
VIET NAM

INTRODUCTION

VIET NAM is a lower-middle income country with a gross national income (GNI) of USD 1 000 per capita in 2009 (WDI, 2011). It has a population of approximately 87 million (2009), 13% of whom (11 million people) live under the 1.25 dollar-a-day income poverty line (WDI, 2011).

Viet Nam has achieved the Millennium Development Goals (MDGs) on hunger and universal primary education, and is on track to achieve its health-related MDGs. The MDGs on environmental sustainability remain a major challenge for Vietnam, and the country has also experienced difficulties resulting from the global economic crisis.

Net Official Development Assistance (ODA) to Viet Nam totalled USD 4 165 million in 2009 (OECD, 2011). Since 2005 net ODA has averaged about 3% of GNI (WDI, 2011). The top five donors contributed 82% of Viet Nam's core ODA (OECD, forthcoming). ■

SUMMARY OF PROGRESS

PROGRESS ON THE PARIS DECLARATION INDICATORS depends on improvements by both donors and partner governments. Viet Nam was the first country to adapt the 2005 Paris Declaration on Aid Effectiveness to its national context (with the Hanoi Core Statement (HCS) including all major donors' principles and commitments), and it has been one of the most active countries in its implementation. Government priorities include strengthening the legal and institutional framework for official development assistance management, planning, implementation and monitoring capacity. Meanwhile, donors are focusing on strengthening country systems and on harmonisation efforts.

With steady progress in improving aid effectiveness since 2005, Viet Nam has successfully met the 2010 targets for four out of seven of the alignment indicators for which it had a target. The remaining three show either progress or no change compared to the previous round of monitoring. Harmonisation indicators have improved significantly since 2005, but very little since 2007. Vietnam has achieved the targets on the indicators for managing for results and mutual accountability. Challenges include the lack of capacity for strategic policymaking and planning at sub-national level, and lack of clarity as to what exactly needs to change in aid practices. ■

TABLE 1:
Baselines and targets
for 2010

	INDICATORS	2005 REFERENCE	2007	2010 ACTUAL	2010 TARGET
1	Operational development strategies	B	B	B	'B' or 'A'
2a	Reliable public financial management (PFM) systems	4.0	4.0	4.0	4.5
2b	Reliable procurement systems	Not available	Not available	Not available	No Target
3	Aid flows are aligned on national priorities	81%	80%	88%	90%
4	Strengthen capacity by co-ordinated support	85%	68%	59%	50%
5a	Use of country PFM systems	32%	63%	62%	No Target
5b	Use of country procurement systems	33%	59%	66%	No Target
6	Strengthen capacity by avoiding parallel PIUs	111	58	18	37
7	Aid is more predictable	78%	70%	84%	89%
8	Aid is untied	68%	69%	86%	More than 68%
9	Use of common arrangements or procedures	34%	58%	62%	66%
10a	Joint missions	10%	17%	17%	40%
10b	Joint country analytic work	24%	54%	54%	66%
11	Results-oriented frameworks	C	C	B	'B' or 'A'
12	Mutual accountability	Y	Y	Y	Y

TABLE 2:
Learning from success
and challenges

	ACHIEVEMENT OR CHALLENGE	LESSON OR PRIORITY ACTION
Ownership	Achievement: Strong government ownership of the development agenda.	Lesson: Build on the relationships developed during the consultation processes for the socio-economic development plans.
Alignment	Achievement: Significantly and continuously decreasing parallel project implementation units. Challenge: Capacity development, especially at sub-national level.	Lesson: Streamline and institutionalise the aid management framework. Priority action: The adoption of a new state budget law and the speedy uptake of an international diagnostic tools framework.
Harmonisation	Challenge: There has been slow progress in adopting programme-based approaches. Challenge: There are still a large number of missions and country analyses which are uncoordinated.	Priority action: Formulate a common policy framework supported by joint funding mechanisms; adapt programme-based approach to a decentralised environment.
Managing for results	Achievement: There is a well-designed monitoring & evaluation framework.	Lesson: Develop comprehensive sectoral and geographic coverage of the monitoring & evaluation framework.
Mutual accountability	Achievement: Strong mutual accountability is established, including wide participation of the National Assembly, NGOs and civil society.	Lesson: High-level dialogue has been achieved through the Aid Effectiveness Forum and annual consultative group meetings.

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 27 donors and 79% of Viet Nam's core ODA. A total of 27 donors responded to the 2011 Survey (compared with 27 donors in the 2008 Survey; no figure is available for the 2006 Baseline Survey). It has been led by the Ministry of Planning and Investment (MPI) in co-ordination with the ODA Inter-ministerial Task Force (IMTF) of the government, Vietnamese agencies and donors and has reported periodically to the Prime Minister. In recent years the government has introduced innovations to modernise its planning process. This has included efforts to increase civil society (represented by official mass organisations), NGO and private sector participation. However, overall the involvement of national stakeholders remains limited. ■

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 2011 Viet Nam received a B rating (the same as in 2007), indicating that the country has taken significant action to make its national development strategy more operational, although further action is needed to make improvements sustainable.

The Socio-Economic Development Strategies (SEDSs) provide the long-term vision for national development. These have been operationalised through the five-year Socio-Economic Development Plans (SEDPs), and through more detailed sectoral five-year provincial plans and national target programmes. SEDPs are an integral part of the Vietnamese system of government, and cover all development resources for monitoring progress towards Viet Nam's Development Goals (VDGs). To strengthen the link between the SEDPs, the national budget and the government planning capacity at national, sector and provincial levels, Viet Nam has been conducting the medium-term fiscal framework (MTFF) and medium-term expenditure framework (MTEF) in transport, health, education, agriculture, planning and finance. These have been carried out in four provinces on a pilot basis for three-year rolling periods since 2006.

INDICATOR 1

Do countries have operational development strategies?

In the past two 5-year planning cycles, the innovations to modernise the planning process included more surveys and analytical work on poverty, broadening consultation and introducing results frameworks and national monitoring systems. The National Assembly (NA) is increasingly and actively engaged in SEDPs preparation. Planning process has been reformed through strengthening grass-roots democracy at the town and commune levels, and increased participation of civil society (represented by official mass organisations), NGOs and the private sector. Donors and INGOs have been actively supporting multi-stakeholder participation in the formulation and monitoring of the national development strategy. They also participate in and provide consolidated comments on draft SEDPs through annual Consultative Group (CG) meetings, informal mid-year CG meetings, dialogues amongst 22 sector partnership groups and the Aid Effectiveness Forum.

Despite these innovations and reforms, the involvement of national stakeholders, including CSOs, NGOs, private sector, remains limited. The SEDPs do not provide a particularly strong framework for aligning ODA due to the extent to which they focus on goals and narrative, without providing sufficient detail on priorities and policy instruments. The piloting of MTEF and MTEF has progressed slowly and faced resource constraints. The link between the SEDPs and annual or multi-annual budgets, and the consistency across sector strategies/plans should be improved. Viet Nam now is considering sacrificing rapid economic growth in favour of stable macro-economic management and effective social safety nets for pro-poor growth. ■

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.

Among the indicators that reached the 2010 targets for alignment, figures on parallel project management units (PIUs) and untied aid (Indicators 6 and 8) have shown the best progress, while the indicators on co-ordinated technical co-operation and use of public financial management (PFM) systems (Indicators 4 and 5a) have regressed. Among the progress made since 2005, only the use of country procurement systems has shown a steady improvement. Notably no change has been made on the indicator on reliable PFM systems (Indicator 2a) since the first survey, in spite of the government's legal and institutional reforms to improve PFM systems.

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.

Assessments over rounds of monitoring have shown no change on the rating for public financial management (PFM) systems of Viet Nam since 2005 (score of 4); meaning that it has not met the 2010 target. The PFM has improved significantly due to legal and institutional reforms, including measures to improve budget reporting, monitoring and transparency, and to ensure the independence of the audit function. However, the realisation of the framework, the development of a monitoring and evaluation framework and PFM capacity improvement at sub-national level are still the challenges. Donors are concerned about the delayed adoption of a new state budget law, and slow take-up of international diagnostic tools framework.

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.

Because there was no mechanism to systematically assess and quantify the quality of procurement systems in Viet Nam, no target on reliable procurement systems (Indicator 2b) was set in the 2006 baseline survey. Yet Viet Nam has tried to improve the legal framework to guide the implementation of public procurement, develop the aligned monitoring format (AMF) applied to all donors, pilot online procurement for some sectors and further publicise procurement systems. Procurement capacity has been increased due to the decentralisation of procurement functions to lower levels of government. Vietnamese procurement rules are based broadly on international standards, but there are still gaps and lack of coherence between the procurement legislation and other related laws and regulations.

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.

Compared with the previous surveys, the alignment of aid with national priorities has improved, although the 2010 target of 90% has not been achieved. Numerous efforts made by the government and donors have resulted in improved alignment: – information about aid flows has been more optimally captured and provided, and information-sharing between donors and government as well as within government ministries has increased.

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. About 88% of Viet Nam's aid was reported on budget meaning that 460 million USD of aid is still not well aligned to national priorities, or that information on this assistance is not integrated in the government budget. The main reasons for the gaps include the

INDICATOR 2b

How reliable are country procurement systems?

INDICATOR 3

Aligning aid flows on national priorities

fragmented ODA profile; differences in the fiscal years of various donors and the government; a lack of timely information provision by donors; double-counting of pooled funding and trust funds; direct payments being made by donors to third parties; and incomprehensive reporting on aid flows within the government.

The last two columns indicate the extent to which the disbursements by donors exceed or fall short of the government budget figures. In 2010, Ireland, Canada, Korea and the World Bank aligned their aid to Vietnamese priorities best, while the EU institutions, Luxembourg and GAVI Alliance had the lowest share of aid aligned.

TABLE 3:
Are government budget estimates comprehensive and realistic?

	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	321	429	98%		82%		75%		0
Australia	40	68	14%		21%		59%		30
Belgium	10	15	14%		91%		68%		0
Canada	2	2	82%		67%		94%		5
Czech Republic	0	0	59%		--			0%	0
Denmark	40	47	28%		34%		87%		0
EU Institutions	17	27	44%		52%		63%		4
Finland	35	18	36%		39%			51%	2
France	--	--	47%		51%		--		0
GAVI Alliance	0	24	0%		0%		0%		0
Germany	27	47	61%		60%		58%		0
Global Fund	17	13	22%		70%			74%	0
Hungary	0	0	0%		37%		0%		0
IFAD	9	19	85%		--		49%		0
IMF	--	--			--		--		0
Ireland	10	9	--		1%			97%	1
Italy	3	5	35%			60%	63%		3
Japan	971	1 068	96%		89%		91%		4
Korea	74	69	23%		7%			94%	0
Luxembourg	3	11	12%			0%	31%		1
Netherlands	10	13	69%		32%		78%		3
New Zealand	2	4	58%		26%		52%		1
Norway	--	--	96%		54%		--		0
OFID	--	--		0%	--		--		0
Spain	10	18	74%		31%		58%		10
Sweden	10	12	51%		34%		90%		0
Switzerland	3	8	71%		54%		36%		15
United Kingdom	53	58	61%		83%		91%		17
United Nations	47	84	58%			61%	56%		1
United States	45	38	29%			0%		84%	0
World Bank	1 572	1 680	94%		80%		94%		0
Average donor ratio			49%		45%		63%		
Total	3 334	3 783	81%		80%		88%		98

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

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.

	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	440	670	99%	72%			66%	429	64%		
Australia	40	68	14%	8%			59%	68	100%		
Belgium	6	16	9%	69%			40%	15	96%		
Canada	2	2	47%	13%			99%	2		92%	
Czech Republic	0	0	40%	--			0%	0	--		
Denmark	32	60	28%	22%			53%	47	77%		
EU Institutions	17	26	43%	35%			66%	27		95%	
Finland	36	26	36%	36%			73%	18	67%		
France	--	--	41%	25%			--	--	--		
GAVI Alliance	0	23	0%	0%			0%	24		99%	
Germany	25	52	83%	54%			47%	47	89%		
Global Fund	17	13	25%	76%			72%	13		98%	
Hungary	0	0	0%	--			0%	0	100%		
IFAD	9	25	79%	--			37%	19	75%		
IMF	--	--	--	--			--	--	--		
Ireland	10	9	--	0%			97%	9	100%		
Italy	7	16	--	--			45%	5	33%		
Japan	786	1 068	95%	86%			74%	1 068	100%		
Korea	74	120	22%	5%			61%	69	57%		
Luxembourg	3	12	11%	11%			28%	11	89%		
Netherlands	10	28	69%	16%			35%	13	46%		
New Zealand	2	7	58%	11%			31%	4	60%		
Norway	--	--	--	98%	51%		--	--	--		
OFID	--	--	--	--			--	--	--		
Spain	10	11	74%	10%			92%	18		63%	
Sweden	10	13	51%	29%			82%	12	91%		
Switzerland	9	19	71%	12%			49%	8	45%		
United Kingdom	53	57	62%	36%			94%	58		97%	
United Nations	59	100	50%	99%			60%	84	84%		
United States	45	38	29%	0%			84%	38	100%		
World Bank	1 699	1 556	85%	87%			92%	1 680		93%	
Average donor ratio			49%	35%			57%		81%		
Total	3 402	4 034	78%	70%			84%	3 783	94%		

* 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).

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

The predictability of aid to Viet Nam has improved significantly from 70% in 2007 to 84% in 2010, although the 2010 target of 89% has not been achieved. The average donor's scheduled aid disbursements recorded by the government has risen to 56% (compared with 35% in the 2008 Survey). This is mainly the result of weak co-ordination between donors and government in preparing realistic disbursement plans. Other reasons include slow disbursement rates include: differences in fiscal years; different interpretations of disbursement by donors and government; donors making payments directly to third parties; incomplete government ODA accounting/recording systems; and weak co-ordination within government ministries. The predictability of aid varies considerably across donors, from a high level of more than 92% (Canada, Ireland, United Kingdom, Spain, the World Bank) to a low level of less than 31% (EU Institutions, Luxembourg, New Zealand, GAVI Alliance).

While there are relatively high disbursement rates for budget support, project support disbursement rates tend to be weaker. The slow disbursement of project support is due to weak absorptive capacity among the various recipient agencies, particularly at the sub-national level. Specific challenges include inconsistencies and gaps in the legal and institutional framework for managing ODA funds; gaps between donors' and government's public financial management (PFM) and procurement systems; lack of counterpart funds; and land acquisition, resettlement and compensation issues. To improve ODA project performance and disbursement rates the government has worked with donors on finalising a complete set of ODA policies and legal documents; streamlining project formulation and implementation through common formats; harmonising PFM, procurement and safeguards procedures; and continuing ODA management capacity-building.

In the Strategic Framework for ODA Mobilization and Utilization in the 2011-15 period and the medium-term expenditure framework), the donors commit to enhancing the predictability of aid. This will be achieved by providing reliable indicative commitments of development assistance over a multi-year framework and releasing aid in a timely and predictable fashion in relation to the government's budget cycle.

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.

This indicator has fallen by nine percentage points to 59% since the 2008 Survey, which itself had recorded a setback from the 2006 baseline figure of 85%. One possible reason for the high 2006 baseline figure is different interpretation by donors of the OECD definition of co-ordinated technical co-operation. Overall technical co-operation has increased but co-ordinated technical co-operation has not increased in the same proportion, hence a declining ratio. The overall amount of technical co-operation provided through co-ordinated programmes in support of capacity development increased from USD 303 million in the last round of monitoring to USD 341million in 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	4	13	100%	100%	27%
Australia	41	42	27%	36%	99%
Belgium	0	5	92%	0%	0%
Canada	11	19	21%	94%	56%
Czech Republic	0	2	100%	--	0%
Denmark	8	8	8%	98%	99%
EU Institutions	5	7	100%	29%	68%
Finland	6	6	43%	100%	92%
France	--	--	40%	16%	--
GAVI Alliance	0	0	--	--	--
Germany	21	21	96%	94%	100%
Global Fund	0	0	--	--	--
Hungary	0	0	75%	100%	100%
IFAD	0	8	--	--	0%
IMF	--	--	--	--	--
Ireland	2	3	--	--	72%
Italy	0	5	91%	100%	0%
Japan	68	68	100%	100%	100%
Korea	0	0	100%	93%	0%
Luxembourg	1	4	0%	30%	36%
Netherlands	10	13	50%	63%	80%
New Zealand	2	2	21%	65%	83%
Norway	--	--	100%	--	--
OFID	--	--	0%	--	--
Spain	0	3	100%	0%	0%
Sweden	0	8	100%	100%	0%
Switzerland	3	3	13%	--	100%
United Kingdom	15	15	100%	100%	100%
United Nations	64	87	56%	83%	74%
United States	0	122	0%	1%	0%
World Bank	78	110	93%	100%	71%
Total	338	573	85%	68%	59%

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

Donors have actively supported several joint activities, and the development of national, sector and provincial socio-economic development plans, where capacity building strategies were directly communicated. A total of 24 out of 27 responding donors provided technical co-operation to Vietnam in 2010. The One UN Initiative, which is being piloted in Viet Nam, and the EU Code of Conduct on Division of Labour in Development Policy are additional efforts initiated by donors toward fostering harmonisation in capacity development support.

The 2011 survey responses from donors indicated that the real challenge related to co-ordinated technical co-operation is the degree to which government agencies can clearly assess and identify strategic institutional capacity needs and challenges in a particular sector or ministry. Other challenges in supporting capacity development and improving the provision of technical co-operation are the fact that the high rate of staff turn-over in partner organisations may hamper the effectiveness in implementing technical assistance and technical co-operation through scholarship programmes. Whilst the 2010 data have been considerably improved by the introduction of the extensive OECD Survey Guidelines, this does cause problems in attempting comparison with previous surveys.

To further strengthen capacity through co-ordinated support, the government needs to prioritise and communicate to ensure the consistency between national and sub-national strategies, so that donors can align behind these.

INDICATOR 5

Using country systems

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.

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 (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
Asian Dev. Bank	429	416	48	48	61%	71%	40%	48	48%	29%	11%
Australia	68	37	31	31	1%	14%	49%	33	9%	40%	49%
Belgium	15	0	0	0	0%	39%	0%	0	7%	39%	0%
Canada	2	1	1	0	51%	69%	33%	1	51%	100%	57%
Czech Republic	0	0	0	0	0%	--	--	0	0%	--	--
Denmark	47	25	25	25	2%	41%	54%	44	1%	44%	94%
EU Institutions	27	17	0	0	40%	48%	21%	0	44%	58%	0%
Finland	18	9	9	9	24%	35%	53%	10	41%	30%	56%
France	--	--	--	--	30%	65%	--	--	79%	19%	--
GAVI Alliance	24	0	0	0	33%	33%	0%	0	30%	0%	0%
Germany	47	26	26	26	24%	14%	55%	26	0%	14%	55%
Global Fund	13	13	13	0	33%	33%	67%	7	0%	100%	52%
Hungary	0	0	0	0	0%	0%	0%	0	0%	0%	0%
IFAD	19	19	19	19	67%	--	100%	19	0%	--	100%
IMF	--	--	--	--	--	--	--	--	--	--	--
Ireland	9	9	9	9	--	100%	100%	9	--	100%	100%
Italy	5	5	5	5	22%	0%	100%	0	65%	69%	0%
Japan	1 068	958	958	958	31%	92%	90%	958	31%	92%	90%
Korea	69	0	0	0	0%	17%	0%	69	0%	17%	100%
Luxembourg	11	1	0	0	0%	--	2%	1	0%	--	5%
Netherlands	13	13	13	13	43%	48%	99%	13	100%	97%	99%
New Zealand	4	2	2	2	3%	74%	43%	3	8%	80%	64%
Norway	--	--	--	--	40%	75%	--	--	56%	100%	--
OFID	--	--	--	--	--	--	--	--	--	--	--
Spain	18	8	8	18	34%	83%	63%	18	78%	83%	100%
Sweden	12	0	0	0	32%	0%	0%	0	16%	0%	0%
Switzerland	8	6	6	6	--	0%	73%	0	11%	48%	0%
United Kingdom	58	48	48	48	62%	48%	82%	58	62%	44%	100%
United Nations	84	7	7	7	20%	8%	8%	13	15%	1%	15%
United States	38	0	0	0	0%	--	0%	0	0%	--	0%
World Bank	1 680	984	984	984	23%	53%	59%	1 152	23%	54%	69%
Total	3 783	2 604	2 212	2 209	32%	63%	62%	2 480	33%	59%	66%

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, 62% of aid used Viet Nam's PFM systems, one percentage point less than in 2007 and higher than the 2010 target of 55%. The number of donors that use the treasury system for assistance management has steadily increased. However, for large investment projects, donors still use the designated project management unit bank accounts, separate accounting procedures and external audit by private firms. The constraints identified by donors include (i) slow budget execution procedures, (ii) inconsistent financial reporting, and (iii) limited capacity and coverage of the state audit, as well as limited accessibility of audit reports. The differences in donors' regulations also prevent the use of country systems, although donors have made significant efforts to increase budget transparency, improve expenditure controls, and increasingly use country public financial management.

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.

The share of aid that used Viet Nam's procurement systems has steadily increased from 33% in 2005 to 59% in 2007 and 66% in 2010. No target on the use of country procurement systems was set, but there have been new initiatives to improve the country procurement systems over the past few years. These include the introduction of a new set of procurement legislation, development of standard procurement monitoring and reporting formats, and further provision of information. While country procurement systems were automatically used for all ODA provided through budget support, the same is not true for project support. Reasons for not using the country procurement system for project support include: (i) gaps in government procurement regulations; (ii) the high level of fiduciary risk; (iii) the inconsistency in implementation at local levels; and (iv) the lack of monitoring and evaluation. Many bilateral donors now use national procurement systems as their default option.

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.

The 2011 Survey shows that the number of parallel project management units (PIUs) continuously decreased from 111 PIUs (in 2005), to 58 (in 2007) and finally to 18 (in 2010). This number considerably exceeds the 2010 target of 37.

INDICATOR 5a
Use of country public financial management systems

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)
Asian Dev. Bank	0	0	0
Australia	16	5	0
Belgium	8	7	0
Canada	11	4	4
Czech Republic	0	--	6
Denmark	17	4	2
EU Institutions	1	1	0
Finland	4	0	0
France	11	4	--
GAVI Alliance	0	0	0
Germany	0	0	0
Global Fund	0	0	0
Hungary	0	0	0
IFAD	0	--	0
IMF	0	--	--
Ireland	--	0	1
Italy	0	0	0
Japan	0	0	0
Korea	0	0	0
Luxembourg	0	2	0
Netherlands	0	0	0
New Zealand	0	0	0
Norway	0	2	--
OFID	0	--	--
Spain	0	0	0
Sweden	8	7	0
Switzerland	--	10	0
United Kingdom	0	0	0
United Nations	--	12	5
United States	35	0	0
World Bank	--	0	0
Total	111	58	18

The key reasons for using parallel PIUs that are noted by donors include specific reporting/management requirements; limited technical and financial capacity in government counterpart agencies, especially at the local level; and/or the need to manage the speed of project implementation. That government cost norms are lower than market prices remains the biggest obstacle for PIUs to attract and retain qualified staff.

There is as yet no consensus among donors on how to define a 'parallel PIU'. Changes in the guidelines for the 2011 Survey mean that data on parallel PIUs is not fully comparable with previous surveys. In Viet Nam, the issue may not be the total number of parallel PIUs, but rather the number of PIUs that have questionable legal identity and sustainability, given that capacity developed within project-specific PIUs tends to be lost at project completion. With the high rates of PIU staff turn-over and the short-term interest in PIU work, they achieve limited results in influencing policy through their projects.

To phase out parallel PIUs, the government has streamlined and institutionalised the ODA management framework. In addition, as the PIU is an extended arm of the project owner, Viet Nam is now considering putting more responsibilities on the project owners and giving them the freedom to create or eliminate PIUs for their projects/programmes. It is critical that efforts to rationalise the administrative procedures of project implementation are undertaken jointly by government and donors if the issue of PIUs is to be effectively addressed.

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.

INDICATOR 8

Untying aid

	Total bilateral aid as reported to the DAC in 2009	Untied aid	2005 (for reference)	2007 (for reference)	Share of untied aid
Australia	41.7	41.6	67%	100%	100%
Austria	0.4	0.0	0%	0%	5%
Belgium	20.3	18.9	51%	53%	93%
Canada	0.7	0.7	68%	10%	100%
Denmark	24.9	24.4	100%	83%	98%
Finland	35.0	11.9	85%	100%	34%
France	216.7	46.6	56%	86%	22%
Germany	7.6	7.6	11%	100%	100%
Greece	0.2	0.2	--	0%	100%
Ireland	18.2	18.2	100%	100%	100%
Italy	49.4	3.8	89%	1%	8%
Japan	2200.5	2119.8	57%	67%	96%
Korea	293.4	179.8	--	31%	61%
Luxembourg	11.3	11.3	100%	100%	100%
Netherlands	33.2	32.6	72%	79%	98%
New Zealand	0.8	0.8	60%	100%	100%
Norway	15.2	15.2	100%	90%	100%
Spain	14.6	13.8	62%	46%	95%
Sweden	20.6	20.6	100%	100%	100%
Switzerland	18.0	18.0	100%	100%	100%
United Kingdom	98.4	98.4	100%	100%	100%
United States	101.7	81.5	35%	85%	80%
Total	3 223	2 766	68%	69%	86%

TABLE 8:
How much bilateral aid is untied?

Source: OECD Creditor Reporting System.

According to OECD statistics, 86% of aid to Viet Nam is untied. This is significantly higher than the 2010 target and demonstrates good progress in comparison with 68% and 69% in 2005 and 2007 respectively. A number of donors have improved significantly, including Australia, Canada and Spain, while others have regressed since 2005, such as Japan. ■

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.

TABLE 9:
How much aid is
programme based?

	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	5	146	150	429	41%	20%	35%
Australia	28	5	32	88	32%	8%	36%
Belgium	0	0	0	21	100%	26%	0%
Canada	1	0	1	21	48%	30%	5%
Czech Republic	0	0	0	2	--	--	0%
Denmark	25	33	58	63	9%	70%	93%
EU Institutions	0	4	4	34	46%	52%	13%
Finland	8	3	12	19	3%	56%	62%
France	--	--	--	--	63%	15%	--
GAVI Alliance	0	24	24	24	30%	90%	100%
Germany	0	12	12	47	18%	14%	25%
Global Fund	0	4	4	13	100%	77%	32%
Hungary	0	0	0	0	--	0%	0%
IFAD	0	0	0	19	--	--	0%
IMF	--	--	--	--	--	--	--
Ireland	9	0	9	13	--	72%	73%
Italy	0	0	0	5	--	0%	0%
Japan	114	844	958	1 071	33%	98%	89%
Korea	0	69	69	69	--	0%	100%
Luxembourg	0	3	3	11	--	0%	25%
Netherlands	3	16	20	22	43%	88%	90%
New Zealand	2	1	3	6	--	64%	50%
Norway	--	--	--	--	11%	100%	--
OFID	--	--	--	--	--	--	--
Spain	8	0	8	20	34%	28%	39%
Sweden	0	0	0	15	0%	3%	0%
Switzerland	6	1	7	9	5%	9%	80%
United Kingdom	48	0	48	60	61%	51%	80%
United Nations	1	35	36	97	94%	34%	37%
United States	0	8	8	122	--	0%	6%
World Bank	984	1	984	1 680	23%	54%	59%
Total	1 242	1 208	2 450	3 977	34%	58%	62%

While falling short of the 66% global target, the 2011 Survey reflects that there has been considerable progress in total ODA disbursement provided as programme-based approaches (PBAs) compared with 2005, and further modest progress compared with 2007. The shift from fragmented project aid towards PBAs results

in a more intensive engagement by donors in building up core sector capacities for planning, budgeting and results management, leading to greater development effectiveness at the sector level. Strong ownership of the government over development programmes is very important for efficient and effective PBAs. The government and donors also make efforts to formulate a common policy framework supported by joint funding mechanisms in order to achieve the agreed target. Effort for increasing awareness of the PBAs has resulted in a number of donors now providing a greater proportion of their funding as programme-based support.

The main challenge for donors in channelling a greater proportion of aid in support of PBAs is the fact that many government sectors have neither had a comprehensive programme, nor a budget framework and monitoring arrangements, for donors to support through PBAs. The involvement of too many donors in joint programmes could become difficult to manage and tends to yield diminishing returns. The other major remaining challenge for Vietnam is how to adapt PBAs to a decentralised environment.

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.

The share of missions that are co-ordinated has remained at 17% since 2007, which is still far from the 2010 target of 40%. One reason could be that, although the government and bilateral donors have made numerous efforts to increase the number of joint missions, aid fragmentation appears to have increased. This is due to the lack of a formal process for improving the division of labour in Viet Nam, as well as the shift in donors' emphasis from large-scale sectoral support towards technical assistance.

Many donors share the view that joint analytical works or joint missions are not the top priority for improving aid effectiveness in Viet Nam. There is also concern about the compatibility of data on country analytical work with the previous surveys due to considerable improvement of recent data through use of the extensive OECD guidelines to avoid double counting.

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.

The co-ordination of analytical work in Viet Nam improved impressively from 2005-07, but there was no further progress from 2007-10, leaving Viet Nam below the 2010 target of 66%. This can be explained by the relatively extensive country analytical work undertaken by donors providing technical co-operation in preparation for their new assistance cycles. A number of actions have been taken to increase joint analytical work on specific themes or general issues. Currently the Aid Effectiveness Forum (AEF) is conducting the mapping and analysis of sector partnership groups in order to further strengthen thematic coordination. Vietnam shows strong country leadership by providing coordination so that donors groups can conduct diagnostic and analytical work, and can share position papers on the results. ■

INDICATOR 10a*

Joint missions

INDICATOR 10b*

Joint country analytical work

*Note: since the publication of Volume 1 of this report (*Aid Effectiveness 2005-10: Progress in implementing the Paris Declaration*), errors in the calculation of indicators 10a and 10b for Viet Nam in 2010 were identified. A discount factor was applied to Viet Nam's figures for the number of missions in error. The data provided by Viet Nam were collected so as to avoid double-counting of missions, and as such the aggregates presented in Tables 10 and 11 replace those previously published.

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
Asian Dev. Bank	17	116	2%	4%	15%
Australia	6	11	0%	78%	55%
Belgium	1	16	0%	15%	6%
Canada	1	13	36%	20%	8%
Czech Republic	0	1	--	--	0%
Denmark	4	21	21%	35%	19%
EU Institutions	2	13	20%	30%	15%
Finland	5	5	33%	75%	100%
France	--	--	0%	31%	--
GAVI Alliance	0	2	--	--	0%
Germany	7	17	17%	4%	41%
Global Fund	2	5	0%	20%	40%
Hungary	0	0	--	--	--
IFAD	0	11	100%	--	0%
IMF	--	--	46%	--	--
Ireland	1	1	--	--	100%
Italy	0	23	--	0%	0%
Japan	0	67	0%	0%	0%
Korea	4	12	0%	0%	33%
Luxembourg	1	14	0%	0%	7%
Netherlands	9	13	--	100%	69%
New Zealand	0	5	--	40%	0%
Norway	--	--	100%	--	--
OFID	--	--	--	--	--
Spain	0	0	0%	100%	--
Sweden	3	7	--	--	43%
Switzerland	0	0	--	--	--
United Kingdom	6	9	100%	73%	67%
United Nations	27	131	53%	38%	21%
United States	0	5	33%	0%	0%
World Bank	53	178	25%	31%	30%
Total	108	644	10%	17%	17%

*The total of coordinated missions has been adjusted to avoid double counting.

Note: since the publication of Volume 1 of this report (*Aid Effectiveness 2011: Progress in implementing the Paris Declaration*), errors in the calculation of indicator 10a for Viet Nam in 2010 were identified. A discount factor was applied to Viet Nam's figures for the number of missions in error. The data provided by Viet Nam were collected so as to avoid double-counting of missions, and as such the aggregates presented in Table 10 replace those previously published.

	Co-ordinated donor analytic work (units)	Total donor analytic work (units)	2005* (for reference)	2007* (for reference)	2010 (%) c = a / b
	a	b			
Asian Dev. Bank	0	8	0%	--	0%
Australia	7	7	0%	100%	100%
Belgium	3	6	0%	--	50%
Canada	5	5	--	0%	100%
Czech Republic	0	0	--	--	--
Denmark	9	9	100%	100%	100%
EU Institutions	5	7	100%	100%	71%
Finland	6	6	0%	0%	100%
France	--	--	0%	0%	--
GAVI Alliance	0	0	--	--	--
Germany	0	0	67%	83%	--
Global Fund	1	5	--	67%	20%
Hungary	0	2	--	0%	0%
IFAD	0	0	--	--	--
IMF	--	--	--	--	--
Ireland	2	2	--	100%	100%
Italy	0	0	--	--	--
Japan	0	0	--	0%	--
Korea	0	3	--	0%	0%
Luxembourg	0	0	100%	100%	--
Netherlands	2	2	0%	75%	100%
New Zealand	3	3	100%	--	100%
Norway	--	--	100%	--	--
OFID	--	--	--	--	--
Spain	0	0	0%	0%	--
Sweden	9	10	63%	50%	90%
Switzerland	0	0	100%	--	--
United Kingdom	12	12	100%	100%	100%
United Nations	63	99	17%	96%	64%
United States	4	9	15%	0%	44%
World Bank	5	9	88%	50%	56%
Total	83	153	24%	54%	54%

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

* The total of coordinated missions has been adjusted to avoid double counting.

Note: since the publication of Volume 1 of this report (*Aid Effectiveness 2011: Progress in implementing the Paris Declaration*), errors in the calculation of indicator 10b for Viet Nam in 2010 were identified. A discount factor was applied to Viet Nam's figures for the number of analytic work in error. The data provided by Viet Nam were collected so as to avoid double-counting of analytic work, and as such the aggregates presented in Table 11 replace those previously published.

MANAGING FOR RESULTS

INDICATOR 11

Do countries have results-oriented 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.

Viet Nam was rated B in 2010, which is an improvement from C in 2007, for the indicator 11 – result-oriented frameworks. The government has taken significant actions to build result-oriented frameworks over the past few years. In 2007, the result-based monitoring and evaluation (M&E) framework for Socio-Economic Development Plan (SEDP) 2006-10 was developed in consultation with ministries and provinces, and has been aligned with by most external partners. This framework has been steadily developed, and covers comprehensive sectoral and geographic development information in order to meet the quality and reliability requirements of the framework. Some sectors have translated the five-year plan into annual plans, which involve annually updated result-oriented frameworks that include quantitative indicators, analytical work, agreed policy actions and implementation activities.

In terms of quality of and access to development information, the General Statistics Office (GSO) continues to collect SEDP-relevant data. Information about government development plans and progress, including the Paris Declaration/Hanoi Core Statement, is publicly available through government websites and mass media. In addition, the result-based mid-term review report on the implementation of SEDP 2006-2010 by the Ministry of Planning and Investment contains a great deal of useful information and analysis, and covers the most important indicators. The new draft Millennium Development Goals report is also a useful and high quality source of information that makes full use of results data.

The greatest challenges for better results-oriented frameworks include the weak link between budget and SEDP; the decentralised environment; limited capacity; issues with monitoring data quality; and the use of review/analytical reports for preparation of the SEDP. However, efforts to strengthen the SEDP monitoring framework are underway, which are expected to lead to substantial improvements in the forthcoming SEDP. ■

MUTUAL ACCOUNTABILITY

INDICATOR 12

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. Mutual assessment of progress in implementing the Hanoi Core Statement and the Paris Declaration (PD/HCS) on Aid Effectiveness has been conducted regularly in Viet Nam. The annual and mid-year Consultative Group (CG) meetings, the high-level dialogues between the government and donors on the development course of Viet Nam and their support commitments, are places where both parties discuss about aid effectiveness. Mechanisms have been put in place to monitor the implementation of both PD/HCS. In particular, during 2004-09 the Partnership Group on Aid Effectiveness (PGAE), whose members include civil society, served as an effective forum for ongoing dialogue between the government and donors about aid effectiveness. The Independent Monitoring Mechanism (IMM) 2007-2008 was another mechanism for reviewing specific areas of aid effectiveness. The findings and recommendations of both mechanisms were discussed and considered at the annual CG meetings on further improving aid effectiveness, and therefore these mechanisms served to advance mutual accountability for aid effectiveness.

There is extensive dialogue and interaction between government agencies and donors via the 22 sector partnership groups, and there is considerable joint consultation through the various donor-initiated accountability mechanisms (Joint Portfolio Performance Review by 6-Banks, the EU Aid Effectiveness Roadmap 2010 and joint annual reviews by UN Programme Coordinating Groups, *etc*). In 2009 the PGAE developed into the Aid Effectiveness Forum (AEF), which brought broader participation on board, including the National Assembly, sector partnership groups, international support groups, civil society organisations and private sector. By developing shared objectives and medium-term strategies and by facilitating transparency and continuity, the AEF is likely to strengthen mutual accountability and improve government's accountability to both parliament and society on its progress towards development results. ■

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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