
ST. VINCENT AND THE GRENADINES

INTRODUCTION

ST. VINCENT AND THE GRENADINES is an upper-middle income country with a gross national income (GNI) of USD 6 581 per capita in 2009 (St. Vincent and the Grenadines, Statistical Office, 2011). It has a population of approximately 101 016 (St. Vincent and the Grenadines, Statistical Office, 2011). St. Vincent and the Grenadines is a small island developing state that is highly vulnerable to external shocks and natural disasters. The islands' economy is largely agriculture-based (bananas and other crops) with a growing services sector including tourism, telemarketing and a small offshore financial sector. St. Vincent and the Grenadines has suffered and continues to suffer deeply from the world economic crisis.

Although recent IMF forecasts projected a mild return to growth in 2010, government accounts have contracted and there have been significant cuts in capital and social expenditure. The government, with substantial donor support, allocated over 20% of the capital and recurrent budget for education in 2009. Net official development assistance (ODA) to St. Vincent and the Grenadines in 2009 totalled approximately USD 35 million (OECD, 2011). Since 2005, net ODA has averaged about 5% of GNI (WDI, 2011). ■

SUMMARY OF PROGRESS

PROGRESS ON THE PARIS DECLARATION INDICATORS depends on improvements by both donors and partner governments. St. Vincent and the Grenadines has met the 2010 targets for mutual accountability and two of the alignment indicators (aid flows aligned on national priorities and strengthen capacity by co-ordinated support). It missed targets on harmonisation, results frameworks, reliable public financial management systems and untied aid and needs to increase its efforts to achieve these.

The government feels that the ability of St. Vincent and the Grenadines to use aid effectively has been hampered by, among other things, donor procurement procedures; an unsystematic approach to project implementation; limited monitoring and evaluation mechanisms; and the country's capacity to absorb substantial aid disbursements within short timeframes. In addition, the government notes that efforts to improve aid effectiveness should seek to reform donors' priorities. These currently focus on timely project completion within budget, but a more pressing priority is ensuring that the short and long-term impacts of projects and programmes are positive.

The government attaches high priority to having a greater influence on the design of aid for national development, and notes that the economic and environmental dimensions of national development have been given insufficient attention by the donor community, which has focussed instead on the social sector (particularly health and humanitarian assistance). Given the high vulnerability of St. Vincent and the Grenadines to economic shocks and natural disasters, the government stresses that donors' agendas should not only respond to social issues, but also to economic and environmental concerns.

TABLE 1:
Baselines and targets
for 2010

| INDICATORS | | 2005 REFERENCE | 2007 | 2010 ACTUAL | 2010 TARGET |
|------------|--|----------------|---------------|---------------|---------------|
| 1 | Operational development strategies | -- | -- | D | B or A |
| 2a | Reliable public financial management (PFM) systems | 3.5 | 3.5 | 3.5 | 4.0 |
| 2b | Reliable procurement systems | Not available | Not available | Not available | No Target |
| 3 | Aid flows are aligned on national priorities | -- | -- | 89% | 85% |
| 4 | Strengthen capacity by co-ordinated support | -- | -- | 97% | 50% |
| 5a | Use of country PFM systems | -- | -- | 3% | No Target |
| 5b | Use of country procurement systems | -- | -- | 0% | No Target |
| 6 | Strengthen capacity by avoiding parallel PIUs | -- | -- | 1 | No Target |
| 7 | Aid is more predictable | -- | -- | 0% | No Target |
| 8 | Aid is untied | 69% | 99% | 43% | More than 69% |
| 9 | Use of common arrangements or procedures | -- | -- | 1% | 66% |
| 10a | Joint missions | -- | -- | 3% | 40% |
| 10b | Joint country analytic work | -- | -- | 0% | 66% |
| 11 | Results-oriented frameworks | -- | -- | D | B or A |
| 12 | Mutual accountability | Not available | Not available | Y | Y |

TABLE 2:
Learning from success
and challenges

| | ACHIEVEMENT OR CHALLENGE | LESSON OR PRIORITY ACTION |
|-----------------------|---|--|
| Ownership | Challenge: Transition from interim and short-term strategies to a long term national strategy | Lesson: A long-term strategy is required to make further progress on prioritisation, costing and integrating donor support into national plans. |
| Alignment | Challenge: Donors make almost no use of country systems. | Priority action: Establish consistent accounting systems to allow donors to interact with the dual budget system, including by moving some aid flow to program based assistance within the national system. |
| Harmonisation | Achievement: Donors undertook a joint country portfolio review; joint programme evaluation and a five-year global impact evaluation. | Priority action: Donors must take the first steps to replace their individual systems with common arrangements and joint working. |
| Managing for results | Achievement: Increase in the number of government implementing agencies trained in project cycle management and result orienting monitoring. | Priority action: Design and implement a monitoring and evaluation framework as part of the new national development strategy. |
| Mutual accountability | Challenge: Lack of funding and capacity to assess donor and government performance. | Lesson: Reviews of aid effectiveness must directly contribute to increased development effectiveness. |

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.

This is the first time St. Vincent and the Grenadines has taken part in the survey, meaning that there are no baseline indicators against which to judge progress, except for indicators 2a and 8. Importantly, only two donors took part in the 2011 Survey, the United Nations and the World Bank. These two donors are responsible for only 5% of core ODA to St. Vincent and the Grenadines, meaning that the data in this report give only a limited insight into the situation. ■

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.

St. Vincent and the Grenadines received a rating of D from the World Bank against the 2010 target of B or A. This indicates that although some efforts have been made to implement a national development strategy, further areas for improvement remain. Although the National Economic and Social Development Plan (NESDP) under preparation prioritises targets to be implemented through the budget, this will be challenged by the medium-term expenditure framework's (MTEF) inability to prioritise expenditure according to national priorities. The government indicated that there are no plans to integrate a performance orientation in the budgeting process and the rating is thus based on the understanding that there are no plans to develop a mechanism or process to link the NESDP to the budget.

The Interim Poverty Reduction Strategy adopted in 2003 has measurable targets for poverty reduction and serves as the key instrument for identifying national priorities for poverty reduction and for establishing a basis for discussion and negotiation between national stakeholders and donors. The preparation of the Interim Poverty Reduction Strategy involved consultation with many stakeholders including; parliament, civil society and the private sector. A new National Economic and Social Development Plan is currently in preparation. Policy makers and line ministries use the existing strategy to inform on-going consultation and monthly meetings of the Cabinet Committee on the Economy.

The Government of St. Vincent and the Grenadines is currently finalising its National Social and Economic Development Plan (NESDP). The NESDP will replace the existing national development strategy document and will outline the country's long-term strategies and vision for attaining national development for the period 2011-25. The forthcoming NESDP priorities are aimed at allowing "the people of St. Vincent and the Grenadines opportunities for material and spiritual advancement and prosperity within the context of environmental sustainability."

INDICATOR 1

Do countries have operational development strategies?

The vision that is embedded in the NESDP is to be realised through the formulation of sector strategies. The NESDP will have prioritised targets and the objectives and targets of the strategy will be linked to seven of the MDGs, with mechanisms for achieving these based on assessment of challenges and possible solutions. Cross-cutting issues will be addressed by ensuring that they are considered when designing and implementing programmes *i.e.* by mainstreaming them. It is not envisaged that the NDS will be costed, nor will it be linked to an MTFF or an MTEF. ■

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.

St. Vincent and the Grenadines' performance on alignment was mixed. Targets were met for two indicators ("aid flows aligned on national priorities" and "strengthen capacity by co-ordinated support"), while the reliability of public financial management systems remained unchanged and there was a setback in the share of untied aid. Very low scores were recorded for four of the indicators without targets ("use of country PFM systems", "use of country procurement systems", "strengthen capacity by avoiding parallel PIUs" and "aid is more predictable").

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 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.

Since 2005, St. Vincent and the Grenadines' performance in public financial management (PFM) systems has been consistent, scoring 3.5 in each year. This falls short of the progress needed to meet the 2010 target of 4.0.

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.

St. Vincent and the Grenadines did not participate in the self assessment on this indicator.

INDICATOR 2
Building reliable
country systems

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

INDICATOR 2b
How reliable are country
procurement 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.

| | Government's budget estimates of aid flows in 2010 | Aid disbursed by donors for government sector in 2010 | 2005 | 2007 | 2010* | | Total aid disbursed through other donors |
|---------------------|--|---|-----------------|-----------------|------------|-----------|--|
| | (USD m) | (USD m) | (for reference) | (for reference) | (%) | | (USD m) |
| | a | b | | | c = a / b | c = b / a | |
| United Nations | 0 | 0 | -- | -- | 42% | | 1 |
| World Bank | 3 | 4 | -- | -- | 91% | | 0 |
| Average donor ratio | | | -- | -- | 66% | | |
| Total | 3 | 4 | -- | -- | 89% | | 1 |

* 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 in government budgets with at least 85% of aid reported in budget documents. St. Vincent and the Grenadines met the 2010 target recording 89% of aid disbursed by donors in government budget estimates. These remaining differences are thought to be due to the fact that not all funds are always used, aid funds do not always come through the government's budget, and the inadequate capacity of the public sector to monitor the flow of aid. Donors and the government should establish consistent accounting systems to reduce these issues.

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.

| | Disbursements recorded by government in 2010 | Aid scheduled by donors for disbursement in 2010 | 2005 | 2007 | 2010* | | For reference: Aid disbursed by donors for government sector in 2010 | For reference: % of scheduled aid disbursements reported as disbursed by donors in 2010** | |
|---------------------|--|--|-----------------|-----------------|-----------|-----------|--|---|-----------|
| | (USD m) | (USD m) | (for reference) | (for reference) | (%) | | (USD m) | (%) | |
| | a | b | | | c = a / b | c = b / a | d | e = d / b | e = b / d |
| United Nations | 0 | 0 | -- | -- | 0% | | 0 | 93% | |
| World Bank | 0 | 0 | -- | -- | -- | | 4 | | 0% |
| Average donor ratio | | | -- | -- | 0% | | | 46% | |
| Total | 0 | 0 | -- | -- | 0% | | 4 | 5% | |

* 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 ($e = b/d$).

INDICATOR 3

Aligning aid flows on national priorities

TABLE 3:
Are government budget estimates comprehensive and realistic?

INDICATOR 7

Providing more predictable aid

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

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.

The 2010 survey data indicate that no scheduled disbursements were recorded by government. In some instances where there are differences between planned and actual disbursements the reason is that disbursements are based on inaccurately predicted project/programme implementation progress. The government has also reported difficulties with recording disbursements accurately given that funds come from outside of government budget systems.

The linkages between government and donor systems could be strengthened to improve the predictability of donor funding, by setting up dedicated units to deal with project implementation; by training and hiring expert staff; by bringing pay rates in line with market rates; **or** by making pay rates transparent; and by including an account for donor funds in the country budget.

However the government feels that donors are delivering satisfactorily on the Accra Agenda for Action commitments to predictability in terms of grant funds in phases of up to five years. However, the volatility caused by currency fluctuations is a bigger challenge than the discrepancy between funds actually disbursed against three to five year funding plans. As a result funds may become insufficient for the government to implement its national plans despite meeting targets on predictability.

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.

In 2010, 97% of technical assistance was co-ordinated, which substantially exceeds the 2010 target of 50%.

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 (%) |
|----------------|---|--------------------------------------|----------------------|----------------------|------------|
| | a | b | | | c = a / b |
| United Nations | 0 | 0 | -- | -- | 94% |
| World Bank | 0 | 0 | -- | -- | 100% |
| Total | 0 | 0 | -- | -- | 97% |

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

| | Aid disbursed by donors for government sector (USD m) | Public financial management | | | | | | Procurement | | | |
|----------------|---|-----------------------------|-----------------------------|------------------|----------------------|----------------------|----------------|-----------------------|----------------------|----------------------|-----------|
| | | Budget execution (USD m) | Financial reporting (USD m) | Auditing (USD m) | 2005 (for reference) | 2007 (for reference) | 2010 (%) | Proc. systems (USD m) | 2005 (for reference) | 2007 (for reference) | 2010 (%) |
| | a | b | c | d | | | avg(b,c,d) / a | e | | | e / a |
| United Nations | 0 | 0 | 0 | 0 | -- | -- | 67% | 0 | -- | -- | 0% |
| World Bank | 4 | 0 | 0 | 0 | -- | -- | 0% | 0 | -- | -- | 0% |
| Total | 4 | 0 | 0 | 0 | -- | -- | 3% | 0 | -- | -- | 0% |

TABLE 6:

How much aid for the government sector uses country 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 5a

Use of country public financial management systems

In 2010, only 3% of aid used St. Vincent and the Grenadines' public financial management 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

Use of country procurement systems

In 2010, 0% of aid used St. Vincent and the Grenadines' procurement systems.

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.

INDICATOR 6

Avoiding parallel implementation structures

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) |
| United Nations | -- | -- | 1 |
| World Bank | -- | -- | 0 |
| Total | -- | -- | 1 |

TABLE 7:

How many PIUs are parallel to country structures?

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 |
|----------------|--|------------|----------------------|----------------------|---------------------|
| Austria | 0.0 | 0.0 | -- | -- | -- |
| Canada | 0.3 | 0.0 | 0% | 0% | 0% |
| Greece | 0.0 | 0.0 | -- | 0% | -- |
| Italy | 0.0 | 0.0 | -- | 100% | -- |
| Japan | 0.0 | 0.0 | 100% | 100% | -- |
| Korea | 0.0 | 0.0 | -- | 0% | -- |
| Norway | 0.1 | 0.1 | -- | -- | 100% |
| United Kingdom | 0.0 | 0.0 | 100% | -- | -- |
| United States | 0.1 | 0.1 | -- | -- | 100% |
| Total | 0 | 0 | 69% | 99% | 43% |

Source: OECD Creditor Reporting System.

The share of untied aid in St. Vincent and the Grenadines varied widely between 2005 and 2010. In 2010, 43% of aid to St. Vincent and the Grenadines was untied, which represents a setback in comparison with the 100% obtained in 2007 and the 69% achieved in 2005. Co-ordination on procurement is primarily led by the St. Vincent and the Grenadines government, and if progress is to be made the process of untying aid requires greater efforts by donors.

CONDITIONALITY

The Government of St. Vincent and the Grenadines notes its concern over the conditionalities applied to aid allocations. One of the key conditions for accessing aid flows is for the recipient country government to be equipped with the appropriate mechanisms to facilitate all aspects of project management, among other eligibility criteria. These conditions do not take account of the capacity constraints that St. Vincent and the Grenadines faces, yet they restrict the country’s ability to access aid flows. The Government of St. Vincent and the Grenadines stresses that development methods and approaches are not always aligned with the country’s contextual framework. ■

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.

INDICATOR 9
Using common
arrangements

| | 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 | | | | |
| United Nations | 0 | 0 | 0 | 1 | -- | -- | 3% |
| World Bank | 0 | 0 | 0 | 4 | -- | -- | 0% |
| Total | 0 | 0 | 0 | 4 | -- | -- | 1% |

TABLE 9:
How much aid is
programme based?

In 2010 the proportion of aid using programme based approaches was only 1%, which fell below the 2010 target of 66%. Meeting the 2010 target remains an ambitious goal for St. Vincent and the Grenadines.

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.

In 2010 3% of donor missions were conducted jointly, significantly fewer than the target of 40%. There are several efforts being made by donors to address this, such as joint country portfolio reviews, joint programme evaluations and a five-year global impact evaluation.

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 |
|----------------|--|---|--------------------------|--------------------------|---------------------------|
| United Nations | 1 | 10 | -- | -- | 10% |
| World Bank | 0 | 11 | -- | -- | 0% |
| Total | 1 | 21 | -- | -- | 3% |

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.

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 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 |
|----------------|---|--|--------------------------|--------------------------|---------------------------|
| United Nations | 0 | 3 | -- | -- | 0% |
| World Bank | 0 | 0 | -- | -- | -- |
| Total | 0 | 3 | -- | -- | 0% |

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

The 2010 data suggest that neither of the two donors' analytical work was co-ordinated. St. Vincent and the Grenadines did not meet the 2010 target of 66%.

AID FRAGMENTATION

Fragmented aid – aid that comes in many small slices from a large number of donors – creates high transaction costs and makes it difficult for partner countries effectively to manage their own development. Aid fragmentation also increases the risk of duplication and inefficient aid allocation among donors. In this context, the Government of St. Vincent and the Grenadines has taken steps to set-up a single public sector investment programme management unit to manage all aid in the Ministry of Finance. The stakeholders' report indicates that the integration of all existing public sector investment units into the public sector investment programme management unit is in progress. ■

MANAGING FOR RESULTS

INDICATOR 11
Do countries have
results-based monitoring
frameworks?

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. St. Vincent and the Grenadines received a score of "D" from the World Bank based on the understanding that no monitoring and evaluation (M&E) system currently exists, and that the design parameters of the M&E system that will accompany the upcoming national development strategy are not yet known. However, it is anticipated that there will be comprehensive coverage of qualitative and quantitative targets in the new M&E system and in the national development strategy.

National data systems in St. Vincent and the Grenadines include a population census, household survey, GDP survey, poverty survey and labour survey. These data conform to international standards, and are therefore of sufficient quality and reliability to meet M&E requirements once the new M&E system is in place. The most important developments regarding these data in the past ten years include improvements in reliability of the Geographic Information System, and the provision of increased training for staff. The latest NDS and public expenditure information is available on the internet, electronically, and in hard copy, and there have been no significant recent changes in stakeholder access to information.

The number of government implementing agencies trained in project cycle management and results orientated monitoring has increased. Despite this, several challenges remain, such as finding the capacity to integrate the added value from monitoring and evaluating into improved implementation and programme design, as well as effectively influencing political decision-making such that lessons learnt from previous projects are taken forward. More generally, limitations to St. Vincent and the Grenadines' M&E systems reduce the country's capacity to monitor large flows of funding within a short period of time. ■

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. While there is a broad based consultation with many stakeholders, including parliament, civil society and the private sector (particularly in the development of the poverty reduction strategy papers throughout the country), there are challenges in relation to effective management of aid at the national level. There is low or limited capacity among the population to assess the quality of the information being circulated. Improving mutual accountability is costly and the St. Vincent and the Grenadines government finds it challenging to fund regular and periodic stakeholder reviews of reports in multiple platforms. In order to improve on this indicator, both the government and donors should close the national capacity gaps by committing resources to support mutual accountability initiatives in the country.

The government is concerned that the contextual framework to guide aid effectiveness is currently designed to guide development assistance and not relief or economic development efforts. In addition, the current focus on process rather than impacts creates an incentive for both donors and recipient governments to focus on how aid is programmed rather than on what it achieves.

A linked priority area for St. Vincent and the Grenadines is therefore capacity-building, as aid activities focused solely on the provision of services neglect capacity-building, which is crucial to managing and monitoring results. The main challenges stem from perceptions that the impact of donor assistance has been limited; from declines in aid flows; and from the complexity of the principles under which aid is disbursed. Ultimately, aid should have a positive impact on the government and partner countries during and following project implementation, yet often positive impacts on the ground following project and programme completion are limited. This has been attributed to a lack continuity; lack of national capacity; incompatible agendas; lack of co-ordination, and complexity of the system. In addition, the immediate aims of relief differ from those driving development activities, and the interventions are not sufficient to support sustainable national development irrespective of their compatibility with aid effectiveness principles. ■

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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