10 percent for the health and 4 percent for the water sector.<sup>108</sup> “As a result, the education sector is more aligned than other social sectors in Ethiopia.”<sup>109</sup> However, some of the donors that participated in the FTI survey classified their aid to the PBS as in support of a PBA, others did not. There seems to be a lack of agreement among donors as to what percentage of total funding to PBS should be (notionally) allocated to the education sector.<sup>110</sup>

According to the joint qualitative assessment, five bilateral donors (Belgium, Ireland, the Netherlands, Sweden, and the United Kingdom) have decided to move toward full harmonization with pooling of funds and the use of common procedures for commitments, disbursements, monitoring and evaluation (M&E), information sharing, procure-

<sup>108</sup> ODI 2008b, 25.

<sup>109</sup> ODI 2008b, 25.

<sup>110</sup> The EC and the United Kingdom used 38 percent, the AfDB and others did not specify (“some of which are used for education sector”).

ment, and financial management (including auditing and reporting). Their aim is to use country systems, to the extent possible. Efforts to renew an education SWAp are under way. This initiative involves the FTI contribution through the Catalytic Fund, the World Bank, the United Kingdom, and others.

### *Indicator 10a – Joint Donor Missions*

According to the joint qualitative assessment, the Annual Joint Review Mission and Annual Review Meetings are key elements of joint monitoring in the

education sector. Donors have agreed that other monitoring activities would be included to the extent possible. The FTI survey results suggest that some positive impact has resulted from this harmonization effort by the local donor group: 34 percent of donor missions were conducted jointly, compared with 29 percent at the overall national level (table 2.32).

The intention behind Ind. 10a is both to have more joint missions, and to have fewer missions overall. At the overall national level, for example, the number of joint donor missions has increased noticeably, while the total

**Table 2.32:**  
Ethiopia: Education Sector and  
Country-Level Results  
for Ind. 10a

Donor agency	Number of joint donor missions	Total number of donor missions	Baseline ratio <sup>a</sup> (%)
<b>Ind. 10a: Education sector</b>			
AfDB	2	3	43
EC	1	1	65
Finland	2	2	65
Ireland	0	1	0
Italy	1	3	22
Japan	0	4	0
Netherlands	2	2	65
Sweden	1	1	65
United Kingdom	2	2	65
United States	0	1	0
World Bank	1	3	22
<b>Total</b>	<b>12</b>	<b>23</b>	<b>34</b>
<b>Ind. 10a: Country level</b>			
<b>Total</b>	<b>65</b>	<b>221</b>	<b>29</b>
<i>Sources:</i> 2008 FTI survey; OECD-DAC 2008c.			
<i>Note:</i>			
a. Following the OECD-DAC methodology, numbers of coordinated missions by donors were adjusted to avoid double counting. An adjustment factor of 35 percent was applied to the education sector total.			

number of missions has increased as well. It is recommended that donors carefully monitor the absolute number of missions.

### Indicator 10b – Joint Country Analytic Work

The FTI survey suggests that 30 percent of country analytic work projects in the education sector were conducted jointly (table 2.33); however, this number has to be interpreted with caution because of the small sample. The OECD-DAC reports that coordination took place in 70 percent of cases at the overall national level (table 2.33). However, while

increasing the number of joint analytic work projects (the share of which has more than doubled since 2006) is certainly a positive development, the total number of donor analytic work projects has also increased by more than 50 percent. This development needs to be monitored closely. In the education sector, total donor analytic work, at five joint projects, is relatively low, which is a potential achievement of closer cooperation among donors. The joint qualitative assessment further notes that donors are attempting to map research and analytic work in the education sector in an effort to increase coherence.

Donor agency	Joint country analytic work	Total country analytic work	Baseline ratio <sup>a</sup> (%)
<b>Ind. 10b: Education sector</b>			
AfDB	0	0	n.a.
EC	0	0	n.a.
Finland	2	2	75
Ireland	0	0	n.a.
Italy	0	0	n.a.
Japan	0	0	n.a.
Netherlands	0	1	0
Sweden	0	0	n.a.
United Kingdom	0	0	n.a.
United States	0	2	0
World Bank	0	0	n.a.
<b>Total</b>	<b>2</b>	<b>5</b>	<b>30</b>
<b>Ind. 10b: Country level</b>			
<b>Total</b>	<b>57</b>	<b>82</b>	<b>70</b>
Sources: 2008 FTI survey; OECD-DAC 2008c.			
Note: n.a. = Not applicable.			
a. Following the OECD-DAC methodology, numbers of coordinated donor analytic work projects were adjusted to avoid double counting. An adjustment factor of 25 percent was applied to the education sector total.			

**Table 2.33:**  
Ethiopia: Education Sector and  
Country-Level Results  
for Ind. 10b

## Managing for Results

### Indicator 11 – Results-Oriented Frameworks

At the overall national level, the assessment of the country's results-oriented framework is based upon the World Bank's review of the comprehensive development framework.<sup>111</sup> Ethiopia received an overall "C" rating ("action taken"), which is unchanged from its 2005 results. For the education sector, the 2008 FTI review of ESPs (specifically the subsection on monitoring frameworks) was used for assessing progress on Ind. 11.<sup>112</sup> The education sector results are comparable to the overall national assessment ("C" rating; table 2.34).

Both the national development plan and the Education Sector Development Program have monitoring matrices in place. The joint qualitative assessment notes a need for improvement of the M&E system to complement the quantitative data collection that occurs through the Education Management Information

System, including a mechanism to check the validity and reliability of data.

## Mutual Accountability

### Indicator 12 – Mutual Accountability

At both the national and the education sector levels, some review mechanism for mutual accountability exists. For the purpose of this assessment, whether a country undertook a joint qualitative assessment as part of the FTI survey serves as a proxy measure for mutual accountability (table 2.35).

## Progress Toward Achievement of the Paris Declaration Targets

The Paris Declaration sets out specific targets for the 12 indicators to be achieved at the overall country level by 2010. While

<sup>111</sup> World Bank 2007b.

<sup>112</sup> FTI 2008c.

**Table 2.34:**  
Ethiopia: Education Sector and  
Country-Level Results  
for Ind. 11

Ind. 11: Education sector					
Policy monitoring	Financing monitoring	Data monitoring	Capacity monitoring	FTI overall score	FTI score converted
X	—	—	—	2/4	C
Ind. 11: Country level					
Quality of development information	Stakeholder access to information		Coordinated country-level M&E		Score
C	B		C		C
Sources: FTI 2008c; World Bank 2007b.					

some PD targets apply universally to all countries, other targets are set relative to country-specific results in the 2006 OECD-DAC survey.<sup>113</sup>

At the overall country level (figure 2.9), 7 of the 14 indicators for which data were available currently are meeting or exceeding their PD targets. Targets for six indicators seem to be within reach if efforts are sustained. Ind. 11 (performance assessment framework) seems to be off course for achieving the PD targets by 2010 if efforts are not significantly strengthened.

In the education sector (figure 2.8), 5 of the 12 indicators currently are meeting or exceeding their PD targets. Six indicators are close to achieving their targets. A results-oriented framework is not currently developed in the sector (Ind. 11).

Recommendations to improve results for the aid effectiveness agenda include the following:

- Aid off budget seems to be caused primarily by weak information capture and, to a lesser extent, by the unpredictability of disbursements. Donors and the government need to work together to address this challenge.
- The government should address the implications of its policy of adjusting federal grants to subnational

Ind. 12: Education sector	
Joint qualitative assessment took place	Yes
Ind. 12: Country level	
Country has review of mutual accountability	Yes
<i>Sources: 2008 FTI survey; OECD-DAC 2008c.</i>	

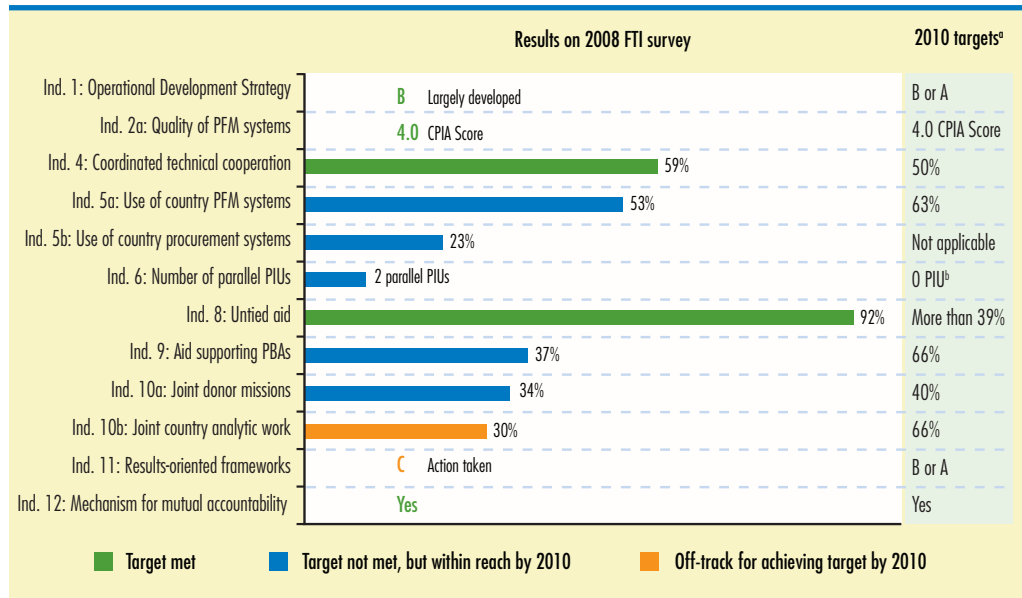
**Table 2.35:**  
Ethiopia: Education Sector  
and Country-Level Results  
for Ind. 12

government institutions to offset aid that goes directly to the decentralized level because it creates incorrect incentives for both donors and local government institutions.

- A follow-up strategy to the Harmonization Action Plan needs to be finalized
- High staff turnover rates need to be addressed and capacity development measures need to be more sustainable.
- In addition to monitoring the share of joint field missions, efforts need to be strengthened to reduce the overall number of missions.

<sup>113</sup> Indicators that have relative targets (depending upon results in the baseline survey) are Ind. 1, 2, 5a, 5b, 6, 8, 11, and 12. The 2010 targets shown in figures 2.8 and 2.9 are applied from the 2008 OECD-DAC survey country chapter on Cambodia.

**Figure 2.8:**  
The Paris Declaration Targets  
in the Education Sector in  
Ethiopia: State of Play



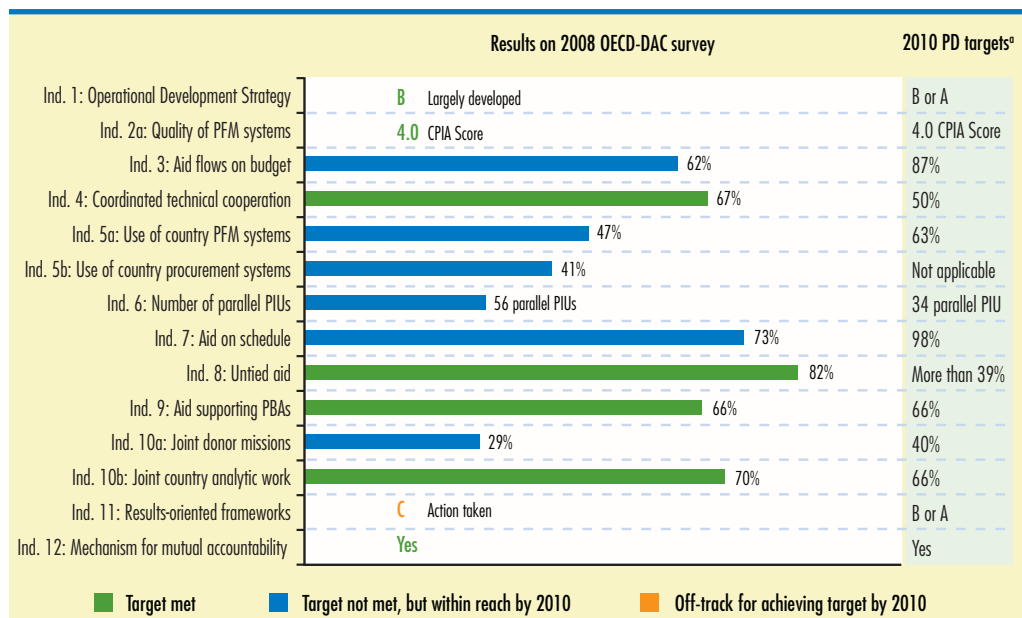
Source: 2008 FTI survey; OECD-DAC 2008c; FTI 2008c; OECD-DAC CRS database.

Note: No data are available for Ind. 3 and 7 because the government did not respond to those items.

a. 2010 PD targets are identified in the 2008 OECD-DAC survey country chapter for Ethiopia (p. 17–18) available at <http://www.oecd.org/dataoecd/56/36/42299107.pdf>

b. Ind. 6 is, with “0 PIU”, the only sector adjusted Paris Declaration target.

**Figure 2.9:**  
Ethiopia: Overall Country-  
Level Progress on the Paris  
Declaration Targets



Source: OECD-DAC 2008c.

a. 2010 PD targets are identified in the 2008 OECD-DAC survey country chapter for Ethiopia (p. 17–18) available at <http://www.oecd.org/dataoecd/56/36/42299107.pdf>



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# HONDURAS

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## Country Background

Honduras has some of the highest scores overall on the Paris indicators. However, in recent years the country has experienced a number of significant setbacks on aid effectiveness and its aid architecture is currently undergoing a transformation. Budget support as a percentage of aid to Honduras dropped from 19 percent in 2005 to 4 percent in 2007.<sup>114</sup> Donor-government coordination is organized through the sector roundtable (*mesa*) system.

### Aid Effectiveness Indicators

The results of both the 2008 OECD-DAC survey and the FTI survey show differences of opinion and shortfalls in coordination among donors. Some donors abstain from using certain procedures or mechanisms, yet others strongly support them. This is evident in the use of budget support, the pooled fund, the use of country public financial management (PFM) and procurement systems, and the reliance on parallel project implementation units (PIUs).

Despite these unfavorable conditions, Honduras achieved some of the highest scores on the Paris indicators both at the

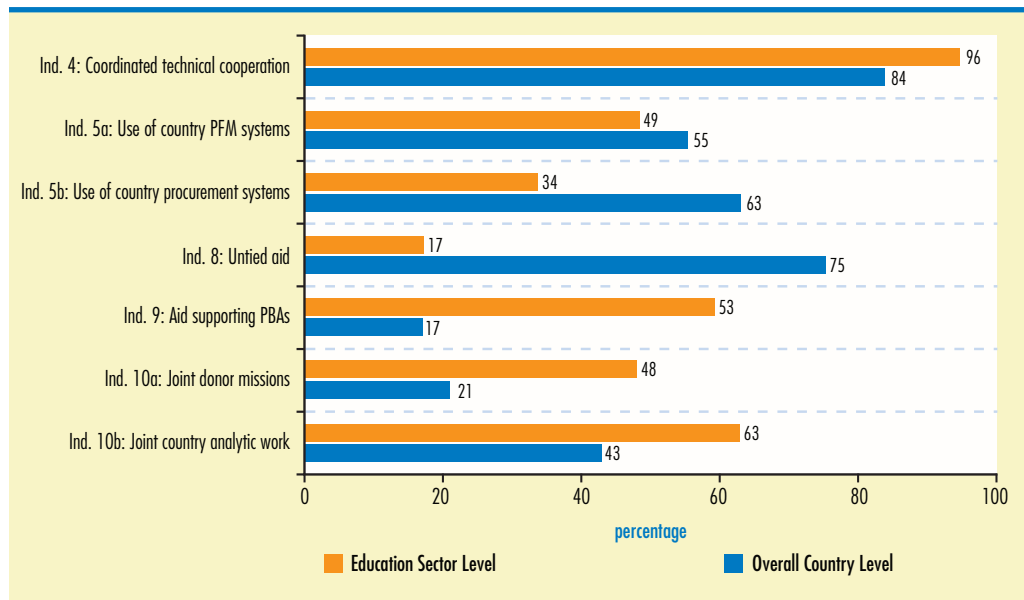
country and at the education sector levels (figure 2.10). These high scores might partially reflect a lack of agreement about definitions and qualifications; previous experience shows potential for improved aid effectiveness in Honduras.

At the country level, the use of country PFM systems (Ind. 5a) shows a strong increase since 2005, and the use of country procurement systems (Ind. 5b) increased by 57 percentage points, representing the highest increase among all 55 countries that took part in the OECD-DAC survey. In the education sector, the picture is more modest, with some donors relying heavily on country systems, while others are abstaining from their use. The number of parallel PIUs (Ind. 6) used by participating donors in the education sector is the highest among the countries that participated in the FTI survey. The support of program-based approaches (PBAs) (Ind. 9) in the education sector shows significant differences between individual donors. A pooled fund is only supported by a few donors. At the country level, the number of donor missions (Ind. 10a) and analytic work projects (Ind. 10b) have been significantly

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<sup>114</sup> OECD DAC 2006b; OECD-DAC 2008c.

**Figure 2.10:**  
Honduras: Comparison of  
Education Sector Results to  
Overall Country Results



Source: 2008 FTI survey; OECD-DAC 2008c.  
Note: Data for Ind. 1, 6, 11, and 12 are not on a percentage basis and therefore not included in this figure. Data for Ind. 2 and 7 are country level only, so not included. No data are available for Ind. 3 because the government did not respond to that item.

reduced since 2005, with the education sector showing much higher levels of coordination of such projects.

### Aid Effectiveness Environment

Honduras is a lower-middle-income country. With GNI of \$10.26 billion and per capita GNI of \$1,600 in 2007,<sup>115</sup> it is one of the poorest countries in the Latin America and the Caribbean region. In 2006, Honduras received net ODA of \$587 million, or \$84 per capita. These aid flows amounted to about 6.6 percent of the country’s GNI.<sup>116</sup> One of the biggest challenges for donors is the country’s relatively low absorptive capacity. Thus, a large share of ODA to Honduras comes in the form of technical assistance targeted at capacity development.

Official Development Assistance to Honduras, 2006	
Net ODA	\$587 million
Aid per capita	\$84
Aid as % of GNI	6.6

Source: World Bank 2008f.

Since reaching the completion point of the Highly Indebted Poor Countries Initiative in early 2005, Honduras has benefited from several debt relief initiatives, both bilateral and multilateral, which have significantly reduced its foreign debt service. In addition, Honduras

<sup>115</sup> Atlas method, current international dollars (World Bank).

<sup>116</sup> World Bank 2008f.

is particularly vulnerable to natural disasters.

Hurricane Mitch in 1998 affected Honduras the most of any country in the region, causing tremendous destruction, killing thousands of people, and leaving hundreds of thousands homeless. Donor coordination and cooperation in Honduras dates back to the aftermath of Hurricane Mitch and the government's reconstruction plan (*Maestro de Reconstrucción y Transformación Nacional*). In the course of the elections and since the change of government in 2006, Honduras has shown some leadership in stimulating the coordination and harmonization of aid. The government demonstrated its commitment to the Paris Declaration (PD) principles through its involvement in the preparation of the Accra High-Level Forum, by raising awareness of the PD Principles among its staff, and through policy initiatives such as the introduction of a new managing-for-results framework. Members of the international community are not unified in their positions with respect to the country's political events and the government.

### Education Funding

In 2006, 12 donors from among the OECD-DAC member countries (Austria, Canada, the EC, France, Germany, the IDB, Japan, the Netherlands, Spain, Sweden, the United Kingdom, and the United States) together contributed \$43.8 million<sup>117</sup> of ODA to the education sector. Donors allocated the fol-

lowing amounts to education in 2006: the EC (\$14.31 million), Spain (\$9.02 million), Canada (\$6.98 million), Japan (\$3.35 million), Germany (\$2.84 million), Sweden (\$2.63 million), the IDB (\$2.24 million), the United States (\$1.37 million), France (\$0.82 million), the Netherlands (\$0.15 million), the United Kingdom (\$0.04 million), and Austria (\$0.02 million). The five largest donors were the EC, Spain, Canada, Japan, and Germany.

## Performance on the Paris Indicators

### Ownership

#### *Indicator 1 – Operational Development Strategy*

OECD-DAC Ind. 1 uses the existence and quality of operational development strategies as a proxy measure for country ownership. The analysis relies on the World Bank's 2007 assessment of development strategies.<sup>118</sup> The FTI Secretariat, in turn, used its 2008 FTI quality review of education sector plans<sup>119</sup> to assess countries' development strategies in the education sector.

In 2001, the government of Honduras, in collaboration with the World Bank and the local donor group, prepared a long-term poverty reduction strategy, the *Estrategia para la Reducción de la*

<sup>117</sup> 2006 OECD-DAC CRS database, FTI compilation.

<sup>118</sup> World Bank 2007b.

<sup>119</sup> FTI 2008c.

Pobreza (ERP), which covers the period 2001–15. Investment in human capital is one of the six main pillars of the ERP. There is general agreement on the ERP and the government and donors have committed to a common implementation agenda.

Honduras seems to be on track to achieve universal primary education. From a sector composition viewpoint, social sector spending in Honduras has increased in recent years. In particular, public expenditures in the education sector have been on the rise and are now on an “elevated level.”<sup>120</sup> However, to a large extent, the growth in education sector expenditures consists of increased spending on wages and salaries. Raising efficiency and improving quality will be crucial for further progress.

Honduras joined the FTI Partnership in November 2002 with an endorsed education sector plan covering the period 2003–15. Starting in 2005, the local donor group established an EFA-FTI implementation program that aims to (a) improve basic education efficiency,

(b) improve quality and efficiency of the teaching profession, (c) strengthen pre-basic, (d) improve equity and access to intercultural bilingual basic education, and (e) improve rural education networks. While the program thus covers preprimary education, it does not address the broader global EFA goals in secondary education, vocational training, adult education, and literacy.

According to FTI’s ESP review (2008), Honduras’ ESP contains a comprehensive overview of the issues facing the country in education. The plan is written within the framework of the poverty reduction strategy and the education development goals. Honduras’ ESP is said to be “largely sustainable” (“A” ranking), compared with an assessment of the overall poverty reduction strategy as having “taken action” (“C” ranking) by the World Bank (see table 2.36).<sup>121</sup>

<sup>120</sup> World Bank 2007a.

<sup>121</sup> World Bank 2007b.

**Table 2.36:**  
Honduras: Education Sector  
and Country-Level Results  
for Ind. 1

Ind. 1: Education sector									
Policy clarity	Relevant policy strategy	Clarity of financing issues	Relevant financing strategy	Data clarity	Relevant data strategy	Clarity of capacity issues	Relevant capacity strategy	FTI overall score	FTI score converted
—	—	—	—	—	—	—	—	8/8	A
Ind. 1: Country level									
Unified strategic framework			Prioritization		Strategic link to budget			Score	
C			C		C			C	
Sources: FTI 2008c; World Bank 2007b.									

## Alignment

In Honduras the main coordinating forum for external aid is the G-16 working group, which includes all the major multilateral and bilateral donor agencies. A number of subgroups of donors have been set up to address more specific aspects and topics. In addition, there are donor roundtables (*mesas*) for each individual sector. However, many of them lack government participation and thus do not support country ownership.<sup>122</sup>

In the education sector, donors and the government coordinate their work through the Education Roundtable, or Mesa Redonda de Cooperantes en Educación (MERECE). MERECE covers the education sector as a whole. In addition, in 2005 12 donors signed a memorandum of understanding to establish a subsector roundtable (SE-MERECE) that focuses specifically on universal primary education (preschool to high school, that is, grades 1–6). The government has proposed to the donor community to expand coverage of primary education to grade 9. The subsector is supported through both a pooled fund and individual projects, with five major donors channeling their assistance through the pooled fund.<sup>123</sup> Subsector disbursements are made against an agreed-on annual work plan and budget, and use common financial management arrangements and procurement procedures.<sup>124</sup> The High Council for Education (Consejo Superior de Educación), another important coordination forum, has been inactive, but is expected to take up its work again upon

the adoption of a new General Education Act.<sup>125</sup> There have been concerns about the complexity of the donor coordination mechanisms in the education sector. A Sida review raised the issue of streamlining oversight institutions.<sup>126</sup>

Overall, there has been limited progress in the coordination and harmonization of aid since 2005.<sup>127</sup> Donors have been unable to reach broad agreement on conditions for a pooled fund mechanism. As a result, only some donors contribute to a pooled fund, with more traditional project mechanisms existing in parallel. The Sida study reports that “EFA transaction costs have been high for the Government and donors alike.”<sup>128</sup> There is significant room for improvement on alignment of policies, procedures, and programs in Honduras’ education sector.

### *Indicator 2a – Reliable Public Financial Management Systems*

Reliable PFM systems are seen as key to the use of national systems by development partners. While Honduras was the subject of a PEFA assessment in June 2006, the report was never finalized because of political obstacles.<sup>129</sup> The World Bank’s 2007 Country Policy and Institutional Assessment (CPIA), Ind. 13, rated

<sup>122</sup> Sida 2007a, 10.

<sup>123</sup> Sida 2008, 3.

<sup>124</sup> World Bank 2006g, 50.

<sup>125</sup> 2008 FTI survey, joint qualitative assessment.

<sup>126</sup> Sida 2007b, 2.

<sup>127</sup> Sida 2007a, 9.

<sup>128</sup> Sida 2008, 3.

<sup>129</sup> Mokoro Ltd 2008a.

the quality of Honduras' PFM systems with a score of 4.0 (on a scale of 1.0 to 6.0), unchanged from the country's 2005 assessment. Out of the 55 countries that participated in the 2008 OECD-DAC survey, fewer than 25 percent were awarded a score of 4.0, which is the highest score among the countries surveyed. However, donor use of country systems in Honduras has been significantly hindered by transparency issues and high levels of corruption.

### *Indicator 2b – Reliable Public Procurement Systems*

The OECD-DAC survey rated procurement systems based on country self-assessments generated in close collaboration with domestic and international stakeholders. Honduras did not take part in this exercise.

### *Indicator 3 – Aid Flows on Budget*

According to the 2008 OECD-DAC survey, both aid types (technical cooperation and humanitarian aid), as well as aid modalities (projects and common basket funding) to Honduras pose particular challenges in recording aid on budget. The "Putting Aid on Budget" study commissioned by the Strategic Partnership for Africa and Collaborative Africa Budget Reform Initiative<sup>130</sup> reports that levels of aid on budget are often driven by budget support aid (which is, by definition, on budget). Honduras has experienced a severe reduction in budget support as reported by the 2008 OECD-DAC survey, with a current level of only about 4 percent of total aid disbursed at the national level being in the form of

#### **Quality of Honduras' Public Financial Management Systems**

World Bank CPIA Score, 2008: 4.0  
(1.0: very weak, 6.0: very strong)

Transparency International Corruption Perceptions Index, 2008:  
Rank: 126th  
(out of 180 participating countries)

Score: 2.6  
(0: highly corrupt; 10: highly clean)

budget support, down from 19 percent in 2005. Following this reasoning, one would expect a low level of aid to Honduras being captured on budget. However, OECD-DAC reports that at the country level, 99 percent of aid is on budget—the single highest score among the 55 countries surveyed.

While the local donor group and the government are in the best position to assess the validity of the 2008 OECD-DAC survey finding, a comment on the indicator is in order. Ind. 3 has been criticized for representing a combined ratio of the effects of two different variables (information capture and predictability of disbursement). Both variables routinely involve large discrepancies in either direction that can cancel each other out.

No education sector information is available for Ind. 3 because the government provided none. The government has introduced a new financial management system (Sistema de Administracion Financiera Integrada), which it expects will increase the capture of aid flows to the education sector budget.

<sup>130</sup> Mokoro Ltd 2008b, 34.

### Indicator 4 – Coordinated Capacity Development Support

In response to its widespread capacity constraints, Honduras receives high levels of technical assistance support. The coordination of capacity development support among donors and the government is thus an important element of strengthened aid effectiveness. OECD-DAC defines two criteria for technical cooperation to qualify as coordinated: clear communication of priorities of, and control over, all technical cooperation by the government (that is, demand-driven support); and donor alignment with those priorities. Donors furthermore need to show that relevant country authorities either take leadership or are involved through certain arrangements in coordinating

the technical cooperation provided by different donors (for example, through a functioning MERECE).

At the overall national level, the 2008 OECD-DAC survey suggests that 84 percent of technical assistance to Honduras is coordinated. This is the third highest score of all 55 countries, and an improvement of 37 percentage points from the 2006 OECD-DAC survey.

Responses to the FTI survey suggest that 99 percent of technical cooperation in the education sector by the participating donors is coordinated (table 2.37), including all technical cooperation by Canada, the EC, Japan, Spain, and the United States. The joint qualitative assessment states that Honduras currently does not have a national capacity development framework in place. Further-

Donor agency	Coordinated technical cooperation (\$)	Total technical cooperation (\$)	Baseline ratio (%)
<b>Ind. 4: Education sector</b>			
Canada	43,200	43,200	100
EC	253,429	253,429	100
Germany	1,271,000	1,271,000	100
IDB	0	0	n.a.
Japan	1,622,437	1,622,437	100
Spain	5,000	5,000	100
United States	8,200,000	8,200,000	100
World Bank	0	101,307	0
<b>Total</b>	<b>11,395,066</b>	<b>11,496,373</b>	<b>99</b>
<b>Ind. 4: Country level</b>			
<b>Total</b>	<b>101,000,000</b>	<b>120,000,000</b>	<b>84</b>
Sources: 2008 FTI survey; OECD-DAC 2008c. Note: n.a. = Not applicable.			

**Table 2.37:**  
Honduras: Education Sector  
and Country-Level Results  
for Ind. 4

more, the joint qualitative assessment raises the vital issue of sustainability of capacity development through technical cooperation. One particular challenge seems to be the poaching of highly qualified staff—after having received capacity development training—from the government sector by the private sector or by the donor community.

### *Indicator 5a – Use of Country Financial Management Systems*

The use of country PFM systems—as measured by use of budget execution, financial reporting, and auditing systems—is an important indicator of donor alignment with country procedures. In the Paris Declaration, donors committed themselves to using country systems and procedures to the maximum extent possible. On the World Bank’s CPIA, the proxy measure for the quality of PFM systems, Honduras received a score of 4.0, which is currently the highest score in the 55-country OECD-DAC sample. (Honduras received this score together with 11 other countries.)

There is a strong case for the use of country PFM systems for the management of aid in developing countries. According to the OECD-DAC report “The Use of Country Systems in PFM,”<sup>131</sup> donors’ use of country PFM systems contributes to their strengthening, enhances the country’s sense of ownership, and expresses respect for the country’s institutions and traditions. In addition, there are positive effects from increased alignment, a strengthened focus on common goals, enhanced sustainability,

and reduced transaction costs. For these reasons, partner countries committed to strengthen their systems, and donors pledged to use those systems “to the maximum extent possible.”

At the national level in Honduras, 55 percent of donor aid disbursements use country systems (table 2.38). This represents a substantial increase of 28 percentage points (third highest increase among all 55 countries). In the education sector, the FTI survey reports that 49 percent of aid from participating donors uses country PFM systems. According to the joint qualitative assessment, donors refrain from using Honduras PFM systems for a variety of reasons, among them, “slow processes,” “extensive bureaucracy and inflexible rules,” as well as challenges in the “selection and recruitment of auditing firms.” To increase the use of PFM systems, the joint qualitative assessment calls for the “harmonization of auditing criteria, programming of financial and social audits, and citizen participation in financial management.”

In addition, it should be pointed out that donor practices can also have a weakening effect on government systems. For example, parallel PIUs often lure the best and the brightest to work exclusively on donor-funded projects while the government-financed part is neglected. As a result, PIUs can contribute to a low level of human resources capacity in PFM.

<sup>131</sup> OECD-DAC 2008d.



Donor agency	Aid disbursed by donors for the education sector in calendar year 2007 (\$)	Budget execution (\$)	Financial reporting (\$)	Auditing (\$)	Baseline ratio (%)
<b>Ind. 5a: Education sector</b>					
Canada	170,600	0	0	0	0
EC	10,387,463	10,134,033	10,134,033	0	65
Germany	3,538,209	3,538,209	3,538,209	3,538,209	100
IDB	5,239,883	5,239,883	5,239,883	0	67
Japan	1,622,437	0	0	0	0
Spain	7,821,897	0	7,000,000	7,000,000	60
United States	7,650,000	2,400,000	2,400,000	0	21
World Bank	4,813,835	0	0	0	0
<b>Total</b>	<b>41,244,324</b>	<b>21,312,126</b>	<b>28,312,126</b>	<b>10,538,209</b>	<b>49</b>
<b>Ind. 5a: Country level</b>					
<b>Total</b>	<b>331,000,000</b>	<b>283,000,000</b>	<b>172,000,000</b>	<b>88,000,000</b>	<b>55</b>
<i>Sources: 2008 FTI survey; OECD-DAC 2008c.</i>					

**Table 2.38:**  
Honduras: Education Sector  
and Country-Level Results  
for Ind. 5a

### Indicator 5b – Use of Country Procurement Systems

Donor alignment with country procurement systems is one of the policy priorities of the government of Honduras. At the country level, confidence in the country's procurement system and procedures seems to have improved tremendously. Whereas the use of Honduras' procurement systems in 2005 was reported for only about 6 percent of aid disbursements, the 2008 OECD-DAC survey reports that 63 percent of donor aid disbursements used country procurement systems—an increase of 57 percentage points. This is the single largest increase among the 55 countries that participated in the 2008 survey.

In the education sector, the picture is mixed. On average, the FTI survey suggests that 34 percent of aid flows from participating donors use country procurement systems (table 3.29). However, there are significant differences among individual donors. Some bilateral donors (Germany, Japan, Spain) rely extensively on Honduras' procurement systems, whereas other major multilateral donors (the EC, the IDB, the World Bank) completely abstain from their use. These findings suggest that there is little agreement among the donor community in the education sector about the reliability of the systems. The government recently proposed to integrate the EFA procurement unit into the Ministry of Education's procurement unit.

**Table 2.39:**  
Honduras: Education Sector  
and Country-Level Results  
for Ind. 5b

Donor agency	Aid disbursed by donors for the education sector (\$)	Procurement (\$)	Baseline ratio (%)
<b>Ind. 5b: Education sector</b>			
Canada	170,600	0	0
EC	10,387,463	0	0
Germany	3,538,209	3,538,209	100
IDB	5,239,883	0	0
Japan	1,622,437	1,054,584	65
Spain	7,821,897	7,000,000	89
United States	7,650,000	2,400,000	31
World Bank	4,813,835	0	0
<b>Total</b>	<b>41,244,324</b>	<b>13,992,793</b>	<b>34</b>
<b>Ind. 5b: Country level</b>			
<b>Total</b>	<b>331,000,000</b>	<b>207,000,000</b>	<b>63</b>
<i>Sources: 2008 FTI survey; OECD-DAC 2008c.</i>			

**Table 2.40:**  
Honduras: Education Sector  
and Country-Level Results  
for Ind. 6

Donor agency	Number of PIUs
<b>Ind. 6: Education sector</b>	
Canada	0
EC	1
Germany	0
IDB	0
Japan	0
Spain	0
United States	3
World Bank	1
<b>Total</b>	<b>5</b>
<b>Ind. 6: Country level</b>	
<b>Total</b>	<b>36</b>
<i>Sources: 2008 FTI survey; OECD-DAC 2008c.</i>	

### *Indicator 6 – Avoiding Parallel Implementation Units*

Parallel PIUs are generally set up in response to perceived weak capacity in the government's administration. Downside risks include the tendency for PIUs to undermine national capacity development, diffuse accountability for development results, and distort public-sector salaries through salary supplement schemes. In the Paris Declaration, donor agencies committed themselves to "avoid, to the maximum extent possible, creating dedicated structures for day-to-day management and implementation of aid-financed projects and programs."

At the overall national level, OECD-DAC reports that there are 36 PIUs in

Honduras (table 2.40). In their responses to the FTI survey, participating donors reported the existence of five PIUs in the education sector. Among the countries that participated in the FTI survey, this is the highest absolute number. The government plans to collaborate with donors on a timetable to phase out the use of parallel PIUs in the education sector.

In Honduras, the EFA program was initially set up through a traditional PIU, which has been said to have further complicated ownership of the plan by the government.<sup>132</sup> According to the 2007 joint sector review report, the EFA program in the past resembled a project management unit in the Ministry of Education. One important disadvantage of such an approach was that it weakened the ministry's institutional base, that is, areas of relevance that correspond to the ministry's legitimate political and organizational mandate are not supported if the activities are outside the EFA program.<sup>133</sup> The Ministry of Education has recognized these weaknesses and has committed to work with donors in addressing them.

### Indicator 7 – Aid is on Schedule

At the overall national level, 66 percent of aid is disbursed as scheduled, down from 72 percent in 2005. No education sector data are available because the government provided no information.

### Indicator 8 – Aid is Untied

The Paris Declaration target for untied aid is vague (“continued progress over time”). For the analysis of Ind. 8 for the education sector, FTI relied on the most recent

data from the OECD-DAC Creditor Reporting System database. For Honduras, information was available for only about 37 percent of aid flows in the sector (table 2.41). Therefore, the result of 17 percent for the education sector (significantly lower than amounts of untied aid in any of the other countries examined in the FTI survey) has to be discarded as not being representative. At the country level,

Donor	% untied	% of amounts for which information is available
<b>Ind. 8: Education sector</b>		
Austria	0	100
Canada	0	100
EC	0	100
France	100	26
Germany	52	75
Greece	100	100
Japan	—	0
Netherlands	0	100
Spain	—	0
Sweden	—	0
UNICEF	100	100
United Kingdom	—	0
United States	0	100
<b>Total</b>	<b>17</b>	<b>37</b>
<b>Ind. 8: Country level</b>		
<b>Total</b>	<b>75</b>	<b>n.a.</b>

Sources: FTI compilation from OECD-DAC CRS database 2006; OECD-DAC 2008c.  
Note: — = Not available; n.a. = Not applicable.

**Table 2.41:**  
Honduras: Education Sector  
and Country-Level Results  
for Ind. 8

<sup>132</sup> Sida 2007b, 2.

<sup>133</sup> Sida 2007b, 2.

the 2006 OECD-DAC survey reported that 74 percent of aid flows to Honduras overall were untied, improving by only 1 percentage point in the 2008 report.

### Harmonization

#### Indicator 9 – Use of Common Arrangements or Procedures

At the overall national level, according to the 2008 OECD-DAC survey, \$18 million (or 4 percent of total aid disbursements) of aid was channeled to Honduras in the form of general budget support, and \$54 million was in support of other PBAs. Together, aid in support of PBAs thus constituted 17 percent of total aid to Honduras (table 2.42). This is a significant drop—26 percentage points—since the 2006 OECD-DAC survey.

In the education sector, the FTI survey data suggest that 53 percent of aid to education from participating donors supported a PBA. While a number of donors report that they fully support a PBA (Canada, Japan, Germany, the United States), others (the IDB, the World Bank) report that their programmatic support is limited. This suggests that there is little agreement among donors about (a) what qualifies as a PBA, and (b) whether to support a PBA. Only two of the participating donors reported using a sector budget support modality (the EC and Germany). The government expects an increase in sector budget support in the near future (most notably from the EC and Spain).

The pooled funding mechanism for the basic education subsector (SE-MERECE) is a first step toward better

**Table 2.42:**  
Honduras: Education Sector  
and Country-Level Results  
for Ind. 9

Donor agency	Budget support (\$)	Other PBAs (\$)	Total (\$)	Total aid disbursed in calendar year 2007 (\$)	Baseline ratio (%)
<b>Ind. 9: Education sector</b>					
Canada	0	170,600	170,600	170,600	100
EC	1,026,750	0	1,026,750	10,387,463	10
Germany	3,538,209	0	3,538,209	3,538,209	100
IDB	0	0	0	3,538,209	0
Japan	0	1,622,437	1,622,437	1,622,437	100
Spain	0	7,000,000	7,000,000	7,821,897	89
United States	0	8,200,000	8,200,000	8,200,000	100
World Bank	0	0	0	5,239,883	0
<b>Total</b>	<b>4,564,959</b>	<b>16,993,037</b>	<b>21,557,996</b>	<b>40,518,698</b>	<b>53</b>
<b>Ind. 9: Country level</b>					
<b>Total</b>	<b>18,000,000</b>	<b>54,000,000</b>	<b>72,000,000</b>	<b>427,000,000</b>	<b>17</b>
<i>Sources: 2008 FTI survey; OECD-DAC 2008c.</i>					

harmonized and aligned support. According to one assessment, the pooled mechanism “constitutes best-practice in donor harmonization”<sup>134</sup> in Honduras. However, the support provided by the pooled funds is restricted sector support, implemented in a project mode.<sup>135</sup>

### *Indicator 10a – Joint Donor Missions*

According to the 2008 OECD-DAC 2008 survey report, one of the most frequent complaints made by developing country authorities is that too much time is spent meeting with donors and responding to donor needs.<sup>136</sup>

At the overall national level, OECD-DAC reports that 21 percent of donor field missions were conducted jointly (table 2.43). While this share is virtually unchanged from the previous score of 22 percent reported in 2005, it masks the fact that in absolute terms, the number of donor missions to Honduras has been reduced by more than half. Whereas the 2006 OECD-DAC survey reported a total of 521 donor missions, this number was reduced to 236 in the 2008 survey—a major achievement.

In the education sector, the FTI survey reports a total of 15 donor missions, 11 of which have been conducted jointly. About 48 percent of donor missions by participating donors in the education sector were coordinated.

### *Indicator 10b – Joint Country Analytic Work*

At the overall national level, OECD-DAC reports that 43 percent of analytic work

projects were coordinated (table 2.44). While this score represents a slight improvement of 4 percentage points since the previous survey, it again masks the fact that in absolute terms, the number of donor analytic work projects has been reduced by almost two-thirds. Whereas the 2006 OECD-DAC survey reported 64 country analytic work projects, this number was reduced to 23 in the 2008 survey.

For the education sector, the FTI survey reports a total of six analytic work projects by participating donors in 2007, five of which were conducted jointly. About 63 percent of donor analytic work projects in the education sector can be considered coordinated, suggesting that coordination through the local donor group has had a positive impact.

## *Managing for Results*

### *Indicator 11 – Results-Oriented Frameworks*

At the overall national level, the assessment of the country’s results-oriented framework is based upon the World Bank’s review of the comprehensive development framework.<sup>137</sup> Honduras received an overall “C” rating (“Action taken”), unchanged from its 2005 results (table 2.45). For the education sector, the 2008 FTI review of ESPs<sup>138</sup> (specifically the subsection on monitoring frame-

<sup>134</sup> World Bank 2006g, 11.

<sup>135</sup> Sida 2007b, 2.

<sup>136</sup> OECD-DAC 2008c, 50.

<sup>137</sup> World Bank 2007b.

<sup>138</sup> FTI 2008c.

**Table 2.43:**  
Honduras: Education Sector  
and Country-Level Results  
for Ind. 10a

Donor agency	Number of joint donor missions	Total number of donor missions	Baseline ratio <sup>a</sup> (%)
<b>Ind. 10a: Education sector</b>			
Canada	0	2	0
EC	0	0	0
Germany	2	2	100
IDB	0	1	0
Japan	0	1	0
Spain	0	0	n.a.
United States	0	0	n.a.
World Bank	9	9	100
<b>Total</b>	<b>11</b>	<b>15</b>	<b>48</b>
<b>Ind. 10a: Country level</b>			
<b>Total</b>	<b>49</b>	<b>236</b>	<b>21</b>

Sources: 2008 FTI survey; OECD-DAC 2008c.  
Note: n.a. = Not applicable.  
a. Following the OECD-DAC methodology, the number of coordinated missions by donor was adjusted to avoid double counting. An adjustment factor of 35 percent was applied to the education sector total.

**Table 2.44:**  
Honduras: Education Sector  
and Country-Level Results  
for Ind. 10b

Donor agency	Coordinated donor analytic work	Total donor analytic work	Baseline ratio <sup>a</sup> (%)
<b>Ind. 10b: Education sector</b>			
Canada	0	1	0
EC	0	0	n.a.
Germany	0	0	n.a.
IDB	0	0	n.a.
Japan	0	0	n.a.
Spain	0	0	n.a.
United States	4	4	75
World Bank	1	1	75
<b>Total</b>	<b>5</b>	<b>6</b>	<b>63</b>
<b>Ind. 10b: Country level</b>			
<b>Total</b>	<b>23</b>	<b>52</b>	<b>43</b>

Sources: 2008 FTI survey; OECD-DAC 2008c.  
Note: — = Not applicable.  
a. Following the OECD-DAC methodology, the number of coordinated missions by donor was adjusted to avoid double counting. An adjustment factor of 25 percent was applied to the education sector total.

Ind. 11: Education sector					
Policy monitoring	Financing monitoring	Data monitoring	Capacity monitoring	FTI overall score	FTI score converted
X	—	—	—	3/4	B
Ind. 11: Country level					
Quality of development information		Stakeholder access to information	Coordinated country-level M&E		Score
C		C	C		C
<i>Sources: FTI 2008c; World Bank 2007b.</i>					

**Table 2.45:**  
Honduras: Education Sector  
and Country-Level Results  
for Ind. 11

works) was used to assess progress on Ind. 11. According to that review, the results-oriented framework is “developed” (“B” rating). The progress on Ind. 11 can be attributed to the monitorable performance assessments framework established through the FTI process.

### Mutual Accountability

#### Indicator 12 – Mutual Accountability

According to the 2008 OECD-DAC survey, there is no review mechanism for mutual accountability at the overall national level. For the purpose of this assessment, whether a country undertook a joint qualitative assessment as part of the FTI survey serves as a proxy measure for mutual accountability (table 2.46).

### Progress Toward Achievement of the Paris Declaration Targets

The Paris Declaration sets out specific targets for the 12 indicators to be achieved

at the overall country level by 2010. While some PD targets apply universally to all countries, other targets are set relative to country-specific results in the 2006 OECD-DAC survey.<sup>139</sup>

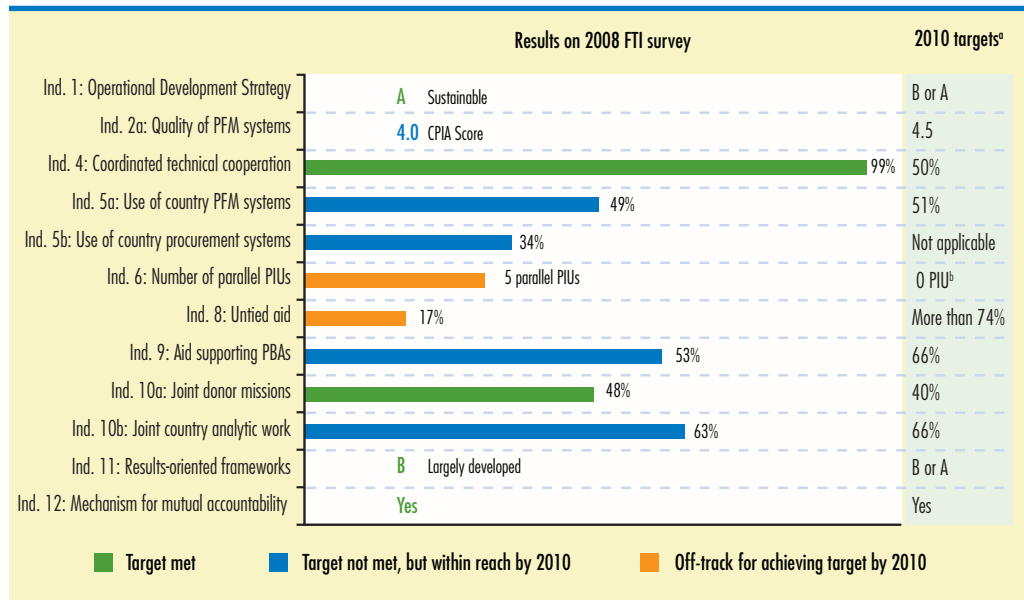
In the education sector in Honduras, 5 of the 12 indicators for which data were available at the sector level currently are meeting or exceeding their PD targets. Targets for Ind. 2a, 5a, 9 and 10b seem to be within reach if efforts are

Ind. 12: Education sector	
Joint qualitative assessment took place	Yes
Ind. 12: Country level	
Country has review of mutual accountability	No
<i>Sources: 2008 FTI survey; OECD-DAC 2008c.</i>	

**Table 2.46:**  
Honduras: Education Sector  
and Country-Level Results  
for Ind. 12

<sup>139</sup> Indicators with relative targets (depending upon results in the baseline survey) are Ind. 1, 2, 5a, 5b, 6, 8, 11, and 12. The 2010 targets shown in figures 2.11 and 2.12 are applied from the 2008 OECD-DAC survey country chapter on Honduras.

**Figure 2.11:**  
The Paris Declaration Targets  
in the Education Sector in  
Honduras: State of Play



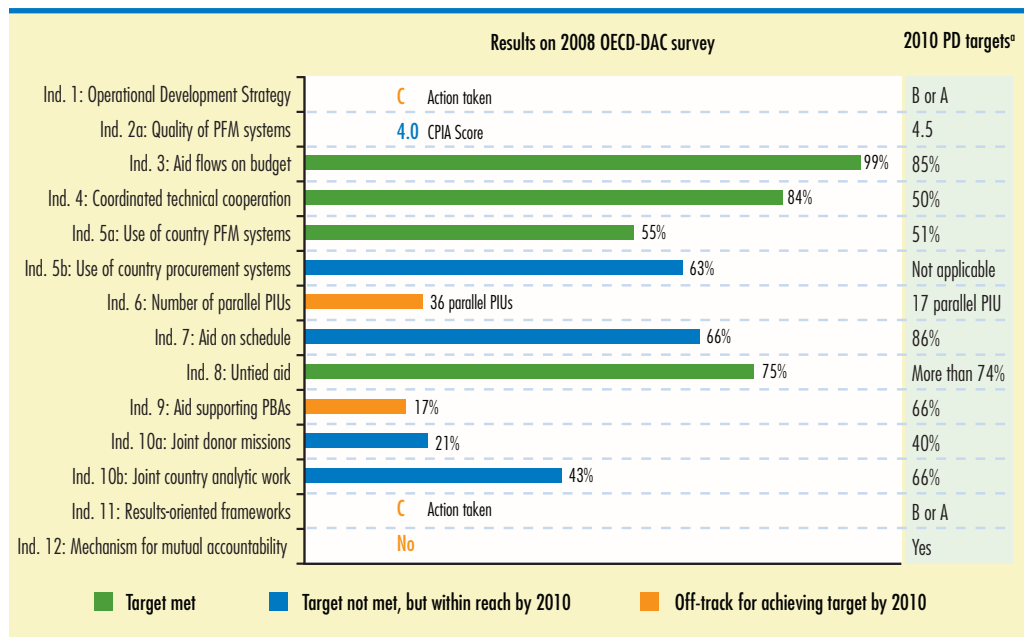
Source: 2008 FTI survey; OECD-DAC 2008c; FTI 2008c; OECD-DAC CRS database.

Note: No data are available for Ind. 3 and 7 because the government did not respond to those items.

a. 2010 PD targets are identified in the 2008 OECD-DAC survey country chapter for Honduras (p. 12) available at [http://www.oecd.org/document/18/0,3343,en\\_2649\\_15577209\\_41395474\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/18/0,3343,en_2649_15577209_41395474_1_1_1_1,00.html)

b. Ind. 6 is, with "0 PIU", the only sector adjusted Paris Declaration target.

**Figure 2.12:**  
Honduras: Overall Country-  
Level Progress on the Paris  
Declaration Targets



Source: OECD-DAC 2008c.

a. 2010 PD targets are identified in the 2008 OECD-DAC survey country chapter for Honduras (p. 12) available at [http://www.oecd.org/document/18/0,3343,en\\_2649\\_15577209\\_41395474\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/18/0,3343,en_2649_15577209_41395474_1_1_1_1,00.html)



sustained. Results for Ind. 6 and 8 show that donors seriously need to address the low achievements on these indicators. At the overall country level performance on Ind. 1, 6, 9, 11, and 12 are relatively low as reported by OECD-DAC against the country specific targets for 2010. Four indicators will potentially get close to their 2010 target if efforts on all parts are stepped up considerably.

## Survey Response Improvements

**United States, Ind. 3 and 4:** Reported volume of technical cooperation aid (Q5 on donor questionnaire; see appendix 3) was higher than total disbursements of ODA to education for calendar year 2007 (Q1). Q1 was adjusted accordingly.



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# MAURITANIA

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## Country Background

Mauritania has been advancing on the aid effectiveness agenda in the last few years. It is important to sustain progress in the face of recent political developments. The weakness of Mauritania's public financial management (PFM) institutions has so far delayed the use of more aligned aid modalities. The relatively low number of donors makes harmonization challenges less pressing than the alignment agenda.

### *Aid Effectiveness Indicators*

Overall, results from the two donors that participated in the FTI survey in the education sector are better than results at the country level. Both the education sector's development strategy and its results-oriented framework receive better ratings than the country-level instruments (Ind. 1 and 11). The coordination of capacity development support (Ind. 4) has improved significantly at the overall country level and all technical assistance from the two donors in the education sector is coordinated. Aid on Budget (Ind. 3: 57 percent) and Aid on Schedule (Ind. 7: 52 percent) show some progress at the overall country level. About 85 percent of aid from the two participating donors

is on budget in the education sector. The reliability of Mauritania's PFM systems—as measured by the World Bank's Country Institutional and Policy Assessment (CPIA)—has improved since 2005, but remains low. The use of those systems also remains very low (8 percent at the national level, 12 percent of aid by the two participating donors in the education sector). In line with these findings, the level of aid in support of program-based approaches (PBAs; Ind. 9) remains low at the overall country level (35 percent), but higher for the two donors (100 percent) in reporting data for the education sector. Results for the two other harmonization indicators, joint donor missions (Ind. 10a) and joint shared analysis (Ind. 10b), have deteriorated in relative terms. However, donors and the government were able to reduce the absolute number of donor missions. Both indicators show good results for the two participating donors in the education sector. The use of parallel project implementation units (PIUs) has increased from 23 to 27 since 2005 (but only one is in operation in the education sector). Some 33 percent of aid to Mauritania remains tied (Ind. 8) at the overall country level, and 5 percent remains so in the education sector. A mechanism for mutual accountability exists in the sector,

but one has yet to be developed at the country level.

### Aid Effectiveness Environment

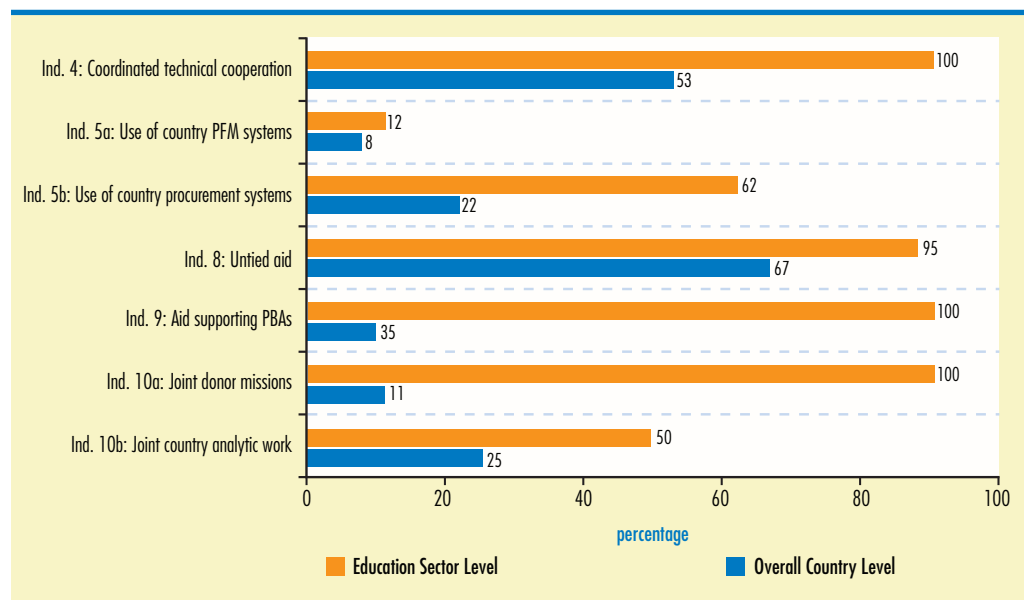
In recent years, two situations strongly influenced Mauritania's aid effectiveness environment: political transformation and oil production. Since its independence in 1960, Mauritania has been slowly progressing toward democratization. The first democratically held elections were conducted in March 2007. On August 6, 2008, a military coup d'état led to the installment of an 11-member High Council of the State, in power until new presidential elections. The Council gave an assurance that it would respect all treaties, international agreements, and conventions to which Mauritania has subscribed. However, international aid to

Mauritania (including disbursements of the Catalytic Fund grant) has stalled as a result of the coup. The implications for the aid effectiveness agenda are yet to be seen. The discovery of offshore oil fields has also had a strong impact on the aid effectiveness agenda. The first exports were shipped in 2006 and observers expected oil revenues to have a strong impact on the overall structure of the economy. However, the impact has been weaker than expected because reserves were overestimated. Despite recent socio-economic progress, Mauritania is ranked 140th (out of 179 countries) on UNDP's Human Development Index (2008).<sup>140</sup>

ODA to Mauritania totaled \$188 million in 2006, or \$62 per capita. The aid Mauritania receives equals 7 percent of

<sup>140</sup> UNDP 2008.

**Figure 2.13:**  
Mauritania: Comparison of  
Education Sector Results to  
Overall Country Results



Source: 2008 FTI survey; OECD-DAC 2008c.

Note: Data for Ind. 1, 6, 11, and 12 are not on a percentage basis and therefore not included in this figure. Data for Ind. 2 and 3 are at the country level only, so not included in the figure. The government provided no information for Ind. 7.

its GNI.<sup>141</sup> In 2006, Mauritania benefited from debt relief under the Highly Indebted Poor Countries Initiative.

## Education Funding

Disbursements for basic education have varied significantly between 2002 and 2006, but overall, disbursements to education have increased since 2002.<sup>142</sup> At the same time, enrollment rates have been on the rise. Despite this improvement, the primary completion rate in Mauritania has remained stable, but below 50 percent. Given this trend, the country is currently considered to be off course for achieving universal primary completion by 2015.<sup>143</sup>

Mauritania was one of the earliest countries to be selected as an EFA-FTI country pilot. Over the period 2003–08, Mauritania received several grants from the FTI Catalytic Fund totaling \$23 million to implement its education sector plan. In addition to EFA-FTI, the Agence Française de Développement and the World Bank, the African Development Bank, the Islamic Development Bank, and several UN agencies (UNESCO, UN-FPA, UNICEF, and WFP) are important partners to education in Mauritania.<sup>144</sup>

## Performance on the Paris Indicators

### Ownership

#### Indicator 1 – Operational Development Strategy

OECD-DAC Ind. 1 uses the existence and quality of operational develop-

#### Official Development Assistance to Mauritania, 2006

Net ODA	\$188 million
Aid per capita	\$62
Aid as % of GNI	7

Source: World Bank 2008f.

ment strategies as a proxy measure for country ownership. The analysis relies on the World Bank's 2007 assessment of development strategies.<sup>145</sup> The FTI Secretariat, in turn, used its 2008 quality review of education sector plans to assess countries' development strategies in the education sector.<sup>146</sup>

Political instability has resulted in weak government ownership of Mauritania's development process. A number of thematic working groups in Mauritania are described as "externally-driven initiatives without Government chairmanship."<sup>147</sup> At the overall country level, the World Bank's assessment of Mauritania's development strategy (contained in the country's poverty reduction strategy paper) deteriorated from a "B" rating ("largely developed") in 2005 to a "C" rating ("action taken") in 2007 (table

<sup>141</sup> World Bank 2008d.

<sup>142</sup> FTI 2008c, 62.

<sup>143</sup> FTI 2008c.

<sup>144</sup> Interview with Mauritania's Minister for Primary and Secondary Education Nebghouha mint Mohamed vall, July 8, 2008. (<http://go.worldbank.org/NFAZA7SEB0>).

<sup>145</sup> World Bank 2007b.

<sup>146</sup> FTI 2008c.

<sup>147</sup> OECD-DAC 2006a, 240.

2.47). Mauritania introduced its first poverty reduction strategy paper (PRSP I, or Cadre Stratégique de Lutte contre la Pauvreté [CSLP]) in 2001. In 2005–06 the PRSP was revised and PRSP II now provides a framework for poverty reduction for 2006–10.

In 1999, Parliament approved the Education Reform Law, a major milestone in the country's efforts to reach the Millennium Development Goal of universal primary education. With the Programme National de Développement du Secteur Educatif (PNDSE)<sup>148</sup> Mauritania established a framework that covers all investment expenditures for the sector for 2001–10. The PNDSE was divided into two phases (2001–05 and 2006–10) with the second phase focusing particularly on literacy. The PNDSE references the FTI Indicative Framework. The plan is comprehensive and covers primary and nonprimary education issues. The issues discussed are clear with realistic activities and dates for outputs; the plan reflects strong country ownership.<sup>149</sup> The FTI ESP re-

view assessed Mauritania's 2001 PNDSE as "sustainable" ("A" rating).

The PNDSE is aligned with the government's Education Policy Letter (2001) and the priorities of the country's PRSP according to the joint qualitative assessment. It covers the education system from preschool to tertiary and includes nonformal education and literacy. All major donors have aligned their interventions within the framework of the PNDSE. To establish a closer link to the national budget, the education sector developed a sectoral medium-term expenditure framework, according to the joint qualitative assessment.

### Alignment

In contrast to the situation in most other countries that participated in the FTI survey, donor fragmentation does not pose a challenge in Mauritania. To examine, track, and monitor donor fragmenta-

<sup>148</sup> Islamic Republic of Mauritania 2001.

<sup>149</sup> FTI 2008a.

**Table 2.47:**  
Mauritania: Education Sector  
and Country-Level Results  
for Ind. 1

Ind. 1: Education sector									
Policy clarity	Relevant policy strategy	Clarity of financing issues	Relevant financing strategy	Data clarity	Relevant data strategy	Clarity of capacity issues	Relevant capacity strategy	FTI overall score	FTI score converted
—	—	—	—	—	—	—	—	8/8	A
Ind. 1: Country level									
Unified strategic framework			Prioritization		Strategic link to budget			Score	
C			B		C			C	
Sources: FTI 2008c; World Bank 2007b.									

tion, the OECD-DAC established a new indicator: Country Programmable Aid (CPA). CPA is the amount of aid that can be programmed at the country level, that is, aid excluding debt relief, humanitarian aid, nongovernmental organization funding and administrative, imputed student and in-donor refugee costs.<sup>150</sup> According to this measure, 9 donors cumulatively provided over 90 percent of CPA to Mauritania in 2006<sup>151</sup> and 2007<sup>152</sup> while 11 donors together provided less than 10 percent of CPA in both years. The OECD-DAC considers the donor landscape in countries with 15 or more donors that collectively provide less than 10 percent of CPA as highly fragmented.

In 2007, the government of Mauritania and the principal donors signed a “Protocol on Joint Financing in the Education Sector” with the aim of gradually aligning procedures. However, according to a case study by AFD, “the protocol imposes few restrictions: funds are deposited in separate bank accounts; donors continue to impose ex ante controls; and procedures for awarding contracts vary, as do ex post controls and audits. All of this increases the transaction costs for the Mauritanian administration.”<sup>153</sup>

Several forums at both the overall country and the sector levels are tasked with coordinating relations between the government and local donors, including an interministerial committee on poverty reduction, a CSLP technical committee composed of representatives of all economic and social stakeholders, and a donor committee chaired by UNDP and comprising representatives of all develop-

ment partners active in Mauritania.<sup>154</sup>

Another forum for aid coordination is the Consultative Group (GC) meetings. The fifth GC in December 2007 was organized jointly by the government, the European Union, UNDP, and the World Bank.

According to the Triennial Development Plan (2008–2010), the government of Mauritania intends to carry out an “Action Plan on Aid Effectiveness.” Based on the findings of the 2006 OECD-DAC survey, the action plan aims to implement the Paris Declaration Principles in Mauritania.<sup>155</sup>

### *Indicator 2a – Reliable Public Financial Management Systems*

In recent years, Mauritania has shown some progress in reforming its PFM systems, albeit at a low level. The World Bank’s Country Policy and Institutional Assessment (CPIA) 2007 (Ind. 13), which is the basis for the OECD-DAC survey indicators of the reliability of PFM systems, gave Mauritania a 2.5 rating (on a scale of 1.0 to 6.0), which is an improvement of 0.5 points since 2005. Although this score does not reach the threshold level for the use of country systems, it is in line with the country’s PD target to be achieved by 2010.

The government of Mauritania introduced a Law on Transparency of Public

<sup>150</sup> OECD-DAC 2008e, iv.

<sup>151</sup> OECD 2007, 21.

<sup>152</sup> OECD-DAC 2008b, 15.

<sup>153</sup> AFD 2007.

<sup>154</sup> IFAD 2007, iv.

<sup>155</sup> Islamic Republic of Mauritania 2008, 7.

Resource Management as part of the efforts to improve governance in 2007.<sup>156</sup> In 2005, the automated budget execution software (RACHAD system) was introduced to ensure efficiency in budget management and monitoring.<sup>157</sup> The system is not yet fully operational, which affects the progress of its use, according to the joint qualitative assessment. One of the main priorities of PRSP II is to overhaul PFM systems to make budget preparation and execution more transparent and efficient.

### *Indicator 2b – Reliable Public Procurement Systems*

The OECD-DAC survey rated procurement systems based on country self-assessments generated in close collaboration with domestic and international stakeholders. Mauritania did not take part in this exercise.

According to the joint qualitative assessment, Mauritania's procurement system is currently undergoing a transformation, including the adoption of a new procurement code that will establish a new, independent entity (Autorité de Régulation des Marchés Publics) to advise the government on procurement-related

regulation, collect statistics on procurement, assess and build capacity, and order independent audits. In addition, the code envisages the creation of a National Commission for the Control of Public Procurement (Commission Nationale de Contrôle des Marchés Publics), which will report to the head of state and be in charge of reviewing procurement conducted at the departmental level. Corruption in Mauritania is still widespread and an immense challenge. Transparency International's Corruption Perceptions Index (CPI) ranks Mauritania 115th (out of 180 participating countries) with a score of 2.8 (on a scale of 0 [highly corrupt] to 10 [highly clean]). In 2006 it ranked 84th with a score of 3.1, and in 2007 it ranked 123rd with a score of 2.6.

### *Indicator 3 – Aid Flows on Budget*

The "Putting Aid on Budget" study commissioned by the Strategic Partnership with Africa and the Collaborative Africa Budget Reform Initiative reports that the level of aid on budget is often driven by budget support aid (which is, by definition, on budget).<sup>158</sup> According to the 2008 OECD-DAC survey report, the share of aid in the form of budget support that Mauritania receives is less than 2 percent, not a surprise given the low level of reliability of its PFM systems (see Ind. 2a).

While the local donor group and the government are in the best position to

#### **Quality of Mauritania's Public Financial Management Systems**

World Bank CPIA Score, 2008: 2.5  
(1.0: very weak; 6.0: very strong)

Transparency International Corruption Perceptions Index, 2008:  
Rank: 115th  
(out of 180 participating countries)

Score: 2.8  
(0: highly corrupt; 10: highly clean)

<sup>156</sup> IMF 2007b, 26.

<sup>157</sup> IMF 2007b, 57.

<sup>158</sup> Mokoro Ltd 2008b, 34.



assess the validity of the OECD-DAC survey findings, a comment on the indicator itself is in order. Indicator 3 has been criticized for representing a combined ratio of the effects of two different variables (information capture and predictability of disbursement). Both variables routinely involve large discrepancies in either direction and are known to have cancelled each other out in a number of cases in the past.

According to OECD-DAC, 65 percent of aid disbursements were recorded in the government's budget estimates in 2006, but this share decreased to 57 percent in 2007. In both years, the actual disbursements exceeded the government's budget estimates by a large margin, which suggests that information capture presents the biggest challenge to putting aid flows on budget in the Mauritanian context. However, it is important to note that the data basis does not allow for such clear-cut conclusions, because the aid recorded as disbursed is not always the same (in its source or its use) as the aid anticipated in the budget.<sup>159</sup>

Thus, similarity of budget estimate totals and disbursement totals following the OECD-DAC methodology may be just a coincidence.

The joint qualitative assessment identifies six main challenges to putting aid on budget at the overall country level:

- separate budgets for government revenues and external funding;
- lack of communication between agencies or nongovernmental organizations and the government;
- exchange rates, which have an impact on donor disbursements in various currencies;
- donor administration of some funds directly to programs or projects; and
- external financing covered under the consolidated investment budget (Budget Consolidé d'Investissement) should be more transparent.
- The government and the local donor community are currently working on addressing these issues.

In the education sector, the joint qualitative assessment maintains that the gap between disbursements and budget estimates is very low because donors approve the government's annual sector Action Plan, which indicates both donors' and the government's commitments, every year. The approved Action Plan is integrated with the government budget. Indicative findings from FTI's survey confirm this assertion, with 85 percent of aid from the World Bank and France being reflected on budget (table 2.48).

#### *Indicator 4 – Coordinated Capacity Development Support*

At the country level, 53 percent of total aid to Mauritania was coordinated, according to OECD-DAC (table 2.49). That is a significant improvement of 34 percentage points since the 2006 survey. According to the FTI survey, the World Bank and France fully coordinate their technical assistance to the education sector with

<sup>159</sup> Mokoro Ltd 2008b, 26.

**Table 2.48:**  
Mauritania: Education Sector  
and Country-Level Results  
for Ind. 3

Donor agency	Government's budget estimates of ODA to education (\$)	ODA disbursed by donors for the government sector (\$)	Baseline ratio (%)
<b>Ind. 3: Education sector</b>			
France	4,957,136	8,537,312	58
World Bank	10,362,128	9,484,372	92
<b>Total</b>	<b>15,319,264</b>	<b>18,021,684</b>	<b>85</b>
<b>Ind. 3: Country level</b>			
<b>Total</b>	<b>181,000,000</b>	<b>314,000,000</b>	<b>57</b>
<i>Sources: 2008 FTI survey; OECD-DAC 2008c.</i>			

the government and with other donors, according to the OECD-DAC criteria: (a) capacity development objectives are clearly communicated by country authorities as part of a broader national or sector strategy, (b) the technical cooperation is aligned with Mauritania's capacity development objectives, and (c) either relevant country authorities have control over the technical cooperation, or there are arrangements involving country authorities for coordinating the technical cooperation if more than one donor is involved.

As a result of an error in the World Bank's questionnaire (see last section of this part on Mauritania), the FTI survey result is potentially overstating the degree of coordination of the World Bank's capacity development support (by about 10 percentage points, if inaccurate).

#### *Indicator 5a – Use of Country Public Financial Management Systems*

The use of country PFM systems is an important indicator of donor align-

**Table 2.49:**  
Mauritania: Education Sector  
and Country-Level Results  
for Ind. 4

Donor agency	Coordinated technical cooperation (\$)	Total technical cooperation (\$)	Baseline ratio (%)
<b>Ind. 4: Education sector</b>			
France	2,275,832	2,275,832	100
World Bank	252,133	252,133	100
<b>Total</b>	<b>2,527,965</b>	<b>2,527,965</b>	<b>100</b>
<b>Ind. 4: Country level</b>			
<b>Total</b>	<b>42,000,000</b>	<b>78,000,000</b>	<b>53</b>
<i>Sources: 2008 FTI survey; OECD-DAC 2008c.</i>			

ment with country procedures. With the Paris Declaration, donors committed themselves to use country systems and procedures to the maximum extent possible. On the World Bank's CPIA, Ind. 13, the proxy measure for the quality of PFM systems, Mauritania received a score of 2.5. Thus, the country's PFM systems currently do not meet the threshold (CPIA score of at least 3.5) for donor use of country systems.

Given the challenges in the enabling environment (existing PFM systems, and procurement, financial reporting, and auditing procedures), the 2008 OECD-DAC survey reports a very limited use of country systems. Only 8 percent of total aid disbursements make partial use of Mauritania's budget execution, financial reporting, and auditing systems (table 2.50). The share was even lower in 2005, with only 4 percent of aid disbursements making use of those systems. The vast majority of aid to

Mauritania, both at the overall country level and in the education sector, is spent using donor policies, procedures, and mechanisms.

In the education sector, the FTI survey reports a share of 12 percent for indicator 5a, which is the result of a \$6.3 million disbursement by France that is reported to use Mauritania's budget execution procedures (but not financial reporting or auditing procedures). By definition, sector budget support would make use of all three elements of Mauritania's PFM system.

The joint qualitative assessment points out a number of challenges to greater donor use of country PFM systems:

- weak budget planning and forecasts;
- lack of reconciliation between budgetary plans and accounts;
- the use of exceptional procedures to execute immediate budget payments;

Donor agency	Aid disbursed by donors for the education sector in calendar year 2007 (\$)	Budget execution (\$)	Financial reporting (\$)	Auditing (\$)	Baseline ratio (%)
<b>Ind. 5a: Education sector</b>					
France	8,537,312	6,261,480	0	0	24
World Bank	9,484,372	0	0	0	0
<b>Total</b>	<b>18,021,684</b>	<b>6,261,480</b>	<b>0</b>	<b>0</b>	<b>12</b>
<b>Ind. 5a: Country level</b>					
<b>Total</b>	<b>314,000,000</b>	<b>56,000,000</b>	<b>11,000,000</b>	<b>11,000,000</b>	<b>8</b>

Sources: 2008 FTI survey; OECD-DAC 2008c.

**Table 2.50:**  
Mauritania: Education Sector and Country-Level Results for Ind. 5a

- the lack of adequate legal frameworks for budget preparation; and
- frequent delays in budget disclosure to the parliament.

### *Indicator 5b – Use of Country Procurement Systems*

Fiduciary risks, corruption, and capacity problems arguably present the biggest obstacles to increased use of Mauritania's procurement system by donors. According to the 2008 OECD-DAC survey, 22 percent of aid disbursements use national procurement systems (table 2.51)—a slight increase of 2 percentage points since the 2006 survey. Without the baseline data for Ind. 2b, no PD target has been set for Ind. 5b.

According to the FTI survey results, donors in the education sector use country procurement systems for 62 percent of their aid disbursements. As with Ind. 5a, the use of national systems is restricted mostly to direct sector budget support (that is, the disbursement from France).

The joint qualitative assessment points out a number of constraints and challenges that donors face in making use of Mauritania's procurement systems:

- nonconformity of the procurement code with international standards and best practice;
- significant challenges in implementing the procurement code;
- long delays in the preparation of bidding documents;
- lack of confidentiality in the bid evaluation process;
- inefficient contract management;
- lack of transparent procedures, and allegations of insider information and corruption;
- insufficient disclosure of procurement plans; and
- political interference in the procurement process (conflicts of interest).

While the joint qualitative assessment acknowledges that some measures

**Table 2.51:**  
Mauritania: Education Sector  
and Country-Level Results  
for Ind. 5b

Donor agency	Aid disbursed by donors for the education sector (\$)	Procurement (\$)	Baseline ratio (%)
<b>Ind. 5b: Education sector</b>			
France	8,537,312	8,537,312	100
World Bank	9,484,372	2,720,055	29
<b>Total</b>	<b>18,021,684</b>	<b>11,257,367</b>	<b>62</b>
<b>Ind. 5b: Country level</b>			
<b>Total</b>	<b>314,000,000</b>	<b>70,000,000</b>	<b>22</b>

Sources: 2008 FTI survey; OECD-DAC 2008c.

have been taken to rectify the situation, there is a need for further reforms.

### *Indicator 6 – Avoiding Parallel Implementation Units*

Parallel PIUs are generally set up in response to perceived weak capacity in the government's administration. Downside risks include the tendency for PIUs to undermine national capacity development, diffuse accountability for development results, and distort public-sector salaries through supplementary salaries. In the Paris Declaration, donor agencies committed themselves to "avoid, to the maximum extent possible, creating dedicated structures for day-to-day management and implementation of aid-financed projects and programs."

In the education sector in Mauritania, as reported by the local education group, there is only one PIU for all donor-funded projects (table 2.52). At the country level, donors in Mauritania make use of parallel PIUs in at least 27 cases according to the 2008 OECD-DAC survey. While the government has called for a reduction in the number of parallel PIUs through the integration of PIUs into line ministry structures, their number has in fact increased by four since 2005. Efforts by donors and the government need to be strengthened significantly to achieve the PD target of no more than eight parallel PIUs by 2010. However, there are some notable individual-donor exceptions to this negative trend. For example, in a major joint effort with the government, the World Bank significantly reduced its overall number of parallel PIUs since 2007.<sup>160</sup>

Donor agency	Number of PIUs
<b>Ind. 6: Education sector</b>	
France	1
World Bank	1
<b>Total</b>	<b>1<sup>a</sup></b>
<b>Ind. 6: Country level</b>	
<b>Total</b>	<b>27</b>
<i>Sources: 2008 FTI survey; OECD-DAC 2008c.</i>	
<i>a. In Mauritania there is only one project implementation unit for all donor-funded projects. France and the World Bank report for the same parallel PIU which explains that the total number of PIUs is "1".</i>	

**Table 2.52:**  
Mauritania: Education Sector  
and Country-Level Results  
for Ind. 6

### *Indicator 7 – Aid is on Schedule*

At the overall country level, the OECD-DAC 2008 survey reports that 52 percent of aid is disbursed as scheduled. The indicator has improved by 13 percentage points since the 2006 OECD-DAC. In 2005, the aid scheduled for disbursement by donors was more than 2.5 times the amount recorded by the government. Actual disbursements, however, were only half the amount scheduled by donors and only about 25 percent more than what had been recorded by the government. In contrast, in 2007 the amount scheduled by donors was higher than what had been recorded by the government (but at 34 percent, not nearly as much higher as in 2005). Actual disbursements in 2007 were higher than either scheduled or recorded aid. This suggests that while the predictability of disbursement was an issue in both years, it was much less so in 2007 than in 2005. Results from

<sup>160</sup> OECD-DAC 2008c, 44.

the 2008 survey suggest that the biggest challenge ahead for both donors and the government is to improve the accuracy of the recording dimension of Ind. 7.

No education sector data were provided by the government. According to the joint qualitative assessment, aid to the education sector is more predictable than aid overall in Mauritania, because the annual budgeted Action Plan, which is approved by the donor community, identifies all sources of funding and is subsequently integrated into the national budget. Therefore, gaps between scheduled aid and actual disbursements at the sector level result mainly from delays in procurement. Against this background, both donors and government are strengthening their support for

the procurement unit in the education sector, which is expected to improve aid on schedule.

### *Indicator 8 – Aid is Untied*

The Paris Declaration target for untied aid is vague (“continued progress over time”). The FTI analysis relied on the most recent data from the OECD-DAC Creditor Reporting System database. In 2006, 95 percent of aid to the education sector in Mauritania was untied (table 2.53). The 2008 OECD-DAC survey reports that only 67 percent of aid flows to the country overall were untied (a slight decrease of 6 percentage points since 2005).

### *Harmonization*

“The role and importance of harmonization within the Paris Declaration agenda may be changing, [and] increasingly taking a back seat to the push for greater alignment with country systems” according to a study on the implementation of the Paris Declaration.<sup>161</sup> Donor harmonization still remains an important element of the aid effectiveness agenda when alignment with country procedures is not yet feasible, which arguably is the case in Mauritania. According to the joint qualitative assessment, remaining challenges in channeling a greater proportion of aid in support of PBAs are mostly linked to the harmonization of donor procedures for reporting, budgeting, financial management, and procurement.

**Table 2.53:**  
Mauritania: Education Sector  
and Country-Level Results  
for Ind. 8

Donor	% untied	% of amounts for which information is available
<b>Ind. 8: Education sector</b>		
France	100	91
FTI	100	100
Germany	0	99
IDA	—	0
Japan	100	99
Spain	—	0
UNICEF	100	100
<b>Total</b>	<b>95</b>	<b>90</b>
<b>Ind. 8: Country level</b>		
<b>Total</b>	<b>67</b>	<b>n.a.</b>
<i>Sources:</i> FTI compilation from OECD-DAC CRS database 2006; OECD-DAC 2008c.		
<i>Note:</i> — = Not available. n.a. = Not applicable.		

<sup>161</sup> Wood and others 2008, xii.

### Indicator 9 – Use of Common Arrangements or Procedures

At the overall national level, according to the 2008 OECD-DAC survey, 35 percent of total aid to the Mauritania was in support of PBAs, a slight decrease of 2 percentage points since the 2006 survey. According to OECD-DAC, the downward trend was probably due to adjustments resulting from more realistic reporting.<sup>162</sup> Mauritania received less than 2 percent of its aid in the form of general budget support, probably because of the relative weakness and unreliability of its PFM system.

In the education sector, donors mainly provide aid through individual projects. The FTI survey reports that 100 percent of aid from the two donors was delivered in support of a PBA (table 2.54). According to the joint qualitative assessment, donors in the education sector coordinate their interventions on the basis of a memorandum of understanding, which also forms the basis of the sector-wide approach (SWAp) being implemented by

the Ministry of Education.

### Indicator 10a – Joint Donor Missions

According to the 2008 OECD-DAC survey report, one of the most frequent complaints made by developing country authorities is that too much time is spent meeting with donors and responding to donor needs.<sup>163</sup> In the Paris Declaration, donors committed to conduct fewer missions overall, and to conduct more of their missions jointly.

While only about 14 percent of total missions in 2005, and 11 percent in 2007 (according to the OECD-DAC 2006 and 2008 surveys) were conducted jointly, the good news is that the overall number of missions to Mauritania decreased by more than half in the two-year period (from 363 missions in 2005 to 143 missions in 2007).

<sup>162</sup> OECD-DAC 2008c, 53.

<sup>163</sup> OECD-DAC 2008c, 54.

Donor agency	Budget support (\$)	Other PBAs (\$)	Total (\$)	Total aid disbursed in calendar year 2007 (\$)	Baseline ratio (%)
<b>Ind. 9: Education sector</b>					
France	6,261,480	2,275,832	8,537,312	8,537,312	100
World Bank	0	9,484,372	9,484,372	9,484,372	100
<b>Total</b>	<b>6,261,480</b>	<b>11,760,204</b>	<b>18,021,684</b>	<b>18,021,684</b>	<b>100</b>
<b>Ind. 9: Country level</b>					
<b>Total</b>	<b>6,000,000</b>	<b>122,000,000</b>	<b>127,000,000</b>	<b>363,000,000</b>	<b>35</b>

Sources: 2008 FTI survey; OECD-DAC 2008c.

**Table 2.54:**  
Mauritania: Education Sector and Country-Level Results for Ind. 9

With respect to joint missions in the education sector, results from the donors participating in the FTI survey are more positive. In absolute terms, all eight of the donor missions that these two donors conducted in 2007 were conducted jointly (table 2.55). Following the OECD-DAC methodology, a discount factor of 35 percent is applied to account for double counting, which brings the indicator to 65 percent, a respectable result in light of the PD target for Ind. 10a of 40 percent to be achieved by 2010. According to the joint qualitative assessment, all missions related to the annual sector review are jointly organized by the government. Before a joint mission, terms of reference for the review process are circulated and agreed to by all development partners and the government. The World Bank's practice in some of its projects of supervising activities from the field seems to be a viable practice to reduce the overall number of donor missions as well.<sup>164</sup>

### Indicator 10b – Joint Country Analytic Work

Ind. 10b, the measure for the degree of coordination of analytic work at the overall country level, deteriorated significantly for Mauritania between 2005 and 2007. Specifically, the degree of coordination decreased by 26 percentage points from 2005 to 2007, which is the third largest decrease among the 55 countries that participated in the 2008 OECD-DAC survey. This brings the indicator to 25 percent (table 2.56). In addition, the total number of country analytic work projects has increased by 10 percent.

In the education sector, the situation is much more favorable. According to the FTI survey results, two out of the three analytic work projects in the sector were conducted jointly, a 50 percent degree of

<sup>164</sup> World Bank 2006d, 7.

**Table 2.55:**  
Mauritania: Education Sector  
and Country-Level Results  
for Ind. 10a

Donor agency	Number of joint donor missions	Total number of donor missions	Baseline ratio <sup>a</sup> (%)
<b>Ind. 10a: Education sector</b>			
France	4	4	100
World Bank	4	4	100
<b>Total</b>	<b>8</b>	<b>8</b>	<b>100</b>
<b>Ind. 10a: Country level</b>			
<b>Total</b>	<b>16</b>	<b>143</b>	<b>11</b>
<i>Sources:</i> 2008 FTI survey; OECD-DAC 2008c.			
<i>Note:</i>			
a. Following the OECD-DAC methodology, the number of coordinated missions by donor was adjusted to avoid double counting. An adjustment factor of 35 percent was applied to the education sector total.			



Donor agency	Coordinated donor analytic work	Total donor analytic work	Baseline ratio <sup>a</sup> (%)
<b>Ind. 10b: Education sector</b>			
France	1	1	100
World Bank	1	2	50
<b>Total</b>	<b>2</b>	<b>3</b>	<b>50</b>
<b>Ind. 10b: Country level</b>			
<b>Total</b>	<b>16</b>	<b>62</b>	<b>25</b>
<i>Sources:</i> 2008 FTI survey; OECD-DAC 2008c.			
<i>Note:</i>			
a. Following the OECD-DAC methodology, the number of coordinated missions by donor has been adjusted to avoid double counting. An adjustment factor of 25 percent was applied to the education sector total.			

**Table 2.56:**  
Mauritania: Education Sector  
and Country-Level Results  
for Ind. 10b

coordination (after adjustment). However, both the overall country and sector results fall short of the PD target of 66 percent of analytic work being conducted jointly by 2010 and efforts need to be significantly strengthened at both levels. According to the joint qualitative assessment, common terms of reference for specific sector studies are being used to facilitate joint missions and to take advantage of comparative advantages among development agencies.

### Managing for Results

#### Indicator 11 – Results-Oriented Frameworks

At the overall country level, the assessment of the country's results-oriented framework is based upon the World Bank's review of the comprehensive development framework.<sup>165</sup> Mauritania received a "C" rating ("Action taken"), unchanged from the 2005 assessment (table 2.57).

For the education sector, the 2008 FTI review of education sector plans (specifically the subsection on monitoring frameworks) was used to assess progress on Ind. 11. The results-oriented framework in the education sector received a "B" rating ("largely developed").

According to the joint qualitative assessment, an Educational Management Information System (EMIS) has been developed. The EMIS is used to monitor critical output indicators, linked to the implementation of the PNDSE, in a standardized procedure for data collection and presentation.

Given the fluctuations in and the evolving nature of the field of aid effectiveness monitoring, monitoring frameworks must remain responsive, flexible, and adaptable to changes. The exchange of good practices across sectors and countries can offer valuable lessons in

<sup>165</sup> World Bank 2007b.

**Table 2.57:**  
Mauritania: Education Sector  
and Country-Level Results  
for Ind. 11

Ind. 11: Education sector					
Policy monitoring	Financing monitoring	Data monitoring	Capacity monitoring	FTI overall score	FTI score converted
—	—	—	X	3/4	B
Ind. 11: Country level					
Quality of development information		Stakeholder access to information		Coordinated country-level M&E	Score
D		C		C	C
Sources: FTI 2008c; World Bank 2007b.					

this respect. For example, adopting codes of conduct that outline roles, responsibilities, and commitments of all stakeholders has been a successful practice in a number of countries and sectors.

### Mutual Accountability

#### Indicator 12 – Mutual Accountability

Mutual assessments of progress are a critical element of FTI's partnership compact. For the purpose of this assessment, whether a country undertook a joint qualitative assessment serves as a proxy measure for mutual accountability in the education sector. The Ministry of

Education and local donors conducted such an exercise (table 2.58), which has also benefited this report.

### Progress Toward Achieving the Paris Declaration Targets

The Paris Declaration sets out specific targets for the 12 indicators to be achieved at the overall country level by 2010.

While some PD targets apply universally to all countries, other targets are set relative to country-specific results in the 2006 OECD-DAC survey.<sup>166</sup>

At the overall country level, 2 of the 14 indicators currently meet or exceed their respective PD targets (Ind. 2a and 4). Targets for 4 indicators (Ind. 3, 7, 8, and 9) seem to be within reach by 2010

**Table 2.58:**  
Mauritania: Education Sector  
and Country-Level Results  
for Ind. 12

Ind. 12: Education sector	
Joint qualitative assessment took place	Yes
Ind. 12: Country level	
Country has review of mutual accountability	No
Sources: 2008 FTI survey; OECD-DAC 2008c.	

<sup>166</sup> Indicators with relative targets (depending upon results in the baseline survey) are Ind. 1, 2, 5a, 5b, 6, 8, 11, and 12. The 2010 targets shown in figures 2.14 and 2.15 are applied from the 2008 OECD-DAC survey country chapter on Mauritania.

if efforts are sustained. Eight indicators seem to be off-track for achieving their PD targets by 2010 if efforts are not significantly strengthened (figure 2.15).

Among the two donors in the education sector, 9 of the 12 indicators for which data were available for the education sector currently meet or exceed their PD targets. Two indicators (Ind. 6 and 10b) are close to achieving their respective targets. One indicator, the use of country PFM systems (Ind. 5a) seems to be with 12 percent seriously off-track for achieving its PD targets (figure 2.14).

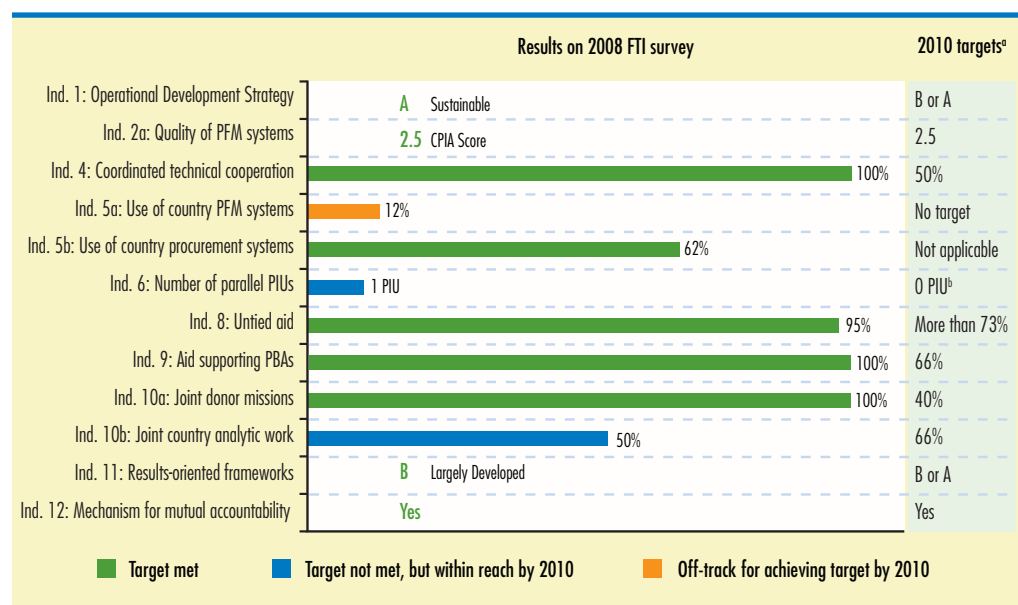
## Survey Improvements

**World Bank, Ind. 4:** The World Bank's responses on the indicator are internally in-

consistent. While the World Bank reported some coordinated technical assistance (Q6 on donor questionnaire; see appendix 3), the amount of total technical cooperation to the education sector (Q5) was reported as zero. At the risk of further distortion, amounts for Q5 and Q6 were equalized.

**France, Ind. 5a and 9:** France provided \$8.5 million to education. \$6.3 million was executed as budget support while \$2.3 million was in support of a PBA. Apart from partially using national budget execution procedures, country financial reporting and auditing procedures were not used for any aid.

**Government, Ind. 3 and 7:** The government's responses to Q1 (aid on budget)



Source: 2008 FTI survey; OECD-DAC 2008c; FTI 2008c; OECD-DAC CRS database.

Note: No data are available for Ind. 3 and 7 because the government did not respond to those items.

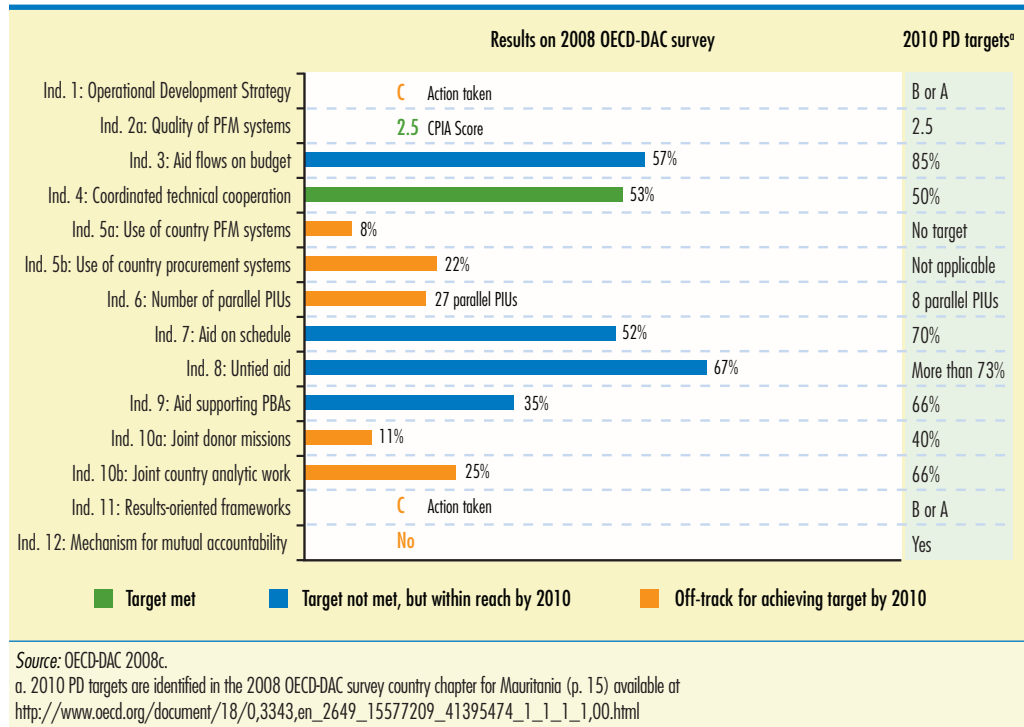
a. 2010 PD targets are identified in the 2008 OECD-DAC survey country chapter for Mauritania (p. 15) available at

[http://www.oecd.org/document/18/0,3343,en\\_2649\\_15577209\\_41395474\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/18/0,3343,en_2649_15577209_41395474_1_1_1_1,00.html)

b. Ind. 6 is, with "0 PIU", the only sector adjusted Paris Declaration target.

**Figure 2.14:**  
The Paris Declaration Targets  
in the Education Sector in  
Mauritania: State of Play

**Figure 2.15:**  
Mauritania: Overall Country-Level Progress on the Paris Declaration Targets



and Q7 (aid on schedule) contain factual errors; in both cases, the answer provided does not match the sum of the items in the tables provided (possibly, the tables and answers were switched accidentally). The survey uses the data provided in the tables.

# MOZAMBIQUE

(Shortened Country Information)

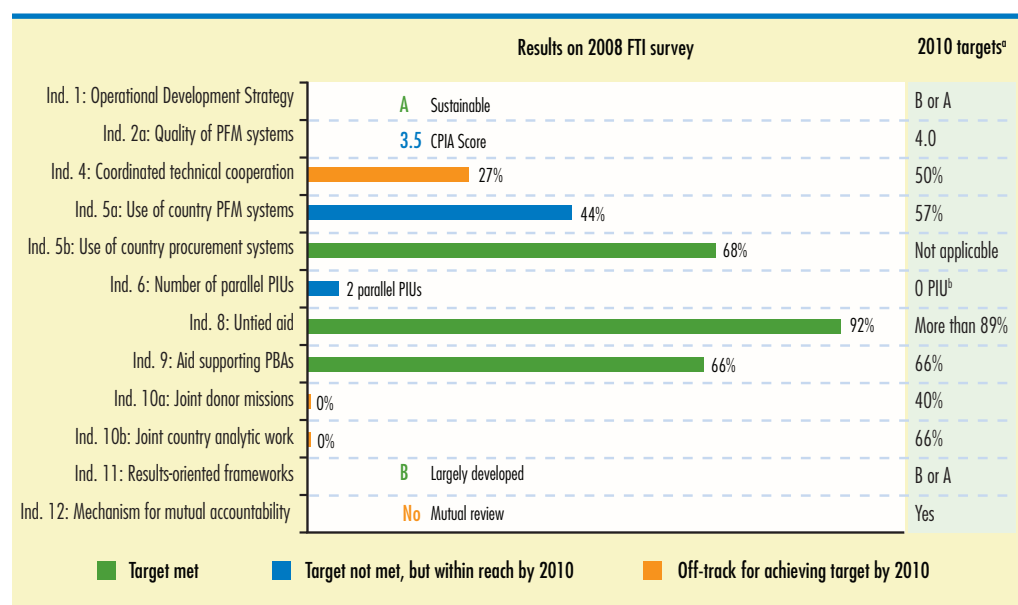
## Country Information

A country report on the information collected in the FTI survey was produced and shared with the local donor group in Mozambique, which, in turn, shared the report with the Ministry of Education. Both the donors and the government felt that the limited number of responses to the survey made the report show a trend that was not in line with the reality in Mozambique. Therefore, the country

report is not part of this report. The survey challenges are presented below. The responses received have been used in the overall numbers of the report, but without making any specific findings for the country. Figures 2.16 and 2.17 are based on the responses received.

## Survey Challenges

Inclusion of all donors active in the education sector in Mozambique proved



Source: 2008 FTI survey; OECD-DAC 2008c; FTI 2008c; OECD-DAC CRS database.

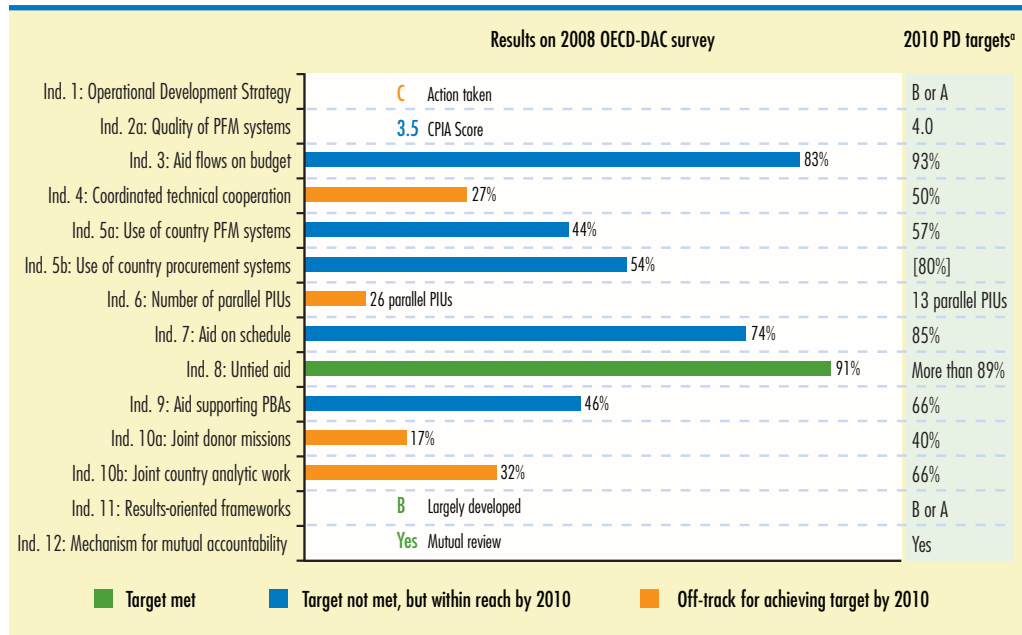
Note: No data are available for Ind. 3 and 7 because the government did not respond to those items.

a. 2010 PD targets are identified in the 2008 OECD-DAC survey country chapter for Mozambique (p. 37–17) available at <http://www.oecd.org/dataoecd/25/32/42094637.pdf>

b. Ind. 6 is, with “0 PIU”, the only sector adjusted Paris Declaration target.

**Figure 2.16:**  
The Paris Declaration Targets  
in the Education Sector in  
Mozambique: State of Play

**Figure 2.17:**  
Mozambique: Overall  
Country-Level Progress on the  
Paris Declaration Targets



Source: OECD-DAC 2008c.

a. 2010 PD targets are identified in the 2008 OECD-DAC survey country chapter for Mozambique (p. 37–17) available at <http://www.oecd.org/dataoecd/25/32/42094637.pdf>

to be a challenge. The FTI Secretariat received six donor responses (Canada, Denmark, Italy, Japan, the Netherlands, and Portugal). The government chose not to participate in the survey. The FTI Secretariat did not receive a joint qualitative assessment from donors and the government. According to the OECD-

DAC CRS database, the 10 largest donors as measured by disbursements in 2006 were the following: Canada, Germany, the EC, Finland, the IDA, Ireland, Japan, the Netherlands, Spain, and the United Kingdom. The FTI survey includes information on only three of these donors.

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# NICARAGUA

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## Country Background

Nicaragua is currently undergoing a period of political and institutional transformation. The implications of this process for the aid harmonization and alignment agenda are not yet clear. The number of donors active in Nicaragua (and in the education sector) is relatively high, which poses challenges for coordination and division of labor. Since 2002, Nicaragua has served as a pilot case for the aid effectiveness agenda and has engaged in several initiatives aimed at strengthening coordination between donors and the government, and the government's ownership of its development process. Since President Daniel Ortega took office in 2007, the government has been more assertive in its ownership of the development process.

### *Aid Effectiveness Indicators*

Most of the aid effectiveness indicators show better result in the education sector than at the overall country level. While Nicaragua received “C” ratings for its operational development strategy and monitoring framework (Ind. 1 and 11), it received “B” ratings on the same indicators in the education sector. The OECD-

DAC indicator for the reliability of the country's public financial management (PFM) systems (Ind. 2a) has improved. Donor use of those PFM systems (Ind. 5a) has improved slightly, to 46 percent at the overall country level. Use of those systems is very high in the education sector (93 percent). About 87 percent of aid at the overall country level was on budget (Ind. 3) and 74 percent on schedule (Ind. 7). Comparable education sector data were missing for both indicators. Levels of untied aid (Ind. 8) reached 85 percent at the overall country level, and 78 percent among donors in the education sector that participated in the FTI survey. Some 45 percent of total technical cooperation (Ind. 4) was coordinated at the overall country level, and 92 percent in the education sector.

The use of parallel project implementation units (PIUs; Ind. 6) has been reduced significantly in the country overall, and the FTI survey reports the use of only two parallel PIUs among participating donors in the education sector. Aid levels in support of program-based approaches (PBAs; Ind. 9) in the education sector were double those at the overall country level (90 percent vs. 46 percent) among those donors that participated in the FTI survey. Education sector

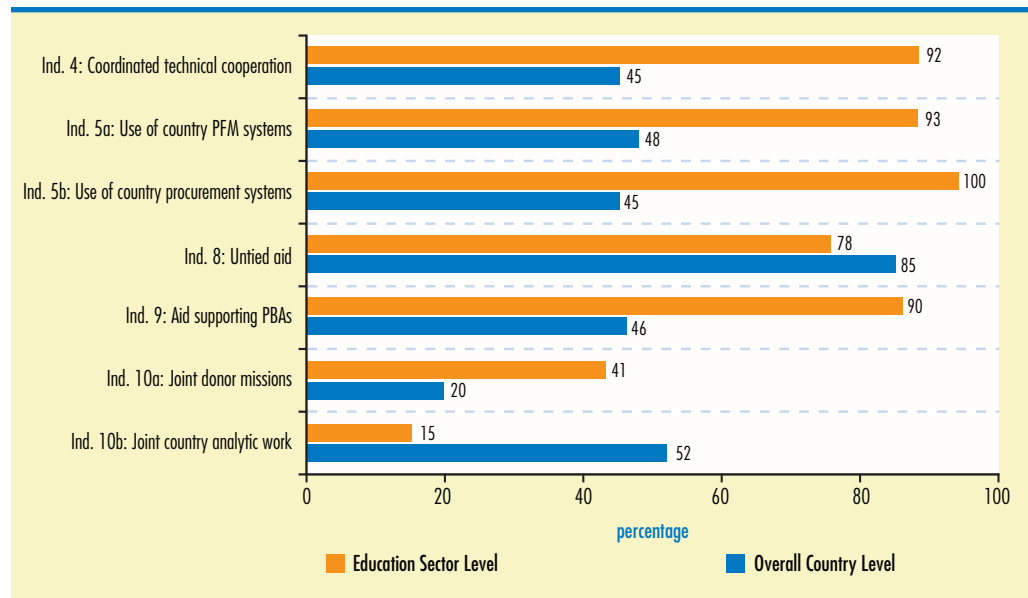
results were ahead by a similar margin on the number of joint donor missions (Ind. 10a), but trailing behind country level results on the coordination of analytic work (Ind. 10b; 15 percent vs. 52 percent). Results for the mutual accountability framework (Ind. 12) are the same in the education sector and at the country level. See figure 2.18.

### Survey Challenges

Inclusion of all donors active in the education sector in Nicaragua proved to be a challenge. The FTI Secretariat received a total of five donor responses (Canada, Denmark, the European Commission [EC], the Ibero-American Organization for Education, Science and Culture

[OEIECC], and the World Bank). The government’s response to the survey proved incomplete. According to the OECD-DAC Creditor Reporting System (CRS) database, the 10 largest donors as measured by disbursements to the education sector were the following: the EC (\$19.5 million), Japan (\$11.9 million), the IDA (\$8.4 million), the Netherlands (\$5.8 million), Spain (\$5.5 million), Denmark (\$3.9 million), Canada (\$2.2 million), Norway (\$1.7 million), Germany (\$1.3 million), and Austria (\$0.7 million). The FTI survey includes information on three of these donors. It is recommended that efforts to capture information on the full range of donors active in the education sector be intensified in the future.

**Figure 2.18**  
Nicaragua: Comparison of Education Sector Results to Overall Country Results



Source: 2008 FTI survey; OECD-DAC 2008c.

Note: Data for Ind. 1, 6, 11, and 12 are not on a percentage basis and therefore not included in this figure. Data for Ind. 2 are country level only, so not included. No data are available for Ind. 3 and 7 because the government did not respond to those items.



Official Development Assistance to Nicaragua, 2006	
Net ODA	\$733 million
Aid per capita	\$132
Aid as % of GNI	14.2

*Source: World Bank 2008f.*

### Aid Effectiveness Environment

A number of factors have an impact on the aid effectiveness environment in Nicaragua, most prominent among them the large number of donors, the high volume of ODA per year (\$733 million), and the challenging political and economic landscape. Nicaragua received a score of 0.710 and rank 110 on UNDP's Human Development Index, and ranks 16th among the 20 Latin American and the Caribbean countries.<sup>167</sup> With regard to aid dependency, the country receives \$132 per capita.<sup>168</sup> However, if measured by the percentage of central government expense or percentage of GNI, aid levels to Nicaragua show a high, but not extraordinarily so, degree of aid dependency. During the period 2002–05, 56 percent of total aid to Nicaragua came from bilateral donors and 44 percent from multilateral organizations (the EC, the Inter-American Development Bank [IDB], the World Bank).<sup>169</sup> Along with the EC, there are currently 11 member states of the European Union (EU) operating in Nicaragua,<sup>170</sup> and the total number of donors is reportedly more than 40.<sup>171</sup>

With the installation of the New Government for Reconciliation and

National Unity in January 2007, the Nicaraguan “political and institutional context has undergone deep changes,”<sup>172</sup> and there have been some initial concerns on the part of the donor community that these changes could potentially be detrimental to agreed-on processes of harmonization and alignment. Nicaragua has, however, made significant progress toward macroeconomic stabilization over the past few years, offsetting most of the damage caused by Hurricane Mitch in 1998. In 2005, Nicaragua was forgiven most of its foreign debt under the Highly Indebted Poor Countries Initiative. One of the key engines for economic growth has been production for export.

### Education Funding

Education in Nicaragua is free of charge. Elementary school is compulsory; however, many children in rural areas are unable to attend because of lack of schools and other reasons. Donors' support to the education sector in Nicaragua amounted in 2006 to \$74.6 million (20 percent of which went to general budget support); \$43.6 million of that sum went to basic education.<sup>173</sup> The EC is the lead donor in the education sector.

<sup>167</sup> UNDP 2008.

<sup>168</sup> World Bank 2008f.

<sup>169</sup> Pineda and Schulz 2008, 3.

<sup>170</sup> European Commission 2008, 12.

<sup>171</sup> European Commission 2008, 11.

<sup>172</sup> Pineda and Schulz 2008, 18.

<sup>173</sup> FTI 2008b.

## Performance on the Paris Indicators

### Ownership

#### *Indicator 1 – Operational Development Strategy*

OECD-DAC Ind. 1 uses the existence and quality of operational development strategies as a proxy measure for country ownership. The analysis relies on the World Bank's 2007 assessment of development strategies.<sup>174</sup> The FTI Secretariat, in turn, used its 2007 quality review of education sector plans (ESPs) to assess countries' development strategies in the education sector.<sup>175</sup> At the overall country level, Nicaragua's development strategy received a "C" rating ("action taken"; table 2.59). Nicaragua's 2002 education sector plan received a "B" rating ("largely developed") in the FTI review.

At the country level, Nicaragua's Estrategia Reforzada de Crecimiento Económico y Reducción de la Pobreza (ERCERP) forms the country's poverty reduction strategy paper, and was adopted in 2001. Together with the National Development Plan (NDP), which was adopted in 2005, the ERCERP lays out Nicaragua's long-term vision for development and poverty reduction. Both strategies place a strong emphasis on the social sectors, including education. However, there are some uncertainties about whether the new government fully endorses the strategies designed by the previous government.<sup>176</sup>

In the education sector, policies and priorities are gathered in the National

Education Plan for the period 2001–15, the annual plans, and the Institutional Development plan (Plan de Desarrollo Institucional), which covers 2008–10. The status of the Joint Work Plan (Plan Común de Trabajo)<sup>177</sup> covering 2005–08 was unclear when the FTI survey was carried out. During the first half of 2008 the Joint Work Plan had not been ratified by the new government. It was reported in the joint qualitative assessment that the delay already had a negative impact on the confidence of the donor community at the country level.

### Alignment

In 2005, Nicaragua adopted a National Action Plan for Harmonization and Alignment that covered the period 2005–07.<sup>178</sup> Both donors and the government have emphasized the need to establish a new action plan for the period through 2010. A workshop in early 2008 assessed the situation and identified challenges on the way forward.

A number of mechanisms aim at managing alignment and improving coordination. The Global Roundtable for Development Cooperation (Mesa Global de Cooperación) is the main entity of the political dialogue structure.<sup>179</sup> It is

<sup>174</sup> World Bank 2007b.

<sup>175</sup> FTI 2008c, 69.

<sup>176</sup> Pineda and Schulz 2008, 18.

<sup>177</sup> Ministry of Education, Culture and Sports Nicaragua 2004.

<sup>178</sup> Government of Nicaragua 2005.

<sup>179</sup> Pineda and Schulz 2008, 7.

Ind. 1: Education sector									
Policy clarity	Relevant policy strategy	Clarity of financing issues	Relevant financing strategy	Data clarity	Relevant data strategy	Clarity of capacity issues	Relevant capacity strategy	FTI overall score	FTI score converted
—	—	—	—	—	—	—	X	7/8	B
Ind. 1: Country level									
Unified strategic framework			Prioritization		Strategic link to budget			Score	
B			C		C			C	

Sources: FTI 2008c; World Bank 2007b.

**Table 2.59:**  
Nicaragua: Education Sector  
and Country-Level Results  
for Ind. 1

in charge of monitoring information regarding the fulfillment of commitments by both the government and the donor community. In addition, sector roundtables have been established to enhance coordination of external aid at the sector level. At the time of the survey, the European Commission was the (rotating) donor focal point responsible for coordination and harmonization in the Education Roundtable. Other mechanisms are linked to general or sector budget support, such as the Budget Support Group (Grupo de Apoyo Presupuestario).

### *Indicator 2a – Reliable Public Financial Management Systems*

In recent years, Nicaragua has shown improvements in its PFM systems. The country has progressed substantially in management and transparency instruments as well as in providing adequate legislation.<sup>180</sup> Since 2003, the Integrated Financial Management and Audit System, the National Public Investment System, the Treasury Single Account, and the new

Financial Administration Law (2005) have been created.

Nicaragua scored 4.0 on the World Bank's 2007 Country Policy and Institutional Assessment (CPIA) (Ind. 13), which is the basis for the OECD-DAC survey indicator of the reliability of PFM. This is an improvement of 0.5 points since the 2005 assessment. If sustained, the country is in line with its PD target on Ind. 2a. However, corruption in the country is still widespread. On Transparency International's Corruption Perceptions Index, Nicaragua's rank and score have steadily retreated over the course of the last five years. In the 2008 survey, the country ranked 134th with a score of 2.5, down from 97th with a score of 2.7 in 2004. This trend will have to be reversed for donors' confidence in the reliability of the country's PFM systems to be strengthened.

<sup>180</sup> Pineda and Schulz 2008, a.

### *Indicator 2b – Reliable Public Procurement Systems*

The OECD-DAC survey rated procurement systems based on country self-assessments generated in close collaboration with domestic and international stakeholders. Nicaragua did not take part in this exercise.

### *Indicator 3 – Aid Flows on Budget*

Because of the character of the government response, no education sector data are available for Ind. 3. At the country level, the “Putting Aid on Budget” study commissioned by the Strategic Partnership for Africa and Collaborative Africa Budget Reform Initiative<sup>181</sup> reports that levels of aid on budget are often driven by budget support aid (which is, by definition, on budget). According to the 2008 OECD-DAC survey report, Nicaragua received 22.5 percent of its aid in the form of budget support.

While the local donor group and the government are in the best position to assess the validity of the 2008 OECD-DAC survey findings, a comment on the indicator itself is in order. Ind. 3 has been criticized for representing a combined ratio of the effects of two different variables (information capture and predictability of disbursement). Both variables routinely involve large discrepancies in either direction that can cancel each other out.

According to the 2008 OECD-DAC survey, 87 percent of total aid disbursements to Nicaragua were reflected on the government’s budget estimate, up 14 percentage points from the 2006 survey. This result is in line with Nicaragua’s

#### **Quality of Nicaragua’s Public Financial Management Systems**

World Bank CPIA, 2007: 4.0  
(1.0: very weak; 6.0: very strong)

Transparency International Corruption Perceptions Index, 2008:  
Rank: 134th  
(out of 180 participating countries)

Score: 2.5  
(0: highly corrupt; 10: highly clean)

PD target for 2010. In both surveys, the government’s budget under-captured actual aid disbursements, which suggests that information capture (instead of predictability of disbursements) seems to be more of a challenge in Nicaragua. However, it is important to note that the data basis does not allow for clear-cut conclusions, because the aid recorded as disbursed is not always the same (in its source or its use) as the aid anticipated in the budget.<sup>182</sup> Thus, similarity of budget estimate totals and disbursement totals following the OECD-DAC methodology may be a coincidence.

One more practical aspect of aid on budget (and all harmonization and alignment matters in general) is information availability on aid flows, modalities, project status, and so forth. To this end, and under the leadership of the UK Department for International Development (DFID) and the EC, donors in Nicaragua recently set up an aid information management system and EC member states

<sup>181</sup> Mokoro Ltd 2008b, 34.

<sup>182</sup> Mokoro Ltd 2008c, 26.

created a local version of the EU Blue Book<sup>183</sup> that makes available information to the public on aid flows from all EU member states operating in the country. However, the government of Nicaragua has its own aid management system; plans to link the two parallel systems are yet to be realized.

#### *Indicator 4 – Coordinated Capacity Development Support*

At the country level, 45 percent of total aid to Nicaragua was coordinated, according to the 2008 OECD-DAC survey, an increase of 16 percentage points from the 2006 survey.

The FTI survey suggests that the degree of coordination in the education sector is 92 percent (table 2.60). There are significant differences between donors, with some donors (Denmark and the World Bank) fully coordinating their technical assistance, while others (Canada,

the EC, and the OEIECC) show no, or a much lower degree of, coordination.

#### *Indicator 5a – Use of Country Public Financial Management Systems*

The use of country PFM systems is an important indicator of donor alignment with country procedures. With the Paris Declaration, donors committed themselves to use country systems and procedures to the maximum extent possible. There is a strong rationale for this commitment. According to an OECD-DAC report on this topic,<sup>184</sup> using country PFM systems contributes to their strengthening, enhances the country's sense of ownership, and expresses respect for the country's institutions and traditions. In addition, there

<sup>183</sup> European Commission 2008.

<sup>184</sup> OECD-DAC 2008d.

Donor agency	Coordinated technical cooperation (\$)	Total technical cooperation (\$)	Baseline ratio (%)
<b>Ind. 4: Education sector</b>			
Canada	0	99,643	0
Denmark	110,000	110,000	100
EC	26,462	240,080	11
OEIECC	0	0	n.a.
World Bank	3,500,000	3,500,000	100
<b>Total</b>	<b>3,636,462</b>	<b>3,949,723</b>	<b>92</b>
<b>Ind. 4: Country level</b>			
<b>Total</b>	<b>51,000,000</b>	<b>112,000,000</b>	<b>45</b>
<i>Sources: 2008 FTI survey; OECD-DAC 2008c.</i>			
<i>Note: n.a. = Not applicable.</i>			

**Table 2.60:**  
Nicaragua: Education Sector  
and Country-Level Results  
for Ind. 4

are positive effects to be gained from increased alignment, a strengthened focus on common goals, enhanced sustainability, and reduced transaction costs.

On the World Bank's CPIA, the proxy measure for the quality of PFM systems, Nicaragua received a score of 4.0, up from 3.5 in 2006. For countries with at least a 3.5 score on the CPIA, donors agreed on the following targets in the Paris Declaration: 90 percent of donors use country PFM systems, and the percentage of aid to the public sector not using the country's PFM systems is reduced by one-third (on average across all three PFM systems in question). Given Nicaragua's 2006 baseline data, this translates into a target of 63 percent of total aid using country PFM systems.

At the country level, donors' overall use of country PFM systems has in-

creased slightly, from 44 percent in 2005 to 48 percent in 2007, according to the 2008 OECD-DAC survey report (see table 2.61). A detailed analysis of the data contained in the 2008 OECD-DAC report shows that while the use of the general budget support modality increased from 17.5 percent of total aid disbursements to 22.5 percent from 2005 to 2007, the use of other PBAs decreased from 30.6 percent to 23.4 percent. This finding suggests that the move to general budget support has resulted in decreased use of other forms of aligned aid. In other words, nonbudget support is still largely spent using donor policies, procedures, and mechanisms for budget execution, financial reporting, and auditing. According to a study on the use of budget support in Nicaragua conducted by USAID in 2005, "donors differ enormously in

**Table 2.27:**  
Ethiopia: Education Sector and  
Country Level Results  
for Ind. 5a

Donor agency	Aid disbursed by donors for the education sector in calendar year 2007 (\$)	Budget execution (\$)	Financial reporting (\$)	Auditing (\$)	Baseline ratio (%)
<b>Ind. 5a: Education sector</b>					
Canada	15,389,644	15,299,490	15,299,490	15,299,490	99
Denmark	6,540,000	6,540,000	6,540,000	6,540,000	100
EC	15,837,962	15,837,962	15,837,962	15,837,962	100
OEIECC	661,776	0	0	0	0
World Bank	3,500,000	3,500,000	0	0	33
<b>Total</b>	<b>41,929,382</b>	<b>41,177,452</b>	<b>37,677,452</b>	<b>37,677,452</b>	<b>93</b>
<b>Ind. 5a: Country level</b>					
<b>Total</b>	<b>423,000,000</b>	<b>313,000,000</b>	<b>183,000,000</b>	<b>112,000,000</b>	<b>48</b>
<i>Sources: 2008 FTI survey; OECD-DAC 2008c.</i>					

their tolerance for fiduciary risk. It is this, rather than differing assessments of the facts, that has caused some to move ahead with budget support and others to hold back.”<sup>185</sup>

Results from FTI’s survey suggest that the use of country PFM systems is as high as 93 percent in the education sector (table 2.61). For the most part, this is because the share of sector budget support (74.2 percent, see Ind. 9) is significantly higher than general budget support at the overall country level.

### *Indicator 5b – Use of Country Procurement Systems*

Fiduciary risks such as corruption, capacity problems, and the lack of international competitive bidding procedures arguably present the biggest obstacle to increased use of Nicaragua’s procurement system by donors. According to the 2008 OECD-

DAC survey, 45 percent of aid disbursements use national procurement systems (table 2.62), an increase of 17 percentage points from the 2006 survey. Without data on Ind. 2b, no PD target was set for Ind. 5b. According to the FTI survey, the participating donors in the education sector used country procurement systems for all their aid disbursements.

### *Indicator 6 – Avoiding Parallel Implementation Units*

Parallel PIUs are generally set up in response to perceived weak capacity in the government’s administration. Downside risks include the tendency for PIUs to undermine national capacity development, diffuse accountability for development results, and distort public-sector salaries through supplementary salaries.

<sup>185</sup> USAID 2005, x.

Donor agency	Aid disbursed by donors for the education sector (\$)	Procurement (\$)	Baseline ratio (%)
<b>Ind. 5b: Education sector</b>			
Canada	15,389,644	15,299,490	99
Denmark	6,540,000	6,540,000	100
EC	15,837,962	15,837,962	100
OEIECC	661,776	661,776	100
World Bank	3,500,000	3,500,000	100
<b>Total</b>	<b>41,929,382</b>	<b>41,839,228</b>	<b>100</b>
<b>Ind. 5: Country level</b>			
<b>Total</b>	<b>423,000,000</b>	<b>191,000,000</b>	<b>45</b>

Sources: 2008 FTI survey; OECD-DAC 2008c.

**Table 2.62:**  
Nicaragua: Education Sector and Country-Level Results for Ind. 5b

In the Paris Declaration, donor agencies committed themselves to “avoid, to the maximum extent possible, creating dedicated structures for day-to-day management and implementation of aid-financed projects and programs.”

At the country level, donors in Nicaragua made use of parallel PIUs in at least 49 cases (table 2.63). This is a significant reduction of donors’ reliance on parallel PIUs since the 2006 survey (a reduction of 58 parallel PIUs). For the education sector, the FTI survey reports the use of two parallel PIUs by those donors that participated in the survey.

#### *Indicator 7 – Aid is on Schedule*

At the country level, 74 percent of aid is disbursed as scheduled. This share has increased slightly (up 4 percentage points) since the 2006 OECD-DAC survey. No education sector data are available because the government provided no information.

**Table 2.63:**  
Nicaragua: Education Sector  
and Country-Level Results  
for Ind. 6

Donor agency	Number of PIUs
<b>Ind. 6: Education sector</b>	
Canada	0
Denmark	0
EC	0
OEIECC	2
World Bank	0
<b>Total</b>	<b>2</b>
<b>Ind. 6: Country level</b>	
<b>Total</b>	<b>49</b>
<i>Sources: 2008 FTI survey; OECD-DAC 2008c.</i>	

#### *Indicator 8 – Aid is Untied*

The Paris Declaration target for untied aid is vague (“continued progress over time”). For the analysis of Ind. 8, FTI relied on the most recent data from the 2006 OECD-DAC CRS database. In 2006, 78 percent of aid to the education sector in Nicaragua was untied (table 2.64). At the country level, the OECD-DAC 2008 survey (covering 2006) reported that 85 percent of aid flows were untied.

#### *Harmonization*

According to the findings of an evaluation on the implementation of the Paris Declaration “the role and importance of harmonization within the Paris Declaration agenda may be changing, increasingly taking a back seat to the push for greater alignment with country systems.”<sup>186</sup> Still, donor harmonization remains an important element of the aid effectiveness agenda when alignment with country procedures is not feasible. The increased use of general budget support and the development of the education SWAp have been key drivers of improved harmonization.

Harmonization efforts become more challenging (but also more necessary) with an increasing number of donors in a country. According to an OECD-DAC study on the fragmentation of aid, 26 donors are active in Nicaragua.<sup>187</sup> More than 90 percent of Country Programmable Aid

<sup>186</sup> Wood and others 2008, xii.

<sup>187</sup> OECD-DAC 2007, 23.



(CPA) is provided by 12 of these donors. There are 14 donors that provide about 10 percent of CPA to Nicaragua. This is slightly below the OECD-DAC margin that says that fragmentation is an issue when 15 donors provide about 10 percent of CPA.<sup>188</sup> With its Code of Conduct on Complementarity and Division of Labor (May 2007), the EC has been particularly active in addressing this challenge and the EC, together with the 11 EU member states active in Nicaragua, has adopted an action plan for 2008–09.

### *Indicator 9 – Use of Common Arrangements or Procedures*

Nicaragua was a recipient of relatively large amounts of nonproject assistance in the 1990s; however, corruption and poor macroeconomic policies prompted donors to subsequently phase out or reduce these forms of aid.<sup>189</sup> Starting in 2002, a new administration's decisive actions encouraged many donors, such as the World Bank, the IDB, and several bilateral donors, to resume nonproject assistance, including general budget support and an education SWAp.

At the overall country level, according to the 2008 OECD-DAC survey, 46 percent of total aid to the government of Nicaragua was in support of PBAs, down slightly from the 2006 share of 48 percent. In this period, the relative share of direct budget support increased from 17.5 percent to 22.5 percent of overall aid disbursements, while the share classified as “Other PBAs” decreased from 30.6 percent to 23.4 percent. In 2005, the government of Nicaragua established a Joint

Financing Arrangement (JFA) with nine donors to establish the conditions for the provision of direct budget support.

Donor	% untied	% of amounts for which information is available
<b>Ind. 8: Education sector</b>		
Austria	87	100
Belgium	100	100
Canada	—	—
Denmark	—	—
EC <sup>a</sup>	0	100
Finland	100	100
France	100	32
Germany	77	94
Ireland	100	100
Japan	100	91
Luxembourg	100	100
Netherlands	100	100
New Zealand	0	99
Norway	100	100
Spain	—	0
Switzerland	100	100
UNICEF	100	101
<b>Total</b>	<b>78</b>	<b>92</b>
<b>Ind. 8: Country level</b>		
<b>Total</b>	<b>85</b>	<b>n.a.</b>
Sources: FTI compilation from OECD-DAC CRS database 2006; OECD-DAC 2008c.		
Note: n.a. = Not applicable.		
a. This information is based on the OECD-DAC database for 2006. In comments to the draft report by the EC it was pointed out that the EC's aid to Nicaragua should be reported as completely untied because it is provided in the form of budget support.		

**Table 2.64:**  
Nicaragua: Education Sector  
and Country-Level Results  
for Ind. 8

<sup>188</sup> OECD-DAC 2007, 6.

<sup>189</sup> USAID 2005, xi.

Through the JFA, both the government and the donors committed to common procedures for policy dialogue, commitments and disbursements, auditing and reporting, monitoring and evaluation, and information exchange.

In the education sector, the FTI survey data suggest that 90 percent of aid to education is in support of a PBA (table 2.65), with aid from Canada, Denmark, and the EC completely supporting PBAs, while the World Bank and the OEIECC do not support PBAs. This suggests that there are significant differences of opinion among donors as to what qualifies as a PBA, and whether to support them.

In 2005, Canada, Denmark, and the Netherlands initiated a common education fund and established the Programa de Apoyo para el Sector Educación (PROASE). PROASE supports the implementation of Nicaragua's National

Education Plan and focuses on basic and secondary education. According to the appraisal documents for 2006, the common fund employed the characteristics to qualify as a SWAp.<sup>190</sup> The government and the donors disagree significantly on what programs could be “considered fully compliant with the definition of a PBA in the survey guidance,” as noted in the Nicaragua country chapter in the 2006 OECD-DAC survey report.<sup>191</sup>

While not covered by the aid effectiveness indicators agreed on in the Paris Declaration, “silent partnership” arrangements are a promising approach for reducing the negative impacts of high fragmentation in the donor landscape, as well as for reducing transaction costs

<sup>190</sup> Lacayo and Gomez 2007, 32.

<sup>191</sup> OECD-DAC 2006a.

**Table 2.65:**  
Nicaragua: Education Sector  
and Country-Level Results  
for Ind. 9

Donor agency	Budget support (\$)	Other PBAs (\$)	Total (\$)	Total aid disbursed in calendar year 2007 (\$)	Baseline ratio (%)
<b>Ind. 9: Education sector</b>					
Canada	15,299,490	90,154	15,389,644	15,389,644	100
Denmark	0	6,540,000	6,540,000	6,540,000	100
EC	15,837,962	0	15,837,962	15,837,962	100
OEIECC	0	0	0	661,776	0
World Bank	0	0	0	3,500,000	0
<b>Total</b>	<b>31,137,452</b>	<b>6,630,154</b>	<b>37,767,606</b>	<b>41,929,382</b>	<b>90</b>
<b>Ind. 9: Country level</b>					
<b>Total</b>	<b>140,000,000</b>	<b>145,000,000</b>	<b>285,000,000</b>	<b>620,000,000</b>	<b>46</b>
<i>Sources: 2008 FTI survey; OECD-DAC 2008c.</i>					

for donors and the government alike. The Dutch-Canadian silent partnership in support of PROASE for 2007–12 is specifically acknowledged.

### *Indicator 10a – Joint Donor Missions*

According to OECD-DAC, one of the most frequent complaints made by developing country authorities is that too much time is spent meeting with donors and responding to donor needs.<sup>192</sup> In the Paris Declaration, donors committed to fewer missions overall, and to conduct more of their missions jointly.

At the overall country level, Ind. 10a shows some progress, although from an overall low level of coordination. The number of joint donor missions increased

from 34 to 51 between 2005 and 2007, and the overall number of missions went down from 356 to 257. As a result, 20 percent of total donor missions to Nicaragua in 2007 were conducted jointly (table 2.66), up from 9 percent in 2005.

According to the FTI survey, results in the education sector were significantly better. Out of 11 donor missions in the sector that were conducted by the participating donors, 7 were conducted jointly, resulting in an overall level of coordination of 41 percent (after adjustment for double counting). If sustained, this indicator is in line with the 2010 PD target of 40 percent joint missions.

<sup>192</sup> OECD-DAC 2008c, 50.

Donor agency	Number of joint donor missions	Total number of donor missions	Baseline ratio <sup>a</sup> (%)
<b>Ind. 10a: Education sector</b>			
Canada	1	1	100
Denmark	1	1	100
EC	1	1	100
OEIECC	0	2	0
World Bank	4	6	67
<b>Total</b>	<b>7</b>	<b>11</b>	<b>41</b>
<b>Ind. 10a: Country level</b>			
<b>Total</b>	<b>51</b>	<b>257</b>	<b>20</b>
<i>Sources:</i> 2008 FTI survey; OECD-DAC 2008c.			
<i>Note:</i>			
a. The number of coordinated missions by donor was adjusted to avoid double counting. An adjustment factor of 35 percent was applied to the education sector total.			

**Table 2.66:**  
Nicaragua: Education Sector  
and Country-Level Results  
for Ind. 10a

### Indicator 10b – Joint Country Analytic Work

While the number of joint analytic work projects has increased slightly from 34 to 38, the total number of analytic work projects has increased from 64 in the 2006 OECD-DAC survey to 74 in the 2008 survey (table 2.67), a fact that remains hidden when simply looking at the overall indicator.

In the education sector, the situation is much less favorable. According to the FTI survey results, only one out of five analytic work projects was conducted jointly, resulting in a ratio of 15 percent (after adjustment for double counting). This result falls short of the PD target of 66 percent of analytic work being conducted jointly by 2010 and efforts need to be significantly strengthened.

### Managing for Results

#### Indicator 11 – Results-Oriented Frameworks

At the country level, the assessment of the country's results-oriented framework is based upon the World Bank's review of the comprehensive development framework.<sup>193</sup> Nicaragua received an overall "C" rating ("Action taken"), unchanged from its 2005 results (table 2.68).

At the sector level, the 2008 FTI review of ESPs was used to assess progress on Ind. 11. The assessment of the monitoring framework within each ESP provides the score for the results-oriented framework indicator. For Nicaragua, the

<sup>193</sup> World Bank 2007b.

**Table 2.67:**  
Nicaragua: Education Sector  
and Country-Level Results  
for Ind. 10b

Donor agency	Coordinated donor analytic work	Total donor analytic work	Baseline ratio <sup>a</sup> (%)
<b>Ind. 10b: Education sector</b>			
Canada	0	0	n.a.
Denmark	0	0	n.a.
EC	1	1	100
OEIECC	0	2	0
World Bank	0	2	0
<b>Total</b>	<b>1</b>	<b>5</b>	<b>15</b>
<b>Ind. 10b: Country level</b>			
<b>Total</b>	<b>38</b>	<b>74</b>	<b>52</b>
Sources: 2008 FTI survey; OECD-DAC 2008c.			
Note: n.a. = Not applicable.			
a. The number of coordinated missions by donor was adjusted to avoid double counting. An adjustment factor of 25 percent was applied to the education sector total.			

Ind. 11: Education sector					
Policy monitoring	Financing monitoring	Data monitoring	Capacity monitoring	FTI overall score	FTI score converted
—	—	—	X	3/4	B
Ind. 11: Country level					
Quality of development information		Stakeholder access to information		Coordinated country-level M&E	Score
B		C		C	C
<i>Sources: FTI 2008c; World Bank 2007b.</i>					

**Table 2.68:**  
Nicaragua: Education Sector  
and Country-Level Results  
for Ind. 11

results indicate a somewhat more favorable situation (“B” rating) than that of the country as a whole.

### Mutual Accountability

#### Indicator 12 – Mutual Accountability

At both the country and the education sector levels, some review mechanism for mutual accountability exists (table 2.69). At a sectoral level, whether a country undertook a joint qualitative assessment as part of the FTI survey served as a proxy measure for mutual accountability. At the overall country level, according to the 2008 OECD-DAC survey, Nicaragua has a review mechanism for mutual accountability in place.

### Progress Toward Achieving the Paris Declaration Targets

The Paris Declaration sets out specific targets for the 12 indicators to be achieved at the overall country level by 2010.

While some PD targets apply universally to all countries, other targets are set relative to country-specific results in the 2006 OECD-DAC survey.<sup>194</sup>

At the overall country level (figure 2.20), 4 of the 14 indicators currently meet or exceed the PD targets. Targets for six indicators seem to be within reach if efforts are sustained. Three indicators (Ind. 1, 10a and 11) seem to be off-track

Ind. 12: Education sector	
Joint qualitative assessment took place	Yes
Ind. 12: Country level	
Country has review of mutual accountability	Yes
<i>Sources: FTI 2008c; OECD-DAC 2008c.</i>	

**Table 2.69:**  
Nicaragua: Education Sector  
and Country-Level Results  
for Ind. 12

<sup>194</sup> Indicators with relative targets (depending upon results in the baseline survey) are Ind. 1, 2, 5a, 5b, 6, 8, 11, and 12. The 2010 targets shown in figures 2.19 and 2.20 are applied from the 2008 OECD-DAC survey country chapter on Nicaragua.

to achieve the 2010 target without direct action.

In the education sector (figure 2.19), 8 of the 12 indicators currently meet or exceed the Paris Declaration targets. Two indicators are close to achieving their targets. Indicator 10b (shared analysis) seems to be seriously off-track.

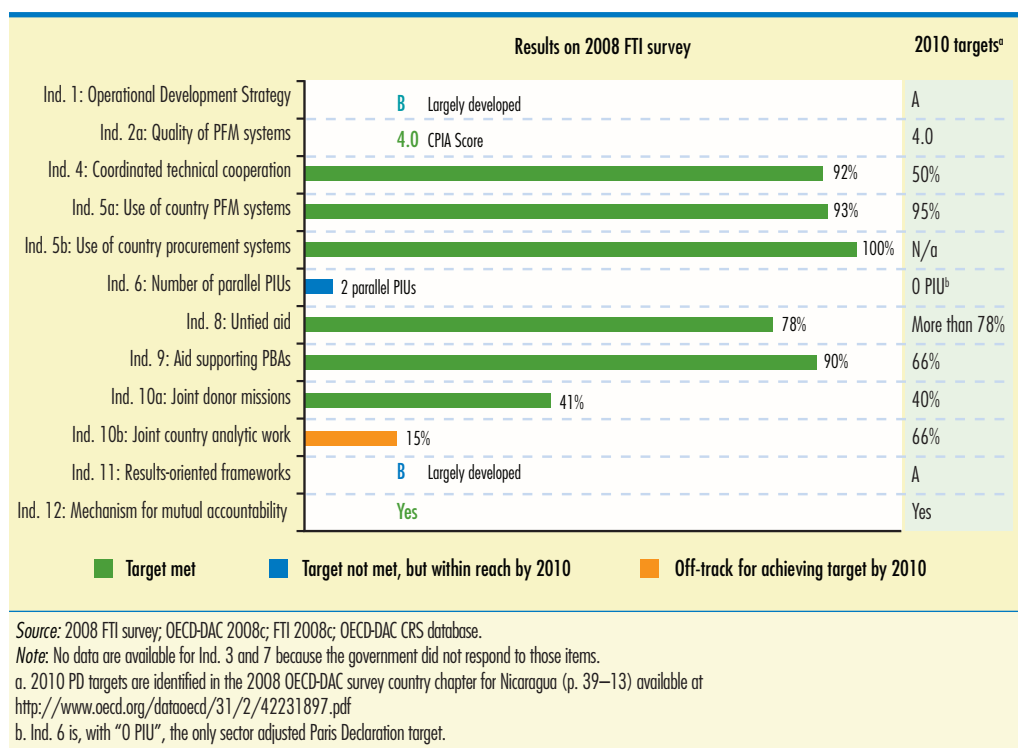
### Survey Improvements

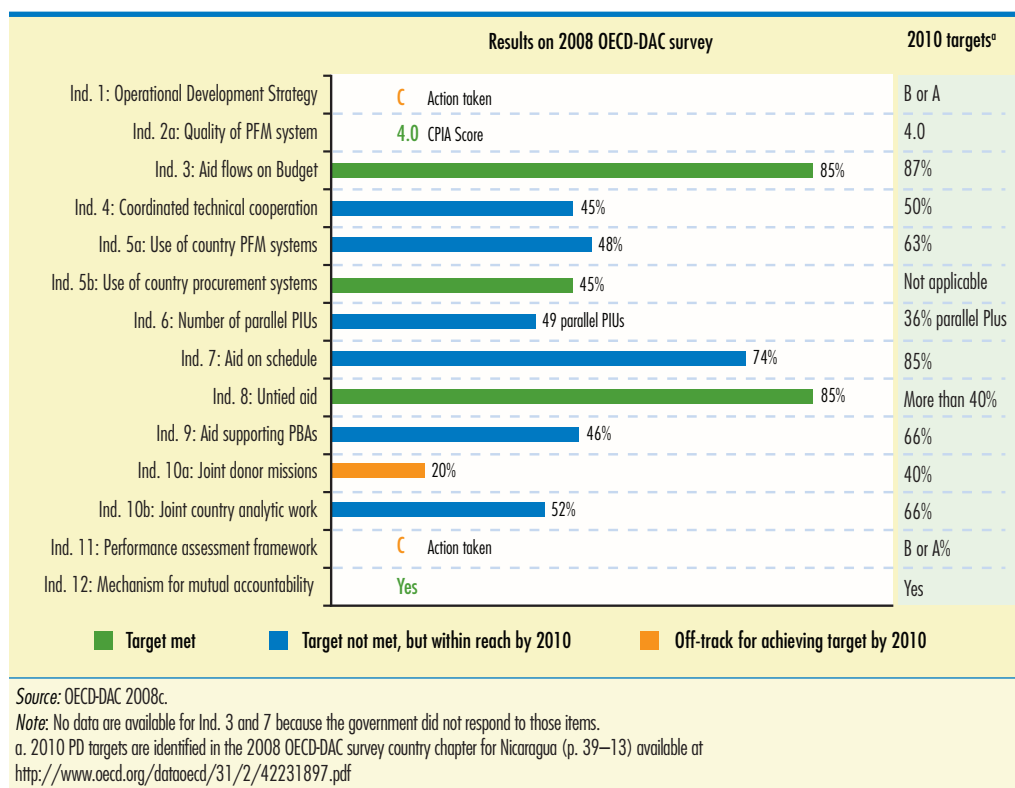
**Government:** The government’s response did not follow the questionnaire format.

Government and donor responses did not match for data on Ind. 3 and 7 and several of the government’s entries provided only aggregate data for different funds without itemizing data by individual donor.

**World Bank:** The World Bank’s response was altered by the FTI Secretariat to include disbursements of funds from FTI’s Catalytic Fund and \$3.5 million in the calendar year according to FTI/World Bank data as of July 15, 2008.

**Figure 2.19:**  
The Paris Declaration Targets in the Education Sector in Nicaragua: State of Play





**Figure 2.20:**  
Nicaragua: Overall Country-Level Progress on the Paris Declaration Targets





# RWANDA

## Country Background

The government of Rwanda adopted a comprehensive Aid Policy<sup>195</sup> and its second poverty reduction strategy paper (PRSP II) “Economic Development and Poverty Reduction Strategy 2008–12”<sup>196</sup> in 2007. The reform of its public financial management (PFM) systems has progressed. Conditions for aid effectiveness have improved and there are indications that donors might scale up their levels of support to Rwanda. However, because

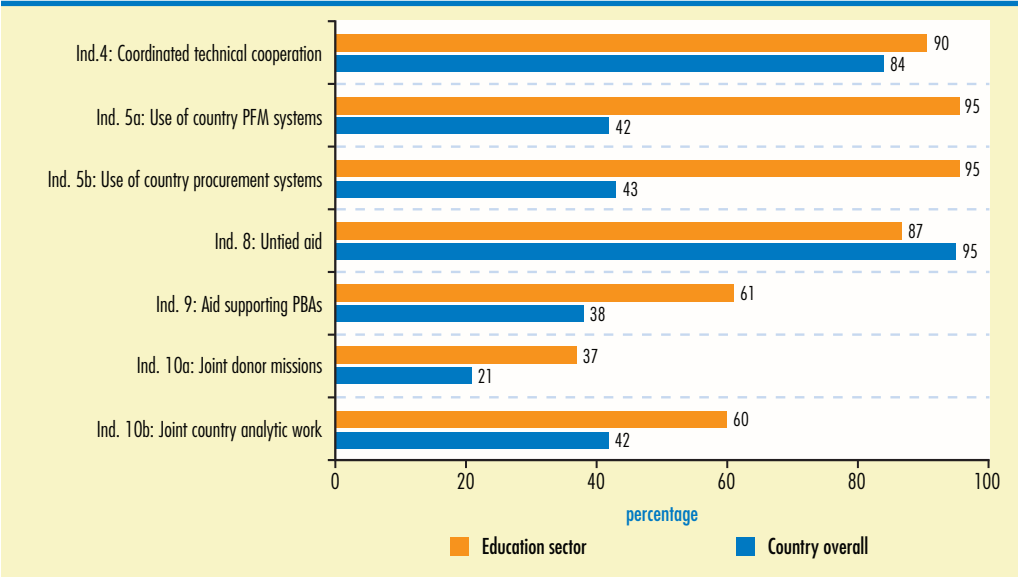
there are many donors, aid coordination remains a constant challenge.

### Aid Effectiveness Indicators

Both at the overall country level as well as in the education sector, Rwanda shows strong performance on a number of aid effectiveness indicators. See figure 2.21.

<sup>195</sup> For more information on Rwanda’s Aid Policy, please refer to Rwanda Development Partners’ Web site: <http://www.devpartners.gov.rw/>.

<sup>196</sup> Government of Rwanda 2007a.



**Figure 2.21:**  
Rwanda: Comparison of Education Sector Results to Overall Country Results

Source: 2008 FTI survey; OECD-DAC 2008c.  
Note: Data for Ind. 1, 6, 11, and 12 are not on a percentage basis and therefore not included in this figure. Data for Ind. 2 and 3 are country level only, so not included. No data are available for Ind. 7 because the government did not respond to that item.

Rwanda's operational development strategy (Ind. 1) is said to be "largely developed" at both the overall country and education sector levels; however, there are no review mechanisms for mutual accountability (Ind. 12). The quality of PFM systems (Ind. 2a) has improved since 2006, which has led to some progress on the use of those systems (Ind. 5a) at the country level; however, Rwanda's procurement system's "B" rating (Ind. 2b) has not resulted in the same effect (5b). Both PFM and procurement systems are used to a great extent in the education sector. Ind. 3 (aid on budget) and Ind. 7 (aid on schedule) have stagnated, whereas the degree of coordination of technical cooperation (Ind. 4) has progressed. Parallel project implementation units (PIUs) are no longer used by the participating donors in the education sector, and their number at the overall country level has decreased as well (Ind. 6). The vast majority of aid to Rwanda is untied (Ind. 8). Aid in support of program-based approaches (PBAs) has somewhat declined at the overall country level, but is high in the education sector (61 percent). Indicators on joint donor missions (10a) and joint analytic work (10b) have improved at the country level (albeit on an overall low level), and are close to their respective Paris Declaration targets in education. The results-oriented framework (Ind. 11) was rated "A" in the education sector, and "C" at the country level.

### Survey Challenges

Inclusion of all donors active in the education sector in Rwanda proved to be

a challenge. The FTI Secretariat received four responses, from the African Development Bank (AfDB), Sweden, UNICEF, and the United Kingdom. The 2006 OECD-DAC Creditor Reporting System (CRS) database lists 14 bilateral donors to the education sector; however, only 7 of them disbursed more than \$0.5 million: Belgium, France, Germany, the IDA, Japan, the Netherlands, and the United Kingdom. The FTI survey provides information on some of these donors. Thus, it has to be noted that the findings contained in this survey report for Rwanda are illustrative mainly for the sample of participating donors. Efforts to capture information on the full range of donors active in the education sector (bilateral and multilateral) should be intensified in future years.

### Aid Effectiveness Environment

Rwanda is heavily dependent upon external aid. In 2006, the country received \$585 million net ODA, equal to about \$62 per capita. Following the genocide in 1994, aid throughout the mid 1990s was heavily geared toward emergency relief and postwar recovery. In the late 1990s, aid shifted toward long-term growth promotion and poverty reduc-

#### Official Development Assistance to Rwanda, 2006

Net ODA	\$585 million
Aid per capita	\$62
Aid as % of GNI	21

Source: World Bank 2008f.

tion. Rwanda can be considered a “donor-darling,” having received large amounts of aid in the late 1990s and early 2000s. In the government’s budget, ODA represents slightly less than 50 percent of total expenditure and net lending.<sup>197</sup> The new G-8 initiative on debt forgiveness and an increased donor focus on the poorest countries, particularly those in Africa, are good indications that the level of support to Rwanda is likely to be scaled up if the government maintains sound policies.<sup>198</sup> In fact, the government itself has raised this expectation in connection with its Economic Development and Poverty Reduction Strategy (EDPRS, Rwanda’s second PRSP).<sup>199</sup>

At the overall country level, the government has sought to enhance its control over aid management in recent years, notably through increasing its role in aid coordination as framed by the Aid Policy adopted in 2006.<sup>200</sup> The Aid Policy is a government-owned initiative and donors have shown their agreement and support by respecting the government’s division of responsibilities for aid management. Having adopted an Education Sector Plan (ESP) as early as 2003, the education sector has been described as a model sector that greatly benefited from clear leadership by the Ministry of Education and the United Kingdom.

### Education Funding

In 2005, the government of Rwanda spent about 3.9 percent of its GDP on education.<sup>201</sup> Increases in gross primary education and net primary school enroll-

ment levels are contributing to making the target of universal primary education by 2015 achievable.

Most of the aid Rwanda receives comes from a relatively small number of donors—more than half of Rwanda’s ODA comes from its four largest donors. The 2006 OECD-DAC CRS database lists the following donors to the education sector (figures include 20 percent of general budget support for those donors providing general budget support): Austria (\$0.2 million), Belgium (\$9.8 million), Canada (\$0.2 million), Denmark (\$0.3 million), the EC (\$4.9 million), France (\$5.0 million), Germany (\$2.1 million), the IDA (\$3.7 million), Ireland (\$0.2 million), Japan (\$0.6 million), the Netherlands (\$4.5 million), Norway (\$0.3 million), Spain (\$0.2 million), Sweden (\$0.2 million), and the United Kingdom (\$19.8 million). Together, these donors account for \$53.9 million to the education sector, with the biggest donors (more than \$0.5 million each) being Belgium, the EC, France, Germany, the IDA, Japan, the Netherlands, and the United Kingdom.

<sup>197</sup> Mokoro Ltd 2008e, 7.

<sup>198</sup> World Bank 2008c, 2.

<sup>199</sup> Government of Rwanda 2007a, 3.

<sup>200</sup> Hayman 2007, 21.

<sup>201</sup> World Bank 2008c, 7.

## Performance on the Paris Indicators

### Ownership

#### Indicator 1 – Operational Development Strategy

OECD-DAC Ind. 1 uses the existence and quality of an operational development strategy as a proxy measure for country ownership. The analysis relies on the World Bank's 2007 assessment of development strategies.<sup>202</sup> The FTI Secretariat, in turn, used its 2007 quality review of education sector plans (ESPs) to assess countries' development strategies in the education sector.<sup>203</sup> The result of the ESP assessment for Rwanda is in line with the World Bank's assessment of its PRSP: both are rated "largely developed" (a "B" rating). See table 2.70.

At the country level, Rwanda adopted its second PRSP, the Economic Development and Poverty Reduction Strategy (EDPRS) in 2007. The EDPRS provides a medium-term framework for achieving the country's long-term development

aspirations, as embodied in Rwanda's Vision 2020, and the Millennium Development Goals. According to the government, preparation of the EDPRS was a truly national process.<sup>204</sup> A medium-term expenditure framework (MTEF) provides the link between the overarching priorities identified in the EDPRS and the budget; however, the MTEF seems to have lost momentum since 2004, and risks becoming a routine exercise that has lost its purpose.<sup>205</sup>

In the education sector, the government's strategy is based on the first Education Sector Strategic Plan (ESSP), developed in 2003. The current ESSP covers the period 2006–10. In 2004, the Joint Education Sector Support program (JESS) was established by donors in support of the ESSP. After the introduction of a Long Term Strategy and Financing Framework, which provides a financial

<sup>202</sup> World Bank 2007b.

<sup>203</sup> FTI 2008c.

<sup>204</sup> Government of Rwanda 2007a, 3.

<sup>205</sup> Mokoro Ltd 2008e, 3.

**Table 2.70:**  
Rwanda: Education Sector and  
Country-Level Results  
for Ind. 1

Ind. 1: Education sector									
Policy clarity	Relevant policy strategy	Clarity of financing issues	Relevant financing strategy	Data clarity	Relevant data strategy	Clarity of capacity issues	Relevant capacity strategy	FTI overall score	FTI score converted
—	—	—	—	X	—	—	—	7/8	B
Ind. 1: Country level									
Unified strategic framework			Prioritization		Strategic link to budget			Score	
B			B		B			B	
Sources: FTI 2008c; World Bank 2007b.									

framework for the education sector for 2006–15, FTI endorsed the government’s ESSP, which has attracted new donors (such as the Netherlands) to support the sector. As a result, spending on primary education increased significantly, with the amount almost tripling between 2002 and 2006.<sup>206</sup> The ESSP sets out the objectives, policies, priorities, strategies, key activities, and indicative targets in five areas of focus.

The FTI Secretariat reviewed the ESSP for 2006–10 along four major areas: (a) policy, (b) financing, (c) data and monitoring, and (d) capacity. According to this assessment the ESSP provides a good review of pertinent policy issues and is quite comprehensive. Policy issues are clearly defined with strategies, key activities, and indicative targets listed. A few of the activities listed are quite broad and ambitious. The financing section is clearly outlined with the funding gaps addressed properly.<sup>207</sup>

### Alignment

Rwanda’s Aid Effectiveness Report (2007) states that development assistance “remains highly fragmented with some development partners active in 5 (of 15) sectors and each sector hosting an average of 9 Development Partners.”<sup>208</sup> The education sector receives only 5 percent of official development assistance (ODA), yet 15 donors are active in the sector.

Following the destruction of much of the institutional infrastructure in 1994, the government of Rwanda established a number of new institu-

tions that are tasked with managing and coordinating donor relations. The main actors within the government of Rwanda in managing development assistance are the Ministry of Finance and Economic Planning (MINECOFIN) and the Ministry of Foreign Affairs (MINAFFET), in collaboration with concerned line ministries and local governments. The framework for aid coordination in Rwanda and the responsibilities of each ministry and entity are clarified in the Aid Policy.<sup>209</sup>

The Aid Policy sets out how Rwanda is seeking to improve the effectiveness of the aid it receives, in the context of the Paris Declaration on Aid Effectiveness. Accordingly, “MINECOFIN shall have a lead role in coordinating external assistance and ensuring its efficient allocation.”<sup>210</sup> Within MINECOFIN, there are three main units: the External Finance Unit (EFU), the Central Projects and External Finance Bureau (CEPEX), and the Budget and Planning Units. EFU is specifically in charge of monitoring progress toward implementation of the Aid Policy and the Paris Declaration. EFU has been the promoter of the Development Assistance Database (DAD), and is in charge of ensuring the quality of the data it contains on donor support to Rwanda.<sup>211</sup> CEPEX is in charge of monitoring donor project execution. The

<sup>206</sup> DFID 2007.

<sup>207</sup> FTI 2008c.

<sup>208</sup> Government of Rwanda 2007b, 7.

<sup>209</sup> Government of Rwanda 2006b.

<sup>210</sup> Government of Rwanda 2006b, 10.

<sup>211</sup> Mokoro Ltd 2008e, 11.

Budget and Planning Units are jointly in charge of preparing the MTEF. MIN-AFFET is “responsible for maintaining broad policy dialogue through its foreign missions,”<sup>212</sup> including mobilization of resources and identification of potential new donors.<sup>213</sup>

The main donor-government coordination structure is the Development Partners Coordination Group (DPCG), which meets once a month. The DPCG is cochaired by MINECOFIN and the UN Resident Coordinator.

Once a year the government organizes the Development Partners Meeting (DPM), which is a high-level forum bringing together donor representatives from their respective headquarters and representation at ministerial level from the government. Those donors that provide budget support, as well as potential budget support donors as observers, formed the Budget Support Harmonization Group in 2003. Finally, a system of joint government-donor sector working groups and joint sector reviews ensure coordination at the sector level.

### *Indicator 2a – Reliable Public Financial Management Systems*

With the genocide in 1994, existing PFM capacities and systems were effectively destroyed and the government had to rebuild those systems from scratch.<sup>214</sup> In recent years, Rwanda has made significant progress in constructing a modern PFM system, through the government’s PFM Action Plan and other measures. The 2007 Public Expenditure and Financial Accountability (PEFA) assessment

#### Quality of Rwanda’s Public Financial Management Systems

World Bank CPIA, 2008: 4.0  
(1.0: very weak; 6.0: very strong)

Transparency International Corruption Perceptions Index, 2008:  
Rank: 102nd  
(out of 180 participating countries)

Score: 3.0  
(0: highly corrupt; 10: highly clean)

describes Rwanda’s PFM reforms as “impressive given the circumstances, resources and capacities of the country.”<sup>215</sup>

Reliable PFM systems are central for donors to mitigate fiduciary risks. With a score of 3.0, Rwanda scored 102nd on Transparency International’s 2008 Corruption Perceptions Index. Both its rank and score have improved significantly in recent years (111th with a score of 2.8 in 2007; 121st with a score of 2.5 in 2006). One report states that “financial corruption has not taken root, as a result of strong political commitment and centralised MINECOFIN control.”<sup>216</sup> Despite this progress, capacity remains limited and much remains to be done.

At the overall country level, the 2007 World Bank CPIA, Ind. 13, rated the quality of Rwanda’s PFM systems with a score of 4.0 (on a scale of 1.0 to 6.0). This is an improvement of 0.5 since Rwanda’s 2005

<sup>212</sup> Government of Rwanda 2006b, 10.

<sup>213</sup> Mokoro Ltd 2008e, 10.

<sup>214</sup> Government of Rwanda 2008, vi.

<sup>215</sup> Government of Rwanda 2008, x.

<sup>216</sup> Mokoro Ltd 2008e, 15.

assessment. Out of the 55 countries that participated in the 2008 OECD-DAC survey, fewer than 25 percent attained a score of 4.0, which is the highest score attained by any country.

### *Indicator 2b – Reliable Public Procurement Systems*

In recent years, the government of Rwanda has been active in reforming its procurement systems. In 2007, it introduced a new procurement law, which “essentially changes the modus operandi of procurement procedures. The new law is built on the principle of decentralization of procurement responsibilities to budget agencies while the National Tender Board retains the supervisory and regulatory roles and also provides the technical and capacity building requirements.”<sup>217</sup> In the PEFA category “Competition, value for money and controls in procurement” (PI-19), Rwanda received a favorable “B” assessment (ratings range from A [best] to D [worst]).

The procurement system rating in the 2008 OECD-DAC survey report is based on a joint government and national stakeholder assessment led by the procurement authority with active participation by development partners, civil society, the private sector, and the media throughout the process, from planning to final review of results. In this exercise, Rwanda’s procurement system was given a “B” assessment (“largely developed”).

### *Indicator 3 – Aid Flows on Budget*

The aim of Ind. 3 is to provide a measure of the extent of aid being captured in the

government’s budget estimates. Accurate budget reporting is a prerequisite for citizen and parliamentary oversight. While the local donor group and the government are in the best position to assess the validity of findings, a comment on the indicator itself is in order. Ind. 3 has been criticized for representing a combined ratio of the effects of two different variables (information capture and predictability of disbursement). Both variables routinely involve large discrepancies in either direction that can cancel each other out. This needs to be kept in mind when analyzing results for Ind. 3.

No education sector data are available for Ind. 3 because the government provided no response. At the overall country level, 51 percent of aid disbursements are reflected on the government’s budget estimates, according to the 2008 OECD-DAC survey report. This means that actual aid disbursement to the government was almost double what was reflected on the budget. In 2006, the government’s budget estimates of aid flows fell short of actual disbursement by 51 percent as well (\$272 million on budget vs. \$554 million disbursed). General budget support, which, by definition is on budget, represented approximately 28 percent of total ODA disbursed to Rwanda,<sup>218</sup> implying that project aid is poorly captured on budget and that information capture therefore presents the central challenge

<sup>217</sup> Government of Rwanda 2008, 10.

<sup>218</sup> OECD-DAC 2008a.

to putting aid on budget in the Rwandan context.<sup>219</sup> To achieve progress on Ind. 3, donors would have to improve the accuracy and timeliness of their aid flow information, especially for project aid that is not using country systems, and the government would have to improve its information processing mechanisms capturing such aid.

One major challenge raised in putting aid on budget is the lack of a clear definition concerning “what aid should be reflected in the budget, what aid should be reflected in the annexes to the budget, and what aid does not belong in the National Budget Law.”<sup>220</sup> Depending on what is included as “aid to the government sector,” the denominator in calculating the proportion of aid on budget is subject to significant change, and final results may be quite different.

#### *Indicator 4 – Coordinated Capacity Development Support*

Weak capacity presents a persistent problem in the education sector. Rwanda’s Aid Policy states that the “Government of Rwanda continues to suffer from capacity problems. The GoR’s ability to attract and retain highly qualified and skilled staff remains limited, and this affects planning and negotiation and can result in poor coordination and implementation.”<sup>221</sup> This is why support to capacity development has been declared to be one of the six key priorities in Rwanda’s EDPRS. In addition, because “technical assistance is not always effective, and in some instances is perceived to undermine local capacities rather than improving them,”<sup>222</sup> coordina-

tion of technical assistance among donors and alignment with government policies has become an important part of monitoring the Paris Declaration.

According to the 2008 OECD-DAC survey, 84 percent of technical assistance to the country overall is coordinated (table 2.71), up from 58 percent in 2006. Because of the low number of respondents to the FTI survey as well as a missing figure for total technical cooperation amount from one donor (DFID), the FTI survey result for the education sector (90 percent) cannot be regarded as representative.

#### *Indicator 5a – Use of Country Financial Management Systems*

The use of country PFM systems is an important indicator of donor alignment with country procedures. With the Paris Declaration, donors committed themselves to use country systems and procedures to the maximum extent possible. On the World Bank CPIA, the proxy measure for the quality of PFM systems, Rwanda received a score of 4.0. Most commonly, donors make use of country PFM and procurement systems when providing aid as general or sector budget support. However, this is not the only way to use country PFM systems. Progress and challenges outlined in the section on indicator 2a show that the government of Rwanda has made

<sup>219</sup> Mokoro Ltd 2008e, 23.

<sup>220</sup> Mokoro Ltd 2008e, 26.

<sup>221</sup> Government of Rwanda 2006b, 1.

<sup>222</sup> Government of Rwanda 2006b, 2.



Donor agency	Coordinated technical cooperation (\$)	Total technical cooperation (\$)	Baseline ratio (%)
<b>Ind. 4: Education sector</b>			
AfDB	0	0	n.a.
Sweden	129,625	366,675	35
UNICEF	202,000	202,000	100
United Kingdom <sup>a</sup>	1,900,000	1,900,000	100
<b>Total</b>	<b>2,231,625</b>	<b>2,468,675</b>	<b>90</b>
<b>Ind. 4: Country level</b>			
<b>Total</b>	<b>196,000,000</b>	<b>235,000,000</b>	<b>84</b>
Sources: 2008 FTI survey; OECD-DAC 2008c. Note: n.a. = Not applicable. a. Total technical cooperation was missing from the DFID response. In its place, the FTI Secretariat included the coordinated amount.			

**Table 2.71:**  
Rwanda: Education Sector and  
Country-Level Results  
for Ind. 4

progress in improving the reliability of its PFM systems, which is an important prerequisite for donors to reduce reliance on their own systems and procedures.

At the overall country level, the 2008 OECD-DAC survey reports that 42 percent of aid disbursements make use of the country's own PFM systems. There are no significant differences in the aid volumes that make use of budget execution, financial reporting, or auditing systems.

In the education sector, the FTI survey reports that 95 percent of aid disbursements by the participating donors make use of Rwanda's PFM systems (table 2.72). There are no significant differences with respect to use of the three subsystems of PFM. This result is in line with other findings that show a high level of aid in support of PBAs. Notably, the AfDB did not provide any aid in support of a PBA (neither budget support nor other forms of aid), yet indicated that

100 percent of its disbursements made use of Rwanda's PFM systems.

While progress is only monitored against agreed-on targets for two specific country systems (PFM and procurement), the Paris Declaration encourages the use of all country systems,<sup>223</sup> such as environmental and social safeguards, monitoring and statistical systems, and others.

### *Indicator 5b – Use of Country Procurement Systems*

The 2008 OECD-DAC survey reports that 43 percent of aid flows use Rwanda's own procurement systems (table 2.73), which is a slight deterioration (down 3 percentage points) from the 2006 survey.

<sup>223</sup> Paris Declaration on Aid Effectiveness 2005, 4.

**Table 2.72:**  
Rwanda: Education Sector and  
Country-Level Results  
for Ind. 5a

Donor agency	Aid disbursed by donors for the education sector in calendar year 2007 (\$)	Budget execution (\$)	Financial reporting (\$)	Auditing (\$)	Baseline ratio (%)
<b>Ind. 5a: Education sector</b>					
AfDB	4,500,000	4,500,000	4,500,000	4,500,000	100
Sweden	2,497,485	2,130,800	2,130,800	2,130,800	85
UNICEF	2,539,518	2,056,154	2,056,154	2,056,154	81
United Kingdom	9,120,000	9,120,000	9,120,000	9,120,000	100
<b>Total</b>	<b>18,657,003</b>	<b>17,806,954</b>	<b>17,806,954</b>	<b>17,806,954</b>	<b>95</b>
<b>Ind. 5a: Country level</b>					
<b>Total</b>	<b>695,000,000</b>	<b>287,000,000</b>	<b>286,000,000</b>	<b>304,000,000</b>	<b>42</b>

Sources: 2008 FTI survey; OECD-DAC 2008c.

**Table 2.73:**  
Rwanda: Education Sector and  
Country-Level Results  
for Ind. 5b

Donor agency	Aid disbursed by donors for the education sector (\$)	Procurement (\$)	Baseline ratio (%)
<b>Ind. 5b: Education sector</b>			
AfDB	4,500,000	4,500,000	100
Sweden	2,497,485	2,130,800	85
UNICEF	2,539,518	2,056,154	81
United Kingdom	9,120,000	9,120,000	100
<b>Total</b>	<b>18,657,003</b>	<b>17,806,954</b>	<b>95</b>
<b>Ind. 5b: Country level</b>			
<b>Total</b>	<b>695,000,000</b>	<b>298,000,000</b>	<b>43</b>

Source: 2008 FTI survey; OECD-DAC 2008c.

According to the FTI survey, the situation is considerably more positive in the education sector, with 95 percent of disbursements by participating donors using country procurement systems. While

there are some slight differences among donors, overall confidence in the procurement system seems to be very high in the education sector.

### Indicator 6 – Avoiding Parallel Implementation Units

Parallel PIUs are generally set up in response to perceived weak capacity in the government’s administration. Downside risks include the tendency for PIUs to undermine national capacity development, diffuse accountability for development results, and distort public-sector salaries through higher salary levels.

In the Paris Declaration, donor agencies committed themselves to “avoid, to the maximum extent possible, creating dedicated structures for day-to-day management and implementation of aid-financed projects and programs.” In February 2006, the government of Rwanda officially requested all donors in the country to move away from the use of parallel PIUs and, where not possible, to consolidate them into a single PIU per ministry.<sup>224</sup> However, at the overall country level, the 2008 OECD-DAC survey reports that there are still 41 parallel PIUs (table 2.74), a moderate reduction of 7 PIUs since the previous survey. According to the OECD-DAC 2006 survey country chapter on Rwanda, the “vast majority of [parallel PIUs] were accounted for by the World Bank and the United Nations.”<sup>225</sup> According to the FTI survey results, there are no parallel PIUs in the education sector in Rwanda for the four donors that provided data.

### Indicator 7 – Aid is on Schedule

Ind. 7 measures the gap between scheduled aid and aid effectively disbursed and recorded in a country’s accounting systems. The indicator relies on a com-

Donor agency	Number of PIUs
<b>Ind. 6: Education sector</b>	
AfDB	0
Sweden	0
UNICEF	0
United Kingdom	0
<b>Total</b>	<b>0</b>
<b>Ind. 6: Country level</b>	
<b>Total</b>	<b>41</b>
<i>Sources: 2008 FaTI survey; OECD-DAC 2008c.</i>	

**Table 2.74:**  
Rwanda: Education Sector and  
Country-Level Results  
for Ind. 6

bined ratio of the effects of two different variables (accuracy of recording and predictability of disbursements).

At the overall country level, 67 percent of aid is disbursed as scheduled. This share has remained virtually unchanged since the 2006 OECD-DAC survey, when it was 66 percent. No education sector data are available because the government provided none.

The government’s Aid Policy (2006) states, “Project support is in many cases characterized by implementation delays (i.e. slow disbursement rates), rather than lack of predictability as such.”<sup>226</sup> In 2006, actual disbursements by donors (\$554 million) were higher than what had been scheduled for disbursement (\$519 million). The overall amount recorded by the government (\$340 mil-

<sup>224</sup> World Bank 2006f, 9.

<sup>225</sup> OECD-DAC 2006a, 324.

<sup>226</sup> Government of Rwanda 2006b, 1.

lion), however, was significantly lower than either scheduled or actual disbursements. In 2008, actual disbursements (\$695 million) again were significantly lower than what donors had scheduled for disbursement (\$734 million). The overall amount recorded by the government (\$476 million) was lower than either scheduled or actual disbursements.

This suggests that recording accuracy presents a significant challenge.

Because the indicator focuses specifically on the in-year predictability of aid, it is important to call attention to the fact that in the Paris Declaration, and most recently in the Accra Agenda for Action, donors committed themselves to provide reliable aid over three-to-five-year forward expenditure or implementation plans.

**Table 2.75:**  
Rwanda: Education Sector and  
Country-Level Results  
for Ind. 8

Donor	% untied	% of amounts for which information is available
<b>Ind. 8: Education sector</b>		
AfDB	—	0
Austria	35	100
Belgium	100	100
Canada	—	—
Denmark	100	100
EC	—	
France	100	86
Germany	57	71
Greece	100	100
Ireland	100	100
Japan	—	0
Netherlands	0	100
Norway	100	100
Spain	—	0
Switzerland	—	0
UNICEF	100	100
United Kingdom	100	100
<b>Total</b>	<b>87</b>	<b>69</b>
<b>Ind. 8: Country level</b>		
<b>Total</b>	<b>95</b>	<b>n.a.</b>
<i>Sources:</i> FTI compilation from OECD-DAC CRS database 2006. OECD-DAC 2008c.		
<i>Note:</i> n.a. = Not applicable.		

### Indicator 8 – Aid is Untied

The PD target for untied aid is vague (“continued progress over time”). For the analysis of Ind. 8, FTI relied on the most recent data from the 2006 OECD-DAC CRS database. In 2006, 87 percent of aid to the education sector in Rwanda was untied.<sup>227</sup> At the country level, the 2008 OECD-DAC survey (covering 2006) reported that 92 percent of aid flows to the country overall were untied (table 2.75).

### Harmonization

According to the findings of an evaluation on the implementation of the Paris Declaration “the role and importance of harmonization within the Paris Declaration agenda may be changing, increasingly taking a back seat to the push for greater alignment with country systems.”<sup>228</sup> Still, donor harmonization remains an important element of the aid effectiveness agenda when the number of donors is

<sup>227</sup> Information for only 69 percent of OECD-DAC aid flows to the education sector was available.

<sup>228</sup> Wood and others 2008, xii.

large and in instances in which alignment with country procedures is not feasible.

In 2006, the donors and the government signed a Memorandum of Understanding on Partnership Principles that aimed at better harmonization, coordination, and alignment. Aid harmonization efforts in Rwanda are hampered by, among other factors, a high degree of donor fragmentation in the country. A 2007 OECD study points out that there are 25 donors (DAC members, multilateral agencies, regional development banks, global funds, and main UN organizations) active in Rwanda.<sup>229</sup> According to the OECD methodology, donor fragmentation is significant when a country deals with a large number of donors that provide a small share of aid.<sup>230</sup> In Rwanda, a total of 16 donors combined provide only 10 percent of country programmable aid, which is a strong sign of high donor fragmentation. Global programs such as the Global Fund to Fight Aids, Tuberculosis and Malaria; the FTI; the US President's Emergency Plan for Aids Relief; and the Clinton Foundation have become major donors in Rwanda. The government has begun to examine the issue of donor fragmentation and division of labor and, as a first step, stated that it would prepare supplemental sector-specific questions to accompany the 2008 OECD-DAC Monitoring Survey exercise.<sup>231</sup>

### *Indicator 9 – Use of Common Arrangements or Procedures*

In its 2006 Aid Policy, the government states a clear preference for budget support over other aid modalities. At the

overall country level, Rwanda has received an increasing share of aid through general budget support over the past years. According to the 2008 OECD-DAC survey, overall aid in support of PBAs constituted 38 percent of total aid disbursements (general budget support alone constituted about 28 percent). See table 2.76. This is a slight decrease of 4 percentage points since the 2006 survey (a 6 percent decline for general budget support alone).

The education sector has made significant progress in the use of common arrangements and procedures, to the point that the sector today is generally considered the most advanced countrywide. The Ministry of Education was the first in the country to establish a SWAp. The ESSP is a single plan that incorporates a single budget and MTEF. It is funded through several routes (domestic revenues, general budget support, and sector budget support) that make use of the government's PFM and disbursement systems. Project support continues to play a role alongside these more aligned aid modalities.

<sup>229</sup> OECD 2007.

<sup>230</sup> In this context, the OECD-DAC refers to Country Programmable Aid (CPA), which is defined as the aid that remains after deducting humanitarian aid and debt relief, imputed student costs, administrative costs, promotion of development awareness, research and refugees in donor countries, food aid and aid from local governments, and core funding of NGOs. In other words, CPA refers to the aid that the partner countries themselves can program according to their needs. In 2005, CPA represented less than 50 percent of gross bilateral ODA.

<sup>231</sup> Government of Rwanda 2007b, 7.

**Table 2.76:**  
Rwanda: Education Sector and  
Country-Level Results  
for Ind. 9

Donor agency	Budget support (\$)	Other PBAs (\$)	Total (\$)	Total aid disbursed in calendar year 2007 (\$)	Baseline ratio (%)
<b>Ind. 9: Education sector</b>					
AfDB	0	0	0	4,500,000	0
Sweden	2,130,800	366,675	2,497,475	2,497,485	100
UNICEF	0	2,056,154	2,056,154	2,539,518	81
United Kingdom	4,940,000	1,900,000	6,840,000	9,120,000	75
<b>Total</b>	<b>7,070,800</b>	<b>4,322,829</b>	<b>11,393,629</b>	<b>18,657,003</b>	<b>61</b>
<b>Ind. 9: Country level</b>					
<b>Total</b>	<b>213,000,000</b>	<b>84,000,000</b>	<b>297,000,000</b>	<b>774,000,000</b>	<b>38</b>
<i>Sources: 2008 FTI survey; OECD-DAC 2008a.</i>					

In 2006, the JESS was established under the leadership of DFID. It comprises a Sector Budget Support Program and a Pooled Fund for Capacity Building. The Sector Budget Support Program receives funds from the AfDB, Belgium, the FTI, Germany, the Netherlands, Sweden, and the United Kingdom.<sup>232</sup> Sweden and the Netherlands are acting as silent partners; and Germany, the FTI, and the Netherlands are beginning to disburse sector budget support.<sup>233</sup> Thus, there are still relatively few donors supporting the education SWAp. Donor coordination and policy dialogue take place through the education cluster group, which incorporates the Ministry of Education and the local donor group. According to the FTI survey results, 61 percent of aid to the education sector by participating donors is in support of a PBA (38 percent in the form of sector budget support).

### *Indicator 10a — Joint Donor Missions*

According to the 2008 OECD-DAC survey report, one of the most frequent complaints made by developing country authorities is that too much time is spent meeting with donors and responding to donor needs.<sup>234</sup> In the Paris Declaration, donors committed to fewer missions overall, and to conduct more of their missions jointly.

At the overall country level, the government and donors have made progress both in reducing the overall number of missions and in increasing the number of missions conducted jointly. The government has instituted a “silent period” from mid-August to mid-October to reduce donor missions, meetings, and requests

<sup>232</sup> Mokoro Ltd 2008e, 25.

<sup>233</sup> Government of Rwanda 2007b, 7.

<sup>234</sup> OECD-DAC 2008a, 50.

for information during the budget preparation period. However, in practice the silent period has only notionally reduced transaction costs.<sup>235</sup> Since the 2006 survey, the overall number of donor missions was reduced by 28 to 216 missions in the 2008 survey (table 2.77). At the same time, the degree of coordination has more than doubled, from 21 to 45 joint donor missions in 2007, according to the 2008 OECD-DAC survey. However, with 21 percent of missions conducted jointly overall, the degree of coordination is as low as the average share of coordinated missions in the 10 FTI countries at the overall country level.

The education sector shows a higher level of coordination, with 37 percent of donor missions by participating donors being conducted jointly, as reported by the FTI survey. According to these results, the PD target for 2010, which

calls for 40 percent of donor missions to be conducted jointly, is well within reach.

### *Indicator 10b – Joint Country Analytic Work*

At the overall country level, the number of total donor analytic work projects increased by 19 percent between 2005 and 2007 (2008 OECD-DAC survey). However, the number of analytic work projects conducted jointly has increased as well, bringing the share of coordination to 42 percent overall (table 2.78).

According to the FTI survey findings, 60 percent<sup>236</sup> of total donor analytic work projects by participating donors in the

<sup>235</sup> Government of Rwanda 2007b, 8.

<sup>236</sup> Following the OECD-DAC methodology, the numbers have been adjusted to account for double counting.

Donor agency	Number of joint donor missions	Total number of donor missions	Baseline ratio <sup>a</sup> (%)
<b>Ind. 10a: Education sector</b>			
AfDB	1	1	65
Sweden	1	1	65
UNICEF	1	3	22
United Kingdom	1	2	33
<b>Total</b>	<b>4</b>	<b>7</b>	<b>37</b>
<b>Ind. 10a: Country level</b>			
<b>Total</b>	<b>45</b>	<b>216</b>	<b>21</b>
Sources: 2008 FTI survey; OECD-DAC 2008c.			
Note:			
a. The number of coordinated missions by donor was adjusted to avoid double counting. An adjustment factor of 35 percent was applied to the education sector total.			

**Table 2.77:**  
Rwanda: Education Sector  
and Country-Level Results  
for Ind. 10a

**Table 2.78:**  
Rwanda: Education Sector and  
Country-Level Results  
for Ind. 10b

Donor agency	Coordinated donor analytic work	Total donor analytic work	Baseline ratio <sup>a</sup> (%)
<b>Ind. 10b: Education sector</b>			
AfDB	0	1	0
Sweden	1	1	75
UNICEF	0	0	n.a.
United Kingdom	3	3	75
<b>Total</b>	<b>4</b>	<b>5</b>	<b>60</b>
<b>Ind. 10b: Country level</b>			
<b>Total</b>	<b>34</b>	<b>81</b>	<b>42</b>
<i>Sources:</i> 2008 FTI survey; OECD-DAC 2008c.			
<i>Note:</i>			
<i>a.</i> The number of coordinated missions by donor was adjusted to avoid double counting. An adjustment factor of 25 percent was applied to the education sector total.			

education sector is coordinated. As with joint field missions, the PD target for Ind. 10b (66 percent of country analytic work conducted jointly) seems to be within reach.

### Managing for Results

#### Indicator 11 – Results-Oriented Frameworks

At the overall country level, the assessment of the country's results-oriented framework is based upon the World Bank's review of the comprehensive development framework.<sup>237</sup> Rwanda received an overall "C" rating ("Action taken"), unchanged from the 2005 results.

For the education sector, the ESSP constitutes the planning, monitoring, and evaluation framework for the sector. The ESSP sets out the objectives, policies, priorities, strategies,

key activities, and indicative targets. In the Ministry of Education, the department of policy, planning, and capacity building manages the EMIS within the education sector's Monitoring and Evaluation Framework. The EMIS is expected to provide a comprehensive M&E system for all indicators in the sector, as well as to track progress on related actions in other sectors. These initiatives will contribute to a much firmer statistical reporting process. The 2008 FTI quality review of ESPs (specifically the subsection on monitoring frameworks) was used for assessing progress on Ind. 11.<sup>238</sup> The results-oriented framework in the education sector received an "A" rating ("Largely sustainable"). See table 2.79.

<sup>237</sup> World Bank 2007b.

<sup>238</sup> FTI 2008c.



Ind. 11: Education sector					
Policy monitoring	Financing monitoring	Data monitoring	Capacity monitoring	FTI overall score	FTI score converted
—	—	—	—	4/4	A
Ind. 11: Country level					
Quality of development information		Stakeholder access to information		Coordinated country-level M&E	
C		D		C	
Sources: FTI 2008c; World Bank 2007b.					

**Table 2.79:**  
Rwanda: Education Sector and Country-Level Results for Ind. 10b

## Mutual Accountability

### Indicator 12 – Mutual Accountability

Mutual assessments of progress are a critical element of FTI's partnership compact. For the purpose of this assessment, whether a country had undertaken a joint qualitative assessment serves as a proxy measure for mutual accountability in the education sector. At the overall country level, according to the 2008 OECD-DAC survey, Rwanda has no review mechanism for mutual accountability. See table 2.80.

With the adoption of its Aid Policy, the government of Rwanda proposed a compact between the government and development partners that looks very similar to the FTI compact. In the compact, the government and donors agree to implement the government's Aid Policy. The compact includes provisions for monitoring of both government and donor activity with the aim of complementing and reinforcing existing provisions.

Ind. 12: Education sector	
Joint Qualitative Assessment took place	No
Ind. 12: Country level	
Country has review of mutual accountability	No
Sources: 2008 FTI survey; OECD-DAC 2008c.	

**Table 2.80:**  
Rwanda: Education Sector and Country-Level Results for Ind. 12

The proposed process includes self-assessments by donors of how their support matches the provisions of the Aid Policy. On the basis of these self-assessments, donors produce individual statements of intent or action plans, which detail the measures they plan to take to ensure their compliance with the Aid Policy.

### Progress Toward Achievement of the Paris Declaration Targets

The Paris Declaration sets out specific targets for the 12 indicators to be achieved at the overall country level by 2010. While some PD targets apply universally

to all countries, other targets are set relative to country-specific results in the 2006 OECD-DAC survey.<sup>239</sup>

At the overall country level (figure 2.23), 4 (Ind. 1, 2a, 4 and 8) of the 12 indicators currently meet or exceed the Paris Declaration targets. Targets for 10 indicators seem to be within reach if efforts are sustained if not seriously increased. One indicator (Ind. 12) seems to be off-track for achieving the PD targets by 2010 if efforts are not significantly strengthened.

In the education sector (figure 2.24), 7 of the 12 indicators for which data were available for the education sector currently meet or exceed the PD targets. Four indicators are close to achieving their targets. No mutual accountability mecha-

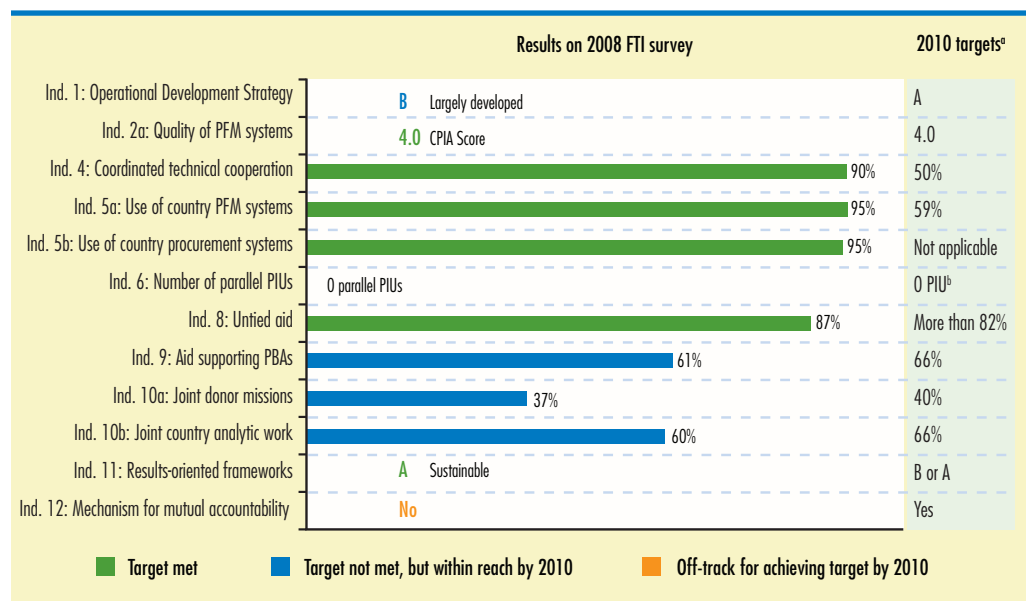
nism (Ind. 12) has been developed in the education sector yet.

### Survey Improvements

**UK, Ind. 4:** The United Kingdom did not provide an answer to Q5 (total technical cooperation; see the donor questionnaire in appendix 3). The FTI Secretariat decided to use the same amount for Q5 as was provided in the response to Q6.

<sup>239</sup> Indicators with relative targets (depending upon results in the baseline survey) are Ind. 1, 2, 5a, 5b, 6, 8, 11, and 12. The 2010 targets shown in figures 2.22 and 2.23 are applied from the 2008 OECD-DAC survey country chapter on Rwanda.

**Figure 2.22:**  
The Paris Declaration Targets in the Education Sector in Rwanda: State of Play

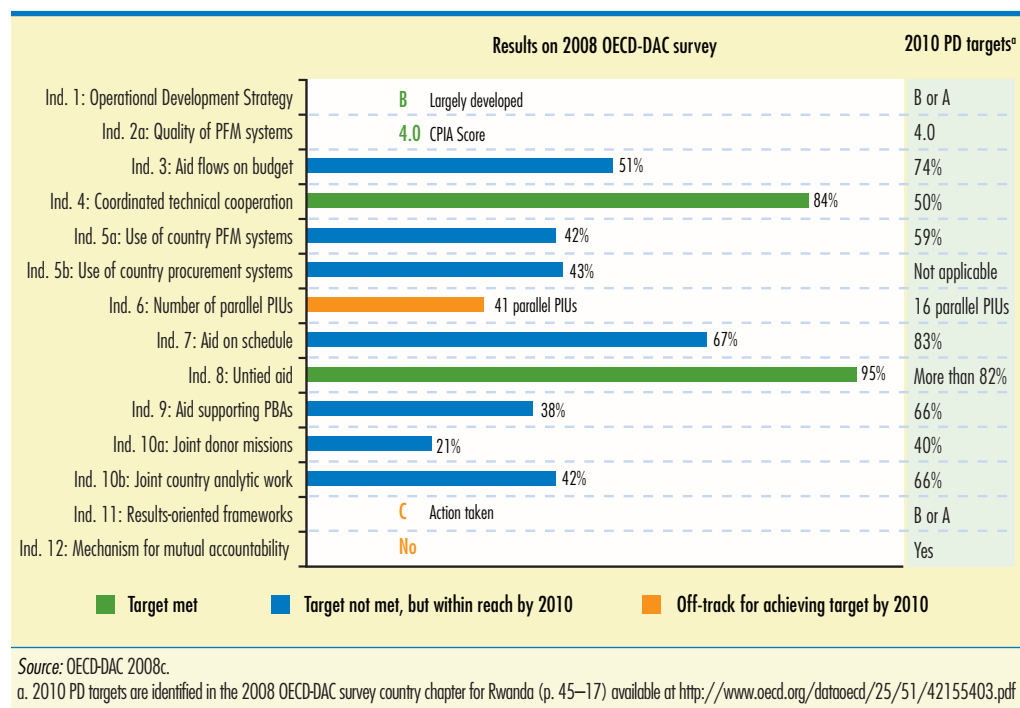


Source: 2008 FTI survey; OECD-DAC 2008c; FTI 2008c; OECD-DAC CRS database.

Note: No data are available for Ind. 3 and 7 because the government did not respond to those items.

a. 2010 PD targets are identified in the 2008 OECD-DAC survey country chapter for Rwanda (p. 45–17) available at <http://www.oecd.org/dataoecd/25/51/42155403.pdf>

b. Ind. 6 is, with “0 PIU”, the only sector adjusted Paris Declaration target.



**Figure 2.23:**  
Rwanda: Overall Country-Level Progress on the Paris Declaration Targets

**AfDB, Ind. 10a:** The AfDB did not provide a response to Q16 (total number of donor missions). Noting the potential for distortion in both directions (double counting, or undercounting actual numbers), the number was adjusted to the number of coordinated missions.

**AfDB, Ind. 9:** In response to Q1, AfDB noted that its aid was “Sector budget support for JESS.” However, the re-

sponse to Q14 did not take note of this aid contribution.

**AfDB, Sweden, UNICEF:** As a result of lack of information for general budget support to the government, as well as for the education sector share, general budget support contributions could not be included. Only the United Kingdom provided this information.



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# APPENDIX 1

## List of Coordinating Agencies

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Country	Coordinating agency (2008)	Coordinating agency (2009)
Burkina Faso	The Netherlands	World Bank
Cambodia	UNICEF	UNICEF
Ethiopia	The Netherlands	UK Department for International Development, Italian Cooperation
Ghana	World Bank	World Bank
Honduras	Japan International Cooperation Agency	UNICEF
Madagascar	World Bank	World Bank
Mauritania	World Bank	World Bank
Mozambique	The Netherlands	UNICEF
Nicaragua	European Commission	European Commission
Rwanda	UK Department for International Development	UK Department for International Development



# APPENDIX 2

## Methodology Used to Assess Ind. 1

For its assessment of Ind. 1, the 2008 OECD-DAC survey used the World Bank’s “Results-Based National Development Strategies: Assessment and Challenges Ahead (2007),” which rates a country’s operational development plans according to the presence of a unified strategic framework, prioritization within that framework, and a strategic link to the budget. The numerical scores (see below) were then translated to the OECD-DAC

scale (A to E) using the conversion factors provided below. The FTI Secretariat, in turn, used a 2008 quality review of education sector plans in 28 FTI-endorsed countries (FTI 2008c). Following the OECD-DAC method, the FTI’s assessment criteria (clarity and relevant strategy in the fields of policy, financing, data, and capacity) were then translated to the A to E scale using the conversion factors in the table below.

World Bank 2005 and 2007	World Bank 2005	OECD-DAC 2006 and 2008	FTI Survey	FTI Survey
L - Little action	1.0 to 1.5	E - Reflects little action toward achieving good practice	1.0 to 1.8	E
E - Elements exist	1.6 to 2.5	D - Incorporates some elements of good practice	1.9 to 3.6	D
A - Action taken	2.6 to 3.5	C - Action taken toward achieving good practice	3.7 to 5.4	C
D - Developed	3.6 to 4.5	B - Largely developed toward achieving good practice	5.5 to 7.2	B
S - Sustainable	4.6 to 5.0	A - Substantially achieves good practice	7.3 to 8.0	A





# APPENDIX 3

## Determination of Baseline Ratios for Ind. 4, 5a, 5b, 9, 10a, and 10b

Indicator 4 Coordinated technical cooperation							
Donor	Coordinated technical cooperation (\$ million)		Total technical cooperation (\$ million)			Baseline ratio %	
	a		b			c = a/b	
Indicators 5a and 5b Use of country systems							
Donor	Aid disbursed by donors for gov't sector (\$ million)	Budget execution (\$ million)	Financial reporting (\$ million)	5a: Public financial management (PFM)		5b: Procurement	
				Auditing (\$ million)	Baseline ratio %	Procurement systems (\$ million m)	Baseline ratio %
	a	b	c	d	avg (b + c + d)/a	e	e/a
Indicator 9 Use of program-based approaches							
Donor	Budget support (\$ million)	Other PBAs (\$ million)	Total (\$ million)	Total aid disbursed (\$ million)	Baseline ratio %		
	a	b	c = a + b	d	e = c/d		
Indicator 10a Coordinated missions							
Donor	Coordinated donor missions		Total donor missions			Baseline ratio %	
	a		b			c = a/b	
<i>Note:</i> The total of coordinated missions is adjusted to avoid double counting. A discount factor of 35 percent is applied.							
Indicator 10b Coordinated analytic work							
Donor	Coordinated donor analytic work		Total coordinated donor analytic work			Baseline ratio %	
	a		b			c = a/b	
<i>Note:</i> Following the OECD-DAC methodology the total of coordinated analytic work is adjusted to avoid double counting. A discount factor of 25 percent is applied.							



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# APPENDIX 4

## Government Questionnaire

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### Country Information

- **Country:** [Type here] \_\_\_\_\_
- **Name of contact person:** [Type here] \_\_\_\_\_

### Indicator 3: Aid flows are aligned on national education priorities

- How much estimated ODA<sup>238</sup> was recorded in the 2007 annual budget as revenue, grants or ODA loans to the education sector?

Q<sup>§</sup>1. In the 2007 (or 2006/07) annual education budget: USD: [Type here]

\_\_\_\_\_

Donor	Annual Education Budget

(MoE are encouraged to provide detailed data for each donor.)

### Indicator 7: Education Sector Aid is more predictable

- How much total ODA for the education sector was actually recorded in your accounting systems in calendar year 2007?

Q<sup>§</sup>2. USD: [Type here] \_\_\_\_\_

\_\_\_\_\_

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<sup>240</sup> ODA includes all transactions as defined in OECD-DAC Statistical Directives para. 35, including official transactions that: (a) are administered with the promotion of the economic development and welfare of developing countries as its main objective; and (b) are concessional in character and convey a grant element of at least 25%.

Donor	ODA for education recorded in accounting system

*(MoE are encouraged to provide detailed data for each donor.)*

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# APPENDIX 5

## Donor Questionnaire

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### Information on the Donor

- **Partner Country:** [Type here] \_\_\_\_\_
- **Name of donor agency:** [Type here] \_\_\_\_\_
- **Name of contact person:** [Type here] \_\_\_\_\_

### *Indicator 3: Aid flows are aligned on national education priorities*

- *How much ODA to education did you disburse at country-level in...*  
Q<sup>d</sup>1. ...calendar year 2007? USD [Type here] \_\_\_\_\_  
  
Q<sup>d</sup>2. ...fiscal year 2006/07? USD [Type here] \_\_\_\_\_  
(response to Q<sup>d</sup>2 needed ONLY if the fiscal year of the country receiving ODA is not from January to December)
- *How much of this was for the government sector in...*  
Q<sup>d</sup>3. ...calendar year 2007? USD [Type here] \_\_\_\_\_  
  
Q<sup>d</sup>4. ...fiscal year 2006/07? USD [Type here] \_\_\_\_\_  
(response to Q<sup>d</sup>4 needed ONLY if the fiscal year of the country receiving ODA is not from January to December)

### *Indicator 4: Strengthen capacity in the education sector by co-ordinated support*

- *How much technical cooperation to the education sector did you finance in calendar year 2007?*  
Q<sup>d</sup>5. USD [Type here] \_\_\_\_\_

- *How much technical cooperation did you finance for the education sector through co-ordinated programmes in support of capacity development in calendar year 2007?*

Q<sup>d</sup>6. USD [Type here] \_\_\_\_\_

### **Indicator 5a: Use of country public financial management systems for aid disbursement to education**

- *In calendar year 2007, how much ODA to education was disbursed for the government sector by...*

Q<sup>d</sup>7. ...national budget execution procedures? USD [Type here] \_\_\_\_\_

Q<sup>d</sup>8. ...national financial reporting procedures? USD [Type here] \_\_\_\_\_

Q<sup>d</sup>9. ...national auditing procedures? USD [Type here] \_\_\_\_\_

Q<sup>d</sup>10. ...all three national procedures as defined above? USD [Type here] \_\_\_\_\_

### **Indicator 5b: Use of country procurement systems in the education sector**

- *How much ODA disbursed for the education sector used national procurement systems in calendar year 2007?*

Q<sup>d</sup>11. USD [Type here] \_\_\_\_\_

### **Indicator 6: Strengthen capacity by avoiding parallel implementation structures**

- *How many parallel project implementation units in the education sector did you make use of in calendar year 2007?*

Q<sup>d</sup>12. Number of parallel PIUs: [Type here] \_\_\_\_\_

### **Indicator 7: Education Sector Aid is more predictable**

- *How much total ODA for the education sector did you schedule for disbursement in calendar year 2007?*

Q<sup>d</sup>13. USD [Type here] \_\_\_\_\_

### *Indicator 9: Use of common arrangements or procedures in the education sector*

- *How much ODA to education did you disburse through programme-based approaches in calendar year 2007?*

Q<sup>d</sup>14. Direct budget support provided through PBAs in form of SWAPs? USD [Type here] \_\_\_\_\_

Q<sup>d</sup>15. Other forms of assistance provided in support of PBAs? USD [Type here] \_\_\_\_\_

### *Indicator 10a: Joint missions in the education sector*

- *How many donor missions to the field were undertaken in calendar year 2007?*

Q<sup>d</sup>16. Number of missions: [Type here] \_\_\_\_\_

Q<sup>d</sup>17. How many of these were conducted jointly with other donors: [Type here] \_\_\_\_\_

### *Indicator 10b: Joint country analytic work in the education sector*

- *How many country analytic studies/reports did you undertake in calendar year 2007?*

Q<sup>d</sup>18. Number of studies/reports: [Type here] \_\_\_\_\_

Q<sup>d</sup>19. How many of these were co-ordinated with: [Type here] \_\_\_\_\_





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# APPENDIX 6

## Questionnaire for Joint Qualitative Assessment

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### About this Assessment

The Joint Qualitative Assessment constitutes Phase Two of the education sector survey. Against the background of the quantitative data that were provided in Phase One by the MoE and donors, the qualitative assessment gives the Local Education Group the opportunity to (a) track progress toward implementing the Paris Declaration indicators in the education sector, and (b) enforce country level dialogue on ownership, alignment, harmonization, managing for results, and mutual accountability. Furthermore, it gives an opportunity for the Local Education Group to reflect on the following issues:

- a. key challenges and reforms needed to improve effectiveness of aid in the education sector,
- b. country-specific action items on aid effectiveness,
- c. methods to reduce transaction costs of delivering and managing aid,
- d. methods of record keeping and reporting on aid on both the government and donor sides, and
- e. ways of translating the results drawn from the survey data into an actionable agenda on fostering aid effectiveness in the education sector.

Local Education Groups are encouraged to jointly carry out the qualitative assessments for the Paris Indicators under the direction of the Lead Donor and in close cooperation with its MoE. Below illustrative questions for each indicator are provided. We highly recommend taking this opportunity to further reflect on key challenges and to identify methods for strengthening country processes to make aid more effective.

We also suggest that the Lead Donor convene a meeting of the Local Education Group (including partners from civil society, where relevant) to evaluate the progress of the indicators comprehensively. Stakeholders are encouraged to reach agreement on a common position presented in the qualitative assessment. However, where consensus cannot be reached, different opinions should be presented rather than seeking consensus at all costs. If the Local Education Group decides to share their findings with the FTI Secretariat we would appreciate receiving the completed questionnaire by May 30, 2008.

- The illustrative questions below are designed to help guide Lead Donors together with the Local Education Group in providing qualitative assessments for the indicators.

- Responses provided for each indicator should not exceed two pages.
- To facilitate cross-country comparison, please structure responses as follows: Indicator 1.1: ..., Indicator 1.2: ..., Indicator 1.3: ...

<p><b>Indicator 1:</b> Operational National Development Strategies</p>	<ol style="list-style-type: none"> <li>1. To what extent does the national education strategy set out clear and prioritised objectives to reach the education goals?</li> <li>2. To what extent are national education plans or strategies able to influence the activities undertaken by government and donors by means of making linkages between the plans and budgets, fiscal policies or other resource-allocation instruments?</li> <li>3. What are the remaining challenges in operationalising national education strategies?</li> </ol>
<p><b>Indicator 2a:</b> Reliable Country Public Financial Management Systems</p>	<ol style="list-style-type: none"> <li>1. What reforms have been implemented or are planned to improve the quality of public financial management systems in the education sector?</li> <li>2. What efforts are being made to improve financial management in the education sector?</li> </ol>
<p><b>Indicator 2b:</b> Reliable Country Procurement Management System</p>	<ol style="list-style-type: none"> <li>1. What actions have been taken or are planned to reform and improve the quality of procurement systems (regulations and institutions) in the education sector?</li> <li>2. If legal or institutional frameworks are established (Procurement Acts, Regulatory Authorities, anti-Corruption laws), what steps are taken to build capacities or allocate resources to effectively implement them?</li> </ol>
<p><b>Indicator 3:</b> Aid Flows are Aligned on National Education Priorities Systems</p>	<ol style="list-style-type: none"> <li>1. Please consider the main reasons why there are gaps between what is disbursed by donors to the education sector and what is recorded in annual budget estimates.</li> <li>2. How can the gaps be narrowed?</li> <li>3. What further efforts need to be made, by donors to ensure the necessary information disclosure to the relevant government authorities?</li> </ol>
<p><b>Indicator 4:</b> Strengthen Capacity in the Education Sector by Co-Ordinated Support</p>	<ol style="list-style-type: none"> <li>1. What are the challenges in strengthening capacity development and improving the provision of technical co-operation in the education sector?</li> <li>2. What steps are being made by the Ministry of Education and relevant country authorities to identify and communicate clear objectives and strategies for capacity development?</li> <li>3. What are the steps taken by donors to integrate technical co-operation as part of education programmes and coordinate support among donors?</li> </ol>
<p><b>Indicator 5a:</b> Use of Country Public Financial Management Systems in the Education Sector</p>	<ol style="list-style-type: none"> <li>1. Please describe the constraints and challenges placed on donors in making use of partner country's public financial management systems (budget execution procedures, financial reporting procedures, and auditing procedures) in the education sector.</li> <li>2. Are procedures currently in place to use country systems?</li> </ol>
<p><b>Indicator 5b:</b> Use of Country Procurement Systems in the Education Sector</p>	<ol style="list-style-type: none"> <li>1. Please describe the constraints and challenges placed on donors in making use of partner country's procurement systems.</li> <li>2. Are procedures currently in place to use country procurement systems?</li> <li>3. Please describe cases where donors apply safeguard measures.</li> </ol>
<p><b>Indicator 6:</b> Avoiding Parallel Implementation Structures in the Education Sector</p>	<ol style="list-style-type: none"> <li>1. For which reasons are parallel PIUs established in the education sector?</li> <li>2. What steps, if any, are being taken both by donors and governments to phase-out parallel PIUs and/or mainstream PIUs into the Ministry of Education?</li> </ol>

*(continued)*

<p><b>Indicator 7:</b> Education Sector Aid is more Predictable</p>	<ol style="list-style-type: none"> <li>1. Please list the main reasons where there are gaps between what was scheduled for disbursement and what was actually recorded as disbursed by government.</li> <li>2. How can donors improve realism of predictions on volume and timing of expected disbursements?</li> <li>3. What efforts are being made by the government to meet the various requirements (administrative, technical, financial, etc.) for timely execution of projects and disbursement of funds; and fully capture disbursements in its accounting systems?</li> <li>4. Have any additional steps been taken to improve predictability of donor funding over the longer term?</li> </ol>
<p><b>Indicator 8:</b> Aid is Increasingly Untied in the Education Sector</p>	<ol style="list-style-type: none"> <li>1. What efforts are being made by donors at sector level to untie aid?</li> <li>2. How does this apply to technical assistance as well as to investment projects?</li> </ol> <p>Note that supports through untied pooled financing and through the FTI are also means of untying.</p>
<p><b>Indicator 9:</b> Use of Common Arrangements or Procedures in the Education Sector</p>	<ol style="list-style-type: none"> <li>1. Please describe what use is currently being made of Program Based Approaches (PBA) in form of SWAps (i.e. approaches that meet all 4 criteria set out in the survey Definitions and Guidance).</li> <li>2. What are the challenges in channelling a greater proportion of aid in support of PBAs?</li> </ol>
<p><b>Indicator 10a:</b> Joint Missions in the Education Sector</p>	<ol style="list-style-type: none"> <li>1. Please describe what efforts are being made to rationalise and enforce joint donor missions in the education sector.</li> </ol>
<p><b>Indicator 10b:</b> Joint Country Analytic Work in the Education Sector</p>	<ol style="list-style-type: none"> <li>1. Please describe what mechanisms are available to rationalise and co-ordinate joint country analytic work in the education sector.</li> </ol>
<p><b>Indicator 11:</b> Results-Oriented Frameworks</p>	<ol style="list-style-type: none"> <li>1. Are there transparent and monitorable performance assessment frameworks in use in the education sector?</li> <li>2. Is there an operational strategy for improving statistical capacity and/or administrative reporting on results in the sector? How is it implemented?</li> <li>3. How does information on performance feed back into decision-making at sectoral level? By which mechanisms?</li> </ol>
<p><b>Indicator 12:</b> Mutual Assessment of Progress in the Education Sector</p>	<ol style="list-style-type: none"> <li>1. If a mutual assessment of progress has been conducted for the education sector, what are the key features of this mutual assessment? (Annual reporting, periodic independent evaluation etc.?) Who is involved?</li> <li>2. If a mutual assessment of progress has not been conducted for the sector, what actions would be needed to initiate such a mutual assessment?</li> </ol>



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## Fast Track Initiative

### **THE EFA-FTI SECRETARIAT**

World Bank  
MSN G8-800  
1818 H Street, NW  
Washington, DC 20433 USA  
Website: [www.education-fast-track.org](http://www.education-fast-track.org)  
E-mail: [info@educationfasttrack.org](mailto:info@educationfasttrack.org)

