Chapter 5

Transparency and accountability for effective development

Transparency and accountability are vital to enhancing the impact of development co-operation and enabling the participation of citizens in the long-term development of their respective countries. This chapter reviews progress in implementing the Busan principles of transparency and accountability, including mutual accountability among partners, as well as accountability to beneficiaries of development co-operation and to all other stakeholders. It does so by measuring the public availability of information on development co-operation (Indicator 4); the extent to which governments and development partners work together to include development co-operation flows in budgets subjected to parliamentary scrutiny (Indicator 6); the share of participating countries able to track and make public allocations for gender equality and women's empowerment (Indicator 8), which is fundamental to enable transparency and accountability of policies towards women; and the implementation of inclusive review processes that strengthen mutual accountability among co-operation partners (Indicator 7).

The Busan Partnership agreement centres its mission on the principles of transparency, mutual accountability among partners, and accountability towards the intended beneficiaries of development efforts as well as towards the citizens who contribute to sustaining those efforts through public funding. This chapter reviews progress in implementing key Busan commitments on transparency and accountability.

Transparency in the management of development resources is a fundamental requirement for the integrity of development co-operation and a prerequisite for sustainable results. Access to high-quality, timely and relevant information on development funding helps governments to plan and manage the use of these resources in support of their development priorities. In today's increasingly diverse development co-operation landscape, transparency also helps development partners to co-ordinate their support, promoting synergies while avoiding fragmentation and duplication of effort. Information on current and future funding allows non-state organisations to harmonise their development interventions while enabling citizens and civil society to formulate their priorities, and to hold public officials and development partners accountable for performance on their commitments.

Transparency of development activities is also critical for building meaningful and accountable partnerships. Accountability mechanisms that engage all development stakeholders and allow for collective assessment of progress towards agreed targets – grounded in national development policies – help to ensure that development interventions are relevant and effective, while building trust.

This chapter explores whether development co-operation efforts are becoming more transparent and integrated in national decision-making processes to allow for greater accountability towards parliaments and citizens. It reviews the Busan commitments on improving transparency and accountability, looking at progress in:

- making information on development co-operation publicly available
- recording development co-operation flows in budgets that are subject to parliamentary scrutiny
- tracking public allocations for gender equality and women's empowerment
- improving the quality of arrangements for joint assessment of progress on agreed commitments.

In general, there is progress in transparency and accountability – but also some room for improvement

Driven by the significant progress made by some publishers, as well as the incorporation of many new publishers, there has been an increase in the supply of publically available information on development co-operation. Progress has been most notable in the timeliness and comprehensiveness of the information that is made publicly available, while the publication of forward-looking information continues to present a challenge for many development partners.

Progress also has been made in putting development funding on budget: 67% of development funding scheduled by partners for the public sector is now on budget, representing an increase of 13% over 2010. Despite this progress, the Busan target of 85% of funding recorded on annual budgets has not yet been met. In addition, budgets sent to parliaments estimated expected development financing at 27% higher than development partners' individual forecasts; this is also a challenge, as over-recording of development co-operation finance in national budgets hinders effective planning, budgeting and execution.

All participating countries reported on their efforts to establish and implement systems to track resources allocated for gender equality and women's empowerment, demonstrating increasing willingness to monitor advances in this area. In 73% of the countries, at least one of the three basic elements for tracking gender-related allocations is in place, and nearly half of the countries have all three elements in place.

This represents a very positive trend and constitutes a notable step towards gender-responsive budgeting. Going forward, more progress is needed in making these gender tracking systems transparent – which is critical for management and accountability purposes. It is also important that an increasing number of countries use the data generated to inform policy and budgeting decisions.

Finally, countries have a larger number of the elements required for mutual accountability, such as national aid or partnership policies that are approved by parliaments. Nonetheless, parliamentarians and other stakeholders are still not sufficiently engaged in the review of progress against national targets and there is room to make the results of reviews more transparent.

Indicator 4. Transparent information on development co-operation is publicly available

In Busan, development partners agreed to "improve the availability and public accessibility of information on development co-operation and other development resources" (OECD, 2011: 6). An important aspect of this commitment was the agreement to implement a common, open standard for electronic publication of timely, comprehensive and forward-looking information on resources provided through development co-operation to meet the information needs of governments and non-state stakeholders, consistent with national requirements. Parties to the Busan Partnership committed to establishing and fully implementing the standard by December 2015.

This common standard was to be based on the OECD Development Assistance Committee (DAC) statistical reporting platforms and the International Aid Transparency Initiative (IATI) standard. Following joint technical work and dialogue between the governing bodies of these entities, however, it became clear that it was not possible to develop a single common standard along the lines mandated by the Busan Partnership agreement.[1] This is due to fact that the OECD-DAC Creditor Reporting System and Forward Spending Survey and the IATI standard are each designed to meet the different needs of different audiences and are therefore not directly comparable in assessing development partners' reporting performance (OECD, 2015a; Box 5.1).

For this reason, the measurement of development co-operation transparency in this report relies on assessments of the extent to which information is made publically available through each of these channels, as agreed in Busan.

Box 5.1. **How is transparency measured in the monitoring framework?**

Three systems and standards provide online data on development co-operation in an open and accessible manner.

The OECD Development Assistance Committee (DAC) maintains two databases that are the authoritative source of annual statistical information on international development co-operation flows reported by DAC members, multilateral organisations and bilateral partners outside the DAC:

1. the Creditor Reporting System, which records activity-level development co-operation flows, for statistical, accountability and monitoring purposes.[1]
2. the Forward Spending Survey, which records partners' development co-operation plans, for greater predictability of global and aggregate prospects.[2]

…

The third platform, the International Aid Transparency Initiative (IATI) standard is an open-data standard that allows publishers to provide detailed information about their development co-operation activities in a timely and accessible manner. It aims to meet country needs for up-to-date information on current and future development co-operation in support of national budgeting, planning and management processes, as well as of domestic accountability.[3]

Each of these systems and standards plays an essential, complementary role in supporting the increased transparency of development co-operation. The Global Partnership for Effective Development Co-operation's monitoring framework relies on transparency assessments produced by the secretariats of each of the three systems to evaluate the performance of partners in making development co-operation information publicly available. The Global Partnership measures transparency by considering these assessments in parallel, providing sufficient disaggregation to identify strengths and weaknesses in each of the sub-dimensions of transparency established by the Busan Partnership agreement: timeliness, comprehensiveness and the provision of forward-looking data. In 2014, the Global Partnership encouraged the consideration of a fourth dimension: data accuracy.[4] The assessments place varying weight on each of the specific dimensions, according to their relevance with respect to the use of the information; for example, the assessment of quality of reporting to the Creditor Reporting System places more weight on accuracy than on other dimensions, to emphasise statistical accuracy. This disaggregated analysis can help guide future efforts to improve the transparency of development co-operation.

To facilitate interpretation of the overall scores for these three transparency assessments, development partners are categorised on the same four-tiered scale: "excellent", "good", "fair" and "needs improvement". Nonetheless, each of the assessments has its own distinct underlying methodologies, and therefore they are not directly comparable amongst themselves. The main methodological differences lie in the definition of the various transparency dimensions, the weighting assigned to each dimension and the threshold set for each category on the four-tiered scale.[5]

1. www.oecd.org/dac/stats/idsonline.htm.

2. www.oecd.org/dac/stats/idsonline.htm.

3. IATI-reported statistics are updated daily and can be accessed through the IATI Dashboard: http://dashboard.iatistandard.org/index.html.

4. This dimension, originally proposed by the OECD-DAC Secretariat, has been included for several years in the assessment of the information published to the OECD-DAC Creditor Reporting System and Forward Spending Survey; it is reported in the 2016 monitoring round as part of these assessments. Data accuracy is not yet part of the assessment of the information published to the IATI standard, as the relevant governing body has yet to agree on the assessment methodology for data accuracy.

5. For full technical details of the specific methodologies used to calculate these three transparency assessments, please consult the agreed methodological note at: http://effectivecooperation.org/wp-content/uploads/2016/02/Steering-Committee-Document-Indicator-4-final.pdf.

The amount of information publicly available has increased, but it needs to be more timely and forward-looking

Overall, the number of development partners making information on development co-operation public across the three global data repositories and standards has increased at a good pace. In the case of the OECD-DAC reporting platforms, 70 official development partners are now publishing data for statistical and accountability purposes to the Creditor Reporting System, while 57 report data for forecasting purposes through the Forward Spending Survey; this is a marked increase compared to 2014, when the number of countries was 56 and 47, respectively. Many official development partners beyond the DAC have also agreed to be part of these transparency assessments. Similarly, there is a significant increase in the number of organisations publishing to the IATI, with the total number of publishers more than doubling – from 210 to over 470 – between 2013 and 2016.[2] While both official and non-state development partners publish to the IATI, it is worth noting that since the previous monitoring round the number of official development partners publishing to the IATI has increased significantly, from 29 to 43.

For the 2016 monitoring round, one or more transparency assessments are available for a total of 61 official development partners.[3] This represents a 50% increase in assessed partners since the 2014 monitoring round. Equally important, three-quarters of those 61 publishers report data to more than one of the three platforms and standards – making it possible to assess how transparent they are from diverse perspectives. Overall, these assessments of transparency cover about USD 160 billion in official development co-operation (official development assistance, or ODA, plus other official flows) – equivalent to about 87% of total official development support.[4]

Publicly available information on development co-operation is becoming more comprehensive

Across all three Busan dimensions of transparency (timeliness, comprehensiveness and the inclusion of forward-looking data), progress has been most notable with regard to comprehensiveness and timeliness. Good progress has been made in terms of the timeliness of the information reported to the OECD-DAC Creditor Reporting System. Trends from two years ago indicate that some partners, such as Australia, Belgium, the European Union (EU) institutions, France, Germany and Spain, improved the timeliness of their reporting to that platform. In general, some countries experienced trade-offs between the timeliness and accuracy of the reported data which will need to be rebalanced. Austria, the Czech Republic, Finland, Iceland and Italy have improved the accuracy of their reported data (OECD, 2016: 16).

The current state of play among development partners publishing to the IATI also indicates good levels of timeliness. Among them, 56% of Busan endorsers now publish development co-operation data on a quarterly basis, while 31% publish up-to-date data on a monthly basis, including Canada, Denmark, the European institutions, the European Investment Bank, the Global Fund, the Netherlands, Sweden, the United Kingdom and some United Nations agencies such as UNICEF, the United Nations Development Programme (UNDP) and the World Food Programme.

Comprehensiveness has also improved across all three assessments. The completeness of the information on past activities reported by a third of development partners to the OECD-DAC Creditor Reporting System (CRS) has improved since two years ago – with only one case of decline. Among development partners that reported to the OECD-DAC Forward Spending Survey (FSS), the number of partners that have improved the completeness of these forecasts exceeded by 50% the number of partners that have seen a decline in comprehensives. Among development partners publishing to the IATI, 74% currently score above 60 points ("good") in terms of comprehensiveness, and half of them are in the "excellent" category.

Making forward-looking information available is challenging, but feasible

Publishing information on planned development co-operation at both the global and the country levels helps country governments and their development partners to assess financing gaps, plan ahead, identify potential areas of collaboration, avoid overlaps and allocate development co-operation in a way that matches funding with needs. At global level, the transparency assessments of the OECD-DAC Forward Spending Survey report significant progress, with two-thirds of partners assessed ranking in the "good" or "excellent" categories. Most official development partners are now making public their development co-operation forecasts through this survey and seven new development partners were assessed in this round.

Looking at trends, however, while 12 partners evidence improvement since the baseline assessment two years ago, the scores of 11 partners have declined. The key weaknesses identified amongst the partners that obtained lower scores were in the comprehensiveness and accuracy of the reported forecasts.

Similarly, many development partners publishing to the IATI face challenges in publishing forward-looking data. While slightly more than half of the Busan endorsers publishing to the IATI have published at least some forward-looking data on activities for 2016-18, many publish only a tiny percentage, with only a quarter providing forward-looking data on over half of their activities. Nonetheless, this represents progress compared to the previous monitoring round, when only a handful of development partners publishing data to the IATI provided any forward-looking data at all. The challenges to publishing good forward-looking information for forecasting and planning include technical limitations within the internal systems of development partners as well as political and institutional barriers to the publication of planned development co-operation budgets.

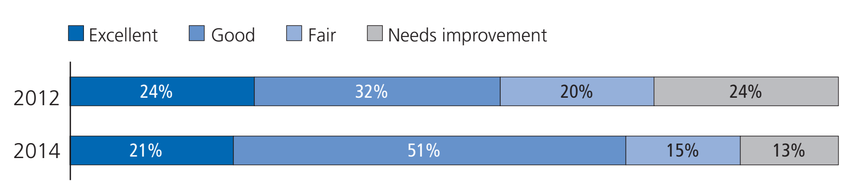
The assessments – and the trends they evidence – indicate that on the whole, good forecasting needs to be institutionalised in partner agencies, adopting a demand-driven approach, if gains are to be sustained over time. In some cases, this will require an internal assessment of institutional and corporate hurdles that may be presenting obstacles to the availability of good forward-looking information.

Overall, transparency is moving in the right direction

In general terms, the three assessments show that although development partners have differing strengths in terms of transparency, the overall picture is good (Figures 5.1-5.3 and Table B.4). Of the 61 partners assessed, 24 achieved "excellent" scores in at least one of the three assessments (40% of the assessed partners) and 44 achieved "good" in one or several of them (72%). Belgium, Canada, the EU institutions, Sweden, the UNDP, UNICEF and the World Bank are examples of development partners with excellent or good scores in all three assessments. Several partners with excellent or good scores in one of the assessments show room for improvement, however, in one or more of the other assessments.

Figures 5.1-5.3 show the state of play of each of the three systems as of May 2016. It should be noted that the assessment for each system has been carried out individually, against differing criteria, and therefore the system-specific information shown is not comparable across the systems.

Figure 5.1. **Overall transparency assessment of the OECD-DAC Creditor Reporting System**



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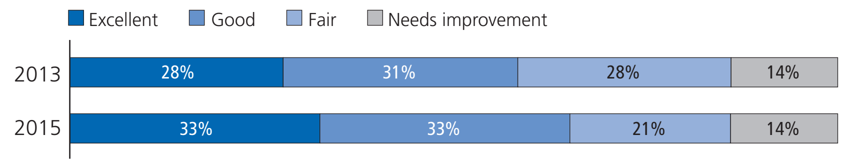
The assessment of retrospective OECD-DAC Creditor Reporting System data is based on the weighted average of partners' performance in terms of timeliness (25%), comprehensiveness (15%) and accuracy (60%).[5] A star-scoring system is used to assess these three transparency subdimensions. The OECD-DAC Secretariat calculated, retrospectively, a 2012 baseline for this monitoring round.

Figure 5.2. **Overall transparency assessment of the OECD-DAC Forward Spending Survey**



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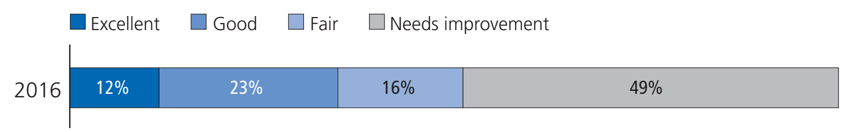
The assessment of forward-looking data in the Forward Spending Survey is based on the weighted average of partners' performance in terms of public disclosure of this type of data (14%), timeliness (14%), comprehensiveness (43%) and accuracy (29%).[6] A star-scoring system is used to assess these four transparency subdimensions. The OECD-DAC Secretariat calculated, retrospectively, a 2013 baseline for this monitoring round.

Figure 5.3. **Overall transparency assessment of the International Aid Transparency Initiative**



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The overall assessment of the performance of development partners in publishing to the IATI is calculated by averaging the scores for the three dimensions of transparency, with equal weights being given to each after adjustment for the coverage of reported development co-operation flows. The IATI scores are converted to the standard Global Partnership scale as follows: excellent = score of 80% and over; good = 60-80%; fair = 40-60%; needs improvement = less than 40%.

Improvements in transparency depend on robust policies, sound corporate processes and systems, and dedicated staff

From the above analysis, it is clear that good reporting to a specific platform or standard does not automatically imply equally good reporting through other channels.[7] Analysis of the individual partner assessments makes it possible to identify some common hurdles across development partners, where investments in corporate processes and information management infrastructure may help to improve the supply of publically available information on development co-operation:

- When the **institutional architecture** is fragmented, with multiple entities providing development co-operation, the transaction costs associated with collecting and processing data from various sources are high, unless there is some sort of holistic information management system; this in turn makes it difficult to improve timeliness or comprehensiveness.

- Adapting **transparency and disclosure policies** to an evolving policy environment requires dedicated attention, as even small policy differences may create unexpected transparency loopholes (IDB, 2013). It is crucial to invest in raising awareness among staff and create positive incentives and remedial mechanisms, as to improve understanding and effective implementation of transparency policies which can support the required institutional change over time.
- Adjusting **internal processes and information management systems** to a fast-changing environment requires sustained high-level leadership, especially in environments where quick gains sometimes prevail over structural reforms.
- The institutionalisation of **dedicated staff** and organisational units responsible for ensuring the implementation of transparency commitments and policies helps to improve compliance with transparency commitments.[7] Generating and processing data effectively requires technical knowledge that takes time to acquire. It also calls for good co-ordination within an agency or across agencies.
- Improving transparency requires **institutional culture change**, as the staff providing the information must be incentivised to do so in a timely, comprehensive and accurate manner. Most development agencies have made efforts to sensitise staff about the commitment to transparency; nonetheless, the analysis and identification of any existing institutional disincentives could help to identify means of improving the quality of the information being reported.
- As the quantity and quality of information improve, more attention will need to be given to improving the use of the information by supporting the availability of data at the country level. It is only when usable data are routinely incorporated into national planning and budgeting systems that the benefits of increased transparency in contributing to better management for results and accountability will be realised.

Box 5.2. Making transparency meaningful for countries and their people

In Busan, the lack of up-to-date information on actual and future development co-operation was regarded as a key problem for countries. Since Busan much progress has been made, especially with regard to the publication of timely and comprehensive information. Nonetheless, the publication of forward-looking data, which is essential for national budgeting and planning, remains a challenge.

At present, the Global Partnership's transparency indicator only measures the provision of information by development partners, with an emphasis on inputs and activities. Performance is monitored at the global level, in contrast with other indicators for which information is collected at the country level. As the quantity and the quality of these data continue to improve, more attention will need to be given to the use of the data, especially at the country level.

Good examples of the use of timely, comprehensive and forward-looking data at the country level are emerging. Bangladesh recently upgraded the national aid information management system, enabling seamless transfer of data from the International Aid Transparency Initiative (IATI). The new upgraded system will enable better coverage, avoid double counting of development co-operation funding, and generally reduce workload and transaction costs for development partners working with Bangladesh.

…

The platform will allow the government to go beyond data collection, focusing on strategic analysis to guide decisions on resource allocation. Myanmar can capture data published to the IATI directly in its publicly accessible aid management information system, allowing the government to better allocate resources according to national priorities for social and economic development, and increasing the capacity of citizens to track the use of development co-operation funding in their country. Despite these emerging examples of good practice, however, much more remains to be done by both development partners and countries to maximise use of data at the country level.

Achieving the ambitious goals of the 2030 Agenda for Sustainable Development will also require expanding the publication of information beyond development co-operation resources and activities, towards better transparency about development results and impacts. This transition will require closer collaboration among stakeholders, including governments, development partners and non-state actors.

Indicator 6. Development co-operation is on budget and subjected to parliamentary scrutiny

In Busan, governments and development partners committed to including development co-operation funds in national budgets (OECD, 2011). In addition to enabling parliamentary oversight, this is crucial for giving recipient governments clarity on available resources: line ministries can better formulate sector policies and plans, while ministries of finance and planning can allocate resources more efficiently among sectors. At the same time, the regular inclusion of development co-operation funding on budget helps to align development efforts with countries' own priorities; strengthens the comprehensiveness and credibility of domestic budgetary processes and institutions; and avoids undermining domestic decision making and accountability procedures.[9]

Parliaments have a crucial role to play in ensuring democratic ownership and domestic accountability over government expenditure. The full inclusion of development co-operation flows on the approved national budget facilitates scrutiny by parliaments and accountability to citizens, allowing greater democratic ownership of development efforts (Box 5.3). It also gives an indication of whether both development partners and governments are making efforts to connect development co-operation funding with the country's policies and programmes.

The share of development co-operation funding on budget has notably increased

Countries participating in the 2016 monitoring round report that two-thirds (66%) of development co-operation funding scheduled for the public sector is now on budget and overseen by parliament; but this is still 19% short of the target for 2015 (85%). Among the 60 countries that participated in both the 2011 and 2016 monitoring rounds, there is an increase in on-budget funding of 13%.[10] In terms of total funding included in national budgets versus development partners' planned funding, governments also over-estimate expected amounts from development partners. Twenty-six percent of on-budget development co-operation funding was higher than actually planned by development partners (10% more than in 2010). This discrepancy between government budgeting and development partners' funding plans signals a mismatch in planning information and points to the need for more effective and regular information exchange.

Box 5.3. How does the monitoring exercise measure whether development co-operation flows are on budget and subject to parliamentary scrutiny?

Indicator 6: Development co-operation funding scheduled by development partners for disbursement to the public sector is recorded in annual budgets that are approved by the national legislatures of partner countries.[1]

It is important to note that the term "on budget", as used here, refers only to the recording of funding planned by development partners in the parliament-approved budget; it does not indicate whether the development partner used the government budget process to disburse the funds.[2] When national budgets include amounts that differ from those scheduled by development partners, parliament's role in overseeing development effectiveness is considered to be limited to the amount reflected on budget (IPU, 2010).

1. Indicator 6 ("aid on budget subjected to parliamentary scrutiny") assesses the amount of development co-operation funding scheduled for disbursement at the outset of year *n*. This distinguishes the measurement of the extent to which government budgets reflect *ex ante* aid estimates (Indicator 6) from the measurement of predictability, that is the extent to which scheduled funds are actually disbursed or the realism of estimates (captured by Indicator 5a).

2. Support lent by development partners can be "on budget" regardless of the chosen co-operation modality; in particular, it should be noted that alongside general and sector budget support, project-based co-operation also can be included on budget.

The disaggregated data reveal significant disparities across countries and regions. One-fifth of participating countries have reached or surpassed the target of having 85% of their development co-operation funding on budget; almost another fifth, however, do not reflect any development co-operation funding on their budgets (Figure 5.4). By region, most countries in Latin America and the Pacific have surpassed the 85% target; countries in Africa and South Asia are considerably behind; while the rest of the regions fall somewhere in between.

In general, lower income countries and fragile states record comparatively lower levels of scheduled development co-operation funding on annual budgets. This is particularly true for countries experiencing conflict or political crises, where little to no development co-operation funding is on budget; cases in point are the Central African Republic, South Sudan and Yemen.

From the perspective of development partners, 29 development agencies meet the target of recording 85% or more of their scheduled resources in national budgets. The top performers are regional development banks working in Latin America and Eastern Europe; they benefit from stronger budgetary processes in these regions, as well as a greater reliance on certain development co-operation modalities, such as loans.

Among groups of bilateral development partners, DAC members provide a lower average share of on-budget support than other bilateral partners do: 62% compared to 74%, respectively (Figure 5.5). Among the multilateral organisations, the development banks and vertical funds and initiatives perform comparatively better than UN agencies and other international organisations. In terms of bilateral partners, members of the DAC, Denmark, Ireland, New Zealand, Norway and Spain meet the Busan target, and Japan and Portugal come very close; as for the other bilateral partners, India, Kuwait, Chinese Taipei and the United Arab Emirates meet the target.

Comparing the sub-set of 51 development partners that participated in both the 2010 and 2015 monitoring rounds, bilateral partners on average show greater improvement in the share of development co-operation funding recorded in national budgets than multilateral agencies (14% compared to 5%, respectively).

Figure 5.4. **Share of scheduled development co-operation that is included on budget and subject to parliamentary scrutiny**

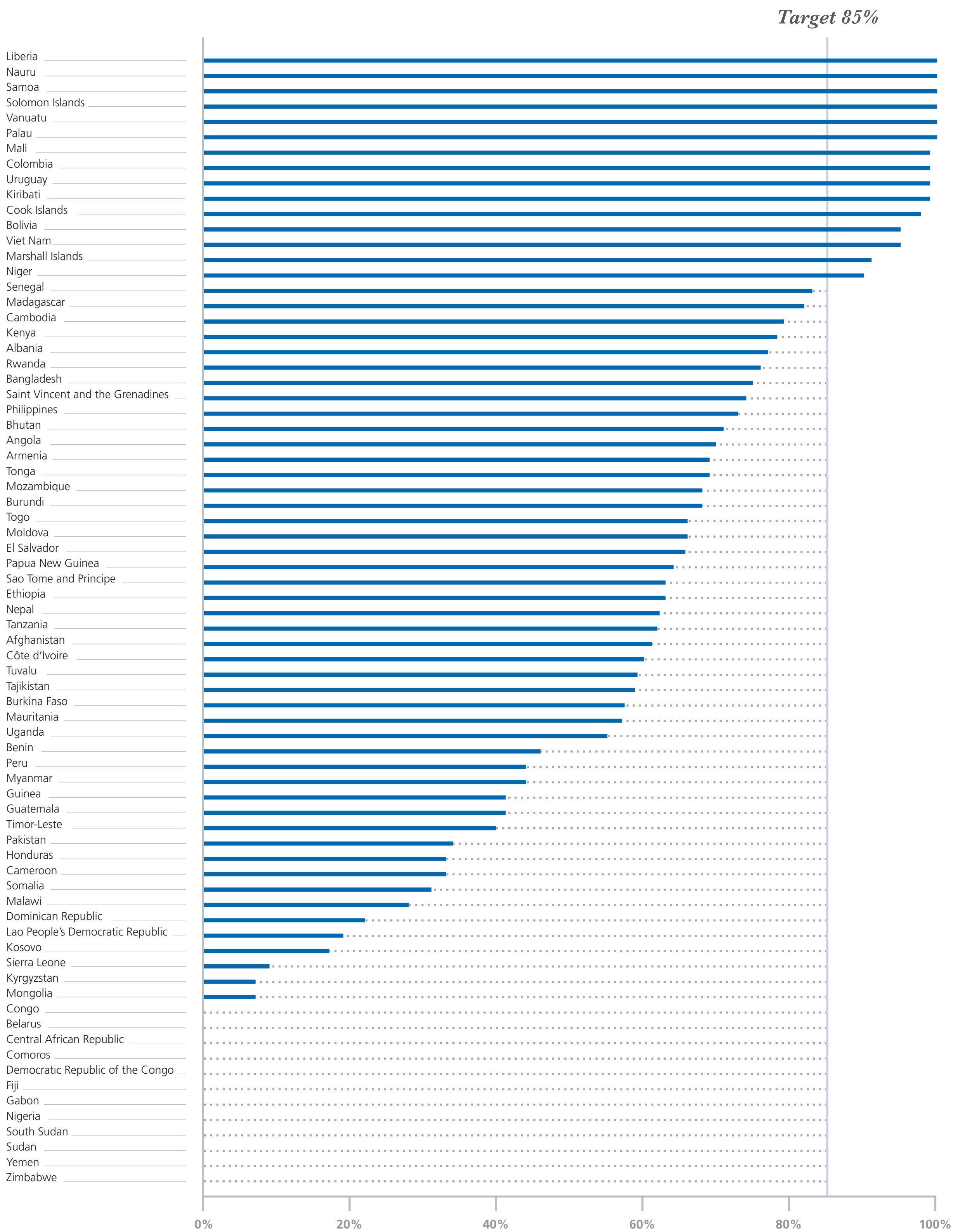

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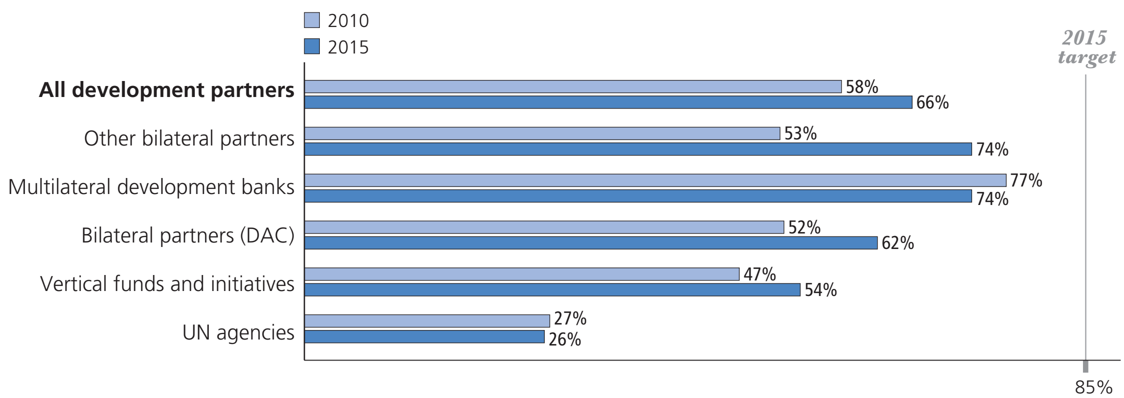
Figure 5.5. **Share of development co-operation funding on budget, by development partner type**



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The responsibility of ensuring that development co-operation funding is on budget is shared amongst development partners and national governments. Development agencies need to provide accurate estimates of planned disbursements in a timely manner, i.e. during the early stages of the budget preparation process. Governments, in turn, need to include these estimates in their budgets when they submit these to the national legislative body. Incomplete inclusion in national budgets may result from lack of availability of good information on future resources, or it may result from incomplete use of such information by budget authorities; in either case, the lack of such information limits the ability of parliaments to oversee these funds.

The section below presents some factors that seem to be driving the results.

Investing in internal information management systems and adapting corporate processes can help development partners to generate accurate forward-looking projections in a timely manner. As shown earlier in this chapter, one key weakness of most development agencies relates to the provision of forward-looking information that can be used for aid management and planning. Data from the monitoring exercise reveal a strong correlation between the availability of disbursement forecasts for a given year (a measure of mid-term predictability discussed in Chapter 3) and the degree of development co-operation funding that is on budget for that year.[11] At the headquarters level, development partners need to find ways of accommodating the specific planning horizons of the countries they work with.

Larger, more focused country programmes are associated with an increased share of development co-operation on budget. Analysis of monitoring data shows that comparatively larger development co-operation programmes in a given country show higher levels of on-budget support submitted to parliament.[12] Development partners with a significant presence in a country tend to develop closer relationships with government institutions and are better able to synchronise with domestic cycles.[13] On the other hand, fragmentation of support offered through smaller programmes across many countries has higher transaction costs, which may inhibit successful inclusion of scheduled finance on budget.

Using country systems and including development co-operation on budget are part of the same package. Comparative analysis of the behaviour of development partners across countries reveals that the use of national public financial management and procurement systems (Chapter 3) to deliver development co-operation is associated with a higher share of on-budget development co-operation.

Conversely, partners that rely more on project-based development co-operation, technical co-operation, and programmes implemented through non-government partners or through subnational governments tend to be less successful at being on budget.[14]

Greater orderliness of domestic budget processes can facilitate reporting of development co-operation in the national budget. If budget planning processes are weak and disorderly, it is difficult for governments to make systematic use of the information their partners provide. All 81 participating countries have undertaken public expenditure and financial accountability assessments (PEFA), and these assessments are public in most cases.[15] Comparative analysis shows that the countries scoring higher on "orderliness and participation in the annual budget" are more likely to include external support on budget.[16]

National budgetary rules and practices can create incentives to report development co-operation on budget. Government practices for managing expenditure determine how ministries and public entities treat the external funding allocated to them, creating incentives to report development co-operation on budget. Case studies reveal that some specific arrangements and budgetary rules may discourage line ministries from disclosing development co-operation funding as part of their budget (Mokoro Limited, 2009). For better comprehensiveness of the budget, these measures need to be compensated with positive incentives for timely inclusion of all types of development finance on budget and stronger central oversight of public expenditure.

> *Example of good practice: By strengthening budget oversight and ensuring that the budget includes loans as well as grants for all public entities, the Philippines increased the share of development co-operation on budget from 26% in 2010 to 74% in 2015.*

Countries can benefit from establishing development co-operation policies and better information management systems. Most top performers have both development co-operation policies and information management systems in place. However, data analysis suggests that these elements alone are not enough to ensure that development co-operation is always included on budget.[17]

> *Examples of good practice: In Rwanda, where the aid policy specifies that all development co-operation should be on budget, 76% of support is now on budget (compared to 61% in 2010).*
>
> *Improvements in aid information management systems in Madagascar and Moldova have been matched by increases in on-budget funding (24% and 11% respectively) compared to the 2014 monitoring round.*

The timing of information flows among development partners does not always coincide

Data reveal that when the fiscal year of countries and its partners overlap, the likelihood of recording development co-operation in the national budget is lower. Partners' ability to facilitate information on time may be limited by internal constraints of their own budget and programming cycles.[18] This may require them to customise reporting arrangements to fit countries' own budget preparation schedules, providing at least preliminary estimates (e.g. pre-budget statements) that can inform the preparation of government budgets.[19]

> *Example of good practice: New Zealand develops multi-year preliminary estimates and shares these with its partner countries. This is particularly helpful in countries that experience capacity and institutional constraints. New Zealand obtained an average of 92% of on-budget development co-operation in 16 partner countries in this monitoring round.[20]*

Indicator 8. Governments have systems in place to track allocations for gender equality and women's empowerment

The Busan Partnership agreement commits its endorsers to accelerating and deepening efforts to collect, disseminate, harmonise and make full use of data disaggregated by sex to inform policy decisions and guide investment so as to ensure that public expenditures are targeted appropriately to benefit both women and men (OECD, 2011: 5). The Addis Ababa Action Agenda reaffirms this priority, clearly stating the importance of achieving greater transparency and accountability through gender responsive budgeting and tracking (United Nations, 2015a). The 2030 Agenda for Sustainable Development commits the development community to working "for a significant increase in investments to close the gender gap" (United Nations, 2015b). In line with these commitments, the creation and application of well-articulated and inclusive budget tracking systems is essential to ensure that resources are mobilised and allocated effectively to achieve gender equality and women's empowerment (Box 5.4).[21]

Women represent more than half of the citizens in all countries that participated in this monitoring round. Tracking budget allocations with a gender perspective makes it possible to apply a gender lens to development co-operation funds recorded in national budgets, and builds the accountability that incentivises gender equality. The implementation of these systems is also fundamental for promoting governments' accountability towards the sustainable development agenda.[22]

Box 5.4. When does a government have what it takes for tracking public allocations for gender equality and women's empowerment'?

Indicator 8: Percentage of countries with systems that track and make public allocations for gender equality and women's empowerment.

To be considered as having the fundamentals to track gender-related allocations, countries need to fulfil at least one of the following three criteria:

1. The country has an official government statement on a system for tracking budget allocations for gender equality and women's empowerment. Such systems ensure that expenditures are targeted appropriately to benefit both women and men; they can include gender budget statements, classifiers, gender markers and even preliminary guidelines as outlined in call circulars.

2. Allocations for gender equality and women's empowerment are systematically tracked through an officially planned, regular process.

3. Leadership and oversight of the tracking system is carried out by the central government unit in charge of public expenditure.

In addition, countries also need to make publicly available budget information that focuses on gender equality. This can be through parliamentary oversight, civil society scrutiny, publications, websites or other means.

Tracking and collecting information on allocations related to gender equality and women's empowerment encourages countries to work toward creating and strengthening these elements.

More governments report having systems in place to track public allocations for gender equality

Whereas in 2014 the indicator for tracking gender-related budget allocations was piloted as an optional indicator, in the 2016 round all participating countries reported against it, suggesting firm commitment to establishing and implementing systems to track resources allocated for gender equality and women's empowerment (Box 5.4).

Of the 81 countries reporting on this commitment, 58 (72%) report that they have in place one of the three basic elements for meeting the Busan commitment, with two-thirds of these having all three basic conditions in place. Transparency is a precondition for accountability to citizens, and close to half of the countries (47%) meet the Busan commitment of having tracking systems *and* making the information publically available (Table 5.1).

Progress is happening. If we focus only on the comparable sub-sample of 31 countries that reported on this indicator in both 2014 and 2016, the number of countries with transparent tracking systems increased in 2016 – from 9 to 15 countries; this represents an important increase, including countries from every region and income level.

Table 5.1. **Countries have systems in place to track budget allocations for gender equality and women's empowerment**

Key element	Percentage of countries	Number of countries
Countries have systems that track public allocations for gender equality and women's empowerment (meet one or more of the following three criteria):	72%	**58**
1. There is an official government statement on a system to track allocations for gender equality and women's empowerment.	62%	**51**
2. Allocations for gender equality and women's empowerment are systematically tracked.	41%	**33**
3. Leadership and oversight of the tracking system is provided by the central government unit in charge of public expenditures.	52%	**42**
Information is made public: Gender equality disaggregated budget information is made publically available.	51%	**41**
Countries have systems that track public allocations for gender equality and women's empowerment and make the information public.	47%	**38**

Several countries explicitly mention gender-responsive budgeting as essential for establishing and implementing tracking systems. Nonetheless, countries also frequently report encountering challenges in moving from formulation of gender-responsive policy, law or strategies to the systematic tracking of gender equality allocations (Box 5.5). For example, Cambodia reports good progress in developing sector-specific gender mainstreaming action plans based on sex-disaggregated data, but indicates that these action plans are not always used to inform budgetary allocations.

> *Example of good practice: Kenya's gender-responsive budgeting guidelines support the integration of gender data into planning and budgeting, and the country has integrated gender in its Public Finance Management Strategy (2013-18). Its performance management tools, including public expenditure reviews, include indicators for tracking the allocation and utilisation of funds to support gender equality.*

Despite overall progress, however, countries still find it challenging to effectively mainstream a gender perspective across the entire budget – beyond specific sectors and programmes. Of the 51 countries with an official government statement on tracking gender equality allocations, 35% (18 countries) report a lack of systematic tracking in practice. To illustrate, Albania reports that despite the presence of a tracking system and strong government oversight, systematic tracking is not yet in place, in part because of challenges in sector-level execution. Thirty-three countries, or 41%, report the use of sex-disaggregated data and indicators to support budgetary allocations. Yet many of these same countries indicate that these data are not comprehensively disaggregated across all sectors, hindering systematic tracking. Finally, 20 countries (25%) indicate that the government conducts regular impact assessments of budgets and expenditures; these address how women and men benefit respectively from government expenditures. Strengthening the feedback loop between this growing base of evidence and the formulation of gender-related policies and budget decisions is next up on the agenda of many governments.

Box 5.5. **Success stories in implementing gender-responsive budgeting**

Through more than a decade of work on gender-responsive budgeting in over 70 countries, UN Women has documented a set of conditions that promote financing for gender equality:

- high-level political support
- strong policy and legal frameworks, coupled with well-aligned gender equality plans and national development strategies
- technical capacity in gender-responsive planning and budgeting
- participation of multiple stakeholders to strengthen accountability
- robust systems for tracking results; these systems provide data on financing needs and gaps, which in turn contribute to effective planning and budgeting.

Experiences from participating countries provide illustrative examples of how these critical elements have contributed to progress in the establishment of tracking systems:

Honduras. In 2015, gender equality was included as a requirement in the General Provisions of the General Budget of Revenues and Expenditures. Several government agencies began using gender markers in their budgets to fulfil this requirement. An analysis of the 2015 budget shows that ten sector ministries are using markers for gender-specific allocations in their budgets.

Nepal. Based on a decade of work, Nepal has developed and refined its budget classification system to categorise gender-responsive allocations at the national and sectoral levels. With strong support from the Ministry of Finance, the comprehensive application of this system has contributed to an increase in gender-responsive allocations, from USD 0.877 billion in 2012-13 to USD 1.36 billion in 2014-15; this represents almost 22% of the overall government budget.

Rwanda. In Rwanda, legal and policy frameworks have strengthened the tracking of gender equality allocations. The revision of the Organic Budget Law in 2013 requires all government agencies to prepare and report on the implementation of their gender-responsive budgeting.

Indicator 7. Mutual accountability is strengthened through inclusive reviews

The principle of mutual accountability recognises that development impacts improve when all parties take responsibility for their contributions. The Busan Partnership agreement commits countries to having "inclusive mutual assessment reviews" in place at the country level by 2015;[23] these frameworks should respond to the needs and priorities of domestic institutions and citizens (Box 5.6).[24]

Box 5.6. **When are inclusive mutual assessment reviews in place?**

Countries with at least four out of the following five elements in place are considered to have the type of mutual assessment reviews ambitioned by the Busan Partnership:

The country has:

1. an aid or partnership policy that defines the country's development co-operation priorities
2. country-level targets (for both the country and its development partners)
3. mutual assessment against these targets at least every two years.

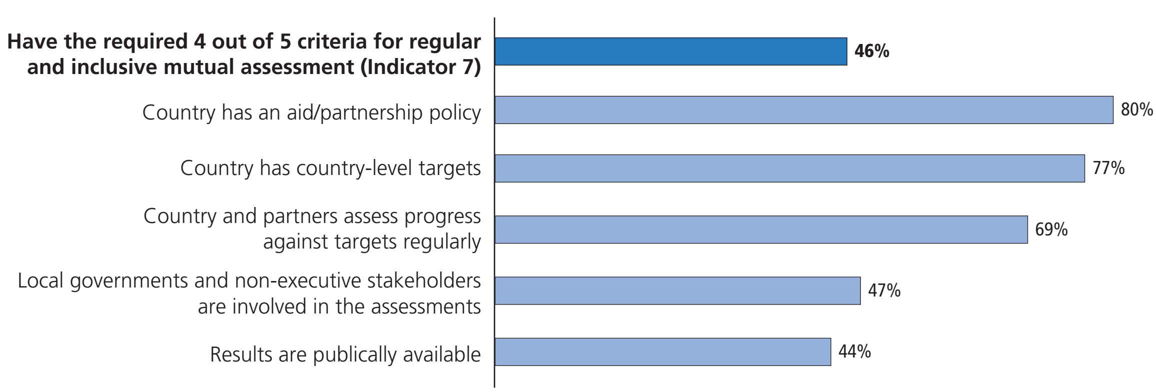
The reviews are inclusive and transparent through:

4. the active involvement of local governments and non-executive stakeholders
5. the public availability of comprehensive results of the review.

Mutual assessments are increasing, although inclusiveness continues to be a challenge

An encouraging number of countries are undertaking mutual reviews to track progress on commitments and targets relating to the effectiveness of development co-operation; of the 81 countries participating in the 2016 monitoring round, more than two-thirds assess progress towards country-level targets together with their partners. Nonetheless, many countries still find it challenging to meet the full set of requirements associated with inclusiveness and transparency: only 35 (46%) meet the required four out of five criteria for regular and inclusive mutual assessment (Figure 5.6).

Figure 5.6. **Countries have inclusive mutual assessment reviews**



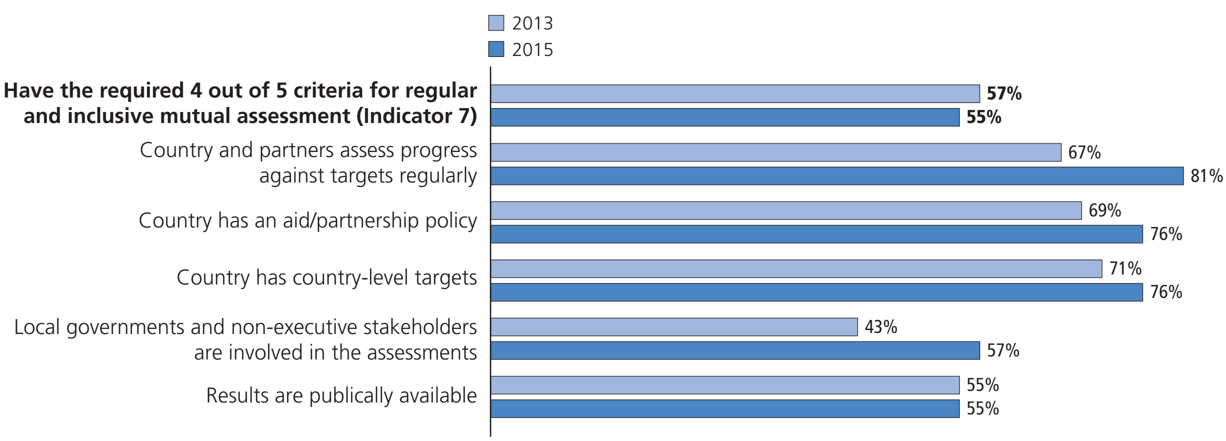
StatLink http://dx.doi.org/10.1787/888933423918

Breaking down the overall assessment, countries report relatively high scores in several areas: 64 countries (80%) have aid or partnership policies and 10 more are drafting these; 62 countries (77%) have targets against which to measure progress; and 56 (69%) conduct joint assessments against these targets. Yet similar to the findings from the 2014 monitoring round, involving local governments and non-executive stakeholders in these processes (47%) and making the results of these assessments publicly available (44%) continue to present challenges. These two elements limit the overall scope and impact of mutual assessment reviews.

A closer look at the sub-sample of 42 countries that participated in both the 2014 and the 2016 monitoring rounds reveals that while the overall share of countries with the necessary four out of five criteria for inclusive mutual assessments has slightly decreased (from 57% to 55%), there has been progress on each of the specific criteria (Figure 5.7).[25]

Amongst the countries that participated in both monitoring exercises, the biggest strides were made in the areas of joint assessments against targets (+14%) and involvement of local governments and non-executive stakeholders (+14%); progress was also made in establishing aid/partnership policies (+7%) and country level targets (+5%). In 2016, the same number of countries reported publishing the results of assessments as in 2014.

Figure 5.7. **Progress in developing the key elements for inclusive mutual assessment reviews**



StatLink http://dx.doi.org/10.1787/888933423921

Box 5.7. Survey confirms the need for strengthened mutual accountability

The results of the fourth Development Co-operation Forum Accountability Survey, undertaken in 2015, show that 90% of participating countries have national development co-operation policies in place, a slight increase over the 2013 survey (from 43 to 52 countries).

Some national development co-operation policies have started to reflect key aspects of the 2030 Agenda for Sustainable Development and the Addis Ababa Action Agenda, including a broadened concept of development co-operation as demonstrated by the coverage of diverse development financing

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instruments in national policies: for example, 32 out of 40 cover official development assistance as a catalyst for other types of financing; 29 out of 36 cover other external public finance for sustainable development; and 22 out of 37 cover other external private finance for sustainable development.

Nonetheless, the study also revealed persistent challenges and need for improvement in several areas:

- inclusion of targets for individual development partners in national development co-operation policies (only 20% contain these)
- collection of quality data in development co-operation information systems
- operationalisation of country-led results frameworks
- capacity for results-based monitoring and evaluation
- availability of adequate financial resources for the implementation of accountability and transparency systems.

Additionally, while the important role of parliamentarians, local governments, civil society organisations and citizens is increasingly recognised, their engagement remains limited throughout the development co-operation process. Additionally, the survey found that while 34 out of 58 countries have results frameworks, these seem to be disconnected from national monitoring frameworks.

The study features policy advice, including:

- Reviews of national development co-operation policies should be led and owned by the national governments.
- Development partners should lend support to countries in engaging a broad range of stakeholders.
- National policies should respond to demands from citizens for greater transparency and accountability around development co-operation.
- Development partners should adjust their national development co-operation policies to increase the use of country systems and avoid the use of parallel systems.
- Development partners should support developing countries in enhancing their institutional and technical capacity for monitoring and review of development co-operation.

Notes: The United Nations Department of Economic and Social Affairs undertakes these biennial surveys to monitor, review and document evidence on the state of play of development co-operation on the ground, in preparation for the Development Cooperation Forum. The study is available at: https://www.un.org/ecosoc/en/tracking-development-cooperation.

Although practices and arrangements to engage broader national and non-state stakeholders differ widely, this area remains a challenge, even in well-developed accountability frameworks. Many countries have structured opportunities for civil society, the private sector and others to engage in the design and implementation of mutual assessment reviews, and Chapter 4 discusses how different governments structure the relationship with non-state stakeholders. Yet even in countries with sophisticated government-led mutual accountability frameworks, such as Viet Nam, the engagement of broader national stakeholders remains limited; more work also is needed to engage local governments and parliamentarians.

Important guidance can be gathered from examples of mutual accountability in practice

Among the countries where positive change is happening, complementary qualitative information (Boxes 5.7 and 5.8) points to a range of examples that can serve as guidance for other countries:

Countries are updating their development co-operation and partnership policies to align them with the 2030 Agenda and the Sustainable Development Goals.

- **Bangladesh** is developing a new national development co-operation policy and a Joint Co-operation Strategy that will integrate the national development priorities with the Sustainable Development Goals.
- **Sao Tome and Principe** makes effective development co-operation a priority as part of its general government programme for a transformational agenda for 2030.

Countries are building on productive partnerships at the sector and sub-sector levels to make dialogue more concrete and actionable.

- In **Malawi**, progress in growth and development is assessed through joint sector reviews by the government and its development partners.
- In **Papua New Guinea**, partnerships driven by sector mechanisms institutionalise the dialogue process and illustrate the government's leadership in co-ordinating development co-operation resources.

Development partners are investing in institutionalising key elements of mutual assessment reviews.

- **Spain** is contributing to the **Plurinational State of Bolivia**'s national action plan to improve the effectiveness of development co-operation.
- The **Asian Development Bank** is supporting **Mongolia**'s drafting of a partnership policy.
- **Bangladesh**, **Cambodia**, **Ethiopia**, **Myanmar** and the **United Republic of Tanzania**, among others, are working with the UNDP to establish development co-operation policies; strengthen development co-ordination dialogue fora; and build capacity for co-ordination and management of development co-operation in key ministries.

Joint action has contributed to improving data availability and quality.

- **Malawi** improved data quality thanks to a 2015 review of its aid management platform, conducted together with development partners.

Box 5.8. **Mutual accountability in practice**

In 2016, the OECD DAC conducted a peer learning exercise to help its members deliver on the principle of mutual accountability. It looked at evidence from three case studies – in Burkina Faso, Timor-Leste and Togo – to study how mutual assessment reviews can reinforce partnerships and enable mutual accountability. The exercise showed that while the Busan indicator on mutual assessment reviews provides a useful framework for partnerships, in practice more is needed to ensure mutual accountability.

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It evidenced numerous reasons why this is true:

1. It is not enough for partner countries to have **aid or partnership policies** as stand-alone documents; to enable mutual accountability these need to be linked to national development strategies and state budgets. Clarifying the role, principles and added value of development in funding national priorities can provide a positive incentive and basis for mutual accountability and transparency, at the same time helping to ensure impact and sustainability, particularly in less aid-dependent countries.

   In all three case study countries, good public financial management is considered a key success factor; yet building capacity in this area poses challenges. The peer learning exercise confirmed the importance of ensuring that development co-operation is on budget and predictable, to increase accountability and transparency among all stakeholders and improve the capacity of governments to plan for results and sustainability. Accurate forward planning can also improve the quality of dialogue on delivering aid effectively by enabling stakeholders to discuss long-term development challenges and potential solutions.

2. **Country-level targets** for development co-operation are useful when they drive all development co-operation interventions. Partners' choice of co-operation modalities also affects how different activities impact on the same goals and results. For instance, stand-alone projects fragment co-operation, reducing overall impact. For development partners, strong inter-ministerial co-ordination also ensures coherence across the system and can provide an impetus to other partners to co-ordinate beyond information sharing. Experiences in joint programming, including the European Union exercise, provide lessons on how to work collectively towards the same targets.

   Technical assistance needs to be demand-driven, responding to the gaps identified by the government; too often, however, this type of co-operation undermines ownership and sustainability, and provides limited knowledge transfer. DAC members need to identify good practice, while also strengthening their support to national efforts to build strong human resources and organisational capacity.

3. **Mutual assessments and review** have limited impact when they are run by development partners in parallel to other monitoring exercises. Continuous, frank dialogue and trust, on the other hand, leads to collective commitments and strategic discussions beyond disbursements and activities. To allow development partners to engage in collective dynamics with the partner government in its national language, a degree of field presence is essential.

4. Active **involvement of local government and non-executive stakeholders** in mutual review can have limited impact if these stakeholders are not involved in planning and do not have a clear picture of budget allocations. Current OECD-DAC mutual reviews, however, tend to focus on a narrow range of development partners and, to some extent, civil society organisations.

5. Improved **transparency on mutual assessment** is a first step towards domestic accountability, but advocates – who use the available information, synthesise it and share it in a way that is useful to end beneficiaries – are essential.

The way forward for transparency and accountability

Transparency and accountability are essential for building meaningful partnerships and achieving development results. Inclusive accountability mechanisms, grounded in national development policies, help to ensure that development interventions are relevant and effective.

The 2016 Global Partnership monitoring exercise shows that development partners are lending increased attention to transparency in their development activities. Countries are also exploring ways to ensure that systems are in place to track budget allocations for gender equality and women's empowerment; and they are working to strengthen in-country accountability mechanisms. To live up to the ambitions of the 2030 Agenda, however, and unleash the necessary resources for sustainable development, more effort is needed on various fronts.

- **Development partners are publishing more data on their development co-operation than ever before, yet timely and forward-looking reporting remains a challenge.** Additional efforts are needed to improve the comprehensiveness and accuracy of the reported information. This can be partially achieved by addressing systemic and technical bottlenecks. A real upgrade in transparency, however, will require better provision of real-time information on ongoing activities, to complement development partners' verified historical data and big-picture forecasts. This shift can transform reporting practices, enabling them to fulfil the needs of information users – particularly in developing countries. In addition, the 2030 Agenda calls for moving beyond reporting on inputs and financial support to reporting on development results. Development partners could scale up incipient initiatives being tested by some multilateral and bilateral partners to make results information available and understandable – including the findings from evaluations.[26]
- **Mutual assessment reviews have become more structured, but need to reflect the increasingly complex development co-operation landscape.** In the assessments comprised by the 2016 monitoring round, the areas where the least progress is noted are transparency and inclusiveness. Established mutual accountability structures are formulated on traditional development assistance, whereas partnerships for the Sustainable Development Goals increasingly encompass whole-of-government approaches, as well as a variety of development partners including southern partners, businesses and philanthropies. Most middle-income countries are yet to identify updated arrangements that could make these mutual accountability processes more relevant in light of their evolving development finance models and partnerships. Emerging approaches in some middle-income countries can provide important inspiration and merit closer examination.
- **All told, 15 countries and 26 development partners have met the target of recording 85% of development finance in national budgets. Notwithstanding this notable progress, however, further improvements are needed in the budgeting systems and processes of countries and their development partners alike.** Timely information provided by development partners in accordance with countries' budget planning cycle is essential, and data suggest that fully overlapping budget cycles between countries and development partners may hinder the inclusion of planned finance in national budgets. Evidence also points to the importance of investing in larger, more focused country programmes that are implemented through national systems and integrated into national budgets, enabling parliamentary oversight and accountability. By strengthening budget planning processes to facilitate inclusion of development co-operation on budget and continuing to strengthen information management systems for public expenditure, governments can ensure adequate oversight and effective use of funds while increasing mutual accountability. Finally, appropriate budgetary rules and processes incentivise line ministries to disclose their development co-operation funding for central oversight of public expenditure.

- **Gender responsive budgeting is increasing; the next step is to improve systematic tracking of this information and use it to inform budget allocations.** Despite overall progress, countries encounter challenges in mainstreaming a gender perspective across the entire budget – beyond specific sectors and programmes. By working together to strengthen the systematic application of tracking systems while also building national capacity to produce, analyse and use sex-disaggregated data for planning and budgeting purposes, development partners can ensure that national budgets are gender-responsive. Strong linkages also need to be built between gender-responsive budgeting and wider public financial management reforms; when grounded in policy frameworks informed by strong gender analysis, these reforms can contribute to ensuring the availability of quality data on how resources are used, which in turn can support greater gender responsiveness in allocations.

Notes

1. For a detailed account of the initial agreements and joint work in this area, see OECD (2012).

2. The IATI is the main platform for disclosure of private and non-profit development co-operation information. In December 2015, the IATI registered 292 non-state publishers, including non-governmental organisations, foundations, academic institutions and private corporations (IATI, 2016).

3. Of the 61 official development partners for which one or more transparency assessments are available, the OECD-DAC Secretariat provided assessments for 43 partners reporting to the OECD-DAC Creditor Reporting System and 46 reporting to the OECD-DAC Forward Spending Survey; the IATI secretariat provided assessments for 43 partners publishing to the IATI. Note that several public entities, pertaining to the governments of Canada, France and the United Kingdom, and to European Union institutions, also publish individually to the IATI, raising the number to 70 official publishers. For comparability purposes, an average at government level (weighted by the size of the specific development co-operation programme) was calculated to produce the transparency assessments for these various public institutions and ministries belonging to the same government. Disaggregated assessments per IATI publisher can be found in Table B.4.

4. Estimates calculated using OECD data for 2014, comparing the contribution of the 61 assessed providers to total net official development finance for that year.

5. The accuracy of data is the degree to which the data correctly value what they are designed to measure. The measurement of the quality of the OECD-DAC Creditor Reporting System data is based on assessment of the quality of reporting against several key fields: type of aid; bilateral/multilateral classification; channel codes; purpose codes; quality of descriptive reporting; tying status; and quality of reporting against the policy markers.

6. Assessment of the accuracy of data reported to the OECD-DAC Forward Spending Survey is based on the overall quality of the data submitted to the Survey on Forward Spending Plans. Ex-post assessment of the accuracy of the indicative expenditures, as reported to the Forward Spending Survey, is based on their comparison with final figures reported to the OECD-DAC Creditor Reporting System.

7. Simple comparisons of transparency assessments reveal that correlations between the assessments performed by the IATI and the OECD are minimal. The correlation between the two assessments performed by the OECD is also very weak (0.144). This suggests that investments in improving reporting to one platform do not imply improvements in reporting to other platforms or surveys; each may require specific investments.

8. Focal points at the OECD Development Co-operation Directorate indicate that changing statistical correspondents too regularly represents an important challenge, as institutional memory tends to be lost when correspondents leave their jobs.

9. For details on the negative effects "off-budget" support can have on accountability, see Bräutigam and Knack (2004) and Barder (2009).

10. Comparisons with the 2010 baseline consider the sub-set of 60 countries that reported both in the 2010 Paris Declaration survey and in the 2016 monitoring round, for comparability purposes.

11. The statistical correlation between availability of forecasted expenditure plans for 2016 by provider, as reported by the national government, and the share of development co-operation on budget is 0.433. Multivariate analyses with fixed effects indicate a significant and positive effect of availability of development partners' projections for the next year (Indicator 5b) and its development co-operation being recorded on budget. The effect is significant and the findings are robust to different model specifications.

12. Multivariate analyses with fixed effects find a significant and positive effect between the size of the development partner's programme in a given country and the share of the programme being recorded on budget.

13. The likelihood of recording development co-operation funding on budget increases for major partners of any given country, as measured by the share of total development co-operation funding provided to the government. The findings are robust to different model specifications.

14. Multivariate regression analysis with fixed effects suggests that greater use of country systems (Indicator 9b) is also associated with higher share of on-budget support (Indicator 6). Consistent with this finding, some development partners that rely on technical co-operation and comparatively small grants show lower overall performance than those that rely on larger investment projects or budget support modalities.

15. The PEFA provides the foundation for evidence-based measurement of countries' public financial management systems that looks at the extent to which these systems, processes and institutions contribute to the achievement of desirable budget outcomes.

16. Results from multivariate regression analysis with fixed effects, performed using 2016 monitoring data and latest publicly available PEFA scores for participating countries (https://pefa.org/assessments/listing).

17. Multivariate regression analysis with fixed effects shows a positive and significant relationship between having development co-operation policies in place and the share of development co-operation funding on budget. Similarly, although data do not reveal a significant correlation with having aid information management systems in place, careful observation of the data shows that, particularly among low-income countries, aid information management systems may be positively compensating for weaker whole-of-government public financial management systems, helping improve the share of development co-operation on budget.

18. Results from multivariate analysis of monitoring data, including fixed effects for countries and development partners. The analysis reveals that some difference in fiscal years between countries and development partners increases the likelihood of registering their development co-operation on budget – particularly if development partners are able to close their own budget preparation earlier than partner countries.

19. See Moon and Williamson (2010) for a discussion of approaches to address this challenge.

20. "The New Zealand Aid Programme consists of two multi-year (three-year) appropriations approved by parliament: International Agency Funding and International Development Assistance. This three-year envelope is described in the International Development Group's Strategic Plan; the current version covers the period 2012/13-2014/15. Annually, the New Zealand budget ("Estimates" document) is presented to parliament in May and legislation is passed to reflect this. The multi-year appropriations are approved as separate legislation in the year of inception, but the expenditure within them is reforecast on an annual basis and published in the Estimates document. At the start of a multi-year appropriation, the Minister of Foreign Affairs approves allocations for the three-year period based on indicative spend by programme and sector, estimated total country aid flows and the strategic focus and funding implications for each programme" (OECD, 2015b).

21. High-level advocacy and dialogue resulted in the inclusion of Indicator 5c.1 in the recently adopted indicators for the Sustainable Development Goals. The indicator is defined as the "Percentage of countries with systems to track and make public allocations for gender equality and women's empowerment". This indicator was originally conceived as part of joint work between UN Women and the Global Partnership for Effective Development Co-operation, and was tested in 35 countries during the 2014 monitoring round. For the 2016 monitoring round, the indicator was rolled out in all 81 participating countries. The experience and lessons from developing the methodology and conducting analysis for Indicator 8 provide important grounding for the work to be done within the context of the Sustainable Development Goals. Qualitative data provided by countries reporting on Indicator 8 provide useful guidance on what specific methodological refinements may be needed.

22. In March 2016, this indicator was selected by the UN Inter-agency and Expert Group on SDG indicators established to measure governments' commitment to allocate resources for gender equality and women's empowerment (Sustainable Development Goals Indicator 5c).

23. These reviews are defined as national exercises that allow for active involvement of local governments and non-executive stakeholders while engaging both developing country authorities and providers of development co-operation at a senior level.

24. The Busan Partnership agreement stipulates that, beyond government and development partners, mutual accountability includes intended beneficiaries, citizens, and relevant organisations and constituents.

25. While an increasing number of elements for effective mutual accountability are in place, the number of countries with at least four of these elements in place has slightly decreased. This is in part due to the highly restrictive nature of this indicator, which requires that at least four out of five criteria be fulfilled. In practice, many countries that already met four of the criteria in the 2014 monitoring round are now meeting all five criteria; likewise, many countries that met one or two criteria in 2014 meet three criteria in this round, increasing the number of elements for effective mutual accountability, but falling short of qualifying for Indicator 7. Some other countries, like the United Republic of Tanzania, did not qualify because they are undergoing a transition in aid policies and mutual accountability arrangements, despite having qualified in the past.

26. The Sustainable Development Goals have led to a renewed focus on making information on the impact and results of development co-operation as readily available as information on inputs is now becoming. Currently, data on outputs and outcomes included in monitoring and evaluation systems of providers and governments are only occasionally disclosed, yet some emerging initiatives are promising. For example, in July 2016 the World Bank's Mapping for Results initiative made available the details, geolocation and results for 92% of the institution's 1 645 ongoing development interventions. Regional development banks and bilateral agencies are increasingly exploring approaches to transparency around results.

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