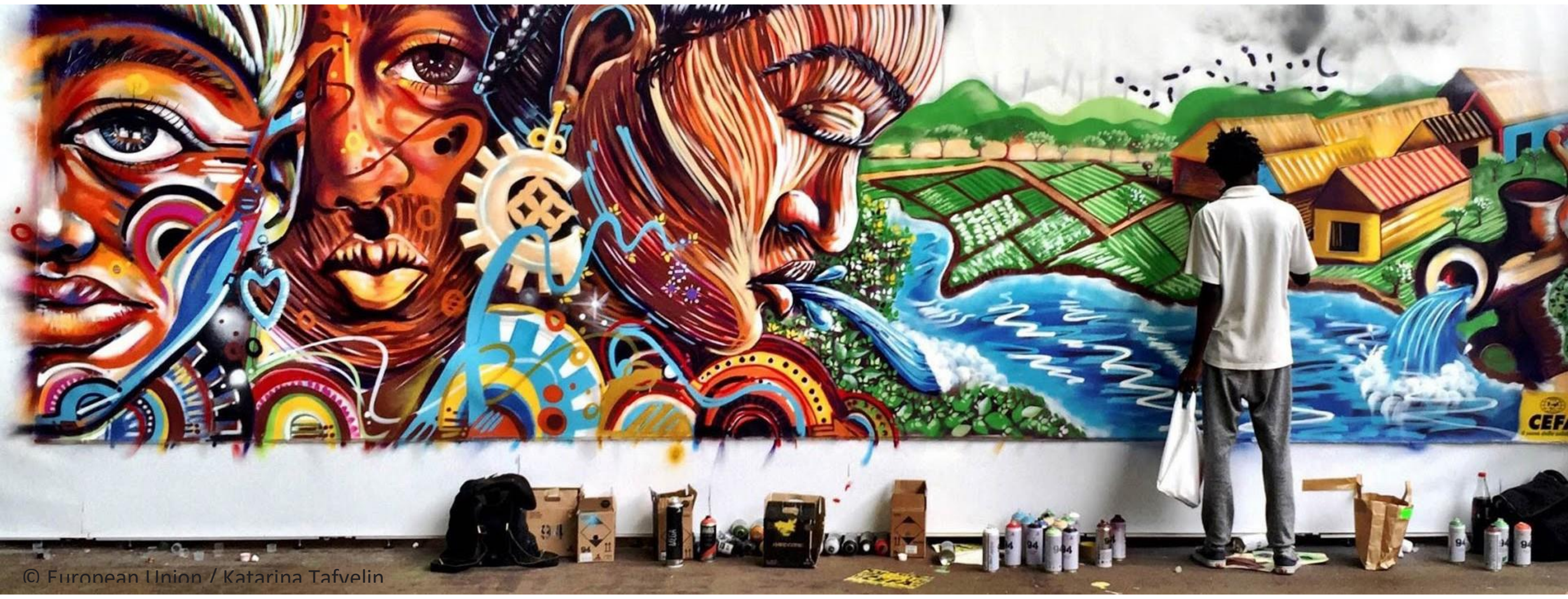

EFFECTIVE DEVELOPMENT COOPERATION

Does the EU deliver?

Detailed Analysis of EU Performance

Output 2 – Detailed Analysis of the EU Institutions and Member States performance

Request for Services n° 2019/407279-Version 1

FWC SIEA 2018 - LOT 6: Innovative financing for development
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bkp DEVELOPMENT RESEARCH & CONSULTING

LATTANZIO ADVISORY

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1 Executive Summary

This report is a snapshot of the European Union's (EU) implementation of aid and development effectiveness principles in its development co-operation in partner countries. It examines the performance of the EU and its Member States by analysing the results of the 2019 Global Partnership for Effective Development Cooperation (GPEDC) monitoring report. Almost 1,800 projects in over 70 partner countries were analysed to generate a gauge of the performance of the European Union as a collective whole. The sample is equivalent to just over half of the full GPEDC data set.

The Sustainable Development Goal indicator 17.15.1 measures the use of country-owned results frameworks and planning tools by providers of development cooperation. The EU improved marginally between 2016 and 2018 but now performs a little worse than the average. Nonetheless, the EU as a whole performs better than its Organization for Economic Cooperation and Development (OECD), Development Assistance Committee (DAC) peers and better when compared to non-DAC member bilateral development partners.

The European Union increased its use of partner country objectives and use of data from government systems in monitoring projects. However, the EU has decreased its use of indicators drawn from partner country owned results frameworks. The EU has also lowered its commitment to involve partner governments in project evaluations: on this the EU now performs less well than the average, DAC peers and even other non-DAC bilaterals.

In terms of short and medium term predictability, EU performance has dropped although this is likely worsened by the reporting period coming close to the EU Institutions multi-annual financial framework's expiry date. Some EU Member States improved their predictability (most notably Portugal improving to over 90% in just two years) but the majority also declined.

On using partner country public financial management systems, there has been a marginal overall decline by the EU while DAC Member improved (from 47% to 55% in just two years). The decline is attributable to the drop in the use of partner country systems in financial reporting. The EU has remained steady in terms of using partner country audit and procurement systems whilst also maintaining its performance in terms of getting aid onto partner country budgets.

Regarding untying aid, the EU has performed very well: by 2017 92% of all aid is regarded as untied.

On transparency, performance is based on reporting to the OECD Creditor Reporting System, OECD Forward Spending Survey and the International Aid Transparency Initiative (IATI). The EU's performance has deteriorated in terms of reporting to the two OECD systems while the EU has maintained its score in publication to IATI, still ranking better than the GPEDC average, although the volatility in performance in the absence of visible differences in the quality and breadth of data reported by the EU and its Member States to these organisations points to data reliability issues.

The study identified a number of issues related to changes in EU MS domestic contexts, in partner countries and globally that could potentially have influenced the trends in performance seen in the GMR monitoring rounds. The relevance of these was explored through an analysis of donor policies and through interviews with EU Member State and EC officials to understand how they explain their respective organization's performance.

The overall deterioration in performance is not reflective of a formal change in policy on effectiveness. In contrast to the data, donors are firmly committed to development effectiveness at the policy level and some donors have even greater institutionalised development effectiveness in procedures and management systems. However, there are clear signs of unfamiliarity with the GPEDC monitoring process, which may reflect a reduced priority on effectiveness in practice.

There is no common trend across EU donors' performance. The data seems to indicate great volatility in performance in the period since the 2016 GMR, raising questions around the robustness of the data and, potentially, the quality of the monitoring process.

For the EU Member States, domestic political and fiscal pressure following the financial crisis has reduced tolerance with capacity issues in partner countries and changed how aid is programmed. The context in partner countries has greatly changed too: reduced importance of ODA and growing influence of emerging powers has lessened incentives for policy dialogue and alignment. Growing wealth inequality also appears to have reduced faith in many partner country policies and systems. For the EC, the expiry of the EC's current Multiannual Financial Framework has affected the medium term predictability of it co-operation.

Donors' spending more on fragile states, humanitarian and international priorities through International organisations or NGOs (e.g. climate change and migration) combined with reduced enthusiasm for budget support (with the exception being state building contracts) possibly contribute to less use of partner country systems. There is a commonly held perception that budget support and effectiveness are essentially synonomous, which has meant that the widespread withdrawal of Member States from budget support is seen by officials as a de-facto indictment of the relevance of the effectiveness concept.

Development effectiveness as a concept suffers a reputation of being a rigid, top down approach based on compliance, instead of impact and results. Dynamic and changing contexts is leading to more innovative programming but innovative programming is increasingly understood as programming designed outside the structures of the development effectiveness debate. The Busan commitment to democratic ownership and inclusion, for example, which focusses in building essential non-state national capacities and systems, often results in less use of partner government systems according to reporting in GPEDC indicators.

The qualitative research concludes that commitments to development effectiveness remain high. To score better EU and EC officials would benefit from more familiarity with the GPEDC monitoring system. Equally, the GPEDC monitoring system needs to evolve to capture the more complex development cooperation context and could complement the monitoring of use of partner government systems with better and more significant reporting on innovative programming that responds to complex and changing environments and reaches beyond state to other national systems and capacities.

2 Introduction

The European Commission (classified under 'European Union [EU] Institutions' in the Organization for Economic Co-operation and Development (OECD), Creditor Reporting Systems (CRS) database) and European Union Member States (EU MS) are strong advocates for aid and development effectiveness. They are committed to global agreements such as the Busan Partnership Agreement and the Addis Ababa Agenda for Action and have complemented these commitments with decisions and communications from the Council of the European Union such as on Joint Programming and Division of Labour and the New European Consensus on Development. The key principles of development effectiveness, defined in the Busan outcome are:

- Country ownership;
- Transparency and accountability;
- Focus on results;
- Inclusive development partnerships.

Following the Busan High Level Forum on Aid Effectiveness in 2011, the Global Partnership for Effective Development Cooperation (GPEDC) was established. This multi-stakeholder platform is tasked with progressing commitments made in Busan and renewed at the last High Level Meeting in Nairobi (2016). The GPEDC regularly monitors progress on implementation through a biannual and voluntary monitoring exercise, the latest rounds of which have been conducted in 2014, 2016 and last concluded in 2018.

This report analyses the progress made by the European Commission and EU Member States against development effectiveness principles. It is based on relevant data from the successive GPEDC Global Monitoring Rounds (GMR) measuring implementation of the 10 indicators on development effectiveness. The analysis focuses on showing how the EU Institutions and Member States have delivered and examines the trends in delivering for each indicator. Consultations with selected Member States were used to assess the current policy priority attached to delivering on the effectiveness principles and the institutional, and other, drivers of performance trends.

The GPDEC methodology comprises data either presented directly or combined into composite indicators. There are ten high level indicators (many more sub-indicators) covering themes from use of partner country systems through quality of dialogue, involvement of civil society, predictability and transparency of funding and financial management, gender equality and tied aid. The data is publicly available on an interactive website (http://dashboard.effectivecooperation.org/viewer). The GPEDC produces a Global Progress Report. The Global Progress Report for the 2018 exercise was released recently (dated 2019); Part II of this Global Progress Report covers the performance of development partners and is referred to in the analysis presented below.

For the purpose of this exercise, the focus is on performance of the EU Institutions and EU Member States, thus only a subset of the 2018 monitoring results. Alignment of strategies and projects to country-led results frameworks is analysed in Section 3.1. Section 3.2 reviews the forward visibility of development co-operation both in terms of annual and medium-term predictability and its recording on partner countries' budgets. The use of partner countries' public financial management systems, both overall and for each of its four components (i.e. audit, budget, procurement and reporting) is assessed in Section 3.3, while Section 3.4 presents progress made by EU Member States and EU

Institutions on untying aid. Finally, Section 4 gives an overview of progress on strengthening transparency of development cooperation information.

Each section starts with a definition of the indicator used, an explanation of its importance for development effectiveness, and a description of the methodology used for its calculation taken *verbatim* from the GPEDC 2018 Technical Companion and 2018 GPEDC Monitoring Guide to ensure consistency of definitions and methodology between the Global Monitoring and this report. For each section graphics are presented comparing the EU's combined performance (meaning the EU Institutions and EU Member States combined) with global peers such as other bilateral donors, multilaterals (e.g. the UN systems, development banks and other international actors) and OECD Development Assistance Committee (DAC) members.

Instead of using simple averages of EU Institutions and EU Member States' indicators, all project, provider and provider-recipient data have been consolidated into a single database to produce all EU aggregate indicators using the GPEDC methodology to ensure complete consistency and comparability of results. A total of 1,756 projects (i.e., 784 for 2016 and 972 for 2018) in over 70 partner countries (73 for 2016 and 78 for 2018) have been analysed to produce the European Union collective indicator. The sample is equivalent to 53 percent of the full GPEDC database of 3,337 projects and represents the European Union as if it were a consolidated single development partner.

EU collective indicators are compared in each section with other non-EU development partners, with individual indicators of EU Member States and Institutions, across different types of partner countries (e.g. income group, fragility, LDC status, region), and, only for alignment, across different sectors, instruments and channels.

Due to limitation in the GPEDC sample, data on forward visibility, use of country systems and untying are aggregated at partner country level for each development partner, while data on alignment are available at the project level and are therefore the only ones that can be broken down further. No data on indicators by instrument, channel or sector are therefore available for forward visibility, use of country systems and untying

The graphs and text below go into more detail regarding the specific indicators and performance of the EU and EU Member States. In the main section the EU's performance is reported as:

a) a composite combining that of the EU Institutions and EU Member States, for all partner countries broken down by income group, development level, fragility, region, channel, type of instrument and sector (the last three only for Indicator 1a *Development partners use country-led results frameworks* and its sub-components due to the level of detail available in the GPEDC database); and
b) Detailed indicators for each participating EU Member State and EU Institutions.

The country profiles annexed in alphabetical order provide disaggregated data and thus should be read alongside the main text when looking to understand the detailed comparative performance of respondents.

The EU Institutions and 16 of the 28 EU Member States (i.e., Austria, Belgium, Czech Republic, Denmark, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Slovenia, Spain, Sweden and the United Kingdom[1]) reported sufficient information across indicators and time to be included in this report. The term "EU and its Member States" in this report refers to this subset

[1] At the time of the reporting, the United Kingdom was still member of the EU and is therefore counted as such.

of EU Member States. Data from Estonia and the Slovak Republic had too many gaps to be included in the graphs and annex, although they are occasionally referred to in the main text.

The quantitative analysis was supplemented with a qualitative component (see section 5 of this report). The qualitative component was in the form of confidential interviews with EU and EU Member State officials who were identified for their potential to explain the quantitative results. A questionnaire (presented in Annex 1) was developed and presented to EU and EU Member State officials about the potential drivers of their respective organization's scoring.

The questionnaire was tailored to each EU Member State in that only the questions that applied were asked and the focus was adjusted based on whether performance in the 2018 GPEDC round had improved or worsened. Some MS, for example, were sent as few as one question yet others were sent the full questionnaire.

The MS were informed of the process by DEVCO during the week of September 8th, 2019. The questionnaire was sent by email on September 16th, 2019 with a request for a subsequent telephone interview. The initial deadline was for two weeks. This deadline was subsequently extended by a week and the last feedback provided on Monday September 21st, 2019. The United Kingdom formally declined to participate. All other Member States either reported, participated in the interview, confirmed they did not have any information to add or did not respond.

The findings below represent analysis based on responses from Austria, Belgium, Denmark, Finland, Germany, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Slovakia and Sweden.

Five Member States provided written feedback on the detailed questions, but the majority of the feedback from all Member States was collected via telephone interviews. When interviewing the Member States, the majority spoke 'off record' and some asked for confidentiality because some aspects to which they referred are not official policy. Whilst none of the findings are confidential, they are often not yet officially endorsed. For this reason, the findings below are purposefully not attributed.

Following the interviews with the Member States, DEVCO proposed to interview EU officials who could explain significantly improved or worsened scores for the EU. Ten of the best and ten of the worst performing partner countries were selected. EU Delegation officials and officials at headquarters were approached for interviews in November 2019. Officials expressed interest covering the Burkina Faso, Central African Republic, Chad, Ethiopia, Malawi, Nigeria, Rwanda and Tanzania. Reflections and explanations from the EU officials are incorporated in the reporting below.

3 Partner Country Leadership of Development Efforts

In this chapter, the data from the 2018 monitoring round is presented focusing on four development effectiveness aspects of programming development cooperation support to partner countries:

1) Alignment of development partners' strategies and projects to country-led development priorities and results,
2) Forward visibility of development co-operation, including its annual and medium-term predictability and its recording on partner countries' budgets,
3) Use of partner country public financial management systems and,
4) Progress made in untying aid.

3.1 Development partners' alignment with partner countries' development priorities and results frameworks

Indicator 1a - development partners use of country-led results frameworks - measures the alignment of development partners with country-defined development objectives and results; as well as their progressive reliance on countries' own statistics and monitoring and evaluation systems to track progress in achieving the intended results. The indicator offers estimates at strategic and at programming level. At programming level, the indicator is calculated by averaging four sub-indicators:

- Indicator 1a.1 Alignment at objectives level: percentage of development interventions whose objectives are drawn from country-led result frameworks (see sub-section 3.1.1)
- Indicator 1a.2. Alignment at results level: percentage of results indicators contained in development interventions that are drawn from country-led results frameworks (see sub-section 3.1.2)
- Indicator 1a.3. Alignment at monitoring and statistics level: Percentage of results indicators that will be monitored using government sources and monitoring systems (see sub-section 3.1.3)
- Indicator 1a.4. Percentage of New Interventions that plan a final evaluation with government involvement (see subsection 3.1.4)

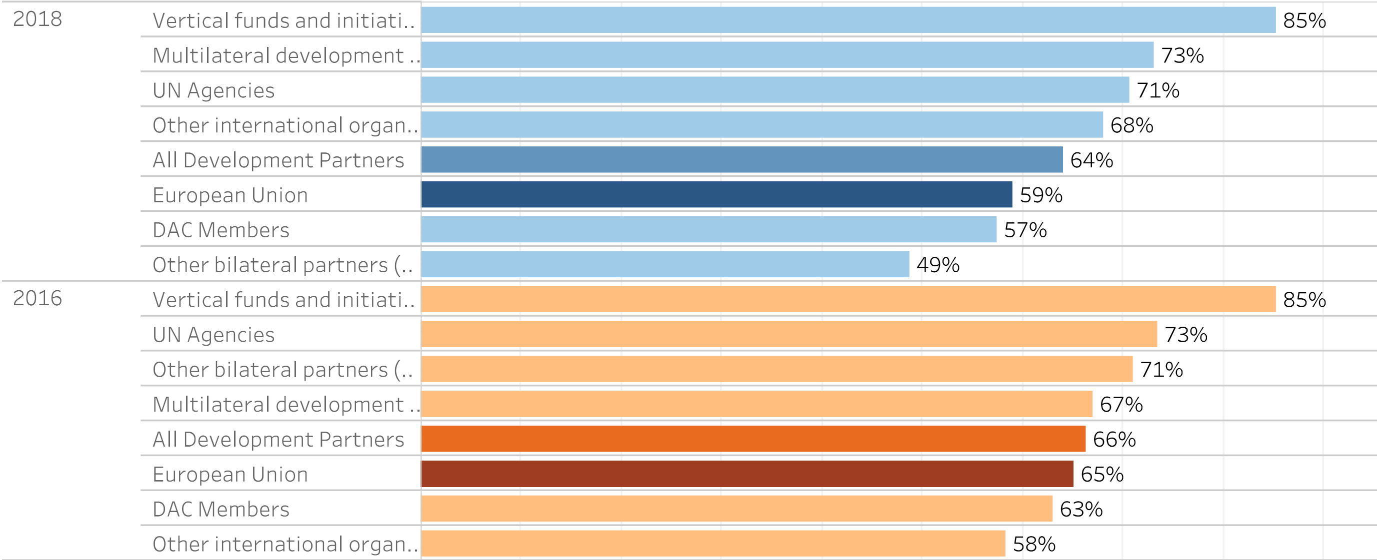
Indicator 1a also provides the data for SDG target indicator 17.15.1, (*Extent of use of country-owned results frameworks and planning tools by providers of development cooperation*) This is the indicator used to measure development partners' respect for the partner country's policy leadership and the extent to which it is able to bring external resources together behind its own efforts. The extent to which development partners direct their development efforts in line with country-defined priorities and development results is a critical aspect of both country ownership and a results focus.

SDG indicator 17.15.1 is calculated by averaging the first three sub- indicators of indicator 1a. The following figures present performance on SDG indicator 17.15.1. The following sections 3.1.1, 3.1.2,, 3.1.3 and 3.1.4 present performance respectively on each of the four sub-indicators.

Figure 1

Like most bilateral development partners, the EU decreased use of country-owned result frameworks and planning tools

Indicator SDG17.15.1



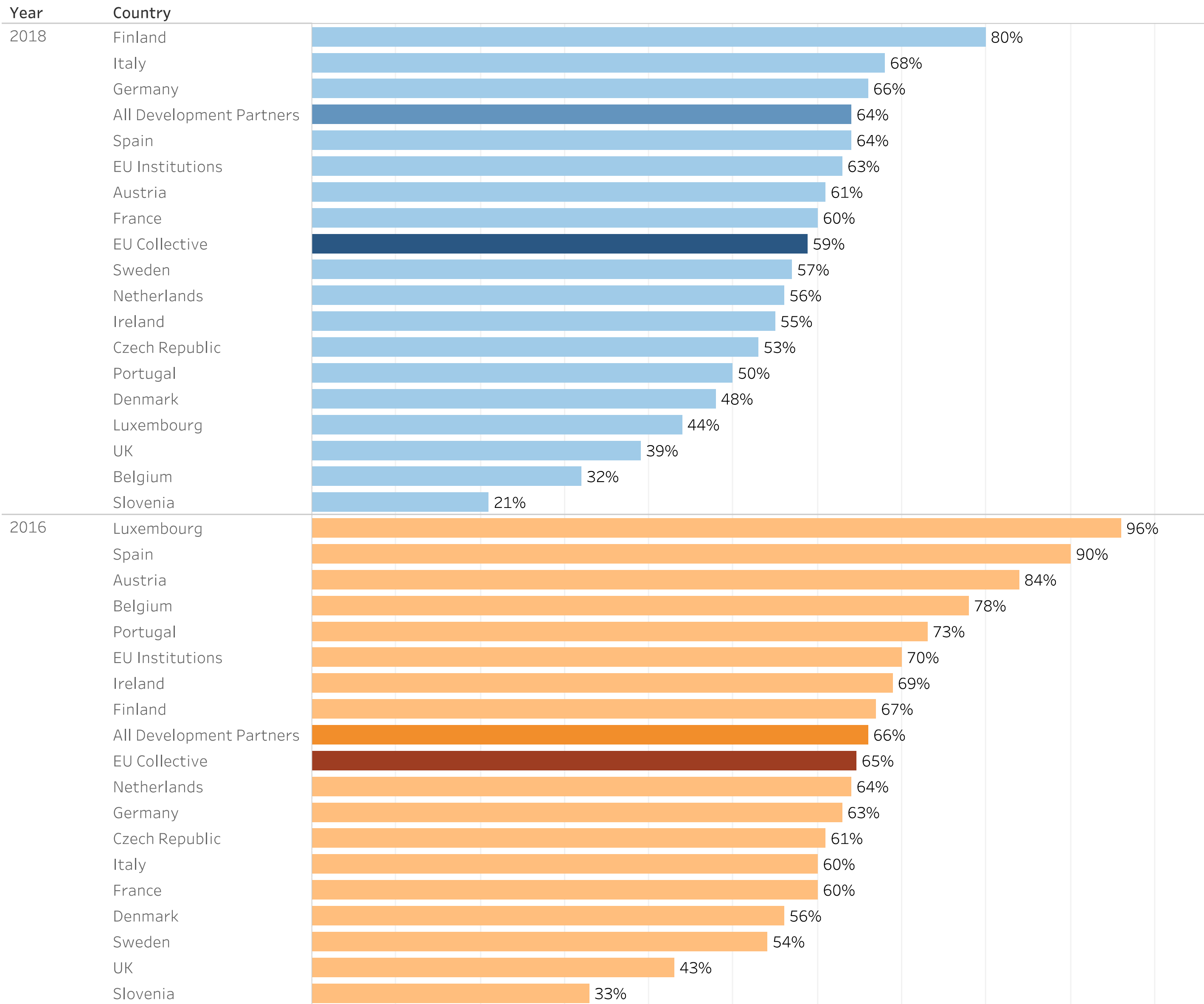
The GPEDC's 2019 progress report found declining performance for development partners as a whole with bilaterals deteriorating more than multilaterals since 2016. EU performance was in line with other bilaterals, as shown in **Figure 1** (above), with a decrease in the SDG17.15.1 indicator from 65% to 59%

Photographer: Fiona Goodall, ©European Union 2019

Figure 2

Use of country-owned results frameworks and indicators declined for most EU Member States and EU Institutions, in some cases steeply

Indicator 17.15.1



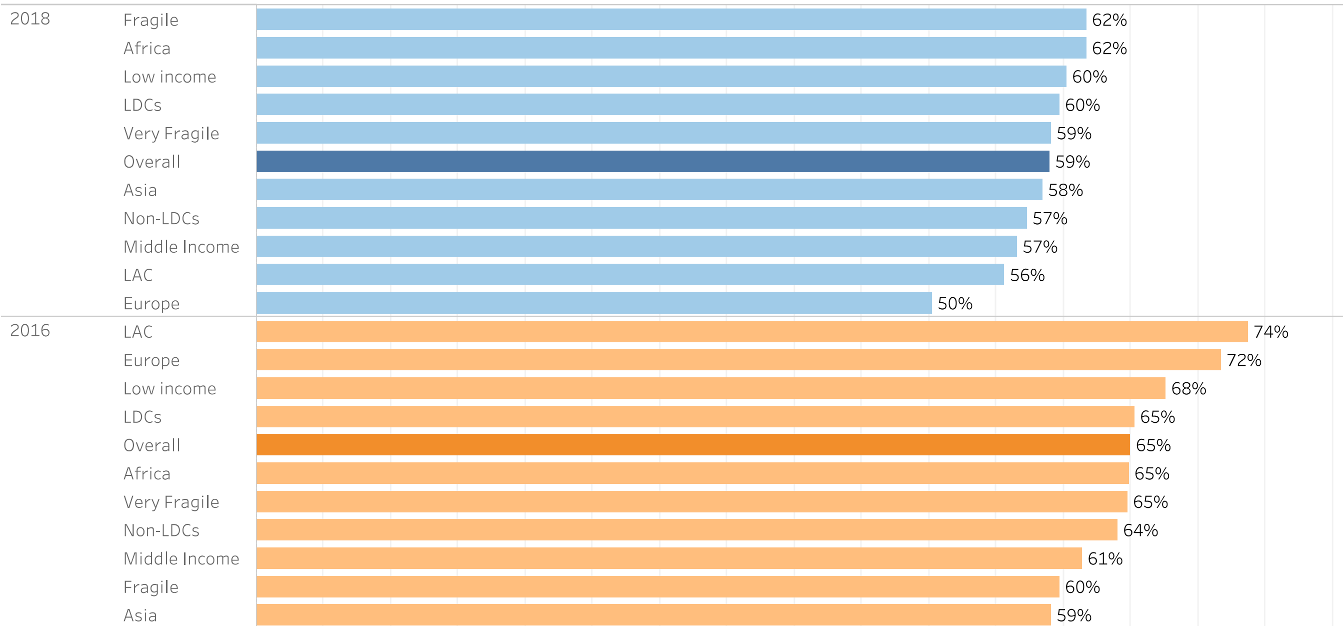
As shown in **Figure 2** (above), the use of country-owned results frameworks and indicators declined for most EU Member States, in some cases (i.e. Austria, Belgium, Luxembourg, Portugal and Spain) steeply. Only Finland, Germany, Italy and Sweden increased use.

Figure 3 shows that the EU as a whole made greater use of country-owned results frameworks and planning tools in low-income than in middle-income countries and in LDCs than in non-LDCs. Use of country-owned results frameworks was highest in Africa while in Europe and LAC it was higher than average in 2016 and lower in 2018.

Figure 3

The type of partner country influenced the use of country-owned result frameworks and planning tools by the EU

Indicator SDG17.15.1



The decline by EU Institutions appears to be attributable to increasing use of technical cooperation and investment projects that are less likely to use government systems in the sample resulting in proportionately lower use of country-owned results frameworks and indicators in 2018 (57% and 38% respectively compared to an average of 63%).

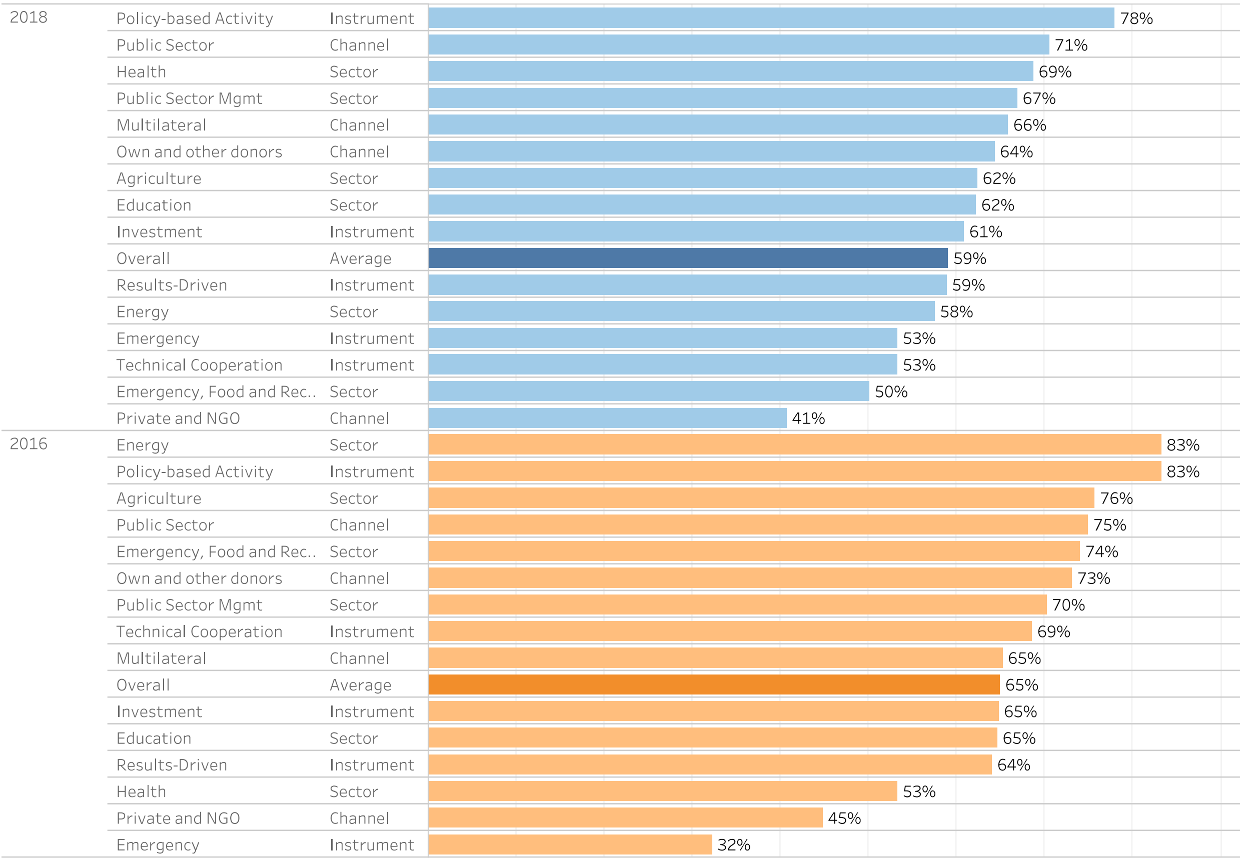
Photographer: Mohamed Maslah, © European Union, 2019

As shown in **Figure 4**, among instruments used by the EU, policy-based activities (e.g., general and sector budget support and policy-based support) made greatest use of country owned results frameworks; technical cooperation[2] and emergency programming used them least. Projects implemented through the public sector, donors or multilaterals had a higher than average use of country frameworks. EU projects implemented through NGOs and private sector showed a lower than average performance. EU projects in social sectors made substantial use of country frameworks compared to emergency, food relief and reconstruction which tend to be programming through humanitarian actors often in contexts where partner government ownership is impossible due to either contestation or capacity challenges such as in crisis or emergency.

Figure 4

The type of instrument, channel and sector also influenced the use of country-owned result frameworks and planning tools by the EU

Indicator SDG17.15.1



Note: 2016 projects unallocated by sector were too significant to allow for a proper breakdown.

3.1.1 Use of Country-led Results Frameworks: Alignment at objectives level (Indicator 1a.1)

Indicator 1a.1 Alignment at objectives level: percentage of development interventions whose objectives are drawn from country-led results frameworks. For each partner country/development

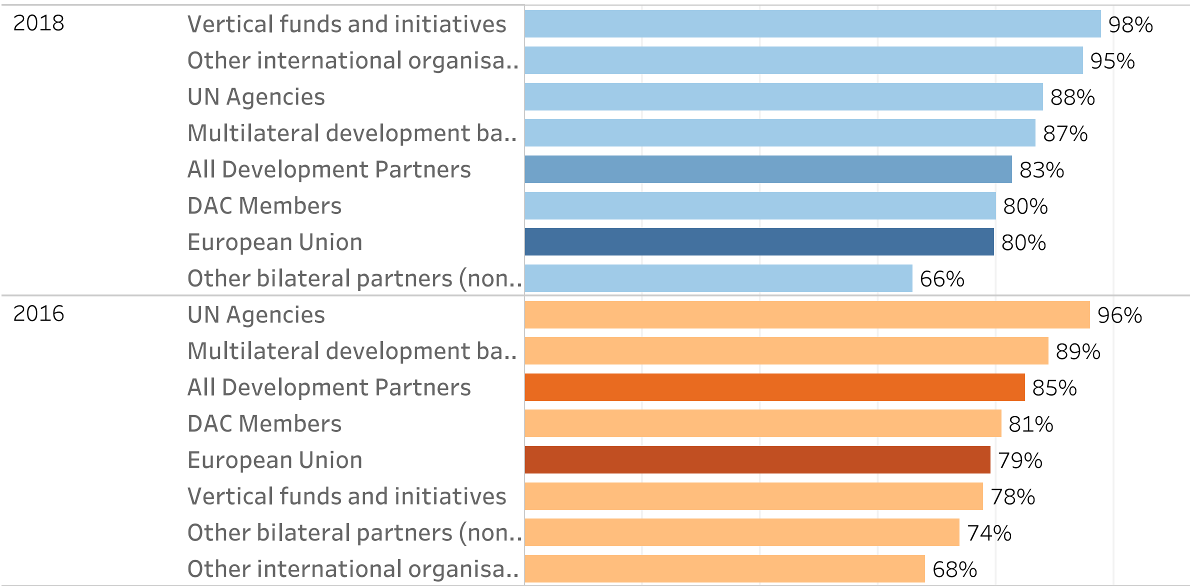
[2] The OECD defines two basic types of technical cooperation: (1) free-standing technical cooperation (FTC), which is the provision of resources aimed at the transfer of technical and managerial skills or of technology for the purpose of building up general national capacity without reference to the implementation of any specific investment projects; and (2) investment-related technical cooperation (IRTC), which denotes the provision of technical services required for the implementation of specific investment projects.

partner the indicator is calculated as the number of interventions that draw their objectives from national planning tools over the total number of interventions.

Figure 5

Alignment of project objectives has decreased for most development partners, except the European Union and some international organisations

Share of individual project objectives drawn from partner country strategies and plans

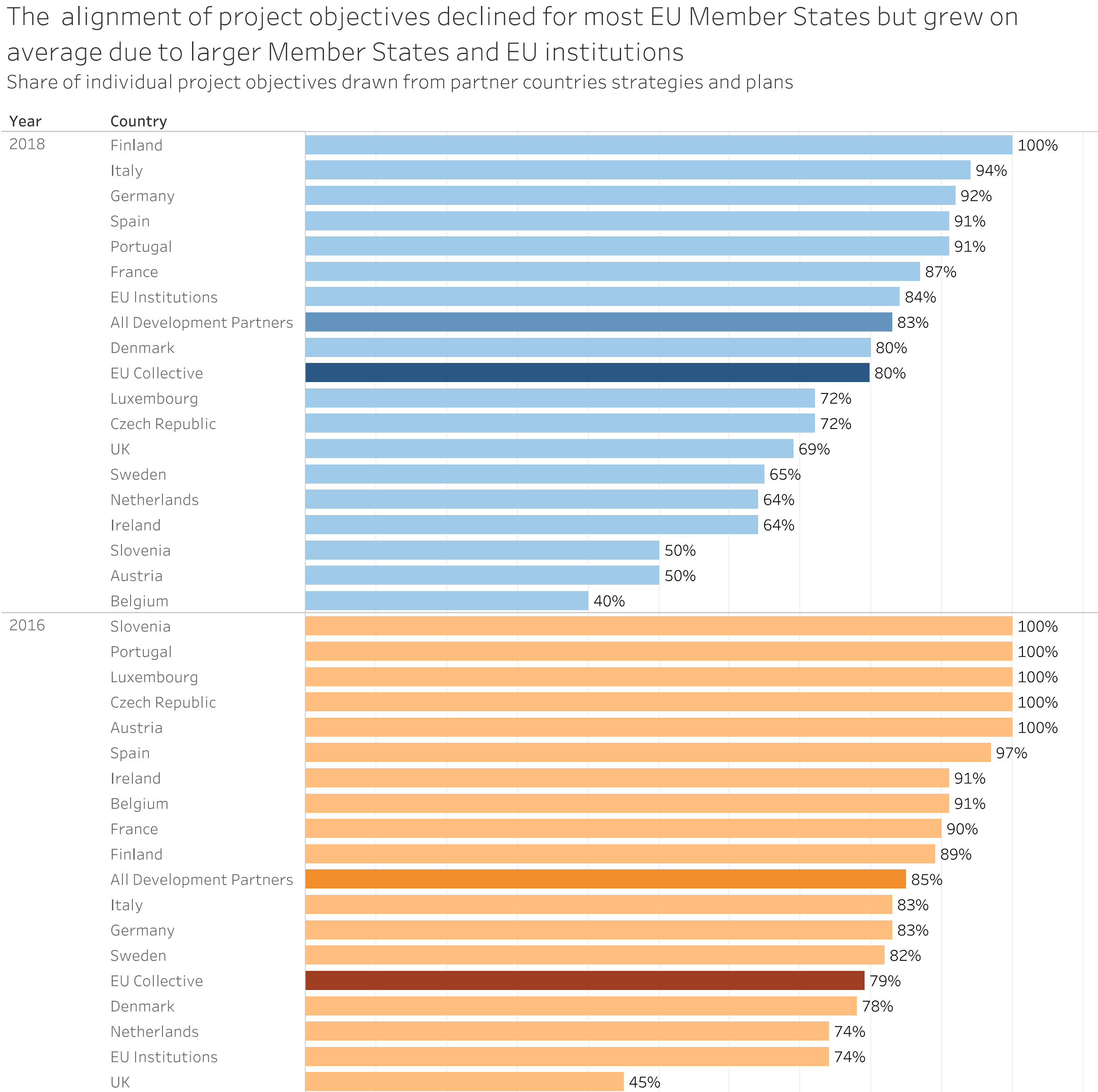


The percentage of EU development interventions (see **Figure 5** above) that draw their objectives from country-led result frameworks improved marginally to 80% from 79% in 2016. The slight improvement in EU performance went against the overall trend: the GPEDC 2019 Report refers to "a decline in …. 'respect for partner countries' policy space and leadership…. For bilateral partners, the decline corresponds to decreased alignment of project objectives to country led priorities and decreased reliance on country-defined results, statistics and monitoring systems." (GPEDC 2019: 29).

Photographer: Mohamed Maslah, © European Union, 2019

Figure 6 (below) shows that out of the sixteen MS and the EU Institutions reporting (seventeen in total), eleven recorded a decline in the use of country-led results at the objective level in designing interventions (i.e. Austria, Belgium, Czech Republic, France, Ireland, Luxembourg, the Netherlands, Portugal, Slovenia, Spain and Sweden) with the worst performers being Belgium that dropped from 91% to 40%, and Austria and Slovenia from 100% to 50%. Better performers were the EU Institutions, increasing from 74% to 84%, Finland from 89% to 100% and Italy from 83% to 94%. The largest improvement was registered by the United Kingdom which increased from 45% to 69%. The EU as a whole remained stable because improvements in performance by fewer bigger development partners (e.g. the EU Institutions and the United Kingdom) counterbalanced the deterioration in performance by smaller partners (e.g. Belgium, Ireland, Luxembourg, Netherlands, Portugal and Sweden).

Figure 6



As shown in **Figure 7** below, the deterioration was concentrated in LDCs, low-income or very fragile countries, while there was a strong improvement in fragile countries. There was also a strong decline in the alignment of projects and programmes implemented in Europe.

Figure 7

Alignment of project objectives has decreased for most partner countries that were above average in 2016 except in Africa

Share of individual project objectives drawn from partner country strategies and plans

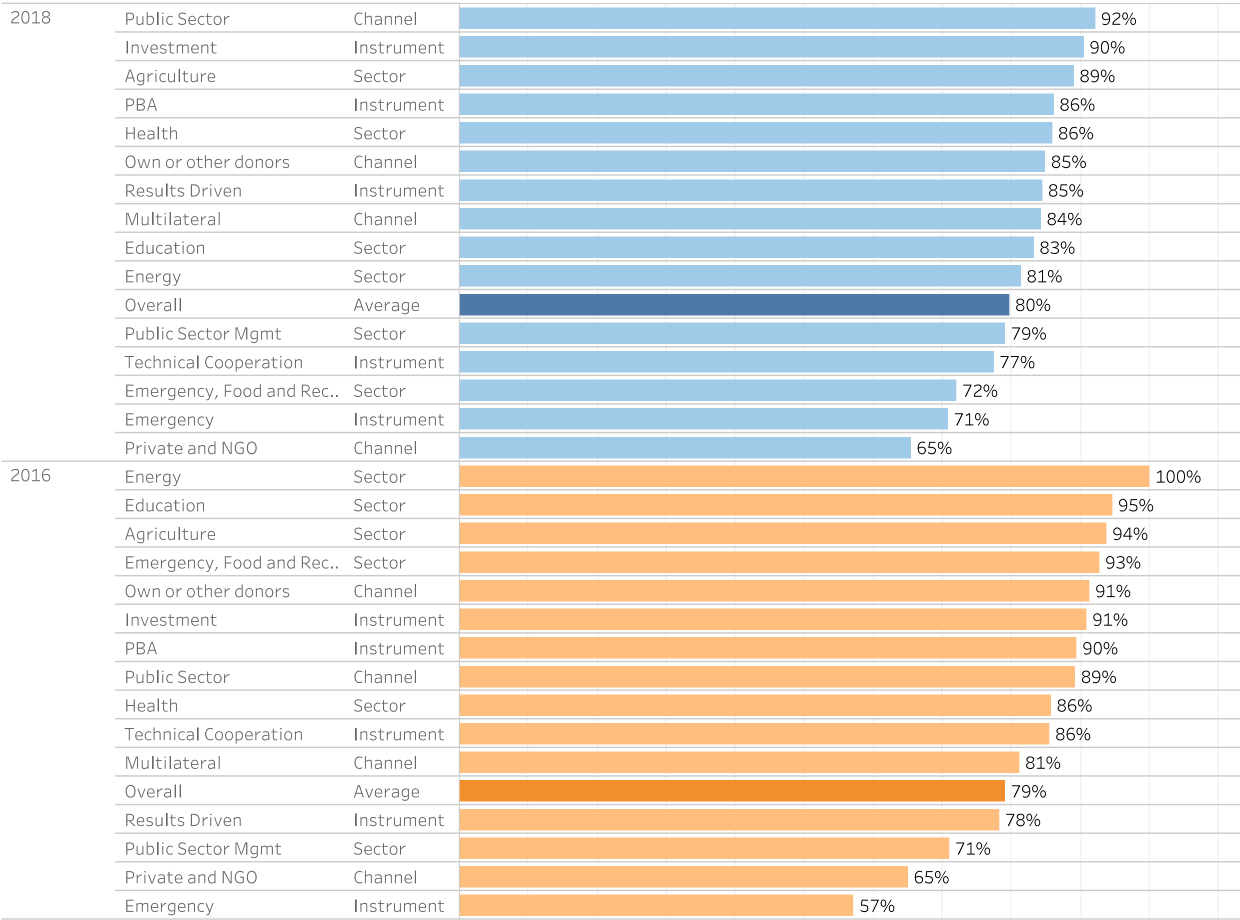
Photographer: Joan Manuel Baliellas, © European Union, 2012

As shown in **Figure 8** below, the deterioration was concentrated on projects implemented directly by donors, using technical cooperation and targeting energy, agriculture or education.

Figure 8

Alignment of project objectives has decreased for most instruments, sectors and channels that were above average in 2016 except for policy-based activities and multilateral channels

Share of individual project objectives drawn from partner country strategies and plans



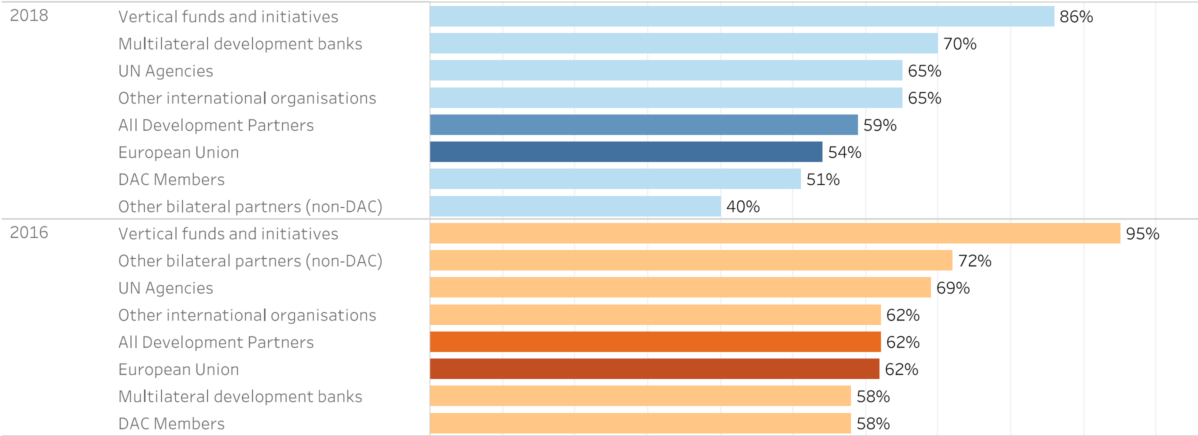
3.1.2 Use of Country-led Results Frameworks: Alignment at results level (Indicator 1a.2) and alignment at monitoring and statistics level (Indicator 1a.3)

Indicator 1a.2 measures **alignment at results level as the percentage of results indicators contained in development interventions that are drawn from country-led results frameworks**. For each intervention the number of results indicators included in the result framework of the intervention that are drawn from existing government results framework are divided by the total number of results indicators included in the result framework of the intervention, and the values for all interventions are then averaged to obtain the indicator for each partner country and development partner.

Figure 9

Development partners' reliance on country-defined results is decreasing, slightly faster for the EU than for other development partners

Proportion of results indicators drawn from country-owned results frameworks, plans and strategies



The EU and its Member States performance worsened since the 2016 monitoring report on the percentage of development interventions where results are measured using country defined results frameworks (see **Figure 9** above) declining from 62% in 2016 to 54% in 2018, but in line with the deterioration of the DAC average that went from 58% to 51%. The EU, however, still performs marginally better than the DAC average in 2018 at 54% compared to 51%. On the other hand, the EU improved its use of partner government statistics and data in monitoring results indicators from 43% in 2016 to 53% in 2018. Whereas in 2016 the EU scored worse than the average it now scores better than the average of all development partners who actually declined to 50% in 2018.

Photographer: Raul Arboleda, © European Union, 2019

As shown in **Figure 10** below, the worst EU performer moved up marginally from zero to 6%, but the highest score actually dropped from 96% in 2016 to 92%. Of the seventeen Member States and the EU Institutions reporting, nine recorded a fall in the use of country-led results at the objective level in designing interventions. Belgium, Denmark, EU Institutions, Finland, France, Ireland, Luxembourg, Spain and the United Kingdom all performed worse than two years prior. Luxembourg dropped more than two thirds from 96% to 34%, Belgium went from 74% to 31%, the United Kingdom and Denmark almost halved their scores dropping from 58% to 33% and 41% to 22% respectively. Member States improving on their 2016 score include, *inter alia*, Austria, increasing from 81% to 92%, Czech Republic from 39% to 43%, Sweden going from 47% to 56% and Germany improving from 55% to 64%. That being said, the EU Institutions and a majority of EU Members (i.e., Austria, Finland, France, Ireland, Italy, the Netherlands, Spain and Sweden) still draw half or more of their results indicators from partner country results frameworks. The relatively slow improvement of those EU Member States performing better combined with the deterioration by the majority of Member States as well as by the European Commission could imply growing institutional resistance to aligning programming interventions to deliver in line with partner country defined results.

Figure 10

Results indicators drawn from county-owned results frameworks declined for most EU Member States and are mostly below global average

Indicator 1a.2

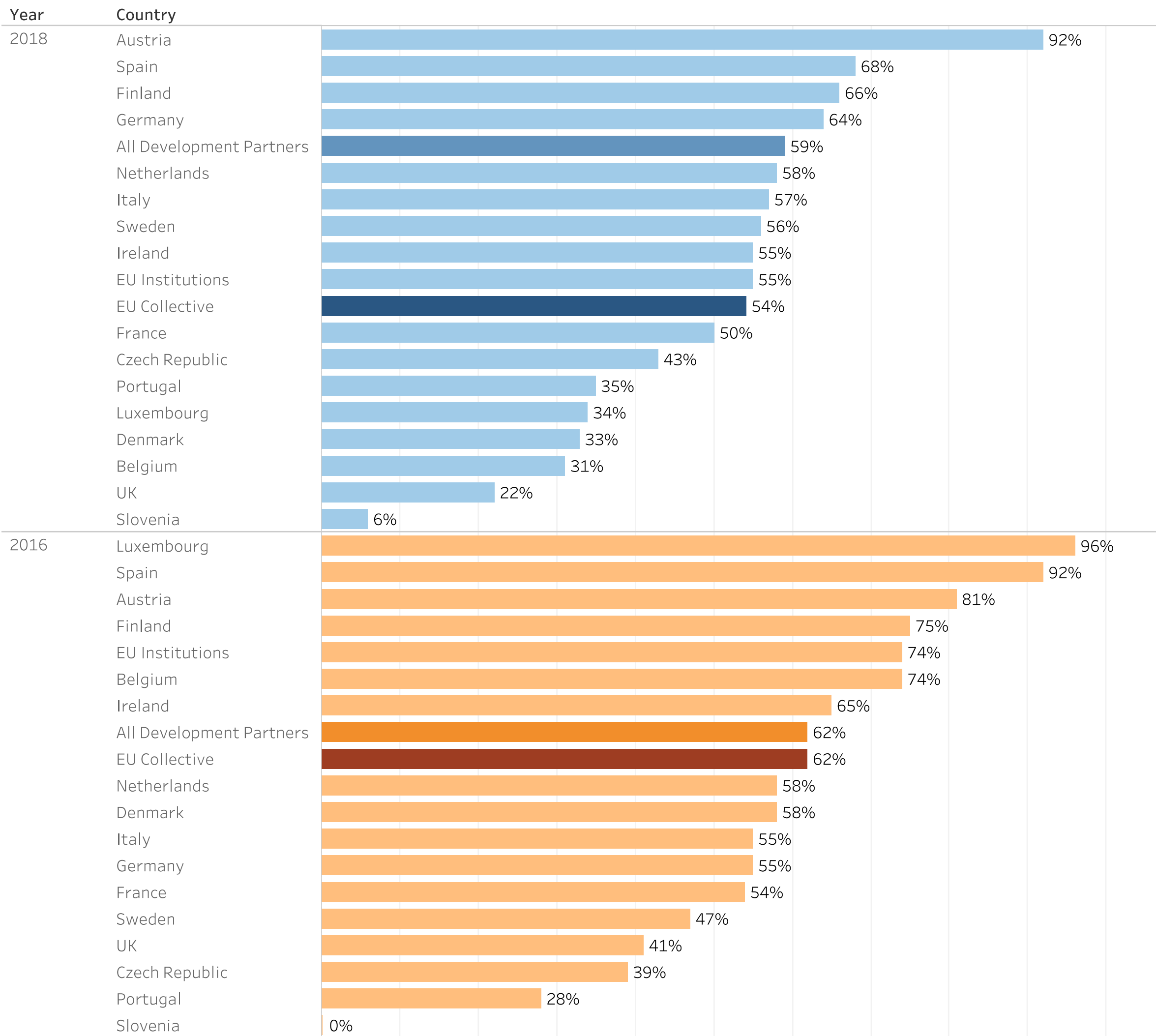
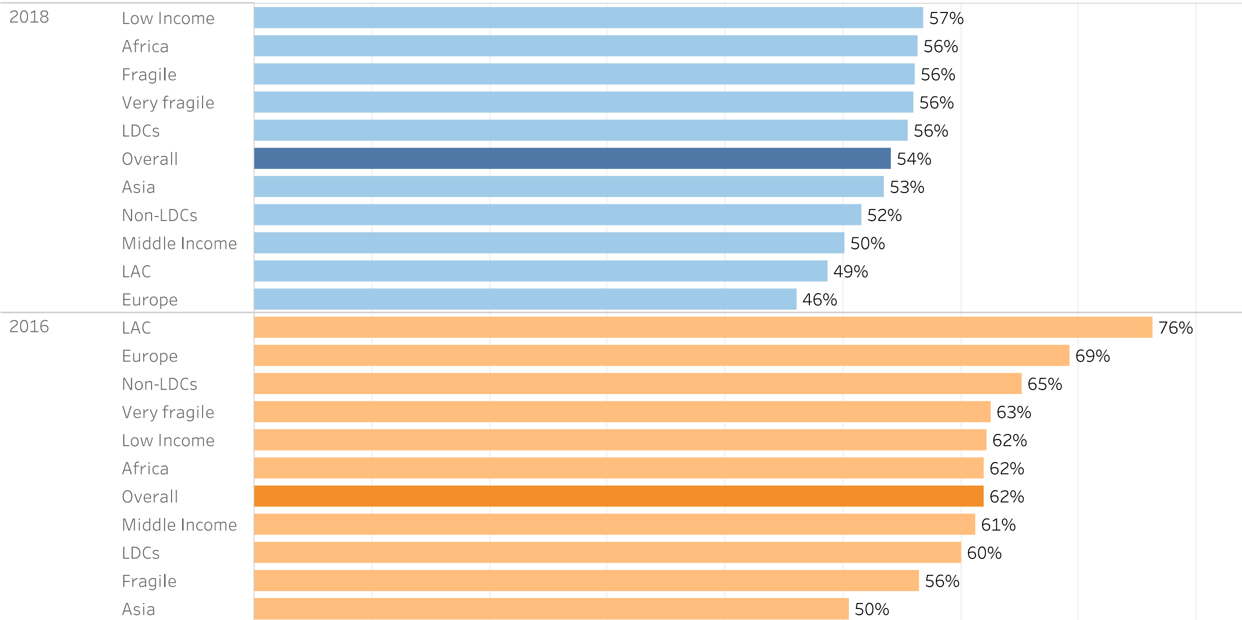


Figure 11 shows that EU reliance on indicators drawn from country-owned results frameworks decline particularly in LAC, Europe and non-LDCs.

Figure 11

EU reliance on indicators drawn from country-owned results frameworks is declining across the board....

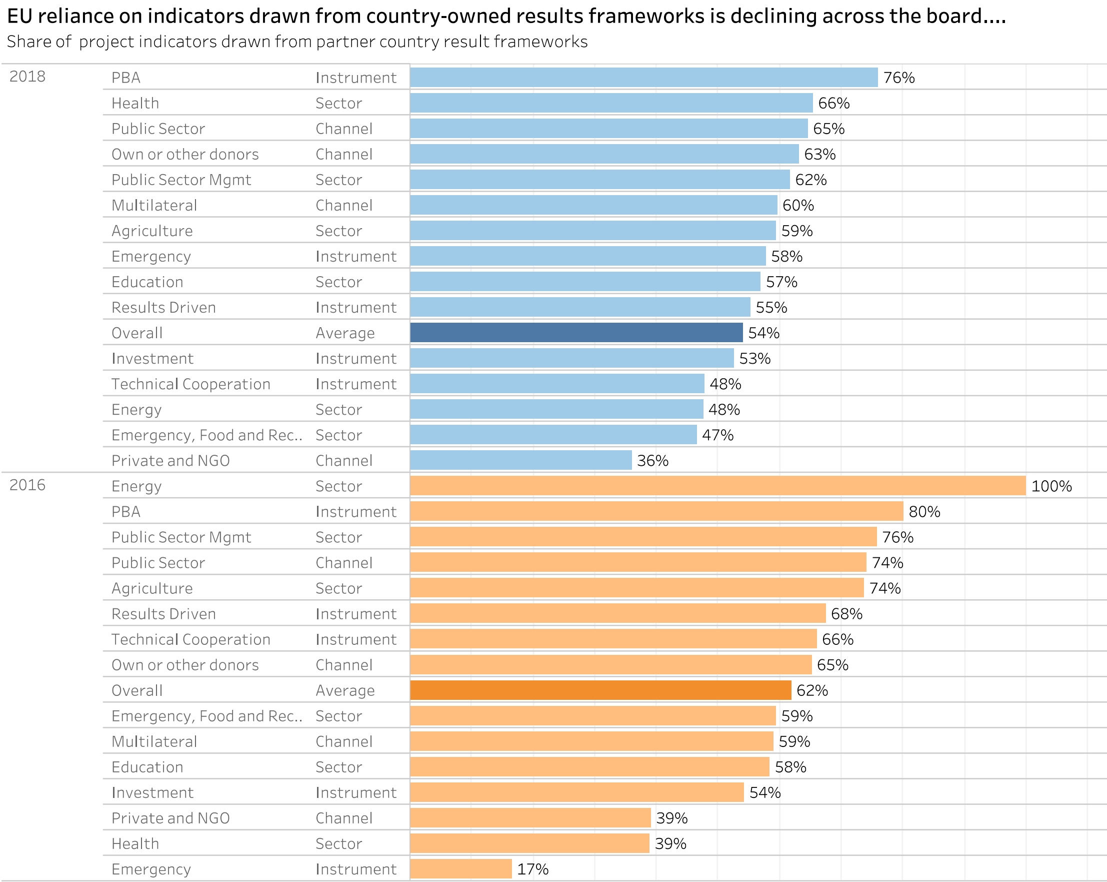
Share of project indicators drawn from partner country result frameworks



Photographer: Raul Arboleda, © European Union, 2019

Figure 12 shows that EU reliance on indicators drawn from country-owned results frameworks improved strongly in the health sector and remained low for emergency aid as well as for projects implemented through NGOs and the private sector.

Figure 12



3.1.3 Use of Country-led Results Frameworks: Alignment at monitoring and statistics level (Indicator 1a.3)

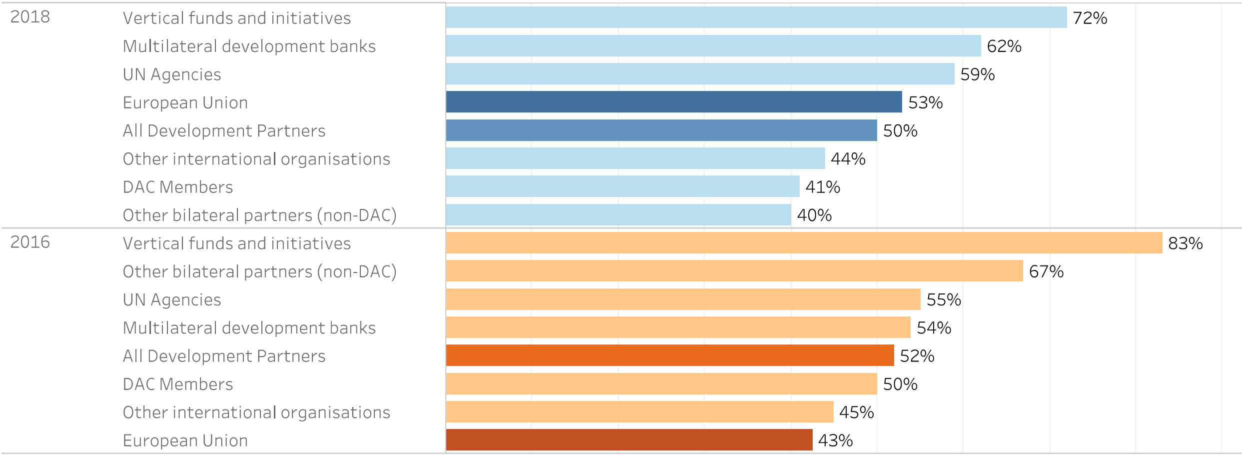
Indicator 1a.3 measures **alignment at monitoring and statistics level as the percentage of results indicators that will be monitored using government sources and monitoring systems**. For each intervention the number of results indicators included in the result framework of the intervention that will be reported using sources of information directly provided by existing government monitoring systems or national statistical services are divided by the total number of results indicators included in the results framework of the intervention, and the values for all interventions are then averaged to obtain the indicator for each partner country and development partner.

Performance was worse on the **use of data from government statistics and monitoring systems** with the EU dropping from 53% to 43%, in line with most development partners as shown in **Figure 13**.

Figure 13

Development partners' reliance on country-owned statistics and monitoring systems is decreasing, slightly faster for the EU than for other development partners

Proportion of results indicators monitored using country-owned systems



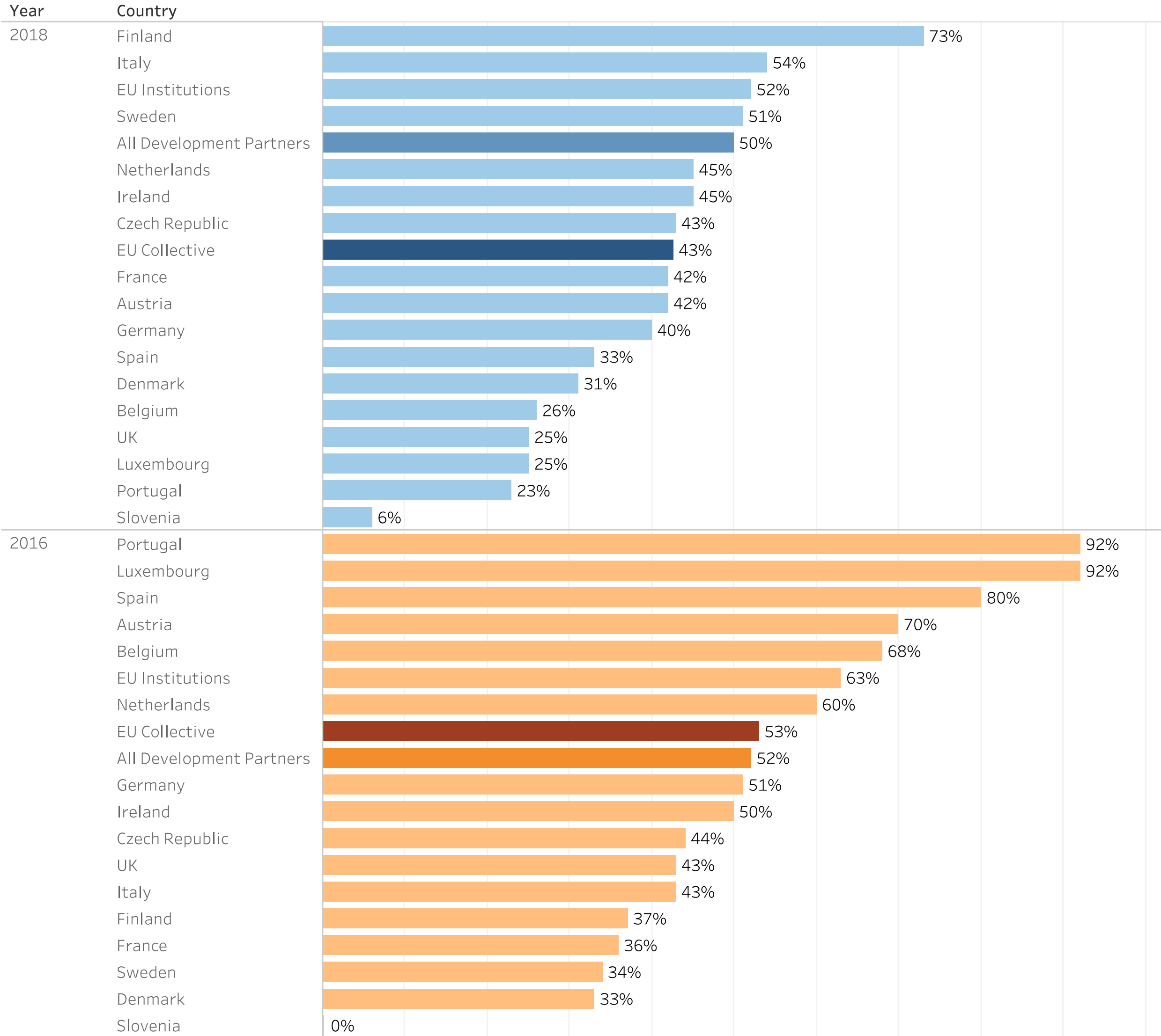
Photographer: Eduardo Soteras, © European Union, 2020

Only five EU Member States (i.e. Finland, France, Italy, Slovenia, and Sweden) increased use, while all others reduced it, often steeply (see **Figure 14**).

Figure 14

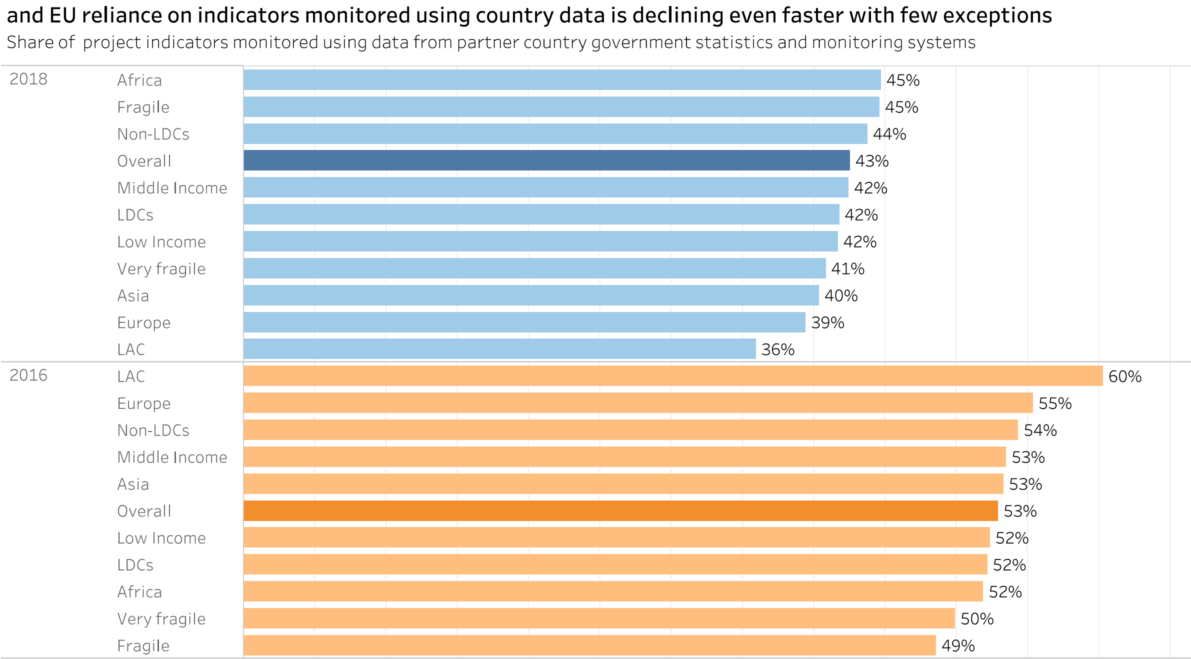
...and result indicators monitored using data from government statistics and monitoring systems dropped well below 50% for most EU Member States

Indicator 1a.3



As shown in **Figure 15**, there was a marked deterioration of EU reliance on indicators monitored using country data across all categories, slower in Africa and fragile countries, and faster in Asia and in middle income countries.

Figure 15



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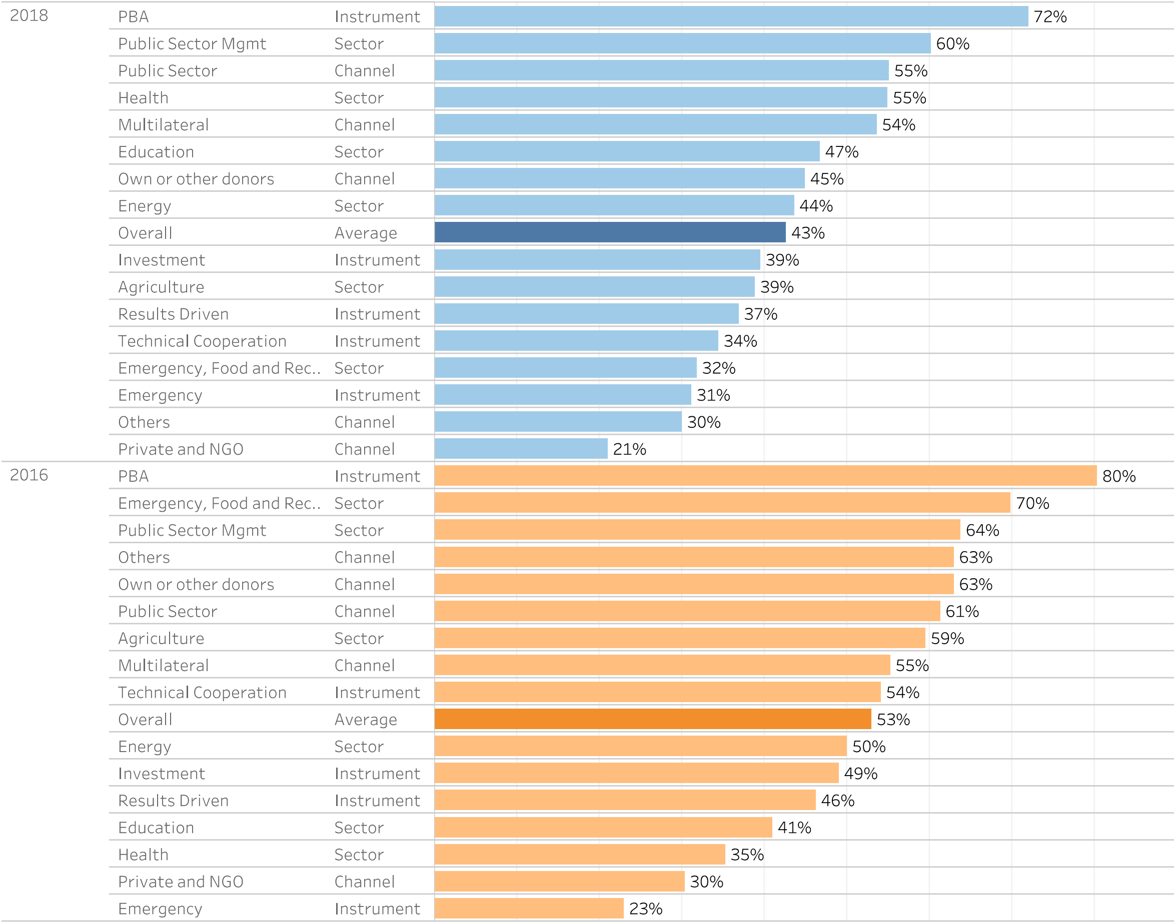
As shown in **Figure 16**, the reduction in EU reliance on indicators monitored using country data was even more uniform across sectors and channels. Only emergency instruments and projects in the social sectors (i.e. education and health) increased their reliance on data produced by partner countries.

Figure 16

and EU reliance on indicators monitored using country data is declining even faster with few exceptions

Share of project indicators monitored using data from partner country government statistics and monitoring systems



3.1.4 Use of Country-led Results Frameworks: Percentage of New Interventions that Plan a Final Evaluation with Government Involvement (Indicator 1a.4)

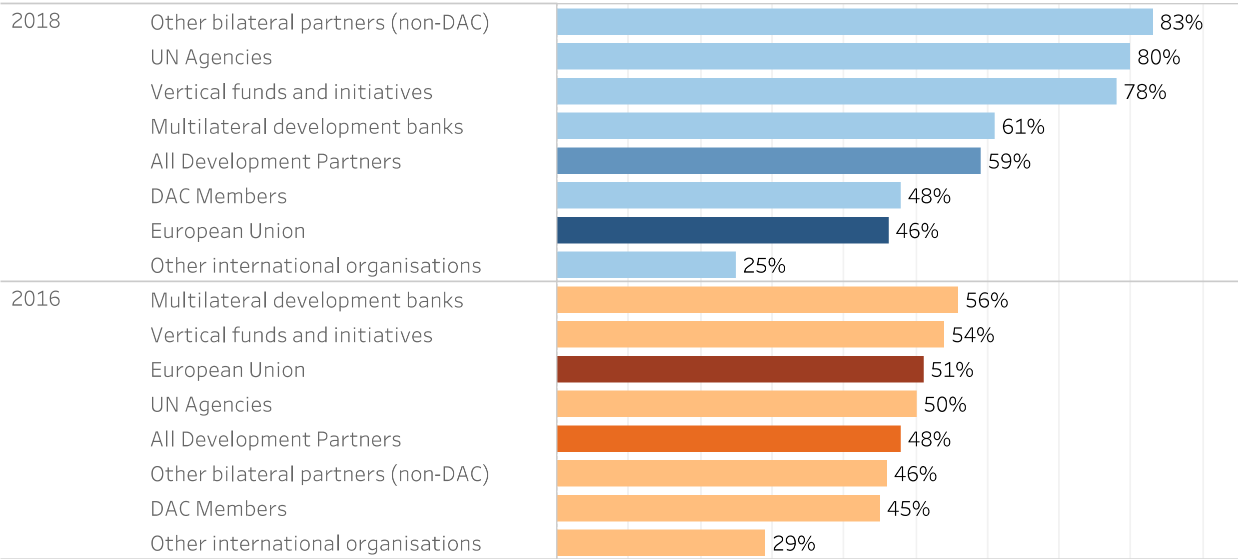
Indicator 1a.4 measures commitments to involve government in final evaluations as the percentage of new interventions that plan a final evaluation with government involvement. For each partner country and development partner, the indicator is calculated as the number of interventions with government involvement in final evaluation over the total number of interventions that plan a final evaluation.

Figure 17 below shows that the European Union performance on this indicator deteriorated from 51% to 46% in two years, while the performance of other development partners, particularly multilaterals and non-DAC donors improved significantly.

Figure 17

Government involvement in evaluations of projects and programmes has increased for most DPs but is low and declining for the EU

Share of projects that planned a final evaluation



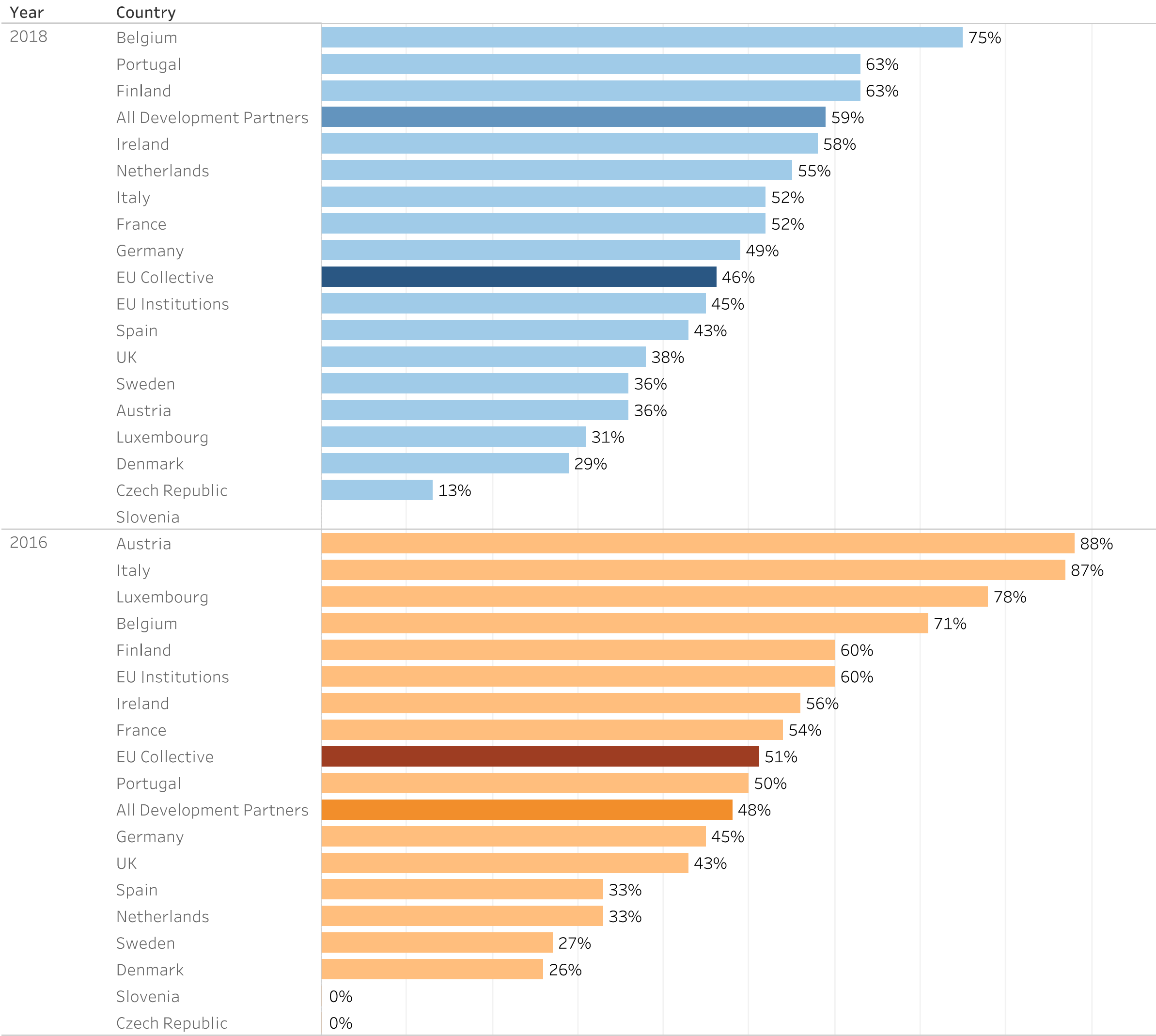
Photographer: Muhamed Abdiwali © European Union, 2019

As shown in **Figure 18**, performance against this indicator is poor. Most Member States (10) improved their performance including Belgium (from 71% to 75%), the Czech Republic (from zero to 13%), Germany (from 45% to 49%), the Netherlands (from 33% to 55%) Spain (from 33% to 43%) and Sweden (from 27% to 36%). However, the remaining six respondents all reported no progress or worsening performance. The largest drops were in Austria from 88% in 2016 to 36% in 2018, Italy from 87% to 52%, Luxembourg from 78% to 31% and the EU Institutions from 60% to 45%. Combined with more limited declines for large Member States like the United Kingdom (from 43% to 38%) and France (from 54% to 52%) this caused a drop of the EU collective indicator.

Figure 18

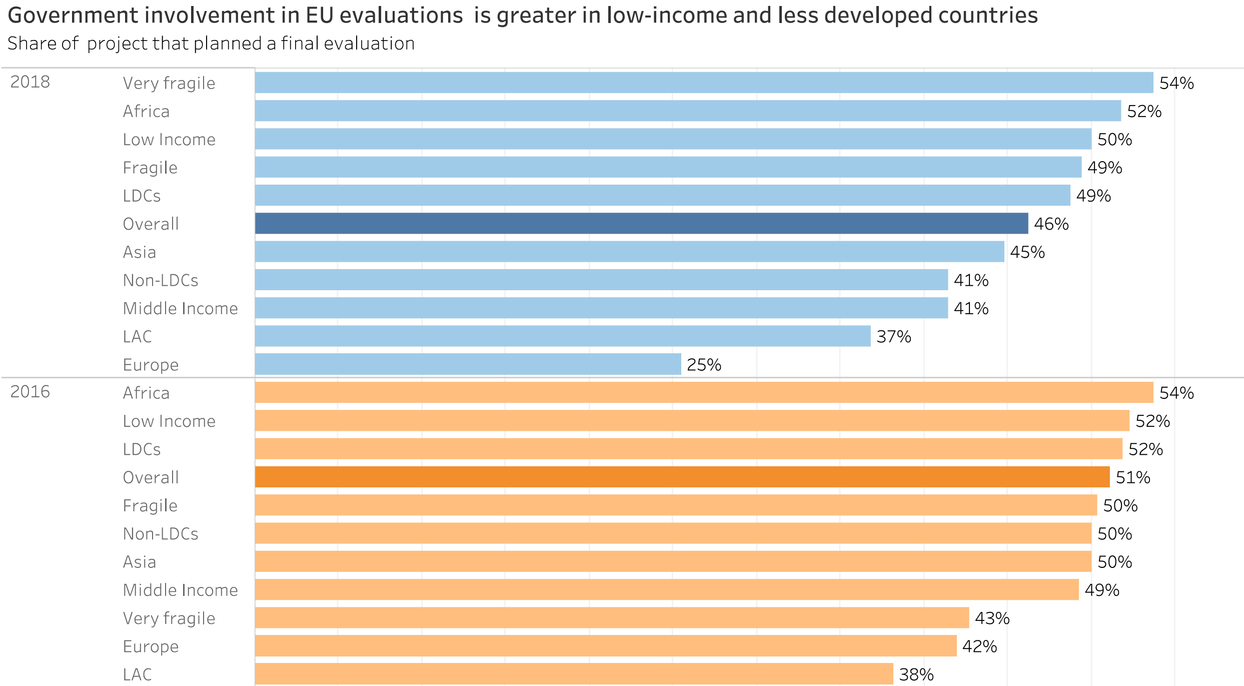
Government involvement in evaluations is also low and declining below 50% for most EU Member States and EU Institutions

Indicator 1a.4



As shown in **Figure 19** below, the decline was widespread except for very fragile countries where government involvement in EU evaluations grew from 43% to 54% of projects with a planned evaluation.

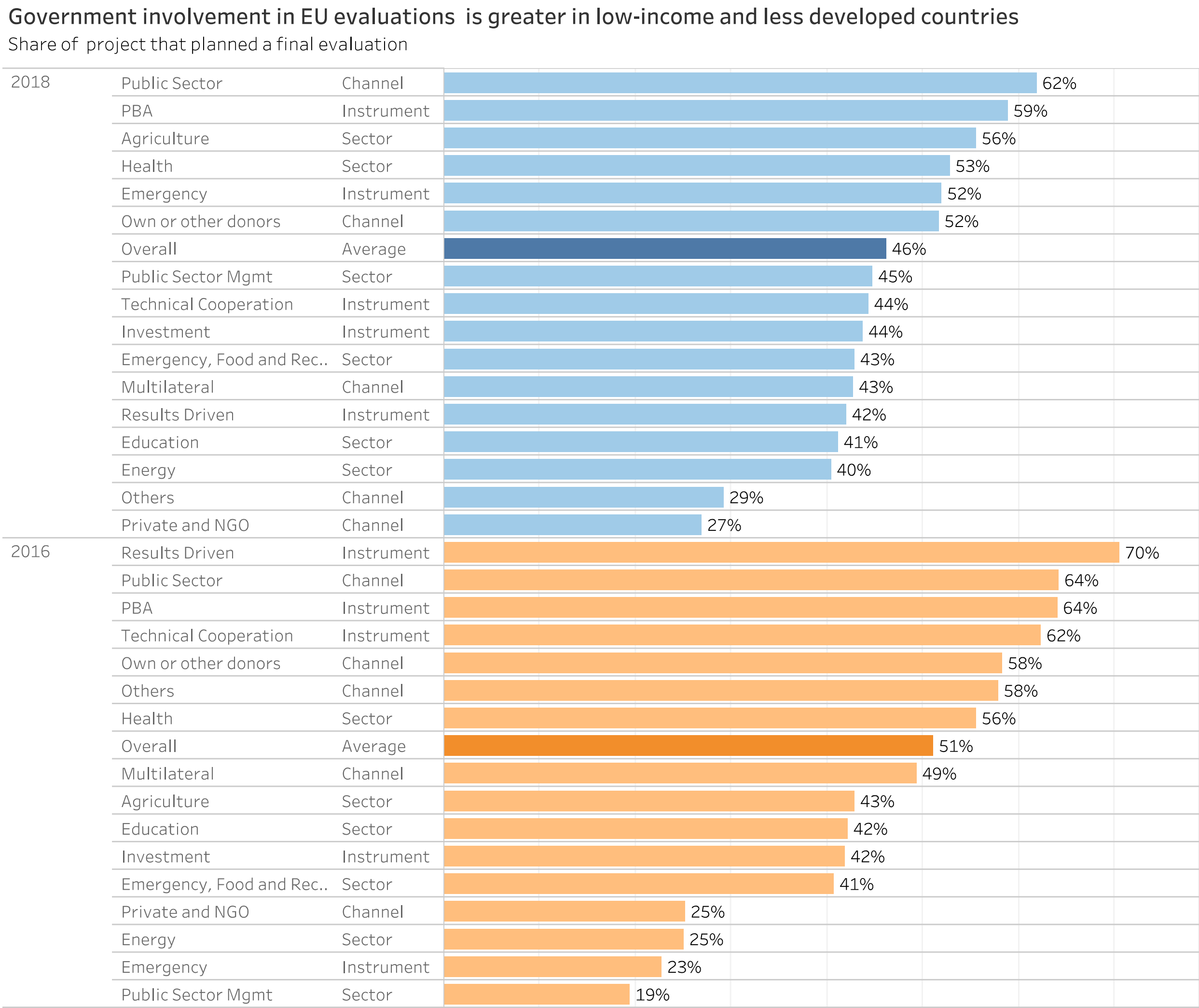
Figure 19



Photographer: Peter Biro, © European Union, 2019

As shown in **Figure 20** below, the decline was widespread except for private and NGO channels (where it started from a low base), emergency operations, and projects in the energy sector and on public sector management. The decline was particularly steep for technical cooperation.

Figure 20



3.2 Forward visibility of development co-operation, including its annual and medium-term predictability and its recording on partner countries' budgets

3.2.1 Predictability: Annual Predictability (Indicator 5a)

Indicator 5a measuresthe amount of development co-operation disbursed during the reporting year as a proportion of the amount of development cooperation that had been scheduled at the beginning of the year for disbursement during the year. Governments that benefit from predictable development co-operation can better plan and manage their development policies and programmes. It will also result in greater country ownership. By focusing on the predictability of development co-operation, this indicator recognises that shortfalls, over-disbursements in the total amount of funding for the public sector, and delays in the annual disbursements of scheduled funds can have serious implications for a government's ability to implement its development strategies as planned.

The indicator is calculated as follows:

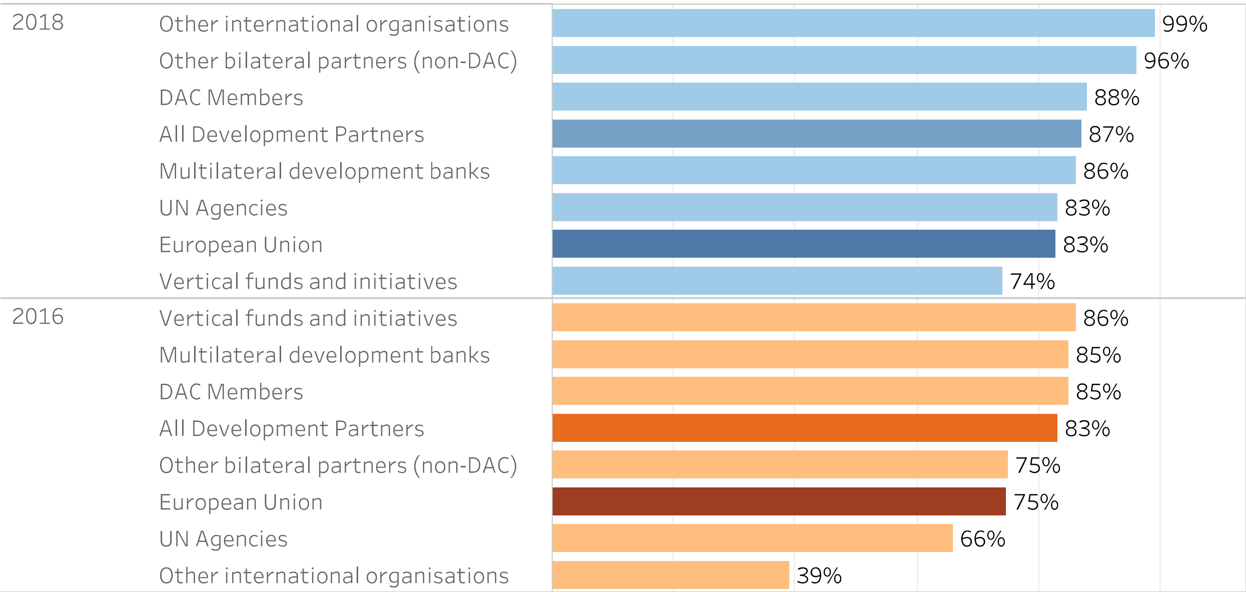
- When disbursements to the public sector are less than or equal to what was scheduled, the indicator is calculated as the ratio of actual disbursements over scheduled disbursements. Global aggregates are then calculated using scheduled disbursements for the public sector as the weighing variable (5a.1).
- When disbursements to the public sector are greater than what was scheduled, the indicator is calculated as the excess of actual disbursements over scheduled disbursements divided by actual disbursements. Global aggregates are then calculated using actual disbursements for the public sector as the weighing variable (5a.2).

Data in this report refer only to Indicator 5a.1.

Performance against scheduled disbursements (see **Figure 21** below) with development partners score higher when their disbursements to the public sector match what was projected on an annual basis. The EU performed better on annual predictability compared to 2016 increasing from 75% to 83% in 2018.

Figure 21

On aggregate, annual predictability improved for all development partners, including the EU where it remained slightly below average

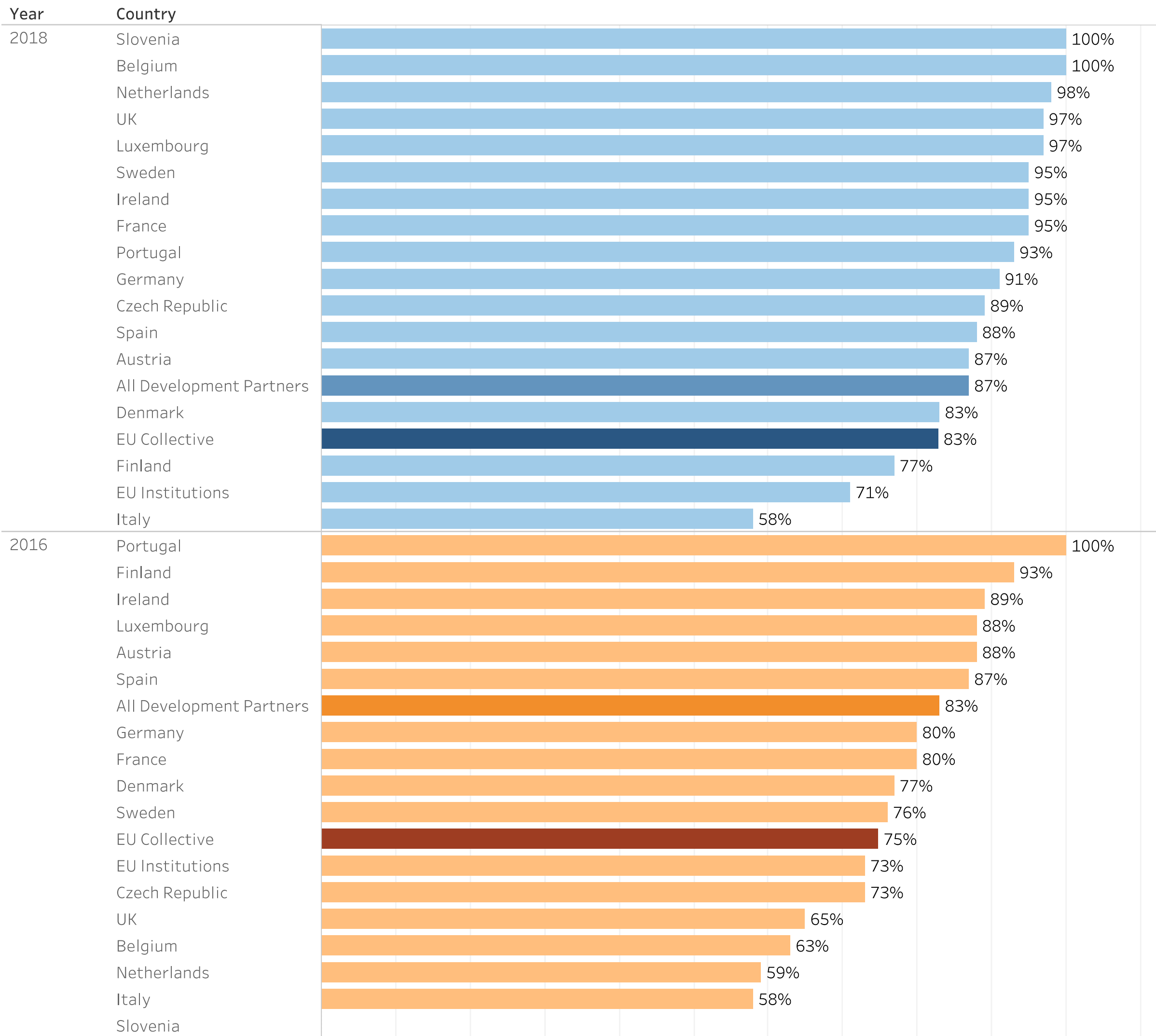


The EU performed worse than its peers,who, on average, slightly improved in annual predictability according to the 2019 (p39) GPEDC analysis reports.

As shown in **Figure 22** (below), the vast majority of Member States (13) either maintained their 2016 scores or improved them, some dramatically. The best performers were Belgium (from 63% to 100), the Netherlands (from 59% to 98%) and the United Kingdom (from 65% to 97%). The Czech Republic also notched dramatic gains from 73% to 89%, France, Germany, Luxembourg and Sweden also improved but off a higher base. Only Austria, EU Institutions, Finland and Portugal performed less well than in 2016 although all four still do well: Portugal is over and Austria almost at 90%, while Finland and EU Institutions are over 70%.

Figure 22[3]

Annual Predictability of development cooperation improved for most Member States but deteriorated slightly for EU Institutions

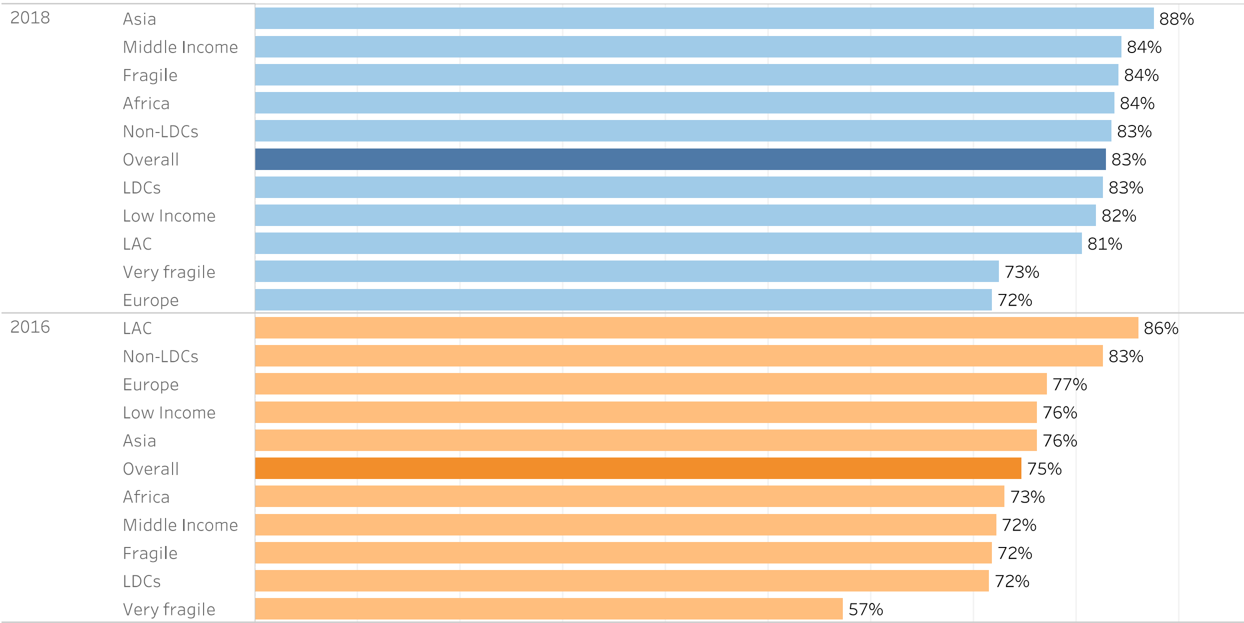


[3] The EU Collective indicator for this figure was calculated using the single database prepared for this report, while the EU Member States indicators could not be reconstructed using the official methodology and the GPEDC ones were used as the ones recalculated for this report were lower for several key Member States. The EU collective indicator in this figure is therefore not the weighed average of the EU Member States' ones presented in the same graph.

Figure 23 (below) shows that the EU improvement was implemented across the globe, with the only exceptions of the European and Latin American regions.

Figure 23

On aggregate, annual predictability was greater in less developed, more fragile countries



Photographer: Peter Biro, © European Union, 2019

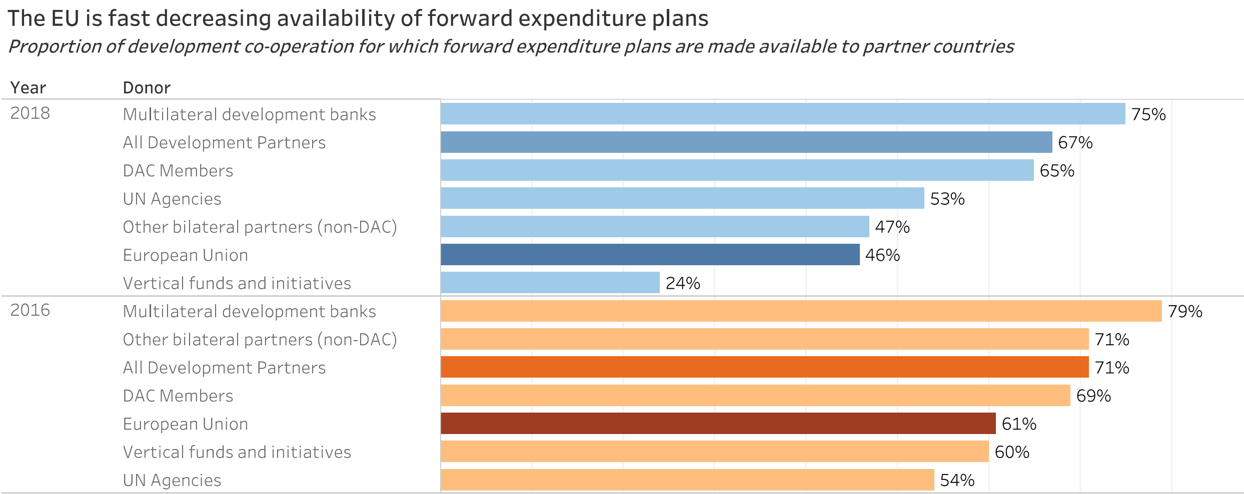
3.2.2 Predictability: Medium Term Predictability (Indicator 5b)

Indicator 5b measures whether development partners have shared their expenditure plans for each of the next three years with the partner government. These forward-looking spending plans should include indicative annual amounts of development co-operation support to be provided over the one-to-three years. The information may have been shared with the partner government in written or electronic form.

When medium-term information on forecasted development finance is made available to partner governments, these governments can plan longer-term policies and programmes counting on these incoming resources. These forward-spending plans also allow governments recording the programmed funds in the national budget to be submitted to parliament for approval. These benefits help increase national ownership over the use of development co-operation. Development partners are also better able to coordinate activities in country among themselves when medium-term information on their planned support is available to other domestic and international development actors in the country, increasing synergies while reducing duplicities and fragmentation of efforts.

For each development partner operating in the country, the national co-ordinator records whether the government has received information on the partner's planned financial support for 2019, 2020 and 2021 (i.e. up to three years ahead). The overall indicator is the average of the binary response for the three years..

Figure 24



the European Union, as a whole, dropped almost a quarter in just two years from 61% to 46%, as shown in **Figure 24**. The EU appears to have performed largely in line with peers. The 2019 (p37) GPEDC analysis reports medium term predictability decreasing and cites the worrying knock on effect of undermining partner country legislatures' oversight and partner governments' capacities to accurately plan and budget. For the EU Institutions, it is important to note this reporting came close to the end of the current 7-year financial framework making it difficult to provide firm future expenditure plans.

Figure 25 (below) shows that four Member States showed an improving trend: Austria (from 58% to 79%), France (from 59% to 81%) and Germany (from 62% to 75%) improved their scores, but Portugal was the best performer improving from 18% to over 90%. Luxembourg remained around 80% and Spain around 40%. However, the Czech Republic, dropped from 67% to almost zero. Others performed badly as well: Finland dropped from 44% to 9%, Belgium from 60% to 40%, the EU Institutions from 85% to 68%, Italy from 61% to 26% and the United Kingdom from 58% to 31%, Slovenia from 33% to almost zero, Ireland from 52% to 26% and the Netherlands from 73% to 51%. Sweden and Denmark recorded small drops.

Figure 25

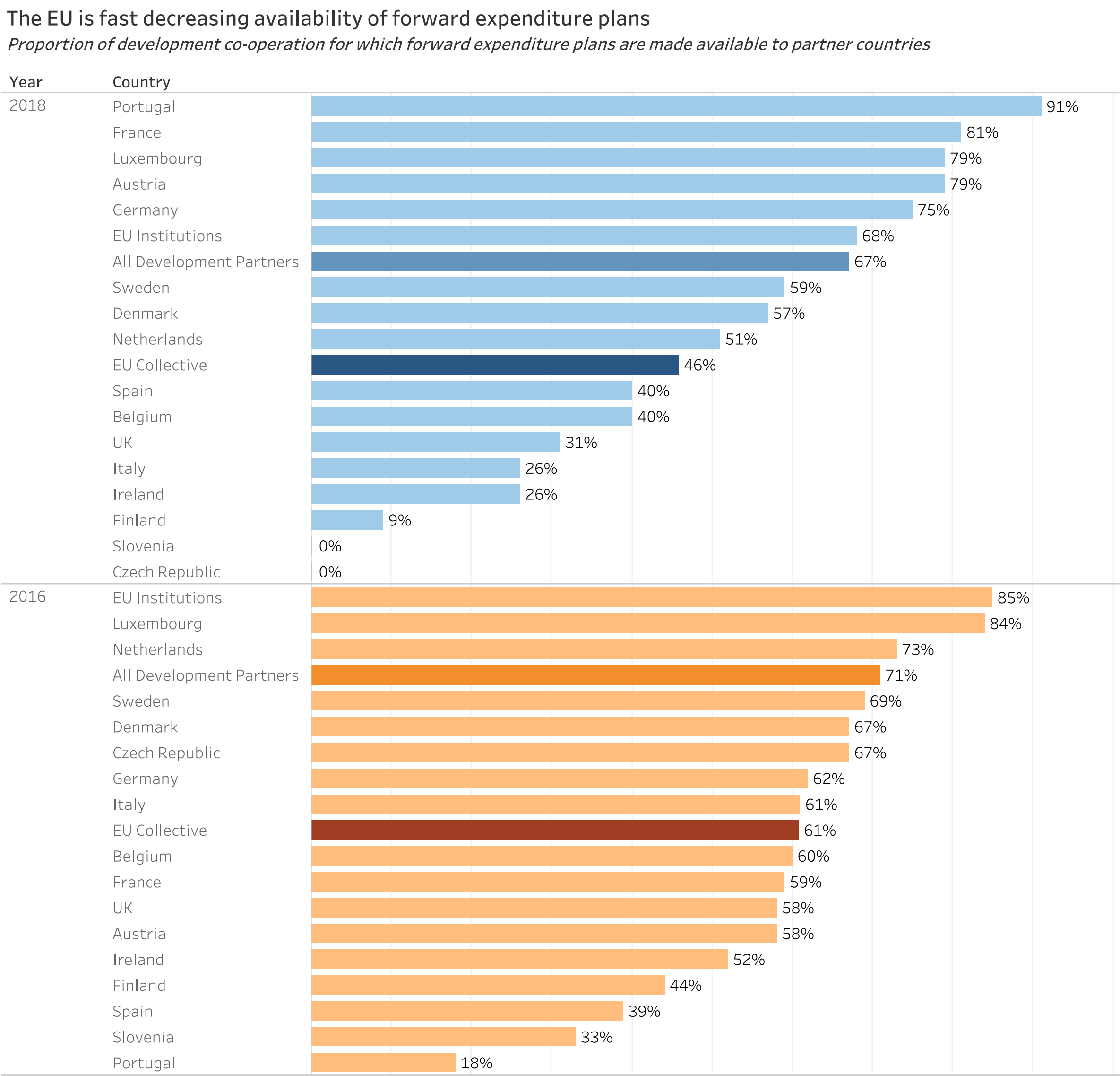
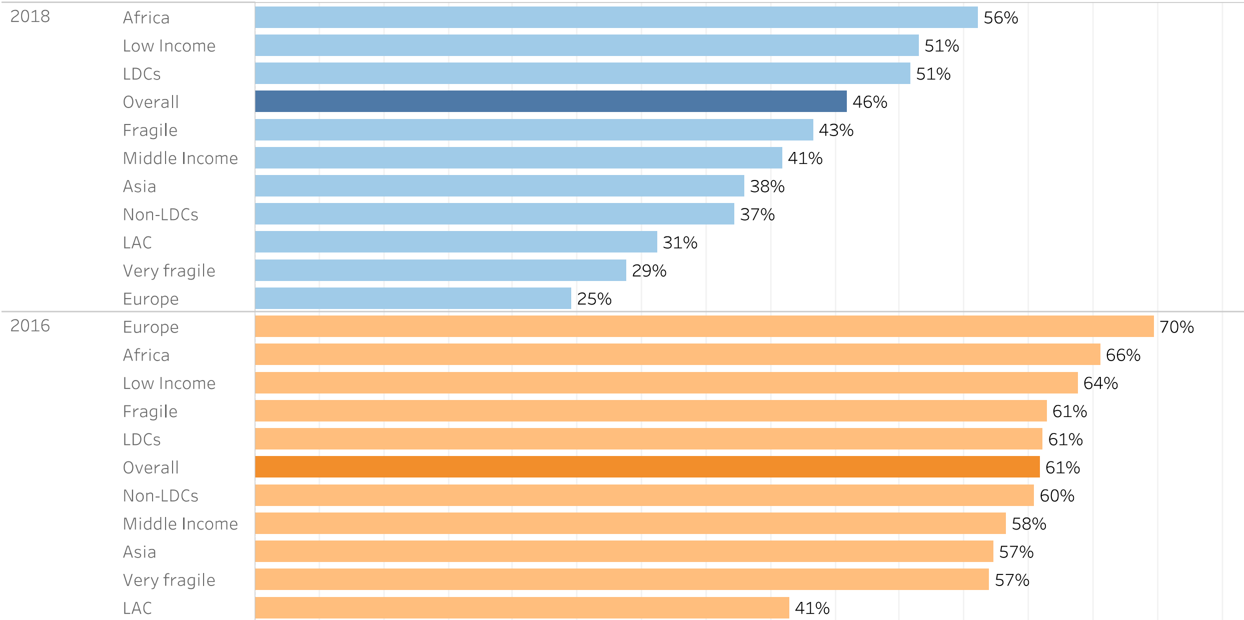


Figure 26 (below) confirms the decline happened across the board independently from income levels, degree of development or region.

Figure 26

The EU is fast decreasing availability of forward expenditure plans in particularly in Europe that went from top in 2016 to bottom in 2018

Proportion of development co-operation for which forward expenditure plans are made available to partner countries



3.2.3 Development co-operation is included in budgets subject to parliamentary oversight (Indicator 6)

Indicator 6 assesses the share of development co-operation funds scheduled for disbursement in support of the country's public sector that was recorded in the annual budget submitted for legislative approval.

Beneficiary countries have more clarity on the resources available and can better plan and allocate funds when development co-operation funds are recorded in their annual budget. The regular inclusion of development cooperation funding on budget helps to align development efforts with countries' own priorities and also contributes to strengthening domestic budgetary processes and institutions.

Parliaments have an important role to play in ensuring broad ownership and management of public expenditure. The full inclusion of development co-operation flows on the approved national budget facilitates scrutiny by parliaments and accountability to the public, allowing for greater national ownership of development efforts.

This indicator also serves as an indication of whether development partners and governments are effective in linking development co-operation with domestic policies and programmes.

The indicator is calculated as follows:

- When funds recorded in the government annual budget are less than or equal to the scheduled disbursements for the government sector, the indicator (Indicator 6.1 *of scheduled*)is calculated as the ratio of funds recorded in the government annual budget over scheduled disbursements. Global aggregates are then calculated using scheduled disbursements for the public sector as the weighing variable.
- When funds recorded in the government annual budget are greater than what was scheduled, the indicator(Indicator 6.2 – *beyond scheduled*) is calculated as the excess of funds recorded in the government annual budget over scheduled disbursements divided by actual disbursements. Global aggregates are then calculated using actual disbursements for the public sector as the weighing variable.

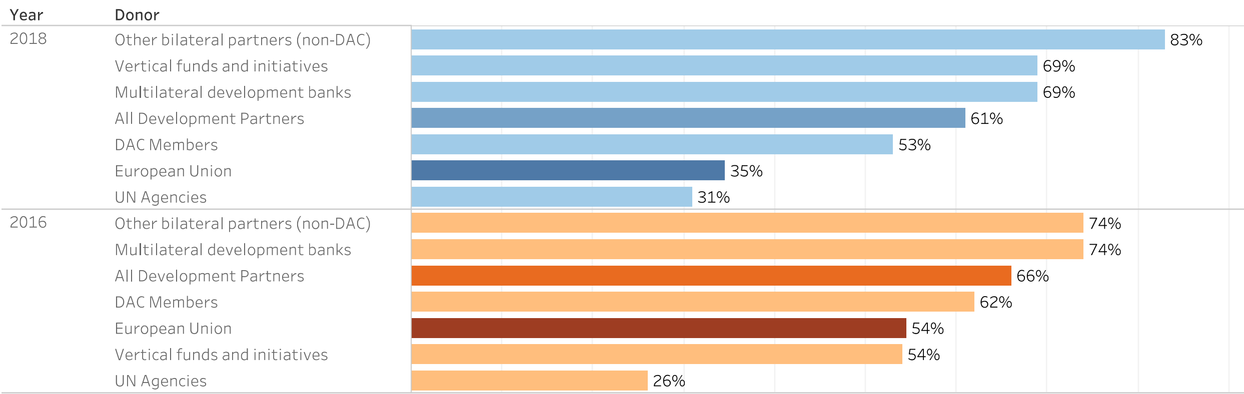
Data in this report refer only to Indicator 6.1 *of scheduled*.

The European Union (see **Figure 27** below) dropped more than a third in just two years: down 19% to 35% in 2018. This deterioration is in line with the GPEDC's 2019 findings on the general trend (p40), but compared to DAC members, multilateral development banks and all development partners, the EU's deterioration appears to be worse. Notably the UN agencies, other bilateral partners and vertical funds improved their performance on this indicator. The reasons for this deserve further investigation.

Figure 27

The proportion of EU development cooperation recorded in national budgets is decreasing rapidly

Proportion of development co-operation recorded on partner country national budgets



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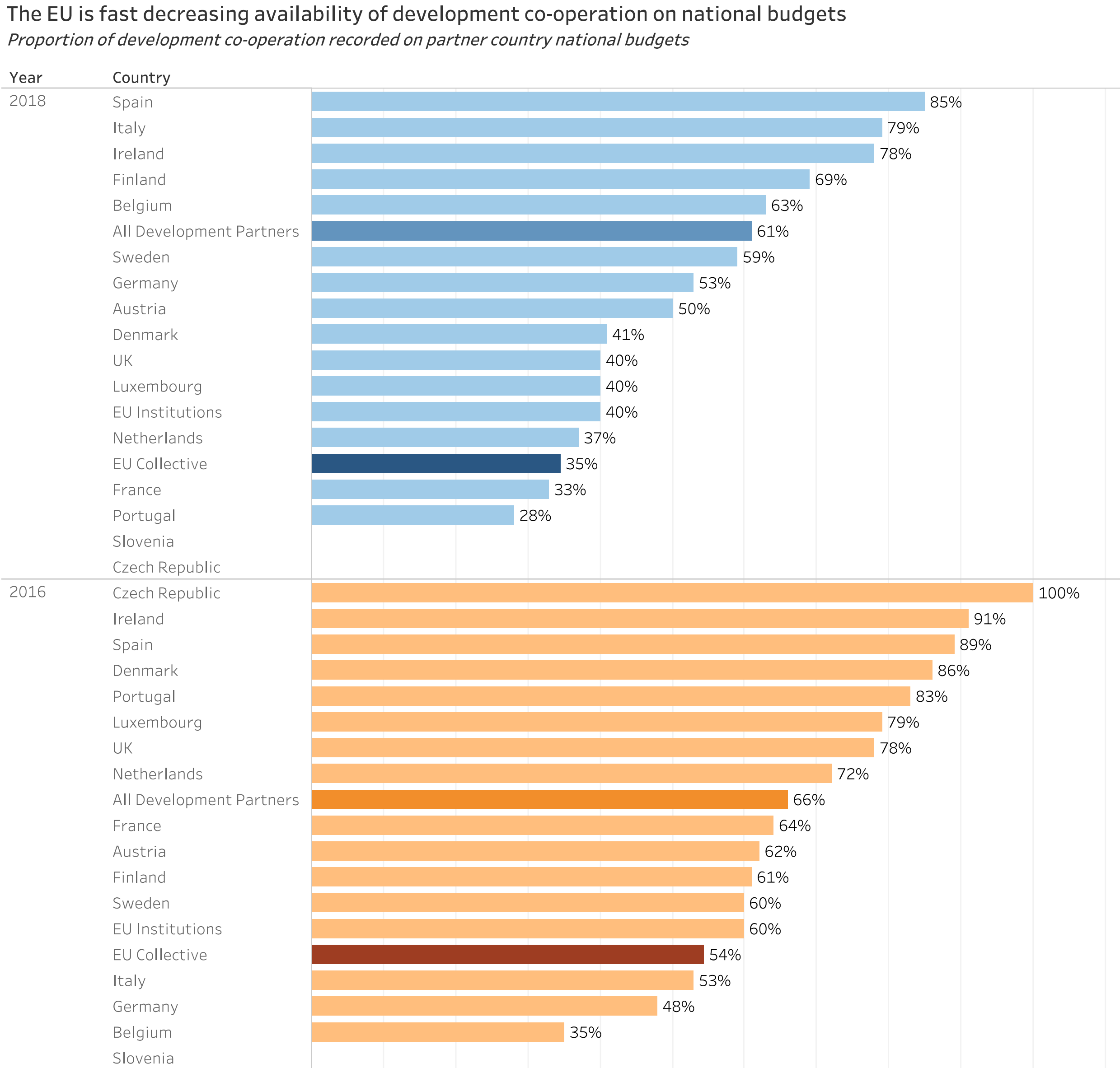
Only four respondents improved (see **Figure 28** below). Belgium improved its performance markedly (from 35% to 63%) as did Italy (from 53% to 79%) and Finland (from 61% to 69%). Germany improved slightly and Spain performed comparably to 2016. But this did not make up for the weak performers that included Denmark (from 86% to 41%), Portugal (from 83% to 28%), the Netherlands (from 72% to 37%), France (from 64% to 33%), Luxembourg (from 84% to 79%) and the United Kingdom (from 78% to 40%), the EU Institutions (from 60% to 40%), Austria (from 62% to 50%) and Ireland (from 91% to 78%).

Figure 28[4]



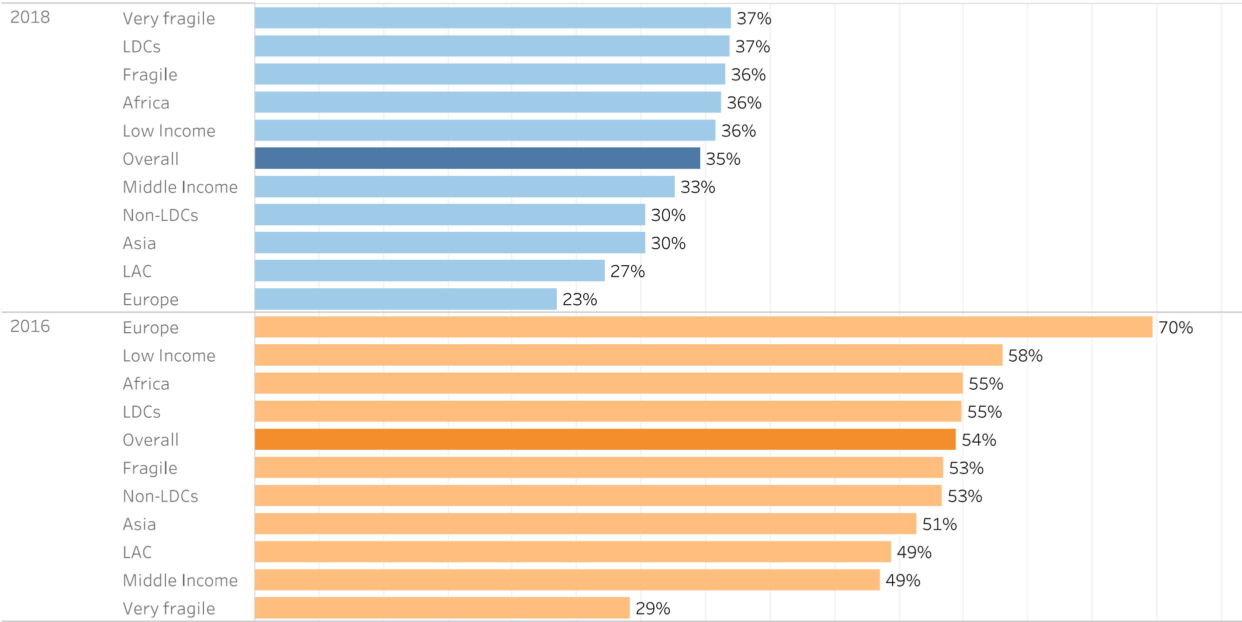
[4] The EU Collective indicator for this figure was calculated using the single database prepared for this report, while the EU Member States indicators could not be reconstructed using the official methodology and the GPEDC ones were used as the ones recalculated for this report were lower for several key Member States. The EU collective indicator in this figure is therefore not the weighed average of the EU Member States' ones presented in the same graph.

Figure 29 below confirms the decline happened across the board independently from income levels, degree of development or region, with the exception of a small improvement (from a low base) in very fragile countries.

Figure 29

The EU is fast decreasing availability of development co-operation on national budgets particularly in more developed countries

Proportion of development co-operation recorded on partner country national budgets



Photographer: Nadege Mazars © European Union, 2019

3.3 Use of partner country public financial management systems

3.3.1 Use of Country Systems: Summary/Average (Indicator 9b)

Indicator 9b measures the proportion of development co-operation disbursed to a given country that is managed using the partner country's national norms, procedures and systems for budget management and execution, financial reporting, auditing and procurement – instead of using the development partner's own norms, procedures and systems.

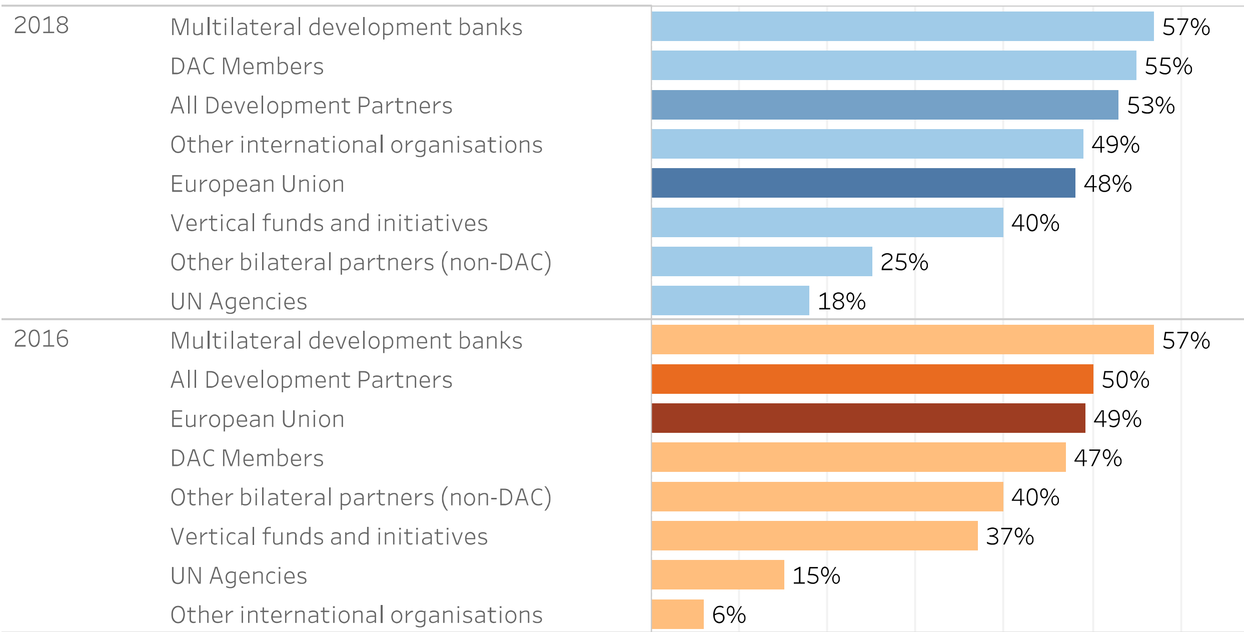
Use of country systems enhances policy dialogue and joined up programming and implementation because it helps foster coordination and a shared vision between development partners and partner governments by orienting all around the same evidence. UCS also helps strengthen these systems, promote country ownership and therefore increase sustainability of results.

This indicator is calculated by dividing the amount of development co-operation flows disbursed that are managed using national: a) budget execution procedures; b) financial reporting procedures; c) auditing procedures, and d) procurement systems and procedures, by the total amount of development co-operation disbursed to the public sector in the reporting year of reference. These ratios are then aggregated using disbursements to the public sector as weight.

Figure 30

While other DAC Members lead in growing the use of country systems, the EU has remained stable at a slightly below average level

Use of country public financial management systems in 2016 and 2018 by type of development partner



Indicator 9b (see **Figure 30** above) shows that the European Union in aggregate marginally reduced its use of partner country systems since 2016, dropping one percentage point to 48% in 2018, while development partners overall improved their use of country systems to 53% from 50% in 2016.

Figure 31 shows that, while in aggregate EU performance was stable, the rate of use of country systems by many EU Member States changed significantly between 2016 and 2018. Ten Member States and the EU Institutions increased their use of country systems and five member States reduced. The scale of some of the apparent changes recorded seem unlikely given the shifts in aid modality or delivery channels that they would seem to imply in such a relatively short period of time.

Figure 31

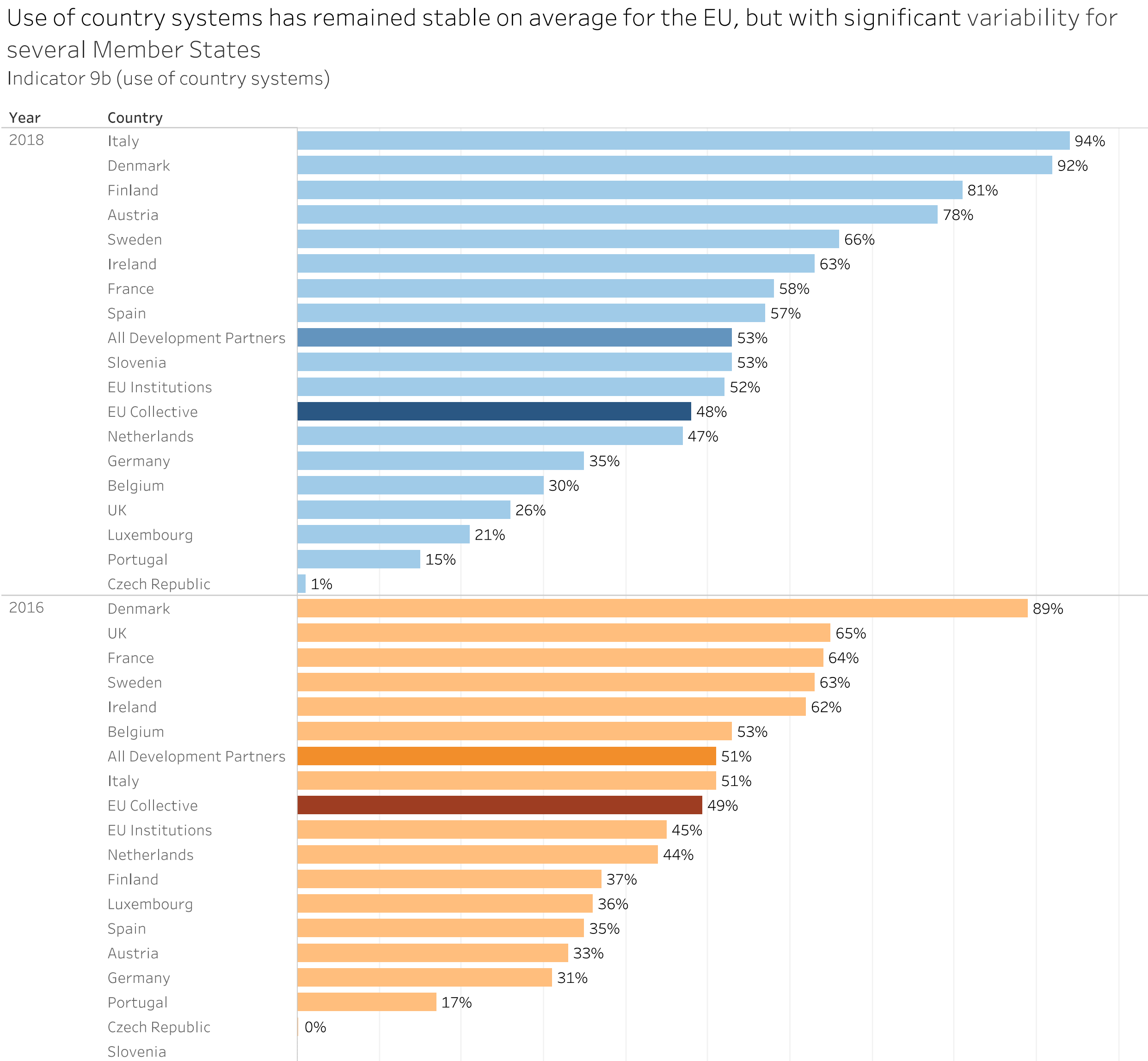
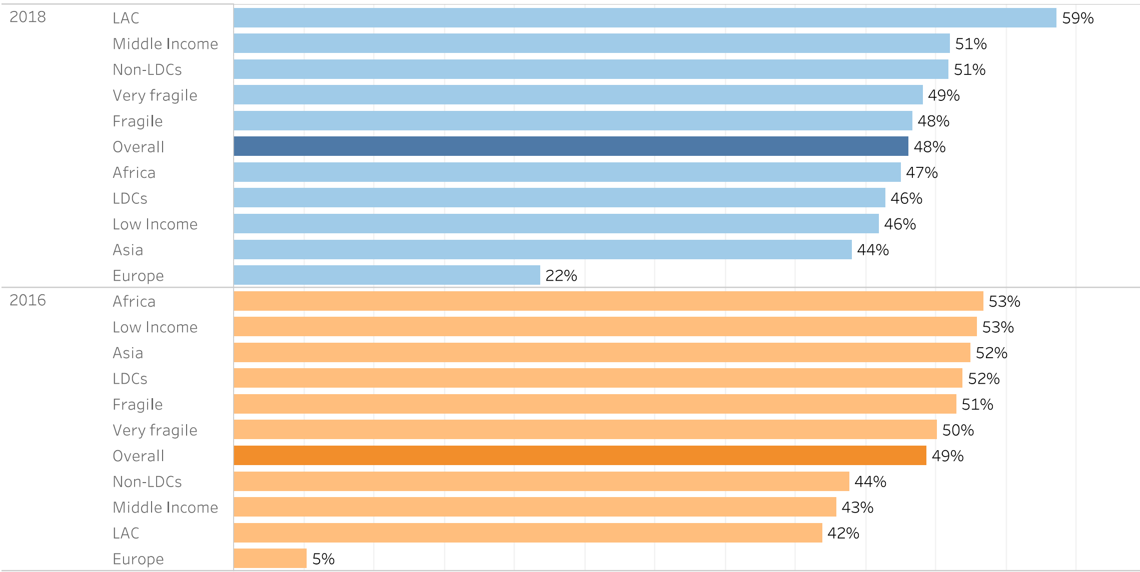


Figure 32 shows that there was a decline of the use of country systems in fragile (from 51% to 48%), poorer (from 53% to 46%) and least developed countries (from 52% to 46%) both in Africa and in Asia. Use of country systems in Europe grew, but remained well below average while LAC saw a significant increase.

Figure 32

The EU has kept a stable use of country systems, significantly above average for more developed countries in 2018

Use of country public financial management systems in 2016 and 2018



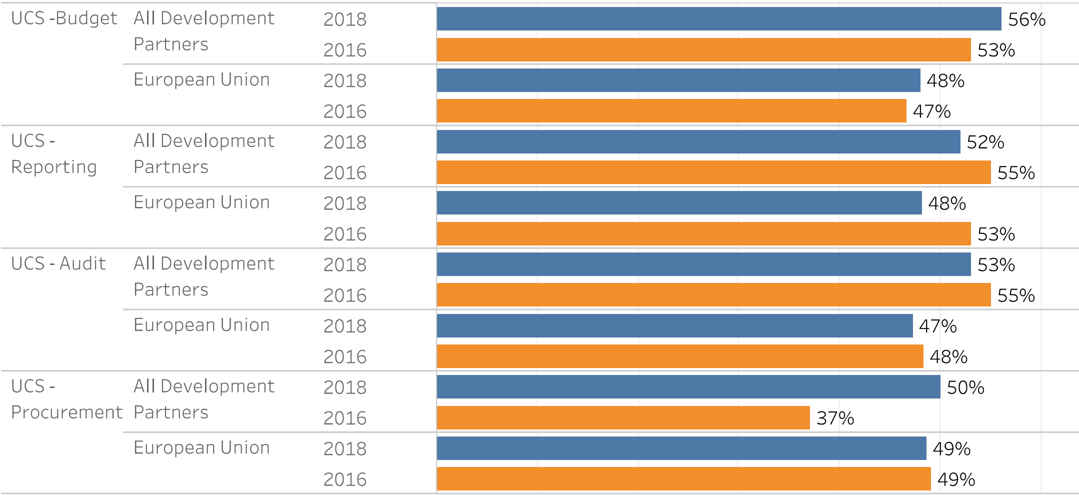
Photographer: Xaume Olleros © European Uniion 2019

Figure 33 shows that the slight decline in the use of country systems by the EU and its Member States from 49% in 2016 to 48% in 2018 is mainly due to a signifcant drop in the use of local financial reporting systems. In contrast, the growth of the use of country systems by all development partners from 50% in 2016 to 53% in 2018 is due to a significant increase in the use of local procurement systems which grew from 37% to 50% of development partners' disbursements to or through the public sector.

Figure 33

The slight decline in the use of country systems by the EU is due to a significant drop in the use of local financial reporting

Use of country systems by PFM system component



3.3.2 Use of Country Systems: Budget (Indicator 9b)


Photographer: Xaume Olleros © European Uniion 2019

This indicator measures the proportion of development co-operation funding disbursed for the public sector that used national budget execution procedures. The European Union and its Member States improved a little from 47% in 2016 to 48% in 2018, as shown in **Figure 33** (above). The EU and its Member States' performance appears in line with the finding of the 2019 GPEDC progress report (page 43) that overall development partners increased their use of partner country budget execution systems from 53% to 56% in the two years since 2016.

Data in **Figure 34** (below) show signs of solid improvements in the use of partner country budget systems by several respondents: Austria (80% doubling its 40% score in 2016), Belgium (30% up from 20%), the EU Institutions (60% up from 50%), Finland (90%, more than double 2016's 40%), Germany (30% up from 20%), Italy (90% up from 2016's 70%), Slovenia (50% up from zero) and Spain (60%, up from 40%). Other good performers include Denmark that maintained its 90% score from 2016, Ireland that maintained at 70% and the Netherlands remaining at 50%. Performance declined in France (dropping from 70% to 60%), Luxembourg (down from 40% to 20%), and the United Kingdom (from 30% down to 10%). The Czech Republic. Portugal and Slovakia reported largely not using partner country budget execution systems.

Figure 34

The EU has kept a stable use of country budget systems, slightly below all Development Partners

Use of country budget systems in 2016 and 2018

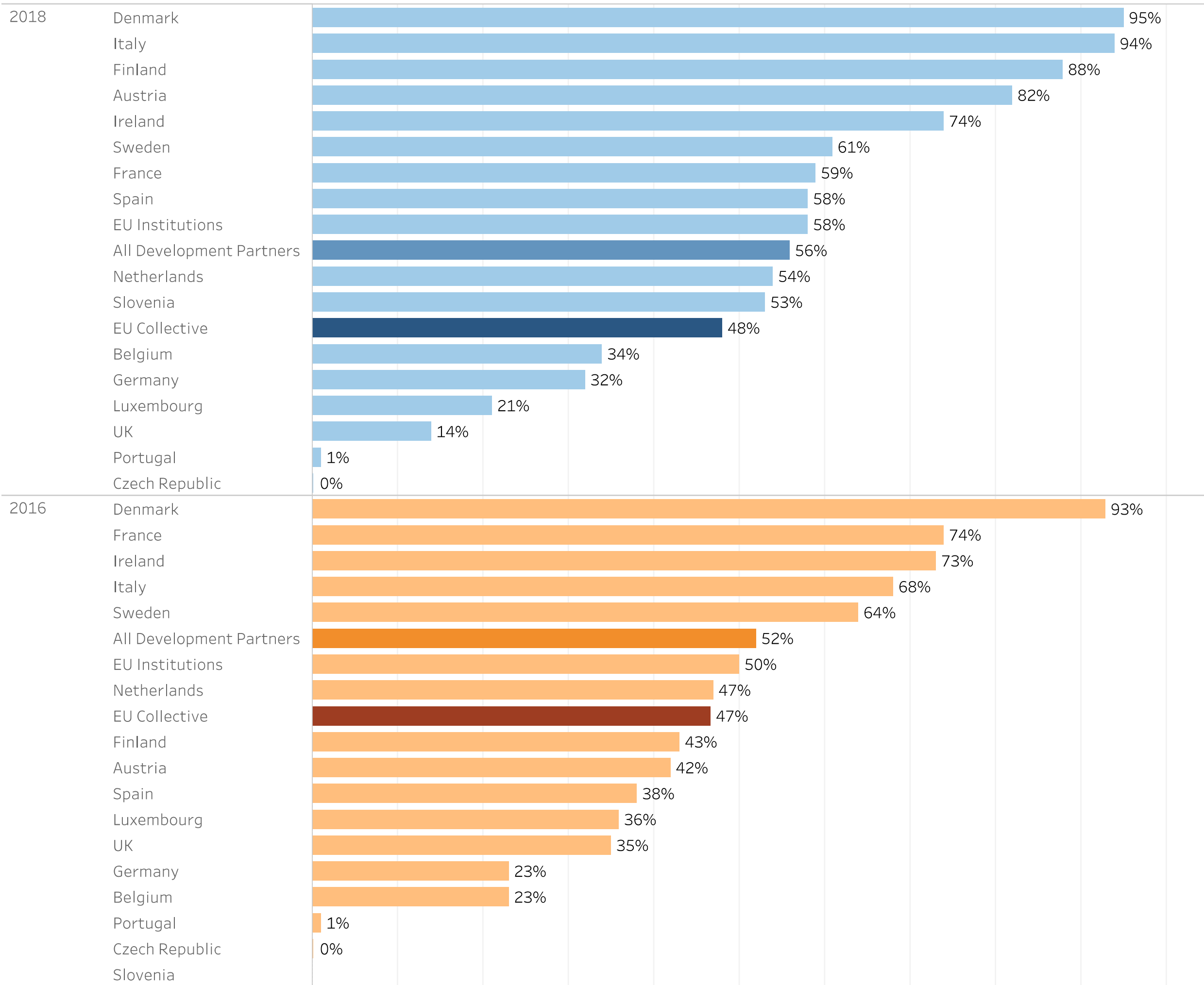
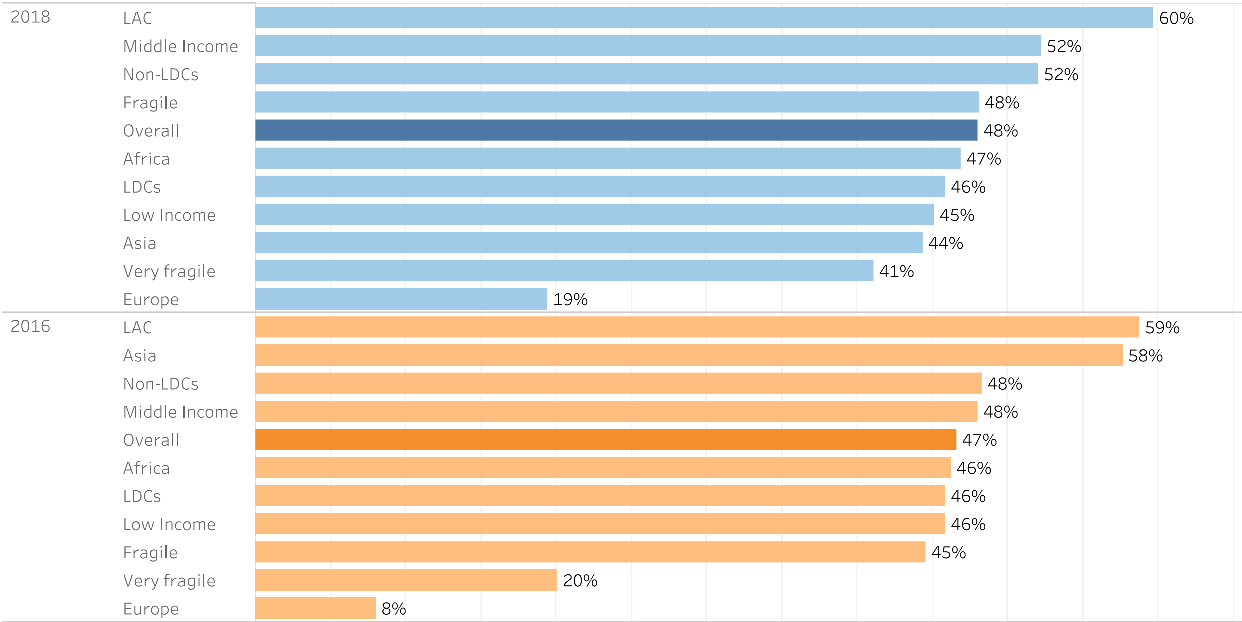


Figure 35 below shows a strong improvement in the use of country budget systems by EU programmes and projects in fragile countries and a consistent and slightly improving performance in LAC, middle income and non-LDC countries.

Figure 35

The EU has kept a stable use of country budget systems, slightly above average overall for more developed and fragile countries in 2018

Use of country budget systems in 2016 and 2018



3.3.3 Use of Country Systems: Financial Reporting (Indicator 9b)

This indicator refers to the proportion of disbursements that made use of partner country financial reporting procedures. The EU performance on this criterion shows a problematic drop: combined the European Union Institutions and EU MS dropped a tenth in two years from 53% to 48%, as shown in **Figure 33** (above). Strong positive progress by some providers appears to have bucked a broader deterioration: the GPEDC reported that development partners overall worsened their performance declined to 52% from 55% in 2016.

Despite the negative headline and a variability in performance between 2016 and 2018 that could be due to methodological issues, as shown in **Figure 36** (below), positive improvements were reported by: Austria (80% up from 40%), Denmark (90% up from 80%), Finland (up to 90%, more than doubling 2016's 40%), Ireland (60% up from 50%), Italy (90%, almost double 2016's 50%), Slovenia (50% up from zero) and Spain (40%, up from 30%). Other positive performances include Denmark that maintained a score of 90%; the EU maintained its score of 50%, France and Sweden maintained their 60% score. However, Belgium dropped from 60% to 20%, Germany from 40% to 30%, Luxembourg from 30% to 10%, and the United Kingdom from 80% to 40%. Portugal and the Czech Republic remained at zero.

Figure 36

The EU has kept a stable use of country reporting systems, slightly below all Development Partners

Use of country reporting systems in 2016 and 2018

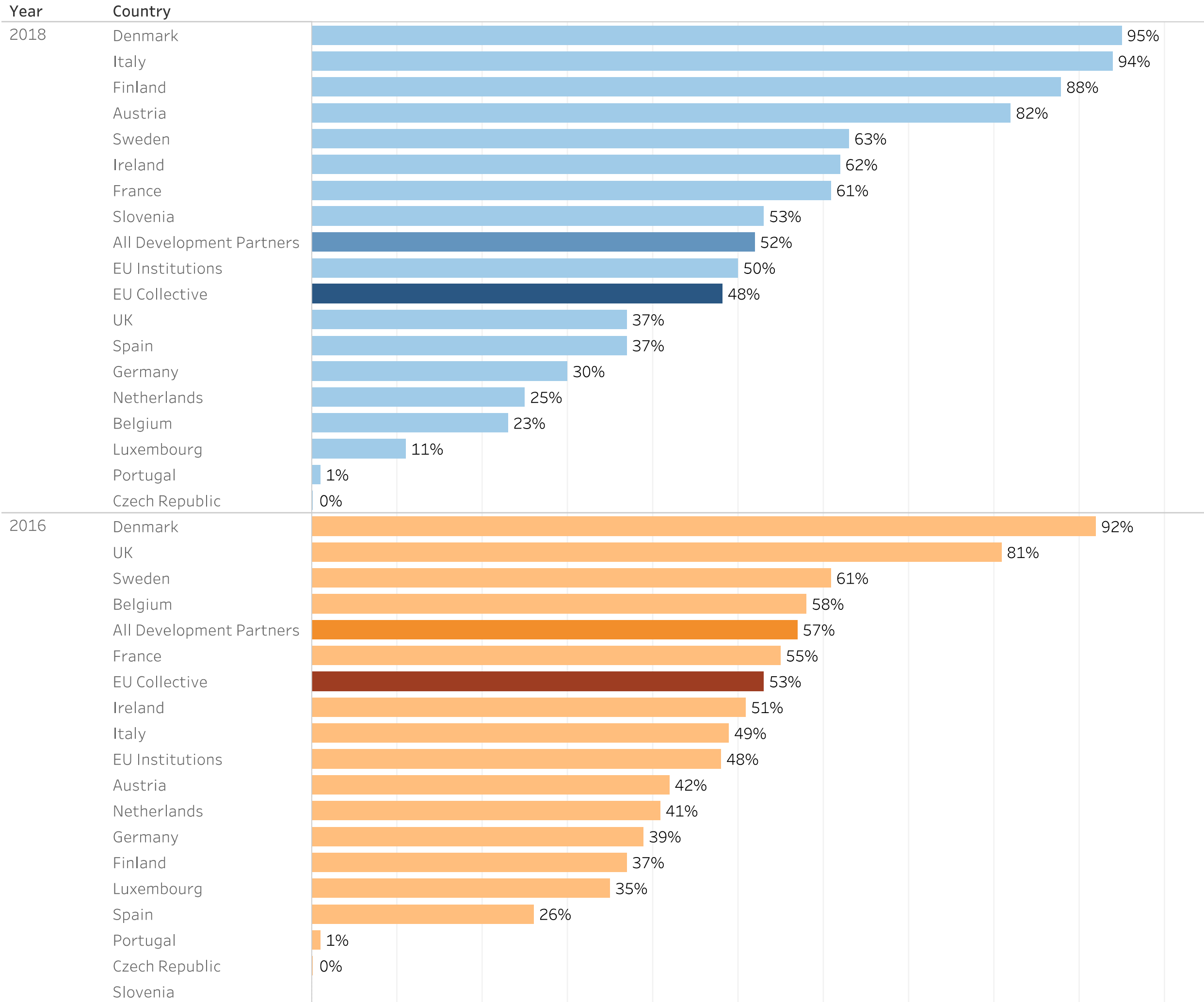
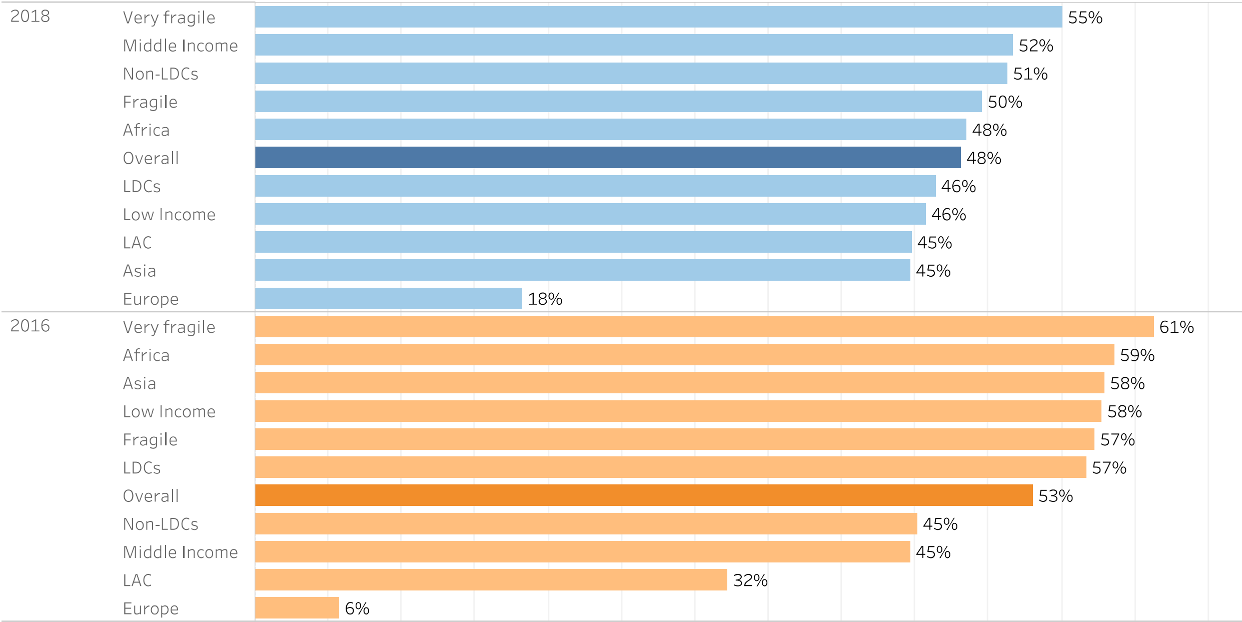


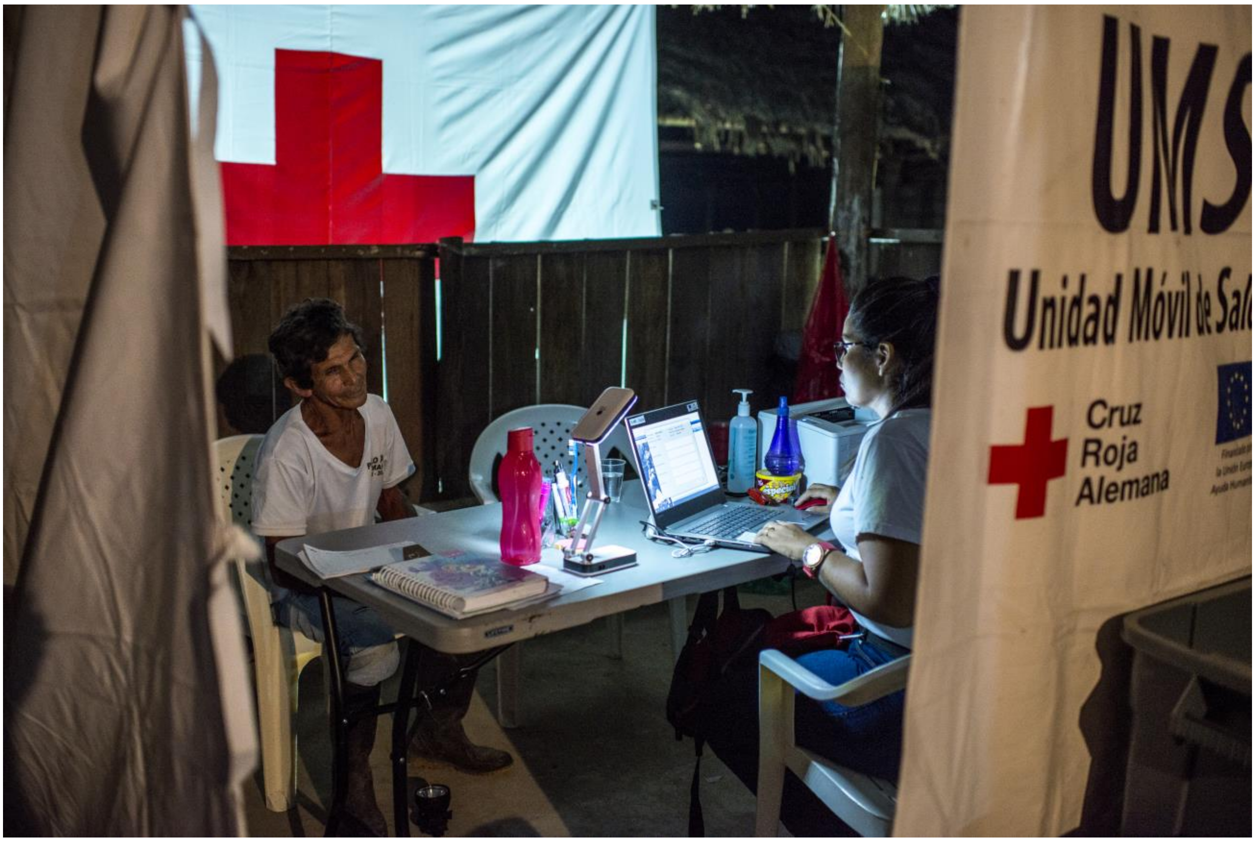
Figure 37 below shows a strong improvement in the use of country reporting systems by EU programmes and projects in LAC, middle income and non-LDC countries, and a significant deterioration in Africa and Asia.

Figure 37

The EU has kept a stable use of country reporting systems, slightly above average overall for more developed and fragile countries in 2018

Use of country reporting systems in 2016 and 2018





Photographer: Nadege Mazars © European Union, 2019

3.3.4 Use of Country Systems: Audit (Indicator 9b)

This indicator captures the extent to which respondents are meeting their commitment to use country audit systems. For the EU and its Member States there is a marginal decline to 47% in 2018 as shown in **Figure 33** (above), notwithstanding a 10 percent increase in EU disbursements through the public sector.

However, as shown by **Figure 38** (below), the average obscures signs of several marked improvements in the use of partner country audit systems: Austria (70%, up from triple the 20% score in 2016), the European Commission (50% up from 40%), Finland (80% up from double that of 2016's 40%), Italy (90% up from more than doubling 2016's 40% to now 90%), Slovenia (50% up from zero) and Spain (60% up from, triple that of 2016's 20%) have all markedly improved. Other good performers include Denmark that maintained its 90% score from 2016, and France and Sweden maintaining their 60% score from 2016. Poor performers include Belgium (down from 60% to 20%), Germany (steady at 30%), Ireland (down from 70% to 40%), Luxembourg (down from 30% to 20%), the Netherlands (down from 40% to 30%), the United Kingdom (from 80% down to 40%) and, the Czech Republic, Portugal and Slovakia that reported largely not using partner country audit systems.

Figure 38

The EU has kept a stable use of country audit systems, slightly below all Development Partners

Use of country public audit systems in 2016 and 2018

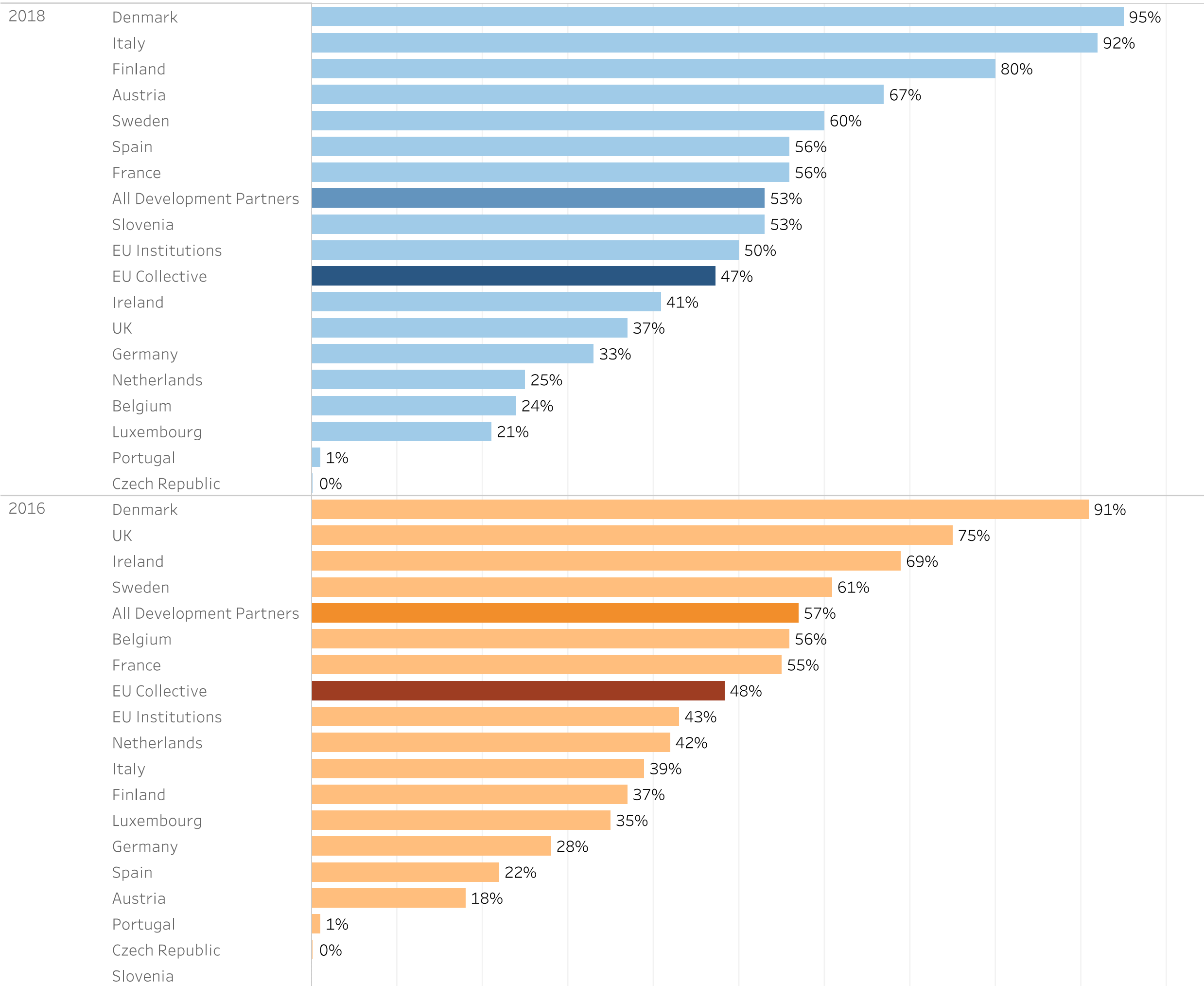
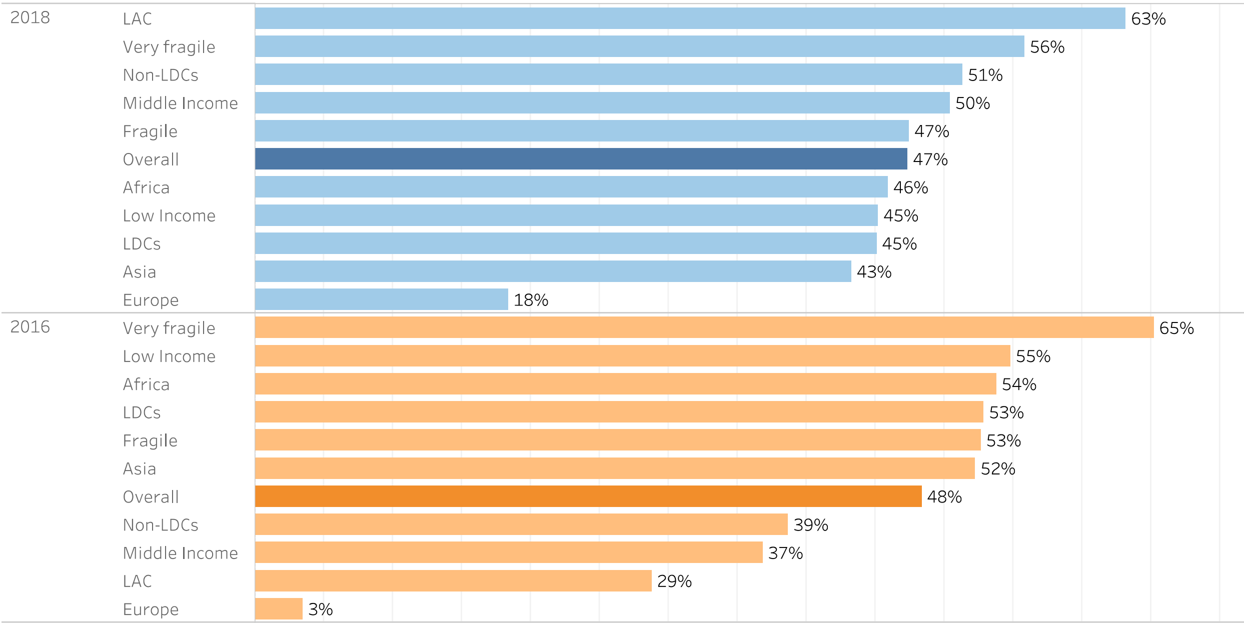


Figure 39 below shows a strong improvement in the use of country audit systems by EU programmes and projects in LAC, middle income and non-LDC countries, and a significant deterioration in LDCs, Africa and Asia.

Figure 39

The EU has kept a stable use of country audit systems, slightly above average overall for more developed and very fragile countries in 2018

Use of country public audit systems in 2016 and 2018



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3.3.5 Use of Country Systems: Procurement (Indicator 9b)

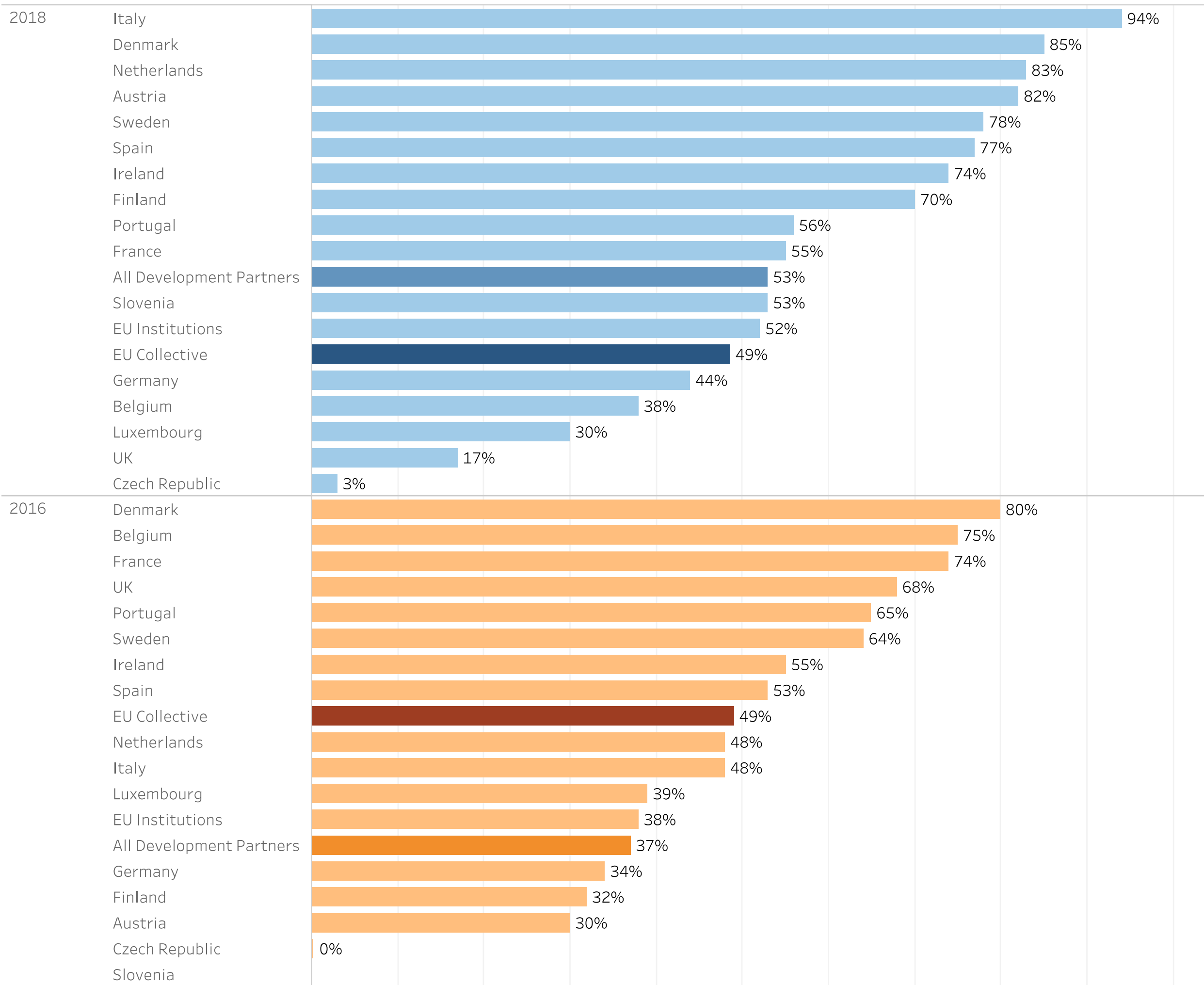
The data shows stable use of partner country procurement systems, an important transparency, trust building and confidence building measure. The European Union maintained at 49%, as shown in **Figure 33** (above). In contrast, the GPEDC 2019 progress report (page 43) found that development partners made substantial progress on this indicator increasing the use of partner country procurement systems to 50% from 37% in 2016. The EU has thus fallen slightly behind the average, after being well ahead of it.

As shown in **Figure 40** (below), many reported improvements including Austria (80% up from 30%), Denmark (up 10% to 90%), the EU Institutions (50% up from 40%), Finland (up 70% from 30%), Germany (40% up from 30%), Ireland (70% up from 60%), Italy (90%, almost double 2016's 50%), the Netherlands (increasing from 50% to 80%), Slovenia (50% up from zero), Spain (80%, up from 50%) and Sweden (increasing to 80% from 60%). Once again, there was a strong variability in the performance of individual Member States between 2016 and 2018 that could be due to methodological issues.

Figure 40

The EU has kept a stable use of country procurement systems in 2018

Use of country procurement systems in 2016 and 2018



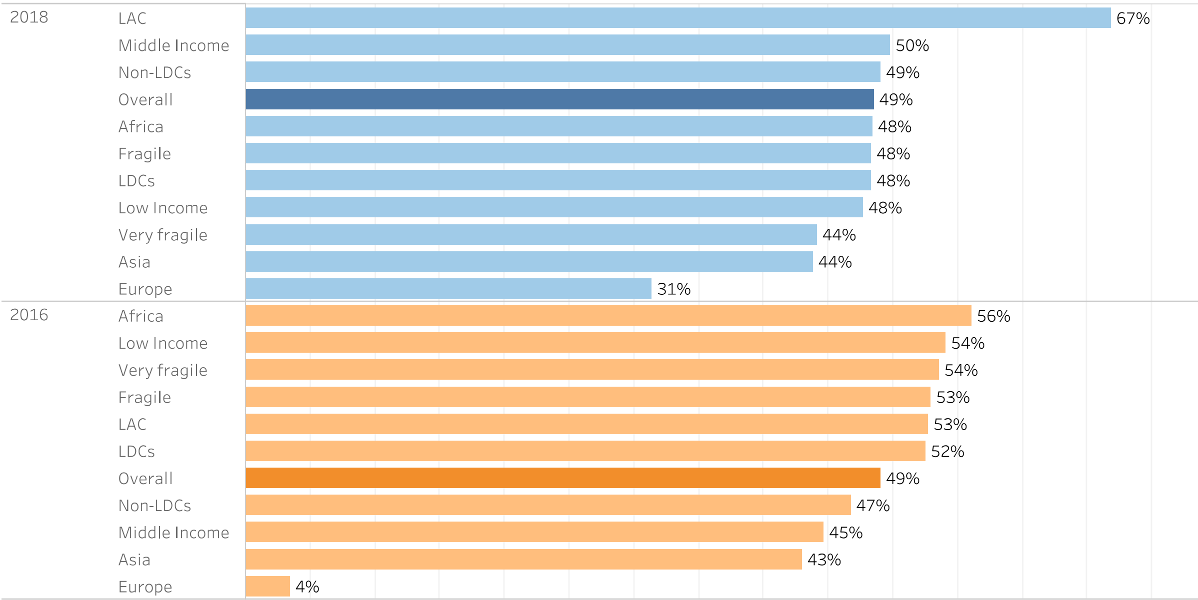
On the other hand, Belgium dropped from 80% to 40%, France from 70% to 60%, Luxembourg from 40% to 30%, and the United Kingdom dropped the most from 70% to 20%. The discrepancies between the EU's overall score and the individual performances is due to the bigger real impact attributable to larger development partners rather than to the smaller partners whose performance actually improved measurably.

Figure 41 below shows a strong improvement in the use of country audit systems by EU programmes and projects in LAC, middle income and non-LDC countries, and a significant deterioration in low-income countries, LDCs, and Africa.

Figure 41

The EU has kept a stable use of country procurement systems, slightly above average overall for more developed and strongly for LAC in 2018

Use of country procurement systems in 2016 and 2018



Photographer: Christian Jepsen © European Union, 2019

3.4 Progress made in untying aid

3.4.1 Untied Aid (Indicator 10)

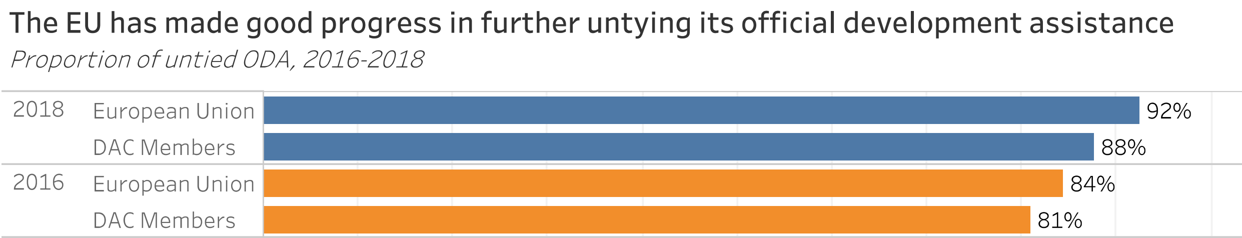
Indicator 10 (untied aid) measures the share of development co-operation that is committed for disbursement in partner countries without legal and regulatory barriers to open competition for procurement. Procurement processes for goods and services funded by untied development co-operation – as opposed to tied - are open to suppliers from all countries without geographical limitations to companies in the donor country or in a small group of countries.

Untying development assistance increases its effectiveness by reducing transaction costs for partner countries and providing better value-for-money. Untying aid remains an important indication of partner country ownership over the allocation of resources to address their development priorities. Untying ODA also enables development partners to better align their aid programmes with the objectives and financial management systems of recipient countries.

The indicator is calculated by dividing the amount of untied ODA commitments by the total amount of ODA commitments. Results are presented disaggregated by partner country and by development partnerand **exclude donor administrative costs and in-donor refugee costs**. Amounts are provided in current prices. This indicator uses the most recent information available at the OECD Creditor Reporting System which is self-reported by the members of the Development Assistance Committee (DAC). Results are only available for bilateral development partners that report on untied ODA status to the OECD DAC.

Figure 42, based on OECD DAC ODA reporting, shows progress on untying aid. In the two years to 2018, the EU as a whole dramatically increased its use of untied aid from 84% to 92%. The DAC Members as a whole also improved albeit a little less quickly and now classify 88% of their programming as untied.

Figure 42[5]



[5] The 2016 GPEDC survey considered the 2015 ODA untying ratios and the 2018 survey the 2017 ratios, as ratios for 2018 are not available yet.

Figure 43 below, based on the GPEDC surveys, except for the EU Collective values taken from Figure 33, shows that now the EU collectively classifies more than 90% of its aid (92%) as untied up from the EU and nine Member States two years previously.

Figure 43

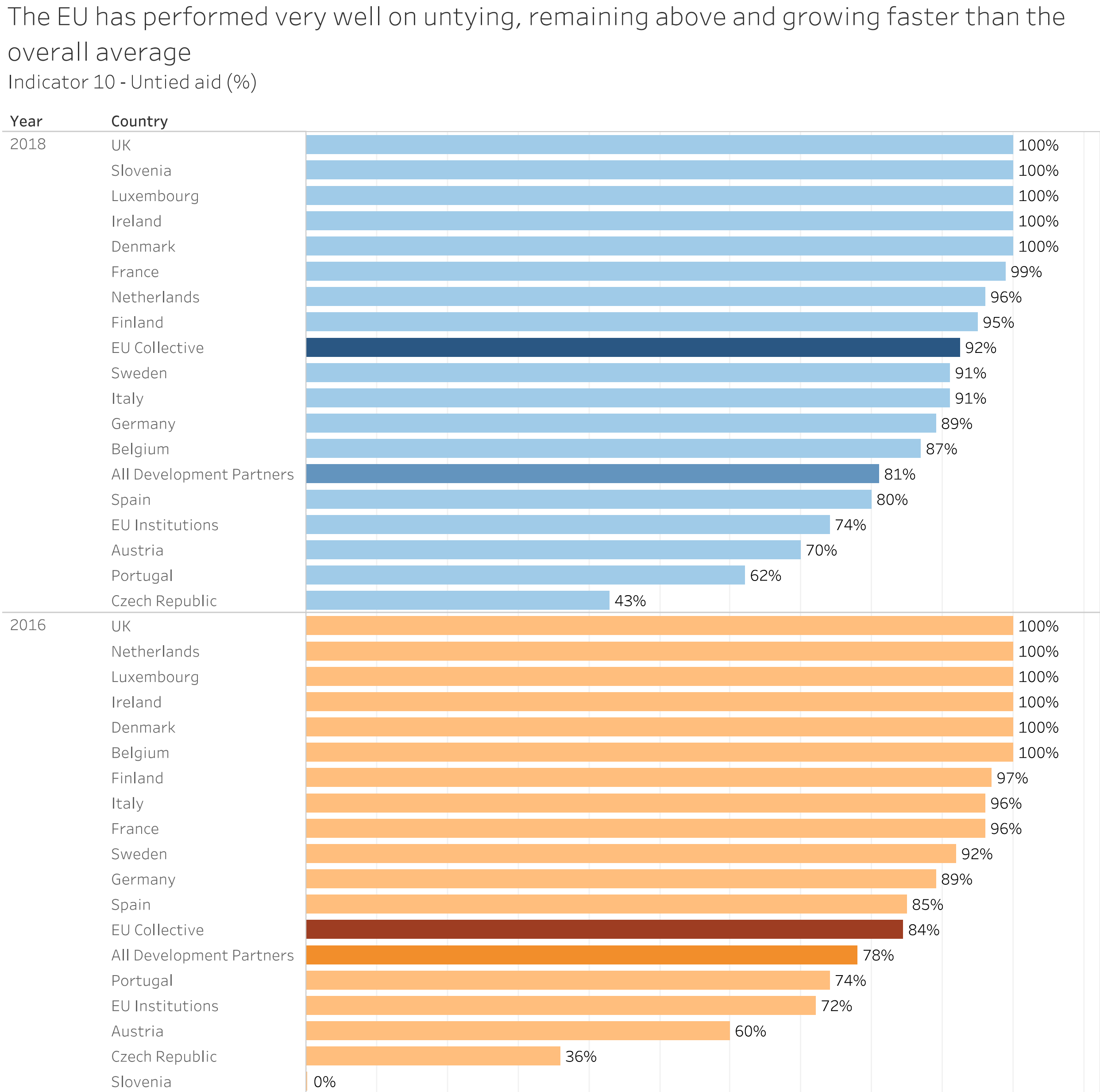
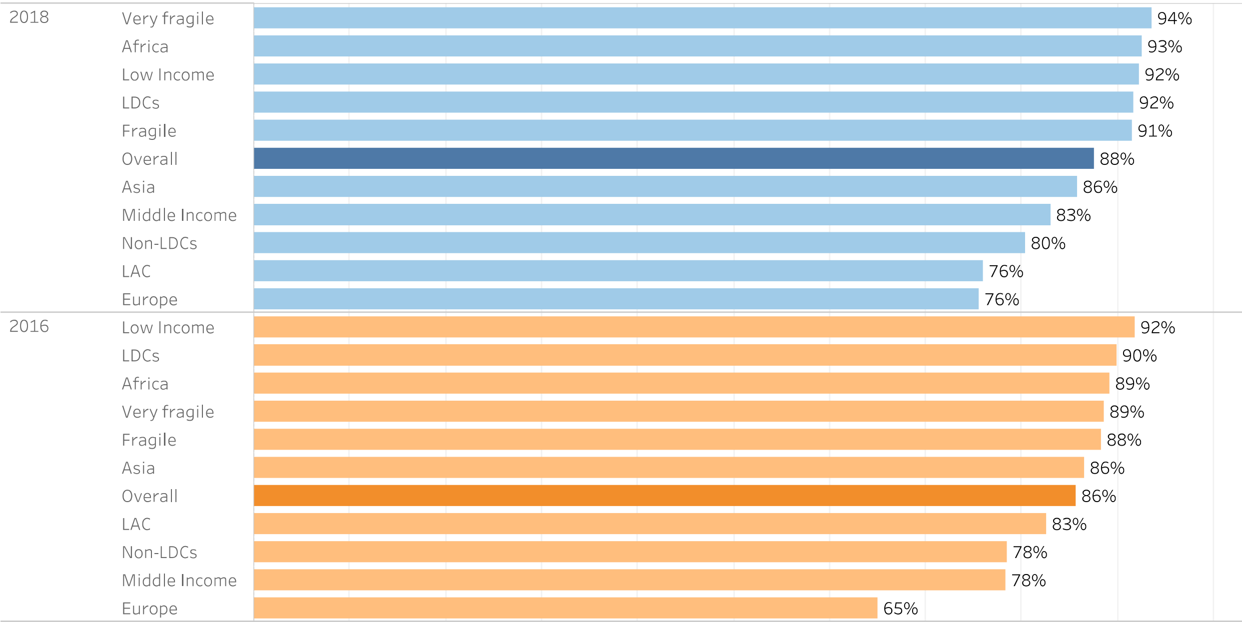


Figure 44 below shows an improvement in the untying of EU programmes and projects, particularly in very fragile countries and Africa.

Figure 44

The EU has made good progress in further untying its official development assistance particularly in less developed countries

Proportion of untied ODA, 2016-2018



4 Strengthening transparency of development cooperation information as an important step to enhance accountability

4.1.1 Transparency: Transparent Information on Development Co-operation is Publicly Available (Indicator 4)

Indicator 4 (Transparent information on development co-operation is publicly available) measures performance on transparency related to timeliness, accuracy and comprehensiveness of aid data provided to the OECD Creditor Reporting System (see **Figure 45** below), the OECD Forward Spending Survey (see **Figure 46** below) and the International Aid Transparency Initiative [IATI] (see **Figure 47** below). For the global level transparency element, the Global Partnership relies on assessments produced by the secretariats of each of the three systems: the OECD Creditor Reporting System (CRS), the OECD Forward Spending Survey (FSS), and the International Aid Transparency Initiative standard (IATI).

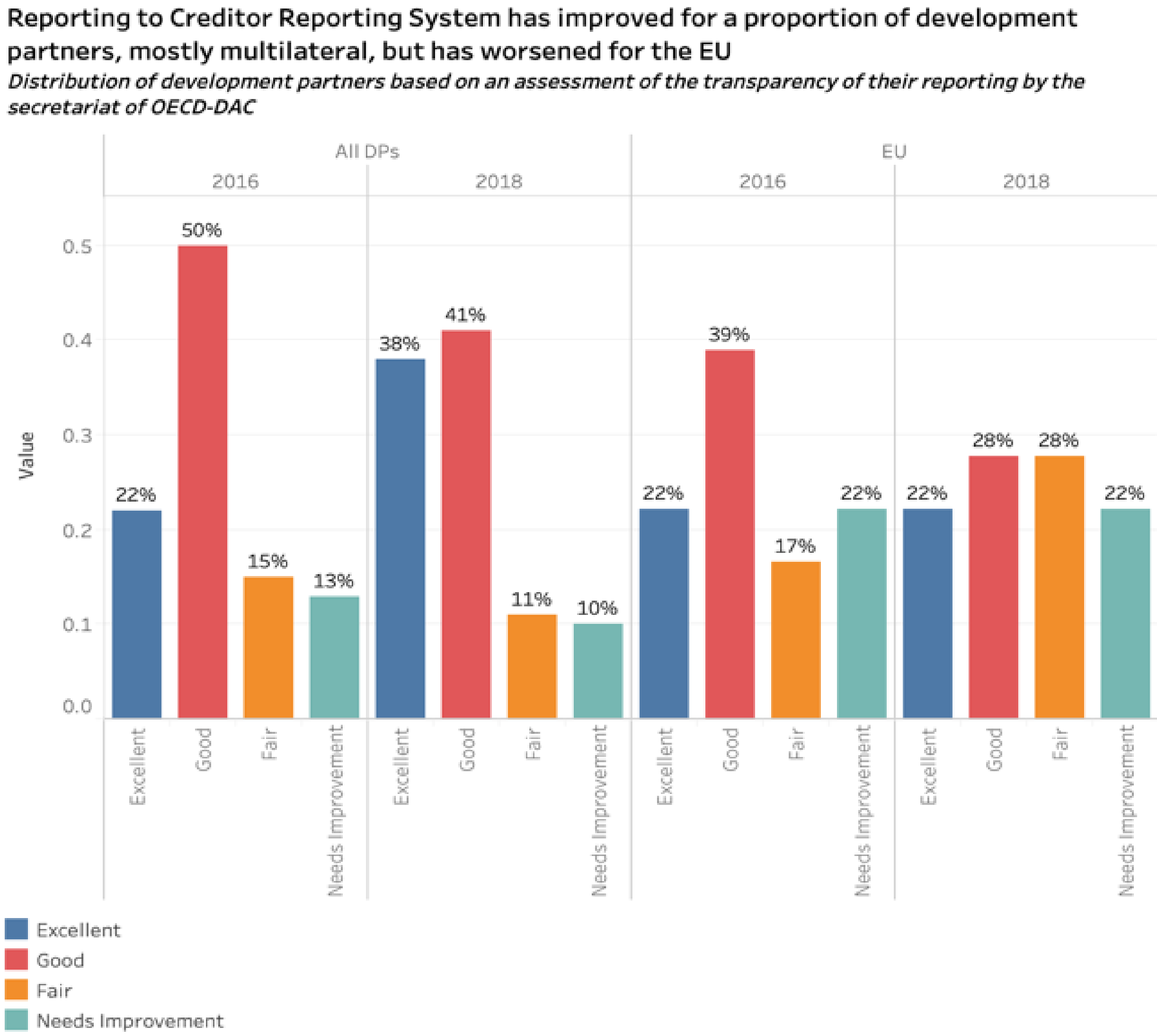
Each of these transparency assessments has its own distinct underlying methodology, therefore results are not directly comparable amongst themselves and are presented separately. To facilitate interpretation of the overall scores for these three assessments, development partners are categorised on the same four-tiered scale: “excellent” (80% or over), “good” (60-80%), “fair” (40-60%) and “needs improvement” (less than 40%).

These assessments refer to development partners at the global level and therefore no detailed analysis is possible.

A complementary element to indicator 4 assesses the availability and use of information on development cooperation at country level. It looks at the extent to which information on development co-operation is captured in partner countries’ information management systems, and whether those governments are in turn making it available to their citizens. This complementary element was introduced in the 2018 GPEDC and little analysis was included in the GPEDC 2018 Monitoring Report (see Part II, p. 71).

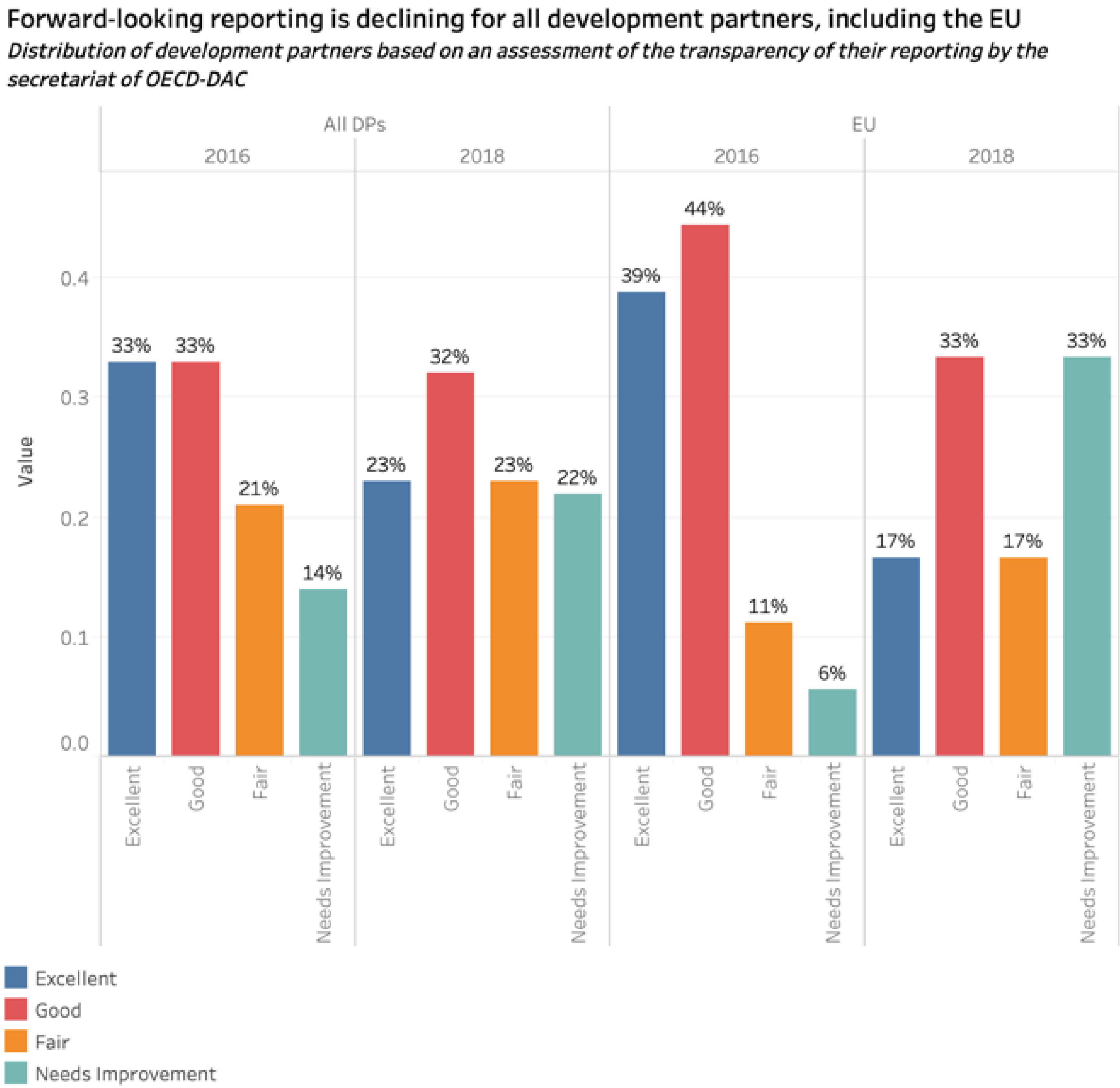
Compared to all development partners (see **Figure 45** below), however, the EU and its Member States performed worse on the CRS, reducing a fifth in two years from 61% performing ‘good or better’ to 50% in 2018; by comparison the GPEDC 2019 report shows an average of 79% as good or better in 2018 (up from 72% in 2016).

Figure 45



Compared to all development partners (see **Figure 46** below), however, the EU and its Member States performed worse on DAC forward looking data, plummeting more than a third in two years from 83% preforming 'good or better' to 50% in 2018. Whereas the EU and its Member States dramatically outperformed the GPEDC average in 2016, the GPEDC 2019 report shows all development partners combined now outperform the EU with average of 55% being 'good or better' (down from 66% in 2016).

Figure 46

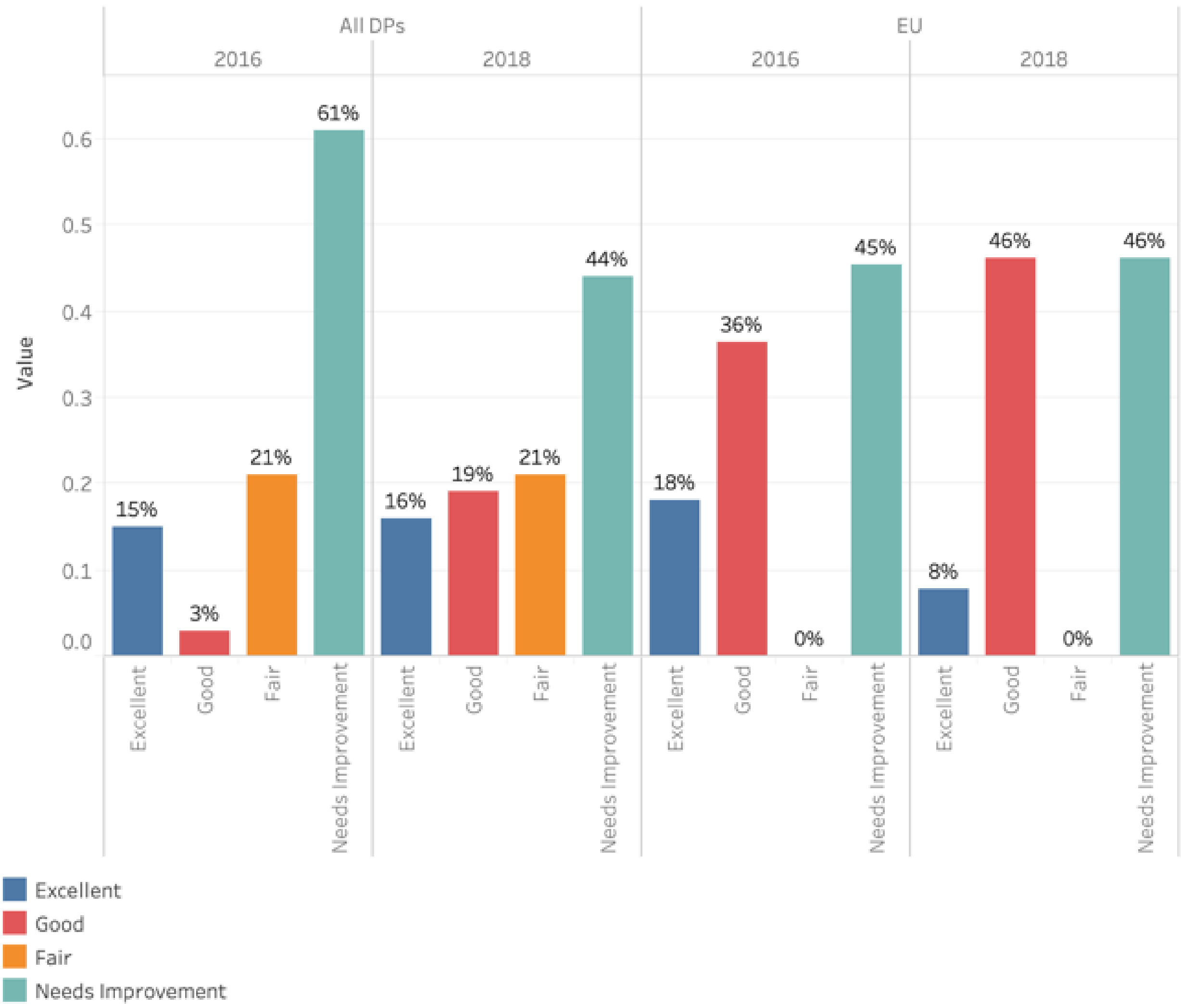


However, the EU and its Member States remained stable on IATI at 54% good or better(see **Figure 47** below) in 2018, the same level as in 2016. The EU still performs better on IATI than all development partners combined.

Figure 47

Reporting to the International Aid Transparency Initiative by the EU has slightly worsened, in contrast to improvements by multilateral partners

Distribution of development partners based on an assessment of the transparency of their reporting by the secretariat of OECD-DAC



Most partner countries (96%) have one or more information management system in place to collect information on development co-operation. Data from the 2018 Monitoring Round show that, on average, 85% of EU development partners report to those systems, a ratio slightly higher than the global average of 83%.

5 Factors explaining EU Performance – results from desk review and interviews

5.1 Findings of desk review

The first phase of the qualitative interview process was to conduct a desk review of possible policy or other trends that could potentially account for the deteriorated results. The findings of the desk review are presented below in four categories, the first being reflections on the reported trends and data, the second factors related to EU and EU Member States 'policy, the third possible explanations depriving from changing partner country contexts. Finally the desk analysis reflected on possible explanations deriving from global dynamics.

The desk analysis was used to define a line of questioning (see annex 1). The line of questioning was used to solicit possible explanations from EU and EU MS officials, the findings of which are presented in section 5.2.

5.1.1 Findings Related to Reported Trends and Data

The table lower in this section shows the performance of the EU as a whole against a selection of the indicators between 2016 and 2018. The number of positive performers is in the third column (in green) from the left, the number of negative performers (fourth column in red) and the range of score changes between the 2016 and 2018 monitoring rounds (last column).

Finding: The majority of donors scored worse with the exception being on short-term predictability.

The table below summarises the performance of EU donors (including the European Commission) by indicator. In most cases a clear majority showed a deterioration in performance between 2016 and 2018. The notable exception is an improved score on short-term predictability for the majority of donors. On alignment of projects with partner government defined objectives, the combined weighted scoring for the EU improved even though the majority of donors performed poorly.

Finding: Overall deterioration but no common trend across the EU donors.

Collectively, the EU does better than the DAC average on Ownership, Alignment and Results. Where the EU collectively underperforms is on Predictability and, since 2016, has fallen behind on the Use of Country Systems. Within the EU, EU Institutions out-perform Member States on most indicators, performing better on Ownership, Alignment, Results, medium-term Predictability and Use of Country Systems. Multilateral donors, however, perform better across the board, particularly the Multilateral Development Banks and Vertical Funds.

There is no discernible common trend amongst EU donors with different donors performing better or worse on different indicators. This lack of consistency among EU MS and Institutions runs contrary to the apparent consensus on the importance of development effectiveness reflected in official policies.

Indicator	EU collective movement (% points)	No of positive movers	No of negative movers	Range of movement among EU providers (% points)
Use of country owned results frameworks and objectives	-6%	4	13	-52% to +13%
Alignment of project objectives	+1%	6	11	-51% to +24%
Use of country indicators	-8%	6	9	-62% to +11%
Use of country data	-10%	4	12	-69% to +17%
Involvement of Government in evaluation	-5%	9	6	-52% to +22%
Predictability – short-term	+8%	12	4	-16% to +39%
Predictability – medium-term	-15%	5	11	-20% to +73%
Aid on budget	-19%	4	11	-55% to +26%
Use of country systems	-1%	10	5	-39% to +45%

Observation: Credibility of monitoring data is questionable.

The dramatic changes seen in the performance data between 2016 and 2018 would seem to imply changes in programming, financing and modality choices of such a scale and so fundamental a nature as to be very unlikely to have taken place over only a two year period. This invites questions about the robustness of the data and possibly of the monitoring process itself. Concerns over credibility are only amplified when reviewing the significant volatility in performance of individual MS in many cases.

5.1.2 Factors Related to EU and EU Member States Policy

Finding: Donor policies' remain committed to development effectiveness - in contrast to the results.

EU and EU MS policy and strategy documents were reviewed for policy shifts that could plausibly explain the deterioration. Recent policies do not provide a credible explanation for the poorer performance. On the contrary, commitments to development effectiveness were in many cases made more pronounced in recent policy. A good example is the 2017 *New European Consensus on Development* that reconfirms the EU and EU Member States' commitment to development effectiveness. Since policy overall supports improving effectiveness, the possible explanations for the marked deterioration are likely either a reporting fault, dramatically changed programming context, or systemic implementation failures across most EU donors.

Finding: **Domestic political and fiscal pressure on ODA following the financial crisis has resulted in changes in incentives and policies related to development cooperation that are likely to have reduced adherence to the effectiveness principles through:**

- **A lower tolerance for fiduciary risk.**
- **Budgetary pressure to reduce transaction costs by reducing staff and institutional capacities.**

- **A preference for programming that delivers on bilateral trade and investment interests.**
- **A preference for programming that responds to donor political priorities such as migration.**

The economic crisis increased political pressures to demonstrate a return on aid and to reduce waste in aid. The UK Government's 2019 *Single Departmental Plan for International Development* makes this dynamic clear as it explicitly confirms its intention to "ensure tough, independent evaluation of the value for money of UK aid", a factor that could be related to the fact that the UK's use of partner country audit systems has dropped from 80% in 2016 to 40% in 2018.

The demands for greater oversight have been combined with continued pressure to reduce staffing and thus capacity of donor agencies. Reduced head counts continues in most donors alongside commitments to either maintain or increase aid spending to meet the 0.7% of GNI target.

These factors could have contributed to the shift towards increased levels of aid being programmed to and through multilaterals and international NGOs. A desire to promote trade and investment has led to more use of private sector-related instruments, such as blended finance. The combined effect of these changes in programming is likely to have reduced performance against effectiveness indicators in areas such as alignment with partner country results and the use of partner country systems.

At the same time, reduced tolerance for corruption combined with scandals in several countries (e.g. Tanzania, Malawi, Uganda, Mozambique) have translated into reduced use of budget support by many donors: the budget support modality tends to score better on use of partner country systems than other modalities.

Finally, regional crises like the migration crisis or the crisis in the horn of Africa may have resulted in programming through regional instruments many of which also make less use of partner country systems.

Finding: **The expiry of the EC's current Multiannual Financial Framework has affected the medium term predictability of it co-operation.**

The European Commission's current multi-annual financial framework expires in 2020 with a new envelope planned for 2021-2027. This is likely to account for the poorer performance by the EC on indicators related to medium term predictability and contributed to the stagnation of EU performance on reporting forward spending plans.

5.1.3 Factors Related to Partner Countries' Contexts

Development effectiveness policy commitments have largely remained the same. However, a richer developing world is less dependent on ODA. Changing global dynamics and domestic interests mean donors increasingly have a much greater interest in partner countries beyond just an aid relationship.

Finding: **The reduced importance of ODA to partner countries has reduced the incentives for policy dialogue and alignment.**

In theory the more partner governments depend on ODA for public service delivery, the greater the incentive for mutual accountability with donors. The more donors feel partner governments are accountable for the use of donor resources, the more likely donors are to transfer decision making to partner governments by making greater use of country systems. In the three decades to present, Official Development Assistance as a percentage of Gross National Income has almost halved in middle income countries from over 1% in the nineties to just over 0.5% today.

With ODA dropping as a proportion of public revenue in partner countries and the relative shift of ODA away from the public sector, partner governments may see less reason to engage in policy dialogue with their development partners, while donors may question the worth of engaging substantively with government partners on relatively small proportions of their budgets.

Finding: Greater wealth and growing inequality has reduced faith in partner country policies and systems.

Sustained growth in most of the developing world has been accompanied with increasingly visible local elites, many of whom are easily identifiable, such as on social media. At the same time corruption and mismanagement scandals are quick to make the headlines in donor capitals and may result in reduced tolerance for poor partner country capacities when it comes to managing donor resources. Circumstantial evidence relating to suspensions of budget support in former aid darlings like Malawi, Zambia, Tanzania, Uganda and Mozambique give credence to the hypothesis that donors are less willing to use partner country systems when capacity is not sufficient. The reduced use of budget support in these cases would contribute to reduced use of partner country public financial management systems.

Political economy analysis is increasingly used by donors providing a greater understanding of the influence of elites and interest groups over public policies and resources, leading to reduced confidence that the partner government's policy objectives are actually intended to deliver for the poor. Reduced confidence in government policy to deliver on poverty alleviation decreases incentives for donors to use partner country systems. Both of these dynamics would drive poorer performance against effectiveness monitoring indicators.

Finding: Growing influence of Emerging Powers in Cooperation may reduce incentives to use partner country systems.

In many partner countries the importance of South-South cooperation relationships with emerging economies such as China, India and Brazil or the Gulf States is growing. Many of these development partners do not demonstrably make use of partner country systems but appear to be able to influence important decision making without participating in national or sectoral aid coordination architectures or formal policy dialogue structures. For OECD donors, the perception that other communication and dialogue channels may be more influential reduces the incentive to invest resources and effort in policy dialogue and in supporting and using national systems, when it does not deliver a comparative advantage in political relationships.

5.1.4 Factors Related to Global Dynamics

Finding: Increasing competition with emerging economies that link development cooperation to trade and investment opportunities and access to commodities incentivises OECD donors to do likewise.

A scan of the EU and EU MS development cooperation strategies shows a growing prevalence of bilateral interests that go beyond development objectives. The UK's 2019 single departmental plan reminds of the importance of "strengthening relationships with rising powers". Similarly, the first section in the EU's 2019 report on its Global Strategy refers to the cooperation's importance in an "ever more contested and complex global world". Further, even those EU Member States that scored better on the GPEDC 2018 round are emphasising domestic interests related to migration, expanding business opportunities and climate change more and more frequently. Belgium's new 2018 legal framework on cooperation is equally about the SDGs and partnerships with development actors as it is about Belgian "companies that want to invest in developing countries [being] eligible for financial support in the future." Germany's *Development Policy 2030* reorients cooperation around "megatrends that are transforming the planet" amongst which are clear bilateral priorities related to migration and interdependence with digital technologies. Indeed, migration is increasingly a priority of EU Member States running through Austria, Denmark, Italy and Sweden's latest strategies.

Programming on these priorities does not necessarily exclude alignment or the use of government systems but it tends to do it less than in traditional sectors like health, education and social and economic infrastructure. This would explain the deteriorating scores of the use of government systems.

Finding: **Climate change and increased and persistent conflict have led to a growth in the proportion of ODA resources allocated to humanitarian assistance and fragile and conflict affected situations, in which the application of the effectiveness principles is more difficult and less appropriate.**

Humanitarian and emergency assistance is frequently co-ordinated and delivered through international or external mechanisms and specialised organisations, although partner country systems and capacities are used and supported to build resilience and improve emergency response capacity. Certainly in most conflict situations financing necessarily must flow outside of partner government systems in order to avoid risks of aid being seen as partisan. Overall, thes more aid is allocated to humanitarian programming the less it tends to use partner country systems thus contributing to poorer scoring.

Climate change is another evolving priority that can be programmed through partner country systems but often is not. Many donors support innovative projects in green energy or the circular economy, cleaning oceans, protecting and rebuilding forests, greening international supply chains - which are often implemented regionally, internationally or through private sector and non-state actors. This type of programming can possibly use partner country systems but it tends not to prioritise it.

5.2 Findings from Interviews

5.2.1 Findings Related to Reported Trends and Data

Finding: **There is a noted unfamiliarity among EU donor staff with the GPEDC monitoring methodology and process.**

"The development effectiveness narrative was built on a consensus about transitioning to budget support, but effective cooperation is no longer understood as being about budget support or pooled funds. Why should any country allow an outsider to meddle in their affairs to get a grant?"

"We stand firmly behind the principles, but the measurements do not seem to report on what we are doing to meet the principles."

"We don't recognise ourselves from the data we have seen."

The quotes above illustrate that many donor officials interviewed do not have intimate understanding of how the GPEDC monitoring process is conducted. Multiple EU Member States questioned the data reported by partner countries as being based either on different understandings of what the indicators mean in practice or on capacity challenges in partner governments, between headquarters and country representations and between donor officials responsible for programming and those responsible for statistics, financial management and reporting.

Clearly, there is confusion over where the data comes from and how it applies. For example, many respondents complained about partner country capacity challenges drawing attention to the fact that partner country ministries are often under-resourced when it comes to reporting on development financing. Member States, on the one hand, questioned to what extent partner country officials were rushing through the reporting requirements and therefore not taking sufficient time to check with their development partners the accuracy of what they are reporting. On the other hand, some Member States questioned to what extent reporting is provided by the partner country itself rather than through technical assistance or external expertise attached to partner country aid databases such as the Aid Information Management Systems. Drawing attention to the inaccuracy of many of these databases, some question whether such problematic data is being exported to the GPEDC monitoring with the result that disagreed data is being institutionalised rather than vetted data that has the universal buy-in of development partners and partner governments alike. However, the data analysed is data provided by the donors themselves, a fact not well understood by many respondents. In one case, for example, the Member State complained that it had proven impossible to identify which official had provided the data in the first place.

Similarly, the EU officials interviewed as well as many of the MS were at a loss to explain the deterioration in the indicator related to involving partner countries in evaluations. Most respondents hypothesised that this deterioration is better explained by misunderstood policy than as a measure of a real decline.

The poor understanding of the monitoring system may be indicative of a low policy and operational priority afforded the effectiveness principles. Certainly, this makes it is less likely that programming decisions will be made in a way that deliver improved performance and scoring.

Finding: **Redirecting programming resources to fragile states tends to involve working with less robust partner country systems and thus poorer scores that are not indicative of donor performance. The system overly focuses on the desired end state not recognizing incremental improvements.**

“We have increasingly focused on fragile states and use country systems only incrementally yet the data records incremental progress as failure”, explained an EU donor. Indeed, when it comes to using partner government systems, the way progress is recorded by many donors is not nuanced enough to capture incremental improvements in many contexts. For example, a development partner might be aiming to use partner government procurement systems but is well aware of institutional capacity challenges. A sound approach would be to work with the partner government and incrementally hand over control to partner procurement systems such as in initially co-drafting the Terms of Reference, then letting the partner government draft it on their own, then using the same procurement document formats, then the same evaluation committee, etc. all the way up to finally channelling funds directly through the exchequer. The monitoring system is more focused on measuring the achievement of the desired end result and does not capture partnership efforts to build the conditions to achieve that result adequately for many donors.

Donors meeting commitments to redirect ODA from middle income to lower income countries and fragile states could result to poorer scoring due to less robust partner country systems.

Finding: **EC officials attribute poorer scoring in some countries to phasing out of budget support.**

For the EU institutions, country specific scores are explained by changing the use of budget support. For example, in Rwanda improved scores are seen following the use of budget support. In other countries like Malawi and Tanzania, poorer results were explained as resulting from suspension of budget support.

Budget support makes the most use of partner country systems but suspending budget support need not result in poor scoring across the board because many indicators relate to aligning with partner country policies less so than using partner country financial management systems.

Finding: **State building contracts are credited with improving scores in fragile states.**

The European Commission introduced a more flexible budget support modality for use in fragile states and call it 'state building contracts'. These contracts are general budget support type modalities that account for notable improved scores in several partner countries.

However, respondents pointed out that better scoring on partner country systems do not necessarily reflect effective cooperation. State building contracts were credited for their role in reducing the risk of institutional failures in fragile states, but they can also be occasionally associated with a notable decline in other aspects of development effectiveness. In one partner country, for example, whilst the state building contract had reduced the risk of a failed state, there is no evidence of improvements in policy dialogue nor in associated development indicators. In fact, the use of a state building contract in this context appears to be associated with the government adopting increasingly hostile policies towards civil society, such policies and associated actions apparently driven by the fear that donors suspend budget support in favour of channelling funds to civil society instead. Accordingly, better scoring on use of partner country systems in fragile states may not necessarily mean more effective development cooperation.

Finding: **Poor scoring on use of partner country systems can be a measure of confidence in partner country systems, entirely disconnected from donor performance.**

A problematic example is Nigeria, a resource rich country that has notoriously unsound partner country systems. The EC explained that the lack of budget support is explained by unacceptable risks of programming through the partner government. However, there is considered to have been significant progress in Nigeria, that "there is very good absorption capacity. Nigeria is one of the first countries to absorb the MIP and get top ups." In the context, the poor results on effectiveness from Nigeria coincide with good performance perceived by the EU. Performance on programme delivery and budgetary implementation is in some contexts valued more than performance on effectiveness, which may be seen as making timely delivery of programmes more difficult.

Finding: **Most donors reported strengthened institutional commitments to reporting standard, but frustration with apparent duplication between IATI and the DAC CRS; this circumstance may account more for poorer performance than actual policy.**

"The current monitoring framework may not be fit for purpose… using the wrong tool does not communicate a problem it communicates the wrong purpose."

Most respondents were surprised to see deteriorating scores (although two confessed to having submitted late) relating to the OECD databases. If anything, Member States remain committed, if not even more so, to providing data on a timely basis. Some respondents argued that the deterioration might be due to what they perceived to be a rushed reporting period for the GPEDC exercise. More than one expressed frustration that the data was presented without sufficient time to check the data and provide comments.

Regarding the International Aid Transparency Initiative (IATI), it is still seen by some as driven by only a sub-set of DAC donors. Here there is clearly resistance with the perception that IATI duplicates existing systems and critics complain that resources invested in IATI could be better allocated to strengthening the OECD's database. That being said, there appears to be growing support amongst management to make good on commitments to IATI, which respondents argued will make reporting to IATI the default.

Finding: **The nature of budgetary processes and public resource allocation in EU Member States reduces forward predictability.**

Most Member States still programme according to parliamentary driven timetables. Even when multi-annual frameworks are the officially supported norm, the politics around allocating resources to development cooperation are continually contested meaning that improving forward predictability is somewhat unrealistic in the current political context for many Member States. To score better, one of these Member States explained the practice of extending the duration of existing projects but complained that this practice is a bad project management practice deployed in favour of a perverse institutional incentive. Another Member State explained that the allocation of development cooperation budgets by politicians means that "you have to plan for future demands related to crises e.g. droughts, conflict, migrants, etc." which creates disincentives to ensuring forward predictability.

EU officials interviewed see the concluding of the current financial framework and specifically EDF 11 as contributing to poorer scores on forward predictability. Some officials also pointed out that the possible reduced authority granted to the National Authorising Officers of EDF in the future could also be acting as a dampener on perceptions. The allocation of EU resources to trust funds may also account for worsening perceptions on predictability.

It is also important to note that at least in one partner country, the decline in forward predictability was associated to the comparatively large size of EU funding – with the EU's financial framework coming to an end, the EU has an outsized impact on predictability for the partner government, thus potentially explaining poorer scoring.

5.2.2 Factors Related to EU and EU Member States Policy

Finding: **Institutionalising commitments to development effectiveness through management decisions leads to improved results.**

Positive progress is partially explained by purposeful institutional actions. Several respondents reported that development effectiveness principles have now either been enshrined in law or policy and translated into standard operational procedures. This has created greater incentives to explicitly report on development effectiveness and to also ensure that principles are mainstreamed in project design and day-to-day project management. For example, one Member State explained that reporting on development effectiveness is now legally required in reporting to the legislature thus making reporting on development effectiveness a compliance requirement. Purposefully operationalising and institutionalising development effectiveness appears to be an important step to securing progress.

EU officials stressed their head-quarters' insistence on making use of partner country systems (in programming strategies and annual reporting) as a fundamental incentive to continued use of budget support. This is even the case where budget support has been suspended, where – as officials explained - the suspension of budget support never means abandoning the priority of strengthening government systems. The suspension of budget support frequently results in more intensified dialogue and pressure to improve partner government systems to lay the foundation for a return to budget support.

5.2.3 Factors Related to Partner Countries' Contexts

Finding: **Dynamic and Changing Regional and Country contexts is leading to programming responses that are not likely to use partner country systems.**

The migration 'crisis' has created incentives to programme at a regional level and through thematic instruments responding to domestic donor priorities. This results in less use of national aid architectures which are designed to coordinate programming among donors and orient it around partner country priorities. The current set-up is creating a feedback loop in which some Member States feel their concerns on migration are not adequately represented in national aid architectures that tend to be dominated by multilaterals less concerned about migration and partner countries that prioritise migration differently. One Member State even explained that diverting funding to humanitarian aid is seen as a more viable path to getting their own priorities addressed.

For the EU, officials commented that the migration 'crisis' and the establishment of the emergency trust fund for the Horn and North Africa had resulted in some critical observations from National Authorising Officers managing the European Development Fund (EDF) that these represented reduced use of partner government systems. Indeed the use of thematic trust funds is often (though not always as is the case of the trust fund making greater use of government systems in Somalia) associated with programming outside of government systems. But it is, in this case, motivated by the need for a more effective response at a regional not country level.

"Use of country system is purely dogmatic – calling this development effectiveness has no understanding of the context in the country."

On a related note, using partner country systems when there are insurmountable challenges actually results in less effective cooperation. In Chad, for example, procurements over the equivalent of EUR 15,000 purportedly still require the signature of the president, a policy that clearly impedes effective delivery. Member States equally complained of the logic in using partner country audit and procurement systems when, for example, partner country legislatures have resisted staffing these functions. In one case, a Member State explained that the insistence to use partner country audit systems resulted in a decline in auditing of government's own spending largely because the audit office is understaffed and was not expanded to cope with the additional work of auditing donor projects.

The implications are two-fold: First, poor scores in some cases is simply the result of programming in uniquely challenging contexts. Second, as long as poor scores are not explained by the specific contexts, they will be dismissed as irrelevant thus reducing confidence in the GPEDC monitoring as a measure of effectiveness.

Finding: **The perceived effectiveness and value of budget support is in decline. The result is poorer scoring on indicators related to financial management and procurement.**

The perceived value of budget support is under significant assault. In middle income countries where the systems are in place to allow budget support, "partner countries quite reasonably don't want to trade tiny contributions to the budget in exchange for internationals interfering in domestic policy processes." In low income countries, several Member States pointed to the demise of budget support to the previous 'aid darlings' of Ethiopia, Zambia, Tanzania and Mozambique saying that budget support has fallen 'out of fashion' and is now associated with corruption scandals as much as ambitious programming.

Another challenge to budget support is a narrative coalescing around resentment towards larger donors. Member States complained that budget support used by bigger donors can silence smaller ones by dominating the national aid architecture and restricting the policy dialogue to priorities related to the administration of budget support and release of tranches.

Further, in fragile states like Afghanistan hybrid budget support type agreements are criticised as being costly because of the overheads charged by multilateral institutions that implement them. Worse, they are seen as critically undermining the influence of Member States because instead of affording smaller donors a better access to policy dialogue, Member States often end up giving over the influence they desire with partner countries to the multilateral institutions that are administering the funds. Critically, the GPEDC reporting on use of partner country systems continues to be seen by many as an extension of budget support as a preferred approach: with the efficiency and effectiveness of budget support now openly being questioned in Member State headquarters, the incentive to give pre-eminence to use of partner country systems as the primary measure of development effectiveness has measurably subsided.
Several Member States also pointed out that much of programming to NGOs, sub-national authorities (e.g. municipalities and regional governments), private sector operators and oversight institutions such as partner country ombudsman offices and legislatures do not regularly appear on budget and make less use of partner country systems. One Member State pointed out that their programming is entirely through NGOs. In another case, a Member State explained that they believe the path to more effective cooperation is in programming with and in partnership with private sector organizations. In both of these cases this GPEDC monitoring will result in poorer scores for these Member States.

These factors combined do not conclusively explain poorer results, but they do provide a compelling explanation why some donor officials are motivated to make less use of budget support resulting in poorer scoring related to use of partner country financial systems. The conflation of development effectiveness with budget support is also a problem because it means that officials who have good reason to be sceptical of the efficacy of budget support have an incentive to distance themselves from the drive for development effectiveness thus increasing the risk of poorer performance.

Finding: The Busan Commitments to democratic ownership and inclusion often mean programming outside of partner country systems, resulting in lower scores.

After Busan, several donors explained a greater focus on improving democratic country ownership meaning working with citizen groups, civil society, the private sector and local and regional governmental authorities as much as the partner government at the national level. Whilst the long-term goal of working through partner government systems is still a focus, programming that looks, for example, at addressing the democratic deficit or at strengthening accountability to citizens in less democratic or fragile states is apparently getting more attention than previously. In these cases programming is delivered outside of government systems and receives lower scores.

Finding: **Programming through sub-national government systems may not be reported as using partner country systems for good reason.**

In some cases donors do not report programmes implemented though sub-national governments as using country systems or as being on budget. An example of this is when a partner government resists adopting a particular policy priority at national level and the donor finds a local government that is more amenable to adopting this priority and then works with the local government to showcase the new policy approach. The donor classifies the project as not using partner country systems so as to create space for it to be managed by the local government partner without interference from national authorities. However, in this case, the project will be reported as not being aligned to partner country objectives or on budget, even though the purpose of the project is to address the fact that the policy priority is resisted at national level. In this regard, the Member State in question asked, "who is driving the current reporting approach, in whose interests is it working because it does not seem to measure what we see as effectiveness?"

Another example was reported by the EC in West Africa where it experiments with budget support at the sub-national level. Whilst this would qualify as using partner country systems, there are incentives not to classify the programming as such because of fears that doing so would imply that national authorities have a decision making role in the relationship.

Yet another example accrues from programming support to the legislature. Parliaments tend to safeguard their budgeting as explicitly outside of the control and oversight of the executive. In these cases there are explicit incentives to classify programming as not using partner country systems even though programming is directly through an organ of the state, just not one that is overseen by the government itself.

Unique dynamics relating to sensitive politics about working with different organs of the state could result in poorer scoring even if partner country systems are being used.

Finding: **Decentralising the decision making of development providers to partner countries has in some cases led to a better understanding of the risks and weaknesses in partner country systems creating disincentives to use them.**

Decentralising decision making by development providers to the partner country level has long been seen as improving incentives to use partner country systems through better access and dialogue with partner governments. However, in some cases the opposite has occurred.

One Member State explained that their ministry had gone through a process of decentralising decision making to country offices. The result has been that programming is now more country specific and nuanced, but it has also resulted in a dramatic reduction in the use of partner country procurement systems. When allowing country offices to better calculate risks and returns there is broad retreat in confidence in partner country systems. For example, in one West African country a Member State found that the partner country audit office was understaffed: the added pressure from donors to audit donor projects had resulted in the perverse result that audit of partner government expenditure was measurably reduced in order to audit donor projects which were deemed more palatable to audit due to the perceived lower risk of audit findings that could incur retaliation from politically connected officials. Thus, the reduced use of partner country audit systems is desirable in the context, but results in worse performance on the indicators.

The implication is that poorer performance on effectiveness indicators, in some cases, may be a result of better decision making and a greater understanding of the local context - an unintended consequence of decentralised decision making that was aimed at improving donor capacities at country level to coordinate and conduct policy dialogue.

5.2.4 Factors Related to Global Dynamics

Finding: **Development effectiveness is often associated with top down, context blind, measurement of compliance and not with earnest efforts to improve results and impact.**

"The current round came across more as a compliance approach which is very unrealistic for development cooperation. There is now very inflexible pressure to demonstrate compliance – e.g. the SDGs is looking for hard numbers. The EU is pushing very hard to show hard numbers almost as if there is growing sense of superiority and aggression from those donors that perceive they are better than others."

There is a real sense that the development effectiveness agenda has lost the interest and dynamism that came with more visible political leadership. Several Member States bemoaned that the excitement around the Paris Declaration and Busan has given way to development effectiveness as something increasingly associated with administrative requirement. Another Member State explained "*now when an exciting new project is being designed it is presented as being above or beyond the development effectiveness principles and that it should not be under the same controls*". In contrast, previously new approaches and ambitious projects were often motivated by invoking development effectiveness principles.

"There is an ontological question in play that is intertwined between the SDGs and development effectiveness – this has been translated into a drive for procedures and measurement rather than nuancing what is most needed: to make development effectiveness about effectiveness."

Compliance with the development effectiveness principles does not necessarily make development effective, a reality to which every Member State explicitly alluded. The principles are a guide and a good practice in most country contexts. But effective development cooperation is entirely country and context specific and rarely based on a clear recipe simply needing implementation. There is a fatigue arising from the perception that development effectiveness is about compliance and not about achieving ambitious development objectives. This disconnect was seen by some as undermining the consensus on the use of government systems as a measure of effectiveness.

Growing resistance to development effectiveness principles as a measure of effective programming is a significant disincentive to designing programming so as to use partner country systems. This could account for poorer performance in the 2018 round.

5.3 Conclusions and Observations

Every Member State interviewed remains committed to improving the effectiveness of development cooperation. However, the consensus on what this means has now apparently changed and fragmented. There is still widespread buy-in for key principles related to dialogue with the partner government, coordination and avoiding duplication. Working together remains a priority for all.

There also appears to be a growing divergence and possibly a contradiction between effectiveness on the one hand and bilateral interests (e.g. related to economic opportunities) or EU wide interests (e.g. in relation to the migration 'crisis') on the other hand. There is a clear consensus emerging that the rise of emerging powers is increasing competition for the attention of partner governments. This is accompanied with a narrative that development effectiveness principles are less valuable if they cannot meaningfully protect bilateral interests. This results in a groundswell of voices that believe what constitutes development effectiveness is ripe for redefinition. There are also clear signs that domestic donor driven pressures on development cooperation and consequent changes in the ways (and the purposes for which) aid is used are linked to poorer performance on the development effectiveness indicators.

Regarding programming, there is a convergence that it should be more attentively tailored to the partner country, regional and global contexts. In this regard, Member States (and on occasion some EU officials also) interviewed argued the data does not reflect their ongoing work and commitment to effectiveness that is driving more innovative programming.

When it comes to the imperative of using partner government systems and particularly the promise of budget support as a silver bullet for development effectiveness, there are signs of diverging views. The majority of EU officials interviewed still see budget support as a preferred modality; the majority of EU Member State officials interviewed are more sceptical with the consensus being that budget support is only an effective modality in narrowly prescribed circumstances.

The importance of measuring to what extent donors use partner government systems is still relevant and not contested. However, it is widely understood as only one part of the bigger picture on what development partners are doing to make cooperation more effective in the local political context. There are signs that development effectiveness, at least in terms of this report on use of government systems, is at risk of no longer being seen as the primary champion of innovative programming (outside of that programmed through government systems). This is a problem because the development effectiveness debate should champion both greater use of government systems and innovative programming that has the potential to deliver better results even if that programming requires an approach that does not contribute to improving performance on indicators measured.

What constitutes partner country systems needs redefinition to acknowledge inclusive programming outside the national government level. As was made clear in Busan, country systems are not just about public financial management and reporting systems; the GPEDC should find a way to better account for this.

Finally, unique challenges of donors and innovative responses to these challenges need to be better acknowledged if development effectiveness is still going to be about effective cooperation.

ANNEX 1 – Questionnaire

HL:1	Are there signs of improved compliance in reporting that could account for deterioration or lack of progress between 2016 and 2018 [or alternatively improvements if that be the case]? *The potential rationale to explore here is whether improved awareness on reporting standards accounts for some of the deterioration rather than an actual deterioration in performance.*
HL:2	Do the 2018 results reflect eroding support by decision makers in prioritising development effectiveness [or alternatively greater commitments if that be the case – in this question if performance is improved it is important to probe if improvements are due to high level commitments or rather the 'bureaucracy' being left to its own momentum]? *Is this a sign of donor fatigue? Is this a sign of the changing aid landscape whereby the need to compete with emerging powers (for example) and to maintain a presence in more affluent developing countries has resulted in development effectiveness being perceived as less important?*
HL:3	Is there any reason to believe that the results are associated with eroding confidence in the development coordination architecture at country level? *Do the results imply a retreat back to bilateral programming and thus portend reduced commitments to working in a joined up manner?*

1a.1	**Use of Country-led Results Frameworks (SDG 17.15.1): Alignment at objectives level (Indicator 1a.1)** *The EU as a whole made marginal improvements in using country led results frameworks to monitor programming objectives but the score is high at 80%. Do you think there is still room for improvement and what could be done to raise this score further for your institution [and if not are there lessons for other development partners you want to share]?* *Follow on question, is it possible that a practical threshold is within sight…. that the politics of cooperation mean there will always be a proportion of programming to be defined by bilateral or regional or international policy objectives [i.e. not country-led results frameworks]?*
1a.2 And 1a.3	**Use of Country-led Results Frameworks (SDG 17.15.1): Alignment at Results level (Indicator 1a.2 and 1a.4)** *The EU as a whole has gone from aligning to partner country results in 62% of programming to 54% in just two years.* *Do you think part of this decline could be due to better monitoring of this indicator?* *Are there signs of resistance in your experience to progressing on this indicator? E.g. in your line management or from decision makers at country level? Or, does this deterioration speak to declining confidence in partner country level aid architectures and the will to work jointly? And are there good practices to share with others?*
1a.4	**Use of Country-led Results Frameworks (SDG 17.15.1): Percentage of New Interventions that Plan a Final Evaluation with Government Involvement (Indicator 1a.4)** *The EU as a whole has gone from involving partner country governments in final evaluations from 51% of programming to 46% in just two years. What do you think accounts for this decline?*

	Do you think part of this decline could be due to better monitoring of this indicator? *Are there signs of resistance in your experience to progressing on this indicator? E.g. in your line management or from decision makers at country level? Or, does this deterioration speak to declining confidence in partner country level aid architectures and the will to work jointly?* *Is this apparent decline in willingness to involve partner countries in project evaluations speak to other factors such as increasing competition between donors or that programming is becoming more politically sensitive?*
5a and 5b	**Forward visibility of development co-operation, including its annual and medium-term predictability and its recording on partner countries' budgets** *When it comes to annual and medium term predictability the data shows a divergence: predictability improved for annual allocations but worsened in the medium term.* *Are there signs that the decline in predictability is due to declining commitments to transparency and predictability? Are there any examples that could explain this from your own organization?* *Do you anticipate that your organization will increase, reduce or maintain current levels of commitment to forward predictability in development financing?* *Do you think the divergence in performance might be better explained by the EU's current multi-year financing period coming to an end?*
6	**Development co-operation is included in budgets subject to parliamentary oversight (Indicator 6)** *The data shows dramatic declines in getting development cooperation on to partner country budgets. These declines are for the EU as a whole with only three EU MS doing better on this indicator?* *What do you think accounts for these declines?* *Do you think poorer performance on this indicator could be indicative of worsening policy dialogue at partner country level?* *Do you see any signs that this could be explained by increasing resistance to involving development partners in partner country budgeting and planning processes?* *To what extent do you think this performance can be explained by improved reporting standards between 2016 and 2018? Do you have any experience you want to share in this regard that could explain this?*
9b	**Use of partner country public financial management systems** *Use of partner country public financial management systems has not dramatically declined in the reporting period. 47% of programming makes use of partner country audits, there is marginally better use of country budget systems and 49% of programming uses partner county procurement systems.* *What do you think accounts for the comparatively good performance?* *Can you provide any insights into what explains the fact that confidence in partner country procurement and audit systems has remained consistent but when it comes to, for example,*

	including partner countries in project evaluations (indicator 1a.4 above) there has been a notable decline? *Is there any reason to believe there is a connection between the above-mentioned dynamic and the fact that the 2018 report shows a decline in the use of partner country reporting systems (from 53% to 48% in 2 years)?* *Are there any other dynamics you can think of that could explain the current dynamics?*
10	**Untied Aid (Indicator 10)** *Can you please tell us to what extent untied aid remains a priority of your management? Do you perceive any political or other reasons to believe that untying aid is perceived as less desirable than in the past? Can you provide any insights into how important you think untying aid will be in the medium term future? Do you have any experiences that are worth sharing about how to make untied aid a more pressing policy priority?*
4	**Transparency: Transparent Information on Development Co-operation is Publicly Available (Indicator 4)** *The 2018 results show that performance worsened for the EU as a whole in regard to providing data to the OECD CRS and DAC databases whilst it remained stable regarding IATI.* *Considering the stated importance of improving transparency and ensuring data is available and accessible on these public databases, what do you think accounts for the performance worsening/stagnating?* *Do you think there could be technical aspects that act as an impediment? E.g. does your organization have sufficient capacity to comply with the demands from these databases?* *Is it possible that performance relates to delays in decision making more than technical aspects?* *Are there any factors that come to mind that you think could be addressed to improve performance?*

ANNEX 2 – Country Profiles in Alphabetical Order

AUSTRIA

BELGIUM

CZECH REPUBLIC

DENMARK

EU INSTITUTIONS

FINLAND

FRANCE

GERMANY

IRELAND

ITALY

LUXEMBOURG

NETHERLANDS

PORTUGAL

SLOVENIA

SPAIN

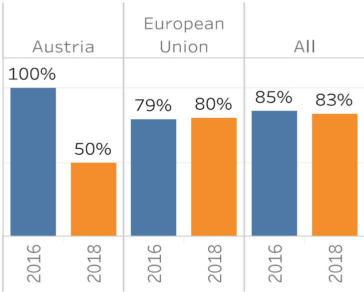
SWEDEN

UNITED KINGDOM

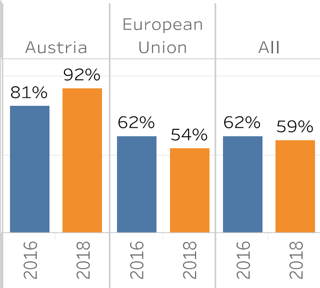
Austria

Country Leadership

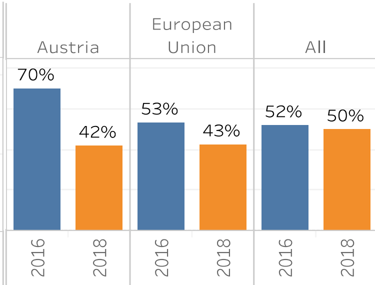
Alignment of project objectives



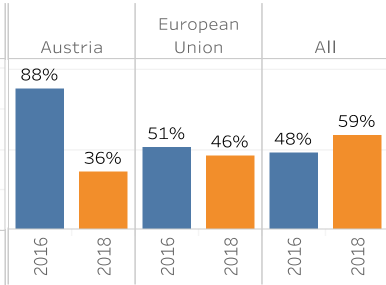
Reliance on country result indicators



Reliance on country statistics and monitoring

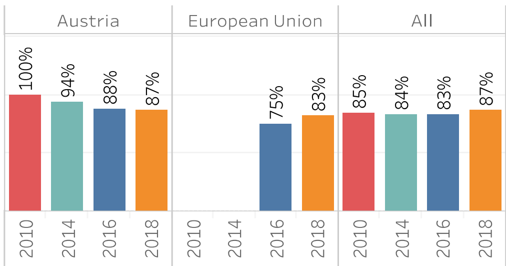


Government involvement in evaluations

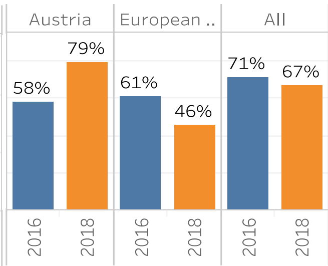


Forward Visibility

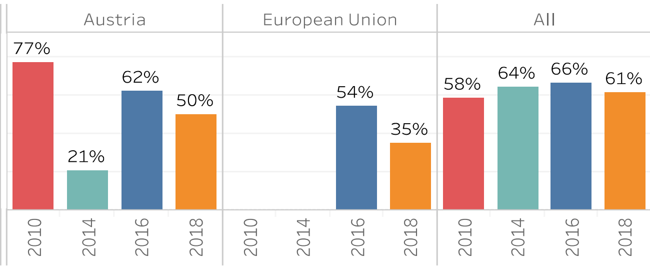
% of ODA disbursed as planned



% of ODA with forward plans

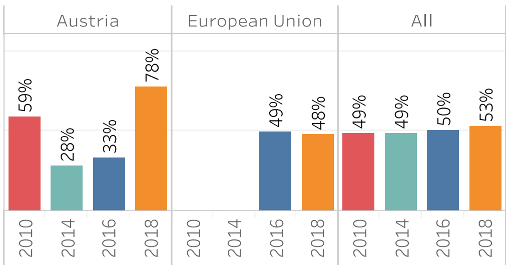


% of ODA on national budget

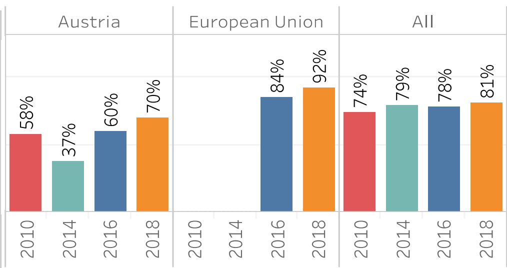


Use of partner country PFM

Use of country PFM systems

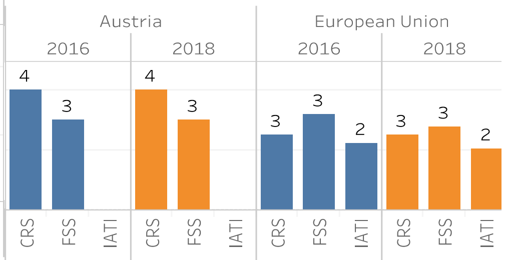


% of ODA that is untied



Transparency

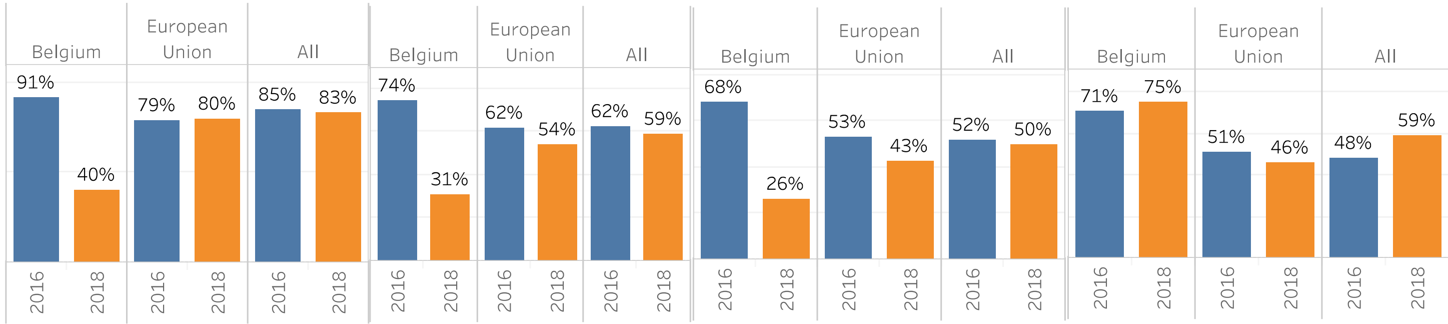
Transparency of reporting
(4:excellent; 3: good; 2=fair; 1=needs improvement)



Belgium

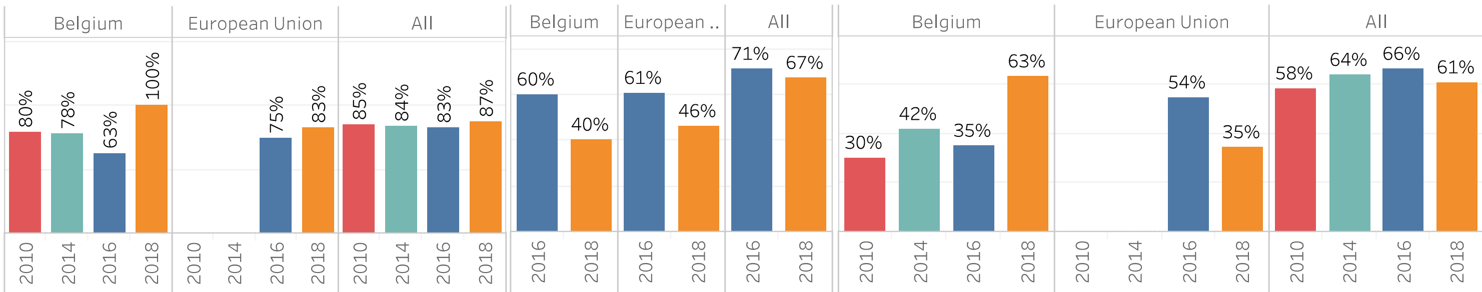
Country Leadership

Alignment of project objectives | Reliance on country result indicators | Reliance on country statistics and monitoring | Government involvement in evaluations



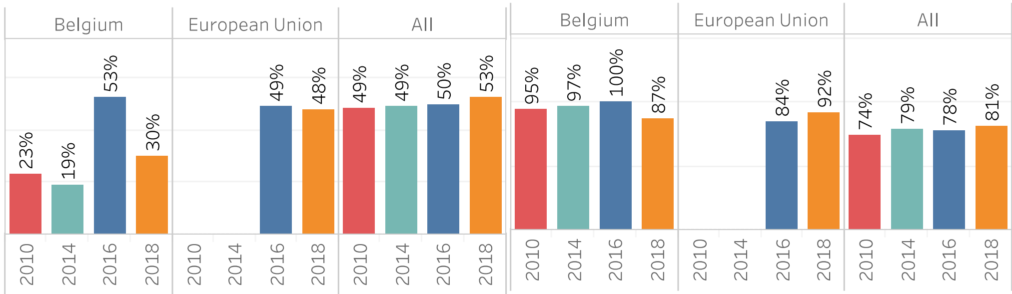
Forward Visibility

% of ODA disbursed as planned | % of ODA with forward plans | % of ODA on national budget



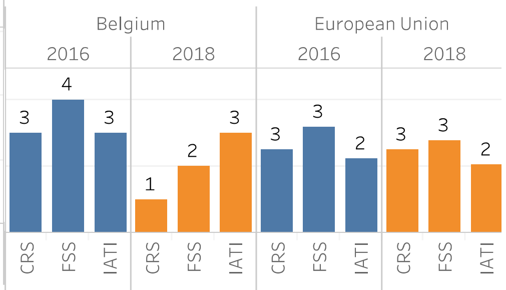
Use of partner country PFM

Use of country PFM systems | % of ODA that is untied



Transparency

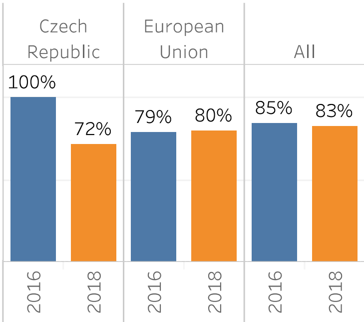
Transparency of reporting
(4:excellent; 3: good; 2=fair; 1=needs improvement)



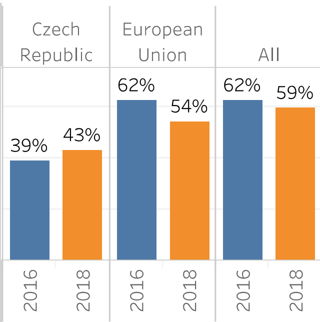
Czech Republic

Country Leadership

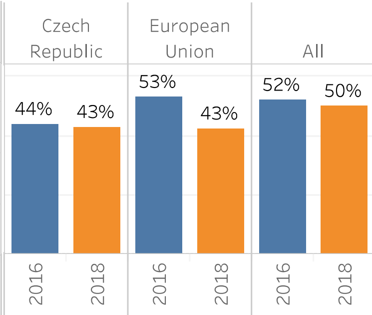
Alignment of project objectives



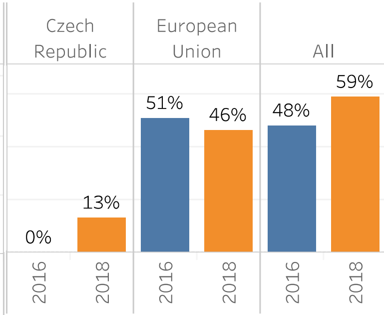
Reliance on country result indicators



Reliance on country statistics and monitoring

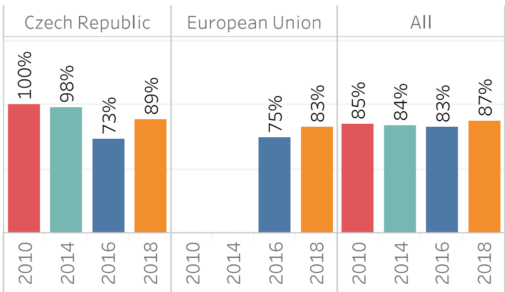


Government involvement in evaluations

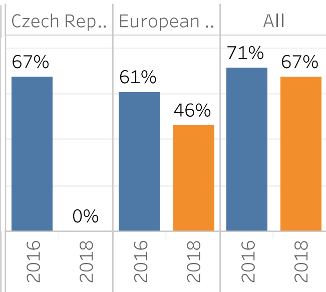


Forward Visibility

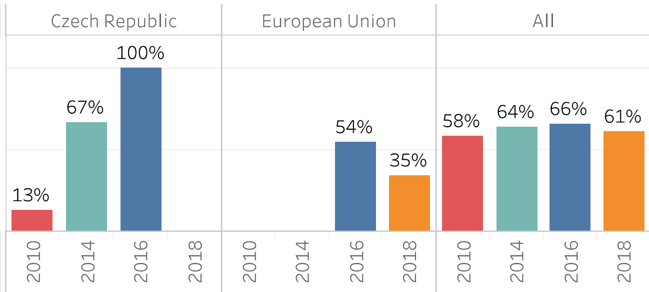
% of ODA disbursed as planned



% of ODA with forward plans

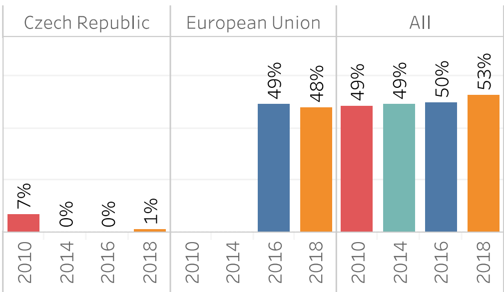


% of ODA on national budget

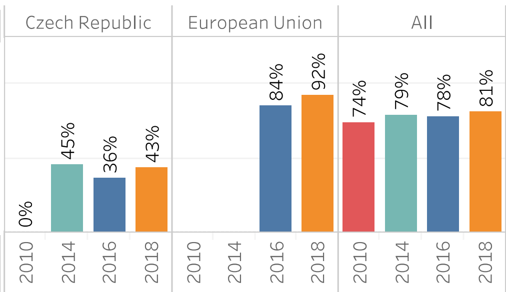


Use of partner country PFM

Use of country PFM systems



% of ODA that is untied



Transparency

Transparency of reporting
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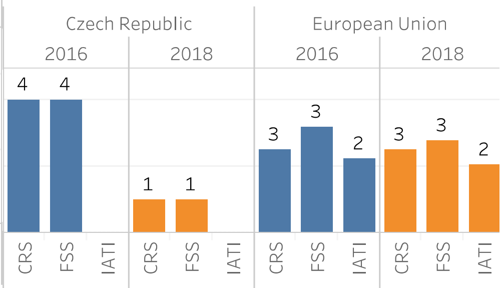


Denmark

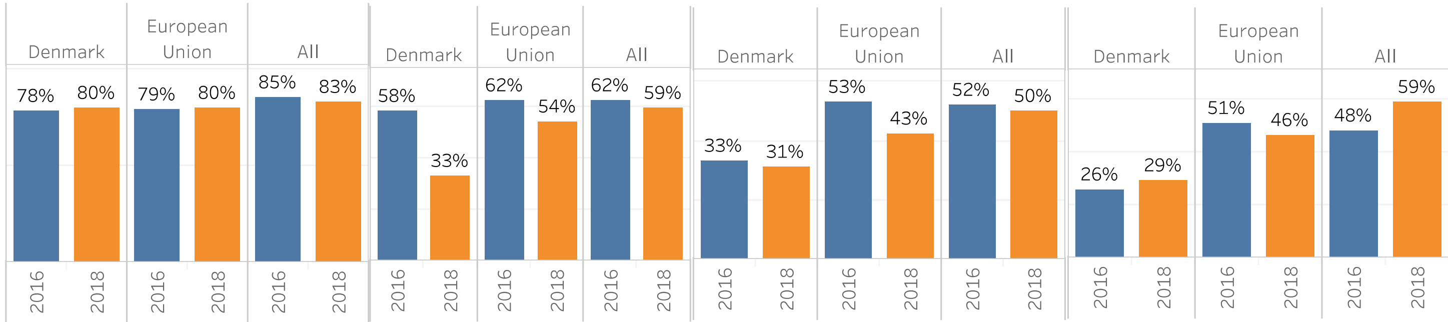
Country Leadership

Alignment of project objectives

Reliance on country result indicators

Reliance on country statistics and monitoring

Government involvement in evaluations

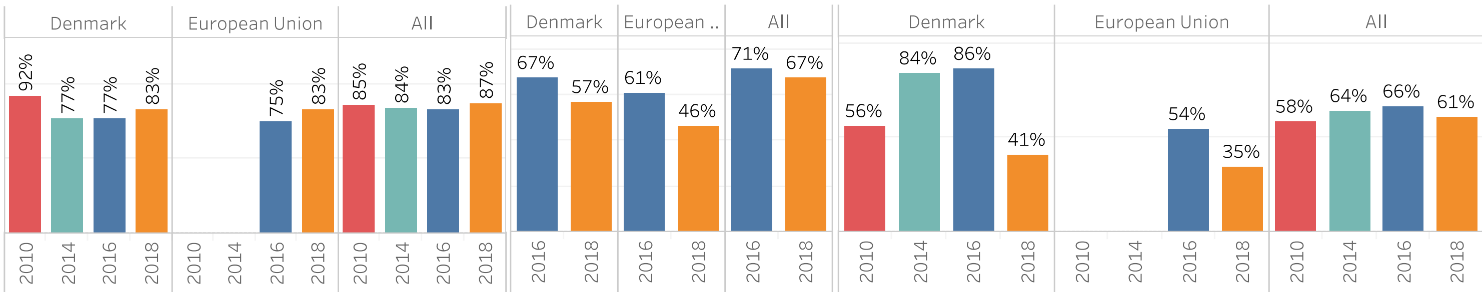


Forward Visibility

% of ODA disbursed as planned

% of ODA with forward plans

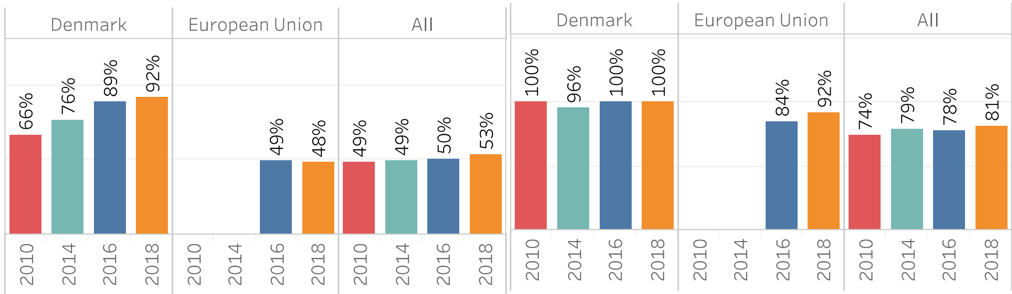
% of ODA on national budget



Use of partner country PFM

Use of country PFM systems

% of ODA that is untied



Transparency

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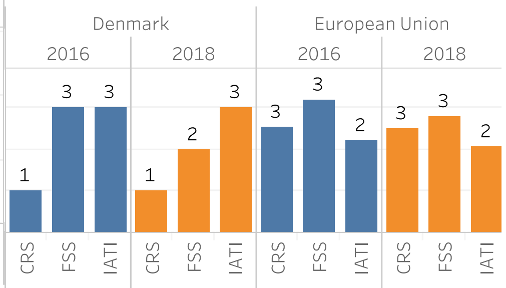
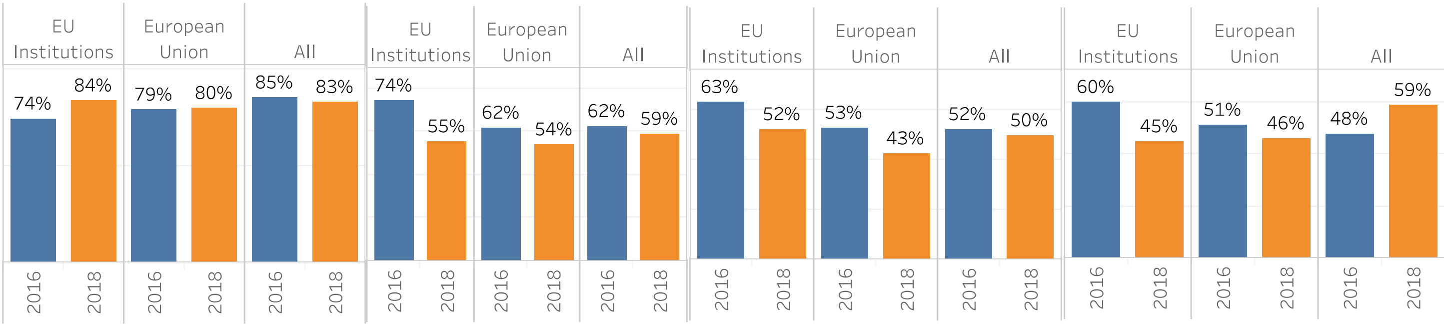


EU Institutions

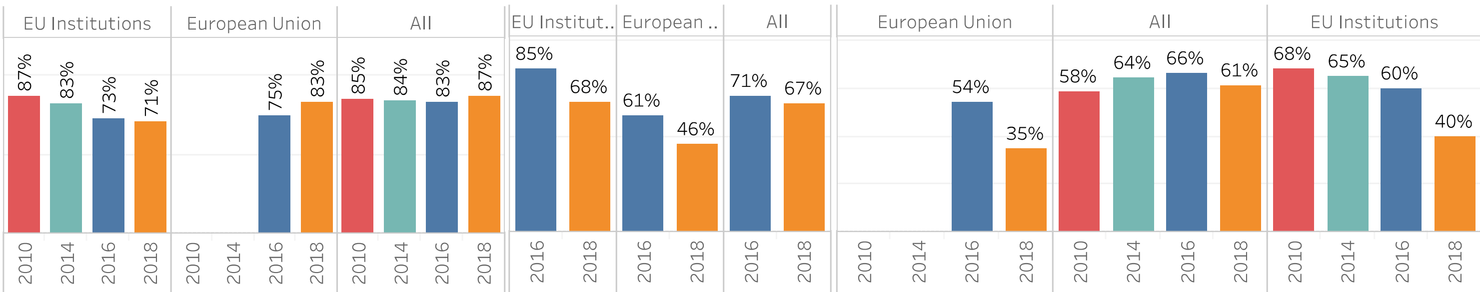
Country Leadership

Alignment of project objectives | Reliance on country result indicators | Reliance on country statistics and monitoring | Government involvement in evaluations



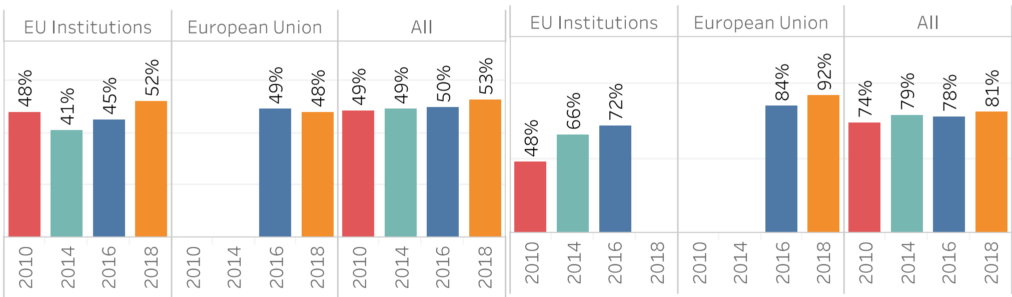
Forward Visibility

% of ODA disbursed as planned | % of ODA with forward plans | % of ODA on national budget



Use of partner country PFM

Use of country PFM systems | % of ODA that is untied



Transparency

Transparency of reporting
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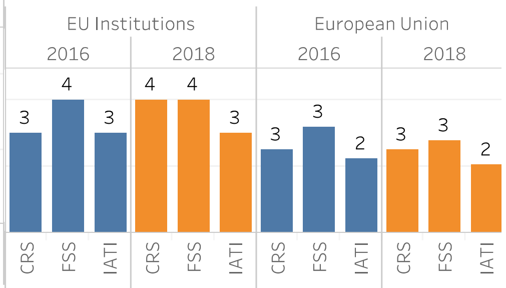
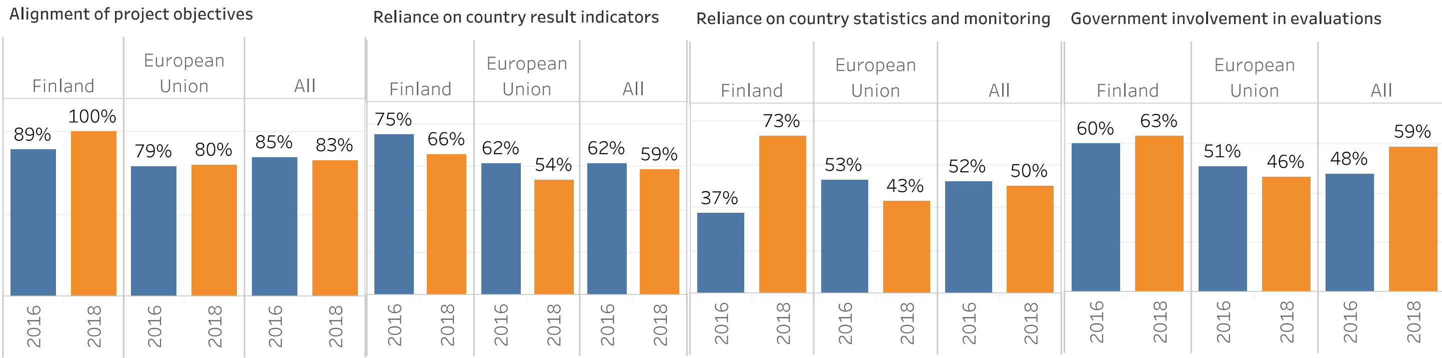
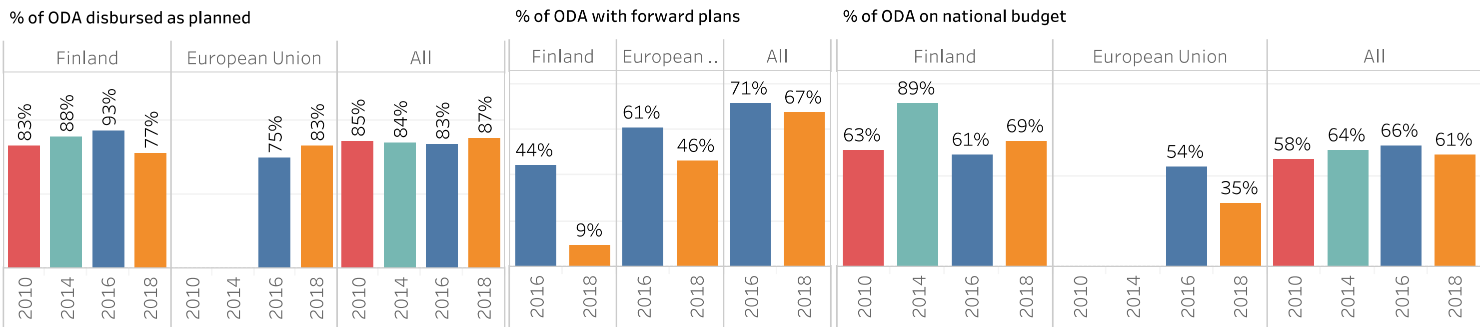


Finland

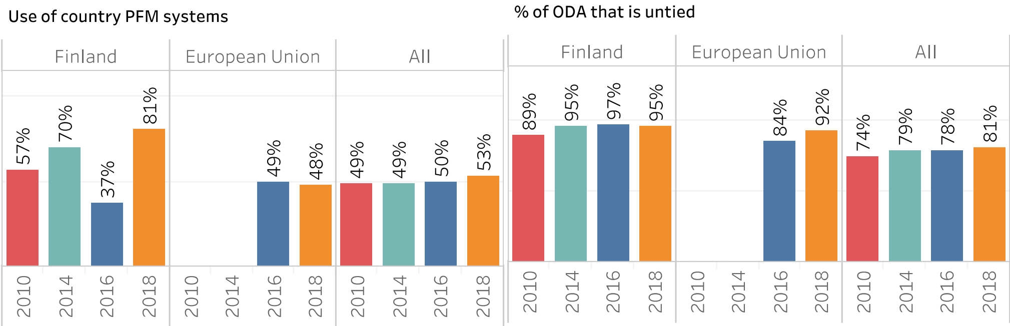
Country Leadership



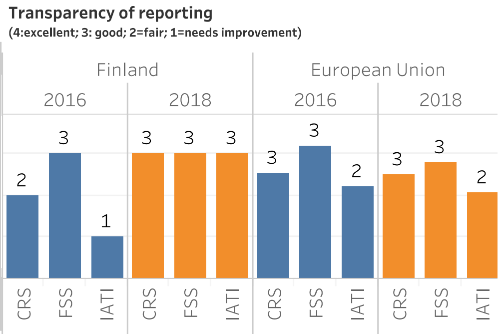
Forward Visibility



Use of partner country PFM

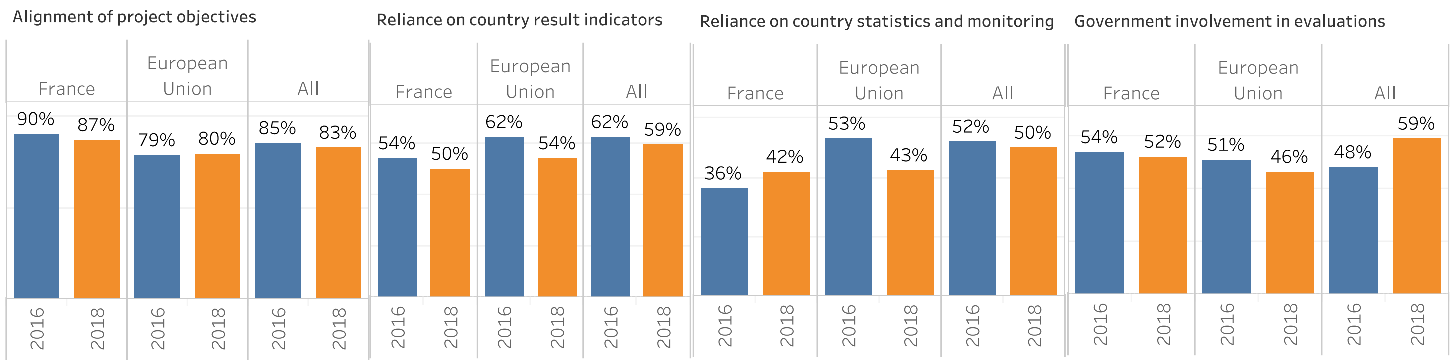


Transparency

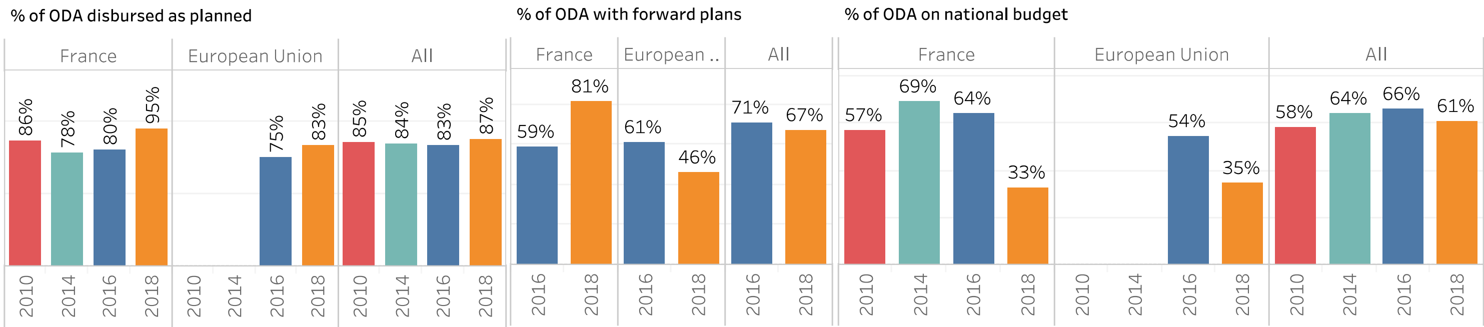


France

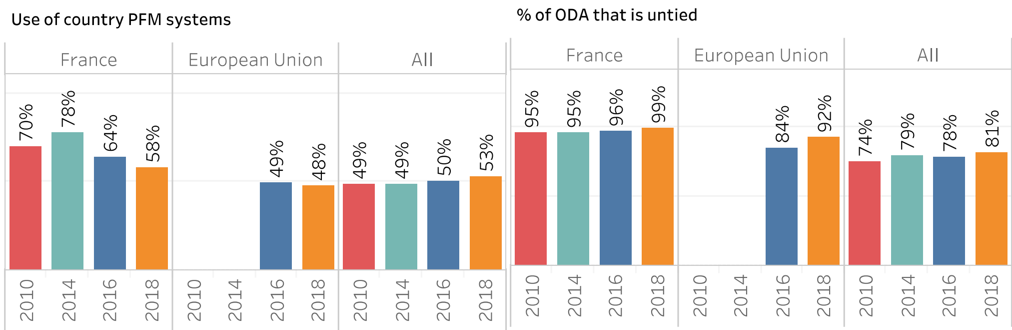
Country Leadership



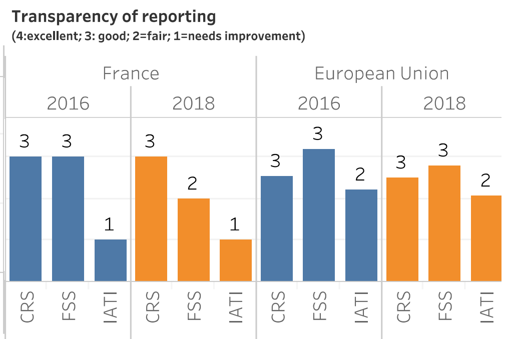
Forward Visibility



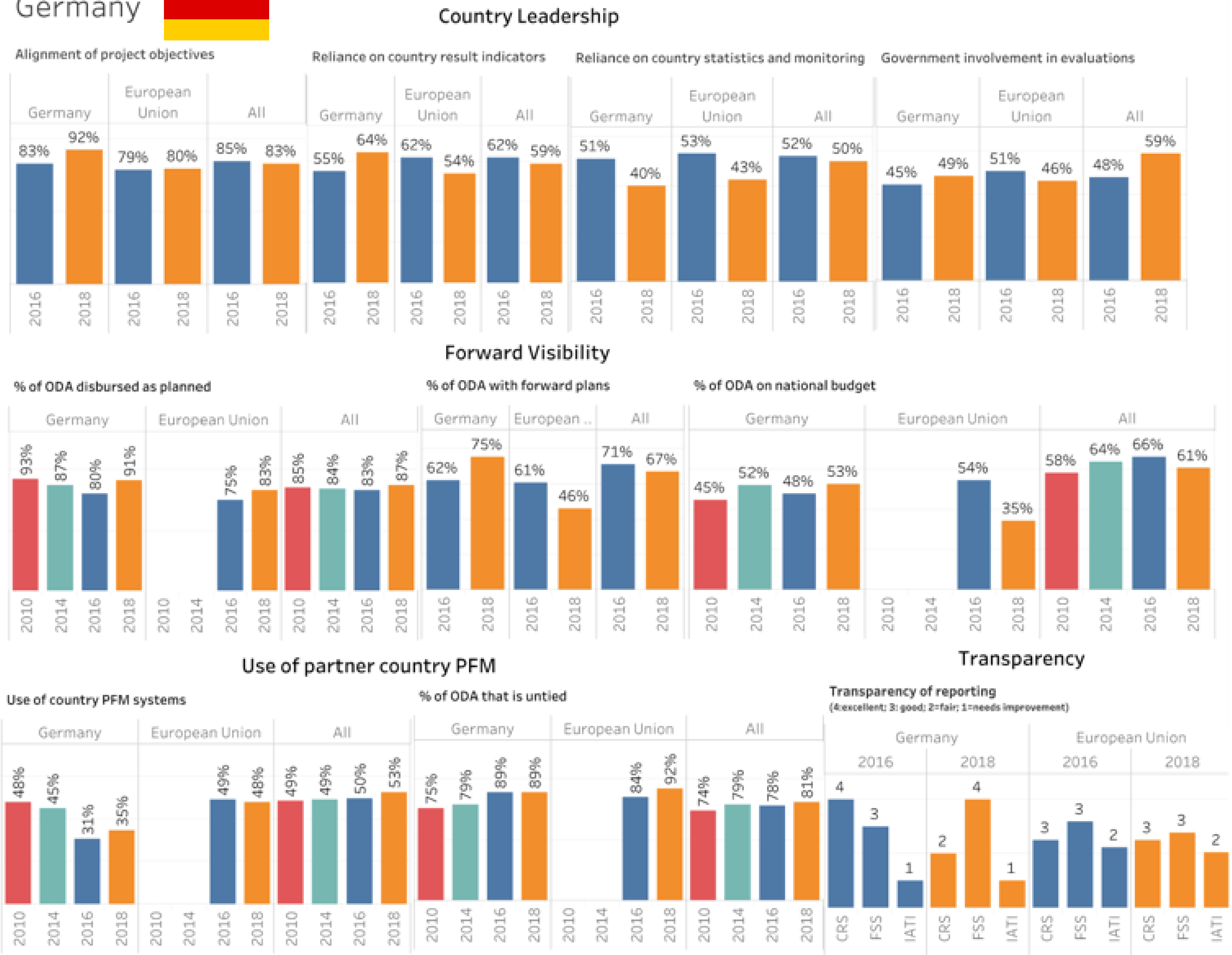
Use of partner country PFM



Transparency



Germany

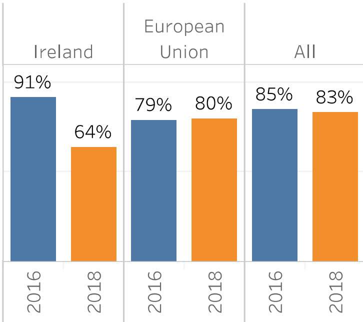


Country Leadership
Alignment of project objectives
Germany
European Union
All
83%
92%
79%
80%
85%
83%
Reliance on country result indicators
55%
64%
62%
54%
62%
59%
Reliance on country statistics and monitoring
51%
40%
53%
43%
52%
50%
Government involvement in evaluations
45%
49%
51%
46%
48%
59%
2016
2018
Forward Visibility
% of ODA disbursed as planned
93%
87%
80%
91%
75%
83%
85%
84%
83%
87%
% of ODA with forward plans
European ..
62%
75%
61%
46%
71%
67%
% of ODA on national budget
45%
52%
48%
53%
54%
35%
58%
64%
66%
61%
2010
2014
Use of partner country PFM
Use of country PFM systems
48%
45%
31%
35%
49%
48%
49%
49%
50%
53%
% of ODA that is untied
75%
79%
89%
89%
84%
92%
74%
79%
78%
81%
Transparency
Transparency of reporting
(4:excellent; 3: good; 2=fair; 1=needs improvement)
CRS
FSS
IATI
4
3
1
2
4
1
3
3
2
3
3
2

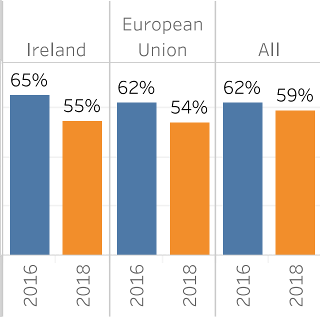
Ireland

Country Leadership

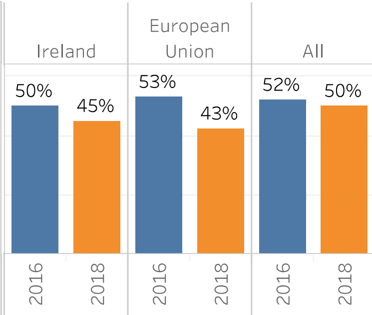
Alignment of project objectives



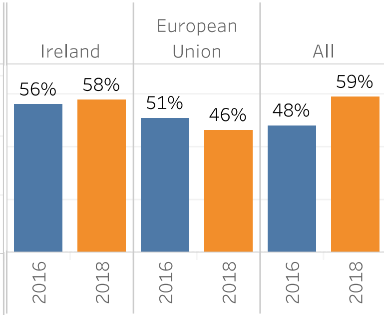
Reliance on country result indicators



Reliance on country statistics and monitoring

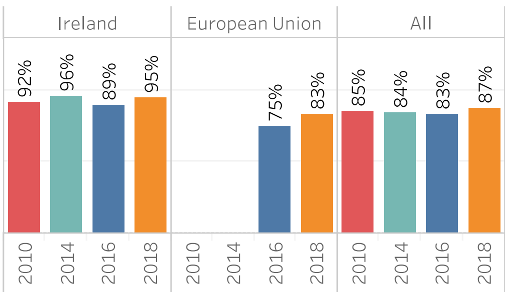


Government involvement in evaluations

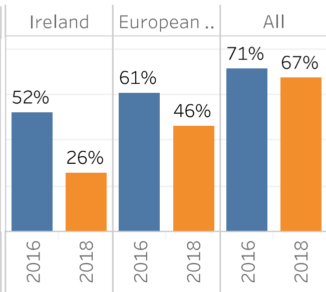


Forward Visibility

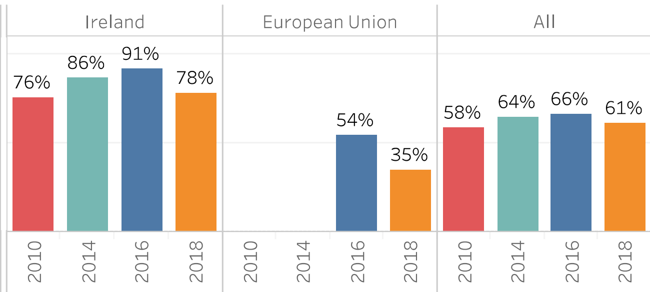
% of ODA disbursed as planned



% of ODA with forward plans

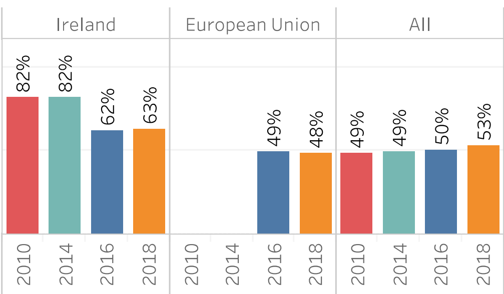


% of ODA on national budget

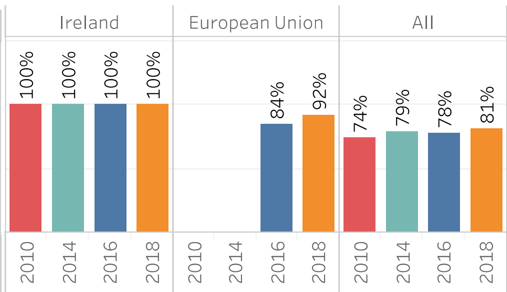


Use of partner country PFM

Use of country PFM systems

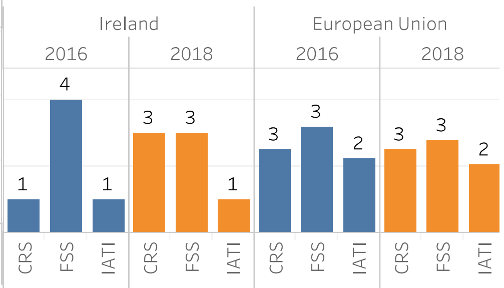


% of ODA that is untied



Transparency

Transparency of reporting
(4:excellent; 3: good; 2=fair; 1=needs improvement)



Italy

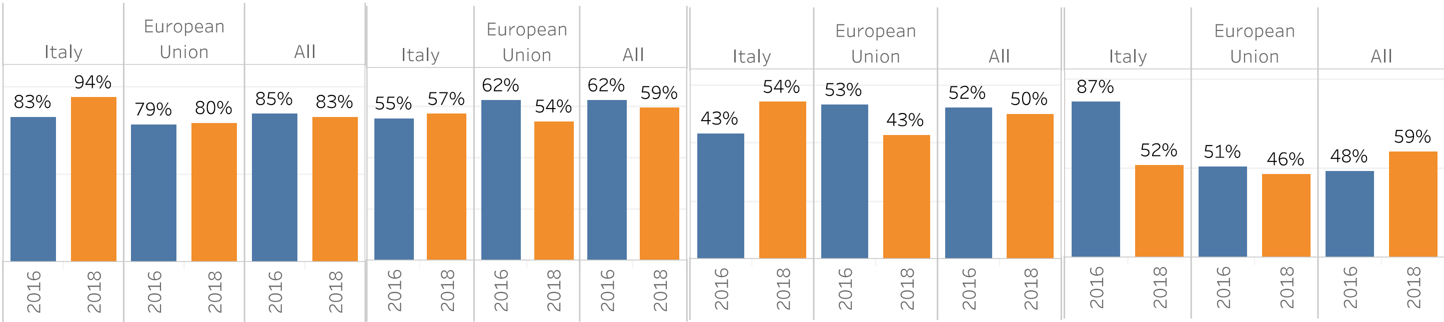
Country Leadership

Alignment of project objectives

Reliance on country result indicators

Reliance on country statistics and monitoring

Government involvement in evaluations

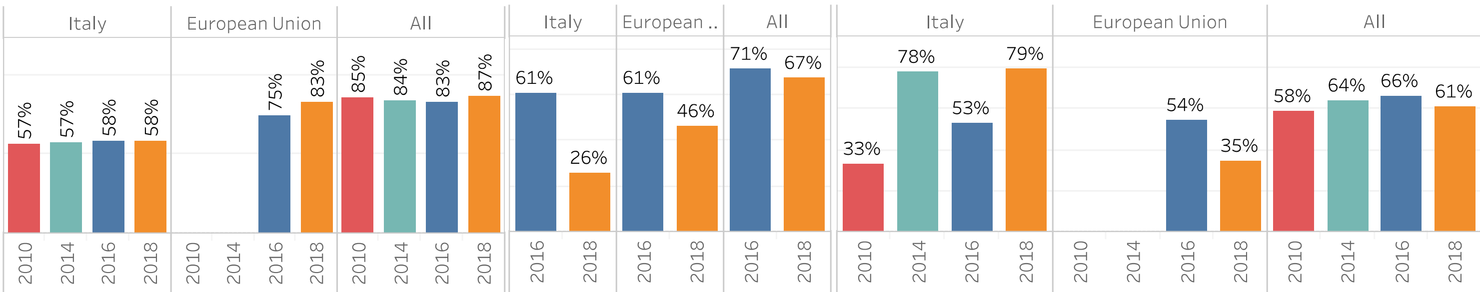


Forward Visibility

% of ODA disbursed as planned

% of ODA with forward plans

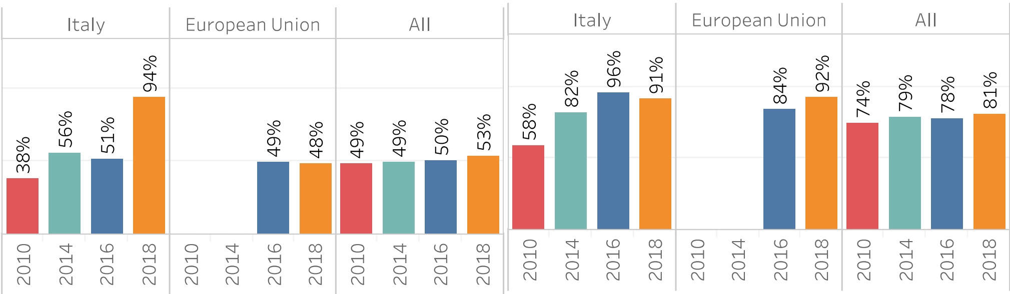
% of ODA on national budget



Use of partner country PFM

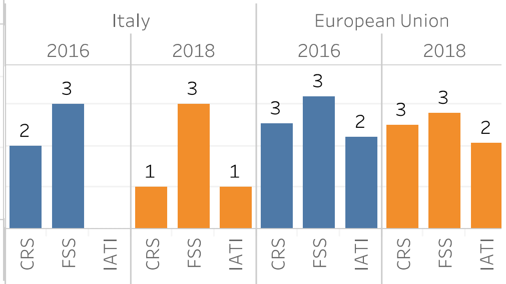
Use of country PFM systems

% of ODA that is untied



Transparency

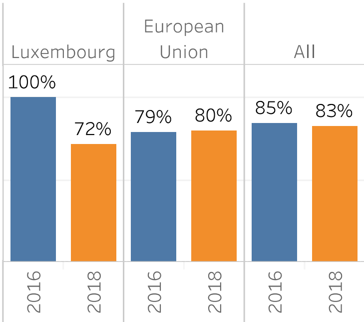
Transparency of reporting
(4:excellent; 3: good; 2=fair; 1=needs improvement)



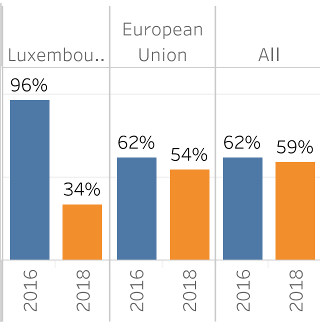
Luxembourg

Country Leadership

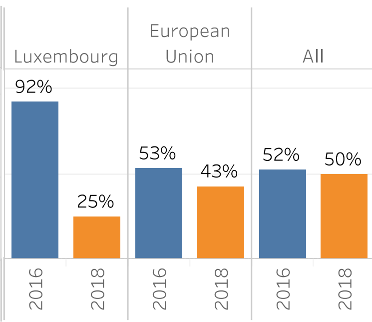
Alignment of project objectives



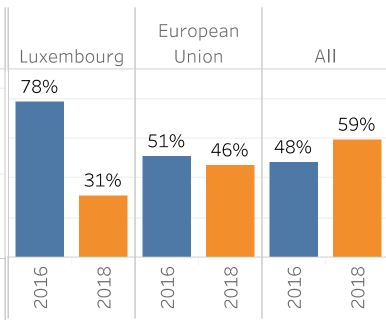
Reliance on country result indicators



Reliance on country statistics and monitoring

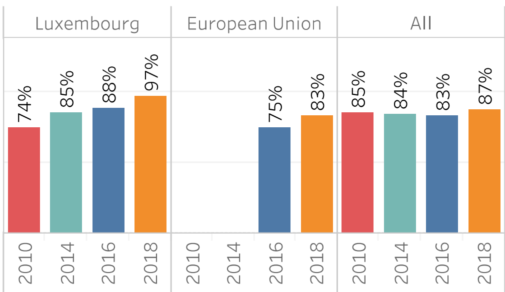


Government involvement in evaluations

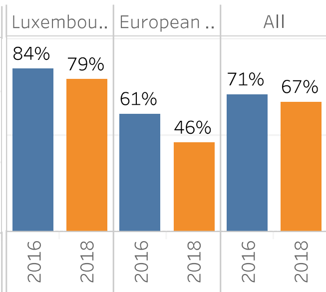


Forward Visibility

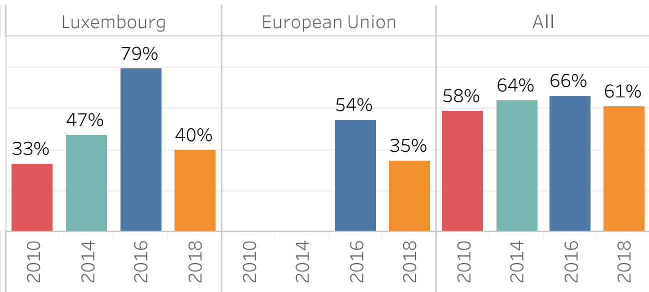
% of ODA disbursed as planned



% of ODA with forward plans

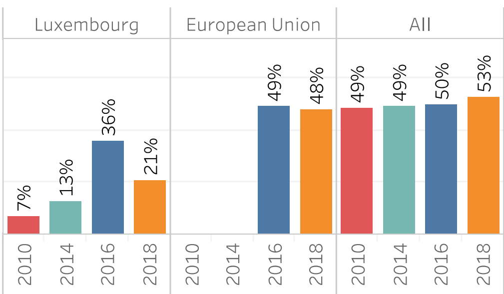


% of ODA on national budget

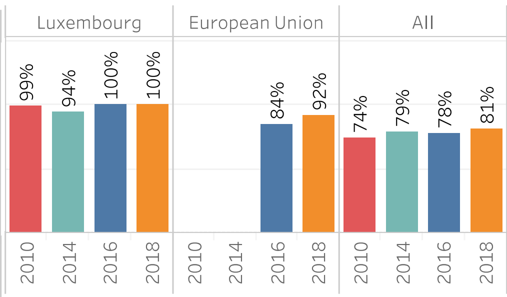


Use of partner country PFM

Use of country PFM systems

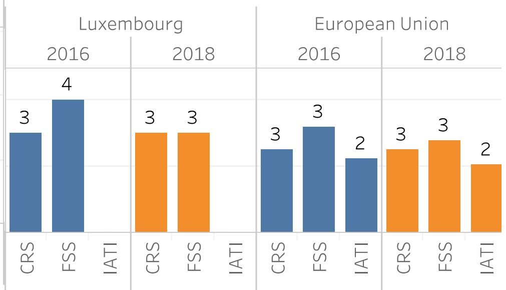


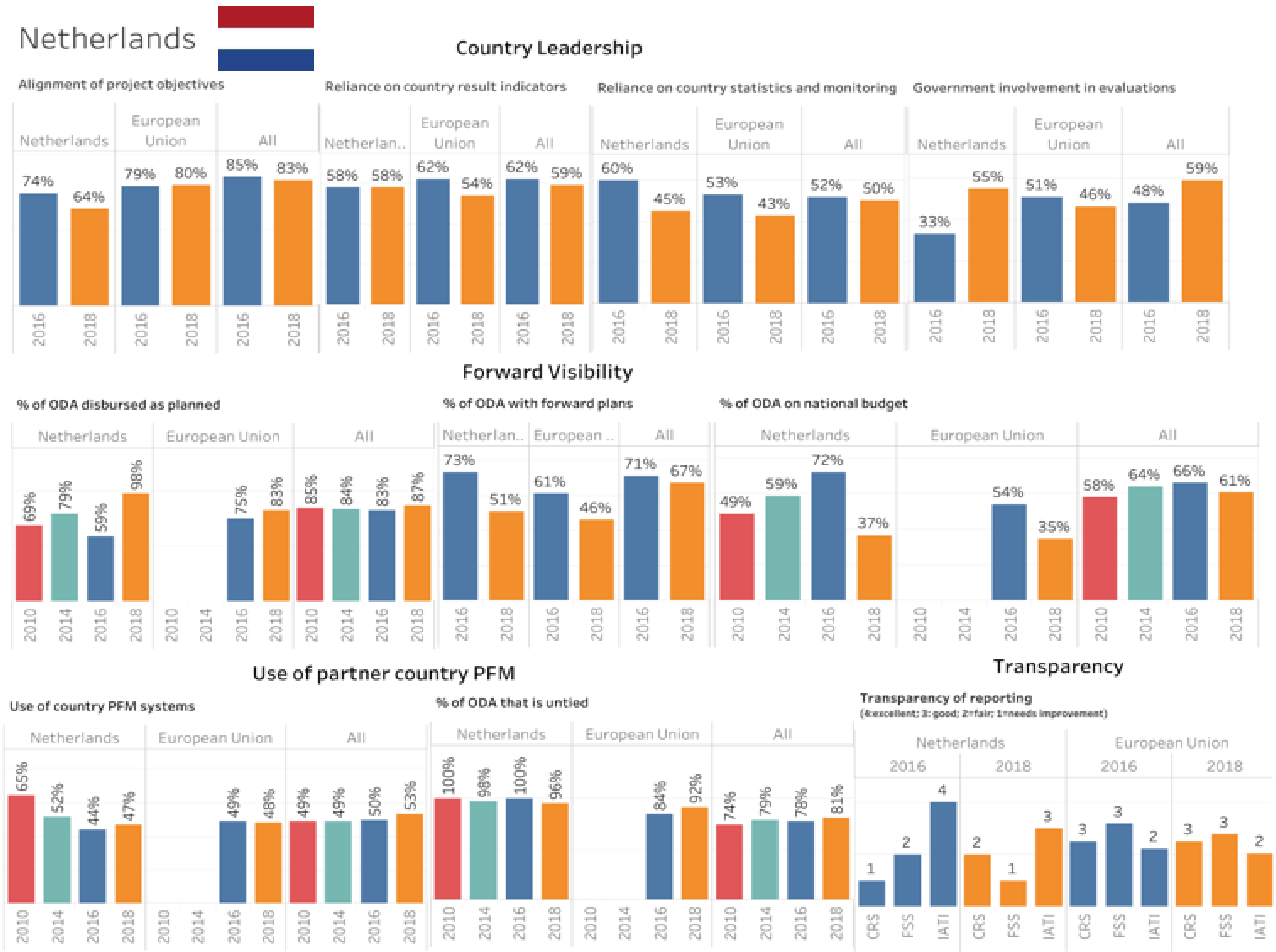
% of ODA that is untied



Transparency

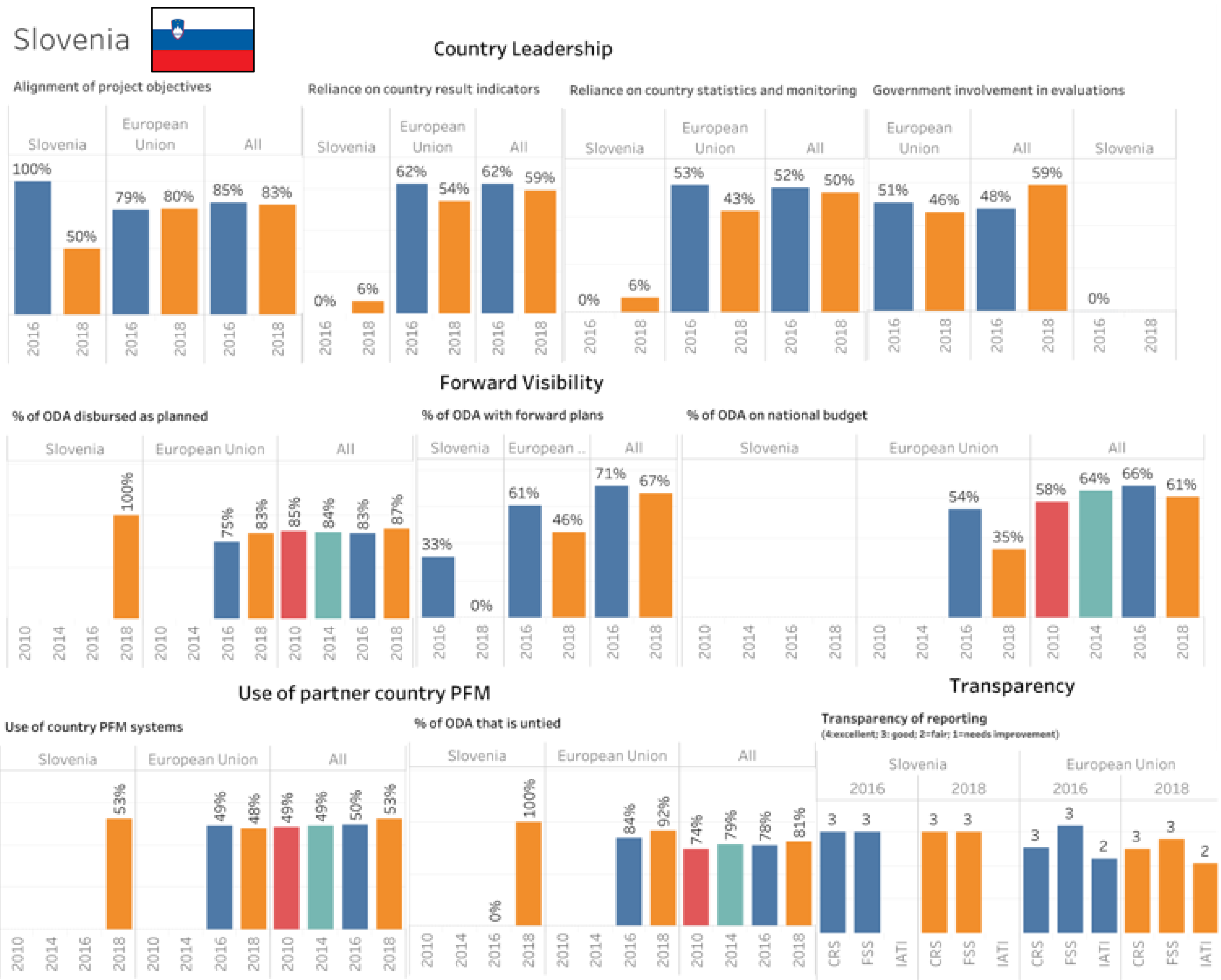
Transparency of reporting
(4:excellent; 3: good; 2=fair; 1=needs improvement)





Netherlands
Country Leadership
Alignment of project objectives
Reliance on country result indicators
Reliance on country statistics and monitoring
Government involvement in evaluations
Forward Visibility
% of ODA disbursed as planned
% of ODA with forward plans
% of ODA on national budget
Use of partner country PFM
Use of country PFM systems
% of ODA that is untied
Transparency
Transparency of reporting
(4:excellent; 3: good; 2=fair; 1=needs improvement)

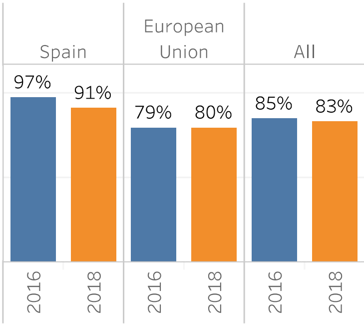

Portugal
Country Leadership
Alignment of project objectives
Portugal | European Union | All
100% 91% 79% 80% 85% 83%
2016 2018 2016 2018 2016 2018
Reliance on country result indicators
Portugal | European Union | All
28% 35% 62% 54% 62% 59%
2016 2018 2016 2018 2016 2018
Reliance on country statistics and monitoring
Portugal | European Union | All
92% 23% 53% 43% 52% 50%
2016 2018 2016 2018 2016 2018
Government involvement in evaluations
Portugal | European Union | All
50% 63% 51% 46% 48% 59%
2016 2018 2016 2018 2016 2018
Forward Visibility
% of ODA disbursed as planned
Portugal | European Union | All
100% 89% 100% 93% 75% 83% 85% 84% 83% 87%
2010 2014 2016 2018 2010 2014 2016 2018 2010 2014 2016 2018
% of ODA with forward plans
Portugal | European .. | All
18% 91% 61% 46% 71% 67%
2016 2018 2016 2018 2016 2018
% of ODA on national budget
Portugal | European Union | All
76% 96% 83% 28% 54% 35% 58% 64% 66% 61%
2010 2014 2016 2018 2010 2014 2016 2018 2010 2014 2016 2018
Use of partner country PFM
Use of country PFM systems
Portugal | European Union | All
21% 23% 17% 15% 49% 48% 49% 49% 50% 53%
2010 2014 2016 2018 2010 2014 2016 2018 2010 2014 2016 2018
% of ODA that is untied
Portugal | European Union | All
43% 25% 74% 62% 84% 92% 74% 79% 78% 81%
2010 2014 2016 2018 2010 2014 2016 2018 2010 2014 2016 2018
Transparency
Transparency of reporting
(4:excellent; 3: good; 2=fair; 1=needs improvement)
Portugal | European Union
2016 | 2018 | 2016 | 2018
4 2 4 1 3 3 2 3 3 2
CRS FSS IATI CRS FSS IATI CRS FSS IATI CRS FSS IATI


Slovenia
Country Leadership
Alignment of project objectives
Slovenia
European Union
All
100%
50%
79%
80%
85%
83%
Reliance on country result indicators
0%
6%
62%
54%
62%
59%
Reliance on country statistics and monitoring
0%
6%
53%
43%
52%
50%
Government involvement in evaluations
51%
46%
48%
59%
0%
2016
2018
Forward Visibility
% of ODA disbursed as planned
100%
75%
83%
85%
84%
83%
87%
% of ODA with forward plans
European ..
33%
0%
61%
46%
71%
67%
% of ODA on national budget
54%
35%
58%
64%
66%
61%
2010
2014
Use of partner country PFM
Use of country PFM systems
53%
49%
48%
49%
49%
50%
53%
% of ODA that is untied
0%
100%
84%
92%
74%
79%
78%
81%
Transparency
Transparency of reporting
(4:excellent; 3: good; 2=fair; 1=needs improvement)
3
2
CRS
FSS
IATI

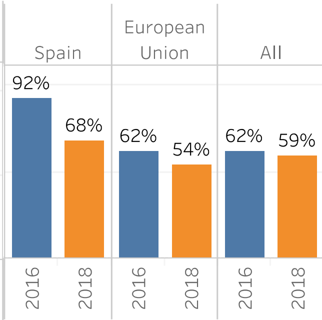
Spain

Country Leadership

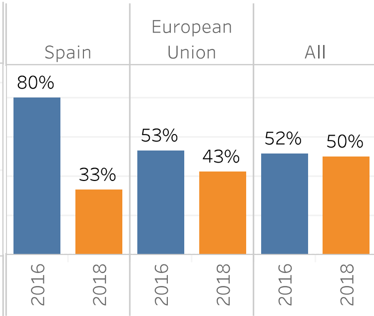
Alignment of project objectives



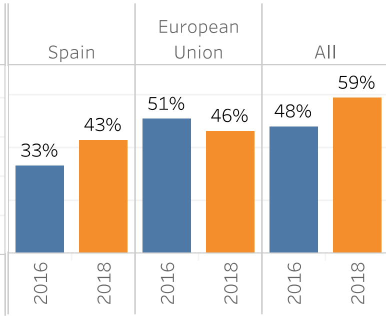
Reliance on country result indicators



Reliance on country statistics and monitoring

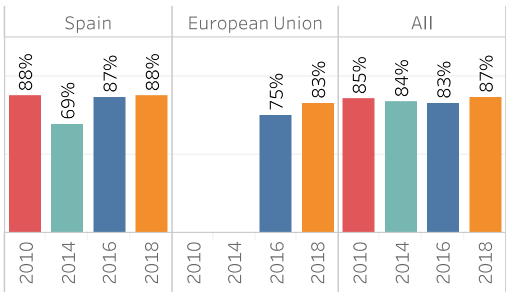


Government involvement in evaluations

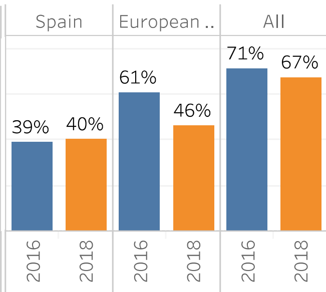


Forward Visibility

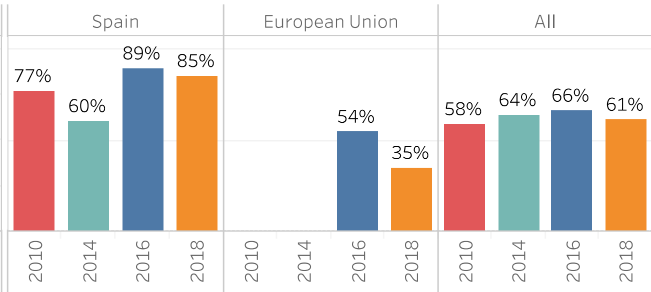
% of ODA disbursed as planned



% of ODA with forward plans

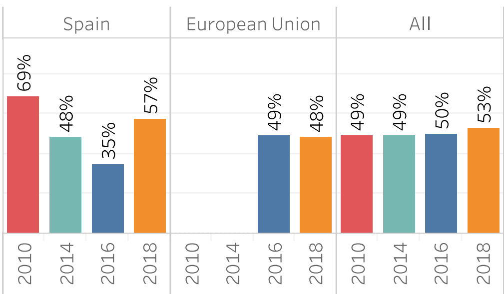


% of ODA on national budget

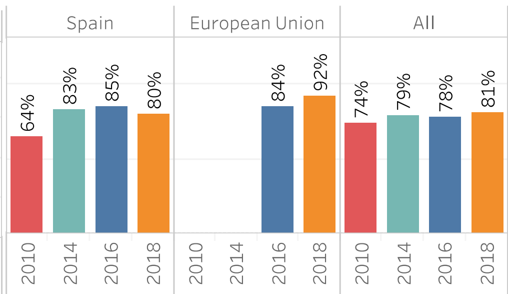


Use of partner country PFM

Use of country PFM systems

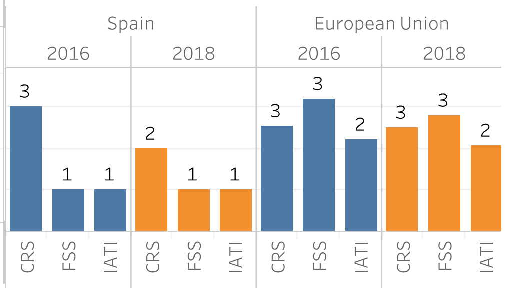


% of ODA that is untied



Transparency

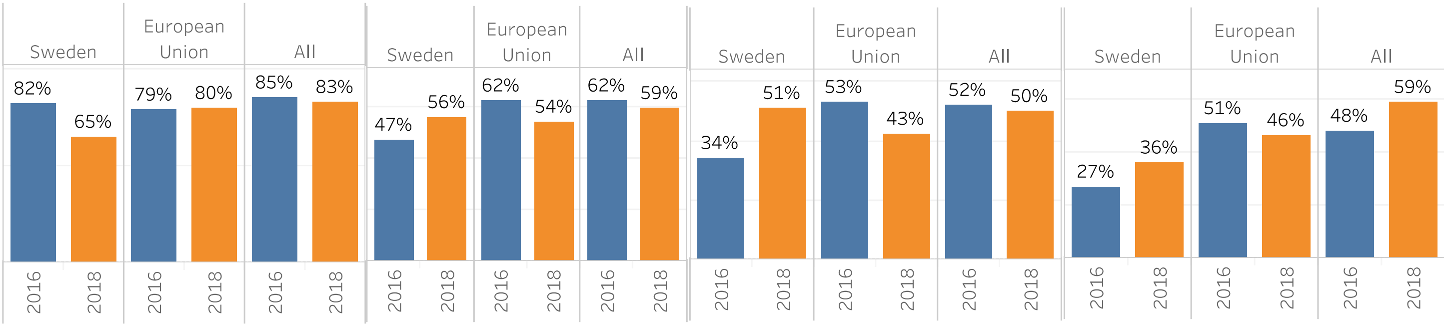
Transparency of reporting
(4:excellent; 3: good; 2=fair; 1=needs improvement)



Sweden

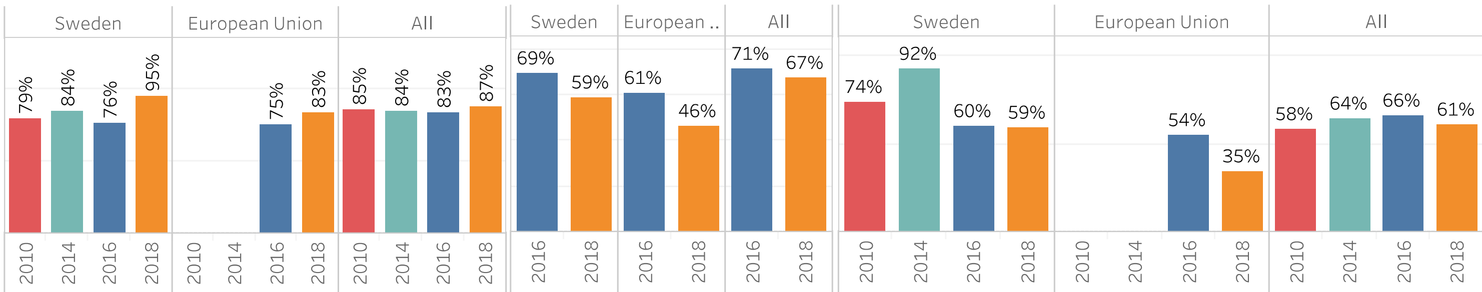
Country Leadership

Alignment of project objectives | Reliance on country result indicators | Reliance on country statistics and monitoring | Government involvement in evaluations



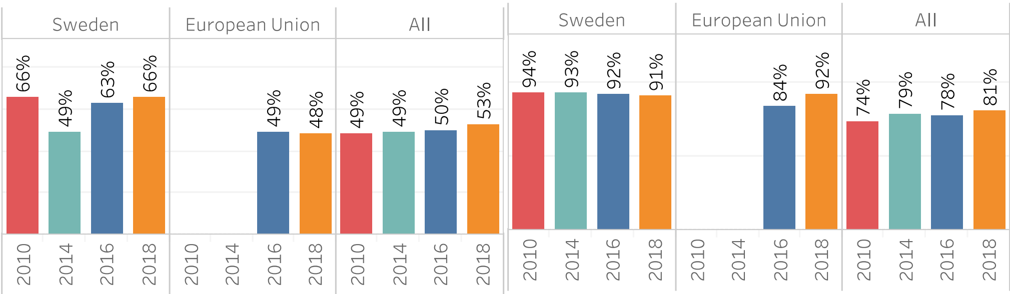
Forward Visibility

% of ODA disbursed as planned | % of ODA with forward plans | % of ODA on national budget



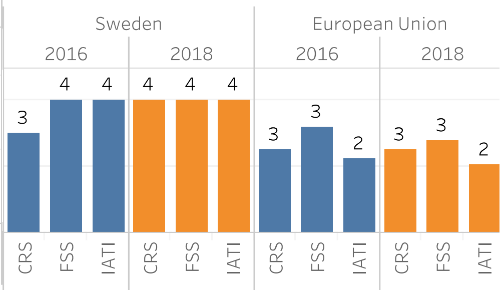
Use of partner country PFM

Use of country PFM systems | % of ODA that is untied



Transparency

Transparency of reporting
(4:excellent; 3: good; 2=fair; 1=needs improvement)



United Kingdom