



2006 Survey on Monitoring The Paris Declaration

Country Chapters

HONDURAS

The 2006 Survey on Monitoring the Paris Declaration was undertaken in 34 countries that receive aid. The results of the survey are presented in two volumes. **Volume 1** provides an overview of key findings across 34 countries. **Volume 2** presents the baseline and key findings in each of the 34 countries that have taken part in the survey. This chapter is based primarily on the data and findings communicated by government and donors to the OECD through the Paris Declaration monitoring process. A more detailed description of this process, how this chapter was drafted and what sources were used is included in Volume 1, Chapter 2.

Both Volume 1 (Overview) and Volume 2 (Country Chapters) of the 2006 Survey on Monitoring the Paris Declaration can be downloaded at the OECD website:

www.oecd.org/dac/effectiveness/monitoring

A second round of monitoring will be organised in the first quarter of 2008 and will be an important contribution to the Accra High-Level Forum on Aid Effectiveness in September 2008.

15 HONDURAS

HONDURAS HAS A POPULATION OF AROUND 7.2 MILLION PEOPLE, subsisting on a gross domestic (GDP) of USD 1 190 per capita. In 1999, 48% of the population were reported as falling below the national poverty line. In the same year, 20.7% of the population fell below the dollar-a-day international poverty line, and 44% earned less than two dollars a day.

Honduras is a signatory to the Paris Declaration on Aid Effectiveness. There appears to be strong government commitment towards 2010 targets although constraints are still evident. In 2005, net official development assistance (ODA) was USD 681 million, up from USD 650 million in 2004 and USD 395 million in 2003. ODA as a percentage of gross national income (GNI) decreased from 9.2% in 2004 to 8.2% in 2005 (in 2003 it was at 6.0%). This chapter has been written on the basis of information provided for the survey by the government of Honduras regarding nine donors which provides at least 60% of ODA for 2005.

DIMENSIONS	BASELINE	CHALLENGES	PRIORITY ACTIONS
Ownership	Moderate	Further strengthen government capacity for planning and implementation and work towards more effective use of financial and technical resources.	Create clearer and more articulate mechanisms for prioritising and implementing the country's Poverty Reduction Strategy (ERP).
Alignment	Low	Corruption remains a major challenge and it is not yet clear what the government's intentions are in this area.	Continue to strengthen country systems for public finance management and procurement and capacity to use the integrated financial public administration system (SIAFI), among others.
Harmonisation	Moderate	Greater co-ordination by donors under government leadership in conducting joint missions, including system of tracking donor missions.	Continued work by government and donors towards respective sector-wide approaches.
Managing for results	Moderate	Continued fragmentation of statistical capacity and lack of links to information systems within line ministries.	Continue work towards a comprehensive country-level monitoring and evaluation system.
Mutual accountability	Moderate	Strengthening results-based monitoring and evaluation, civil society participation as well as donor and government co-ordination.	Continue implementing initiatives towards mechanism of mutual accountability.

OVERVIEW
Box 15.1
Challenges
and priority
actions

OWNERSHIP

INDICATOR 1

OWNERSHIP IS CRITICAL to achieving development results and is central to the Paris Declaration. It has been defined as a country's ability to exercise effective leadership over its development policies and strategies. Achieving this – especially in countries that rely heavily on aid to finance their development – is not a simple undertaking. Nor, of course, can it be measured by a single indicator. For donors, it means supporting countries' leadership, policies, institutions and systems. This is commonly referred to as 'alignment' (see below). Donors are in a better position to do this when governments set out clear priorities and operational strategies (the main focus of Indicator 1 of the Paris Declaration).

As part of the World Bank's 2005 review of the Comprehensive Development Framework, Honduras was rated at C, on a scale from A to E (where A is the highest). This assessment is made on the basis of a range of criteria: whether the country has a long-term vision, with a medium-term strategy derived from that vision; whether there are country-specific development targets with holistic, balanced and well-sequenced strategy; and whether there is the capacity and resources for implementation. Only countries in categories A or B are considered to have an operational strategy.

The ERP (*Estrategia para la Reducción de la Pobreza*) is the country's poverty reduction strategy with a long-term vision spanning 2001-15. The World Bank's Aid Effectiveness Review (AER) for 2006 reports that progress has been made in fostering agreement within the country around a long-term development vision. The ERP informs constitutionally mandated Government Plans identifying medium-term objectives. Focus on long-term objectives is facilitating development of strategic approaches at sectoral level, although the 2006-elected government has not yet committed to this. Objectives at the sector level will inform the government plan for 2006-10. All 298 municipalities completed their municipal development plans by 2005 and some of these are being implemented.

The ERP identifies six programmatic areas: i) equitable and sustainable growth, ii) reducing poverty in rural areas, iii) reducing poverty in urban zones, iv) investing in human capital, v) strengthening protection for vulnerable groups, and vi) guaranteeing the strategy's sustainability, with gender, environmental sustainability, social security nets and decentralisation as cross-cutting themes. The government is discussing revision around three components: i) sustainability, ii) strategic areas, and iii) cross-cutting issues. It is expected to focus implementation on five priorities through its Government Plan: i) macro-economic stability, ii) economic growth with equity, iii) governance and reform of the state, iv) combating corruption and citizen participation, and v) human development. Goals identified for 2015 are consistent with the Millennium Development Goals (MDGs) and tailored to Honduran circumstances.

The World Bank's AER for 2006 notes that progress is being made to channel greater resources toward ERP priorities. A Medium-Term Expenditure Framework (MTEF) based on ERP sectoral priorities has informed the annual budget since 2005. Since 2004, there has been a virtual fund incorporated in the budget, tracking poverty spending by tagging specific expenditures. In 2004, poverty spending increased by 0.6%, reaching 8.4% of GDP; ERP-spending amounts to almost 40% of the 2006 budget. The government has expressed commitment to linking spending to performance of government institutions and efforts are being made to strengthen government capacity, although there are still significant bottlenecks in this area. The *Sistema de Información para la Estrategia de Reducción de la Pobreza* (SIERP) is in place to co-ordinate and track the ERP, though the government admits that it is necessary to further improve the generation of data in this area.

The World Bank AER for 2006 notes that the strategy development and implementation of the ERP is co-ordinated by the *Unidad de Apoyo Técnico* (UNAT) under the Ministry of the Presidency. The Social Cabinet, under the Minister of Culture, helps to ensure that policy and budget reflects ERP sectoral priorities. Work is under way in terms of establishing sustainable structures for stakeholder participation, through the ERP Consultative Council, which focuses on monitoring and social auditing to assess performance against social objectives. The Citizen Participation Law (2006) aims to facilitate participation at local level, although the creation of municipal and department committees and citizen consultative bodies has not yet occurred.

Civil society organisations and the private sector are involved in ERP monitoring and updating through the Consultative Council, with freedom of association respected by the government. Parliamentary involvement is also evident: the National Congress approves government development plans as outlined in the Constitution. However, past ERP quarterly progress reports were not discussed at this level, and the current government has not yet begun to prepare these. The congressional budget committee oversees the budget; some conflict in this area has underlined that it is necessary to create clear and articulated mechanisms for prioritising and implementing the ERP. Congress representatives meet regularly with external partners.

ALIGNMENT

FOR AID TO BE EFFECTIVE, it must be aligned with national development strategies and plans. Indicators 2 to 8 of the Paris Declaration seek to assess the degree of alignment attained, looking at several dimensions of alignment.

Honduras has displayed some progress in terms of alignment but government and donors have some way to go before the country can meet the Paris Declaration objectives for the alignment of aid with country policies and systems. Particular effort is necessary in terms of the amount of aid using country systems and recording systems for this.

BUILDING RELIABLE COUNTRY SYSTEMS

Under the World Bank's Country Policy and Institutional Assessment (CPIA) for 2005, which assesses the quality of budgetary and financial management, Honduran Public Finance Management (PFM) systems receive a rating of 4.0. This is significantly higher than the average of 3.2 for all International Development Assistance borrowers.

The World Bank's AER 2006 notes that action is being taken to strengthen country fiduciary systems. An integrated financial public administration system (SIAFI) was introduced in 2003, and this has been enhanced in 2005 to improve accessibility. Progress has been made in reconciling revenue and expenditure. However, capacity within line ministries to use SIAFI is currently limited. More resources and further follow-up would also help in extending audits to a larger number of central and local government institutions.

INDICATOR 2a

The government is implementing a Program of Efficiency and Transparency in Public Procurement (PET). In 2005, the government revised its existing Procurement Law, establishing a procurement regulatory office. This is not yet fully up and running but funds are being allocated to strengthen capacity and resources for operationalisation. Corruption also remains a major challenge, despite some improvements made in this area. Improvements in resources and capacity in particular may go some way to allowing Honduras to reach its 2010 target of 4.5 for PFM.

INDICATOR 2b

INDICATOR 3
Table 15.1

Are government budget estimates comprehensive and realistic?

	Government's budget estimates of aid flows for FY05 (USD m)	Aid disbursed by donors for government sector in FY05 (USD m)	Baseline ratio*	
	a	b	c=a/b (%)	c=b/a
CABEI	105	23		22%
Canada	5	3		60%
Cooperantes Multilaterales	19	--		
European Commission	32	55	59%	
France	--	1		
Germany	13	12		91%
Global Fund	--	0		
IDB	215	71		33%
Japan	17	19	86%	
Spain	34	2		7%
Sweden	16	8		53%
Switzerland	1	1	86%	
United Nations	22	27	81%	
United States	19	12		65%
World Bank	171	100		58%
Total	667	334		50%

* Baseline ratio is $c = a / b$ except where government's budget estimates are greater than disbursements ($c = b / a$).

ALIGNING AID FLOWS ON NATIONAL PRIORITIES

According to the World Bank's AER 2006, the Ministry of Finance co-ordinates the multilateral development banks and the *Secretaría Técnica de Cooperación Internacional* (SETCO) co-ordinates bilateral assistance and the United Nations. SETCO co-ordinates closely with UNAT to ensure development assistance is aligned with the ERP. The government has indicated a need to reform consultations with external partners, and this work is underway. Dialogue between external partners currently occurs by means of a co-ordinated framework known as the G-16, which also maintains relations with SETCO and UNAT. External partners have aligned their assistance with the ERP and are continuing to prioritise this area while also decentralising their operations. The government has shown interest in decentralisation through public-private partnerships.

There are problems reflecting donor financial commitments fully and accurately in the national budget. Indicator 3 seeks to assess the degree to which aid flows are aligned with national priorities, using the proportion of aid which is recorded in the budget as a proxy. The baseline survey for Honduras shows 50% of aid being recorded in the national budget. The general target for this indicator set by the Paris Declaration (86%) calls for a high level of budget realism on the part of the country authorities, accompanied by a high degree of willingness and ability of donors to provide information in a timely fashion and in a suitable form.

The table above provides two measures for Indicator 3. The first is based on the ratio between the volume of aid recorded in the budget (numerator) and the amount of aid disbursed for the government sector (denominator). This ratio tells us the degree to which there is under-inclusion of aid in the budget (ratio under 100%) or over-inclusion (ratio over 100%). For Honduras, there are discrepancies in terms of both over-inclusion and under-inclusion (to the total of 200%).

INDICATOR 4
Table 15.2

How much technical assistance is co-ordinated with country programmes?

	Co-ordinated technical co-operation (USD m) a	Total technical co-operation (USD m) b	Baseline ratio (%) c=a/b
CABEI	0	1	53%
Canada	--	1	--
Cooperantes Multilaterales	--	--	--
European Commission	2	7	23%
France	--	0	--
Germany	1	7	9%
Global Fund	0	0	--
IDB	--	3	--
Japan	9	10	86%
Spain	--	17	--
Sweden	1	3	20%
Switzerland	0	1	6%
United Nations	--	23	--
United States	46	54	84%
World Bank	12	22	56%
Total	70	148	47%

To give a clearer good indication of aggregate discrepancies, a measure of the 'budget recording gap' is also provided. This better reflects the degree of discrepancy between aid reported by donors as disbursed for the government sector, and that recorded in the budget. The budget recording gap in Honduras is 113%, with a 2010 target of 56%. According to the survey return, the possible reasons for these discrepancies include different fiscal years of the government and the donors; ODA data not being integrated into the national budget, particularly regarding sums disbursed directly to decentralised organisms; and lack of registration of technical co-operation. Achieving the target agreed in Paris for this indicator will mean gradually closing this large gap over time, with particular attention necessary in terms of the above problems. The government has already stated various actions to combat these issues and in general, government systems for tracking and recording aid are in place.

CO-ORDINATING SUPPORT
TO STRENGTHEN CAPACITY

Capacity constraints significantly undermine the ability of country systems to capture and co-ordinate aid flows more effectively. The Paris Declaration commits donors to providing more co-ordinated support to capacity development under country leadership, with a target of 50% provided in this form by 2010. The survey indicates that currently 47% of reported technical assistance is considered co-ordinated in this sense, indicating that Honduras is already close to the 2010 target.

This result reflects good progress towards co-ordination, and the involvement of a number of donors across the board. However, it is important to note that most of this is covered by relatively few actors. At the same time, it is not entirely clear what interpretation is made of the phrase 'co-ordinated programme under government leadership'. The government notes in the survey that despite the presence of a unified government definition, there are varied understandings of the term and there are many programmes still under discussion. This impacts work towards the 2010 objective and suggests that more work is to be done to enable fully co-ordinated technical assistance.

INDICATOR 5
Table 15.3

How much aid for the government sectors uses country systems?

	Aid disbursed by donors for government sector (USD m) a	Public financial management				Procurement	
		Budget execution (USD m) b	Financial reporting (USD m) c	Auditing (USD m) d	Baseline ratio (%) avg (b,c,d) / a	Procurement systems (USD m) e	Baseline ratio (%) e / a
CABEI	23	23	--	--	--	--	--
Canada	3	--	--	--	--	--	--
Cooperantes Multilaterales	--	--	--	--	--	--	--
European Commission	55	5	5	5	9%	5	9%
France	1	--	--	--	--	--	--
Germany	12	4	4	4	30%	4	30%
Global Fund	0	--	--	--	--	--	--
IDB	71	71	71	--	--	--	--
Japan	19	2	2	2	12%	2	12%
Spain	2	6	--	--	--	--	--
Sweden	8	7	7	7	89%	5	58%
Switzerland	1	--	0	0	--	0	14%
United Nations	27	1	--	--	--	--	--
United States	12	12	12	12	100%	2	13%
World Bank	100	--	--	--	--	--	--
Total	334	131	101	30	26%	17	5%

The World Bank's AER 2006 reports that there is a gradual move towards sector-wide approaches (SWAs) in some sectors, which has helped with co-ordination of capacity support. This has happened particularly in health, although some sectoral roundtables are still being reorganised. Fragmentation of capacity building support is being reduced owing to strong government leadership (with donor assistance), particularly in the financial sector and in the areas of financial management and planning. Some donors are contributing to a multi-donor fund to finance technical assistance in ERP activities; joint donor work aligned with the ERP is also going on towards capacity building in public sector and public expenditure management and in civil society organisations' participation in ERP monitoring and evaluation (M&E).

USING COUNTRY SYSTEMS

The Paris Declaration encourages donors to make increasing use of country systems for Public Financial Management (PFM) and for procurement where these are of sufficient quality to merit their use. Indicator 5a is a measure of the use of three components of country public financial management systems by donors. The baseline survey for Honduras reports that an average of 26% of aid makes use of each of the three PFM systems – for budget execution, for financial reporting, and for audit. The target for 2010 is 51%. Six donors make use of all three PFM systems, at the same time, for some of their projects or programmes (2010 target of nine out of ten donors). For procurement, 5% of aid, and six donors, make use of country systems. There are currently no targets for this for 2010. Given the relatively high CPIA score for public budgetary and financial management (4.0), Honduras should be able to work towards its targets here, although procurement represents an area of priority.

The *Ley Orgánica del Presupuesto* (2005) entails the regulation and harmonisation of public financial management. However, according to the government, problems arise in terms of the lack of registration of non-reimbursable co-operation funds; lack of medium-term expenditure planning on the part of the donors; problems of co-ordination between government and donors regarding national systems; discrepancies between planned and real expenditure; and lack of government regulation of expenditure.

According to the World Bank AER 2006, there are some external partners providing budget support, therefore using the country's fiduciary systems. Others are foreseeing this. An informal Budget Support Group works within the G-16 donor group to facilitate exchange of information and discussion on harmonisation, although the G-16 has not begun working on agreeing a common policy matrix for budget support. Most development assistance is currently channelled through projects, which means that implementation relies on the procurement and financial management systems and procedures of the external partner. Further, external partners do not yet rely on national information systems within government institutions for the sectors where SWAps are being prepared, such as education and health.

AVOIDING PARALLEL IMPLEMENTATION STRUCTURES

The Paris Declaration calls for a substantial reduction in the number of Project Implementation Units (PIUs) that are parallel in the sense that appointment decisions and accounting relationships involve the donor alone. The baseline survey for Honduras shows a total of 52 parallel PIUs in existence. The target for 2010 is significantly lower than this, at 17. However, this may not be a true representation of the situation for PIUs in Honduras. The survey notes that there is a need for a unified definition of PIUs, as different actors may see these differently.

How many PIUs are parallel to country structures?

	Parallel PIUs (units)
CABEI	--
Canada	--
Cooperantes Multilaterales	--
European Commission	21
France	--
Germany	0
Global Fund	1
IDB	--
Japan	--
Spain	8
Sweden	2
Switzerland	5
United Nations	3
United States	--
World Bank	12
Total	52

INDICATOR 6
Table 15.4

The World Bank's AER 2006 reports that most of 2005's projects were being implemented by PIUs or PCUs (Programme Co-ordination Units). It is clear that there is a need for more progress to reach the target number of parallel PIUs of 17 by 2010. However, there has been some effort to limit use of PIUs to administrative functions, with government institutions taking responsibility for co-ordinating externally-financed projects. The government is also proposing consolidating PIUs through a 'progressive move from project to programme approach' and integrating them into government ministries by means of Unidades Administradoras de Programas (UAPs). These aim to avoid the creation of new PIUs and to reduce the number currently in existence.

INDICATOR 7
Table 15.5

Are disbursements on schedule and recorded by government?

	Disbursements recorded by government in FY05 (USD m) a	Aid scheduled by donors for disbursement in FY05 (USD m) b	Aid actually disbursed by donors in FY05 (USD m) FOR REFERENCE ONLY	Baseline ratio* (%) c=a/b c=b/a
CABEI	32	98	23	32%
Canada	1	4	3	32%
Cooperantes Multilaterales	3	--	--	
European Commission	11	--	55	
France	--	--	1	
Germany	4	11	12	33%
Global Fund	--	--	0	
IDB	95	98	71	98%
Japan	5	18	19	30%
Spain	11	2	2	20%
Sweden	9	13	8	68%
Switzerland	0	0	1	21%
United Nations	--	30	27	
United States	13	12	12	94%
World Bank	107	117	100	91%
Total	291	404	334	72%

* Baseline ratio is $c = a / b$ except where disbursements recorded by government are greater than aid scheduled for disbursement ($c = b / a$).

PROVIDING MORE PREDICTABLE AID

If aid is provided in a predictable manner, then recipient countries are better able to plan and make effective use of aid. Indicator 7 seeks to assess the in-year predictability of aid, measuring the proportion of planned disbursements (as reported by donors), which are recorded by government in the national accounting system as having been disbursed.

The table above looks at predictability from two different angles. The first angle is donors' and government's combined ability to disburse aid on schedule. In Honduras, donors scheduled USD 404 million for disbursement in 2005 and actually disbursed — according to their own records — significantly less than expected (USD 334 million). The discrepancy varies considerably between donors and is mainly due to late disbursements carried over to FY2006 and to delays in implementing programmes. The second angle is donors' and government's ability to record comprehensively disbursements made by donors for the government sector.

In Honduras, government systems recorded USD 291 million out of the USD 334 million notified as disbursed by donors (72%) indicating that a significant proportion of disbursements were not captured either because they were not appropriately notified by donors or inaccurately recorded by government.

Indicator 7 on predictability has been designed to encourage progress against both of these angles so as to gradually close the predictability gap by half by 2010. In other words it seeks to improve not only the predictability of actual disbursements but also the accuracy of how they are recorded in government systems — an important feature of ownership, accountability and transparency. In Honduras, this combined predictability gap amounts to USD 113 million (28% of aid scheduled for disbursement). Closing this predictability gap will require donors and government to work increasingly together on various fronts at the same time: be more realistic on their ability to disburse on schedules, for donors to notify these disbursements to government and for governments to accurately record disbursements in their systems.

For Honduras, this target seems possible given the work being carried out on this. In general, these results are good, proving that both the government and external partners are making progress towards more predictable aid. The World Bank AER 2006 sees that the government is incorporating in the budget the total amount and execution of grants from external partners, but that disbursements follow external partners' respective budget cycles (particularly medium-term expenditure). These are not always aligned with the national budget cycle. This can impact the ability to implement national strategy according to the planned schedule. There is a need for increased action in this area from both sides.

UNTYING AID

According to OECD data covering 74% of 2004 commitments, 74% of aid to Honduras is untied. The Paris Declaration commits countries and donors to make progress in further untying aid. The World Bank AER 2006 notes that multilateral assistance is untied. Moreover, untied aid has grown through increases in funding from bilateral partners which provide only untied aid.

INDICATOR 8

HARMONISATION

Honduras is performing well on harmonisation, particularly in the evolution towards programme-based approaches (PBAs) and co-ordinated country analysis, although there is room for improvement on the donors' side with regards to the amount of joint missions conducted.

USING COMMON ARRANGEMENTS

43% of aid to Honduras is reported to use programme-based approaches (PBAs). However, this is unequally spread across the different areas of support. Around 45% of this total is accounted for by budget support, with around 55% constituting support through other PBAs.

How much aid is programme based?

	Budget support (USD m) a	Other PBAs (USD m) b	Total (USD m) c=a+b	Total disbursed (USD m) d	Baseline ratio (%) e=c/d
CABEI	--	--	--	23	--
Canada	--	2	2	6	30%
Cooperantes Multilaterales	--	--	--	--	--
European Commission	5	55	60	60	100%
France	--	--	--	2	--
Germany	--	3	3	13	21%
Global Fund	--	--	--	11	--
IDB	--	--	--	72	--
Japan	2	12	14	21	67%
Spain	--	6	6	18	33%
Sweden	--	6	6	14	46%
Switzerland	--	0	0	3	3%
United Nations	--	0	0	30	1%
United States	8	4	12	59	20%
World Bank	67	14	82	100	82%
Total	83	102	185	432	43%

INDICATOR 9
Table 15.6

INDICATOR 10a
Table 15.7

How many donor missions are co-ordinated?			
	Co-ordinated donor missions (missions) a	Total donor missions (missions) b	Baseline ratio (%) c=a/b
CABEI	4	4	100%
Canada	2	35	6%
Cooperantes Multilaterales	--	--	--
European Commission	10	55	18%
France	--	--	--
Germany	3	15	20%
Global Fund	0	2	0%
IDB	108	108	100%
Japan	1	17	6%
Spain	--	10	--
Sweden	6	24	25%
Switzerland	2	5	40%
United Nations	16	118	14%
United States	12	12	100%
World Bank	9	116	8%
Total (discounted*)	112	521	22%

* The total of co-ordinated missions has been adjusted to avoid double counting. A discount factor of 35% has been applied.

INDICATOR 10b
Table 15.8

How much country analysis is co-ordinated?			
	Co-ordinated donor analytical work (units) a	Total donor analytical work (units) b	Baseline ratio (%) c=a/b
CABEI	4	4	100%
Canada	3	22	14%
Cooperantes Multilaterales	--	--	--
European Commission	--	5	--
France	--	--	--
Germany	--	2	--
Global Fund	0	0	--
IDB	11	11	100%
Japan	--	--	--
Spain	--	1	--
Sweden	1	8	13%
Switzerland	2	2	100%
United Nations	21	33	64%
United States	41	50	82%
World Bank	2	3	67%
Total (discounted*)	64	141	45%

* The total of co-ordinated analysis has been adjusted to avoid double counting. A discount factor of 25% has been applied.

Against a 2010 target of 66% for PBAs, there is a need for further progress on harmonisation of policies and procedures, although Honduras performs relatively well here compared with other countries. The World Bank AER 2006 tells us that donors are continuing to co-ordinate support and to move towards common procedures, for example in education and health. The government also notes a move towards PBAs in terms of finance, national development strategy and national capacity building. A Memorandum of Understanding (MoU) was signed by several main donors in 2003. Donors and government are working towards respective SWAps, although progress is slow in some areas (such as water and sanitation). In some cases, donors co-ordinate parallel financing.

CONDUCTING JOINT MISSIONS AND SHARING ANALYSIS

As regards co-ordinating donor missions, the baseline survey shows a fairly low result of 22%, although this is higher than the average for the countries surveyed and represents some progress needed towards the 2010 target of 40%. Although there is a danger of inflating this indicator by counting joint missions twice, the survey return suggests that precautions were taken to avoid this. The World Bank's AER 2006 states that some donors are conducting joint review missions, such as in primary education and in the preparation of the first and second Poverty Reduction Support Credits (PRSC). In general, the numbers reported are encouraging and extend across the donors (although the vast majority of joint missions are carried out by the Inter-American Development Bank). However, there is a need for greater donor co-ordination and leadership by government, particularly in tracking missions, in order to work towards the 2010 target

of 40%. As donors start to work more towards harmonisation along PBAs, it is possible that there will be further harmonisation in this area as well. The government notes a desire to increase the amount of joint missions.

45% of country analysis was co-ordinated, according to the baseline survey; eight of the 11 donors which have conducted analyses have co-ordinated these with others. This number is relatively high, and this could lead to improvements in other areas of harmonisation. The 2010 target is for 60% of analysis being co-ordinated. There is work to be done to achieve this, but

progress is so far satisfying, reflected both in the number of joint studies conducted and in the number of donors to the country co-ordinating their initiatives. For example, according to the World Bank's AER 2006, the Inter-American Development Bank (IDB), the United Kingdom, Norway and Sweden worked on a study of public expenditure management; in 2005-06, IDB and the World Bank updated its Country Financial Accountability Assessment (CFAA) from 2003 and completed a Country Procurement Assessment Report (CPAR).

MANAGING FOR RESULTS

THE PARIS DECLARATION urges partner countries and donors to work together to manage resources on the basis of desired results, and to use information to improve decision making. This means both strengthening the capacity to undertake such management and helping to increase the demand for a focus on results. Indicator 11 targets one component of this effort, the establishment of cost-effective results-oriented reporting and assessment systems by the country.

The rating for indicator 11 is based on the World Bank's 2005 assessment of the Comprehensive Development Framework (CDF). Honduras is among the group of International Development Assistance (IDA) countries judged to have a 'largely developed' results monitoring system according to the World Bank's CDF Progress Report. It falls in category C of this assessment, along with the 42% of the sample that have some but not all of the elements of such a system. This reflects both the efforts put in by the government of Honduras and some of the problems for future consideration, including mobilisation of resources and building capacity in particular. The rating is based on three criteria: the quality of development information; the degree to which stakeholders have access to it; and, the extent to which there is a co-ordinated monitoring and evaluation of the country's development efforts.

The World Bank's AER 2006 notes improvements in the quality and availability of poverty-related data is improving: a census (2001), poverty assessment (2005) and Living Standards Measurement Study (LSMS) (2004) have been conducted. Although the government is preparing a national statistical development strategy, statistical capacity development remains fragmented.

There has been action taken to strengthen stakeholders' access to information, such as through the approval by the National Congress of a transparency law. Much information is already available on relevant websites, particularly that of SIERP, including budgetary and poverty reduction data.

A country-level monitoring and evaluation system informing policy is not yet in place, although there is work being done to achieve this, including SIERP web-based tracking of progress towards meeting the ERP objectives and a Master Plan guiding monitoring activities through 2015. UNAT conducted impact evaluations through 2006 in a number of areas. Three regional observatories have been established since 2006 monitoring progress towards the MDGs, and it is hoped that such data will feed into SIERP and SIAFI. The government also hopes later to integrate SIERP into SIAFI, but the former is not yet linked to information systems within line ministries. This hampers progress towards the identification of credible base lines for ERP indicators.

INDICATOR 11

MUTUAL ACCOUNTABILITY

THE PARIS DECLARATION calls for donors and partner countries to be accountable to each other for the use of development resources, and in a way that tends to strengthen public support for national policies and development assistance. This in turn requires governments to take steps to improve country accountability systems and donors to help by being transparent about their own contributions. The indicator being monitored is whether there exists a country-level mechanism permitting joint assessment of progress in implementing agreed commitments on aid effectiveness, including those in the Declaration itself, and specifically, whether such an assessment has taken place.

The baseline survey reports that no such assessment has taken place for Honduras. However, the World Bank's AER 2006 notes that there has been some movement towards joint monitoring of mutual commitments. It looks likely that Honduras will go some way towards implementing a mechanism of mutual accountability by 2010, given that the government is putting in place initiatives along with external partners and civil society organisations. In particular, in 2005, the previous government prepared a National Plan for Harmonization; the current government plans to review this and adapt it to evolving country priorities. Revision of the ERP in 2003, 2004 and 2005 took place in co-ordination with donors, and poverty reduction policies and programmes have been evaluated jointly in the sectoral roundtables. However, the government notes a need to focus on a number of areas here, in particular strengthening of results-based monitoring and evaluation and civil society participation in ERP implementation as well as prioritisation of services and programmes benefiting the poor.

BASELINES AND TARGETS

THE TABLE BELOW presents the 2005 baselines and the targets for Honduras. The baseline values are taken from the discussion above, which draws on various sources of information. The main source is the baseline survey undertaken in Honduras under the aegis of the national co-ordinators.

Table 15.9
Baselines
and targets

INDICATORS	2005 BASELINE	2010 TARGET
1 Ownership – Operational PRS	C	B or A
2a Quality of PFM systems	4.0	4.5
2b Quality Procurement systems	Not available	Not applicable
3 Aid reported on budget	50%	85%
4 Co-ordinated capacity development	47%	50%
5a Use of country PFM systems (aid flows)	26%	51%
5b Use of country procurement systems (aid flows)	5%	Not applicable
6 Parallel PIUs	52	17
7 In-year predictability	72%	86%
8 Untied aid	74%	More than 74%
9 Use of programme-based approaches	43%	66%
10a Co-ordinated missions	22%	40%
10b Co-ordinated country analytical work	45%	66%
11 Sound performance assessment framework	C	B or A
12 Reviews of mutual accountability	No	Yes

ACRONYMS

AER	Aid Effectiveness Review
CDF	Comprehensive Development Framework
CFAA	Country Financial Accountability Assessment
CPAR	Country Procurement Assessment Report
CPIA	Country Policy and Institutional Assessment
ERP	<i>Estrategia para la Reducción de la Pobreza</i>
IDA	International Development Assistance
IDB	Inter-American Development Bank
LSMS	Living Standards Measurement Study
MoU	Memorandum of Understanding
MTEF	Medium-Term Expenditure Framework
PCUs	programme co-ordination units
PET	Program of Efficiency and Transparency in Public Procurement
PIUs	project implementation units
PRSC	Poverty Reduction Support Credits
SETCO	<i>Secretaría Técnica de Cooperación Internacional</i>
SIAFI	integrated financial public administration system
SIERP	<i>Sistema de Información para la Estrategia de Reducción de la Pobreza</i>
SWAps	sector-wide approaches
UAPs	<i>Unidades Administradoras de Programas</i>
UNAT	<i>Unidad de Apoyo Técnico</i>