

## Putting Aid On Budget Synthesis Report April 2008.

### Correction Paper issued 7 May 2008 for Box 14: Paris Declaration Survey budget support and on-budget data

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#### **The text below should replace the equivalent in the Synthesis Report:**

*Levels of aid on budget are strongly driven by budget support aid (which by definition is on budget). In many cases off-budget proportions for other aid modalities still remain very high.*

4.12 Budget support is by definition on budget. Therefore, taking budget support as fully captured on budget, it is possible to infer the (limited) extent of capture of other modalities. Taking the example of Rwanda:

“49% of total ODA provided to Rwanda in 2005 was recorded in the national budget. If one takes into account that budget support represents approximately 41%<sup>1</sup> of total ODA disbursed to Rwanda in 2005 and that budget support is 100% accounted for in the budget, this would imply that project support is very badly captured in the national budget.” (Aid On Budget Rwanda Case Study: 23.)

4.13 The Paris Declaration 2006 Monitoring Survey captures the amount of aid provided as budget support. This makes it possible to calculate how much of the aid included in government budget estimates is additional to budget support. Box 14 uses the PD Survey data to show what proportion of aid on budget is budget support, and how much other aid (*not* budget support) to the government sector is on budget. The data has been organised in order of percentage capture of other aid to the government sector that is on budget.<sup>2</sup> This is done in order to see whether the countries that receive a lot of budget support are also good at putting their other (project) aid on budget. If anything, the opposite seems to be the case. The countries which have the lowest proportions of non-budget-support (project) aid on budget include many of the largest recipients of budget support.

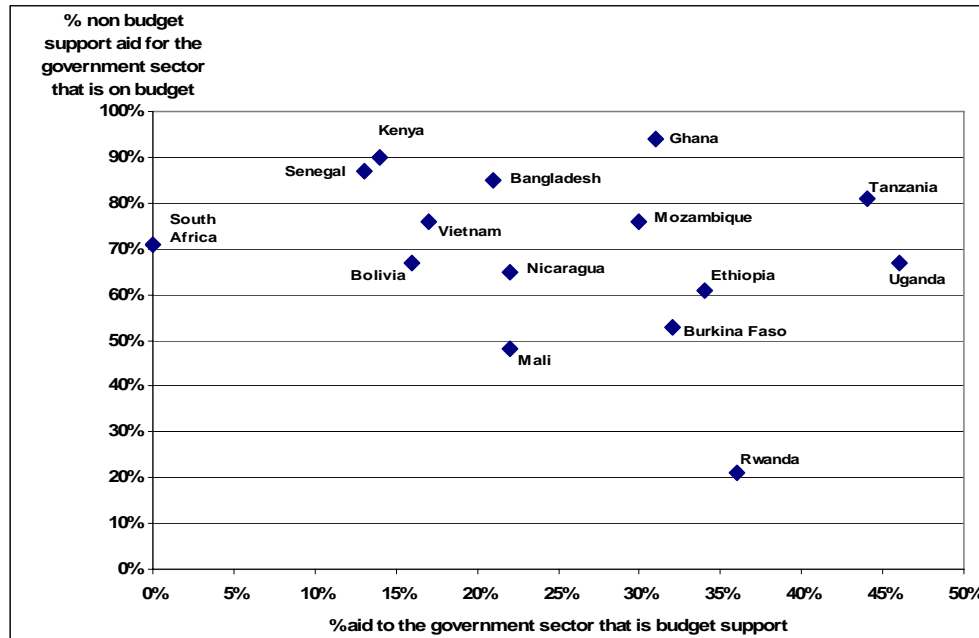
4.14 The extent of capture of other modalities on treasury is even weaker. As noted in Chapter 2 (of the Synthesis Report), there are some countries where it is taken as axiomatic that projects are off treasury.

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<sup>1</sup> Government of Rwanda source for budget support statistics, which records budget support at circa 6% more of total aid than as recorded by the Paris Declaration 2006 Monitoring Survey.

<sup>2</sup> As discussed in ¶4.4–4.5 (of the Synthesis Report), these data are at the upper limits due to the methodological upward biases.

### Box 14: Paris Declaration Survey budget support and on-budget data



#### Data

	ODA			Aid disbursed for government sector				
	1	2	3	4	5	5(i)		6
	Total	Budget support	Other aid modalities	Total	Baseline ratio of aid on budget	Budget support as share of aid for government sector	Proportion of baseline ratio (col.5) that is not budget support	Share non budget support aid for government sector that is on budget
	USDm	%	%	USDm	%	%	%	%
Rwanda	571	35%	65%	554	49%	36%	13%	21%
Mali	625	20%	80%	557	60%	22%	38%	48%
Burkina Faso	593	28%	72%	531	68%	32%	36%	53%
Ethiopia	1,288	28%	72%	1,048	74%	34%	40%	61%
Nicaragua	533	17%	83%	418	73%	22%	51%	65%
Bolivia	791	13%	87%	628	71%	16%	55%	67%
Uganda	1,088	36%	64%	854	79%	46%	33%	67%
South Africa	583	0%	100%	351	71%	0%	71%	71%
Mozambique	1,267	27%	73%	1,133	83%	30%	53%	76%
Vietnam	1,956	17%	83%	1,941	81%	17%	64%	76%
Tanzania	1,433	40%	60%	1,294	90%	44%	46%	81%
Bangladesh	1,837	16%	84%	1,414	88%	21%	67%	85%
Senegal	515	12%	88%	453	89%	13%	76%	87%
Kenya	667	10%	90%	456	91%	14%	77%	90%
Ghana	1,047	28%	72%	946	96%	31%	65%	94%

Source: OECD, 2007a; OECD, 2007b.

#### Notes:

**ODA:** Official Development Assistance (ODA) includes all transactions as defined in OECD-DAC Statistical Directives para. 35, including official transaction that: 1) are administered with the promotion of the economic development and welfare of developing countries as its main objective; and 2) are concessional in character and convey a grant element of at least 25%. Excluded from the scope of the survey are: transactions made to beneficiaries not based in the country receiving ODA or to regional organisations, debt reorganisation/restructuring and emergency and relief assistance.

**Aid disbursed for government sector:** as reported by donors, the disbursement of ODA in the context of an agreement with the government sector administrations – ministries, departments, agencies or municipalities – authorised to receive revenue or undertake expenditures on behalf of central government) including works, goods or services delegated or subcontracted by government to other entities (e.g. NGOs, private companies).

**Total aid recorded on budget:** included in the budget estimate. As reported by government, ODA recorded in the annual budget as revenue or grants.

#### The data sources and calculations for each column of the data table above are:

1. PD Survey Table A.0 Aid reported in the 2006 Survey.
2. PD Survey Table A.9 Budget support as % of total aid reported.

3. % of total aid reported that is not budget support.
4. *PD Survey Table A.3* Aid disbursed by donors for government sector.
5. *PD Survey Table A.3* Baseline ratio of aid disbursed by donors included in government budget estimates.
  - 5(i). *Budget support as % of aid disbursed for government sector.*
  - 5(ii). *Proportion of baseline ratio (col.5) that is not budget support.*
6. % of non budget support aid for government sector (calculated from *PD Survey Table A.3* Aid disbursed minus *PD Survey Table A.9* Budget support) that is on budget (calculated from *PD Survey Table A.3* Aid on budget minus *PD Survey Table A.9* Budget support).