



**ASIAN DEVELOPMENT FUND (ADF)  
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# **Implementation of the Paris Declaration in ADF Countries**

*Asian Development Bank*

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## **ABBREVIATIONS**

ADF	–	Asian Development Fund
DAC	–	Development Assistance Committee
HLF	–	High Level Forum
MDB	–	multilateral development bank
OECD	–	Organisation for Economic Co-operation and Development
PBA	–	program-based approaches
PFM	–	public financial management
SPD	–	Strategy and Policy Department
WP-EFF	–	Working Party on Aid Effectiveness

## **NOTE**

In this report, “\$” refers to US dollars.

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## EXECUTIVE SUMMARY

The development community has been working to enhance aid effectiveness through the 2003 Rome High Level Forum (HLF), which identified a general framework for harmonization and alignment, and the 2005 Paris HLF on Aid Effectiveness, which produced the Paris Declaration. More than 100 partner and donor countries and international agencies endorsed the Paris Declaration, a framework of discrete commitments and Indicators of Progress, including targets for ownership, alignment, harmonization, managing for results, and mutual accountability, to improve aid effectiveness. With this endorsement, partner countries and donors committed to monitor country implementation of the declaration. The Asian Development Bank (ADB) has worked closely with other donors and partner countries in supporting these international efforts. This background paper provides an update on ADB's progress in implementing the Paris Declaration in Asian Development Fund (ADF) countries, within the context of international monitoring efforts for the Paris commitments. Areas where ADB is making progress and where targets are likely to be achieved are highlighted, and issues that need to be addressed are identified.

To ensure harmonization with international efforts in reporting on implementation progress, ADB is using a quantitative and qualitative monitoring framework similar to that of the World Bank. The declaration commitments are tracked through the set of 12 Indicators of Progress to measure implementation status against global targets set for 2010. The quantitative effort uses the same methodology as the 2006 monitoring survey of the Organisation for Economic Co-operation and Development (OECD) to develop a baseline for 2005 and measure progress using 2006 data. For the first round of monitoring, the Strategy and Policy Department is collecting data in a sample of 13 ADF countries; in later monitoring rounds, data will be collected for more ADF countries and an increasing number of ordinary capital resource countries that have endorsed the Paris Declaration. To track performance more adequately, qualitative assessments are being used to supplement the quantitative information. The quantitative and qualitative information is being gathered from the country offices and regional departments.

From the first round of monitoring for the selected ADF countries, the results on implementation of the Paris Declaration are mixed. For some indicators, in particular coordinated technical support, use of country public financial management and procurement systems, aid predictability, and joint analytic work, the results are reassuring and with some additional effort the 2010 targets can likely be achieved. However, for others, in particular, the use of program-based approaches (PBA) and of parallel implementation structures or joint missions, much more will need to be done to reach the desired goals. In any event, efforts are being made to address these problems, either holistically or on a case-by-case basis, as more information is shared by country offices and regional departments. ADB is actively engaged with its partner countries in the run up to the Accra HLF, scheduled in 2008, in helping present a regional perspective and report on progress made in the Asia and Pacific region.

While the current focus is on implementing and monitoring commitments, the Paris Declaration also highlights the importance of an independent cross-country evaluation process. The OECD-Development Assistance Committee Evaluation Network, with the participation of the multilateral development banks, including ADB, is developing an evaluation framework for the Paris Declaration. The intention is to develop a synthesis report of initial joint evaluations in time for the Accra HLF and to produce more summative evaluations thereafter. ADB is involved in this process.



## I. INTRODUCTION

1. Aid effectiveness, namely using aid resources for the greatest impact, is growing in importance and is a focus of the development community. The 2003 Rome High Level Forum (HLF) identified a general framework for harmonization and alignment, and the 2005 Paris HLF on Aid Effectiveness produced the Paris Declaration. More than 100 partner and donor countries and international agencies endorsed the declaration, a detailed set of partnership commitments, and Indicators of Progress, including targets for ownership, alignment, harmonization, managing for results, and mutual accountability. ADB continues to coordinate with other donors and institutions such as the multilateral development banks (MDBs), Organisation for Economic Co-operation and Development (OECD) through its Development Assistance Committee (DAC), bilateral donors, and agencies of the United Nations in supporting these international efforts.

2. This background paper provides an update of ADB's efforts to implement the Paris Declaration in Asian Development Fund (ADF) countries within the context of international monitoring efforts for the Paris commitments. These efforts are led by OECD-DAC in collaboration with partner country governments, donor agencies, and international institutions including ADB. Areas where ADB is making progress and where targets are likely to be achieved are highlighted, and issues that need to be addressed are identified.

## II. INTERNATIONAL MONITORING OF THE PARIS DECLARATION

3. The Paris Declaration provides a framework of 56 discrete commitments to improve aid effectiveness, including a commitment by partner countries and donors to monitor country implementation of the declaration. The commitments are tracked through the set of 12 Indicators of Progress to measure implementation status against global targets set for 2010. The Working Party on Aid Effectiveness (WP-EFF), led by OECD-DAC and of which ADB is a member, developed arrangements for reviewing the implementation status and establishing the monitoring of the Paris indicators.<sup>1</sup> Appendix 1 provides the set of 12 indicators and their associated targets.

4. The OECD-led international monitoring effort is being conducted in three stages. The first included a quantitative and qualitative review to determine baseline information against which to monitor progress. The second stage will be an assessment of implementation progress in 2008, in time to be reported at the next HLF in Accra, Ghana, scheduled for September 2008. The final stage will be monitoring in 2010 to report on implementation progress against the 2010 global targets. The first stage is almost complete. A 34-country survey covering indicators that can be tracked through a quantitative assessment (indicators 3 through 10, and indicator 12) is to be published shortly.<sup>2</sup> In each country the survey was guided and managed by the country government with participation by local donor representatives. Six countries in the Asia and Pacific region were part of the survey; all are ADF countries (Afghanistan, Bangladesh,

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<sup>1</sup> At the Paris HLF, targets were tentatively identified and adopted for six of the indicators. The full set of indicators was to be identified in the months thereafter, and subject to further work on the methodology for measuring the quality of national public financial management reform programs and of national procurement systems. The WP-EFF agreed on all targets by September 2005 and reported them to the 2005 United Nations World Summit.

<sup>2</sup> The published survey will be available in September 2007, and is currently available on the OECD website.

Cambodia, Kyrgyz Republic, Mongolia, and Viet Nam). ADB's efforts in meeting its commitments under the Paris Declaration for these six countries are reported in the survey.

5. The survey is complemented by analytical work being led by the World Bank to review the implementation status of indicators to be tracked through qualitative assessments (indicators 1, 2, and 11). The assessment criteria and baseline for indicator 1 (operational development strategies) and indicator 11 (results-oriented frameworks) are based on analysis by the World Bank for the 2005 Comprehensive Development Framework Progress Report.<sup>3</sup> The World Bank is now conducting an aid effectiveness review to build on the methodology developed for the 2005 report to contribute to the monitoring of these two indicators in 65 partner countries. The review broadens the monitoring framework to more fully address the 56 commitments stipulated in the Paris Declaration by providing a qualitative assessment of progress organized around the other 10 indicators. The objective of the review is to help partner countries and development agencies share a common evaluation of progress, and jointly direct action and resources to strengthen ownership, alignment, harmonization, results, and mutual accountability. By inviting comments on the aid effectiveness country profiles that are the basis of the review, it seeks to broaden country ownership of this tool and help build capacity for self assessment.<sup>4</sup>

6. For indicator 5 on quality of country public financial management (PFM) systems and country procurement systems, different measures are being used. For PFM, the relevant component of the World Bank 2005 country policy and institutional assessment ratings<sup>5</sup> are being used to measure improvements over time. Criteria for assessing country procurement systems are being developed by the Joint Venture on Procurement, a subgroup of the WP-EFF involving all MDBs, bilateral donors, and partner countries.

### **III. MONITORING AND IMPLEMENTATION OF THE PARIS DECLARATION BY THE ASIAN DEVELOPMENT BANK**

7. To report on progress implementing the Paris Declaration, ADB is using both a quantitative and qualitative monitoring framework similar to the World Bank's to ensure harmonization with international efforts. The Strategy and Policy Department (SPD) will function as the institutional secretariat to aggregate ADB data and report on the overall monitoring and implementation.

8. The quantitative effort is harmonized with international efforts and uses the same methodology as the 2006 monitoring survey to develop both a baseline for 2005 and measure progress using 2006 data. In the first round of ADB monitoring, SPD is collecting data in a sample of 13 ADF countries;<sup>6</sup> in later monitoring rounds, data will be collected for more ADF countries and the increasing number of ordinary capital resource countries that have endorsed the Paris Declaration. This quantitative information will be updated annually to measure progress, first for reporting to the Accra HLF in 2008, and subsequently to report on progress made in meeting the 2010 targets. In addition, for the Paris indicators for which data can be made systematically available through the ADB project and management information systems, SPD is collecting such data in coordination with country offices and regional departments.

<sup>3</sup> World Bank. *2005. Comprehensive Development Framework Progress Report*. Washington.

<sup>4</sup> The country profiles are available at [www.worldbank.org/aer](http://www.worldbank.org/aer).

<sup>5</sup> World Bank. *2006. Country Policy and Institutional Assessments*. Washington.

<sup>6</sup> The countries surveyed for this round are Afghanistan, Bangladesh, Bhutan, Cambodia, Kyrgyz Republic, Lao People's Democratic Republic, Maldives, Mongolia, Nepal, Papua New Guinea, Sri Lanka, Tajikistan, and Viet Nam.

9. To track performance more adequately, qualitative assessments are being used to supplement the quantitative information since the Paris commitments are much broader than the 12 indicators. Qualitative information is also being gathered from the country offices and regional departments. A development effectiveness country brief is being prepared for each of the countries surveyed for this monitoring round; it provides detailed information on a wide range of development indicators with qualitative information explaining the current situation.<sup>7</sup> The briefs will be expanded to cover more countries for future rounds of monitoring. In addition, the country profiles from the World Bank's aid effectiveness review are being used to provide supplementary information.

10. The following paragraphs provide a review of the Paris indicators that quantitatively measure ADB's implementation of the harmonization and alignment agenda for selected ADF countries. The table provides a summary of the results from the 13 ADF countries surveyed. The aggregate data subsumes and, in several cases, hides the differences across countries. Individual tables for each of the indicators provide country-specific information (Appendix 2).

11. **Strengthen Capacity by Coordinated Support.** To align donor programs with partner country priorities, the flow of technical assistance is to be increased through coordinated programs consistent with national development strategies. Thus, the ratio used to measure this indicator is technical cooperation that is coordinated with national programs as a percentage of total technical cooperation. The 2010 target is to have 50% of technical cooperation coordinated. For ADB, the baseline ratio for 2005 is relatively high at 42%, with a marginal decline to 39% in 2006. In general, however, the amount of coordinated technical assistance provided by ADB is relatively high and with a little more effort this overall target can easily be achieved. Table A2.1 indicates that a majority of the countries surveyed had a ratio that was much higher than the target. Countries that did not meet the target, such as Afghanistan, Cambodia, Papua New Guinea and Tajikistan, either had very small amounts of technical assistance to begin with (Tajikistan and Papua New Guinea), or had severe capacity constraints (Cambodia), or do not as yet have a well-developed national development program (Afghanistan). Thus for each of the countries, different approaches will have to be adopted on a case-by-case basis to ensure that the targets are met.

12. **Use of Country Public Financial Management Systems.** The Paris Declaration encourages the use of country PFM systems. However, this is only possible when the country's PFM systems either adhere to broadly accepted good practices or the country has in place a reform program to achieve this goal. If the system is acceptable, then the target is to reduce the percentage of aid not using country systems by two thirds; if the system is being reformed then the target is to reduce this by only one third. The country policy and institutional assessment ratings (from 1 to 6 at 0.5 intervals) categorize countries' PFM systems according to acceptability. A rating of 5 and above is given when the systems are acceptable, while a rating from 3.5 to 4.5 indicates that a reform program is in place to bring the systems up to acceptable standards. Any lower rating implies that the systems are not good enough and thus cannot be used unless a reform program is put in place; countries receiving this rating need much more work before they can be included as part of the target. Of the 13 countries surveyed for this round of monitoring, 9 are rated between 3.5 and 4.5, while four are rated 3 and below. Thus the indicator was calculated for only the nine countries. For ADB this means that the target is to reduce the gap in the percentage of disbursements not using the country's PFM systems by one third. The baseline 2005 ratio for the relevant nine countries is 77%, which means the 2010

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<sup>7</sup> The country briefs, when finalized, will be posted on the ADB website.

target is 85%. The percentage for 2006 is almost unchanged from 2005; some concerted effort will have to be made to improve the ratio by 2010. The individual country information (Table A2.2) indicates that most of the countries are already almost exclusively using the country PFM systems; the ones that are not report severe capacity constraints (Cambodia, Kyrgyz Republic, Nepal, and Viet Nam), despite some (Nepal) having well-developed PFM systems.

**Table: ADB's Progress on Commitments under the Paris Declaration**

Indicators	Definitions	2005			2006			2010 Targets
		Amount (\$ million)	Baseline Weighted Ratio	Average Country Ratio	Amount (\$ million)	2006 Weighted Ratio	Average Country Ratio	
4 Strengthen capacity by coordinated support	Coordinated technical cooperation	35.19	<b>42%</b>	53%	28.0	39%	50%	<b>50%</b>
	Total technical cooperation	83.76			72.2			
5a Use of country public financial management systems	Aid using PFM systems	645.51	<b>77%</b>	75%	718.4	76%	76%	<b>85%<sup>a</sup></b>
	Aid disbursed for govt. sector	832.94			942.2			
5b Use of country procurement systems	Aid using procurement systems	418.54	<b>40%</b>	47%	516.1	45%	48%	<b>60%<sup>b</sup></b>
	Aid disbursed for govt. sector	1,043.60			1,140.1			
6 Avoid parallel implementation structures	No. of parallel PIUs	70 <sup>c</sup>	<b>70</b>	5	66 <sup>c</sup>	66	5	<b>23</b>
	No. of countries	13 <sup>c</sup>			13 <sup>c</sup>			
7 Aid is more predictable	Aid recorded as disbursed	944.50	<b>87%</b>	78%	1,137.2	93%	78%	<b>94%<sup>d</sup></b>
	Aid scheduled for disbursement	1,084.78			1,226.9			
9 Use of common arrangements or procedures	Aid using program-based approaches	173.49	<b>17%</b>	14%	215.5	19%	15%	<b>66%</b>
	Total aid disbursed	1,045.81			1,140.1			
10a Joint missions	No. of joint missions	91 <sup>c</sup>	<b>12%</b>	11%	79 <sup>c</sup>	10%	10%	<b>40%</b>
	Total no. of missions	774 <sup>c</sup>			806 <sup>c</sup>			
10b Joint country analytical work	No. of joint analyses	38 <sup>c</sup>	<b>44%</b>	43%	35 <sup>c</sup>	34%	57%	<b>66%</b>
	Total no. of country analyses	87 <sup>c</sup>			102 <sup>c</sup>			

PFM = public financial management, PIU = project implementation unit

<sup>a</sup> Includes only the 9 countries that have a country policy and institutional assessments rating of 3.5–4.5 because the other countries neither adhered to broadly accepted good practices nor had a reform program in place to achieve acceptable standards.

<sup>b</sup> Assuming all 13 countries are rated B in the absence of a scoring arrangement for procurement, which has yet to be agreed upon by the Joint Venture on Procurement.

<sup>c</sup> Figures refer to number of PIUs, number of countries, number of missions and number of analyses.

<sup>d</sup> Excludes data for Cambodia; according to the Cambodia Resident Mission, the disbursement records provided by the Government do not disaggregate data by donor.

Note: The baseline ratio is a weighted average, based on each country's portfolio. It is the aggregate value of the numerator divided by the aggregate value of the denominator; i.e., each country is weighted by the volume of activity. The average country ratio is an unweighted average. It provides a comparative measure of the baseline irrespective of the volume of activity in each country; i.e., it gives equal weight to each country.

Example: Country A = 2/3 = 66%; country B = 9/10 = 90%; country C = 16/87 = 18%

$$\text{Baseline Ratio (weighted average)} = \frac{2 + 9 + 16}{3 + 10 + 87} = \frac{27}{100} = 27\%$$

$$\text{Average Country Ratio (unweighted average)} = 66\% + 90\% + 18\% \times \frac{1}{3} = 58\%$$

Source: Data provided by the Regional Departments

**13. Use of Country Procurement Systems.** Use of country procurement systems is another measure considered necessary to align programs with country priorities and to improve aid effectiveness by enhancing capacity. If the systems are acceptable, then the country is classified as A; and if reform programs are in place to improve the systems, the country is classified as B. However, the Joint Venture on Procurement, a subgroup of the WP-EFF, has not yet classified all countries. In the absence of this classification, all countries surveyed are assumed to be classified B on the assumption that reform programs are in place in all of them to improve procurement systems. Using this assumption, the baseline ratio is 40% of all aid being provided using the country's procurement systems and increasing to 45% in 2006. The target for 2010 is to reduce by one third the percent of aid not using country systems, which would

imply a target of 60%. However, the individual country information (Table A2.3) indicates a wide variation between countries, with several using country systems entirely; and others, such as Cambodia, Lao People's Democratic Republic, Mongolia, and Tajikistan, not using the country systems at all. Thus, one can deduce that both the baseline and the target for this indicator are likely to change once the Joint Venture on Procurement classifies the countries. This will be done in the next round of monitoring.

**14. Strengthen Capacity by Avoiding Parallel Implementation Structures.** Building country institutional capacity is one of the central concerns of the Paris Declaration. This goal can be best achieved by integrating project management in a country's existing institutions. This requires reducing the total number of parallel project implementation units as a key action. In the case of ADB, the total number of parallel project implementation units for the countries surveyed is 70 for 2005, reducing to 66 for 2006. However, almost all of the countries are using implementation structures that are fully integrated with the country's existing institutions with the exception of the Kyrgyz Republic, Nepal, Papua New Guinea, Tajikistan, and Viet Nam, where almost all projects are using parallel structures (Table A2.4). This mainly reflects the very weak capacity in these countries, as acknowledged by the resident missions. Efforts are being made to improve capacity in these countries, but this will require more attention and coordinated work between ADB and the partner country if the target of reducing the total stock of parallel project implementation units by two thirds is to be met.

**15. Aid is More Predictable.** Aid predictability is generally recognized to be an important factor in the ability of countries to manage public finances and undertake realistic planning for development. This indicator was measured by looking at the percentage of disbursements released on schedule. From the donors' perspective, the disbursements recorded by the government are compared to the disbursements scheduled by the donor in any given year. The baseline ratio for ADB in 2005 is 87%, increasing to 93% in 2006. For the surveyed countries, the target to halve the gap by 2010 has almost been achieved in just 1 year. However, this may be just an outcome of the subset of countries surveyed, and as information is obtained from more countries the results on aid predictability will become clearer. However, in the case of ADB, the assistance provided is quite predictable since programs of assistance are planned and shared with governments through regular dialogue and annual updates. Missions are also undertaken to confirm the programs. Occasionally unexpected changes in the programs due to unforeseen circumstances may lead to some unpredictability.

**16. Use of Common Arrangements or Procedures.** The use of common arrangements is one of two dimensions of harmonization identified in the Paris Declaration. To measure this indicator the amount of assistance provided through program-based approaches (PBAs) as a proportion of total assistance is used. PBAs are defined in such a way that this proportion is an accurate indicator of the extent to which common arrangements are being used. While the definition of PBA and its interpretation by different donors and countries is reported as a problem in the OECD 2006 survey, the definition of PBAs for this report is adapted to ADB's specific modalities. Thus PBAs include program loans, sector development programs, program clusters, special program loans for emergencies, and sector-wide approaches. The proportion of ADB assistance using PBAs is relatively low (17% in 2005 increasing to 19% in 2006) (Table 1) and the target of 66% will not likely be reached in the next 5 years. The primary reason is that the amount of assistance that can be provided through program loans (and therefore, sector development programs, program clusters, etc.) is restricted by ADB policy. Second, even though sector-wide approaches are being adopted in several areas (the health sector in Cambodia and primary education in Bangladesh, for example), several issues need to be resolved before they can be applied more widely. These issues include ensuring ownership and

leadership of the government, establishing program collaboration structures and mechanisms, minimizing transactions costs, and harmonizing donor reporting procedures and formats. While ADB has increased the use of sector-wide approaches in the past several years, it has not found this to be a modality that can be used very easily for the reasons cited. However, this is an area where more effort needs to be made. With increased harmonization among donors and additional support from partner countries, it should be possible to expand the use of PBAs.

17. **Joint Missions.** The second dimension of harmonization relates to joint missions and joint analytic work (see para. 18). Both of these reflect shared work and analysis conducted by the donors. The Paris Declaration supports joint missions as a means to reduce transaction costs. This includes missions for all activities, including project preparation, supervision, analytic work, or joint programming and portfolio reviews. In the surveyed countries, only 12% of ADB missions were joint during 2005 and 10% during 2006. The main reason for this low number is that joint missions recorded by the country offices refer only to those that originate from ADB headquarters or from outside the country. Since a large part of the joint work is currently being conducted in-country with other donors, this is not reflected because such work is not officially recorded as a mission. This work includes much of the supervisory work, policy dialogue and consultations, country analytic work, portfolio reviews, and some programming work. Thus a better way to reflect the actual number of joint missions, including those that originate in-country, needs to be developed. If this is done (and will be attempted for the next round of reporting), the actual number of joint missions will move closer to the target of 40%. However, joint project preparation or implementation missions will only be used if the project is cofinanced. Since cofinancing is not a very common feature of ADB projects, it is unlikely that there will be too many project-related joint missions.

18. **Joint Country Analytic Work.** The Paris Declaration encourages joint country analytic work undertaken with other donors and the partner country to allow for mutual understanding of the country's problems and to develop collaborative solutions. During the past several years, ADB has increasingly undertaken analytic work jointly with other donors; many of the country specific assessments (such as poverty assessments, gender assessments, etc.) are being conducted in partnership. Some of this analytic work is done through joint missions that are not recorded as such. ADB also allows for the use of country analytic work done by other donors in the preparation of its country partnership strategies. This provides for greater efficiency since it avoids duplication of effort. The 2005 baseline proportion of joint work is 44%; this dropped to 34% in 2006. The target for 2010 is 66%. The individual country data (Table A2.8) indicate that in several countries a large proportion of the analytic work is coordinated, while in others such as Afghanistan, Nepal, Sri Lanka, or Tajikistan very little of the work is coordinated. This variation between countries will need to be addressed on a country-by-country basis and more will be done to increase the amount of joint analytic work.

#### IV. CONCLUSIONS

19. From the first round of monitoring for selected ADF countries, the results on the implementation of the Paris Declaration are mixed. For some indicators, in particular coordinated technical support, use of country PFM and procurement systems, aid predictability, and joint analytic work, the results are reassuring, and with some additional effort, the 2010 targets can be achieved. However, for others, in particular, the use of PBA, and use of parallel implementation structures or joint missions, much more will need to be done to reach the desired goals. The reasons for this shortfall are numerous and include both policy constraints (restricting the additional use of PBA) and structural problems (such as the enumeration of missions or the planning of joint missions for project-specific activities). Efforts are being made

to address these problems, either holistically or on a case-by-case basis, as more information is shared by country offices and regional departments.

20. In further rounds of ADB monitoring, more countries are to be included in the survey, and these results will be reported in the coming months, leading up to the Accra HLF, scheduled in 2008. While the current focus is on implementing and monitoring commitments, the Paris Declaration also highlights the importance of an independent cross-country evaluation process. With the support of the World Bank, United Kingdom's Department for International Development, and Government of Japan, ADB hosted the Regional Forum on Aid Effectiveness in Manila in October 2006. More than 20 partner countries and 30 principal donors from the region participated. The forum focused on the monitoring and implementation aspects, but also devoted much time and attention to the evaluation of the Paris Declaration. The OECD-DAC Evaluation Network, with the participation of the MDBs, including ADB, is developing an evaluation framework for the Paris Declaration. The intention is to develop a synthesis report of initial joint evaluations in time for the 2008 HLF and to produce more summative evaluations thereafter. ADB is involved in this process. ADB is also working with other donors, including the World Bank and bilateral donors, in organizing consultations with its partner countries in preparation for the Accra HLF.

## PARIS DECLARATION: INDICATORS AND TARGETS

## Indicators of Progress

To be measured nationally and monitored internationally

OWNERSHIP		TARGET FOR 2010
1	<i>Partners have operational development strategies</i> — Number of countries with national development strategies (including PRSs) that have clear strategic priorities linked to a medium-term expenditure framework and reflected in annual budgets.	At least 75% of partner countries have operational development strategies.
ALIGNMENT		TARGETS FOR 2010
2	<i>Reliable country systems</i> — Number of partner countries that have procurement and public financial management systems that either (a) adhere to broadly accepted good practices or (b) have a reform programme in place to achieve these.	(a) <b>Public financial management</b> — Half of partner countries move up at least one measure (i.e., 0.5 points) on the PFM/ CPIA (Country Policy and Institutional Assessment) scale of performance. (b) <b>Procurement</b> — One-third of partner countries move up at least one measure (i.e., from D to C, C to B or B to A) on the four-point scale used to assess performance for this indicator.
3	<i>Aid flows are aligned on national priorities</i> — Percent of aid flows to the government sector that is reported on partners' national budgets.	Halve the gap — halve the proportion of aid flows to government sector not reported on government's budget(s) (with at least 85% reported on budget).
4	<i>Strengthen capacity by co-ordinated support</i> — Percent of donor capacity-development support provided through co-ordinated programmes consistent with partners' national development strategies.	50% of technical co-operation flows are implemented through co-ordinated programmes consistent with national development strategies.
5a	<i>Use of country public financial management systems</i> — Percent of donors and of aid flows that use public financial management systems in partner countries, which either (a) adhere to broadly accepted good practices or (b) have a reform programme in place to achieve these.	<b>PERCENT OF DONORS</b>
		Score*      Target
		5+      All donors use partner countries' PFM systems.
		3.5 to 4.5      90% of donors use partner countries' PFM systems.
		<b>PERCENT OF AID FLOWS</b>
		Score*      Target
5+      A two-thirds reduction in the % of aid to the public sector not using partner countries' PFM systems.		
3.5 to 4.5      A one-third reduction in the % of aid to the public sector not using partner countries' PFM systems.		
5b	<i>Use of country procurement systems</i> — Percent of donors and of aid flows that use partner country procurement systems which either (a) adhere to broadly accepted good practices or (b) have a reform programme in place to achieve these.	<b>PERCENT OF DONORS</b>
		Score*      Target
		A      All donors use partner countries' procurement systems.
		B      90% of donors use partner countries' procurement systems.
		<b>PERCENT OF AID FLOWS</b>
		Score*      Target
A      A two-thirds reduction in the % of aid to the public sector not using partner countries' procurement systems.		
B      A one-third reduction in the % of aid to the public sector not using partner countries' procurement systems.		
6	<i>Strengthen capacity by avoiding parallel implementation structures</i> — Number of parallel project implementation units (PIUs) per country.	Reduce by two-thirds the stock of parallel project implementation units (PIUs).
7	<i>Aid is more predictable</i> — Percent of aid disbursements released according to agreed schedules in annual or multi-year frameworks.	Halve the gap — halve the proportion of aid not disbursed within the fiscal year for which it was scheduled.
8	<i>Aid is untied</i> — Percent of bilateral aid that is untied.	Continued progress over time.

HARMONISATION		TARGETS FOR 2010
9	<i>Use of common arrangements or procedures</i> — Percent of aid provided as programme-based approaches.	<b>66% of aid flows</b> are provided in the context of programme-based approaches.
10	<i>Encourage shared analysis</i> — Percent of (a) field missions and/or (b) country analytic work, including diagnostic reviews that are joint.	(a) <b>40% of donor missions</b> to the field are joint. (b) <b>66% of country analytic work is joint.</b>
MANAGING FOR RESULTS		TARGET FOR 2010
11	<i>Results-oriented frameworks</i> — Number of countries with transparent and monitorable performance assessment frameworks to assess progress against (a) the national development strategies and (b) sector programmes.	<b>Reduce the gap by one-third</b> — Reduce the proportion of countries without transparent and monitorable performance assessment frameworks by one-third.
MUTUAL ACCOUNTABILITY		TARGET FOR 2010
12	<i>Mutual accountability</i> — Number of partner countries that undertake mutual assessments of progress in implementing agreed commitments on aid effectiveness including those in this Declaration.	<b>All partner countries</b> have mutual assessment reviews in place.

**Important Note:** In accordance with paragraph 9 of the Declaration, the partnership of donors and partner countries hosted by the DAC (Working Party on Aid Effectiveness) comprising OECD/DAC members, partner countries and multilateral institutions, met twice, on 30-31 May 2005 and on 7-8 July 2005 to adopt, and review where appropriate, the targets for the twelve Indicators of Progress. At these meetings an agreement was reached on the targets presented under Section III of the present Declaration. This agreement is subject to reservations by one donor on (a) the methodology for assessing the quality of locally-managed procurement systems (relating to targets 2b and 5b) and (b) the acceptable quality of public financial management reform programmes (relating to target 5a.ii). Further discussions are underway to address these issues. The targets, including the reservation, have been notified to the Chairs of the High-level Plenary Meeting of the 59th General Assembly of the United Nations in a letter of 9 September 2005 by Mr. Richard Manning, Chair of the OECD Development Assistance Committee (DAC).

**\*Note on Indicator 5:** Scores for Indicator 5 are determined by the methodology used to measure quality of procurement and public financial management systems under Indicator 2 above.

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**Table A2.1: Indicator 4: Strengthen Capacity by Coordinated Support**

Partner Countries	2005			2006		
	Coordinated Technical Cooperation (\$ million) a	Total Technical Cooperation (\$ million) b	Baseline ratio (%) c=a/b	Coordinated Technical Cooperation (\$ million) a	Total Technical Cooperation (\$ million) b	2006 ratio (%) c=a/b
Afghanistan	0.2	8.3	2.3	1.0	7.0	14.4
Bangladesh	6.2	6.2	100.0	5.5	5.5	100.0
Bhutan	1.2	1.7	70.6	1.4	1.9	73.7
Cambodia	4.1	31.5	13.0	3.0	22.6	13.3
Kyrgyz Republic	1.8	1.8	100.0	0.7	0.7	100.0
Lao PDR	11.2	11.2	100.0	9.3	9.3	100.0
Maldives	1.3	1.9	66.6	0.4	0.4	100.0
Mongolia	2.5	4.1	60.0	2.0	3.3	60.0
Nepal	1.4	2.2	61.8	2.0	6.3	31.0
Papua New Guinea	0.0	2.2	0.0	0.0	2.8	0.0
Sri Lanka	0.8	3.1	27.0	0.0	2.3	0.0
Tajikistan	1.5	4.0	36.3	1.4	4.5	31.5
Viet Nam	3.2	5.6	57.4	1.4	5.7	24.6
Total	35.3	83.8	42.1	28.0	72.2	38.8
Ave. Country Ratio			53.5			49.9

Source: Data provided by the Regional Departments.

**Table A2.2: Indicator 5a: Use of Country Public Financial Management Systems**

Partner Countries	2005					2006				
	Aid Disbursed by Donors for Govt Sector (\$ million) a	Budget Execution (\$ million) b	Financial Reporting (\$ million) c	Auditing (\$ million) d	Baseline ratio (%) ave.(b,c,d)/a	Aid Disbursed by Donors for Govt Sector (\$ million) a	Budget Execution (\$ million) b	Financial Reporting (\$ million) c	Auditing (\$ million) d	2006 ratio (%) ave.(b,c,d)/a
Afghanistan	23.9	23.9	23.9	23.9	100.0	67.2	67.2	67.2	67.2	100.0
Bangladesh	258.0	258.0	258.0	258.0	100.0	322.0	322.0	322.0	322.0	100.0
Bhutan	12.5	12.5	12.5	12.5	100.0	4.6	4.6	4.6	4.6	100.0
Cambodia	84.5	22.9	0.0	0.0	9.0	55.0	15.6	0.0	0.0	9.5
Kyrgyz Republic	30.3	0.0	0.0	0.0	0.0	42.8	8.0	8.0	8.0	18.7
Lao PDR	78.7	78.7	78.7	65.8	94.5	78.5	78.5	78.5	65.7	94.6
Maldives	4.9	4.9	4.9	4.9	100.0	4.9	4.9	4.9	4.9	100.0
Mongolia	29.9	29.9	29.9	29.9	100.0	28.6	28.6	28.6	28.6	100.0
Nepal	43.7	43.7	0.0	0.0	33.3	108.0	108.0	0.0	0.0	33.3
Papua New Guinea	21.5	21.5	21.5	21.5	100.0	29.3	29.3	29.3	29.3	100.0
Sri Lanka	206.0	206.0	206.0	206.0	100.0	180.0	180.0	180.0	180.0	100.0
Tajikistan	26.0	26.0	26.0	0.0	66.7	35.1	35.1	35.1	0.0	66.7
Viet Nam	223.7	95.7	95.7	95.7	42.8	184.1	67.1	67.1	67.1	36.4
<b>Total</b>	<b>1,043.6</b>	<b>823.7</b>	<b>757.1</b>	<b>718.2</b>	<b>77.5*</b>	<b>1,140.1</b>	<b>948.8</b>	<b>825.2</b>	<b>777.4</b>	<b>76.2*</b>
<b>Ave. Country Ratio</b>					<b>72.8</b>					<b>73.8</b>

\* The overall baseline ratio and the overall 2006 ratio are calculated for only the 9 countries which have a country policy and institutional assessment rating of 3.5-4.5.

ave = average

Source: Data provided by the Regional Departments.

**Table A2.3: Indicator 5b: Use of Country Procurement Systems**

Partner Countries	2005			2006		
	Aid Disbursed by Donors for Govt Sector (US\$ mn) a	Procurement Systems (US\$ mn) b	Baseline ratio (%) c c= b/a	Aid Disbursed by Donors for Govt Sector (US\$ mn) a	Procurement Systems (US\$ mn) b	2006 ratio (%) c c= b/a
Afghanistan	23.9	23.9	100.0	67.2	67.2	100.0
Bangladesh	258.0	160.0	62.0	322.0	200.0	62.1
Bhutan	12.5	12.5	100.0	4.6	4.6	100.0
Cambodia	84.5	0.0	0.0	55.0	0.0	0.0
Kyrgyz Republic	30.3	0.0	0.0	42.8	8.0	18.7
Lao PDR	78.7	0.0	0.0	78.5	0.0	0.0
Maldives	4.9	4.9	100.0	4.9	4.9	100.0
Mongolia	29.9	0.0	0.0	28.6	0.0	0.0
Nepal	43.7	32.0	73.2	108.0	76.0	70.4
Papua New Guinea	21.5	21.5	100.0	29.3	29.3	100.0
Sri Lanka	206.0	68.0	33.0	180.0	59.0	32.8
Tajikistan	26.0	0.0	0.0	35.1	0.0	0.0
Vietnam	223.7	95.7	42.8	184.1	67.1	36.4
TOTAL	1,043.6	418.5	40.1	1,140.1	516.1	45.3
Ave. Country Ratio			47.0			47.7

Source: Data provided by the Regional Departments

**Table A2.4: Indicator 6: Avoid Parallel Implementation Structures**

Partner Countries	Parallel Project Implementation Units	
	2005	2006
Afghanistan	0	0
Bangladesh	0	0
Bhutan	0	0
Cambodia	0	0
Kyrgyz Republic	10	6
Lao PDR	0	0
Maldives	0	0
Mongolia	0	0
Nepal	6	6
Papua New Guinea	10	10
Sri Lanka	0	0
Tajikistan	8	7
Viet Nam	36	37
Total	70	66
Average	5.4	5.1

Source: Data provided by the Regional Departments.

**Table A2.5: Indicator 7: Aid is More Predictable**

Partner Countries	2005			2006		
	Disbursements Recorded by Government (\$ million)	Aid Scheduled for Disbursements (\$ million)	Baseline ratio <sup>a</sup> (%)	Disbursements Recorded by Government (\$ million)	Aid Scheduled for Disbursements (\$ million)	2006 ratio <sup>a</sup> (%)
	a	b	c=a/b	a	b	c=a/b
Afghanistan	23.9	39.2	61.0	67.2	99.5	67.5
Bangladesh	259.0	259.0	100.0	306.0	306.0	100.0
Bhutan	12.5	12.6	99.1	4.6	5.6	82.1
Cambodia <sup>b</sup>	na	na	na	na	na	na
Kyrgyz Republic	30.3	27.1	89.3	42.8	38.8	90.7
Lao PDR	78.7	78.7	100.0	78.5	78.5	100.0
Maldives	4.9	11.0	45.1	4.9	8.7	56.6
Mongolia	29.9	37.6	79.5	28.6	36.5	78.4
Nepal	43.0	72.4	59.4	108.0	60.0	55.6
Papua New Guinea	21.5	53.7	40.1	29.3	18.9	64.5
Sri Lanka	205.0	253.0	81.0	180.0	228.0	78.9
Tajikistan	26.0	30.6	84.9	35.1	27.1	77.2
Viet Nam	209.8	210.0	99.9	252.1	319.3	79.0
Total	944.5	1,084.7	87.1	1,137.1	1,226.9	92.7
Ave. Country Ratio			78.3			77.5

<sup>a</sup>Baseline ratio is  $c=a/b$  except where government's budget estimates are greater than disbursements ( $c=b/a$ ).

<sup>b</sup>Data not available for Cambodia as disbursement records provided by the Government is aggregated by donors, difficult to extract ADB disbursements.

Source: Data provided by the Regional Departments.

**Table A2.6: Indicator 9: Use of Common Arrangements or Procedures**

Partner Countries	2005			2006		
	Program Lending (incl. other Program- based Lending) (\$ million)	Total Aid Disbursed (\$ million)	Baseline ratio (%) c=a/b	Program Lending (incl. other Program- based Lending) (\$ million)	Total Aid Disbursed (\$ million)	2006 ratio (%) c=a/b
	a	b		a	b	
Afghanistan	0.0	23.9	0.0	24.3	67.2	36.2
Bangladesh	6.0	258.0	2.3	18.6	322.0	5.8
Bhutan	0.0	12.6	0.0	0.0	4.6	0.0
Cambodia	0.0	84.5	0.0	0.0	55.0	0.0
Kyrgyz Republic	0.0	30.3	0.0	8.0	42.8	18.7
Lao PDR	11.3	78.7	14.4	5.8	78.5	7.4
Maldives	0.0	4.9	0.0	0.0	4.9	0.0
Mongolia	8.8	29.9	29.4	5.2	28.6	18.2
Nepal	24.0	43.7	54.9	49.0	108.0	45.4
Papua New Guinea	0.0	21.5	0.0	0.0	29.3	0.0
Sri Lanka	20.0	206.0	9.7	35.0	180.0	19.4
Tajikistan	7.7	26.0	29.6	2.5	35.1	7.2
Viet Nam	95.7	225.9	42.4	67.1	184.1	36.4
Total	173.5	1,045.8	16.6	215.5	1,140.1	18.9
Ave. Country Ratio			14.1			15.0

Source: Data provided by the Regional Departments.

**Table A2.7: Indicator 10a: Use of Joint Missions**

Partner Countries	2005			2006		
	Coordinated Donor Missions a	Total Donor Missions b	Baseline ratio (%) c=a/b	Coordinated Donor Missions a	Total Donor Missions b	2006 ratio (%) c=a/b
Afghanistan	0	50	0.0	0	71	0.0
Bangladesh	10	55	18.2	12	57	21.1
Bhutan	3	23	13.0	5	32	15.6
Cambodia	8	104	7.7	10	123	8.1
Kyrgyz Republic	2	80	2.5	2	56	3.6
Lao PDR	20	93	21.5	17	94	18.1
Maldives	4	72	5.6	7	31	22.6
Mongolia	0	12	0.0	0	20	0.0
Nepal	15	47	31.9	17	70	24.3
Papua New Guinea	28	65	43.1	5	59	8.5
Sri Lanka	0	50	0.0	3	50	6.0
Tajikistan	1	49	2.0	1	64	1.6
Viet Nam	0	74	0.0	0	79	0.0
Total	91	774	11.8	79	806	9.8

Source: Data provided by the Regional Departments.

**Table A2.8: Indicator 10b: Joint Country Analytical Work**

Partner Countries	2005			2006		
	Coordinated Donor Analytical Work a	Total Donor Analytical Work b	Baseline ratio (%) c=a/b	Coordinated Donor Analytical Work a	Total Donor Analytical Work b	2006 ratio (%) c=a/b
Afghanistan	0	4	0.0	0	17	0.0
Bangladesh	3	8	37.5	1	10	10.0
Bhutan	5	7	71.4	2	2	100.0
Cambodia	2	4	50.0	1	4	25.0
Kyrgyz Republic	7	9	77.8	3	3	100.0
Lao PDR	15	18	83.3	12	16	75.0
Maldives	0	1	0.0	4	6	66.7
Mongolia	1	1	100.0	1	1	100.0
Nepal	0	21	0.0	0	25	0.0
Papua New Guinea	3	3	100.0	4	4	100.0
Sri Lanka	1	6	16.7	3	6	50.0
Tajikistan	0	0	0.0	3	3	100.0
Viet Nam	1	5	20.0	1	5	20.0
Total	38	87	43.7	35	102	34.3

Source: Data provided by the Regional Departments.