

The survey sought to measure objective evidence of progress against 13 key indicators of progress on harmonisation and alignment (see Foreword).

A four-point scaling system was used for all of the “Yes/No” questions:

1. “Yes without reservations” represented here as: **YES!**
2. “Yes with reservations”: represented here as: YES
3. “No with reservations” represented here as: NO
4. “No without reservations” represented here as: **NO!**

Specific technical criteria were suggested to guide responses (See Annexes). Respondents were also invited to provide a brief explanation when they expressed reservations (Categories 2 and 3 above). The qualitative information they provided has informed this chapter.

Donors and the government of Fiji need to work together towards aid alignment and harmonisation; this was reinforced at donor meetings held in April and May 2004. The government has set the agenda for increased alignment and harmonisation and donor support is reported to be unanimous. The government believes that an increased awareness of the harmonisation agenda, particularly for implementing agencies, is necessary to support ownership.

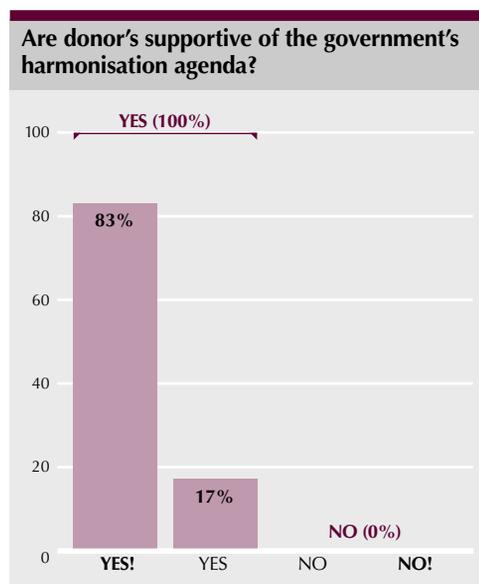
The government presented its strategic development plan (SDP) to donors in 2003. Most donors now use the SDP as the overall guiding document for planning assistance programmes to define priority sectors. However, given that donor numbers are relatively small and that aid constitutes only around 2% of the gross domestic product, donor activity does not cover the entire SDP: it supports only parts of it. It is recognised that there is a need to establish better links between strategy and budget, and to reduce the extensive number of indicators and onerous data collection requirements.

## OWNERSHIP

### A CLEAR AGENDA ON HARMONISATION

The government’s seven-point action plan for harmonisation is the key document for setting the pace and direction of harmonisation and alignment. According to the results of the 2004 Survey on Harmonisation and Alignment, all donors support the government of Fiji’s agenda (see Figure 6.1 – Indicator 1).

**FIGURE 6.1**  
**INDICATOR 1**



### FORMAL GOVERNMENT-LED FRAMEWORK FOR DIALOGUE AND CO-ORDINATION

The Ministry of Finance (MoF) chairs the government’s Budget and Aid Coordinating Committee (BACC) which leads the co-ordination of donor engagement at the country level. The BACC meets regularly and includes relevant donors as needed. Some donors have agreed to have regular (approximately quarterly) meetings with the BACC, with more frequent engagement occurring between donors and the MoF. The government set the agenda for the two donor harmonisation meetings held in Fiji, in April 2003 and May 2004.

The government claims that, whilst making its views known to donors, this does not usually take the form of “challenges”; the government attempts to adopt a more constructive approach. The May 2004 harmonisation meeting hosted by Fiji provided an open update from the government on the extent to which donors have responded to its harmonisation agenda. The relatively small number of donors active in Fiji means that co-ordination is not generally a major issue, although problems sometimes do arise in the co-ordination of non-bilateral aid. The government believes that an increased awareness of the harmonisation agenda and institutional strengthening, particularly for implementing agencies, would greatly enhance the degree of government ownership. Both donors and the government are working to this end (see Table 6.1 – Indicator 2).

## CAPACITY DEVELOPMENT

To enable better uptake of harmonisation and alignment initiatives, there is a need for sequencing harmonisation and alignment actions to broader public sector reforms (e.g. financial management reforms) and strong public sector financial management and planning in place, or in development. The government is pushing these reforms, but progress on harmonisation and alignment needs to fall in behind the reforms – and not be driven in isolation from them or as ends in themselves.

The MoF has identified capacity building as a general need. Through its own training programmes and donor-provided activities, various capacity-building activities are taking place, but neither the needs nor activities have been articulated in a manner that identifies clear objectives or priorities. Neither the government’s harmonisation action plan, nor its SDP, detail capacity-building requirements.

Donors and the government agree that current levels of capacity building are unlikely to meet all of the government’s needs (see Table 6.2 – Indicator 3). There is scope to develop a co-ordinated approach to capacity building involving government systems and resources, donors and the private sector.

**TABLE 6.1  
INDICATOR 2**

Is government co-ordinating aid?	
Is there a formalised process for dialogue?	YES
Is government proactive?	NO
Is government in the driving seat?	YES
Do donors’ rules support harmonisation?	YES
<b>100%</b>	
<b>% of donors who take part in co-ordination</b>	

**TABLE 6.2  
INDICATOR 3**

Capacity development	
<b>► Have weaknesses been identified?</b>	
In public financial management	NO
In budget planning and execution	NO
In co-ordination of aid	NO
<b>► Are weaknesses being addressed?</b>	
In public financial management	NO
In budget planning and execution	NO
In co-ordination of aid	NO
<b>► Is the level of support appropriate?</b>	
In public financial management	<b>NO!</b>
In budget planning and execution	<b>NO!</b>
In co-ordination of aid	<b>NO!</b>

## ALIGNMENT

### RELIANCE ON PARTNERS’ NATIONAL DEVELOPMENT STRATEGIES

The SDP presented to donors in 2003 identifies priorities and indicators; however, it requires further refinement (which is planned following its 2004 review). The need for better links between strategy and the budget, and a reduction in the extensive number of indicators, with onerous data collection requirements, is recognised. There is also a need for further prioritisation of strategies and greater accountability. It is envisaged that these objectives will be realised through stronger linkages with line ministries’ annual plans; work is underway in this area.

A mid-term review of the SDP for 2003-05 was scheduled for August 2004 and was expected to assess progress made in the implementation of policies, identification of implementation constraints and modification of policy objectives. Donors have indicated that they would like to be more engaged in the review and future development of the SDP. The United Nations Development Programme is providing assistance with the refinement of the indicators as part of its support for Fiji's preparation of its first Millennium Development Goals report.

Donors confirm that they use the SDP to programme assistance to Fiji (see Figure 6.2 – Indicator 4), although one multilateral donor points out that by the time the SDP was presented to donors, it had already programmed its assistance through to 2007. Another donor comments that it would like to see improved reporting on aid expectations and disbursements. Donors highlight that the annual progress review (APR) is currently conducted at the mid-term point of the SDP timeframe, which is not frequent enough to effectively guide donor allocation decisions.

### BUDGET SUPPORT

The government reports that only a few donors have started programming assistance to its budget cycle.

Almost no direct budget support is provided by donors; most aid is provided in the form of technical assistance. In this respect, alignment is relevant at the policy level, the broad country

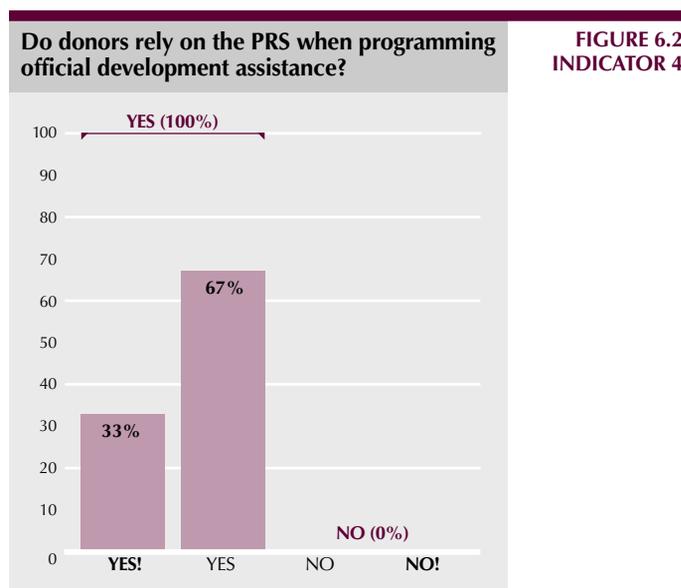
programme level and the sector level to ensure that the assistance is being provided in line with the directions of country and sector policies.

Indicator 5 measures the extent to which budget support is predictable and aligned with partners' procedures (see Table 6.3)

Recent research undertaken by the UK Department for International Development in its paper on alignment in difficult partnerships highlights that:

... systems alignment means working to be compatible with existing administrative systems such as the national budget and working through or with them...it does not necessarily mean putting funds through these systems to be controlled by authorities.

In Fiji's case, systems alignment is progressing in a number of sectors.



**FIGURE 6.2**  
**INDICATOR 4**

Is budget support predictable and aligned?				
Are budget support donors making:	YES!	YES	NO	NO!
► multi-annual commitments?	AfDB United Nations	New Zealand European Commission		
► timely commitments?	AfDB United Nations		New Zealand	
► timely disbursements?	ADB United Nations			

**TABLE 6.3**  
**INDICATOR 5**

### PROJECT SUPPORT

Indicator 6 measures the degree to which donors rely on partners' systems when providing project support (see Figure 6.3). Use of Fijian government systems varies considerably by donor. The United Nations (UN) and the Asian Development Bank (ADB) both use government procurement systems extensively and the UN is working to improve its efficiency. Australia is using government procurement systems in the health and education sectors, and part of the Australian Agency for International Development (AusAID) programme includes efforts to strengthen them.

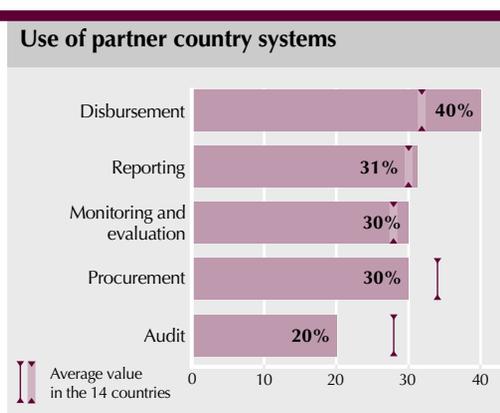
Australia and the UN also use government disbursement, reporting and monitoring and evaluation systems for many of their projects. One donor comments that the reporting system

requires further development, although this is being facilitated through the implementation of the agency's sector programmes which use them.

The ADB relies on government audit systems for project audits. Australian cash grants and trust fund contributions are covered by government audit systems but most AusAID programmes rely on AusAID's own audit procedures. The use of external audits is expected to decrease as the government moves towards performance-based budgeting.

Only one donor reports using government environmental impact assessment (EIA) systems. Another aims to improve them by providing technical assistance and incorporating environmental objectives into its assistance programmes, as well as requiring that EIAs be conducted according to international standards as part of project preparation.

**FIGURE 6.3**  
**INDICATOR 6**



### SECTOR SUPPORT

Indicator 8 measures donor support to sectors in key policy areas (see Table 6.4). The government is developing corporate plans for each sector. The plans are beginning to reflect available resources; these are only done on an annual basis, however, and do not provide detailed expenditure and resourcing schedules. The Public Sector Investment Programme is a multi-year framework, but it tends to cover

**TABLE 6.4**  
**INDICATOR 8**

Alignment with sector programmes					
	Health	Education	Water	Transport	Agriculture
<b>► Are sector systems in place?</b>					
Is government leading in the sector?	NO	YES	NO	NO	NO
Does a clear sector policy exist?	YES	YES	<b>NO!</b>	YES	<b>NO!</b>
Is a sector medium-term expenditure framework (MTEF) in place?	NO	NO	NO	NO	<b>NO!</b>
Is there sector co-ordination?	YES	YES	<b>NO!</b>	<b>NO!</b>	<b>NO!</b>
Is a sector monitoring system in place?	YES	YES	NO	NO	<b>NO!</b>
Are systems being harmonised?	YES	YES	<b>NO!</b>	<b>NO!</b>	<b>NO!</b>
<b>► Are donors supporting the sector systems?</b>					
Are the systems aligned with government policies?	<b>YES!</b>	<b>YES!</b>	<b>YES!</b>	<b>YES!</b>	YES
Are funds integrated into the MTEF?	<b>YES!</b>	<b>YES!</b>	NO	NO	YES
Are donors using the government monitoring system?	<b>YES!</b>	<b>YES!</b>	NO	NO	NO

major procurement and infrastructure items requested by line ministries only. It does not comprehensively include donor related activity.

Donor co-ordination remains largely donor-led at the sector level, although line ministries are increasing their involvement. A far stronger role for government co-ordination at the line ministry level is expected in the future. In light of greater co-ordination work being undertaken by ministries, the involvement of central agencies will also need to be examined.

### **Health sector**

A reasonably clear government policy exists in the health sector, but it requires work to make it more realistic in terms of its linkages between sector priorities and budgets, and the establishment of realistic indicators. The current strategic plan is the first one to have been developed by the Ministry of Health and the 2004-08 plan (under preparation) is expected to improve in these areas, and include medium-term expenditure information.

Australia's health sector programme will commence facilitation of donor co-ordination meetings which will be chaired by the ministry chief executive officer (CEO). Donors are working with the ministry to develop its own performance reporting systems. It will be some time, however, before the ministry and donors' systems converge on a system that meets each party's needs. Australian support to the health sector is designed to support the principles of harmonisation and alignment and to provide the ministry with a mechanism to co-ordinate external assistance. The approach also provides for sharing analytical work and aims to develop financial and procurement systems to a point whereby donors will be able to rely completely on these systems. Development in this area is still at a very early stage.

### **Education sector**

Similar to the health sector policy, the education sector policy is more advanced and refined. Australia's education programme is responsible for facilitating donor co-ordination

meetings, which are chaired by the CEO of the Education Ministry. Sector performance-measurement systems are in a similar situation to those of the health sector, though possibly more advanced.

### **Water sector**

ADB support to the sector incorporates elements that advise on the development of policy frameworks. Water sector monitoring systems are used by donors; however, similar comments to those above on the different levels of sophistication required by donors and government apply. Donors active in this sector are working to improve systems and monitoring benchmarks.

### **Transport sector**

A national transport sector plan exists and is used by the donors active in this sector, but similar comments to those above regarding its linkages and indicators apply. Sector monitoring systems are used to a degree, but are insufficiently sophisticated for donor requirements.

### **Rural development**

There is no clear overall rural development sector policy, and no clear direction in the sugar industry. Rural development activities are undertaken by a number of different government agencies. Community-based assistance is provided to rural areas through donors' small grant schemes, but support lacks co-ordination.

### **Other sectors**

Several donors are active in the law and justice sector, including Australia, New Zealand and the ADB. The AusAID-financed law and justice programme takes a whole-of-sector approach and is facilitating better integration within the sector between a number of different donors and government agencies. Incremental steps are being made towards a coherent approach to the sector, with the agencies involved only recently having begun to see themselves as a sector.

Other sectors receiving donor support include governance, gender, private sector development and child protection.

Sector performance-measurement systems used by the line ministries to report to central agencies are not yet strongly developed. They focus principally on cash-flow project-status reports for line ministry-implemented projects. The MoF does not yet require reporting on performance (other than financial flows), though the government is moving towards performance-based budgeting. Thus, this situation is beginning to change. The standard sector report used by line ministries has only recently been amended to incorporate financial reporting on aid-financed projects being implemented in, and through, line ministries. This again only captures finances. Donors currently have higher performance information requirements and tend not to rely heavily on existing government performance-measurement systems.

### HARMONISATION

In Fiji, harmonisation activities are centred on the country’s development plan. Different donors take lead roles in different sectors. The major active donors are ADB, AusAID, European Commission, Japan International Cooperation Agency (JICA), New Zealand’s International Aid and Development Agency (NZAID), and UN agencies.

Australia is assisting government officials in streamlining donor programmes and integrating them with government reporting and planning systems. In the health sector, AusAID is partnering with the Ministry of Health in a new “Alliance Contracting Pilot” to support and strengthen partner government systems at the programme level. AusAID is also involved in the harmonisation of education, law and justice sector programmes.

Australia and New Zealand have been developing harmonised approaches across the Pacific in a number of different areas. In Fiji, this includes harmonised support for the Fiji Women’s Crisis Centre as well as for scholarships. NZAID is developing a harmonisation action plan, which was expected to be completed before October 2004. The AusAid/NZAID harmonisation plan will be incorporated into this plan. The European Commission is participating in efforts towards co-ordination of policies and harmonisation of procedures.

Donor activities have yet to be fully streamlined. Despite the relatively small number of donors, none of the missions or diagnostic reviews has been undertaken jointly. In the health sector, work to develop joint approaches is in the early stages of development, particularly as procurement, financial systems and capacity are yet to be developed so that donors can rely on them entirely. Procurement is a likely area for harmonisation.

Performance monitoring and measuring is another area where progress is being made, although there is limited evidence of common approaches being developed across sectors, or of joint-donor approaches to the development of indicators. This has the potential for increasing pressure on existing resources where capacity is limited.

### STREAMLINING CONDITIONALITY

Indicator 7 looks at the extent to which donors have streamlined conditionality when providing development assistance in a number of specific areas (e.g. budget support, sector level). The survey results show that there is no streamlining of conditionality in any sector or modality in Fiji (see Table 6.5).

TABLE 6.5  
INDICATOR 7

Are donors streamlining conditionality?		
Direct budget support		NO!
Health sector		NO!
Education sector		NO!
Water sector		NO!
Transport/road sector		NO!
Rural development agriculture		NO!

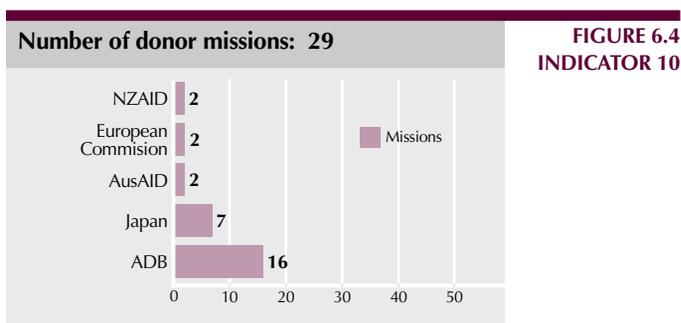
Indicator 9 looks at delegated co-operation arrangements, where one agency enters into an agreement to perform specific tasks on behalf of one or more agencies. No formal delegated co-operation arrangements exist in Fiji. An agreement for Australia to lead in co-ordination in the health and education sectors, however, has been made between the government and all donors engaged in these sectors. The Joint UN Programme on HIV/AIDS (UNAIDS) is delivering services on behalf of other agencies. Japan, New Zealand and the European Commission are not involved in any delegated co-operation arrangements (see Table 6.6), though as one bilateral donor points out, “It is worth highlighting that the informal delegation arrangements, done on a case-by-case basis, can work well and obviate the need for formal structures.”

**TABLE 6.6  
INDICATOR 9**

Who is delegating co-operation?			
YES!	YES	NO	NO!
	ADB United Nations	Australia	Japan New Zealand European Commission

### DONOR FIELD MISSIONS

Indicator 10 measures the number of missions that donors sent to Fiji in 2003 and the number of these which were co-ordinated between one or more agency. Approximately 30 missions were fielded, with one organisation (the ADB) accounting for more than 50% of the total number. None of the missions were undertaken jointly between donors (see Figure 6.4).



### STREAMLINING DIAGNOSTIC REVIEWS

Indicator 11 measures the extent to which diagnostic reviews were undertaken jointly. Two diagnostic reviews were undertaken between 2001 and 2003, an International Monetary Fund (IMF) Report on the Observance of Standards and Code (ROSC) Fiscal Transparency Review and an ADB Diagnostic Study of Accounting and Auditing (DSAA). Neither of these was undertaken jointly (see Table 6.7).

**TABLE 6.7  
INDICATOR 11**

Are diagnostic reviews being streamlined?	
Diagnostic reviews (2001-03)	Was it undertaken jointly?
IMF ROSCs	NO
ADB DSAA	NO

### DISCLOSING INFORMATION

A critical dimension of the harmonisation and alignment agenda is donors’ ability to share information on aid flows (Indicator 12) and analytic work (Indicator 13).

Donors indicate disbursements under their programmes to line ministries and, in some cases, at a consolidated level on a regular basis to the MoF. Line ministry reporting to the MoF needs to be improved in order to capture aid-financed activities in a more comprehensive manner and to avoid duplication of reporting requirements. MoF standard financial reporting formats have recently been amended to include provision for line ministries to record aid-financed disbursements. It is reported that donor disbursement notifications are reasonable in the health and education sectors;

**TABLE 6.8**  
**INDICATOR 13**

Who is sharing country analytic work?			
YES!	YES	NO	NO!
ADB United Nations		Australia	Japan European Commission

however, no arrangements exist to notify the government on disbursements in the water, transport or rural development sectors.

Donor medium-term notification varies. In some cases, for example with Australia, pledges are made on a multi-annual basis, but are subject to an annual parliamentary approval and so cannot be relied upon for government budgeting purposes. Aid flows from Australia (and most other donors) primarily take the form of technical assistance and the placement of advisers, however. Aid estimates are therefore the estimated cost to donors for providing these services.

Indicator 13 records the extent to which donors share country analytic work using the country analytic work Web site. The survey shows that 40% of donors in Fiji do so (see Table 6.8). One bilateral donor from the remaining 60% explains that country analytical work is shared informally among donors. Australia and the ADB co-finance the production of economic reports on Pacific island countries, which are shared in hard copy format. Other donors post material on their own Web sites.

**ACRONYMS**

ADB	Asian Development Bank
ADB DSAA	Asian Development Bank's Diagnostic Study of Accounting and Auditing
APR	Annual Progress Review
AusAID	Australian Agency for International Development
BACC	Budget and Aid Coordinating Committee (Fiji)
CEO	Chief executive officer
EIA	Environmental impact assessment
IMF	International Monetary Fund
IMF ROSC	International Monetary Fund's Report on the Observance of Standards and Codes
JICA	Japan International Cooperation Agency
MoF	Ministry of Finance
MTEF	Medium-term expenditure framework
NZAID	New Zealand's International Aid and Development Agency
SDP	Strategic development plan
UN	United Nations