2 Partner country government leadership has advanced national development aspirations

This chapter examines the ways in which partner country governments are delivering on their responsibility to lead development efforts and facilitate a whole-of-society approach. It focuses on government efforts to put in place strong development planning and public financial management systems.

Country ownership is critical to achieving long-lasting development results (Wood et al., 2011[1]). From the Paris Declaration on Aid Effectiveness (OECD, 2005[2]) through to the Nairobi Outcome Document (GPEDC, 2016[3]), there has been growing recognition that development efforts need to be led by the countries receiving development support. This type of broad-based country ownership requires inclusive and equitable participation from all parts of society. Governments have a unique responsibility to lead development efforts, however, and they play an enabling role – among both domestic stakeholders and international partners – to facilitate this whole-of-society approach.

This chapter examines the ways in which partner country governments are delivering on this responsibility. It looks specifically at government efforts to put in place strong development planning and public financial management (PFM) systems. These systems lay the groundwork for inclusive, transparent and accountable development efforts and help to ensure these collective efforts have maximum impact.

The key findings of this chapter are:

- Partner country governments are making continued progress in strengthening the policy and institutional arrangements required to successfully lead development efforts, including integrating the 2030 Agenda into national development strategies. Since 2011, partner country governments have improved the overall quality of national development planning, putting in place strong development strategies with a clear results orientation. Governments also are strengthening PFM systems, particularly in the budget formulation stage.
- The most notable gains are seen at the level of planning, with challenges remaining in implementation. Considerable progress has been made overall, but results clearly show the greatest advances have been made in the early phases of national planning and PFM cycles. To more effectively operationalise development planning, targeted support is needed to continue to embed the Sustainable Development Goals (SDGs) into national development strategies; link development strategies with financial resources; build monitoring and evaluation capacity; and establish strong financial reporting and auditing systems.
- Further institutional strengthening of national systems and processes is needed to ensure that governments can continue to pursue sustainable development. The slow but steady progress made is consistent with the understanding that institutional strengthening takes time, requiring not only changes in the systems themselves, but also the building of capacity to use and manage systems. These further underscore the need for continued and enhanced support to build strong national systems capable of establishing and overseeing the policy and institutional arrangements that allow for more effective development co-operation and accelerated progress towards the SDGs.
- Parliamentary oversight of development co-operation resources must be maintained. While governments will continue to have a unique responsibility for development efforts, including the management of development co-operation resources, oversight by key stakeholders remains essential to ensuring that resources are used efficiently and for maximum impact. Partner country governments are strengthening legislative oversight of their budgets, yet just more than half of development co-operation is included in national budgets that are subject to parliamentary oversight. As the sources of development co-operation and implementation modalities evolve, increased focus is needed to ensure that these changes do not result in a loss of transparency and accountability.

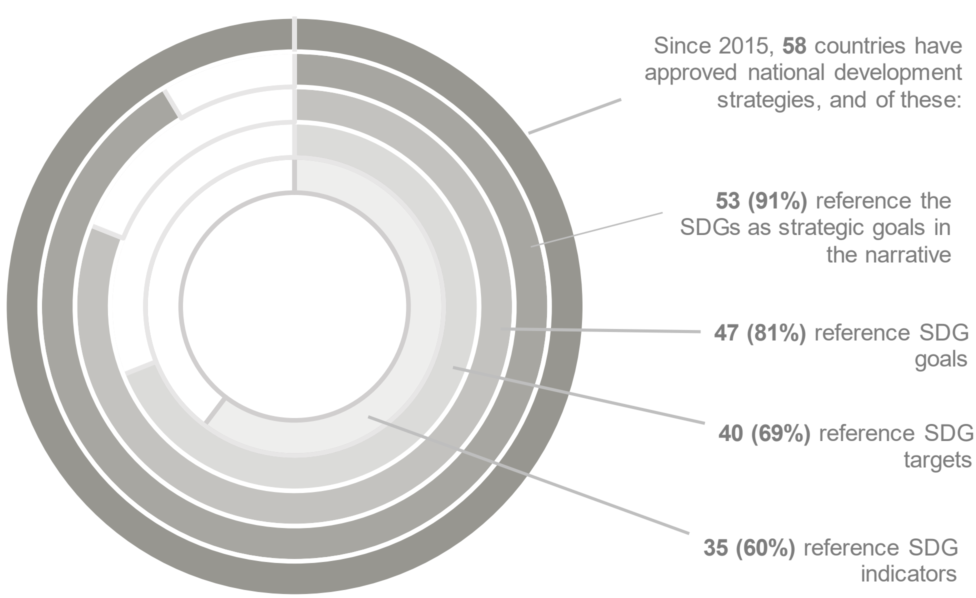
Partner country governments are broadly integrating the SDGs into their national development strategies

Embedding the SDGs into national development planning is critical to country-owned and led SDG implementation. At the heart of the 2030 Agenda is the recognition that each country has primary responsibility for its own economic and social development (UN, 2015[4]). Indeed, national ownership and leadership are critical to implementing the SDGs. By embedding SDG targets and indicators into national development strategies and policies, partner countries and their development partners can use the SDGs as a common framework, and thus facilitate stronger co-ordination in identifying challenges, developing solutions and tracking progress toward sustainable development at country level.

Partner country governments have moved quickly to integrate the SDGs into national development planning. Specifically, governments have demonstrated leadership in embedding the 2030 Agenda and mainstreaming the SDGs into national development strategies and their country-owned results frameworks that track implementation of the development strategy. Such government leadership to establish an inclusive, country-owned road map for SDG implementation is important to facilitate the whole-of-society approach needed for achieving the SDGs. The 2018 Global Partnership Monitoring Round data show that 91% (53 of 58) of national development strategies approved in or since 2015 reference the 2030 Agenda and/or the SDGs (Figure 2.1).

Figure 2.1. Partner countries are referencing the 2030 Agenda and/or the SDGs in national development strategies

Partner country governments that incorporated the 2030 Agenda and/or the SDGs in their national development strategy



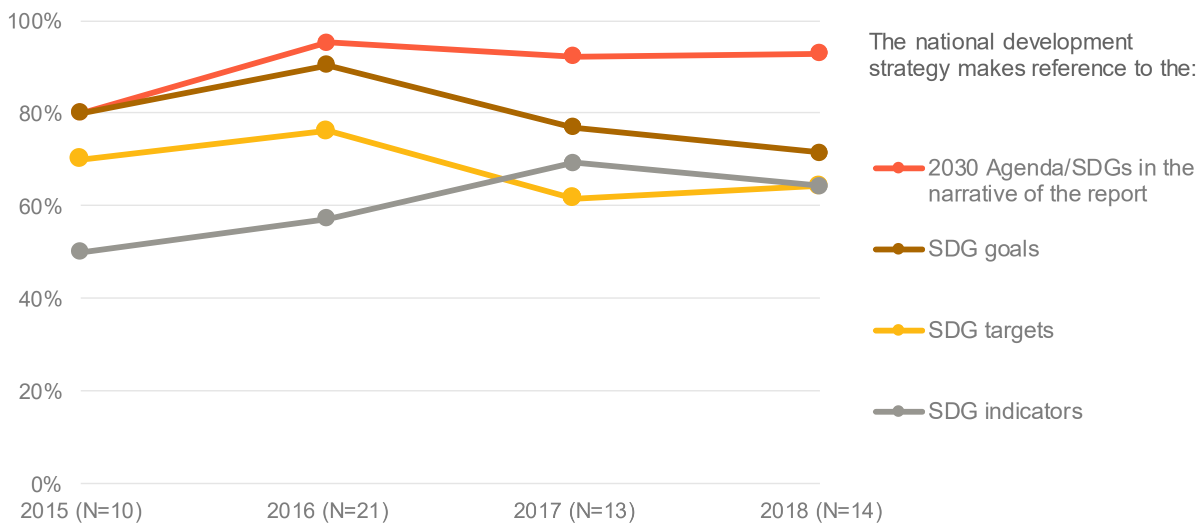
Source: Draws on assessment of the quality of national development strategies (Indicator 1b). Further information is available in GPEDC (2018, pp. 29-34[5]), *2018 Monitoring Guide for National Co-ordinators*, http://effectivecooperation.org/pdf/2018_Monitoring_Guide_National_Coordinator.pdf.

StatLink https://doi.org/10.1787/888934018868

While most national development strategies embed the SDGs as overarching commitments, not all of these integrate SDG targets and indicators. National development strategies that reference the 2030 Agenda and/or the SDGs do so in the main narrative text, where the partner country government presents its strategic ambitions. However, these strategies reference SDG targets and indicators less frequently in the context of the country results framework (Figure 2.1). For instance, 69% of these strategies reference SDG targets and 60% reference SDG indicators. As discussed in Box 2.1, several interconnected hurdles prevent greater reliance on the SDGs for national planning (OECD, 2019[6]). Further, when the data are disaggregated by the year of approval of the strategy, they show a slight overall decline in the number of partner countries that refer to the SDGs in national development strategies adopted between 2015 and 2018 (Figure 2.2). A slight overall decline may be due to the passage of time since the initial momentum around the adoption of the SDGs in 2015, but it would be premature to regard this slight decline as a sign of lost momentum. Nevertheless, to achieve the 2030 Agenda, countries need to delineate now in their national development strategies their path to achieving the SDGs.

Figure 2.2. Reference to the 2030 Agenda/SDGs in national planning is slowing

Proportion of partner country governments that have incorporated the 2030 Agenda and the SDGs in their national development strategy, by year of approval



Source: Draws on assessment of the quality of national development strategies (Indicator 1b). Further information is available in GPEDC (2018, pp. 29-34[5]), *2018 Monitoring Guide for National Co-ordinators*, http://effectivecooperation.org/pdf/2018_Monitoring_Guide_National_Coordinator.pdf

StatLink https://doi.org/10.1787/888934018887

Box 2.1. Using the Sustainable Development Goals as a shared framework for results

Despite making strides to embrace the 2030 Agenda and/or the Sustainable Development Goals (SDGs) in their national development strategies and results frameworks, partner country governments face constraints to further progress:

- **A still-developing global SDG framework.** It has taken the international community several years to elaborate SDG indicators (i.e. with good-quality methodologies and available data), which limited the availability of SDG targets and indicators for national planning. The proportion of ready-to-use indicators has now grown to 80% in 2019, from 60% in 2016.
- **Cost implications of adopting SDG indicators.** While targets and indicators capture sustainability and interlinkages across the SDGs more effectively than was the case for the Millennium Development Goals (MDGs), the previous investment in embedding MDG targets and the complexity of some SDG indicator methodologies have increased the cost of transition to the SDGs.
- **Degree of collaboration between partner country governments and development partners.** Adoption of SDG indicators has been more successful in countries where development partners have synchronised their SDG planning cycle with the partner country and where sector-wide and joined-up approaches were used for SDG alignment and monitoring at country level. Greater collaboration has also been more effective in generating SDG disaggregated data on locally relevant dimensions to ensure that no one is left behind.
- **Difficulties incorporating the SDGs as part of results-based management approaches at country level.** Among these difficulties are development partners' current emphasis on measuring results for accountability and communications purposes, rather than for learning and decision making; limited capacity of partner country governments; and adoption of bureaucratic and rigid processes to align national results frameworks to the SDGs.

These constraints lead many development partners to prioritise results that can be easily measured and reported back to headquarters, to the detriment of SDG monitoring for SDG targets and indicators that are prioritised by partner countries.

Sources: OECD (2019[6]), "Using the SDGs as a shared framework for results: Demonstrating good practice – Findings from three case studies", https://www.oecd.org/dac/results-development/docs/Results_worksho_April_19_Session1.pdf; Vähämäki, J. and C. Verger (2019[7]), "Learning from results-based management evaluations and reviews", https://doi.org/10.1787/3fda0081-en

Partner countries are strengthening the quality, results orientation and national ownership of development strategies

Partner countries have made significant progress since 2011 in improving the overall quality of national development planning. Quality of national development strategies has shown significant improvement over time. The proportion of countries with a national development strategy assessed as high quality has almost doubled since the Paris Declaration monitoring in 2011 (OECD, 2012[8]), when it was 36%, to 64% in 2018. Over this eight-year period, 21 countries (out of the 56 that reported in both 2011 and 2018) went from having a national development strategy assessed as low or medium quality to one assessed as high quality. Box 2.2 discusses how development planning quality is assessed. Figure 2.3 illustrates the changes in quality between 2011 and 2018. Progress could be attributed to the increasing emphasis on development results over the past two decades and was illustrated by the MDGs, which set out an international results framework around a specific set of eight development goals for the 21st century.

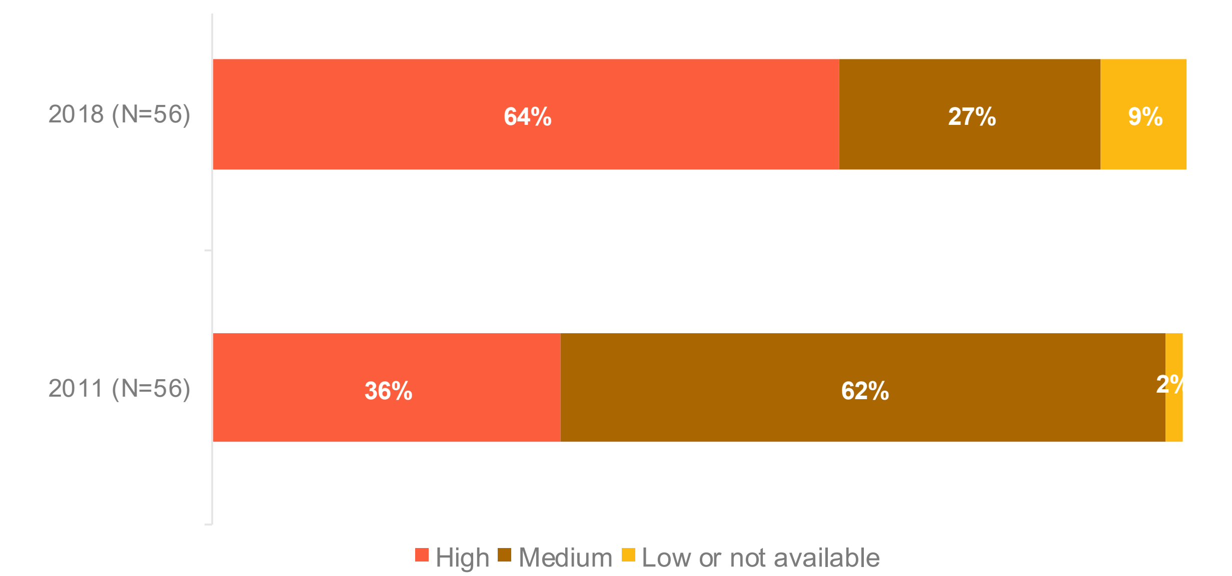
This emphasis on results was reaffirmed in the Paris Declaration (OECD, 2005[2]), which defined the focus on results as a principle for effective development co-operation, and subsequently in the Busan Partnership agreement (OECD, 2011[9]) and Nairobi Outcome Document (GPEDC, 2016[3]).

Box 2.2. Assessing the quality of national development planning

Building on Paris Declaration monitoring (OECD, 2012[8]), the Global Partnership assesses the quality of development planning across several elements of a national development strategy. These elements include whether the strategy was developed in an inclusive manner and has a clear results focus, whether progress is regularly and transparently tracked, and whether the strategy is linked to implementation resources. The methodology for assessing quality includes 4 criteria and 11 sub-elements. For more detail, see the Technical Companion Document (GPEDC, 2018[10]). In order to compare quality of national development planning over time, data from the 2011 Paris Declaration monitoring have been used together with data from the 2018 Global Partnership Monitoring Round. In 2011, for each participating partner country, the national development strategy was scored on a five-point scale ranging from A (high quality) to E (low quality). In order to compare results over time, a corresponding five-point scale was devised for the Global Partnership 2018 monitoring exercise data as follows: A (above 90%); B (80-90%); C (70-80%); D (60-70%); E (below 60% or with no development strategy in place).

Figure 2.3. Quality of national development planning has improved since 2011

Proportion of partner countries by level of quality of national development planning, trend 2011-2018



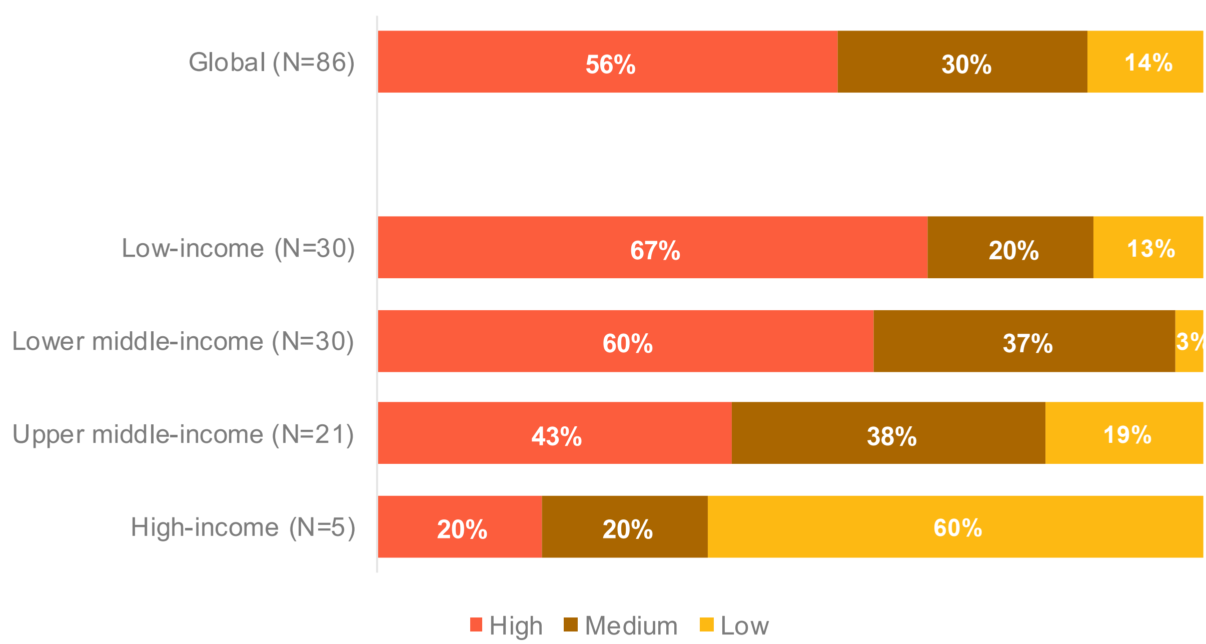
Notes: "Not available" comprises partner countries that had a national development strategy in 2011 but did not have one in 2018, meaning that an assessment of quality could not be made. High quality refers to A and B scores, medium refers to C and D scores, and low refers to E score (see Box 2.2).
Source: Draws on assessment of the quality of national development strategies (Indicator 1b) and on Paris Declaration Indicators 1 and 11. Further information is available in GPEDC (2018, pp. 29-34[5]), *2018 Monitoring Guide for National Co-ordinators*, http://effectivecooperation.org/pdf/2018_Monitoring_Guide_National_Coordinator.pdf

StatLink https://doi.org/10.1787/888934018906

Among different country contexts, low-income and lower middle-income countries have the highest quality development planning. The 2018 monitoring exercise found that 56% of the 86 participating partner countries have high-quality national development strategies. However, quality varies by national income group. As shown in Figure 2.4, low-income (67%) and lower middle-income countries (60%) perform best in this regard. The quality of national development strategies is also relatively high in extremely fragile contexts.[1] Half (50%) of the extremely fragile contexts that participated in the 2018 Global Partnership Monitoring Round have high-quality national development strategies in place. Overall, an inverse pattern between quality of development planning and country income level is observed. One possible explanation is the greater reliance on development co-operation in fragile contexts and countries on the lower end of the national income scale.[2] These contexts and countries may invest in strong national development planning to mobilise support from their partners, help to align stakeholders around a common set of development priorities, reduce fragmentation and duplication of efforts, and keep actors accountable and focused on results. Box 2.3 describes the various national development policies and processes.

Figure 2.4. Quality of development planning is higher in low-income countries

Quality of national development planning by income classification in 2018



Source: Draws on assessment of the quality of national development strategies (Indicator 1b). Further information is available in GPEDC (2018, pp. 29-34[5]), *2018 Monitoring Guide for National Co-ordinators*, http://effectivecooperation.org/pdf/2018_Monitoring_Guide_National_Coordinator.pdf

StatLink https://doi.org/10.1787/888934018925

Box 2.3. National development planning policies and processes

National development strategy. Also known as a national development plan in some partner countries, a national development strategy is an overarching, strategic, whole-of-government development planning tool that covers a specific time period, often four to eight years. A high-quality strategy sets out strategic priorities that have been developed through an inclusive consultative process and is linked to implementation resources (e.g. a medium-term expenditure framework linked to annual budgets). When designed through a participatory, whole-of-society approach, the strategy represents a country's shared aspirations for development and provides a road map for achieving these aspirations. A country-owned and country-led development strategy that sets out development priorities is foundational to development partner alignment and reduced fragmentation and duplication of development efforts.

Country-owned results framework (CRF). The CRF defines development results and monitoring and evaluation systems to track progress towards these results. At a minimum, a CRF includes agreed objectives and results indicators (i.e. output, outcome and/or impact). This framework also sets targets to measure progress in achieving the objectives defined in the government's planning documents. Further, a CRF provides a foundation for implementing national development strategies and priorities, and it reinforces accountability and the results focus of the overall development effort.

Sector strategy. This is a strategic planning tool, typically at ministry level, that covers a single thematic area (e.g. health or education) over a specific time period. Development results that are not covered in an integrated, whole-of-government CRF are often found in sector strategies. A sector strategy allows for greater detail on a given theme or sector, each of which can have a unique subset of stakeholders and co-ordination mechanisms. A sector strategy enables these stakeholders to rally around a common vision that is tied to the national development strategy.

Subnational strategy. This is a strategic planning tool produced by a subnational government (e.g. provincial or local level) that covers a specific time period and typically contains results indicators. A subnational strategy allows for greater focus on subnational and local priorities and issues. It also enables subnational regions to align with national strategies and to identify and track their contribution to the national development strategy.

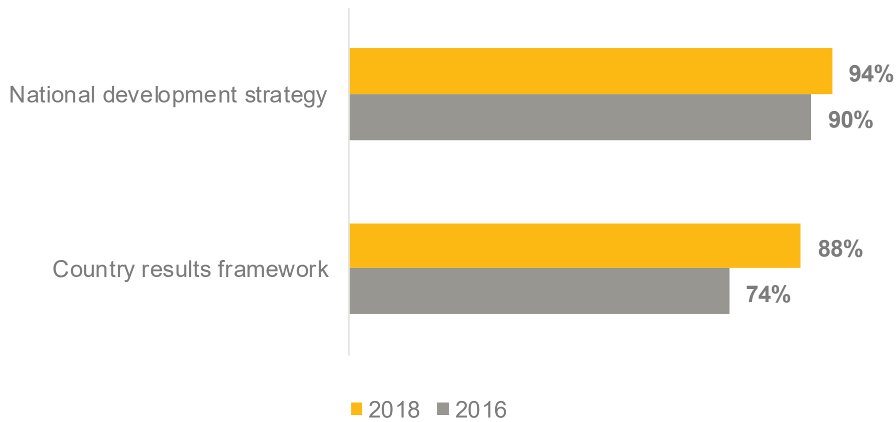
Source: GPEDC (2018[5]) *2018 Monitoring Guide for National Co-ordinators*, http://effectivecooperation.org/pdf/2018_Monitoring_Guide_National_Coordinator.pdf

Partner countries increasingly are establishing national development strategies to rally efforts around country-owned development priorities. This is a notable area of progress within the overall improvement in the quality of development planning.[3] Almost all partner countries (94%, that is 81 of 86 participating countries) report that they have a national development strategy in place. Five report not having a strategy in place, but four of these (Democratic Republic of the Congo, Montenegro, Saint Lucia and Seychelles) stated they are in the planning phase of creating one. These results are an improvement from 2016, when 90% (73 of 81) of countries that participated in the Global Partnership monitoring exercise had a long-term vision or national development plan in place.[4]

National development strategies increasingly have a clear results orientation. Of the partner countries that have a national development strategy, an increasing number include as part of this strategy a country results framework that defines priorities, targets and indicators for tracking progress. Data from the 2018 Global Partnership Monitoring Round show that 88% of the participating countries that have a national development strategy (71 of 81) have a country results framework linked to the national development strategy. This is a clear increase over the 2016 Monitoring Round, which found 74% of participating countries with a strategy had a results framework in place (Figure 2.5). However, these results frameworks should more effectively integrate SDG targets and indicators to ensure that national development planning charts a clear, measurable path to SDG implementation.

Figure 2.5. Progress in establishing national development strategies and results frameworks since 2016

Proportion of partner country governments with a national development strategy and country results framework, by year



Source: Draws on assessment of the quality of national development strategies (Indicator 1b). Further information is available in GPEDC (2018, pp. 29-34[5]), *2018 Monitoring Guide for National Co-ordinators*, http://effectivecooperation.org/pdf/2018_Monitoring_Guide_National_Coordinator.pdf

StatLink https://doi.org/10.1787/888934018944

Partner country governments are achieving strong alignment between their national development strategies and their sector and/or subnational strategies. Alignment is critical to coherent national development planning, enabling sectors and subnational regions to effectively contribute to development efforts and work towards common objectives. Alignment of sector strategies is strong, with these aligning with the national development strategy in 81% of partner countries. Subnational strategies are also well aligned, with 2018 Monitoring Round data showing alignment with the national development strategy in 76% of partner countries. In some countries, such alignment is required by law.

More partner country governments need to link development planning to resources and strengthen capacity to monitor implementation

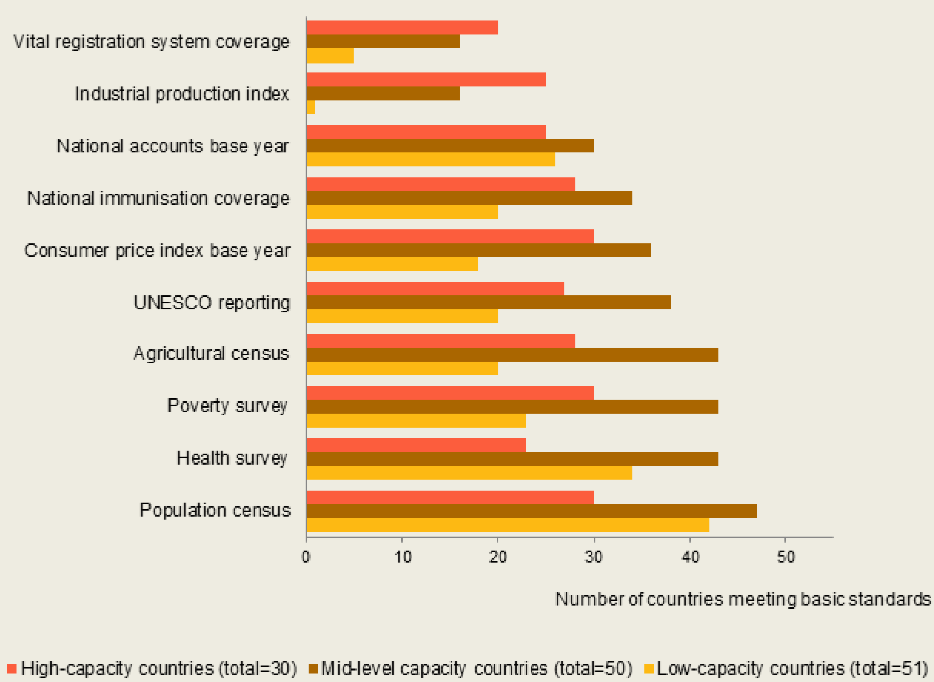
While great strides have been made in establishing national development strategies and results frameworks, stronger links to resources can assist in implementation. The Addis Ababa Action Agenda provides a global framework for financing sustainable development, including implementation of the 2030 Agenda (UN, 2015[11]). A key action area, and one that is underpinned by the principle of country ownership, is mobilisation and effective use of domestic public resources. Data from the 2018 Monitoring Round indicate promising efforts in this regard, with 73% of partner countries (59 of the 81 that have a national development strategy) reporting they link their national development strategy to indicative resources for implementation. However, only a smaller subset of these countries (46 of 59) use this information on indicative resources to inform their annual budget and the medium-term fiscal and/or expenditure framework. This finding is consistent with recent research showing that national development strategies are often poorly financed and lack a comprehensive financing strategy to leverage all available financial resources, for example to target private investment (UN, 2019[12]).

Partner country governments report regularly on implementation of their national development strategies, but most lack national statistical capacity to comprehensively monitor implementation. The majority of governments with a national development strategy (89%, or 72 of 81) report on progress. Of these, most (85%, or 61 of 72) report progress regularly, i.e. at least every two years. However, reporting on progress is often based on incomplete information; only 35% of partner country governments (25 of 72) stated that timely, regular and accurate government data are available for all or most indicators in their results framework. These findings echo those of the 2017 (OECD[13]) *Development Co-operation Report*, which focused on data and national statistical capacity, and more generally the work of PARIS21 (Box 2.4). An even smaller proportion of governments in fragile contexts (22%) report having such data, although the vast majority of fragile contexts have a national development strategy (99%) and a country results framework (89%) in place. This indicates a notable disconnect between planning and implementation of strategies in these contexts and signals that in fragile contexts, which often receive capacity support to establish national development strategies, equal attention should be paid to strengthening capacities for implementing the strategies, including statistical capacity to track implementation.

Box 2.4. Strengthening statistical capacities for better development outcomes

Robust, reliable data are vital for implementing development policy. Without data to identify where support is needed for planning, implementing and monitoring, progress towards development objectives cannot be tracked. Low-income countries have made headway in producing more and better data and statistics. Some improvements can be observed in data planning and production. In 2018, 129 countries were implementing a comprehensive national statistical plan compared to 102 that were doing so in 2017 (PARIS21, 2019[14]). Still, a fundamental scarcity of basic data in many areas of development persists and more needs to be done to strengthen their capacities. The majority of partner countries do not yet have functioning systems for civil registration or industrial production (Figure 2.6).

Figure 2.6. Number of countries with capacity to deliver fundamental statistics



Note: UNESCO: United Nations Educational, Scientific and Cultural Organization.
Source: OECD (2017[13]), *Development Co-operation Report 2017: Data for Development*, https://doi.org/10.1787/dcr-2017-en

The hidden costs of inaction to strengthen data systems restrict the effectiveness of development efforts. The impact of the lack of data in developing countries ranges from lost business opportunities to ineffective public service interventions. Poor data can compromise the targeting and delivering of policies for marginalised populations. Development co-operation and statistical communities recognise that the following three aspects need to be addressed to increase statistical capacities (OECD, 2017[13]) (PARIS21, 2019[14]).

First, more comprehensive approaches to statistical capacity are needed. The Capacity Development 4.0 initiative addresses this issue and recognises leadership, management and communication skills as effective catalysers of stronger organisational processes in national data systems. This initiative acknowledges the importance of incentives involved in the design and delivery of capacity. The PARIS21 Statistical Capacity Monitor provides access to indicators on statistical capacity to inform the decisions of countries and partners and build new metrics for capacity in the field.

Second, investing in statistical systems must become a strategic priority. Innovative financing mechanisms, such as the potential creation of a global financing facility for development data (Rogerson and Calleja, 2019[15]), could improve the design and delivery of capacity. Co-ordinated, country-led approaches to funding capacity, including data compacts, can help to align partners and foster mutual accountability.

Third, encouraging development partners to strengthen national data ecosystems and use country-owned results data to monitor progress will give credibility to the data systems they support. These require clear vision and pragmatism to deal with the pressure to attribute results to every aid dollar and ensure that data collection information is accessible to all development actors.

Delivering better statistical capacity in the future will involve rethinking the current approach, putting countries' priorities at the centre, ensuring that national statistical offices are equipped with flexible skills to adapt to evolving data ecosystems, and improving both domestic and global co-ordination mechanisms.

Partner countries are making steady progress in strengthening public financial management systems

Strong PFM systems are an essential element of good governance and vital to achieving development goals. Partner country governments and their development partners have consistently committed to working to improve the quality of PFM systems. This commitment is based on an understanding of the foundational nature of these systems in moving towards more effective development efforts. While strong and comprehensive country PFM systems are important in their own right, the Global Partnership monitoring exercise assesses progress in strengthening a select number of core elements around budgeting, procurement, reporting and audit that have emerged as critical in the context of development co-operation and its effectiveness. Box 2.5 describes PFM systems and how PFM quality is assessed.

Box 2.5. What is a public financial management system and how is its quality assessed?

A public financial management (PFM) system is made up of different regulations, standards and processes that guide how a government uses and keeps track of its financial resources. This system ensures that public funds are allocated to priority areas in line with national development strategies and that such funds are used efficiently and in a way that ensures transparency and accountability to all.

A PFM system is generally understood to cover a broad range of areas across the full budget cycle (Figure 2.7), including fiscal strategy, revenue planning, expenditure controls, risk management and transparency measures (Mustapha et al., 2019[16]).

Figure 2.7. The budget cycle

To assess the quality of PFM systems, previous Global Partnership monitoring exercises used Criterion 13 of the World Bank Country Policy and Institutional Assessment to measure the quality of budgetary and financial management of a country's public financial management system. In accord with the 2017 effort to strengthen the monitoring framework and with a view to providing information on progress in strengthening specific aspects of systems, the Global Partnership now draws on the Public Expenditure and Financial Accountability (PEFA) framework.

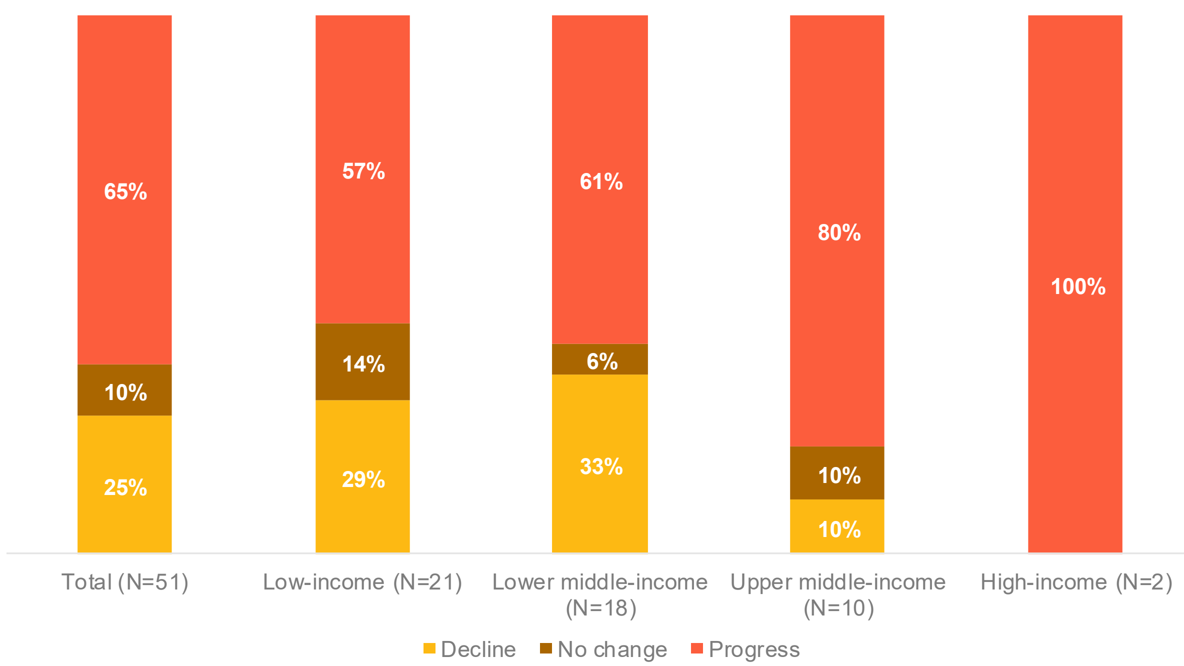
A PEFA assessment provides analysis of various aspects of a country's PFM system and can be reapplied in successive assessments to track changes over time. For the purposes of Global Partnership monitoring, only the scores of a selected number of PEFA dimensions are used to determine progress in strengthening PFM systems. The selection of dimensions considered the core elements of PFM systems and aims to reflect the same PFM components that were measured by Criterion 13 of the Country Policy and Institutional Assessment to maintain comparability over time. The selected elements also cover areas that development partners deemed to be critical when deciding on their use of country systems. These areas were noted in *Using Country Public Financial Management Systems: A Practitioner's Guide*, a 2011 report commissioned by the Task Force on Public Financial Management under the auspices of the Working Party on Aid Effectiveness (Inter-American Development Bank/World Bank, 2011[17]). The Global Partnership's selection of the dimensions to be used to measure the quality of partner country PFM systems was undertaken in consultation with the PEFA Secretariat.

Most countries are making steady progress in strengthening their public financial management systems. The 2018 Global Partnership Monitoring Round found that 65% of partner countries show overall progress in strengthening their PFM systems and 10% show no overall change.[5] These results represent an improvement over the 2016 Monitoring Round, which found that the majority of countries (58%) showed no change. The slow but steady progress seen since 2010 is consistent with the understanding that such institutional changes take time, as they require not only changes in the systems themselves, but also the building of capacity to use and manage systems.

Progress in strengthening PFM systems is generally consistent across country income levels. However, data from the 2018 monitoring exercise show a slight upward tick in the case of upper middle-income countries (UMICs), with eight of ten showing progress in strengthening their PFM systems (Figure 2.8). This finding reconfirms the results of research by Fritz, Sweet and Verhoeven (2014[18]) that explored the drivers and effects of strong PFM systems. This research showed that in most cases, macro-level country characteristics are not a strong predetermining factor for the strength of country systems, albeit with a limited positive association between strong systems and higher income levels and political stability.

Figure 2.8. Partner countries are strengthening public financial management systems

Comparison of countries' progress in strengthening PFM systems between their last two PEFA assessments, by income group



Notes: PEFA: Public Expenditure and Financial Accountability. The bars show the percentage of partner countries making progress, showing no change and showing a decline, based on an assessment of nine distinct categories (in the areas of budgeting, procurement, auditing and financial reporting) from the two most recently available PEFA assessments. All high-income countries participating in the Monitoring Round also are small island developing states.
Source: Draws on assessment of the quality of public financial management systems (Indicator 9a). Further information is available in GPEDC (2018, pp. 79-81[5]), *2018 Monitoring Guide for National Co-ordinators*, http://effectivecooperation.org/pdf/2018_Monitoring_Guide_National_Coordinator.pdf

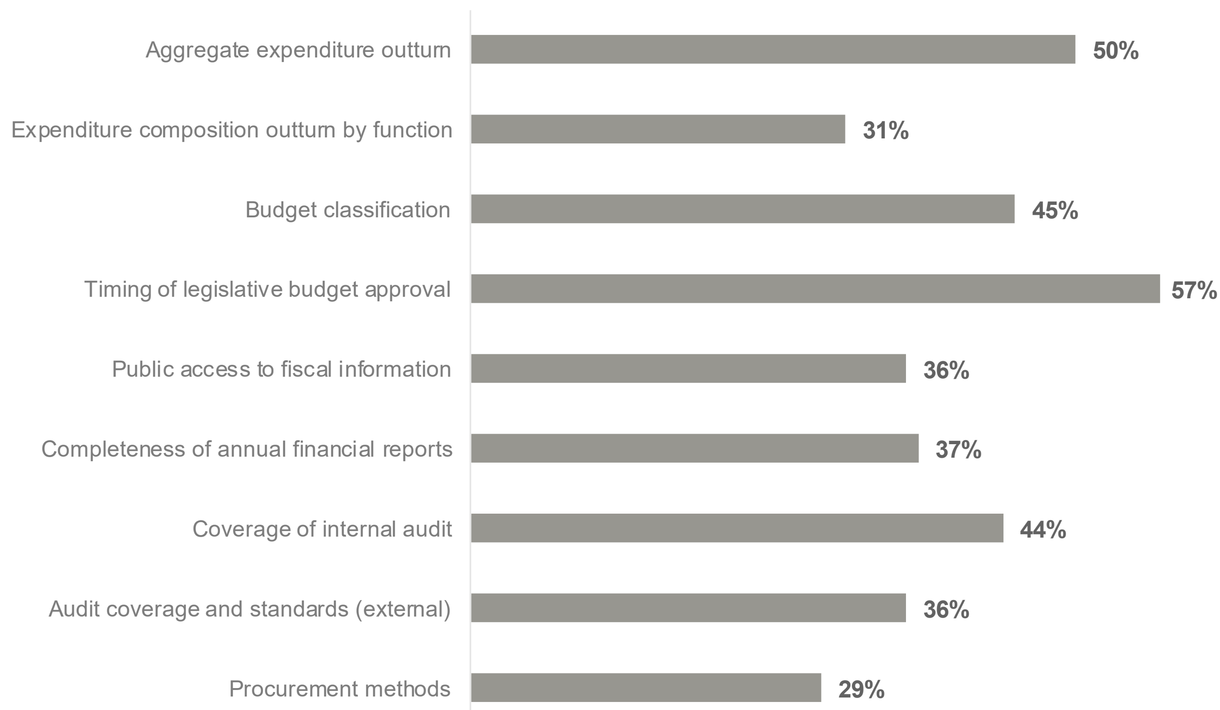
StatLink https://doi.org/10.1787/888934018963

Partner countries are making progress in budget planning, but challenges remain in budget execution and reporting

The strongest gains in strengthening PFM systems relate to aspects of budget formulation. Global Partnership data show that 50% of partner country governments[6] made progress in strengthening expenditure planning, resulting in less variation between planned and actual expenditure in budget documents. Additionally, 45% of countries increased the extent to which their budgets are classified in line with international standards (Figure 2.9). However, while there is stronger planning at the outset of the budget cycle, gains are more limited in the later stages, particularly in the use of transparent procurement methods and the extent to which annual financial statements are complete, timely and in line with international standards. Examples of PFM strengthening are discussed in Box 2.6.

Figure 2.9. Partner countries make varying progress in strengthening public financial management system elements

Proportion of countries that made progress in strengthening elements of PFM systems in the period between partner country governments' last two PEFA assessments, as measured by selected PEFA dimensions



Notes: PEFA: Public Expenditure and Financial Accountability. The findings shown here are based on the 51 participating partner countries for which 2 PEFA assessments are available.
Source: Draws on assessment of the quality of public financial management systems (Indicator 9a). Further information is available in GPEDC (2018, pp. 79-81[5]), *2018 Monitoring Guide for National Co-ordinators*, http://effectivecooperation.org/pdf/2018_Monitoring_Guide_National_Coordinator.pdf

StatLink https://doi.org/10.1787/888934018982

Box 2.6. Designing context-specific solutions to strengthen public financial management

Working with 40 African countries, the Collaborative Africa Budget Reform Initiative (CABRI) is an international organisation made up of African member states, and works with African finance and budget ministries to develop and implement tailored public financial management (PFM) reforms. Many partner country governments have extensive and long-running PFM reform programmes. However, these reforms often do not effectively resolve the challenges governments face. New systems are introduced, but spending agencies still do not receive cash on time and in the right amounts; new procurement procedures are adopted, but textbooks and medicines still are not distributed on time or on budget; new laws are passed to control spending, but over-commitments remain pervasive; and training is provided on criteria to assess budget bids for capital expenditure, but progress of infrastructure projects remains slow.

In part, these challenges persist because traditional approaches to PFM reform primarily focus on off-the-shelf technical fixes. CABRI programmes take the view that PFM reform does not lend itself to a one-size-fits-all approach and requires careful management of political and administrative constraints combined with a deep understanding of the local context.

The government of the **Central African Republic** adopted a modern procurement law, but nevertheless faced the problem of low spending by ministries, departments and agencies (MDAs) on the capital investment budget – as low as 2% and 3%. With the support of CABRI, government officials worked to deconstruct the underspending problem. Three broad underlying challenges were identified: 1) the people overseeing capital budgets in the MDAs had insufficient knowledge and experience in implementing such budgets; 2) the MDAs were not undertaking the feasibility studies required for approval of procurement plans; and 3) there was a lack of communication between the MDAs and the Ministry of Finance.

A team then worked to find country-specific solutions through online courses, individual and team assignments, coaching, and open and frank feedback from peers. The initial results of the team's effort have been encouraging. For the first time, all 33 MDAs in the Central African Republic submitted their procurement plans, underpinned by a better understanding of how to better execute capital budgets. While many challenges remain, the team is aiming for capital expenditure of 50%.

In **Benin**, limited fiscal space is a perennial problem. To address this, the government decided to improve its revenue collection ability, but also understood that it could not ask citizens to pay their taxes unless citizens were confident public funds would be managed responsibly. The Budget Directorate in the Ministry of Economy and Finance championed not only a more transparent budget system that contributes to effective and equitable PFM, but also increased participation in the budget process to enhance accountability.

The Budget Directorate, with the support of CABRI, established a Pilot Budget Transparency and Communications Unit to guide Benin's strategy to continue to improve budget transparency and participation. The unit was tasked with providing timely, comprehensive budget information and with ensuring that this information is presented in accessible formats to facilitate public participation. As an example of its efforts, video versions of the 2019 executive's budget proposal and the 2019 Budget Law were published in five local languages in addition to French. To ensure the budget process is open to the public, the unit has prepared a budget calendar for civil society to better understand the budget formulation process and at which points it can get involved. Training is being provided to build the capacity of civil society organisations to improve accountability and provide a robust budget participation process at both local and national level.

Source: (CABRI, n.d.[19]), PFM knowledge hub website, www.cabri-sbo.org

Countries are strengthening legislative oversight of the budget. The 2018 Monitoring Round data found that 57% of countries made progress in ensuring that budgets are submitted to their legislative body for review and approval in advance of the fiscal year, thus allowing adequate time for legislative oversight. By extension, this timing also allows for public scrutiny, which is critical for transparency and accountability.

At the same time, the proportion of development co-operation subject to parliamentary oversight has decreased. On average, according to 2018 Monitoring Round data, 61% of development co-operation was recorded on national budgets subject to parliamentary oversight, a drop from 66% as reported in the 2016 Global Partnership Monitoring Round. There are several possible explanations for these results. One is that development partners continue to struggle to provide forward-looking data in time for consideration in partner countries' budget planning cycles. The decrease also could relate to changing disbursement modalities, whereby providers increasingly are channelling development co-operation directly through implementing partners rather than to the public sector in some partner countries. In any case, these results underline that as the sources of development co-operation and implementation modalities evolve, increased focus is needed to ensure that these changes do not result in a loss of transparency and accountability.

Box 2.7. Small island developing states in the 2018 Monitoring Round

Small island developing states (SIDS) are diverse in terms of population size and density, geographical spread, and development progress, yet they share common challenges and vulnerabilities, including high exposure to natural disasters, climate change and global economic shocks. Against this backdrop, development co-operation remains a vital source of financing for development for many SIDS (OECD, 2018[20]).

With strong development planning in place, almost all (95%) of the 22 SIDS participating in the 2018 Monitoring Round have established national development strategies. However, more than half (56%) of SIDS indicate that they would benefit from stronger statistical capacity to provide regular and accurate updates on progress in implementing development programmes. Further, one-third of SIDS do not currently use their development strategies to inform dialogue with development partners.

Six of eight SIDS reporting on their public financial management (PFM) systems have made progress in strengthening those systems, with strong improvements in processes related to budgeting. These results respond the call to develop "robust and credible" PFM systems (Pacific Islands Forum Countries, 2018[21]). Nonetheless, few SIDS promote gender-responsive goals (such as gender-related budget objectives) through PFM (12% of SIDS compared to 38% of non-SIDS) and Public Expenditure and Financial Accountability assessments need to be conducted more broadly and frequently in SIDS to allow the tracking of progress across the board.

Partner countries are undertaking gender-responsive budgeting, but gaps remain in translating their commitment to gender equality into adequate resources and monitoring systems

Adequate and effective financing is essential to achieve gender equality and to empower all women and girls. By tracking resource allocations, governments introduce deliberate measures into the planning and budgeting cycle to meet their gender policy objectives. By making these allocations public, governments commit to higher levels of transparency and accountability in budget decision making (Box 2.8).

Box 2.8. Assessing national government systems and transparency for meeting the 2030 Agenda goals on gender equality and women's empowerment

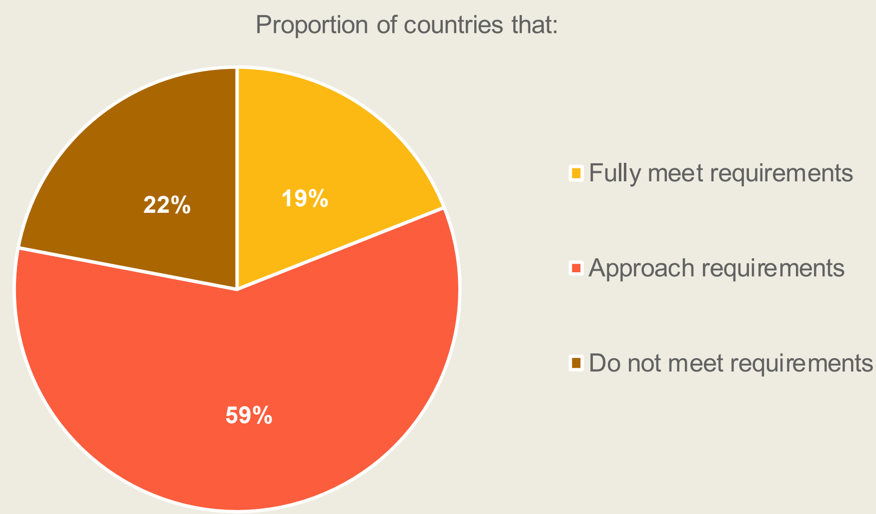
Sustainable Development Goal (SDG) Indicator 5.c.1 measures the proportion of countries that have systems to track allocations for gender equality and women's empowerment and to make those allocations public. Developed through the collaboration of the Global Partnership and UN Women and with contributions from the OECD-DAC GenderNET, this indicator sets the international standard for gender-responsive budgeting. It assesses progress towards SDG Target 5.c, to "adopt and strengthen sound policies and enforceable legislation for the promotion of gender equality and the empowerment of all women and girls at all levels". The indicator also links the policy and legal requirements for gender equality with resource allocations for implementation of these requirements.

Indicator 5.c.1 measures three criteria. The first focuses on the intent of a government to address gender equality and women's empowerment by identifying whether a country has gender-responsive policies and/or programmes and corresponding resource allocations. The second criterion relates to whether a government has mechanisms to track such resource allocations throughout the budget cycle, from budget planning through to evaluation of impact of expenditures. The third criterion focuses on transparency and relates to whether a government has provisions to make information on allocations for gender equality and women's empowerment publicly available.

Convened by the UN Secretary-General, the Inter-Agency Expert Group on SDG indicators previously classified Indicator 5.c.1 as a Tier III indicator.[1] The indicator methodology was revised in 2017, following a series of consultations and pilot testing, and now assesses the gender-responsiveness of a number of specific elements within public financial management systems. Further, it also applies more rigour in the thresholds required to meet the indicator criteria. Following these refinements, Indicator 5.c.1 has been reclassified and upgraded to Tier II. In the 2018 Monitoring Round, 19% (13 of 69) of partner countries report they have comprehensive tracking systems in place and make gender budget allocations available publicly, thus fully meeting the indicator requirements.[2] As Figure 2.10 shows, an additional 59% of partner countries report they have taken steps to establish such systems and have some basic elements of these systems in place.

Figure 2.10. Significant progress is needed for national systems to meet requirements for tracking and making public gender-related allocations

Status of partner country governments' national systems to track and make public gender-related allocations



Source: Draws on assessment of whether countries have systems to track and make public allocations for gender equality and women's empowerment (Indicator 8, SDG 5.c.1). For further information see GPEDC (2018, pp. 41-45[5]), *2018 Monitoring Guide for National Co-ordinators*, http://effectivecooperation.org/pdf/2018_Monitoring_Guide_National_Coordinator.pdf

1. SDG indicators are classified as one of three tiers, based on their level of methodological development and the availability of data at the global level, with Tier I being the most robust. More information on SDG indicator classifications is available at: https://unstats.un.org/sdgs/iaeg-sdgs/tier-classification.
2. In 2016, 47% of countries had systems to track and make public allocations for gender equality and women's empowerment. When the 2016 Global Partnership monitoring methodology is applied, 78% of countries would have systems that track and make public allocations for gender equality and women's empowerment.

Strong, gender-responsive development strategies show that partner countries are committed to gender equality, but these strategies are not resourced. Whether they have separate gender plans or national development strategies with a gender focus, nearly all partner countries (90%) have policies or programmes in place to address gender-equality goals.[7] In most cases, these are not stand-alone policies. Rather, partner countries include gender equality and women's empowerment as an objective in broader national development strategies or mainstream the goals within sector policies and/or programmes. However, fewer than half of partner countries (43%) report that adequate resources are allocated to support gender-equality activities, which signals an important policy implementation gap.

Partner countries' expressed intention to address gender-equality goals is not yet matched with systems to track gender-related budget allocation data and make the data publicly available. Results of the 2018 Monitoring Round show that partner countries are experiencing challenges moving beyond the planning phase to putting in place mechanisms to systematically track allocations to gender equality and women's empowerment throughout the budget cycle and also to make these allocations public. While 51% of partner countries include specific guidance on gender-related objectives in their budget call circulars (or equivalents), fewer (28%) tag budget allocations to identify their link with gender-equality objectives, and only 19% conduct gender audits of the budget. Currently, 64% of countries publish information on gender-equality budget allocations, but continued effort is needed to make this information available in a timely and accessible manner.

Partner countries are seeking to build capacity for sex-disaggregated statistics. More than half of partner countries report they already are using sex-disaggregated statistics to inform budget-related decisions, although this often is occurring for sectors seen as more clearly linked to gender issues (e.g. health) and is not always mainstreamed for all policies and/or programmes. Many partner countries, those that already use sex-disaggregated statistics to inform decision making as well as those that do not, indicate a need for increased capacity in this area – both in terms of collecting the data and to understand and systematically use this information.

In partner countries that are performing well in areas related to gender equality, gender responsiveness is mainstreamed within the PFM system. Qualitative inputs from partner countries that participated in the 2018 Monitoring Round show that those countries that do well do not have stand-alone systems to track and make public their allocations to gender equality; rather, these countries mainstream gender in each step of their budget planning, execution and reporting processes. For example, in countries that report providing guidance on gender-related objectives during budget preparation, there is also guidance provided across different themes and sectors. This confirms the importance of a comprehensive approach to implement policy priorities, whereby governments incorporate gender-sensitivity throughout the budgeting and PFM process and systems rather than through isolated and separate efforts.

References

CABRI (n.d.), *PFM knowledge hub, website*, Collaborative Africa Budget Reform Initiative, https://www.cabri-sbo.org. [19]

Fritz, V., S. Sweet and M. Verhoeven (2014), "Strengthening public financial management: Exploring drivers and effects", *Policy Research Working Paper*, No. 7084, World Bank Group, Washington, DC, http://documents.worldbank.org/curated/en/349071468151787835/pdf/WPS7084.pdf. [18]

GPEDC (2018), *2018 Monitoring Guide for National Co-ordinators*, Global Partnership for Effective Development Co-operation, New York and Paris, http://effectivecooperation.org/pdf/2018_Monitoring_Guide_National_Coordinator.pdf. [5]

GPEDC (2018), *Technical Companion Document*, Global Partnership for Effective Development Co-operation, New York and Paris, http://effectivecooperation.org/pdf/Technical_Companion_27_July_Final.pdf. [10]

GPEDC (2016), *Nairobi Outcome Document*, Global Partnership for Effective Development Co-operation, New York and Paris, http://effectivecooperation.org/wp-content/uploads/2016/12/OutcomeDocumentEnglish.pdf. [3]

Inter-American Development Bank/World Bank (2011), *Using Country Public Financial Management Systems: A Practitioner's Guide*, OECD, Paris, http://www.oecd.org/dac/effectiveness/49066168.pdf. [17]

Mustapha, S. et al. (2019), *PEFA, Public Financial Management, and Good Governance*, PEFA Secretariat, World Bank Group, Washington, DC, https://www.pefa.org/research-impact/pefa-public-financial-management-and-good-governance. [16]

OECD (2019), "Using the SDGs as a shared framework for results: Demonstrating good practice - Findings from three case studies", *Issues Paper*, OECD, Paris, https://www.oecd.org/dac/results-development/docs/Results_worksho_April_19_Session1.pdf. [6]

OECD (2018), *Making Development Co-operation Work for Small Island Developing States*, OECD Publishing, Paris, https://dx.doi.org/10.1787/9789264287648-en. [20]

OECD (2018), *States of Fragility 2018*, OECD Publishing, Paris, https://dx.doi.org/10.1787/9789264302075-en. [22]

OECD (2017), *Development Co-operation Report 2017: Data for Development*, OECD Publishing, Paris, https://dx.doi.org/10.1787/dcr-2017-en. [13]

OECD (2012), *Aid Effectiveness 2011: Progress in Implementing the Paris Declaration*, Better Aid, OECD Publishing, Paris, https://dx.doi.org/10.1787/9789264125780-en. [8]

OECD (2011), *Busan Partnership for Effective Development Co-operation*, OECD, Paris, https://www.oecd.org/dac/effectiveness/49650173.pdf. [9]

OECD (2005), *The Paris Declaration on Aid Effectiveness*, OECD, Paris, https://www.oecd.org/dac/effectiveness/34428351.pdf. [2]

Pacific Islands Forum Countries (2018), *First Quadrennial Pacific Sustainable Development Report*, Pacific Islands Forum, Suva, Fiji, http://www.forumsec.org/wp-content/uploads/2018/09/1st-Quadrennial-Pacific-Sustainable-Development-Report-2018.pdf. [21]

PARIS21 (2019), *Statistical Capacity Development: Outlook 2019*, OECD Publishing, Paris, https://paris21.org/sites/default/files/inline-files/Statistical%20Capacity%20Development%20Outlook%202019.pdf. [14]

Rogerson, A. and R. Calleja (2019), "Mobilising data for the SDGs: How could a Data Acceleration Facility help, and how might it work?", *PARIS21 Discussion Paper*, No. 15, OECD Publishing, Paris, https://paris21.org/sites/default/files/2019-01/Mobilising%20Data%20for%20the%20SDGs%20%28DP15%29_0.pdf. [15]

UN (2019), *Financing for Sustainable Development Report 2019*, United Nations Inter-Agency Task Force on Financing for Development, New York, https://developmentfinance.un.org/sites/developmentfinance.un.org/files/FSDR2019.pdf. [12]

UN (2015), *Addis Ababa Action Agenda*, United Nations, New York, https://www.un.org/esa/ffd/wp-content/uploads/2015/08/AAAA_Outcome.pdf. [11]

UN (2015), *Transforming Our World: The 2030 Agenda for Sustainable Development*, United Nations General Assembly, New York, https://www.un.org/en/development/desa/population/migration/generalassembly/docs/globalcompact/A_RES_70_1_E.pdf. [4]

Vähämäki, J. and C. Verger (2019), "Learning from results-based management evaluations and reviews", *OECD Development Co-operation Working Papers*, No. 53, OECD Publishing, Paris, https://dx.doi.org/10.1787/3fda0081-en. [7]

Wood, B. et al. (2011), *The Evaluation of the Paris Declaration - Final Report*, Danish Institute for International Studies, Copenhagen, https://www.oecd.org/derec/dacnetwork/48152078.pdf. [1]

Notes

[1] The 2018 OECD fragility framework classifies 58 contexts as fragile across a spectrum of intensity and in economic, environmental, political, security and societal dimensions. Of the contexts in this framework, 45 are partner countries that participated in the 2018 Global Partnership Monitoring Round. The OECD further classifies 15 of the 58 fragile contexts as “extremely fragile”; 12 of these 15 are partner countries that participated in the 2018 Monitoring Round. The OECD report *States of Fragility* (2018[22]) presents the fragility framework.

[2] The 2018 Monitoring Round results show that the quality of a country’s development strategy is higher on average for countries and contexts with greater reliance on official development assistance, ranging from 65% for low-dependency countries to 74% for high-dependency countries. For each country, ODA dependency is calculated as total ODA over GDP per capita. In the 2018 Monitoring Round, dependency is considered low when the ratio is below 1.5%, medium when the ratio is above 1.5% and below 4%, and high when the ratio is above 4%.

[3] See Box 2.2 for details on how the quality of national development planning is assessed.

[4] The small percentage change masks real underlying improvement. Six of the eight countries that did not have a strategy in 2016 now have a strategy; one is in the planning phase of its national development strategy and one did not participate in the 2018 monitoring exercise. In the 2018 monitoring exercise, three of the five participating countries that do not have a national development strategy participated in the monitoring for the first time.

[5] Comparison over time was possible with 51 of the participating countries that had 2 PEFA assessments.

[6] These are the 51 participating partner country governments that had 2 PEFA assessments.

[7] The figure of 90% is calculated from the 69 partner countries that reported on their systems to track allocations for gender equality and women’s empowerment. The percentages in this section on gender are calculated using the 69 partner countries as the denominator.

From:
Making Development Co-operation More Effective
2019 Progress Report

Access the complete publication at:
https://doi.org/10.1787/26f2638f-en

Please cite this chapter as:

OECD/United Nations Development Programme (2019), “Partner country government leadership has advanced national development aspirations”, in *Making Development Co-operation More Effective: 2019 Progress Report*, OECD Publishing, Paris.

DOI: https://doi.org/10.1787/35e01345-en

This document, as well as any data and map included herein, are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area. Extracts from publications may be subject to additional disclaimers, which are set out in the complete version of the publication, available at the link provided.

The use of this work, whether digital or print, is governed by the Terms and Conditions to be found at http://www.oecd.org/termsandconditions.