How was data collected in Ethiopia?

Data for five indicators was collected in Ethiopia:

1. Aid predictability
2. Aid on budget
3. Mutual accountability
4. Gender equality
5. Use of country systems
   - Audit
   - Procurement
   - Financial reporting
   - National budget execution

Government decided that the reference year would be Ethiopian Fiscal Year 2004 (roughly July 2011 – June 2012) so that data used was already validated by partners.

The data for these indicators was initially drawn from the country’s aid management platform in August 2013. To complement the AMP, development partners provided data, government focal points were consulted, and government budget documents were also used. For countries or agencies with no available data on the AMP, data reported by partners for this specific exercise were used.

A validation exercise took place in November 2013 with members of the Development Effectiveness Taskforce (Italy, EU, World Bank, UNDP, and MoFED). Cross-referencing took place throughout the monitoring period between the Ministry of Finance and Economic Development (MoFED) and development partners, facilitated by the DAG secretariat.

The adoption of the Busan Partnership for Effective Development Cooperation at the 4th High Level Forum on Aid Effectiveness took the global partnership agenda to a whole new level. By recognizing the new challenges and opportunities in the world and gaps in previous aid effectiveness commitments, the Bussan Partnership agreement came up with a new partnership framework that is broader in scope, results-oriented and more inclusive than before. It is also founded on shared principles, common goals and stronger commitments for effective international development. To monitor the progress that has been made in implementing the Bussan Partnership, a global monitoring exercise was conducted under the guidance of the Steering Committee of the Global Partnership for Effective Development Co-operation. Among ten indicators used globally, five were measured at country level.

The Mexico High Level Communique agreed on 16 April 2014 builds on the Busan outcome and recognizes the progress made in upholding the Busan principles of country ownership, focus on results, inclusiveness, transparency and mutual accountability, while conceding that much more effort is required to fully implement these commitments. Special emphasis is placed on domestic resource mobilization; middle-income countries; south-south, triangular cooperation and knowledge sharing; and business as a partner in development. As many as 38 voluntary initiatives were annexed to the Communique.

This policy note examines the results from the 2013 post-Busan monitoring survey in Ethiopia, contextualizing it with the aggregate results for the 46 countries participating in the monitoring exercise. In Ethiopia, data collected captured 82% of official development assistance (ODA) in EFY 2004 (July 2011 - June 2012). At the country-level, 24 development partners participated in the monitoring exercise, including 14 bilateral agencies, 7 UN agencies, and 3 development banks/funds.

Table 1 illustrates how development partners measured up in Ethiopia relative to their average in the up to 46 participating countries. Table 2 compares the results of 2010 and 2013 in Ethiopia. Finally, Table 3 looks at the results from Ethiopia compared to the global average, in which Ethiopia is above the global average for all five country-level indicators.
Annual predictability results are in line with the results from the previous survey with 89% of funds disbursed as planned in 2013 compared to 88% in 2010, at the time of the last (Paris Declaration) monitoring survey. The indicator measures the proportion of scheduled disbursements that were actually disbursed. Seven partners disbursed 100% of what was scheduled for disbursement (African Development Bank, Australia, Germany, Ireland, Italy, UK, World Bank), while eight others did not communicate any scheduled disbursements despite disbursing ODA in the year under review (Canada, Czech Republic, GEF, Global Fund, Kuwait, Saudi Arabia, Sweden, and the United States).

A new indicator measuring commitment to medium-term predictability was introduced in 2013. The indicator refers to the estimated proportion of total funding reflected in rolling three- to five-year expenditure plans communicated to the Government. In Ethiopia, coverage for the next three years was 85%. Results vary widely among partners, with 13 providing such plans for all three years in the future (Austria, Canada, Czech Republic, France, Germany, Ireland, Kuwait, Saudi Arabia, Spain, United Kingdom, United Nations, United States, and the World Bank). For each partner, the determination of medium-term predictability was based on data available in MoFED’s Medium-Term Fiscal Framework forecast, which predicts revenue, budget expenditure, and allocations at the federal level based on existing agreements signed with the Government.

Interestingly, partners that could provide plans for the next year could also do so for the second and third years, providing a steady percent of flows covered by medium-term plans over the years, whereas at the global level the availability of forward information decreases over the planning horizon.

Aid on budget examines the proportion of scheduled disbursements actually recorded on budget (and approved by Parliament). In 2010 only 49% of aid was recorded in the Government’s annual budget, but great progress was made in the latest round of monitoring, with 66% of aid on budget. There was wide variation among partners: 100% of three partners’ ODA was on the annual budget approved by the House of People’s Representatives (Finland, Italy, Norway), while ODA from 11 partners was not recorded on the government budget (Australia, Canada, Czech Republic, GEF, Global Fund, Kuwait, Nordic Development Fund, OFID, Saudi Arabia, Sweden, and the United States). Data for this indicator was determined based on the amount of development cooperation recorded as part of the Government’s EFY 2004 national budget proclamation, which was discussed and approved by the House of Peoples’ Representatives.
Table 2: Comparing 2013 monitoring results in Ethiopia with 2010

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2010</th>
<th>2013</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>5a. Annual predictability</td>
<td>88%</td>
<td>89%</td>
<td>↑</td>
</tr>
<tr>
<td>5b. Medium-term predictability</td>
<td>85%</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(new in 2013)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Aid on budget</td>
<td>49%</td>
<td>66%</td>
<td>↑</td>
</tr>
<tr>
<td>7. Mutual accountability</td>
<td>Yes</td>
<td>Yes</td>
<td>→</td>
</tr>
<tr>
<td>9a. Quality of PFM and procurement systems</td>
<td>3.5</td>
<td>3.5</td>
<td>→</td>
</tr>
<tr>
<td>9b. Use of country PFM and procurement systems</td>
<td>66%</td>
<td>51%</td>
<td>↓</td>
</tr>
<tr>
<td>10. Aid untied</td>
<td>70%</td>
<td>87%</td>
<td>↑</td>
</tr>
</tbody>
</table>

The indicator serves to record domestic oversight and accountability for the use of development cooperation funding and results (funds can be recorded on budget even if they do not pass through the country’s Treasury). In discussions with Government, MoFED explained that if, for example, a particular region or institution does not receive the aid indicated in the national budget, MoFED is held legally responsible. For this reason, and sometimes regardless of agreed and signed work plans, the full planned aid disbursements are not always included in the national budget. Instead, the amount of development cooperation included in the national budget is determined both by the availability of disbursement plans and the previous year’s disbursement track record.

Ethiopia meets the requirement on mutual accountability, as it did in 2010, by having country-level targets, assessments toward targets, involving non-executive stakeholders, and public results. Although Ethiopia does not have an aid policy or partnership policy, the Development Assistance Group (DAG) and the Ministry of Finance and Economic Development (MoFED) have previously agreed on an aid effectiveness action plan with clear indicators to measure progress.

In addition, the Government and the DAG jointly monitor the Growth and Transformation plan and have identified 80 indicators to track progress. The annual High Level Forums (HLF), together with various sector working group and program meetings, regularly discuss the implementation of sector strategies and national priorities. Non-government organizations and CSOs are involved through participation in ad hoc sector working group meetings.

On gender equality and women’s empowerment Ethiopia is cited as one of the few countries with a system in place to track and make public allocations on gender equality. Ethiopia finalized its national gender-responsive budgeting guidelines for mainstreaming gender in the program budget process in November 2012. The focus should now be on the implementation of these guidelines.

The quality of the country’s public financial management systems is based on the World Bank’s Country Policy and Institutional Assessments criteria 13 (see box). Ethiopia scores the same as it did in 2010 (3.5 on a scale of 1-low to 6-high). Globally speaking, the advantage of using this criteria is that it provides regularly-updated and comparable data across countries; however, Ethiopian officials and other representatives have expressed frustration regarding the use of this indicator to measure the quality of systems since they do not believe it takes into account progress made over the past few years. The concern is shared by other countries and was discussed at the post-Monitoring Workshop. The final report reflects the fact that the data on the quality of country systems has not been validated by participating countries.

Of the 33 countries reporting to the Global Partnership monitoring framework in 2013 for which CPIA scores are available, only 3 countries (Côte d’Ivoire, Honduras and Sudan) moved up by one measure since 2010; 3 countries have seen a decline by one measure since 2010 (Madagascar, United Republic of Tanzania and Viet Nam); and 27 reported the same score as in 2010.

Since 2010, there has been an overall decrease in the use of the country’s PFM and procurement systems by development partners in Ethiopia. This was measured by examining 4 elements:
1. National budget execution;
2. Financial reporting;
3. National auditing; and
4. Use of national procurement systems.

An average of 51% of total ODA used the country’s PFM and procurement systems compared to 66% in 2010 (the 2010 figure was revised to correspond to the 2013 methodology). The 51% total use of country systems represents an average of the 4 elements listed above. While strong systems are a prerequisite to ensure that providers will disburse their funds through them and reduce their reliance on parallel systems or their own procedures and implementation, using developing countries’ own institutions and systems also serves as a means to strengthen these institutions and systems themselves, reduce transaction costs and enable greater country-level accountability towards citizens and parliament.

Data for this indicator was drawn from an aid effectiveness task force-commissioned assessment on the use of country systems, which was conducted in 2010 and 2011. The study identified the level of use of country systems by different development partners based on a comprehensive survey of their 2011 ODA disbursements. The findings were presented and approved by the High-Level Forum in December 2012.

As a result, for this monitoring round Government applied the two percentages to each partner’s EFY 2004 disbursements. One was the percent of development cooperation disbursed that used the country’s public financial management system (national budget execution, financial reporting and national audit) and the other was the share of development cooperation that used country’s procurement system. Some partners expressed concern that the data were based on an older reference year, but Government suggested there was only a 6-month difference between the two assessments and that the data should be viewed as a baseline for future monitoring of partners’ efforts.

The share of untied aid in Ethiopia as reported to the DAC in 2012 was 87% compared to 70% in 2010. “Traditional” providers of development assistance are delivering on commitments to untie more ODA despite pressures on ODA budgets.

### Table 3: How does the quality of ODA to Ethiopia compare to the global average in 2013?

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Ethiopia avg.</th>
<th>Global avg.</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>5a. Annual predictability</td>
<td>89%</td>
<td>84%</td>
<td>Above</td>
</tr>
<tr>
<td>5b. Medium-term predictability</td>
<td>85%</td>
<td>70%</td>
<td>Above</td>
</tr>
<tr>
<td>6. Aid on budget</td>
<td>66%</td>
<td>63%</td>
<td>Above</td>
</tr>
<tr>
<td>9b. Use of country PFM and procurement systems</td>
<td>51%</td>
<td>49%</td>
<td>Above</td>
</tr>
<tr>
<td>10. Aid untied</td>
<td>87%</td>
<td>79%</td>
<td>Above</td>
</tr>
</tbody>
</table>
Global-level monitoring: Four indicators were measured at the global-level, and country-level data was not used to measure progress. Transparency was measured at the global level by development partner according to their degree of implementation of the common standard. The indicator is based on the common standard, which encompasses four components: (1) the availability of historical, current and future aid flows; (2) more detailed information on these flows; (3) broader coverage of development finance, including non-ODA; and (4) improved timeliness and frequency of updates on aid flows. At the global level, 4 providers stand out: the United Kingdom, the Netherlands, Finland and Sweden. The main challenges in meeting the common standard are the timeliness/frequency of data and the provision of forward-looking information.

The progress report recognizes that a critical element of transparency is providing data that is useful for partner countries, which this indicator does not measure. In fact, some of the challenges encountered in consolidating and validating data at the country level are further proof that actions of providers of cooperation at the global level are not necessarily reflected at the country-level.

Three more indicators were piloted or are in the process of being piloted, and are not included in the survey.

1. The first measures the use of countries’ own indicators, statistics, and monitoring and evaluation systems. Ethiopia chose not to participate in this pilot, which focused heavily on modalities (and general budget support) as one of the primary ways of measuring the use of a country’s result framework.

2. Another indicator is expected to measure the extent to which civil society operates within an environment that maximizes its engagement with and contribution to development. Developing a quantitative measure of the legal and regulatory framework for civil society organizations was not deemed to be possible in time for this exercise.

3. Finally, the measure of the private sector’s contribution to development is currently being piloted.


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