

# Working Group on Streamlining Aid Flows

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# Introduction

- Obtaining reliable and high quality data on aid flows has been a major challenge for the Ministry of Finance and National Planning
- In response to these challenges, the Secretary to the Treasury constituted a working group to better understand, address, and resolve the issue.
- Consists of senior officials from MoFNP, as well as members from the Cooperating Partner Group
- Can call upon other institutions (such as Bank of Zambia, CSO, other CPG members) on an ad-hoc basis as may be required



# Roadmap

- Needs assessment – May/June
- Review of existing systems – June/July
- Finalization of recommendations – September/October
- Implementation strategy – October/November
- Pilot implementations – January 2010
- Implementation – March 2010



# Demand for Data

- ◆ Users of aid data within MoFNP:
  - ◆ Budget Office (planning, and performance evaluation)
  - ◆ Accountant-General's Office (financial report)
  - ◆ Economic Management Department (BoP; aid-effectiveness)
  - ◆ Monitoring and Evaluation (donor commitments and project monitoring)
- ◆ External demand:
  - ◆ Research institutions
  - ◆ International organisations
  - ◆ National Assembly (Parliamentary Questions)



# Supply of Data

- ◆ Zambia Development Assistance Database (ZDAD):
  - ◆ Financed through assistance from UNDP, and later PEMFA
  - ◆ Works with Cooperating Partners, Bank of Zambia, Line Ministries to collect data on aid flows
  - ◆ Operates under the Economic Management Department at MoFNP
- ◆ Line Ministries
  - ◆ Budget hearings
  - ◆ M&E questionnaires
  - ◆ Accountant-General queries
- ◆ IMF Missions
  - ◆ External sector economist undertakes comprehensive consultation with CPG to reconcile MoFNP data



# Needs Assessment Results

- ◆ Needs can be broadly classified into two activities:
  - ◆ Budget related information
  - ◆ Policy design and measurement



# Budget Related Data

- ◆ Budget Office:
  - ◆ *Ex-ante (before aid is disbursed) to assist planning process:*
    - ◆ Projected monthly disbursements for General Budget Support, Sector Support (General Budget/SWAP), Projects
    - ◆ Project support of particular concern – lack of data impacts budget planning process and efficient (and judicious) allocation of resources across sectors
  - ◆ *Ex-poste (after aid is disbursed) to assist with performance evaluation:*
    - ◆ Quarterly actual disbursements for all types of aid
    - ◆ Exchange rates used to convert foreign transactions into LC countervalues
  - ◆ *Disaggregation:*
    - ◆ *By donor*
    - ◆ *By Project*
    - ◆ *Public/private sector*
    - ◆ *Type of transaction (grant/credit/loan)*



# Budget Related Demand

- Office of the Accountant General:
  - *Ex-ante:*
    - No data required
  - *Ex-poste:*
    - Data similar to Budget Office requirements
  - *Disaggregation:*
    - Level similar to Budget Office requirements



# Policy Design and Measurement

- ◆ Economic Management Department:
  - ◆ Requires projections extending into the medium-term for BoP
  - ◆ Data on actual disbursements needed with high degree of disaggregation:
    - ◆ Spatial data
    - ◆ Sectoral data



# Policy Design and Measurement

- 💧 Monitoring and Evaluation:
  - 💧 Focus is mainly on sectoral data
  - 💧 Monitoring budget implementation requires similar data to Budget Office/OAG



# Complexities Involved

## Reporting Frequency

- Budget Office

## Spatial Disaggregation

- EMD
- M&E

## Projected + Actuals

- Budget Office
- EMD

## Sectoral Disaggregation

- M&E
- EMD



# Current Challenges

- ◆ ZDAD:
  - ◆ Quality of questionnaire being distributed to CPs:
    - ◆ Difficult to answer
    - ◆ Does not fully meet ex-ante needs of Budget Office and OAG
  - ◆ Database software:
    - ◆ Cannot be customised without additional cost burden
    - ◆ Incompatible with other databases within MoFNP (DMFAS, ABB)
  - ◆ No formal procedures on exchange rate calculations, particularly in project support data.



# Current Challenges

- ◆ Line ministries
  - ◆ Disincentive to under-report data for fear of lower budgetary allocations
  - ◆ Lack of capacity in some Ministries to collect and provide data
- ◆ Cooperating Partners
  - ◆ Difficult to coordinate and obtain timely responses
  - ◆ Differences in definitions of variables
  - ◆ Lack of systems to capture required data
  - ◆ Less awareness of the uses of data collected



# Way Forward

- ◆ Focus now shifts to the Cooperating Partners:
  - ◆ “Ability assessment” – Can CPs provide data at the most complex level required using existing systems?
    - ◆ If yes, Working Group can find ways to quickly develop final strategies
    - ◆ If not, a compromise needs to be reached in the short-term over what can be provided and what is absolutely necessary for basic needs
    - ◆ In the long-run, build systems to cater to more complex needs.



# Representation at the WG

## CP Representation

- DFID (AW)
- European Commission (FDM, AZ)

## Government Representation

- EMD (Chair)
- Budget Office
- M&E
- OAG
- IDM



# Thank you!

