
KYRGYZ REPUBLIC

INTRODUCTION

THE KYRGYZ REPUBLIC is a low-income country with a gross national income (GNI) of USD 870 per capita (2009), which has grown at an average rate of 3.4% per annum since 2005 (WDI, 2011). It has a population of 5.3 million, 1.9% of whom (99 461 people) lived under the 1.25 dollar-a-day income poverty line in 2007 (WDI, 2011). Net official development assistance (ODA) to the Kyrgyz Republic in 2009 totalled approximately USD 315 million (OECD, 2011). Since 2005, net ODA has averaged 8.8% of GNI and 47% of central government expense (WDI, 2011). The top five donors provided 64% of the Kyrgyz Republic's core ODA (OECD, forthcoming).

Following significant political upheaval, at the High-Level Donor's Conference in July 2010 USD 1.1 billion was pledged over 30 months. This pledge offered emergency relief, however the funding also increased public debt to more than 60% of GDP. The Kyrgyz Republic faces huge challenges in economic recovery, reconstruction, and social reconciliation. Success will not be easy given the considerable pressure on public financial resources in a weakened economy. Achieving sustainable robust economic growth remains the major challenge facing the country. ■

SUMMARY OF PROGRESS

PROGRESS ON THE PARIS DECLARATION INDICATORS depends on improvements by both donors and partner governments. Recent political and economic instability has affected the Kyrgyz Republic at many levels. Despite these setbacks, the Kyrgyz Republic has implemented a range of reforms relating to aid flows. These include putting in place a national development strategy, linking the medium-term fiscal framework to this strategy, and developing a monitoring and evaluation process. However, it must be noted that these systems and initiatives have been implemented to varying extents, as action steps remain undefined and institutional responsibilities ambiguous.

Performance against the 2010 targets is highly varied. The Kyrgyz Republic has met targets for three indicators (reliability of public financial management systems, co-ordination of technical co-operation with country programmes and implementation of a mutual accountability review). Progress has been made against four indicators, two in harmonisation and two in alignment. Unfortunately, five indicators have recorded setbacks (one in ownership, three in alignment and one for harmonisation). The target for a results-oriented framework remains unmet. Given recent political instability and the system transformation, it can be assumed that many of the changes in indicators occurred during 2010.

TABLE 1:
Baselines and targets
for 2010

	INDICATORS	2005 REFERENCE	2007	2010 ACTUAL	2010 TARGET
1	Operational development strategies	C	C	D	'B' or 'A'
2a	Reliable public financial management (PFM) systems	3.0	3.0	3.5	3.5
2b	Reliable procurement systems	Not available	Not available	Not available	No Target
3	Aid flows are aligned on national priorities	70%	63%	24%	85%
4	Strengthen capacity by co-ordinated support	24%	74%	81%	50%
5a	Use of country PFM systems	3%	13%	32%	35%
5b	Use of country procurement systems	2%	12%	28%	No Target
6	Strengthen capacity by avoiding parallel PIUs	85	88	80	28
7	Aid is more predictable	66%	64%	44%	83%
8	Aid is untied	94%	83%	77%	More than 94%
9	Use of common arrangements or procedures	12%	18%	21%	66%
10a	Joint missions	23%	23%	20%	40%
10b	Joint country analytic work	53%	38%	22%	66%
11	Results-oriented frameworks	C	C	C	'B' or 'A'
12	Mutual accountability	N	N	Y	Y

TABLE 2:
Learning from success
and challenges

	ACHIEVEMENT OR CHALLENGE	LESSON OR PRIORITY ACTION
Ownership	Achievement: The government sponsored an emergency aid conference with donors which brought the nation USD 1.1 billion in relief funding.	Priority action: Produce a long-term vision. This has been delayed by instability and transition to a parliamentary system.
Alignment	Achievement: Significant improvement in the use of country systems.	Lesson: Alignment with national priorities and predictability suffer significant setbacks during periods of crisis.
Harmonisation	Challenge: Government must co-ordinate donors to achieve further improvements in joint working.	Priority action: Ensure that new donors meet similar standards to existing donors.
Managing for results	Challenge: Monitoring and evaluation programme comprehensively designed but only partially implemented.	Priority action: Define institutional responsibilities in order to make best use of the data in the national and donor strategies.
Mutual accountability	Achievement: Implemented mutual accountability review.	Priority action: Demonstrate results of donor-level (group and individual) targets being met.

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. Stakeholders note that it is possible that in places definitions and concepts were interpreted differently by survey respondents in 2011 compared with previous years. A degree of caution should be taken when analysing the trends shown by some of the indicators.

The 2011 survey responses cover 11 donors and 91% of Kyrgyz Republic's core ODA. The Kyrgyz Republic participated in the Paris Declaration Monitoring Survey for the third time in 2011. The 2006 Survey established the baseline. Following recent unrest, only limited information is available for the current 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.

The Kyrgyz Republic received an overall score of D from the World Bank for indicator 1, which is a regression from the 2007 overall score of C, and misses the 2010 target of A or B. This indicates the absence of a long-term vision for national development. The Kyrgyz Republic received an overall score of D for Indicator 1 for a variety of reasons. First, the presence of a national development strategy (NDS) without a long-term vision for development has hindered the nation's ability to direct development over an extended period of time. In years past there have been a number of long-term visions, namely the Kyrgyz Comprehensive Development Framework (2001-10) and the Country Development Strategy (CDS) (2007-10), which provided a roadmap for alleviating poverty and improving living standards. The CDS had four pillars: growth-oriented economic development and improving the business environment; governance and transparency in public administration; human resource development; and environmental sustainability / management of natural resources. Given the 2010 political unrest and subsequent change to a parliamentary system, the creation of an updated and current long-term vision has stalled. Second, the Millennium Development Goals (MDGs) are included in the NDS as cross-cutting themes, but integration of the MDGs is somewhat partial. This relates to the third barrier to progress on indicator 1: although the medium-term fiscal framework informs the NDS, this exchange does not occur in both directions. As a result, the medium-term fiscal framework does not incorporate NDS priorities. Fourth, mechanisms for target prioritisation and tailoring to the specific country context are minimal. The Kyrgyz Republic has noted weak institutional capacity and leadership efficacy in the past as potential causes. ■

INDICATOR 1

Do countries have operational development strategies?

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.

The Kyrgyz Republic has seen considerable change since 2005-07 on indicators 2 through 8. Significant setbacks in untying aid, alignment with national priorities and predictability are balanced by progress in reducing parallel PIUs, co-ordinating technical co-operation and use of country systems. Several of the setbacks may be associated with the recent instability and associated emergency aid flows. Areas of progress suggest positive results from the reforms being undertaken by the government.

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.

In the 2006 baseline survey, the Kyrgyz Republic received a rating of 3.0 (moderately weak) for its PFM systems. Capacity constraints, including lack of qualified staff, were identified as barriers to the country's ability to improve in this area. The Kyrgyz Republic appears to have overcome some of these obstacles; in 2010, the nation received a rating of 3.5, meeting the target score.

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.

INDICATOR 3 Aligning aid flows on national priorities

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.

	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)		(%)		
							c = a / b	c = b / a	
Asian Dev. Bank	0	30	100%			96%	0%		0
EBRD	--	--	--				--		0
EU Institutions	9	14		95%	32%		67%		1
Germany	0	16	99%			92%	0%		0
Global Fund	--	--	--		0%		--		0
IFAD	--	--	--		97%		--		0
IMF	33	34	--		--		98%		0
Japan	0	9	12%		0%		0%		0
Sweden	--	--	0%		37%		--		0
Switzerland	0	15	1%		75%		0%		1
Turkey	--	74	--		0%				0
United Kingdom	0	1	0%		95%		0%		5
United Nations	0	32	0%		0%		0%		0
United States	0	5	0%				0%		0
World Bank	31	70		89%	87%		44%		0
Average donor ratio			40%		51%		21%		
Total	73	299	70%		63%		24%		7

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

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. Over time the Kyrgyz Republic's score on indicator 3 has decreased dramatically. In 2005 the country's baseline was 70%, but by 2007 this score had reduced to 63%. In 2010 the score has reached 24% on aggregate, and 21% on average per donor. The government only recorded estimates for 3 of the 11 donors in the 2011 Survey. The 2008 Survey referenced the differences between donor and government budget procedures, as well as donor budget approval policies, as major barriers to improving the Kyrgyz Republic's indicator 3 score. Due to these persisting factors, the 2010 target of 85% is far from being reached.

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

TABLE 3:
Are government budget estimates comprehensive and realistic?

INDICATOR 7
Providing more predictable aid

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)	(for reference)	(for reference)	(%) c = a / b	(%) c = b / a		e = d / b	e = b / d
Asian Dev. Bank	29	48	100%		91%		59%		30	61%	
EBRD	--	--	--				--		--	--	
EU Institutions	0	20	0%		32%		0%		14	68%	
Germany	6	16	88%		75%		36%		16	100%	
Global Fund	--	--	--		0%		--		--	--	
IFAD	--	--	--		97%		--		--	--	
IMF	33	33	--		--		100%		34		98%
Japan	0	9		0%	0%		0%		9	100%	
Sweden	--	--			26%		--		--	--	
Switzerland	1	16	1%		50%		8%		15	92%	
Turkey	0	0	--				--		74		0%
United Kingdom	0	1	0%		46%		0%		1	100%	
United Nations	0	29	0%		0%		0%		32		91%
United States	0	2	0%				0%		5		36%
World Bank	28	43	86%		98%		64%		70		61%
Average donor ratio			31%		47%		27%				73%
Total	96	217	66%		64%		44%		299		73%

* 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 2006 baseline survey reported that 66% of planned disbursements were recorded in the national accounting system. With a global 2010 target of closing the predictability gap by one-half, the target for the country was set at 83%. In 2007 there was a slight decline of in-year predictability to 64%. In 2010 this number has slipped more significantly to 44%, with USD 121 million of planned disbursement unrecorded. Similar to the decline in overall in-year predictability, the average donor predictability has decreased from 47% (2007) to 27% (2010). In the past, slippage on predictability was explained by three factors: slow progress on the budget reform process, slow progress on the part of donors in moving towards budget support, and the failure of donors to provide the government with sufficient information on planned technical assistance. The 2010 the target of 83% therefore remains unmet. Replacement of the Joint Country Support Strategy (2007-10) could lead to progress on indicator 7; the former strategy has stalled due to the instability as well as the creation of a long-term vision to underpin development in the country. All donors disbursed more than the government recorded amount, suggesting that the falling score is primarily a planned disbursement recording problem rather than a predictability problem in this case.

INDICATOR 4
Co-ordinating support to strengthen capacity

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.

	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			
Asian Dev. Bank	0	1	100%	100%	53%
EBRD	--	--	--	0%	--
EU Institutions	1	4	0%	93%	26%
Germany	4	4	0%	9%	100%
Global Fund	--	--	--	--	--
IFAD	--	--	--	--	--
IMF	0	1	--	--	0%
Japan	5	6	0%	100%	76%
Sweden	--	--	0%	86%	--
Switzerland	1	7	0%	0%	9%
Turkey	0	12	--	0%	0%
United Kingdom	2	3	100%	77%	73%
United Nations	29	30	40%	83%	97%
United States	69	69	13%	77%	100%
World Bank	3	4	100%	79%	79%
Total	114	141	24%	74%	81%

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

The 2010 target for Indicator 4 is that 50% of technical co-operation should be implemented through co-ordinated programmes which are consistent with a national development strategy. This target was met in 2007 (at 74%) and in 2010, with an increase to 81%. High and improving scores for the two major providers of technical co-operation, the United Nations and the United States, drive this result.

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 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.

INDICATOR 5
Using country systems

INDICATOR 5a
Use of country public financial management 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	
Asian Dev. Bank	30	0	0	0	0%	0%	0%	0	0%	0%	0%
EBRD	--	--	--	--	--	--	--	--	--	--	--
EU Institutions	14	9	9	9	0%	14%	66%	9	0%	0%	66%
Germany	16	12	13	12	0%	28%	77%	12	0%	100%	76%
Global Fund	--	--	--	--	--	33%	--	--	--	49%	--
IFAD	--	--	--	--	--	0%	--	--	--	0%	--
IMF	34	34	34	34	--	--	100%	0	--	--	0%
Japan	9	0	0	0	24%	0%	0%	0	17%	0%	0%
Sweden	--	--	--	--	0%	0%	--	--	0%	0%	--
Switzerland	15	0	0	0	0%	0%	0%	0	0%	0%	0%
Turkey	74	0	0	0	--	0%	0%	0	--	0%	0%
United Kingdom	1	0	0	0	0%	0%	0%	0	0%	0%	0%
United Nations	32	3	4	2	0%	0%	10%	1	0%	1%	4%
United States	5	0	0	0	0%	--	0%	0	0%	--	0%
World Bank	70	41	41	29	0%	24%	53%	61	0%	9%	87%
Total	299	99	100	86	3%	13%	32%	83	2%	12%	28%

The Kyrgyz Republic has made considerable progress against indicator 5a. The baseline, set in 2005, showed that only 3% of aid used national PFM systems. The 2008 Survey showed that this low score could be attributed to the weakness of PFM systems in the country at that time. In 2007, performance on indicator 5a increased, with 13% of aid using national PFM systems. In 2010, the percent of aid using the PFM systems has increased again to 32%. The 2010 target was set at 35% so although not met, it appears well within reach on the current trend. Donor performance on this ranges widely, with most showing individual progress; only Japan has reduced its use of national PFM systems since 2005. The Asian Development Bank, Switzerland and Turkey are the remaining major donors that do not make any use of national PFM systems.

INDICATOR 5b
Use of country procurement systems

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.

Indicator 5b has shown considerable improvement. As much as 28% of aid to the Kyrgyz Republic now uses national procurement systems, which compares favourably with the 2005 baseline score of 2%. As with indicator 5a there is considerable difference in the use of procurement systems between donors. Only four used the procurement system at all - the EU Institutions, Germany, the United Nations, and the World Bank. Usage among these donors ranges from 4% to 87% of aid, and therefore the individual progress made by the World Bank is responsible for driving most of the positive national trend. In contrast, the majority of donor's reported that they make no use of the national procurement systems.

INDICATOR 6
Avoiding parallel implementation structures

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.

	Parallel PIUs		
	2005 (for reference)	2007 (for reference)	2010 (units)
Asian Dev. Bank	12	12	0
EBRD	--	0	--
EU Institutions	40	11	0
Germany	0	0	0
Global Fund	--	0	--
IFAD	--	0	--
IMF	--	--	0
Japan	0	0	0
Sweden	2	5	--
Switzerland	10	10	0
Turkey	--	0	35
United Kingdom	6	3	2
United Nations	4	16	13
United States	0	31	30
World Bank	11	0	0
Total	85	88	80

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

The 2010 target for indicator 6 is to reduce parallel PIUs to 28 or fewer. Though the Kyrgyz Republic remains far from reaching this target, there has been limited progress. Since 2005, parallel PIUs have decreased from 85 to 80. This decrease can mainly be attributed to the closure of parallel PIUs by the Asian Development Bank, the EU Institutions and Switzerland; however this progress is almost entirely cancelled out by the creation of 35 new parallel PIUs by Turkey. The 2008 Survey notes that for the indicator 6 target to be met, donors need to place increased trust in the Kyrgyz government’s ability to implement projects. Given the 2010 unrest, it is unlikely that this trust has increased. Additionally, institutional capacity could continue to be a barrier to successful removal of parallel PIUs, as the country is in transition from a presidential to a parliamentary system.

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.

Scores for indicator 8 have steadily regressed over the past five years in the Kyrgyz Republic. In 2005, 94% of aid was reported as untied. In 2007, only 83% of aid was reportedly untied. In 2010 this percentage decreased by 17 additional percentage points, reaching 77%, and missing the target of over 94%. Despite the United States achieving a higher share of untied aid, this trend appears to be entirely driven by an increase in the volume of aid from the United States, almost the only tied aid supplier. ■

INDICATOR 8
Untying aid

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
Austria	0.1	0.0	0%	21%	61%
Belgium	0.3	0.3	100%	--	100%
Denmark	0.4	0.4	100%	--	100%
Finland	0.7	0.7	0%	--	100%
France	0.0	0.0	100%	100%	--
Germany	3.1	3.0	96%	97%	100%
Greece	0.1	0.1	--	--	100%
Ireland	0.0	0.0	100%	100%	--
Italy	0.0	0.0	--	--	--
Japan	9.7	9.7	100%	100%	100%
Korea	0.5	0.5	--	--	100%
Netherlands	0.1	0.1	75%	100%	100%
New Zealand	0.0	0.0	100%	--	100%
Norway	3.2	3.2	100%	--	100%
Spain	0.0	0.0	0%	0%	--
Sweden	1.4	1.4	100%	100%	100%
Switzerland	15.5	15.5	100%	100%	100%
United Kingdom	13.5	13.5	--	100%	100%
United States	39.1	18.9	15%	41%	48%
Total	87	67	94%	83%	77%

Source: OECD Creditor Reporting System.

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.

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.

The Kyrgyz Republic has seen modest improvement in harmonisation of aid through the use of PBAs, moving from 12% in 2005 to 18% in 2007 to 21% in 2010. The 2010 goal of 66% has not been reached. Aid that has been harmonised using PBAs shows an even distribution between budget support and all other programmes. Despite increased harmonisation, only five donors reported using PBAs. Furthermore, data for these five donors shows that only 53% of their total aid made use of PBAs. The remaining six donors, all of

INDICATOR 9 Using common arrangements

which reported 0% of their aid having used PBAs, provided 60% of total aid. Individual donor trends show significant variation, for example the World Bank moved from 0% in 2005 to 58% in 2010, while the United Nations moved from 96% in 2005 to 0% in the same year.

	Programme-based approaches			Total aid disbursed (USD m) d	2005 (for reference)	2007 (for reference)	2010 (%) e = c / d
	Budget support (USD m) a	Other PBAs (USD m) b	Total (USD m) c = a + b				
	Asian Dev. Bank	0	19				
EBRD	--	--	--	--	--	0%	--
EU Institutions	9	1	10	17	53%	0%	61%
Germany	0	6	6	16	0%	26%	38%
Global Fund	--	--	--	--	--	61%	--
IFAD	--	--	--	--	--	0%	--
IMF	0	0	0	34	--	--	0%
Japan	0	0	0	10	0%	0%	0%
Sweden	--	--	--	--	0%	0%	--
Switzerland	1	1	2	15	0%	0%	12%
Turkey	0	0	0	74	--	0%	0%
United Kingdom	0	0	0	3	0%	0%	0%
United Nations	0	0	0	34	96%	12%	0%
United States	0	0	0	69	0%	0%	0%
World Bank	29	12	41	70	0%	50%	58%
Total	39	39	78	370	12%	18%	21%

TABLE 9:
How much aid is
programme based?

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

	Co-ordinated donor missions* (missions) a	Total donor missions (missions) b	2005* (for reference)	2007* (for reference)	2010* (%) c = a / b
	Asian Dev. Bank	2	27	3%	5%
EBRD	--	--	--	0%	--
EU Institutions	6	8	--	0%	75%
Germany	3	12	25%	45%	25%
Global Fund	--	--	--	0%	--
IFAD	--	--	--	100%	--
IMF	2	4	--	--	50%
Japan	0	4	0%	0%	0%
Sweden	--	--	0%	0%	--
Switzerland	9	20	37%	33%	45%
Turkey	0	12	--	0%	0%
United Kingdom	10	11	64%	100%	91%
United Nations	25	50	63%	83%	50%
United States	1	12	0%	0%	8%
World Bank	9	57	8%	15%	16%
Total	44	217	23%	23%	20%

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

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

The 2010 target for Indicator 10a of 40% remains unmet in the Kyrgyz Republic. The baseline data in 2005 showed that 23% of all donor missions were conducted jointly, and in 2007 this number remained consistent. In 2010, only 20% of a total of 217 donor missions were conducted jointly, which constitutes a minor setback in comparison with the 2007 score. On a positive note, the number of donor missions has decreased considerably since 2007, when 342 total missions were reported. There is considerable variation among donors in the percentage of co-ordinated missions, which ranges from 7% to 75%. As noted in the 2008 Survey, “if the government is to realise the benefits of joint missions, donors will need to improve efforts to reduce the total number of missions and increase the proportion of missions conducted jointly.”

INDICATOR 10b
Joint country analytic work

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.

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
Asian Dev. Bank	3	5	78%	100%	60%
EBRD	--	--	--	100%	--
EU Institutions	3	3	--	--	100%
Germany	0	0	20%	50%	--
Global Fund	--	--	--	0%	--
IFAD	--	--	--	--	--
IMF	1	1	--	--	100%
Japan	0	0	--	--	--
Sweden	--	--	0%	--	--
Switzerland	4	6	100%	50%	67%
Turkey	0	0	--	--	--
United Kingdom	0	0	100%	100%	--
United Nations	19	80	66%	49%	24%
United States	0	8	20%	0%	0%
World Bank	1	5	13%	67%	20%
Total	23	108	53%	38%	22%

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

The 2010 target for indicator 10b is for 66% of country analytic work to be coordinated. This target remained unmet, with only 22% of total joint analytic work being co-ordinated in 2010 – a dramatic decline since the baseline score of 53% in 2005. The setback was already evident in 2007, when only 38% of analytic work was conducted jointly. Notably, the United States reported that none of its analytic work was carried out jointly in 2010. The United Nations was the single donor that commissioned the largest amount of analytic work and of 80 missions, only 19 were conducted jointly. For the Kyrgyz Republic to meet indicator 10b target of 66%, donor co-ordination via the government needs to be increased. This will require that professional training and institutional capacity building are also addressed. ■

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. The Kyrgyz Republic has received an overall score from the World Bank of C for indicator 11 throughout the past three surveys. Little has changed in the monitoring and evaluation (M&E) process. Data remains fairly reliable and comprehensive with 70% of quantitative indicators having baseline data. Multiple sources are used to gather information for M&E, but the frequency of data collection from these sources is unclear. Tracking the input, output and outcome of indicators is possible with a newly designed tracking system, although this system is not yet fully functional. Stakeholders can easily access information in various mediums and in three different languages (Russian, Kyrgyz and English). However, it is not clear how much of this information is used by policy makers. Overall progress has been slow. Although systems have been created, implementation and active use of the information gathered is varied. For the target of an overall score of B or A to be met, considerable effort must be focused on operationalising tracking frameworks and utilising the information gathered in the M&E process. ■

INDICATOR 11

Do countries have results-oriented frameworks?

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. According to the government, a mutual assessment structure was created and began to be implemented in 2010. However, no information has been provided as to the specifics and outcomes of this assessment process, and mutual assessment was not introduced until the most recent survey. The 2006 baseline survey reported that the Kyrgyz Republic had not yet undertaken a mutual assessment of progress on aid effectiveness. At that time, the country had only begun conducting annual health sector wide approach assessments. It is unclear whether the current assessment process includes both a country-level mechanism for jointly assessing progress on aid effectiveness as well as a mutual donor-government assessment. ■

INDICATOR 12

Mutual accountability

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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