52 UGANDA

INTRODUCTION

UGANDA HAS A POPULATION OF 30 MILLION, with a gross national income (GNI) per capita in 2006 of USD 1 490 (in purchasing power parity terms). In 2002-03, approximately 38% of the population fell below the national poverty line. Monitoring by the United Nations (UN) indicates that Uganda will most likely attain two of the eight Millennium Development Goals (MDGs): MDG 2, to achieve universal primary education; and MDG 3, to promote gender equality and to empower women.

Total net official development assistance (ODA) provided by members of OECD's Development Assistance Committee (OECD-DAC) amounted to USD 1 551 million in 2006, with the World Bank being the largest donor, followed by the African Development Bank, the United States, the United Kingdom and the European Commission over the years 2005-2006. Aid accounts for approximately 17% of GNI. Seventeen donors responded to the 2008 Survey with their aid accounting for around 95% of total ODA provided by OECD-DAC members. This repeats the level of survey participation and aid coverage achieved in the 2006 Baseline Survey.

Uganda is a country in which aid effectiveness issues have been on the agenda for many years. With many active donors and aid constituting a large percentage of GNI, and with government and donor expectations high, it is important that progress on aid effectiveness is consolidated and continued.

OVERVIEW
Box 52.1: Challenges and priority actions

DIMENSIONS	2007	CHALLENGES	PRIORITY ACTIONS
Ownership	High	Need to strengthen links between plans, expenditure frameworks and budgets	Fully implement recommendations of the annual review of the Poverty Eradication Action Plan (PEAP).
Alignment	Moderate	Implementation still relies on parallel project implementation units (PIUs)	Continue to strengthen – and for donors, make use of – country systems for public financial management and procurement
Harmonisation	Moderate	Co-ordination of missions and country analytical work needs strengthening	Build on successful country integrated fiduciary assessment experience with co-ordinating country analysis
Managing for results	Moderate	Fragmentation of government information systems	Implement National Integrated Monitoring and Evaluation Strategy
Mutual accountability	Moderate	No mutual assessment has taken place	Conduct mutual assessment, perhaps as part of review of Uganda Joint Assistance Strategy

OWNERSHIP

OWNERSHIP IS CRITICAL TO ACHIEVING DEVELOPMENT RESULTS and is central to the Paris Declaration on Aid Effectiveness. Aid is most effective when it supports a country-owned approach to development; aid is less effective when countries feel that aid policies and approaches are driven by donors that provide assistance. In the context of the Paris Declaration, ownership specifically concerns a country's ability to carry out two, inter-linked activities: exercise effective leadership over its development policies and strategies; and co-ordinate the efforts of various development actors working in the country.

INDICATOR 1
Do countries have operational development strategies?

Ownership has many dimensions. Indicator 1 – assessed as part of the World Bank's review on *Results-Based National Development Strategies: Assessments and Challenges Ahead* – provides an entry point to the issue. The World Bank assesses the operational value of a country's development strategy and policy against three criteria, all of which are essential features of any serious effort to harness domestic and external resources for development purposes: the existence of an authoritative, country-wide development policy which clearly identifies priorities and is well costed.

The World Bank rates the operational value of a country's development strategy against a five-point scale running from A (highest score) to E (lowest score). The Paris Declaration 2010 target is to raise, to at least 75%, the proportion of partner countries having operational development strategies – *i.e.* meriting a rating of A or B.

In the 2006 Baseline Survey, Uganda received a B rating – along with only four other countries in a sample of 55 rated by the World Bank. The country's Poverty Eradication Action Plan (PEAP) was adjudged to meet many of the criteria for an operational development strategy. Uganda retains its B rating in the 2008 Survey, meaning that unless slippage occurs, Uganda is on course to meet the Paris Declaration 2010 target.

The country's development objectives are articulated in the 2004 PEAP, which restates the country's ambitions of eradicating mass poverty and becoming a middle-income country in the next 20 years. It also presents specific policies and measures to achieve its objective and is complemented by sectoral and district development plans that are based on PEAP priorities.

The PEAP defines a framework through which government provides the public goods and services needed to support economic growth and development. In order to ensure that the PEAP feeds through into resource allocation decisions, the government adopted a medium-term expenditure framework (MTEF) in 1998. A poverty action fund seeks to ensure that resources are focused on priority sectors. The PEAP's results and policy matrix specify targets for key outcomes and are key instruments in enhancing government co-ordination mechanisms; they also provide the framework by which development partners can align interventions to the country strategy.

The government plays a strong role in co-ordinating external development assistance with the Aid Liaison Department in the Ministry of Finance, Planning and Economic Development playing the key role. On the donor side, the Local Development Partner Group, chaired by the World Bank, works to enhance aid effectiveness in support of Uganda's goals and systems. Since 1998, consultative group meetings are held in-country and co-chaired by the World Bank. Annual PEAP implementation reviews will explore more fully the linkages between results, priorities and the budget.

In terms of ownership being more broadly understood, the World Bank's Aid Effectiveness Review reports that there is a sustainable structure for government-stakeholder dialogue in Uganda, with sectoral working groups and a National Planning Authority playing important roles in bringing together representatives from government, civil society and the private sector. Parliamentary engagement in development policy processes is strong, although as the World Bank notes that there is room to enhance parliamentary understanding of the PEAP.

If ownership is to be further enhanced in Uganda, the government will need to play a stronger role in co-ordinating external assistance and ensure that a larger proportion of donor resources are channelled through government systems. In addition, government institutions need to be strengthened so that they can take on the responsibility of implementing programmes, assume full leadership in the implementation and co-ordination of aid processes, and develop mechanisms to monitor and evaluate the impact of the PEAP. With greater predictability of aid inflows over a multi-year period, the government would be better able to implement its plans. ■

ALIGNMENT

FOR AID TO BE EFFECTIVE, it must be aligned with national development strategies, institutions and procedures. The Paris Declaration envisions donors basing their support fully on country partner aims and objectives. Indicators 2 through 8 examine several dimensions of aid to assess the degree to which partner countries and donors achieve alignment.

Despite disappointing slippage on use of country systems and on predictability, the indicators show that Uganda is making sound progress on alignment. The country PFM and procurement systems are relatively strong, aid is accurately estimated in the budget, and technical co-operation is co-ordinated with country programmes. By contrast, there is considerable room for progress on phasing out parallel project implementation units (PIUs).

BUILDING RELIABLE COUNTRY SYSTEMS

Indicator 2 covers two aspects of country systems: public financial management (PFM) and procurement. In each case, the focus is on the degree to which these systems adhere to broadly accepted good practices – or to which there is in place a reform programme to promote improved practices. If countries have reliable systems, donors will be encouraged to use such systems for the delivery and management of aid. This helps to align aid more closely with national development strategies and enhances aid effectiveness.

INDICATOR 2a
How reliable are country public financial management systems?

Indicator 2a of the Paris Declaration assesses the degree to which partner countries either have public financial management (PFM) systems that are in line with broadly accepted good practices or have credible reform programmes in place to establish reliable PFM systems. The assessment is based on the World Bank's Country Policy and Institutional Analysis (CPIA) score for the quality of PFM systems, which uses a scale running from 1 (very weak) to 6 (very strong) with half-point increments. To score highly, a country needs to meet all three of the following criteria: a comprehensive and credible budget linked to policy priorities; effective financial management systems to ensure that the budget is implemented as intended in a controlled and predictable way; and, timely and accurate accounting and fiscal reporting, including timely and audited public accounts. The 2010 target is that each country will move up at least one measure (*i.e.* 0.5 points) on the CPIA scale for measuring the quality of PFM systems.

INDICATOR 2b

How reliable are country procurement systems?

At the time of the 2006 Baseline Survey, no mechanism was in place to systematically assess and quantify the quality of procurement systems in partner countries. Thus, it was impossible to set country-level targets on progress towards Indicator 2b.

The reliability of Uganda's procurement systems was not assessed for the 2006 Baseline Survey, although mention was made of the slow implementation of regulatory reforms such as those included in the Public Procurement and Disposal Act of 2003. The Public Procurement and Disposal of Public Assets Authority is the body charged with regulating public procurement.

In the context of the 2008 Survey, the quality of a country's procurement system is assessed through the Methodology for the Assessment of National Procurement Systems, which was developed by the Joint Venture on Procurement. The methodology includes two components: the baseline indicators compare the country's systems to internationally-accepted good practice; and a new set of indicators assess overall performance of the system and compliance with national legislation and standards. The results of the procurement system self-assessment are expressed as grades on a four-point scale running from A (the highest) to D (the lowest).

As part of the Joint Venture for Procurement's efforts to assess the quality of public procurement systems, Uganda rated its own systems as B. This is encouraging, although it should be noted that the success of the assessment process itself was limited and constrained by data problems and the inaccessibility of a number of survey respondents.

ALIGNING AID FLOWS ON NATIONAL PRIORITIES

INDICATOR 3

Comprehensive and transparent reporting on aid, and how it is used, is an important means of ensuring that donors align aid flows with national development priorities. The degree to which development assistance to the government sector is fully and accurately reflected in the budget provides a useful indication of the degree to which serious effort is made to connect aid programmes with country policies and processes. It also allows partner country authorities to present accurate and comprehensive budget reports to their parliaments and citizens.

Indicator 3 is a proxy for alignment. It measures the percentage of aid disbursed by donors to the government sector that is included in the annual budgets for the same fiscal year. The indicator is a joint measure of two components: the degree to which donors report aid flows comprehensively to partner countries; and the degree to which partner countries accurately record aid.

The final figure highlights any discrepancy between the government's budget estimates and actual disbursements by donors. The discrepancy (or gap) can be in either direction: budget estimates can be higher or lower than disbursements by donors. In order to have a single measure of discrepancy under 100%, the ratio is inverted when budget estimates are higher than donor disbursements. The 2010 target is to halve the proportion of aid flows to the government sector that is not currently reported on government budget(s), ultimately arriving at a point where at least 85% of aid is reported on the budget.

The 2006 Baseline Survey reported that 79% of aid disbursed to the government sector in Uganda was accurately estimated in the budget, with the ratio for the average donor being 65%. Uganda's country report noted that the prospects for alignment – and for meeting the 2010 target of 90% of aid being accurately estimated in the budget – were very favourable. However, it also emphasises the need for donors to provide better information to government about their planned disbursements.

TABLE 52.1: Are government budget estimates comprehensive and realistic?

	Government budget estimates of aid flows for 2007 (USD m)	Aid disbursed by donors for government sector in 2007 (USD m)	2005 (for reference)	2007*	
	a	b		c = a / b	c = b / a
African Dev. Bank	108	86	48%		80%
Austria	5	6	33%	86%	
Belgium	15	5	54%		37%
Denmark	43	50	95%	87%	
European Commission	214	144	46%		67%
France	0	--	68%	--	
GAVI Alliance	0	--	--	--	
Germany	15	--	98%	--	
Global Fund	47	60	81%	78%	
Ireland	36	44	99%	82%	
Italy	5	7	36%	75%	
Japan	7	18	70%	40%	
Netherlands	17	45	39%	39%	
Norway	29	30	74%	96%	
Sweden	44	28	70%		64%
United Kingdom	117	81	85%		69%
United Nations	21	132	30%	16%	
United States	0	--	--	--	
World Bank	431	399	84%	93%	
Average donor ratio	--	--	65%	67%	
Total	**1 154**	**1 135**	**79%**	**98%**	

* Ratio is c=a/b except where government budget estimates are greater than disbursements (c=b/a).

The 2008 Survey indicates that 98% of aid to the government sector in Uganda was accurately estimated in the budget for 2007. This represents excellent progress, although it should be noted that this figure – the result of combining over-estimates and under-estimates – masks a ratio for the average donor of 67%. This is only 2% higher than the equivalent figure in the 2006 Baseline Survey.

The gap between planned disbursements and estimates of aid included in the budget is due, at least in part, to the failure of some donors to provide information in a co-ordinated manner and to flaws in the government's approach to collecting such data. There are also issues about unexpected changes to levels of disbursement and poor communication between line ministries and the Ministry of Finance. Budget realism would increase substantially if donors provided full, accurate and timely information on aid flows and it government collected such information efficiently.

CO-ORDINATING SUPPORT TO STRENGTHEN CAPACITY

INDICATOR 4

Capacity constraints significantly undermine the ability of partner countries to capture, co-ordinate and utilise aid flows more effectively. Under the Paris Declaration, donors committed to providing technical co-operation in a manner that is co-ordinated with partner country strategies and programmes. This approach aims to strengthen capacities while also responding to the needs of partner countries. Likewise, there is greater recognition that successful capacity building is endogenous – *i.e.* is led by the partner country. To this end, the partner country defines clear objectives to ensure that existing capacities are used effectively and that external support is harmonised within this framework.

TABLE 52.2: How much technical co-operation is co-ordinated with country programmes?

	Co-ordinated technical co-operation (USD m) a	Total technical co-operation (USD m) b	2005 (for reference) c = a / b	2007
African Development Bank	3	3	100%	100%
Austria	0	2	18%	22%
Belgium	2	2	18%	75%
Denmark	3	3	0%	100%
European Commission	18	18	44%	100%
France	--	--	0%	--
GAVI Alliance	--	--	--	--
Germany	8	9	23%	88%
Global Fund	--	--	--	--
Ireland	0	0	0%	100%
Italy	0	1	69%	15%
Japan	5	6	100%	82%
Netherlands	--	0	--	--
Norway	1	5	100%	12%
Sweden	13	13	61%	97%
United Kingdom	--	16	12%	--
United Nations	34	62	98%	55%
United States	--	34	0%	--
World Bank	45	52	94%	87%
Total	**132**	**227**	**42%**	**58%**

Indicator 4 focuses on the extent to which donor technical co-operation – an important input into capacity development – is moving towards this country-led model. It measures the degree of alignment between donor technical co-operation and the partner country's capacity development needs and strategies. The Paris Declaration 2010 target is that 50% of technical co-operation flows are implemented through co-ordinated programmes that are consistent with national development strategies.

The 2006 Baseline Survey reported that 42% of technical assistance to Uganda was co-ordinated with country programmes. The country report noted that, in some cases, technical assistance does respond to local needs. Thus, the report suggested that some providers of technical assistance misunderstand local circumstances and lack incentives to build local capacity.

Data provided for the 2008 Survey show an improvement to 58% of technical assistance being co-ordinated with country programmes. This is very encouraging; however, further progress can be made. Government effort to produce a single capacity-building framework for the public sector and donors, which promises to step up the co-ordination of capacity-building projects, is a step in the right direction.

USING COUNTRY SYSTEMS

INDICATOR 5

Donor use of a partner country's established institutions and systems increases aid effectiveness by strengthening the partner's long-term capacity to develop, implement and account for its policies – to both its citizens and its parliament. The Paris Declaration encourages donors to increase their use of country systems that are of sufficient quality, and to work with partner countries to strengthen systems that are currently weak. In this respect, Indicator 5 is directly linked to Indicator 2 on the quality of PFM and procurement systems, and measures the use of both.

Indicator 5a measures the extent to which donors use partner country PFM systems when providing funding to the government sector. It measures the volume of aid that uses partner country PFM systems (budget execution, financial reporting, and auditing) as a percent of total aid disbursed to the government sector. The 2010 target is relative to Indicator 2a on the quality of PFM systems.

Indicator 5b measures the volume of aid, as a percent of total aid disbursed to the government sector, that uses partner country procurement systems. The 2010 target is relative to Indicator 2b; thus, targets are indicated only for those countries that established scores for Indicator 2b in the context of the 2006 Baseline Survey.

The 2006 Baseline Survey reported that 60% of aid to the government sector in made use of Uganda's PFM systems, with the figure for procurement standing at 54%. With its PFM systems given a rating of 4.0 in the 2006 Baseline Survey, the Paris Declaration 2010 target for use of country PFM systems was set at 73%. As their reliability had not been assessed, no target was set for the use of country procurement systems.

TABLE 52.3: How much aid for the government sector uses country systems?

	Aid disbursed by donors for government sector (USD m)	Public financial management (PFM)					Procurement		
		Budget execution (USD m)	Financial reporting (USD m)	Auditing (USD m)	2005 (for reference)	2007	Procurement systems (USD m)	2005 (for reference)	2007
	a	b	c	d		avg (b,c,d) / a	e		e / a
African Dev. Bank	86	86	19	19	0%	48%	19	0%	22%
Austria	6	4	4	4	60%	74%	4	95%	74%
Belgium	5	5	5	5	56%	100%	5	84%	100%
Denmark	50	18	18	18	40%	35%	18	40%	35%
European Commission	144	49	49	49	40%	34%	5	40%	3%
France	--	--	--	--	29%	--	--	100%	--
GAVI Alliance	--	--	--	--	33%	--	--	0%	--
Germany	--	5	5	5	11%	--	20	69%	--
Global Fund	60	60	--	--	0%	--	--	0%	--
Ireland	44	36	40	43	97%	90%	39	97%	88%
Italy	7	--	--	--	68%	--	--	68%	--
Japan	18	--	--	--	0%	--	--	0%	--
Netherlands	45	43	43	43	95%	96%	43	60%	96%
Norway	30	--	10	10	93%	--	22	100%	72%
Sweden	28	19	21	23	47%	74%	15	62%	54%
United Kingdom	81	81	81	81	82%	100%	81	82%	100%
United Nations	132	15	13	33	11%	15%	12	0%	9%
United States	--	--	--	--	--	--	--	--	--
World Bank	399	135	372	372	86%	73%	135	65%	34%
Total	**1 135**	**557**	**679**	**706**	**60%**	**57%**	**419**	**54%**	**37%**

It was expected that donors would increase their use of Uganda's PFM systems; however, data for the 2008 Survey report a slippage to 57% for use of PFM systems and a major slippage to 41% for the use of country procurement systems. Country procurement systems have been since been assessed – and have received a rating of B. Thus, the 2010 target – set to account for the fact that there are only two years in which to make progress – is to achieve a 20% reduction in the proportion of aid not using country procurement systems. This amounts to a target of 49% of aid using these systems.

Donors providing general budget support frequently use Uganda's country systems. However, aid provided through other modalities often uses donors' own systems, reflecting donor reservations about government systems. The government is seeking to win the trust of donors by ensuring that PFM reforms and the Public Procurement and Disposal Act are implemented strictly and complied with fully. Donors are expected to meet their side of the bargain; by making better use of country systems, they can help to ensure that such systems are strengthened.

AVOIDING PARALLEL IMPLEMENTATION STRUCTURES

INDICATOR 6

When providing development assistance, some donors establish specific project implementation units (PIUs), *i.e.* dedicated management units designed to support development projects or programmes. A PIU is said to be "parallel" when it is created at the behest of the donor and operates outside existing country institutional and administrative structures.

In the short term, parallel PIUs can play a useful role in establishing good practice and promoting effective project management. However, in the long run, PIUs often tend to undermine national capacity building efforts, distort salaries and weaken accountability for development.

TABLE 52.4:
How many PIUs are parallel to country structures?

	2005 (for reference)	2007 (units)
African Dev. Bank	14	14
Austria	3	1
Belgium	2	4
Denmark	4	2
European Commission	10	13
France	2	--
GAVI Alliance	0	--
Germany	0	0
Global Fund	1	0
Ireland	2	0
Italy	1	4
Japan	0	0
Netherlands	0	0
Norway	--	0
Sweden	1	0
United Kingdom	1	0
United Nations	5	9
United States	0	0
World Bank	8	8
Total	**54**	**55**

To make aid more effective, the Paris Declaration encourages donors to "avoid, to the maximum extent possible, creating dedicated structures for day-to-day management and implementation of aid-financed projects and programmes." Indicator 6 is a count of the number of parallel PIUs being used in partner countries. The 2010 target is to reduce by two-thirds the stock of parallel PIUs in each partner country.

The 2006 Baseline Survey recorded a total of 56 parallel PIUs, with most established by multi-lateral donors. Reducing the number of parallel PIUs to 18 or less was the target set for 2010. Data for the 2008 Survey record a total of 30 parallel PIUs. This would be on course to meet the 2010 target. However, the government feels this figure results from under-estimation and inadequate disclosure on the part of some donors, and believes that 55 PIUs is a more accurate figure.

Some donors feel that government institutions lack the capacity to implement projects efficiently and, therefore, prefer to exercise direct control by establishing or maintaining parallel PIUs. By contrast, the government takes the view that integrating PIUs with government systems would promote capacity building, enhance ownership, reduce transactions costs, and ensure sustainability. The government hopes that the Uganda Joint Assistance Strategy will address this issue and compel donors to embed PIUs in country structures.

PROVIDING MORE PREDICTABLE AID

INDICATOR 7

For many countries, development assistance constitutes a vital source of revenue and resources. Being able to predict aid disbursements – in terms of both how much aid will be delivered and when – is as an important factor in the ability of countries to manage public finances and undertake realistic planning for development. It is particularly crucial to enabling partner countries to implement medium- to long-term development plans and to optimise the allocation of resources within and across sectors. In this regard, the Paris Declaration calls on donors to provide reliable, indicative commitments of aid over a multi-year framework, and to disburse aid in a timely and predictable fashion according to agreed schedules.

TABLE 52.5: Are disbursements on schedule and recorded by government?

	Disbursements recorded by government in 2007 (USD m) a	Aid scheduled by donors for disbursement in 2007 (USD m) b	Aid disbursed by donors for government sector in 2007 (USD m) for reference only	2005 (for reference)		2007* c = a / b	2007* c = b / a
African Development Bank	90	80	86	25%		89%	
Austria	7	5	6	91%		65%	
Belgium	7	19	5	22%		35%	
Denmark	34	63	50	96%		54%	
European Commission	111	209	144		85%	53%	
France	0	--	--		68%	--	
GAVI Alliance	0	--	--	0%		--	
Germany	40	25	--		63%		62%
Global Fund	13	17	60		96%	78%	
Ireland	50	45	44	91%		90%	
Italy	2	5	7	38%		29%	
Japan	5	18	18		55%	30%	
Netherlands	22	51	45		68%	43%	
Norway	27	25	30	91%			94%
Sweden	18	35	28		81%	53%	
United Kingdom	87	128	81	86%		68%	
United Nations	11	52	132	57%		20%	
United States	0	192	--			0%	
World Bank	491	397	399	77%			81%
Average donor ratio	--	--	--	66%		56%	
Total	**1 015**	**1 364**	**1 135**	**84%**		**74%**	

* Ratio is c=a/b except where disbursements recorded by government are greater than aid scheduled for disbursement (c=b/a).

Indicator 7 examines in-year predictability of aid to the government sector, measuring the proportion of planned disbursements (as reported by donors) that are recorded by governments in the national accounting system as actually disbursed. Indicator 7 assesses predictability from two angles. The first angle is the combined ability of donors and government to disburse aid on schedule. The second is the ability of donors and government to record comprehensively disbursements made by donors to the government sector.

Indicator 7 is designed to encourage progress in relation to both angles, with the aim of gradually closing the predictability gap – by one-half – by 2010. The ultimate goal is to improve not only the predictability of actual disbursements, but also the accuracy of how disbursements are recorded in government systems – an important feature of ownership, accountability and transparency.

For Uganda, the data for 2005 show that 84% of planned disbursements was recorded by government, with around two-thirds of the gap resulting from differences between scheduled and actual disbursements. For the average donor, in-year predictability stood at 66%. The Paris Declaration 2010 target for Uganda was set at 92% for the overall average; data for 2007 show slippages to 74% for the overall average and to 56% for the average donor.

Once again, around two-thirds of the predictability gap is explained by differences between scheduled and actual disbursements. Such differences arise for a number of reasons, including the failure of government to meet the conditions for disbursement. The government's ability to record disbursements is also undermined by the tendency of some line ministries to not declare some projects because of the impact on sector ceilings. To close the predictability gap, donors will need to provide better information about their funding plans over a multi-year period and the government will have to improve data capture systems and ensure that ministries provide full information about the aid received.

UNTYING AID

INDICATOR 8

How much aid is untied?

Aid is said to be "tied" when it is provided on the condition that the recipient country will use it to purchase goods and services from suppliers based in the donor country. Experience shows that aid with such conditions attached increases the costs of goods and services provided to partner countries; it also increases the administrative burdens on both donors and partners. By contrast, untied aid helps build a country's capacity to provide goods and services.

Country figures for untying aid are based on voluntary self-reporting by donors that are members of the OECD-DAC. The 2010 target is to continue progress towards untying aid over time.

On the basis of data covering 73% of aid, the 2006 Baseline Survey reported that 81% of aid provided by members of the OECD-DAC to Uganda was untied. The average level of untying for the countries that participated in the 2006 Baseline Survey was 75%. The Paris Declaration 2010 target for untying is for continued progress over time. The most recent data, covering 88% of aid provided to Uganda by members of the OECD-DAC, show that 85% of aid is untied. This suggests that government efforts to encourage donors to untie aid are having some success. ■

HARMONISATION

DECADES OF DEVELOPMENT EXPERIENCE show that poor co-ordination of aid increases the cost for both donors and partner countries, and significantly reduces the value-added of aid. Harmonisation of aid delivery procedures and adoption of common arrangements help reduce duplication of effort and lower the steep transaction costs of managing aid. The Paris Declaration focuses on two dimensions of aid as a proxy for assessing overall harmonisation: the use of common arrangements within programme-based approaches (PBAs) and the extent to which donors and partner countries conduct joint missions and share analysis.

On harmonisation, as with alignment, the picture in Uganda is encouraging and demonstrates that sound progress can be made if a government works closely with its development partners. Although changes in the methodological guidance for the 2008 Survey may have had some impact, the data for Indicators 9, 10 and 10b represent real progress: the 2010 targets have been reached for all three indicators.

USING COMMON ARRANGEMENTS

INDICATOR 9

Aid effectiveness is enhanced when donors use common arrangements to manage and deliver aid in support of partner country priorities. A sound mechanism for aid co-ordination can be described as one that builds on shared objectives and that reconciles, in a constructive manner, the various interests of stakeholders.

Indicator 9 assesses the degree to which donors work together by measuring the proportion of total ODA disbursed within PBAs. In practice, there are many different modalities for implementing PBAs, which operate at various levels. At one level, the partner country is responsible for defining clear, country-owned programmes (*e.g.* sector policy) and establishing a single budget framework that captures all resources (both domestic and external). At the second level, donors are responsible for taking steps to use local systems for programme design and implementation, financial management, monitoring and evaluation.

TABLE 52.6: How much aid is programme based?

	Programme based approaches (PBAs)			Total aid disbursed (USD m)	2005 (for reference)	2007
	Budget support (USD m) a	Other PBAs (USD m) b	Total (USD m) c = a + b	d		e = c / d
African Development Bank	--	19	19	86	0%	22%
Austria	2	3	5	7	35%	63%
Belgium	6	2	9	11	74%	78%
Denmark	72	14	86	90	93%	96%
European Commission	49	49	97	180	46%	54%
France	--	--	--	--	0%	--
GAVI Alliance	--	--	--	--	10%	--
Germany	0	23	23	--	11%	--
Global Fund	--	60	60	60	100%	100%
Ireland	36	8	45	46	85%	97%
Italy	--	10	10	12	0%	85%
Japan	--	10	10	20	51%	52%
Netherlands	39	4	43	53	100%	81%
Norway	10	1	11	32	33%	35%
Sweden	14	12	26	36	49%	71%
United Kingdom	80	1	81	106	73%	76%
United Nations	--	64	64	136	53%	47%
United States	--	--	--	--	0%	--
World Bank	126	122	248	399	60%	62%
Total	**435**	**402**	**837**	**1 275**	**50%**	**66%**

Finally, partner countries and donors are jointly responsible for donor co-ordination and harmonisation of donor procedures. The 2010 target is that 66% of aid flows are provided in the context of PBAs.

In the 2006 Baseline Survey, 50% of aid to Uganda was recorded as using PBAs, with around three-quarters of this accounted for by aid provided through budget support. Data for 2007 show that 66% of aid used PBAs, thus meeting the Paris Declaration 2010 target. Some 54% of the aid using PBAs is provided as budget support, indicating that use of PBAs has spread beyond budget support in recent years. This impressive achievement reflects the collective efforts by donors and the government to make better use of budget support, sector-wide approaches (SWAps) and joint funds. Nevertheless, some still donors make only limited use of PBAs; further progress on this aspect of harmonisation would be welcome.

CONDUCTING JOINT MISSIONS AND SHARING ANALYSIS

One of the most frequent complaints of partner countries is that donors make too many demands in relation to their limited resources: country authorities spend too much time meeting with donor officials and responding to their many requests. The Paris Declaration recognises that donors have a responsibility to ensure that, to the greatest extent possible, the missions and analytical work they commission are undertaken jointly – *i.e.* that the burden of such work is shared.

Indicator 10 measures the extent to which donors are merging their missions (Indicator 10a) and analytical work (Indicator 10b) at the country level – either with country partner authorities or amongst the donor community (or both). It calculates the proportion of missions to the country undertaken jointly (*i.e.* by more than one donor) and the share of country-analysis exercises undertaken on a joint or co-ordinated basis. The 2010 target is that 40% of donor missions to the field are conducted jointly and that 66% of country analytical work is carried out jointly.

INDICATOR 10a

The 2006 Baseline Survey reported that, once a discount factor had been applied for double-counting, only 17% of 456 donor missions in Uganda were co-ordinated, falling well short of the Paris Declaration 2010 target of 40%. Data for the 2008 Survey show a decrease in the number of missions to 313, and a reasonably encouraging increase (21%) in the percentage conducted jointly.

At this rate of progress, meeting the target will be a challenge. Encouraging the three main multi-laterals – the UN, African Development Bank and the World Bank – that conduct a large number of missions to undertake their missions in a more co-ordinated manner will be vital to reaching the 2010 target. It is anticipated that continuing the shift to budget support and SWAps, along with the implementation of the Joint Assistance Strategy, will lead to further progress on Indicator 10a.

INDICATOR 10b

Country analytical work encompasses the analysis and advice necessary to strengthen policy dialogue, and to develop and implement country strategies in support of sound development assistance. It typically includes country or sector studies and strategies, country evaluations, discussion papers, etc. The Paris Declaration recognises that donors have a responsibility in ensuring that the analytical work they commission is undertaken jointly, as much as possible. Doing country analytical work jointly has a number of benefits.

It helps curb transaction costs for partner authorities, avoid unnecessary duplicative work and foster common understanding between donors. Donors need also to draw on partner countries' own analytical work and, where appropriate, work with government and other donors. Indicator 10b measures the proportion of country analytical work that is undertaken jointly.

Uganda shows encouraging progress on Indicator 10b, from the 40% (representing 146 pieces of work) reported in the 2006 Baseline Survey to 54% (representing 175 pieces of work) in the 2008 Survey. Meeting the Paris Declaration 2010 target of 66% will require donors – particularly the UN – to increase efforts to co-ordinate country analytical work. ■

TABLE 52.7:
How many donor missions are co-ordinated?

	Co-ordinated donor missions* (missions) a	Total donor missions (missions) b	2005 (for reference)	2007 c = a / b
African Dev. Bank	4	30	6%	13%
Austria	0	0	33%	--
Belgium	1	5	0%	20%
Denmark	1	6	67%	17%
European Commission	0	7	0%	0%
France	--	--	0%	--
GAVI Alliance	--	--	--	--
Germany	11	12	100%	92%
Global Fund	0	5	0%	0%
Ireland	--	0	--	--
Italy	5	17	0%	29%
Japan	1	11	0%	9%
Netherlands	1	6	30%	17%
Norway	2	9	69%	22%
Sweden	3	6	60%	50%
United Kingdom	24	26	52%	92%
United Nations	15	70	42%	21%
United States	--	14	0%	--
World Bank	33	89	21%	37%
Total	**76**	**313**	**17%**	**24%**

* The total of co-ordinated missions has been adjusted to avoid double-counting. A discount factor of 35% is applied.

TABLE 52.8:
How much country analysis is co-ordinated?

	Co-ordinated donor analytical work* (analyses) a	Total donor analytical work (analyses) b	2005 (for reference)	2007 c = a / b
African Development Bank	1	1	100%	100%
Austria	3	5	33%	60%
Belgium	0	0	--	--
Denmark	15	15	100%	100%
European Commission	1	1	100%	100%
France	--	--	0%	--
GAVI Alliance	--	--	--	--
Germany	24	24	100%	100%
Global Fund	0	1	100%	0%
Ireland	6	6	67%	100%
Italy	3	6	0%	50%
Japan	0	0	--	--
Netherlands	3	4	100%	75%
Norway	4	5	86%	80%
Sweden	3	3	60%	100%
United Kingdom	10	16	73%	63%
United Nations	47	64	33%	73%
United States	2	17	17%	12%
World Bank	4	7	30%	57%
Total	**95**	**175**	**40%**	**54%**

* The total of co-ordinated analytical work has been adjusted to avoid double-counting. A discount factor of 25% is applied.

MANAGING FOR RESULTS

INDICATOR 11
Do countries have results-based monitoring frameworks?

THE PARIS DECLARATION CALLS ON donors and partner countries to make a joint commitment to managing for development results – *i.e.* to manage resources according to desired results. This implies defining desired results and measuring progress toward them, as well as using information on results to improve decision making and performance. It also implies strengthening capacity to undertake such management and helping to increase the demand for a focus on results (*i.e.* adopt a results-based monitoring framework).

Indicator 11 utilises data collected as part of the World Bank's review on *Results-Based National Development Strategies: Assessments and Challenges Ahead.* The review focuses on three particular aspects of a robust results-based monitoring framework: the quality of the information generated; stakeholder access to the information; and the extent to which such information is utilised within a country-level monitoring and evaluation system.

The assessments are expressed in scores running from A (high) to E (low), with B representing a "largely developed results-based monitoring framework." The 2010 target is to reduce by one-third the proportion of countries lacking transparent and monitorable results-based monitoring frameworks (*i.e.* reduce by one-third the number of countries not attaining at least a B rating).

At the time of the 2006 Baseline Survey, the World Bank's Aid Effectiveness Review gave Uganda a rating of B for its framework for reporting and performance assessment (only one other country of the 55 assessed received this rating). In the World Bank's most recent rating, Uganda retains its B rating for this results-based monitoring framework, indicating that further progress is required to meet the target of moving up one grade by 2010. The country report notes that the PEAP's policy matrix and associated outcome targets provide a sound framework for monitoring results, and that stakeholders have adequate access to development data. There is, however, room for progress on monitoring and evaluation: implementation of a national integrated monitoring and evaluation strategy is a priority area for improvement. ■

MUTUAL ACCOUNTABILITY

INDICATOR 12
Do countries have reviews of mutual accountability?

THE PARIS DECLARATION RECOGNISES that for aid to be truly effective, stronger and more balanced accountability mechanisms are required at all levels. In particular, aid is more effective when both donors and partner country governments are accountable – to their respective publics and to each other – for the use of resources and management to achieve development results. The Paris Declaration calls for donors and partner countries to jointly assess (through existing country-level mechanisms) mutual progress in implementing agreed commitments on aid effectiveness, including commitments made under the Paris Declaration.

Indicator 12 is concerned with the specific question of whether there is a country-level mechanism for mutual assessment of progress on the partnership commitments arising from the Rome or Paris Declarations, or from local harmonisation and alignment plans. The 2010 target is for all partner countries to have in place such mechanisms.

At the time of the 2006 Baseline Survey, Uganda had not yet conducted a mutual assessment even though the basis for such an undertaking was clearly in place. The country report noted that such an assessment could form part of the review of the Joint Assistance Strategy or of the annual review of PEAP implementation, which took part in 2007. ■

PROGRESS SINCE 2005 AND PRIORITIES FOR 2010

UGANDA IS A FRONT-RUNNER ON AID EFFECTIVENESS. The collective efforts of government and donors over a number of years have clearly had a positive impact. There remains room for improvement, but progress is evident on each of the Paris Declaration 2010 targets. As donors increase use of country systems, the government will be better able to exercise real ownership of the development trajectory, ensuring that aid is directed effectively in pursuit of the country's development objectives. ■

SUMMARY
TABLE 52.9

	INDICATORS	2005 REFERENCE	2007	2010 TARGET
1	Operational development strategies	B	B	A
2a	Reliable public financial management (PFM) systems	4,0	4,0	4,5
2b	Reliable procurement systems	Not available	B	C
3	Aid flows are aligned on national priorities	79%	98%	90%
4	Strengthen capacity by co-ordinated support	42%	58%	50%
5a	Use of country PFM systems	60%	57%	73%
5b	Use of country procurement systems	54%	37%	Not applicable
6	Strengthen capacity by avoiding parallel PIUs	54	55	18
7	Aid is more predictable	84%	74%	92%
8	Aid is untied	81%	85%	More than 81%
9	Use of common arrangements or procedures	50%	66%	66%
10a	Joint missions	17%	24%	40%
10b	Joint country analytical work	40%	54%	66%
11	Results-based monitoring frameworks	B	B	A
12	Mutual accountability	No	No	Yes

CONTRIBUTORS

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ACRONYMS

CPIA	Country Policy and Institutional Analysis
GNI	gross national income
MDGs	Millennium Development Goals
MTEF	medium-term expenditure framework
ODA	official development assistance
PBAs	programme-based approaches
PEAP	Poverty Eradication Action Plan
PFM	public financial management
PIUs	project implementation units
SWAps	sector-wide approaches