COMRADES OR CULPRITS?
Donor Engagement and Budget Transparency in Aid Dependent Countries

Paolo de Renzio & Diego Angemi

2011 / 33

INSTITUT BARCELONA D´ESTUDIS INTERNACIONALS

Paolo de Renzio

Institut d'Estudis Internacionals (IBEI)
International Budget Partnership

pderenzio@gmail.com

Diego Angemi

Independent Research and Consultant

ISSN: 1886-2802

IBEI WORKING PAPERS

2011/33
Comrades or Culprits? Donor Engagement and Budget
Transparency in Aid Dependent Countries

Edita: CIDOB edicions
Elisabets, 12
08001 Barcelona
Tel. 93 302 64 95
Fax. 93 302 21 18
E-mail: publicaciones@cidob.org
URL: www.cidob.org

Depósito legal: B-21.147-2006
ISSN:1886-2802
Imprime: CTC, S.L.
Barcelona, November 2011

COMRADES OR CULPRITS? DONOR ENGAGEMENT AND BUDGET TRANSPARENCY IN AID DEPENDENT COUNTRIES

Paolo de Renzio & Diego Angemi

Abstract: Budget transparency has come to be considered a key aspect of governance. Over the past decade, donors have invested increasing resources in strengthening processes through which budget transparency in developing countries can be enhanced. According to the 2008 Open Budget Index (OBI) Report, however, aid dependency and budget transparency appear to be inversely correlated. This article looks at the role of donor agencies in promoting or preventing budget transparency in aid dependent countries. It analyzes data for a sample of 16 aid-dependent countries included in the OBI, to test some preliminary hypotheses and select six countries for which more detailed findings are then presented. All of these countries have implemented reforms aimed at enhancing budget transparency, with substantial donor support. These, however, often had only limited success, partly because they were not well adapted to the local context, and partly because donors put limited emphasis on improving public access to budget information. Donor efforts were also often offset by other characteristics of donor interventions, namely their fragmentation, lack of transparency, and limited use of program aid modalities such as budget support and pooled sector funding.

Key words: Budget Transparency; Foreign Aid; Aid Dependent Countries; Open Budget Index; Donor Engagement; Governance

1. Introduction

Budget transparency, in the form of public access to detailed and timely budget information, has become a new buzzword in international development circles. The Paris Declaration on Aid Effectiveness, signed by more than a hundred aid donor and recipient countries, and multilateral development organizations, states that "corruption and lack of transparency [...] impede effective resource mobilization and allocation, and divert resources away from activities that are vital for poverty reduction and sustainable economic development" (OECD, 2005:2). Improved budget transparency is also seen as key for enhancing domestic accountability, and fostering a culture of mutual trust between recipient governments and donor agencies. This has been recognized in the Accra Agenda for Action, adopted in 2008 as a follow-up to the Paris Declaration, in which a number of additional commitments are included on providing comprehensive and timely information on aid flows to recipient governments, regardless of whether such flows are channeled through country budget systems or not.

Over the past decade, donors have played an active role in the development of numerous efforts to strengthen budgetary management and the processes through which budget transparency can be enhanced. Increasing donor engagement with various elements of budgeting processes, however, has also been associated with the creation of a perverse set of incentives which have often undermined the quality of budgetary management and its level of transparency.

This intensification in donor engagement also reflects an overall increase in levels of official development assistance, and a common desire to strengthen local and mutual accountability systems. This has included donor recommendations to undertake a series of major public financial management reforms, as well as the provision of financial resources and technical assistance to support these reforms. Donor efforts to improve budgetary management and transparency have also included the imposition of various conditionalities with the ultimate objective to encourage governments' commitment to improve public financial management systems.

According to the 2008 Open Budget Index (OBI) Report, however, aid dependency and budget transparency appear to be inversely correlated. More specifically, "countries that perform poorly on the OBI also tend to depend heavily on significant amounts of foreign aid to finance public spending. The average score for the 30 countries that received more than 5 percent of their Gross National Income (GNI) in foreign aid in recent years is 24, compared with a score of 62 for countries that did not receive any foreign aid over the same period. There is also evidence that budget transparency worsens as aid dependency increases." (IBP 2009:18)

As the report notes, this association might be spurious, as "aid dependent countries are aid dependent because of their low-income status, and low-income countries tend to be less transparent" (IBP 2009:18). Yet, there are a number of interesting reasons to investigate this further. For example, aid dependency can make accountability to donors more important than accountability to the public, thus undermining transparency.

The key question this paper aims to answer, therefore, is: "What are the factors that might cause aid dependent countries to score poorly on budget transparency?" And more specifically, "what has been the role of donor agencies in promoting or preventing budget transparency in aid dependent countries?" One of the paper's main objectives is to explore why aid dependent countries seem to be caught in a 'low-transparency' trap. While the main focus will be on the role played by donors, the key challenge will be to unpack the various factors that might be concurrently causing low budget transparency (e.g. low levels of development, weak democratic institutions, cultural traits).

The paper starts by reviewing the limited literature linking foreign aid and the quality of budget systems, including their transparency, and by looking at some preliminary data for the sample of 16 highly aid-dependent countries included in the 2008 OBI, to test some preliminary hypotheses and select six countries for which more detailed case studies have been carried out. Findings from the case studies are then presented, looking at their track record of reforms that may have increased budget transparency, at the role played by donors through technical assistance, aid modalities and conditionalities, and at possible other factors that may have affected budget transparency. The evidence shows that all countries carried out reforms partly aimed at enhancing budget transparency over the past decade, with substantial technical and financial support provided by a number of donor agencies. While some improvements were registered, reforms often had only limited success, partly because they were not well adapted to the local context, and partly because donors put limited emphasis on improving public access to budget information. Moreover, donor efforts to promote reforms that could strengthen budget transparency were often offset by other characteristics of donor interventions, namely their fragmentation, lack of transparency, and limited use of program aid modalities such as budget support and pooled sector funding. Finally, donor engagement was clearly not the only factor affecting the trajectory of budget transparency across countries. Domestic political and institutional realities and dynamics also played an important role in enhancing budget transparency or preventing it from taking root.

2. Aid Dependency, Governance and Budget Transparency: Literature Review and Preliminary Findings

The literature on the interplay between foreign aid and budget transparency is so scarce that it could be said to be almost non-existent. In this respect, we hope that this paper will provide an important contribution to a debate that has mostly happened in the policy arena, largely unsupported by rigorous underlying research. Part of the reason for this is that reliable measures of budget transparency for a large number of countries were largely unavailable before the Open Budget Index was first published in 2006. Moreover, past research looking at budget transparency has tended to use transparency as an explanatory factor for fiscal discipline, levels of corruption or sovereign credit ratings, rather than investigate the factors that bring it about.[1]

Some interesting insights can be gained by looking at the more general literature linking foreign aid with various aspects of governance, including budget systems, though not with a specific emphasis on budget transparency.

The new consensus on aid effectiveness, underpinned by the Paris Declaration, is based on the assumption that an increase in donor engagement, built on a shift from project to programme aid modalities and on the combination of financial and technical assistance, has the power to provide better incentives for reform, and affect the quality of institutions in positive ways. At the moment, however, its claims are supported by limited evidence. A seven-country evaluation of budget support programmes commissioned by the OECD/DAC (IDD and Associates 2006), for example, found that in some cases they have contributed to strengthening budget processes and government capacity in public finance management. A World Bank evaluation of support to public sector reforms found that "about two thirds of all countries that borrowed for financial management showed improvement in this area", with public financial management being "the most consistent area of improvement in the case studies" (World Bank 2008a:xv).

More general studies, looking at a larger number of countries and at more general indicators of institutional quality, however, have come to somewhat opposite results. Moss et al. (2006) introduce the notion of an 'aid-institutions paradox', underlying how "certain types of aid could undermine long-term institutional development, despite donors' sincere intentions" (2006:4). Further, Brautigam and Knack (2004) and Knack and Rahman (2007) find evidence that the quality of bureaucratic institutions is negatively affected by overall levels of aid dependency and the degree of donor fragmentation. In summary, the existing literature does not provide a clear picture of the ways in which foreign aid and donor engagement may affect budget transparency, but it does highlight the fact that there are some characteristics of aid which might work in favour or against institutional quality and transparency.

How can we then try and assess the ways in which donors have affected budget transparency in aid dependent countries? Aid dependency has been defined in a number of ways (Lensink and White 1999, Riddell 1996, Collier 1999, Lancaster and Wangwe 2000). According to Brautigam, it corresponds to "a situation in which a country cannot perform many of the core functions of government, such as operations and maintenance, or the delivery of basic public services, without foreign aid funding and expertise" (2000:2). It is common practice to use an 'aid intensity' proxy, defined as total aid flows as a share of national income, to measure the level of aid dependency (Brautigam and Knack 2004), using a threshold of 10% to identify highly aid dependent countries.

---

1. See, for example, Islam (2003), Hameed (2005), and Glennerster and Shin (2008).

The OBI sample includes 16 countries for which this aid dependency index averages more than 10% over the years from 2000 to 2006. Notably, while the average OBI score is indeed higher in aid dependent countries, this sub-set of countries is characterised by a high degree of within group variation from Uganda's score of 51 to Congo's and Rwanda's score of zero (see table 1), measured on the OBI's 0-100 scale.

Table 1: Aid dependent countries in the 2008 OBI

Country	OBI Score
Uganda	51
Ghana	49
Zambia	47
Bosnia and Herzegovina	44
Mongolia	36
Tanzania	35
Malawi	29
Niger	26
Nicaragua	18
Burkina Faso	14
Cambodia	11
Afghanistan	8
Kyrgyz Republic	8
Liberia	2
Congo DRC	0
Rwanda	0

Source: IBP (2009)

The evidence above provides an interesting starting point for comparing countries that scored very differently on budget transparency despite similar levels of aid dependency. In the interest of assessing how other factors alongside aid dependency may affect budget transparency, table 2 presents data on different economic and political aspects of each country's profile. These include (i) the Human Development Index (linked to income levels, but capturing other dimensions of development), (ii) the strength of democratic institutions (measured through the Democracy Index produced by the Economist Intelligence Unit), (iii) the country's administrative heritage (proxied by the legal/administrative system inherited from the former colonial power), and (iv) a Donor Engagement Index (DEI)[2], which brings together different aspects of donor interventions.

2. The DEI stems from the consideration that it is not simply aid dependency that might cause lower budget transparency, as suggested in the literature, but that more specific donor actions might work in favour or against budget transparency. Using data from the OECD/DAC, the DEI summarises available information on the extent to which donors channel aid through (i) country PFM systems; (ii) country procurement systems; (iii) programme assistance; and (iv) technical assistance programmes aimed at improving budget systems. Annex 1 shows how the DEI was calculated, with higher values representing a higher degree of donor engagement.

Table 2: Factors affecting budget transparency in aid dependent countries

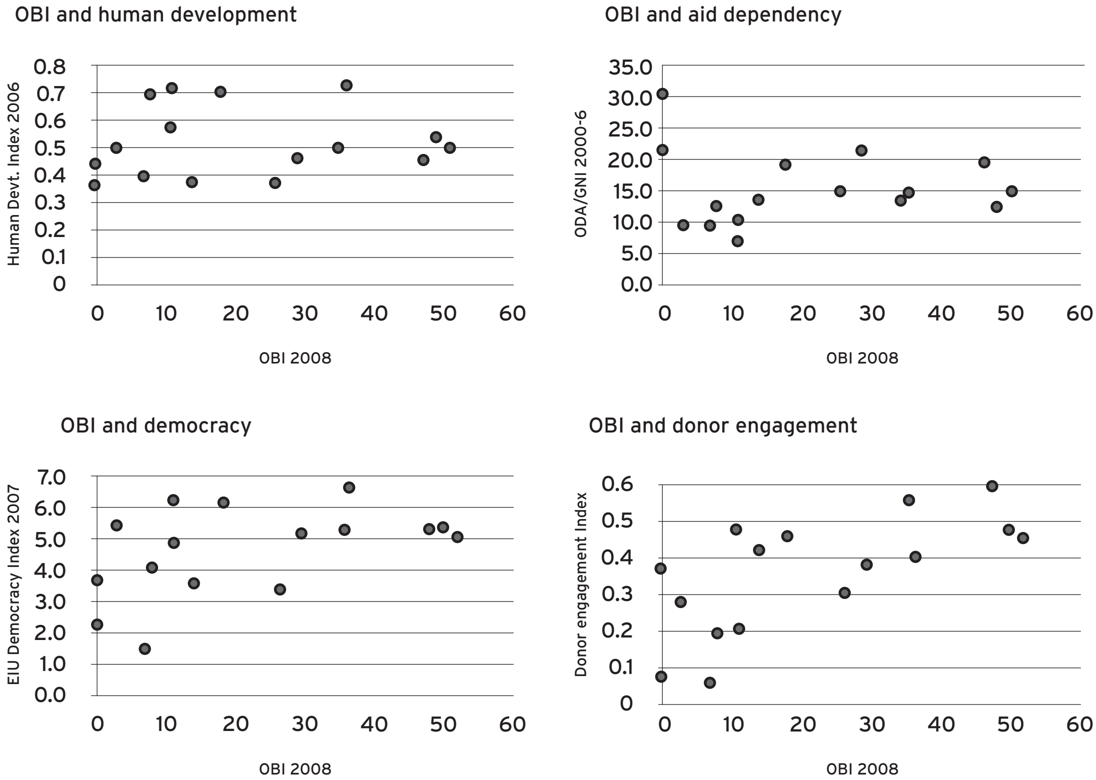
Country	OBI 2008	Aid Dependency[a] 2000/6	HDI[b] 2006	Democracy Index[c] 2007	Admin. Heritage	DEI
Uganda	51	14.5%	0.493	5.03	G. Britain	0.43
Ghana	49	12.1%	0.533	5.35	G. Britain	0.45
Zambia	47	19.4%	0.453	5.25	G. Britain	0.57
Mongolia	36	14.6%	0.720	6.6	Russia	0.38
Tanzania	35	13.5%	0.503	5.28	G. Britain	0.53
Malawi	29	21.2%	0.457	5.13	G. Britain	0.36
Niger	26	14.7%	0.370	3.41	France	0.28
Nicaragua	18	19.1%	0.699	6.07	Spain	0.43
Burkina Faso	14	13.5%	0.372	3.6	France	0.39
Cambodia	11	10.1%	0.575	4.87	France	0.18
Afghanistan	8	32.2%	0.350	3.02	n.a.	0.31
Kyrgyz Republic	8	12.4%	0.694	4.05	Russia	0.17
Congo DRC	0	30.4%	0.361	2.28	Belgium	0.05
Rwanda	0	21.3%	0.435	3.71	Belgium	0.35

Note: Bosnia Herzegovina and Liberia were not included for lack of sufficient data.
a) World Development Indicators, World Bank (2008b)
b) Human Development Index, UNDP (2008)
c) Economist Intelligence Unit, EIU (2008)

This data shows a number of interesting patterns. As far as legal/administrative systems inherited by colonial powers, for example, it can clearly be seen that former British colonies tend to have more transparent budget systems than countries historically colonised by other Western colonial powers. In addition, figure 1 presents a series of scatter-plots capturing the correlation between the OBI score and the remaining four variables introduced in table 2.

Notably, the two variables showing a higher correlation with the OBI score are donor engagement (0.68) and democracy (0.47); the relationship between the OBI score and aid dependency and human development, respectively, are reported as -0.04 and 0.07. By implication, higher levels of budget transparency in aid dependent countries are mostly associated with strong democratic institutions, and with higher levels of effort by donor countries to ensure that aid underpins rather than undermines the sustainable development of local systems and structures. These preliminary findings are consistent with the examples in the literature cited above supporting the general hypothesis that *better* aid is more desirable than *more* aid.

Figure 1: OBI and various factors



The remainder of this paper discusses the validity of these preliminary findings on the basis of the evidence from six country case studies (Uganda, Mongolia, Malawi, Nicaragua, Afghanistan and the Kyrgyz Republic). These contributions aim to exploit the variation on the dependent variable (budget transparency), as well as on the main independent variables that showed some degree of correlation with budget transparency (democracy and donor engagement). These case studies were commissioned from country-based civil society groups or independent academics/consultants, based on common terms of reference.[3]

Notably, some countries were chosen in order to carry out a more direct comparison between pairs of countries that share a number of characteristics, but whose transparency scores differ. A first interesting pair-wise comparison is that between Uganda and Malawi. These two countries share similar characteristics, from human development levels and strength of democratic institutions, to comparable levels of donor engagement and a British legal/administrative system. Yet, their OBI scores are significantly different. Another similar comparison looks at Mongolia and the Kyrgyz Republic. Both countries share a common Russian-based administrative system, and similar levels of human development and overall aid dependency. Mongolia's higher level of budget transparency is, however, linked to stronger democratic institutions and higher donor

3. For Nicaragua and Afghanistan, the case studies were commissioned at an earlier stage, with somewhat looser terms of reference, but with findings that were interesting and useful for the purposes of the present paper. A summary of the findings can be found in Nsabimana and Carlitz (2009).

engagement. Nicaragua was mostly chosen to provide some regional diversity, and Afghanistan to look into specific issues related to post-conflict situations. Further insight onto these countries' OBI performance can be provided on the basis of their categorisation as *typical* scenarios, or *outliers*. Table 3 summaries some of these country specific aspects of the debate *vis-à-vis* their perceived classification.

Table 3: Summary of characteristics of case study countries				
Country	**OBI**	**Democracy**	**DEI**	**Classification**
Uganda	High	High	High	Typical case
Malawi	Medium	High	Medium	'Intermediate' case
Mongolia	Medium	High	Medium	'Intermediate' case
Kyrgyz Rep.	Low	Low	Low	Typical case
Nicaragua	Low	High	High	Outlier case
Afghanistan	Low	Low	Medium	'Intermediate' case

This approach allows for testing some of the main hypotheses drawn from the broader analysis. Typical cases would be aimed at 'double checking' if some of the preliminary hypotheses shown above are upheld by countries that seem to epitomise them, positively (Uganda) or negatively (Kyrgyz Republic). In the case of outliers (Nicaragua), strong democratic institutions and high levels of donor engagement failed to translate into better budget transparency scores. Finally, the existence of pairs of countries with similar typical or 'intermediate' characteristics (e.g. Malawi and Mongolia) allows for double-checking the consistency of findings about some of the determinants of budget transparency in countries with similar OBI scores.

Evidence from the case studies will be presented under three main headings, looking at various factors that might have affected budget transparency. First, we look at the recent history of budget reforms in each country, and at the role that donor-funded technical assistance in supporting them. Second, we turn to the ways in which donors have used different aid modalities and conditionalities linked to budget management. Finally, we take into account other domestic factors, including political and cultural ones.

3. Budget Reforms and Budget Transparency

While OBI scores give a picture of budget transparency across various countries, in order to understand how budget transparency has changed over time we need to look at the kinds of reforms that countries have undertaken over the past decade or so, in order to come to a better understanding of how the situation may have shifted, if budget transparency can be said to have improved (or worsened), and the role that donors played in the reform efforts.

Table 4 below summarises some of the key legislative reforms that were carried out in the six case study countries. As can easily be seen, over the past decade all countries introduced major legislative changes aimed at modernising various aspects of public financial management, including budget management (all countries), procurement systems (Uganda, Malawi, Nicaragua, Kyrgyz Republic), decentralisation (Uganda, Nicaragua), and the audit function (Uganda, Malawi, Nicaragua, Kyrgyz Republic).

Table 4: Country-specific budget management reforms

Country	New laws and regulations
Uganda	Local Governments Act 1997; Budget Act 2001; Public Finance and Accountability Act 2003; Public Procurement and Disposal of Public Assets Act 2003; Access to Information Act 2005; Local Government Financial and Accounting Regulations 2007; National Audit Act 2008
Mongolia	Public Sector Management and Finance Law 2003; Procurement Law 2006
Malawi	Public Financial Management Act 2003; Public Audit Act 2003; Public Procurement Act 2003
Nicaragua	*Ley de Contrataciones del Estado (Procurement Law) 2000;* *Ley Orgánica de la Contraloría General de la República y del Sistema de Control Gubernamental (Audit Law) 2000;* *Ley de Régimen Presupuestario Municipal (Municipal Budget Law) 2001;* *Ley General de Deuda Pública (Public Debt Law) 2003;* *Ley de Administración Financiera y del Régimen Presupuestario* (Public Financial Management Law) 2005
Afghanistan	Public Finance and Expenditure Management Law 2005; Income Tax Law 2005; Procurement Law 2005
Kyrgyz Republic	Law on the Basic Principles of Budget Management 1998; Law of the Chamber of Accounts 2004; Public Procurement Law 2004; Law of Internal Audit 2008

While budget transparency is not the principal purpose of any of these legislative initiatives, they have certainly created an environment that is more conducive to better budget transparency, for example by changing the role played by parliaments in the budget process. In Malawi, for example, a number of measures were introduced aimed at reinforcing the independence of the legislature, including ensuring that Parliament has at least three weeks to debate the national budget. The Malawi Public Financial Management Act also enshrined in law a requirement to expand the provision of budgetary information presented to Parliament, such as mid-year budget reviews and annual economic and fiscal policy statements. In Afghanistan, the PEFA assessment states that "the annual budget documentation has been improved in terms of quality and comprehensiveness", even though "public access to fiscal information […] needs further attention to ensure full transparency for the public, especially with regard to audit reports" (World Bank 2008c:6). In Nicaragua, the Public Financial Management Law established that budget documents and budget reports were to be made available to citizens through various means no more than 15 days after their publication. A web portal was set up for such purpose (www.consultaciudadana.gob.ni), with substantial budget information, even though some critical information such as audit reports and public procurement data is either not available, partial or fragmented.

In a number of other cases, budget transparency saw some advances despite the lack of explicit legislative requirements. The Mongolian Public Sector Management and Finance Law, for example, remains silent on disclosure of budget information. Prior to 2006, disclosure of budget information was limited solely to the publication of the high level budget. Hardly any information was provided to the public, even though more comprehensive documents and better reports where being produced by the government, as noted in various IMF reports on fiscal transparency. Since 2006, however, the government has made significant progress in disseminating some key budget documents and information. Starting from 2007, the public has been granted access to budget documents through websites, publications and media coverage. A similar situation can be found in the Kyrgyz Republic. Although the legal framework does not require the publication of budget documents, budget information is increasingly being made available through the website of the Ministry of Finance.

In the case of Uganda, the government's budget transparency trajectory is possibly epitomised by the Public Expenditure Tracking Survey (PETS) story. The first PETS in Uganda, conducted in the education sector, showed that in 1995 approximately 20% of the funds that were earmarked for education reached schools at local level. To address this shocking finding, the government started publishing information about budgetary transfers in local newspapers, and included such transparency measure in the Local Government Act of 1997 (Hubbard 2007). By 2001, the proportion of funds remitted by central government reaching the schools increased to 80% (Reinikka and Svensson, 2003). These impressive results were instrumental in marketing the usefulness of PETS as a means of promoting transparency and accountability of public funds. The same methodology has now been extended to other sectors including health and water.[4]

Additional efforts include the development of booklets like Uganda's *Citizen Guide to the Budget* and the *Popular Version of the Poverty Eradication Action Plan (PEAP)*. Published by the Ministry of Finance Planning and Economic Development in English and a number the major local languages, both publications aim to give local communities an understanding of the budget process, while involving the public in the implementation of the national development plan. They are written in simple language and illustrated with cartoons. These booklets are supplied free of charge to all local governments in the country, who are encouraged to use them in their planning processes and during community planning meetings. Civil society organisations interested in public expenditure issues started using these documents extensively in their trainings and advocacy work. Some of these efforts, however, cannot be taken for granted. Since 2006, there is an observable roll back in the initiatives around budget transparency. The position of Public Information Officer in the Ministry of Finance, in charge of producing the Citizens Budgets, was eliminated in early 2006, and the various budget related publications stopped being produced.

4. For a much more nuanced account of the PETS story, see Hubbard (2007).

In addition to legislative and other ad-hoc initiatives that have contributed to a generally improving trend in budget transparency, a number of other budget reforms have been implemented over the years, mostly with the direct financial and technical support of donor agencies. These reforms have largely been spearheaded by those donors who have been increasingly channelling their funds through government systems (e.g. general budgetary support and pooled sector assistance). The donors who have been most active in this area include the World Bank, the European Commission, the UK's Department for International Development, the African Development Banks, and Nordic countries. Other donors, such as Japan, China and the US, tend to rely primarily on their own institutional structures to manage, disburse and monitor aid resources, and have consequently been much less active in this field.

A first type of reform that has been introduced in a number of countries is the so-called **Medium Term Expenditure Framework (MTEF)**, aimed at embedding greater coherence into governments' planning processes, and guaranteeing the consistency of resource allocation with broad macroeconomic constraints. By setting out projections for both revenues and expenditure over a 3 to 5-year time horizon, and strengthening the links between recurrent and development spending, MTEFs are also aimed at increasing the transparency over governments' medium-term policy agendas. Uganda was one of the first countries to introduce an MTEF, still in the 1990s, and today has developed an elaborate multi-year sectoral planning and budgeting system within a fiscal forecasting framework. Despite this, the presence of a well-established process for including medium-term projections in the budget does not guarantee increased transparency. Though in Uganda the MTEF is prepared for five years, revenue, overall expenditure and sectoral allocations are revised at least yearly, and a satisfactory explanation is often lacking. In Malawi, another early adopter of the MTEF, a lot of confusion arose regarding the role of the MTEF vis-à-vis the Public Sector Investment Programme (PSIP), which was a medium-term planning for the investment portion of the budget. Between 1997 and 2004, the PSIP was gradually replaced by the MTEF process. During this time the Ministry of Finance in particular possessed little information about on-going development spending activities of many line ministries. This contributed both to a lack of coherence in development planning, and to the erosion of budgetary information on expenditure allocations between government ministries. Other countries like Nicaragua and the Kyrgyz Republic only introduced their MTEFs more recently, and are still struggling to put in place the necessary systems to turn it into an effective budget planning and management tool.

Over time, governments and development partners have continued to expend considerable resources to restore a greater level of integrity and transparency of public financial management. In many instances these efforts have also focused on the implementation of further 'big ticket' reforms demanding fundamental changes to each country's budgetary cycle. Such interventions have included efforts to develop an Integrated Financial Management Information System (IFMIS), Output Based Budgeting (OBB), and Aid Information Management Systems (AIMS) – to name a few.

Output Based Budgeting (OBB) in particular marked a major change in the information provided in budgetary documentation. Previously all government expenditures tended to be broken down solely by the cost of inputs. OBB introduced a costing process accounting for all government expenditure by activity. By implication, OBB facilitated the provision of fully costed specific output indicators and targets. This reform was aimed at making governments more results-oriented, to hold spending agencies to account not just on what was being spent, but on what was being achieved with such expenditures. Notwithstanding the laudable nature of this initiative, in practice OBB often resulted in the production of additional burdensome documents with little value to add in policy debates. As reported in the case of Malawi, the major problem with OBB stems from the poor choice of outputs often relating to perfunctory institutional activities (e.g. number of meetings held; percentage of office supplies adequately provided for).

Integrated Financial Management Information Systems (IFMIS) represent another important donor-supported reform with the potential to contribute considerably to budget transparency. The introduction of IFMIS has allowed governments to make considerable strides in improving the quality of information on historical government expenditures contained in budget documents. In Malawi, the 2009/10 Mid-Year Review for example marks government's first attempt to publish expenditure information at a vote level in a budget document. Previously, the funding released by the Ministry of Finance to spending institutions had always been used as a proxy for expenditure information.

The IFMIS has contributed to improvements in a number of aspects for budgetary management. However, implementation constraints have greatly limited its usefulness as a tool for enhanced budget transparency. Expenditure information beyond central ministries remains a significant hurdle in many countries. Donor financed development projects are also not captured within IFMIS, as the funds are typically deposited in commercial bank accounts outside of government systems. This makes the provision of comprehensive and accurate reporting of fiscal transactions problematic for budget documentation. It also provides significant challenges in meeting the legal requirement of the presentation of audited accounts to government.

In an attempt to improve the information flow between donor activities and the national budgeting process one of the most recent 'big-ticket' reforms to public financial management took shape in the promotion and implementation of **Aid Information Management Systems (AIMS).** In essence, AIMS aim to generate a database of aid commitments, disbursements and activities which is updated regularly. Most importantly, AIMS provide a mechanism which facilitates the transformation of donor financial information into a format that is consistent with the national budget, facilitating the publication of a significant number of publically available official reports which have improved the transparency and comprehensiveness of the donor-financed portion of the budget. Common examples across countries include Annual and Mid-Year Debt and Aid Reports, the Aid Atlas, and Aid Disbursements and Project Monitoring Reports. In addition to improving the transparency of activities within the donor-financed portion of budget, this information has also been widely credited with improving sector planning efforts and increasing harmonization and alignment of donor activities within each sector.

Donor support for these various types of budget reforms has increased substantially over the past decade or so. A recent World Bank evaluation of Public Sector Reform (PSR) programmes (World Bank 2008a), which include support to budget reforms, shows how between the early 1990s and 2005 the number of World Bank-financed projects with a significant PSR component has quadrupled, increasing from less than 10% to more than 20% of total projects[5]. Data from the OECD DAC's database including all donors shows an even starker increase in committed funds for activities related to public sector financial management, which grew from US$85.1m in 1995 to US$930.6m in 2007. During the same period of time, the number of donor agencies involved in providing technical assistance in the Public Financial Management area has risen to over 25 (IMF 2007:22).

Among our six case study countries, most have received substantial donor funding for the reforms described above. In Mongolia, the World Bank, the IMF and the Asian Development Bank have provided extensive assistance in area of public sector and financial management, even though there is little specific mentioning of transparency issues in their program documents. In the Kyrgyz Republic, on the other hand, the World Bank's Governance Technical Assistance Project (GTAC), approved in 2003 with a total budget of about US$10m, had as one of its main objectives that of "improving transparency and responsiveness of the public sector and enhancing the ability of external stakeholders to hold it accountable". Besides the World Bank, other donors whose technical assistance focused directly or indirectly on budget transparency issues included DFID, the European Commission, USAID and the IMF. The Government of Uganda, in August 2000, launched a US$45.2m project geared towards improving public expenditure management in order to improve the quality and volume of public services. The Economic and Financial Management Programme (EFMP) was designed and implemented in partnership with donor agencies that included the World Bank, the Nordic Development Fund and DFID. One of the main objectives of the EFMP was "to improve the transparency and accountability of the budgetary process to stakeholders and the public".

In summary, all six countries being looked at have significantly reformed their budget management systems, in most cases introducing changes that brought about at least partial improvements in budget transparency. Many of these reforms were carried out under the guidance and with substantial financing of a number of donor agencies. In most cases, donor-supported reforms where not directly geared towards increasing public access to budget information. In some countries, despite an explicit transparency focus, they achieved scarce results, as in the Kyrgyz Republic. On one hand, this begs the question of what really motivates governments not only to reform their budget systems, but also to open them up to public scrutiny. Available evidence seems to suggest that budget reforms are mostly driven by donor agencies eager to reduce the fiduciary risk associated with the provision of foreign aid. Only in the case of Uganda external pressure seems to have been matched by domestic commitment,

5. For Sub Saharan Africa, such proportion reaches 37%.

at least in the early phases of reform. Although donors played a key role as external catalysts in pushing government to undertake reforms, the main commitment to reform came from the bureaucracy. A core team of bureaucrats in the Ministries of Finance, Planning and Economic Development and the Bank of Uganda, formed the backbone of the reform movement within the government, possibly leading to Uganda's positive score on the OBI. On the other hand, there might be other aspects of donor interventions, above and beyond the provision of technical assistance, that could influence reform outcomes with regard to budget transparency. For example, the use of conditionalities, or of different combinations of aid modalities, could also have an impact on budget transparency. We now turn to these further factors to see what the evidence shows.

4. Conditionalities, Aid Delivery and Budget Transparency

The history of conditionalities tied to aid disbursements is a troubled one. For decades, donors have been imposing conditions on recipient governments to try and coerce and cajole them into adopting certain policies or other reforms. The literature on the effectiveness of economic policy conditions linked to structural adjustment programs, for example, broadly agrees on their failure to encourage economic and structural reforms in recipient countries, especially where internal incentives to reform are not already present[6]. Yet, conditionalities remain very much part of the 'toolbox' for donors who need to find ways to hold recipient governments accountable for the aid resources that they receive. In recent years, however, conditionalities have at least partially shifted from a focus on specific economic policies and structural reforms to an increasing emphasis on the nature of the policy process and on the management systems used to design and implement policies. This was partly meant to allow for more space for recipient governments to claim 'ownership' of development policies and programs, but also to ensure that such policies and programs were formulated in a participatory manner and effectively managed. The gradual shift towards program aid modalities, also enshrined in the Paris Declaration, also meant that the quality of budget systems increasingly became part of conditionalities linked to aid disbursements, especially in the form of general or sectoral budgetary support.

Were such conditionalities used to push recipient governments to improve their level of budget transparency? Evidence from the case study countries is mixed. In Mongolia, for example, although the IMF program refers to fiscal accountability and transparency, no explicit statements, benchmarks or conditionality regarding public access to budget information or public participation in the budget process is

6. For example, see Killick (1998), Collier (1997) and Mosley et al. (1995).

contained in their program documents. In the Kyrgyz Republic, while an increase in budget transparency was included in the World Bank's Policy Matrix, little effort went into checking whether this condition had been met in practice. Moreover, a lack of donor coordination limited the leverage that donors had in pushing government to improve transparency. In Uganda, on the other hand, conditions linked to the World Bank's Poverty Reduction Support Credit (PRSC) required public service delivery to be monitored through performance and expenditure tracking. A few policies on citizen participatory mechanisms were also approved as part of the PRSC process. In Nicaragua, the latest agreement with the IMF included provisions that address transparency. The publication of external official cooperation flows was added as a new structural benchmark. In order to meet this requirement, Nicaragua's central bank produced two reports of Official External Aid for 2007 and 2008, which were available for a limited time only on the central bank's website. In recent years prior to this, however, the IMF had not included specific conditions related to transparency. Finally, in Malawi, 8 of the 25 indicators applied under the Common Approach to Budget Support (CABS) arrangements aim at improving public financial management. While most do not, some of them deal directly with the issue of budget transparency. For instance, one such condition demands that the National Audit Office improve the quality and timeliness of its audit reports, which allow the public to check the truthfulness of government accounts.

In some cases, however, conditionalities not directly linked to budget transparency may end up having an indirect impact on it. One of the single most important conditionalities currently placed on many recipient governments is compliance with an IMF program. Such programs provide regular assessments of governments' macro-economic and fiscal management. In addition to determining whether governments are eligible to receive loan financing from the IMF, these assessments serve as trigger mechanisms for other donor disbursements. In Malawi, this means that up to 15% of government's discretionary resources in 2009/10 FY were firmly contingent upon the IMF assessments. A common key fiscal target in IMF programs centres around domestic borrowing. The intention of this conditionality is to prevent the re-accumulation of high levels of debt following the HIPC initiative. Given the stakes involved in complying with the IMF program, however, government officials face noticeable incentives to undertake a number of activities which may ultimately reduce budget transparency. These include building up payment arrears, keeping debts in parastatal institutions closely linked to government (but off government books), and setting up separate Treasury Funds which do not appear on budget documents. Each of these activities weakens the transparency of the budget, but allows greater leverage to hit borrowing targets. It follows that conditionalities relating to macroeconomic management and specific spending commitments in the budget can, and often have, created incentives for greater opacity in the budget.

Apart from the unclear use and impact of conditionalities, another factor that may affect donors' influence on budget transparency levels, as mentioned above, relates to their individual and collective choices about aid delivery mechanisms. This includes issues such as aid fragmentation, aid transparency and aid modalities.

In Malawi, for example, the proliferation of donors present in the country has had a significant impact on fiscal management and its transparency. Whilst increasing the overall levels of support received by the country, it also led to a large increase in the number of projects and programs which government is required to manage. In the early post-independence period Malawi had few partners. For the most part, aid disbursements were dominated by a few major donors, the largest of which was the UK's Department for International Development (DfID) - which between 1970 and 1975 disbursed an average 50% of total aid flows to Malawi. During this period the multilateral agencies such as the World Bank and IMF also played a major role in donor financing – predominately through the issue of concessionary loans to finance infrastructure and other forms of development spending. At the start of the 1970s, the number of development partners active in Malawi began to steadily increase. By the early 1980s there were 25 active ones, and whilst DfID was still a major donor its proportion of overall disbursements had declined to 15%. Accordingly, as multilateral agencies such as the IDA, IMF and a number of UN agencies scaled up their assistance levels so did other bilateral agencies such as Norway, the European Commission and Germany. The 1990s and 2000s saw a continued growth of donor activity in Malawi such that by 2008 the total number of partners had reached 43.

Evidence from Malawi shows that in 2008/09, there were approximately 400 donor-funded projects. The most fragmented of the sectors was health, registering 14 donors making disbursements across 108 different projects (see Table 5).

Table 5: Disbursements by Sector in Malawi, 2008/9 (selected sectors)

Sector	Active Donors	No. of Activities	Average Size (US$m)
Health	14	108	2.3
Education	13	39	1.9
Agriculture	11	55	1.0
Democratic Governance	8	35	1.3
Water and Sanitation	8	19	1.4
Roads and Public Works	6	14	3.1
Vulnerability and Disaster Reduction	6	12	3.1
Environment and Land	6	12	1.4
Trade and Industry	5	11	0.7

Source: Malawi case study

This large and fragmented donor presence, alongside the small average size of donor-funded projects, has resulted in a number of repercussions on the transparency and quality of budgeting processes. Donor meetings, missions and requirements thinly spread scarce institutional capacity, rendering government's efforts to monitor and manage such aid flows significantly more difficult. Highly fragmented donor activity also complicates sector planning efforts and reduces the government's ability to accurately monitor and distribute information on overall funding levels.

In Nicaragua and Afghanistan, aid delivery has been fraught with lack of transparency. In recent years, many bilateral donors have reduced or withdrawn funding to the government of Nicaragua in the face of concerns over governance. The government has responded with increasing defiance, partly thanks to the growing role of aid from Venezuela. The extent of aid coming from Venezuela, however, has remained rather opaque, leading to speculation and mistrust. A decision was taken to manage the funds from a petrodollar loan from Venezuela outside the national budget and without legislative oversight. Furthermore, the figures related to Venezuelan aid presented in the central bank's reports show that more than 90 percent of are not captured in the national budget. This is despite several requests from the National Assembly, as well as public promises by the President to provide full information.

In Afghanistan, although foreign assistance has contributed to significant institutional improvements and capacity development, particularly in the Ministry of Finance, donors have been less successful in fostering transparency and accountability. This is also due to the fact that the government controls only a small proportion of the national budget. International assistance from nearly 60 donors active in Afghanistan constitutes around 90 percent of public expenditure. Yet, the bulk of this assistance, mostly from United States, is delivered outside government control, through private contractors and NGOs. For instance, the Ministry of Finance directly managed only one-third of the total budget in 2005 (this is referred to as the "core budget"); the other two-thirds of expenditure passed through an "external budget" outside the Afghan treasury systems. A recent report by a coordinating body for civil society, the Agency Coordinating Body for Afghan Relief (ACBAR), notes that "the government does not know how one-third of all aid since 2001—some $5bn—has been spent" (ACBAR 2008). Such opacity is compounded by a difference between the government's and donors' budget calendars. This difference creates a delay in the publication of budget figures by the government, which in turn limits transparency and impedes the possibility of a public debate on the budget.

One way of addressing some of the problems identified above, linked to aid fragmentation and opacity, is increasing the share of aid flows delivered through so-called 'program aid' modalities, which are jointly funded and channelled directly through government systems, and therefore are by their nature less fragmented and more transparent. As can be seen from the data in Annex 1, for example, Uganda, the country's with the highest OBI score, was also the country that received most aid through program aid modalities (66%) among the case study countries. The Kyrgyz Republic, on the other hand, has both the lowest OBI score and the lowest share of program aid (18%).

The ability of donors to use modalities such as budget support and pooled sector funds, however, depends heavily on their level of trust in the quality of the recipient country's budget system. The evidence shows that for the most part such systems remain below satisfactory standards; in addition, in some cases the use of these aid modalities is constrained by donors' policies and legal requirements. It follows that a large portion of aid will continue to be delivered through fragmented project support. This prospect is especially worrisome on the basis that this culture of aid delivery hinders further the potential to improve local budget systems and their transparency. This sentiment was clearly articulated in the Malawi Development Assistance Strategy: "Often budgets are not working because aid is fragmented, and aid is fragmented because budgets are not working" (Government of Malawi 2008).

In summary, evidence about the use of conditionalities and the characteristics of aid delivery may help explain the mixed record of donor technical assistance in improving budget transparency in aid-dependent countries. As we have seen above, conditionalities have been used inconsistently to promote better budget transparency, and various characteristics of aid, such as fragmentation, lack of transparency and the limited use of program modalities, may have in fact hindered progress in overall budget transparency. Yet, the picture is still not complete, as there is a number of other factors that may have interacted with donor engagement to generate the budget transparency scores reported in the OBI.

5. Politics, Culture and Budget Transparency

Clearly, thinking that levels of budget transparency in aid-dependent countries are simply the consequence of different kinds of donor interventions would be very misguided. President Zenawi of Ethiopia once pointedly remarked how "good governance can only come from inside; it cannot be imposed from outside"[7]. Budget transparency in each one of the six case study countries depends crucially on other aspects of the country context, and is therefore first of all the product of domestic processes. The nature of the political regime and its evolution over time inevitably plays an important role in this respect.

In Uganda, the National Resistance Movement (NMR) came to power in 1986, and set up a political system where popular participation and consensus building was considered more important than party politics. Moreover, the Constitution of 1995 saw the adoption of a legal regime that promoted increasing citizen participation in public life and the budget process in particular. More recently, the return to multi-party politics in 2005 meant that the government now faces a legitimate opposition, leading it to cautiously bring the policy-making process under closer control, therefore limiting some of the transparency and participation initiatives that were its trademark. Annual Budget Conferences, for example, have lost their importance as spaces of wide consultation, and have been reduced to political spaces for carefully crafted political messages that entrench the government's positions on annual fiscal proposals.

Since its Democratic Revolution of 1990, Mongolia has made great strides in consolidating its democratic institutions and gradually opening up spaces for policy dialogue and citizen engagement. The legitimacy, autonomy, capacity and sustainability of many public institutions, however, is still often called into question. As an example, frequent changes in government structures linked to aid coordination have undermined the full tracking of aid flows, and as a consequence the comprehensive-

7. Interview with the *Financial Times*, 6 February 2007.

ness and transparency of their coverage in the government budget. Mongolia's increasing reliance on mining revenues to finance public spending have also raised worries about sustaining levels of budget transparency

Besides recent political and institutional developments, there are more dee-seated factors that may affect levels of government openness and subsequently of budget transparency. Budget transparency is deemed to be important to foster an open debate on whether public resources are used towards meeting the needs of the population. This type of democratic debate is not characteristic of the political culture in the many aid dependent, poor countries. Booth et al. (2006) provide an excellent account of this phenomenon in Malawi. According to the authors, Malawi has characteristic features of neo-patrimonialism and more particularly the 'big-man syndrome': "This is a pattern in which the patronage powers of the head of state are so great that they effectively neutralize the independent effectiveness of other political and state institutions, including political parties, parliament, the judiciary and the security services..." (Booth et al. 2006:9).

Despite moving to multi-party democracy in 1994, there have been clear continuities between Banda's regime and the subsequent Muluzi and Mutharika eras. Parliamentary debates around budget issues are promoted only when the outcome is a foregone conclusion. Thus, while the ruling party did not have a parliamentary majority in the 2007/8 and 2008/9 financial years, no mid-year review of the budget was presented – revisions were made to the budget without recourse to Parliament. In 2009/10, on the other hand, with the party in power holding an outright majority, the legal process was adhered to.

These social traits are not exclusive to Malawi. Survey evidence from the Kyrgyz Republic shows that most people felt that they could do nothing about affecting budget formulation, and could not see their role in the whole budget process. This was mainly attributed to a deeply rooted sense of inheritance from Soviet times when the budget was virtually passed on by Moscow. With this in mind, lack of ownership for public financial management reforms is understandable. Domestic demand for this type of transparency does not currently exist or is very weak. Demand is coming from donors rather than a groundswell of public opinion, and where there is little genuine domestic demand for budget transparency, meaningful information will not be provided, despite the efforts of donors.

6. Conclusions

The research behind this paper was triggered by the finding on the 2008 OBI Report that aid-dependent countries tend to suffer from a 'transparency gap', scoring on average lower than non aid-dependent countries. Does aid dependency per se constitute a factor hindering budget transparency? What other factors may affect levels of budget transparency in these countries? A preliminary look at cross-country variables for the 16 highly aid-dependent countries included in the OBI report revealed two interesting trends. Rather than being linked to the level of overall development or of aid dependency per se, OBI scores are more closely correlated with democracy variables and with an index of donor engagement which tries to capture the *quality* rather than the *quantity* of aid flows to each country, or how much effort donors put into promoting budget transparency.

On the basis of these preliminary findings, evidence was gathered from six case studies, of countries with different combinations of OBI scores, degrees of democracy and of donor engagement. The resulting picture is mixed (see table 6 below). All countries have implemented legislative and other reforms partly aimed at enhancing budget transparency over the past decade, with substantial technical and financial support provided by a number of donor agencies. While these reforms seem to have brought about some improvements, reforms often had only limited success, partly because they were not well adapted to the local context, and partly because donors put limited emphasis on improving public access to budget information. This is also evident in the limited and inconsistent use of conditionalities linked to budget transparency. Moreover, donor efforts to promote reforms that could strengthen budget transparency were often offset by other characteristics of donor interventions, namely their fragmentation, lack of transparency, and limited use of program aid modalities such as budget support and pooled sector funding.

Table 6: Country-specific findings and factors affecting budget transparency

Country	Factors
Uganda	High levels of donor engagement, esp. in using program aid modalities Nature of political system favouring citizen participation Commitment to budget reforms by senior bureaucrats
Mongolia	Gradual strengthening of democratic institutions Limited emphasis on transparency in donor interventions
Malawi	High levels of aid fragmentation Limited success of donor-supported budget reform efforts Political culture prevents transparency and accountability
Nicaragua	Fragmented national politics Lack of aid transparency
Afghanistan	Large use of off-budget aid Lack of aid transparency
Kyrgyz Republic	Low levels of program aid Donor emphasis on budget transparency Culture of secrecy and centralization

Finally, donor engagement was clearly not the only factor affecting the trajectory of budget transparency across countries. While in Uganda (at least until 2005) and Mongolia political developments were certainly instrumental in positively affecting levels of budget transparency, in Malawi and the Kyrgyz Republic domestic political and institutional characteristics see to have prevented budget transparency from taking root. While donors can certainly increase and focus their efforts to ensure that they provide support that is more conducive to budget transparency, their potential impact will always be mitigated by local circumstances, which they should always take into account when designing their interventions.

References

ACBAR. 2008. *Falling Short: the efficiency of aid in Afghanistan*. Kabul: Agency Coordinating Body for Afghan Relief.

Booth D., D. Cammack. [et al.]. 2006. *Drivers of Change and Development in Malawi*. Working Paper No. 261. London: Overseas Development Institute.

Brautigam, D. 2000. *Aid dependence and governance*. Stockholm: Almqvist & Wiksell.

Brautigam, D. and S. Knack. 2004. Foreign aid, institutions, and governance in sub-Saharan Africa. *Economic development and cultural change*, 52 (2): 255-286.

Collier, P. 1999. Aid Dependency: A Critique. *Journal of African Economies*, 8 (4): 528-545.

Collier, P. 1997. The failure of conditionality. In C. Gwin (ed.) *Perspectives on Aid and Development*. Washington, DC: Overseas Development Council.

EIU. 2008. *The Economist Intelligence Unit's Index of Democracy 2008*. London: Economist Intelligence Unit.

Glennerster, R. and Y. Shin. 2008. Does Transparency Pay?. *IMF Staff Papers*, 55 (1): 183-209.

Government of Malawi. 2008. *The Development Assistance Strategy*. Lilongwe: Government of Malawi.

Hameed, F. 2005. *Fiscal Transparency and Economic Outcomes*. IMF Working Paper WP/05/225. Washington, DC: International Monetary Fund.

Hubbard, P. 2007. *Putting the Power of Transparency in Context: Information's Role in Reducing Corruption in Uganda's Education Sector*. Working Paper 136. Washington, DC: Center for Global Development.

IBP. 2009. *The Open Budget Survey 2008*. Washington, DC: International Budget Partnership.

IDD and Associates. 2006. *Joint Evaluation of General Budget Support: Synthesis Report*. Paris: OECD.

IMF. 2007. *Fiscal Policy Response to Scaled-Up Aid: Strengthening Public Financial Management*. Washington, DC: International Monetary Fund.

Islam, R. 2003. *Do More Transparent Governments Govern Better?* World Bank Policy Research Working Paper 3077. Washington, DC: World Bank.

Knack, S. and A. Rahman. 2007. Donor fragmentation and bureaucratic quality in aid recipients. *Journal of Development Economics*, 83 (1): 176-197.

Killick, T., R. Gunatilaka. [et al.]. 1998. *Aid and the Political Economy of Policy Change*. London: Routledge.

Lancaster, C. and S. Wangwe. 2000. *Managing a smooth transition from aid dependence in Africa*. Washington, DC: Overseas Development Council and Johns Hopkins University Press.

Lensink, R. and H. White. 1999. *Aid Dependence: Issues and Indicators*. Expert Group on Development Issues. Stockholm: EGDI.

Mosley, P., J. Harrigan. [et al.]. 1995. *Aid and Power: The World Bank and Policy-based Lending*. London: Routledge.

Moss, T., G. Pettersson. [et al.]. 2006. *An Aid-Institutions Paradox? A Review Essay on Aid Dependency and State Building in Sub-Saharan Africa*. Washington, D.C: Centre for Global Development.

Nsabimana, M. and R. Carlitz. 2009. *Donors' Role in Supporting and Promoting Budget Transparency and Accountability: A Synthesis Report*. Unpublished manuscript.

OECD/DAC. 2005. *Paris Declaration on Aid Effectiveness*. Paris: OECD.

Reinikka, R. and J. Svensson. 2003. *The Power of Information: Evidence from a Newspaper Campaign to Reduce Capture*. Working Paper, Institute for International Economic Studies. Stockholm: Stockholm University.

Riddell, R. 1996. *Aid Dependency: causes, symptoms and remedies*. Stockholm: Swedish International Development Agency.

UNDP. 2008. *Human Development Report 2007/8*. New York: United Nations Development Programme.

World Bank. 2008a. *Public Sector Reform: What Works and Why?* An IEG Evaluation of World Bank Support. Washington, DC: World Bank.

World Bank. 2008b. *World Development Indicators 2008*. Washington, DC: World Bank.

World Bank. 2008c. *Afghanistan Public Financial Management Performance Assessment*. Washington, DC: World Bank.

Annex 1: Donor Engagement Index (DEI)

Country	Use of PFM Systems[a]	Use of Proc. Systems[b]	Prog. Aid[c]	PFM TA[d] US$p/c	DEI
Uganda	0.57	0.37	0.66	1.8	0.43
Ghana	0.51	0.56	0.69	0.8	0.45
Zambia	0.59	0.71	0.47	7.5	0.57
Mongolia	0.17	0.29	0.06	15.1	0.38
Tanzania	0.71	0.69	0.61	1.5	0.53
Malawi	0.50	0.35	0.42	2.4	0.36
Niger	0.26	0.37	0.49	0.2	0.28
Nicaragua	0.48	0.45	0.46	5.2	0.43
Burkina Faso	0.43	0.54	0.57	0.5	0.39
Cambodia	0.14	0.16	0.28	2.3	0.18
Afghanistan	0.48	0.18	0.40	2.8	0.31
Kyrgyz Republic	0.13	0.12	0.18	3.9	0.17
Congo DRC	0.00	0.01	0.21	0.0	0.05
Rwanda	0.42	0.43	0.38	2.3	0.35

a) based on Indicator 5a of 2008 Paris Declaration Monitoring Report (OECD 2008:83);
b) based on Indicator 5b of 2008 Paris Declaration Monitoring Report (OECD 2008:83);
c) based on Indicator 9 of 2008 Paris Declaration Monitoring Report (OECD 2008:87);
d) based on committed funds for 'public financial management' (DAC/CRS database, 2000-2006), divided by total population (World Development Indicators, 2006) to take country size into account.
Note: the Donor Engagement Index (DEI) is calculated as the average of the four components, with PFM TA rescaled on a 0-1 basis.