
FIJI

INTRODUCTION

THE REPUBLIC OF FIJI is an upper-middle income country with a gross national income (GNI) per capita of USD 3 840 in 2009 (WDI, 2011). It has a population of 850 000 (2009). In 2008-09, 31% of the population lived below the 1.25 dollar-a-day income poverty line (WDI, 2011).

Fiji has been pursuing an export-led growth-based strategy for development since the introduction of trade liberalisation policies in 1986. However, economic performance has been sluggish and unstable due to political instability, under-performing exports, declining investment, economic and financial mismanagement and economic structural problems. This was further aggravated by the global financial crises and natural disasters experienced over the last few years.

Net official development assistance (ODA) to Fiji in 2009 totalled USD 72 million (OECD, 2011). Since 2005, ODA has averaged 2% of GNI (WDI, 2011). The top five donors contributed 88% of Fiji's ODA (OECD, forthcoming). ■

SUMMARY OF PROGRESS

PROGRESS ON THE PARIS DECLARATION indicators depends on improvements by both donors and partner governments. Fiji did not participate in the 2006 and 2008 Paris Declaration Monitoring Surveys, meaning that the results of the 2011 Survey establish the baseline and that some of the indicators (2, 5, 6 and 7) have no targets. General assessment of progress on indicators for 2010 is therefore limited.

In 2010, targets were met on several indicators, notably on indicators related to alignment. The Fiji government and donors have made impressive progress in the area of aid untying, the government has a high proportion of aid flows aligned on national priorities and the indicator on strengthening capacity by co-ordinated support has also met the target. On other indicators relating to alignment as well as harmonisation, ownership, management for results and mutual accountability dimensions, further commitment has been called for in order to reach the targets. ■

TABLE 1:
Baselines and targets
for 2010

	INDICATORS	2005 REFERENCE	2007	2010 ACTUAL	2010 TARGET
1	Operational Development Strategies	--	--	C	'B' or 'A'
2a	Reliable Public Financial Management (PFM) systems	--	--	--	No Target
2b	Reliable Procurement systems	Not available	Not available	Not available	No Target
3	Aid flows are aligned on national priorities	--	--	95%	85%
4	Strengthen capacity by co-ordinated support	--	--	52%	50%
5a	Use of country PFM systems	--	--	45%	No Target
5b	Use of country procurement systems	--	--	7%	No Target
6	Strengthen capacity by avoiding Parallel PIUs	--	--	7	No Target
7	Aid is more predictable	--	--	4%	No Target
8	Aid is untied	65%	53%	92%	More than 65%
9	Use of common arrangements or procedures	--	--	5%	66%
10a	Joint missions	--	--	21%	40%
10b	Joint country analytic work	--	--	33%	66%
11	Results-oriented frameworks	--	--	C	'B' or 'A'
12	Mutual accountability	Not available	Not available	N	Y

TABLE 2:
Learning from success
and challenges

	ACHIEVEMENT OR CHALLENGE	LESSON OR PRIORITY ACTION
Ownership	Challenge: The national development strategy is weakly linked to the budget but priorities remain unclear and sector strategies are not well-linked.	Priority action: Develop and strengthen links between the national development strategy, the medium-term fiscal framework and the annual budget to adequately reflect national priorities.
Alignment	Achievement: Aid appears to be fairly well aligned to national priorities.	Lesson: Sector-based meetings between donors and government have helped to localise commitments and facilitate joint strategies so that ODA is channelled to those sectors most in need.
Harmonisation	Challenge: Donors still need to formalise joint actions, missions, and analytical work.	Priority action: Donors and the government must work together to improve donor harmonisation at national and sector levels.
Managing for results	Challenge: Monitoring and evaluation systems lack clear institutional responsibilities with limited coverage and quality of information, and limited access to information for stakeholders.	Priority action: Design and implement a monitoring and evaluation framework as part of the new national development strategy.
Mutual accountability	Challenge: Low participation of various stakeholders in strategy formulation, monitoring and accountability systems.	Priority action: Mutual accountability should be encouraged at all sector levels and non-traditional donor partners should be involved in key activities.

ABOUT THE SURVEY

THIS CHAPTER ASSESSES PROGRESS against the quantitative indicators provided by the Survey on Monitoring the Paris Declaration, drawing on data provided by the government and donors, the OECD and the World Bank. In addition to this, it draws on qualitative evidence submitted to the OECD by the national government which incorporates feedback from donors and other stakeholders. The 2011 survey responses cover 12 donors and 90% of Fiji's core ODA. The acting Permanent Secretary of the Ministry of Finance was a country co-ordinator for this survey. ■

OWNERSHIP

AID IS MOST EFFECTIVE when it supports a country-owned approach to development. It is less effective when aid policies and approaches are driven by donors. In the context of the Paris Declaration, ownership 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 assesses the operational value of a country's development strategy. In particular, it looks at the existence of an authoritative country-wide development policy (*i.e.* a unified strategic framework), the extent to which priorities are established, and whether these policies are costed and linked with the budget. All of these features are important to harness domestic resources for development, and to provide a basis for the alignment of aid to development priorities. Each country has provided evidence against these criteria, and this has been translated into a score by the World Bank using the same methodology as in the 2006 and 2008 surveys. A five-point scale runs from A (highest score) to E (lowest score). The Paris Declaration targets 75% of partner countries achieving a score of A or B by 2010.

In 2010, Fiji received a rating of C for ownership, which means progress is being made to strengthen country ownership, although not yet enough, and the basis exists for even more substantive progress.

The Fiji government has formulated its development priorities in its national development strategy, known as the "Roadmap for Democracy, Sustainable Socio-Economic Development", which aims to achieve the vision of "A Better Fiji for All". The key foundation stone of the Roadmap is the People's Charter for Change, Peace and Progress (PCCPP), a document formulated in 2008 through an unprecedented nationwide consultation process, involving public, private and civil societies. Donors were not a major part of the formulation of the Roadmap but were informed of the strategic policies of the government through regular consultations and the Annual Donor Roundtable meeting.

The Roadmap and the People's Charter are well linked. The requirement that all government agencies must complete annual corporate plans, which are aligned with the Roadmap, is an indication of the use of the development strategy as a reference point by government agencies. However these annual corporate plans do not function as sector strategies and there is no indication that the PCCPP and the Roadmap influence sectoral strategies.

Institutional responsibilities outlined in the national development strategy remain unclear. Furthermore, while the strategy reflects the Millennium Development Goals, there is little evidence that they are well contextualised to local settings. Cross-cutting issues are inadequately addressed.

The links between the national development strategy and the medium-term fiscal framework with the annual budget do not appear to be strong enough for the resource allocation structure to adequately respond to national priorities. Furthermore, the absence of costing in the national development strategy and the lack of a medium-term expenditure framework weaken the potential for the strategy to be realistically implemented in a way that matches priorities and intended outcomes with resource inputs. Although performance orientation

INDICATOR 1

Do countries have operational development strategies?

in the budgeting process exists, this system is linked to outputs and not explicitly related to outcomes, weakening the potential feedback mechanism. ■

ALIGNMENT

AID THAT IS DONOR DRIVEN AND FRAGMENTED is less effective. For aid to be effective, it must make use of national development strategies and use and help strengthen capacity in national systems, such as those for procurement and public financial management. The Paris Declaration envisions donors basing their support fully on partner countries' aims and objectives. Indicators 2 through 8 of the Paris Declaration assess several different dimensions of alignment.

For Fiji, performance on the alignment indicators is uneven and targets are mostly unavailable. The government is making efforts in aligning support from donors with national development needs and ensure that development assistance meets local capacity and technical co-operation needs. Substantial reforms are underway to improve the public financial management and procurement systems. Technical co-operation is well co-ordinated, and donors are using country systems. However, donors need to make more progress in providing predictable aid.

INDICATOR 2 Building reliable country systems

Indicator 2 covers two aspects of country systems: public financial management (PFM) and procurement. Do these systems either adhere to good practices or are there plans for reform? If countries have reliable systems, donors are encouraged to use them 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 whether PFM systems meet broadly accepted good practices or whether credible reform programmes are in place. 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).

To score highly, a country needs to perform well against all three of the following criteria: a comprehensive and credible budget linked to policy priorities; an effective financial management system 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 with effective arrangements for follow up. Meeting the global 2010 target requires half of partner countries to move up at least one measure (*i.e.* 0.5 points) between 2005 and 2010.

The World Bank's Country Policy and Institutional Analysis (CPIA) score for the quality of the public financial management (PFM) in Fiji is not available. However, progress has been made in the Financial Management Reform Programme, which began in 2001. To bring PFM up to international standards, the government is seeking to adopt an accrual accounting system. Preparation is underway for the formulation of whole of government financial reports in accordance with cash-basis International Public Sector Accounting Standards.

INDICATOR 2b How reliable are country procurement systems?

Indicator 2b was first measured in 2008 by 17 countries. The process is one of self-assessment, using the Methodology for the Assessment of National Procurement Systems developed by the OECD-DAC Task Force on Procurement. The methodology includes baseline indicators to compare a country's systems to internationally-accepted good practice, as well as a new set of indicators. These indicators assess overall performance of the system, compliance with national legislation and standards and whether there is a reform programme in place to promote improved practices. The results are expressed as grades on a four-point scale running from A (the highest) to D (the lowest). The 2010 target is for a third of partner countries to move up at least one measure (*i.e.* from D to C, C to B or B to A) although not all countries will perform an assessment.

Fiji is not included in the Assessment of National Procurement Systems and consequently no target has been set. However, efforts have been made by Fiji to reform the country's procurement system. Notable changes include the Fiji Procurement Regulations 2010, which was drawn on international best practices and came into force in August 2010. The new regulations establish the procurement office, which formulates procurement guidelines to assist ministries and departments in undertaking procurement, contract management and the preparation of annual procurement plans. Although the impact of reforms is not immediate, the government is hopeful that these reforms will contribute to increasing donors' confidence in the use of country systems.

Comprehensive and transparent reporting on aid, and its use, helps ensure that donors align aid flows with national development priorities. When aid directed to the government sector is fully and accurately reflected in the national budget it indicates that aid programmes are well connected with country policies and processes. This also allows partner country authorities to present accurate and comprehensive budget reports to their parliaments and citizens.

As a proxy for alignment, indicator 3 measures the percentage of aid disbursed by donors for the government sector that is included in the annual budget for the same fiscal year. The indicator reflects two components: the degree to which aid is aligned with government priorities, and the extent to which aid is captured in government's budget preparation process. Budget estimates can be higher or lower than disbursements by donors and are treated similarly for the purpose of measuring indicator 3 despite the different causes.

The 2010 target is to halve the proportion of aid flows that are not currently reported on government budgets, with at least 85% of aid reflected in the budget.

INDICATOR 3
Aligning aid flows on national priorities

	Government's budget estimates of aid flows in 2010 (USD m) a	Aid disbursed by donors for government sector in 2010 (USD m) b	2005		2007		2010*		Total aid disbursed through other donors (USD m)
			(for reference)	(for reference)	(for reference)	(for reference)	c = a / b (%)	c = b / a (%)	
[Other donors]	0	1	--	--	--	--	0%		0
Asian Dev. Bank	17	17	--	--	--	--	99%		0
Australia	12	13	--	--	--	--	94%		3
EU Institutions	11	6	--	--	--	--		54%	0
France	0	0	--	--	--	--	0%		0
Global Fund	3	3	--	--	--	--	88%		0
Japan	2	8	--	--	--	--	21%		0
Korea	0	1	--	--	--	--	25%		0
New Zealand	5	0	--	--	--	--		7%	1
United Nations	2	6	--	--	--	--	30%		3
World Bank	0	0	--	--	--	--		47%	0
Average donor ratio			--	--	--	--	42%		
Total	51	54	--	--	--	--	95%		6

TABLE 3:
Are government budget estimates comprehensive and realistic?

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

On aggregate, 95% of Fiji's aid was reported on budget in 2010 exceeding the 2010 target of 85%. Some of the reasons for the gap between budget estimates and actual disbursements include: aid information not being disclosed by donors during the budget process; different financial calendar years of donors; ODA to the non-government sector not being reflected in the budget estimate; donors may not respond to government information requests; donors disbursing directly to government agencies without channelling through the government process; limited consultation between donors and government agencies; lack of co-ordination on information flows between donors and government agencies; and projected assistance in budget is higher than actual assistance or vice versa.

The last two columns for 2010 (table 2) display how much disbursed aid is over – or short of – the budget estimate. Judging from those columns, Australia, the Asian Development Bank and UN agencies perform best, while New Zealand, Korea and Japan do less well. The government intends to improve aid on budget through dialogue with donors. The ultimate objective is to formulate an aid strategy and policy as a guide for donors to align their assistance to the national development priority areas. Sector-based meetings are being undertaken to facilitate the aid strategy formulation so that ODA is channelled to sectors of the economy according to need.

INDICATOR 7
Providing more
predictable aid

For many countries, aid is a vital source of revenue and resources. Being able to predict aid disbursements – both in terms of how much aid will be delivered and when – is important to enable countries to manage public finances and undertake realistic planning for development. 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 manner according to agreed schedules.

Indicator 7 examines the in-year predictability of aid for the government sector by measuring the proportion of planned disbursements (as reported by donors) that are recorded by governments in their accounting system as having been disbursed. Indicator 7 therefore assesses two aspects of predictability. The first is the ability of donors to disburse aid according to schedule. The second is the ability of government to record disbursements for the government sector as received in its accounting system. Indicator 7 is designed to encourage progress in relation to both, with the aim of halving the proportion of aid not disbursed (and not captured in the government's accounting system) within the fiscal year for which it was scheduled by 2010. The ultimate goal is to improve not only the predictability of disbursements, but also the accuracy with which they are recorded in government systems – an important element to support ownership, accountability and transparency.

TABLE 4:
Are disbursements on
schedule and recorded
by government?

	Disbursements recorded by government in 2010 (USD m) a	Aid scheduled by donors for disbursement in 2010 (USD m) b	2005		2007		2010 *		For reference: Aid disbursed by donors for government sector in 2010 (USD m) d	For reference: % of scheduled aid disbursements reported as disbursed by donors in 2010 ** (%)	
			(for reference)	(for reference)	(%) c = a / b	(%) c = b / a	e = d / b	e = b / d			
[Other donors]	0	1	--	--	0%		1	84%			
Asian Dev. Bank	--	16	--	--			17	99%			
Australia	0	13	--	--	0%		13	100%			
EU Institutions	0	5	--	--	0%		6	88%			
France	0	0	--	--	--		0	0%			
Global Fund	2	3	--	--	59%		3	88%			
Japan	0	8	--	--	0%		8	100%			
Korea	0	1	--	--	0%		1	100%			
New Zealand	0	0	--	--	29%		0	95%			
United Nations	0	7	--	--	5%		6	87%			
World Bank	--	0	--	--			0	0%			
Average donor ratio			--	--	12%			76%			
Total	2	54	--	--	4%		54	99%			

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

** Ratio is $e=d/b$ except where disbursements recorded by donors are greater than aid scheduled for disbursement ($e=b/d$).

The 2011 Survey reveals that aid predictability in Fiji is just 4%. Although there is no target set for this indicator (indicator 7), when compared to the 95% of disbursements that are recorded by donors and included in the government's budget (indicator 3 above), this level of aid predictability is far lower than might be expected.

The factors which contribute to donor assistance not being recorded in the government system include: delays in the confirmation of donor assistance which is not in line with national budget timelines; delays in aid project implementation by recipient ministries due to capacity constraints; accountability issues; lack of consultation between donors and government; change in donor development priorities after finalisation of the partner country’s national budget; and partner country financial management information systems which do not accurately capture aid disbursements.

There is a huge difference between the government’s and donors’ own records. The ratio of scheduled aid disbursements reported as disbursed by donors in 2010 is 99%. Only the Global Fund, New Zealand and the United Nations have their disbursements recorded by the government.

The average donor ratio (12%) is higher than the average weighted by donor size (4%). This implies that big donors have low level of aid predictability. The government is taking steps to improve the mismatch in aid predictability and is currently looking at establishing an aid information management system to record all grant aid flows in a fiscal year for purposes of accounting and reporting. In addition, the government is working towards facilitating timely execution of projects and disbursements of funds. For Fiji, the key barrier for aid predictability has been capacity constraints which have hindered proper analysis and record keeping.

Capacity constraints present significant challenges to development and poverty reduction efforts and their sustainability. These relate both to aid management capacities (the ability of the government to capture, co-ordinate and utilise aid flows more effectively) and also to broader capacities for the design and implementation of policies and service delivery.

Under the Paris Declaration donors committed to providing technical co-operation 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. Successful capacity development is led by the partner country.

Indicator 4 focuses on the extent to which donor technical co-operation (an important input into capacity development) is country-led and well co-ordinated. It captures the extent to which technical co-operation is aligned with objectives articulated by country authorities, whether country authorities have control over this assistance, and whether arrangements are in place to co-ordinate support provided by different donors. The Paris Declaration target is for 50% of technical co-operation flows to be implemented through co-ordinated programmes that are consistent with national development strategies by 2010.

INDICATOR 4
Co-ordinating support to strengthen capacity

TABLE 5:
How much technical co-operation is co-ordinated with country programmes?

	Co-ordinated technical co-operation (USD m)	Total technical co-operation (USD m)	2005 (for reference)	2007 (for reference)	2010 (%) c = a / b
	a	b			
[Other donors]	0	0	--	--	24%
Asian Dev. Bank	0	0	--	--	100%
Australia	2	4	--	--	58%
EU Institutions	2	7	--	--	26%
France	0	0	--	--	3%
Global Fund	0	0	--	--	--
Japan	4	4	--	--	100%
Korea	0	0	--	--	92%
New Zealand	0	0	--	--	70%
United Nations	1	3	--	--	47%
World Bank	0	0	--	--	16%
Total	10	20	--	--	52%

The 2010 survey data indicates that the level of technical co-operation (TC) in Fiji that was co-ordinated with country programmes is 52%, which meets the target of 50%. There are no data from previous surveys for making assessment on progress over recent years.

The donors which best co-ordinated their technical co-operation with country strategies and programmes are the Asian Development Bank and Japan (100%). France and the World Bank have the lowest level of co-ordinated technical co-operation with country programmes (below 20%).

Capacity building needs are clearly identified by the Fiji government in its national training needs assessment and human resource plan. However, challenges appear when donors have their own identified areas of training as specified by headquarters which may not align with government priorities. To address this challenge, the government has explained its targeted areas to donors.

Moreover, the government intends to hold regular donor-co-ordination meetings to discuss the capacity development needs of the government. The overall intention is that support should not be duplicated and synergies should be achieved from the support of different donors.

Donor use of a partner country's established institutions and systems increases aid effectiveness by strengthening the government's long-term capacity to develop, implement and account for its policies to both its citizens and its parliament. The Paris Declaration commits 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. Indicator 5 is directly linked to indicator 2 on the quality of public financial management (PFM) and procurement systems.

INDICATOR 5

Using country systems

TABLE 6:

How much aid for the government sector uses country systems?

	Aid disbursed by donors for government sector (USD m)	Public financial management						Procurement			
		Budget execution	Financial reporting	Auditing	2005	2007	2010	Proc. systems	2005	2007	2010
		(USD m)	(USD m)	(USD m)	(for reference)	(for reference)	(%)	(USD m)	(for reference)	(for reference)	(%)
a	b	c	d			avg(b,c,d)/a	e			e/a	
[Other donors]	1	1	1	1	--	--	100%	1	--	--	100%
Asian Dev. Bank	17	17	17	17	--	--	100%	0	--	--	0%
Australia	13	0	13	0	--	--	34%	0	--	--	1%
EU Institutions	6	0	0	0	--	--	0%	0	--	--	0%
France	0	0	0	0	--	--	0%	0	--	--	0%
Global Fund	3	3	0	0	--	--	33%	3	--	--	100%
Japan	8	0	0	0	--	--	0%	0	--	--	0%
Korea	1	0	0	0	--	--	0%	0	--	--	0%
New Zealand	0	0	0	0	--	--	23%	0	--	--	23%
United Nations	6	4	0	0	--	--	27%	0	--	--	2%
World Bank	0	0	0	0	--	--	16%	0	--	--	5%
Total	54	25	30	18	--	--	45%	4	--	--	7%

INDICATOR 5a

Use of country public financial management systems

Indicator 5a measures the extent to which donors use partner country PFM systems when providing funding for the government sector. It measures the volume of aid that uses partner country PFM systems (budget execution, financial reporting and auditing) as a proportion of total aid disbursed for the government sector. The 2010 target is set relative to indicator 2a on the quality of PFM systems. For partner countries with a score of 5 or above on indicator 2a scale the target is for a two-thirds reduction in the proportion of aid to the public sector not using the partner country's PFM systems. For partner countries with a score between 3.5 and 4.5 on indicator 2a, the target is a one-third reduction in the proportion of aid to the public sector not using partner country's PFM systems. There is no target for countries scoring less than 3.5.

In 2010, 45% of aid to the government sector of Fiji used country public financial management systems, however there was no target set for this indicator. Key factors in the donors not using the government public financial management systems are donors being either unfamiliar with the country’s system or lacking confidence in it. Donors are encouraged to use the country public financial management systems by reflecting all forms of assistance in the national budget and channelling funds through the country system.

Indicator 5b follows a similar graduated target to indicator 5a which is set relative to indicator 2b on the quality of procurement systems. For partner countries with a procurement score of ‘A’, a two-thirds reduction in the proportion of aid for the public sector not using the country’s procurement systems and for partner countries with a procurement score of ‘B’ to reduce the gap by one-third.

In 2010, only 7% of aid to the government sector used Fiji’s own procurement systems. Although no target was set for this indicator, this score is rather low. The key reasons for donors not using the country’s procurement system include: headquarters’ policies on not using partner country procurement systems because of concerns relating to accountability to their own taxpayers; and perceptions of red tape and bureaucracy causing delays in the disbursement of funds to recipients.

When providing development assistance, some donors establish dedicated project management units or implementation units (PIUs) – to support development projects or programmes. A PIU is said to be “parallel” when it is created by 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, parallel PIUs often tend to undermine national capacity development efforts, distort salaries and weaken accountability for development.

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 counts the number of parallel PIUs being used in partner countries. The target is to reduce by two-thirds the number of parallel PIUs in each partner country between 2005 and 2010.

INDICATOR 5b
Use of country procurement systems

INDICATOR 6
Avoiding parallel implementation structures

TABLE 7:
How many PIUs are parallel to country structures?

	Parallel PIUs		
	2005 (for reference)	2007 (for reference)	2010 (units)
[Other donors]	--	--	0
Asian Dev. Bank	--	--	0
Australia	--	--	1
EU Institutions	--	--	2
France	--	--	0
Global Fund	--	--	0
Japan	--	--	0
Korea	--	--	1
New Zealand	--	--	1
United Nations	--	--	2
World Bank	--	--	0
Total	--	--	7

In 2010, donors reported seven parallel project implementation units in operation in Fiji. Five donors use these PIUs (United States, EU Institutions, Australia, Korea and New Zealand).

Reasons why donors are forming project implementation units in Fiji include: a lack of technical capacity within implementing agencies; resource constraints within agencies (e.g. lack of an appropriate workforce and finances to implement donor funded projects); proper accountability of donor funds; and to ensure that aid is effectively used for its intended purpose and achieves the desired outcomes.

In an effort to reduce parallel project implementation units, the Government of Fiji encourages dialogue with donors to mainstream project implementation units into national structures and examine ways to phase-out parallel units.

INDICATOR 8 Untying aid

Aid is “tied” when restrictions are placed on the countries that goods and services may be purchased from, typically including the donor country and/or another narrowly specified group of countries. Untied aid not only improves value for money and decreases administrative burdens, but also supports the use of local resources, country systems and the harmonisation of donor support provided through pooled or joint aid instruments and approaches.

Data on the extent to which aid is tied are based on voluntary self-reporting by donors that are members of the OECD’s Development Assistance Committee (DAC). The Paris Declaration target is to continue progress towards untying all aid between 2005 and 2010.

TABLE 8:
How much bilateral aid
is untied?

	Total bilateral aid as reported to the DAC in 2009	Untied aid	2005 (for reference)	2007 (for reference)	Share of untied aid
Australia	3.0	3.0	14%	99%	100%
Canada	0.0	0.0	0%	89%	--
France	0.0	0.0	--	--	100%
Germany	0.0	0.0	0%	--	--
Greece	0.0	0.0	--	0%	--
Ireland	0.0	0.0	100%	--	--
Italy	0.0	0.0	--	--	--
Japan	10.1	10.1	100%	--	100%
Korea	0.1	0.0	--	0%	0%
New Zealand	16.6	16.6	79%	75%	100%
United Kingdom	0.0	0.0	--	100%	100%
United States	2.6	0.2	--	2%	7%
Total	32	30	65%	53%	92%

Source: OECD Creditor Reporting System.

Progress has been notable on this indicator, with an increase from 38% untied aid in 2005 to 53% in 2007 to 92% in 2009. Most bilateral aid from donor countries is untied, with the exception of the United States and Korea which respectively have only 7% and 0% of aid untied. New Zealand (Fiji’s major donor) and Australia have both made rapid progress on this indicator. ■

HARMONISATION

POOR CO-ORDINATION OF AID increases the cost to both donors and partner countries and significantly reduces the real value of aid. Harmonisation of aid delivery procedures and the adoption of common arrangements help reduce duplication of effort and lower the transaction costs associated with aid management. 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 co-ordinate analytic work.

INDICATOR 9 Using common arrangements

Aid effectiveness is enhanced when donors use common arrangements to manage and deliver aid in support of partner country priorities. A good mechanism for aid co-ordination can be described as one that has shared objectives and integrates the various interests of stakeholders. Indicator 9 assesses the degree to which donors work together – and with partner governments and organisations – by measuring the proportion of total ODA disbursed within programme-based approaches (PBAs). In practice, there are many different approaches and modalities which can use PBAs and harmonisation takes place at various levels.

At one level, the partner country is responsible for defining clear, country-owned programmes (e.g. a sector programme or strategy) and establishing a single budgetary framework that captures all resources (both domestic and external). At another level, donors are responsible for taking steps to use local systems for programme design and implementation, financial management, monitoring and evaluation. Finally, partner countries and donors are jointly responsible for donor co-ordination and harmonisation of donor procedures. The 2010 target is that two-thirds of aid flows are provided in the context of PBAs.

	Programme-based approaches			Total aid disbursed (USD m) d	2005 (for reference)	2007 (for reference)	2010 (%) e = c / d
	Budget support (USD m)	Other PBAs (USD m)	Total (USD m)				
	a	b	c = a + b				
[Other donors]	0	0	0	1	--	--	0%
Asian Dev. Bank	0	0	0	17	--	--	0%
Australia	0	0	0	18	--	--	0%
EU Institutions	0	0	0	7	--	--	0%
France	0	0	0	0	--	--	0%
Global Fund	0	3	3	3	--	--	100%
Japan	0	0	0	9	--	--	0%
Korea	0	0	0	1	--	--	0%
New Zealand	0	0	0	2	--	--	0%
United Nations	0	0	0	9	--	--	5%
World Bank	0	0	0	0	--	--	0%
Total	0	3	3	66	--	--	5%

TABLE 9:
How much aid is programme based?

The use of common arrangements within programme-based approaches in Fiji was reported at 5% for 2010. Other agencies such as Global Fund and the UN contributed to the total of programme-based approach aid. Since data is not available for previous years, no conclusions can be drawn about the progress made in the past five years.

The Paris Declaration 2010 target is for 66% of aid flows to be provided in the context of programme-based approaches. With the recent donor roundtable co-ordination meeting, it was agreed that donors and the government will take the leader on donor harmonisation at the sector level.

A common complaint of partner countries is that donors make too many demands on 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. The 2010 target is that 40% of donor missions to the field are conducted jointly.

INDICATOR 10a
Joint missions

On aggregate, 21% of a total of 104 donor missions to Fiji were conducted jointly. This is well below the 2010 Paris Declaration target of 40%. The UN conducted the largest number of joint missions, followed by the Asian Development Bank, Australia and the EU institutions, although they also conducted a high number of solo missions. Some countries, notably France, Global Fund, Japan and New Zealand, only conducted solo missions.

Country analytic work is the analysis and advice necessary to strengthen policy dialogue, and to develop and implement country strategies. It includes country or sector studies and strategies, country evaluations and discussion papers. The Paris Declaration foresees that donors should conduct analytic work jointly where possible as it helps curb transaction costs for partner authorities, avoids unnecessary duplicative work and helps to foster common understanding. Indicator 10b measures the proportion of country analytic work that is undertaken jointly. The 2010 target is that 66% of country analytic work is carried out jointly.

INDICATOR 10b
Joint country analytic work

TABLE 10:
How many donor
missions are
co-ordinated?

	Co-ordinated donor missions* (missions) a	Total donor missions (missions) b	2005* (for reference)	2007* (for reference)	2010* (%) c = a / b
[Other donors]	1	1	--	--	100%
Asian Dev. Bank	5	15	--	--	33%
Australia	7	13	--	--	54%
EU Institutions	4	11	--	--	36%
France	0	5	--	--	0%
Global Fund	0	2	--	--	0%
Japan	0	4	--	--	0%
Korea	1	1	--	--	100%
New Zealand	0	3	--	--	0%
United Nations	34	83	--	--	41%
World Bank	0	0	--	--	--
Total	29	138	--	--	21%

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

TABLE 11:
How much country
analytic work is
co-ordinated?

	Co-ordinated donor analytic work* (units) a	Total donor analytic work (units) b	2005* (for reference)	2007* (for reference)	2010* (%) c = a / b
[Other donors]	0	0	--	--	--
Asian Dev. Bank	0	0	--	--	--
Australia	6	7	--	--	86%
EU Institutions	2	2	--	--	100%
France	0	0	--	--	--
Global Fund	1	2	--	--	50%
Japan	0	0	--	--	--
Korea	5	5	--	--	100%
New Zealand	0	0	--	--	--
United Nations	10	23	--	--	43%
World Bank	0	2	--	--	0%
Total	14	41	--	--	33%

*The total of coordinated missions has been adjusted to avoid double counting.
A discount factor of 25% is applied.

In total, 33% of country analytical work is co-ordinated amongst donors in 2010, indicating a reasonable level of joint working and information sharing. However, this is still only half way towards the 2010 Paris Declaration target of 66%. Fiji's low level of joint working and information sharing calls for more joint efforts amongst donors and the government. An area of interest would be to see whether such analyses are filtered into the medium term development strategy (MTDS) and the extent to which thematic areas are covered. ■

MANAGING FOR RESULTS

BOTH DONORS AND PARTNER COUNTRIES should manage resources according to well-defined, desired results, measuring progress toward them and using information on results to improve decision making and performance. Achieving this implies strengthening capacity to undertake such management and emphasising a focus on results. Countries are expected to develop cost-effective and results-oriented reporting and performance assessment frameworks, while donors commit to use them and refrain from requiring separate reporting.

Indicator 11 assesses the quality of a country's results-oriented frameworks. In particular, it considers the quality of the information generated, stakeholder access to information, and the extent to which the information is utilised within a country level monitoring and evaluation system. The government provides evidence against these criteria through the survey, and this is translated by the World Bank into a score running from A (highest score) to E (lowest score).

The Paris Declaration 2010 global target is to reduce the proportion of countries without transparent and monitorable performance assessment frameworks by one-third.

Fiji was scored C by the World Bank for its results-oriented frameworks. Since scores from previous years are not available, no conclusions about progress can be drawn. A monitoring and evaluation system in Fiji exists but implementation has been slow and requires more clearly defined institutional responsibilities, improved coverage and quality of development information, increased access to development information by stakeholders, and usage of monitoring and evaluation reports to improve strategies, projects and policies. However, institutional responsibilities are not clear, which may indicate problems in co-ordinating activities. While the system tracks inputs, outputs, and outcomes, the use of information generated by policy makers and line ministries is vague and appears minimal. The principal weakness of this system is that it is still in the early stages of implementation, and although positive steps have been taken, clearly defined institutional responsibilities linked to a standardised approach of using outputs in revising policy and projects are needed before the system can become effective.

The overall national data apparatus appears to be satisfactory and directly related to tracking the goals outlined by the national development strategy and the long-term vision. However, improvement in ensuring the quality of information is also essential. While some materials are shared with stakeholders, much needs to be done to increase the access of stakeholders to public expenditure and national development strategy materials, including expanded and improved dissemination channels and improved frequency and quality of the materials being shared.

MUTUAL ACCOUNTABILITY

STRONG AND BALANCED MECHANISMS that support accountability are required at all levels for aid to be most effective. Donors and partner country governments should be accountable to their respective publics and to each other for implementing their commitments on aid, its effectiveness, and the results to which it contributes.

Indicator 12 examines whether there is a country-level mechanism for mutual assessment of progress on partnership commitments, including on aid effectiveness. There are three criteria that must all be met: the existence of an aid policy or strategy agreed between the partner country government and donors; specific country-level aid effectiveness targets for both the partner country government and donors; an assessment towards these targets undertaken by both partner and donors in the last two years, and discussed in a forum for broad-based dialogue.

The 2010 target is for all partner countries to have mutual assessment reviews meeting these criteria in place.

INDICATOR 11

Do countries have results-oriented monitoring frameworks?

INDICATOR 12

Mutual accountability

Fiji does not have a mutual accountability mechanism in place. However, the government revived its dialogue with the donor community after seven years through a roundtable meeting to reaffirm its commitments of the Paris Declaration. Even though there is no specific localisation of the partnership commitment specified in the Paris Declaration, the Fiji government has undertaken a proactive approach to work on this through a plan of action that was proposed by the government and the donor at the roundtable meeting. Awareness has been raised through bilateral meetings with the donors; however, no policy documents are in place to enforce on the commitments.

Since Fiji has participated in the Paris Declaration Monitoring Survey for the first time, it has given the government and the donor agencies an opportunity to assess their overall position in terms of the Paris Declaration commitments. Hence, it calls on both agencies to work in harmony and co-ordinated manner to achieve the objective of aid effectiveness in line with the broader development agenda and the achievement of the Millennium Development Goals. ■

NOTES

The quantitative information presented in this chapter is taken from data provided by national co-ordinators up to 31 July 2011, following the data validation process with stakeholders at the country level. It was not possible to modify or correct any data received after this date.

This document and any map included herein are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

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