THE QUALITY OF OFFICIAL DEVELOPMENT ASSISTANCE (QuODA)

THIRD EDITION

Nancy Birdsall and Homi Kharas

Center for Global Development

Global Economy and Development at BROOKINGS

Global Economy and Development at BROOKINGS

Center for Global Development

About the Global Economy and Development program at the Brookings Institution:

The Global Economy and Development program aims to shape the U.S. and international policy debate on how to manage globalization and fight global poverty. The program is home to leading scholars from around the world, who use their expertise in international macroeconomics, political economy, international relations and development and environmental economics to tackle some of today's most pressing development challenges.

For more information about the program, please visit: www.brookings.edu/global

About the Center for Global Development:

The Center for Global Development is an independent, nonprofit policy research organization dedicated to reducing global poverty and inequality and to making globalization work for the poor. CGD's senior researchers and other experts—intellectual leaders in fields such as aid effectiveness, global health, climate change, and migration—combine academic rigor and practical experience to make the world a more prosperous, just, and safe place for us all.

For more information about CGD, please visit: www.cgdev.org

Nancy Birdsall is the president of the Center for Global Development.

Homi Kharas is a senior fellow and deputy director for the Global Economy and Development program at the Brookings Institution.

Acknowledgements:

We would like to thank Nabil Hashmi, Christine Zhang and Julie Biau for excellent assistance.

Abstract:

This report is the third edition of our effort to measure the quality of Official Development Assistance (ODA), now updated to use 2012 data—the most recent available—from the OECD Development Assistance Committee (DAC). QuODA assesses aid quality for 31 DAC member countries and multilateral agencies according to four dimensions of aid quality that draw upon international declarations: maximizing efficiency, fostering institutions, reducing burden, and transparency and learning. We find that there has been a mixed picture on improvements in the quality of aid since the first edition of this report, which used ODA data from 2008. On the one hand, there are visible and significant gains in fostering institutions, and in transparency and learning. However, there has been almost no change in maximizing efficiency or in reducing the burden on recipient countries. For the first time, we also include in this edition an analysis of 2012 data on a subset of non-DAC donors as well as the Bill and Melinda Gates Foundation. We find that, using DAC criteria, the quality of aid of these non-DAC donors is less than for DAC donors, suggesting that these countries do not substitute for DAC ODA in terms of the effectiveness of the system as a whole. In an environment where DAC ODA is stagnant, these findings suggest that there is indeed good reason to continue to work on norms for high quality aid for DAC and non-DAC donors alike.

Erratum:

After the publication of the first version of this report, we were made aware of an error in the computation of administrative costs (indicator ME3) for the African Development Fund, the Asian Development Bank and the UN Select Agencies used in our analysis. These values and the corresponding tables and graphs have been corrected in this updated version of the report.

We would also like to point out that some indicators, most significantly FI1 (Share of aid to recipients' top priorities), may not be based on fully representative samples of recipient countries due to data limitations, and could not be updated. For instance, the AsiaBarometer used to assess recipient country priorities in the Asia region only includes data on Malaysia, Indonesia, The Philippines, Thailand, Myanmar, Cambodia and Laos, and was last updated in 2007.

CONTENTS

LIST OF TABLES

LIST OF FIGURES

ABBREVIATIONS

AFD	French Development Agency (Agence Française de Développement)
AfDF	African Development Fund
AsDF	Asian Development Fund
CPA	Country programmable aid
CRS	Creditor Reporting System
DAC	Development Assistance Committee
DFID	Department for International Development
GAVI	The Global Alliance for Vaccines and Immunization
GEF	Global Environmental Facility
GPG	Global public good
Global Fund	Global Fund to Fight AIDS, Tuberculosis, and Malaria
IATI	International Aid Transparency Initiative
IDB Special Fund	Inter-American Development Bank Fund for Special Operations
IDA	International Development Association
IFAD	International Fund for Agricultural Development
M&E	Monitoring and evaluation
MOPAN	Multilateral Organization Performance Assessment Network
OECD	Organisation for Economic Co-operation and Development
ODA	Official development assistance
OFID	OPEC Fund for International Development
PBA	Program-based approach
PFM	Public financial management
PIU	Project implementation unit
UNICEF	United Nations Children's Fund
USAID	United States Agency for International Development

THE QUALITY OF OFFICIAL DEVELOPMENT ASSISTANCE (QuODA)
THIRD EDITION

Nancy Birdsall and Homi Kharas

INTRODUCTION

This is the third edition of our effort to measure the quality of official development assistance (QuODA). Since the first edition, much has changed in the world of aid. Most significantly, the Working Party on Aid Effectiveness was replaced in 2012 with a new Global Partnership for Effective Development Cooperation. This multi-stakeholder group is charged with building a better understanding of how all development partners—official, business and in civil society—can work together to improve impact. The Global Partnership has a stronger representation of emerging economies, civil society and of the business sector, and is starting to debate how to leverage and coordinate the growing diversity of financial flows, knowledge and practical experiences to strengthen development impact.

The Global Partnership has already discussed and determined a new set of indicators of aid effectiveness that it will monitor,[1] and has conducted a base-line survey in 2012 from which we draw. But in this paper, we continue to use our previous methodology focused on indicators that were agreed upon as part of the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action in order to monitor the progress donors have made towards their initial commitments.

This third edition of QuODA focuses on changes over time in donor performance. In the first edition of QuODA, we used 2008 data for aid flows and Paris Monitoring Survey indicators for donor compliance with commitments. In this edition, we use 2012 data for aid, 2013 data from the new Global Partnership Monitoring Framework, and 2011 data for Paris indicators that are no longer measured in the new monitoring framework. The mix of years is not ideal, but for all indicators it provides us an opportunity to see whether there has been progress or not over a span of at least 3 to 4 years.

Another major change in the aid environment is the larger number of development partners that now report on their aid activities to the Development Assistance Committee (DAC). Fourteen countries provide substantial information, and although the largest emerging economies like China and India are not included, there is the beginning of a more comprehensive data base on aid that permits examination of whether these donors behave differently from DAC donors in important ways. The Bill and Melinda Gates Foundation now also reports on its activities, so it can be analyzed in the same framework. Of course, the non-DAC donors and the Gates Foundation are not systematically included in the Paris Monitoring Survey or the Global Partnership Monitoring Framework, so the range of indicators across which they can be compared to DAC donors is more limited than the full QuODA framework. Nevertheless, we believe it is useful to start to ask questions about the revealed characteristics of non-DAC development partners, official and philanthropic. It is our hope that data on additional donors will become more comprehensive over time.

A Brief Recap on What QuODA Does and Does Not Do

QuODA compares 31 DAC member countries and multilateral aid agencies across 30 indicators grouped into four dimensions that reflect international best practices on aid effectiveness.[2] These indicators can be interpreted as measures of "high-quality" aid. The four dimensions measured in QuODA are: maximizing efficiency, fostering institutions, reducing the burden on recipient countries, and transparency and learning. Each of these is an important dimension in measuring the quality of aid.[3]

"Maximizing efficiency" relates to how aid is disbursed across countries and sectors, and its availability for projects and programs in recipient countries. The indicators shed light on the strategic choices made over aid allocations and the extent to which donors implement an efficient division of labor.

"Fostering institutions" is about building the institutional strength in recipient countries by using country systems, priorities and approaches. The indicators point to donors' willingness to make long-term investments in strengthening partners' ability to develop and implement their own strategies. They point to the degree to which donors are genuinely prepared to put partners in the driver's seat, as so often promised.

"Reducing the burden" on partner countries assesses problems of overlap, waste, and fragmentation among donors. It rewards those who explicitly concern themselves with coordination and collaboration with others.

"Transparency and Learning" promotes the power of data and evaluation to generate evidence-based decisions that can improve aid effectiveness. The indicators shed light on whether donors themselves practice the kind of openness in their own activities that they often request of partners.

QuODA is a framework that provides summary information in a quantitative fashion on donor efforts to improve aid effectiveness. The indicators used are all those that donors, aid agencies and academics have concluded are important for aid effectiveness. For some indicators, specific targets were agreed upon by signatories to the Paris Declaration. The QuODA framework permits an assessment of the degree to which donors have changed over time, as well as benchmarking donors against each other at a single point in time.

QuODA is not, however, a complete measure of aid effectiveness or impact. The results of aid depend on the combination of donor effort and the performance of recipient countries or other executors of aid programs, not just on the donor. In addition, QuODA should not be used as an assessment of DAC members or aid agencies as a whole. This would require a range of qualitative information that is beyond the scope of our work, but is often contained in evaluations and peer reviews to which each DAC member (and many multilateral agencies) subscribes. We also resist presenting an overall score for donors, as the indicators that are used should not be taken as equally important. Even if a set of weights with which to aggregate our indicators into a single composite index were available, it is unlikely these would remain constant across donors or over time as circumstances change. We remain reluctant to impose our own views as to appropriate weights for indicators. In fact, in our previous reports, we highlight the fact that individual donors or agencies rarely excel in all dimensions—they each have strengths and weaknesses. QuODA simply permits agencies to review where they stand against their peers on critical dimensions. It is a tool for starting a dialogue, not for reaching final conclusions.

In this third edition, we first briefly review the new data we use. Then we present our results in terms of changes in each donor's performance on each dimension, as well as their comparisons with each other in 2012. We review the performance of types of agencies and conclude by looking at DAC and non-DAC comparisons.

We find that there has been a mixed picture on improvements in the quality of aid. On the one hand, there are visible and significant gains in fostering institutions, and in transparency and learning. However, there has been almost no change in maximizing efficiency or in reducing the burden on recipient countries.

The quality of aid of non-DAC donors (those that report to the DAC) is less than for DAC donors, suggesting that these countries do not substitute for DAC ODA in terms of the effectiveness of the system as a whole. In an environment where DAC ODA is stagnant, it would be useful if more countries were to adopt some of the lessons of successful aid that have been learned over time by DAC donors.

Box 1: Setting standards: Results-Based Aid and donors' evaluation policies and practices

In carrying out our analysis of aid effectiveness, we have been made acutely aware of the continued deficiencies in the timeliness and completeness of data and of measures of the impact of aid. Two examples deserve attention: (1) There is no standard definition of aid that pays governments of developing countries against measured and verified results, and (2) no agreed approach or standards for undertaking and systematically reporting on donors' own evaluations of their programs and projects.

In the last few years, the UK has been piloting what it calls Results-Based Aid; the World Bank has begun using a new instrument approved in 2012 called Program-for-Results, and under the United Nations program, REDD+ (Reduction of Emissions from Deforestation and Degradation), programs awarding ex post payments for performance are being implemented by Norway, Germany and the World Bank Trust Fund the Forest Carbon Partnership Facility.[4] But there is no standard definition of what is "results-based aid," and no consensus on whether a donor should "count" a contingent future payment as ODA in the year payments are paid out (the current default), or when the commitment is made (which might make sense[5]). The results-based approaches cannot therefore be included in our methodology or assessed compared to the traditional approaches. Without improved measures, it will be difficult to arrive at strong conclusions about comparative donor performance, the basis for the QuODA assessment. We suggest the DAC form a working group of donor representatives to develop a standard definition of results-based aid, and address the issue of the timing of the commitments under that approach

The DAC (or the Global Partnership) could also sponsor a set of discussions among its members with the goal of developing a common standard for what is independent or third-party evaluation and how evaluations should be executed and reported.

We are, at the same time, heartened by the increased use of comparative data in exercises like Multilateral Aid reviews and the renewed interest in such measures in the context of the Multilateral Organization Performance Assessment Network (MOPAN). It is to be hoped that the DAC will also make greater use of comparative data in its peer reviews of bilateral aid.

PART 1: OVERALL APPROACH AND FINDINGS

Methods and Data

QuODA consists of 31 indicators measured across 23 bilateral donors (members of the OECD's Development Assistance Committee) and 8 large multilateral agencies (or groups of agencies). The 31 indicators are summarized below. The list of donors and major agencies is shown in Appendix 1. These countries and agencies report on their aid activities to the DAC, and are covered in various DAC surveys from which we draw. In addition, 13 countries (and multiple agencies) report to the DAC but are not separately identified in surveys. For these, we report only on a sub-set of 13 indicators.

Table 1: Thirty-One Indicators for the Four Dimensions of Aid Quality

Maximizing Impact	Fostering Institutions	Reducing Burden	Transparency and Learning
Share of allocation to poor countries‡	Share of aid to recipients' top development priorities*‡	Significance of aid relationships‡	Signatory of IATI‡
Share of allocation to well-governed countries‡	Avoidance of PIUs*†	Fragmentation across donor agencies‡	Implementation of IATI data reporting standards
Low unit administrative costs‡	Share of aid recorded in recipient budgets*†	Median project size*‡	Recording of project title and description
High country programmable aid share‡	Share of aid to partners with good operational strategies‡	Contribution to multilaterals‡	Detail of project description
Focus/specialization by recipient country*‡	Use of recipient country systems*†	Coordinated missions*†	Reporting of aid delivery channel
Focus/specialization by sector*	Share of scheduled aid recorded as received by recipients*†	Use of programmatic aid*†	Quality of main agency evaluation policy
Support of select global public goods facilities‡	Coordination of technical cooperation*†	Coordinated analytical work*†	Completeness of project-level commitment data
Share of untied aid*†	Coverage of forward spending plans/Aid predictability*‡		Aid to partners with good M&E frameworks‡

Note: IATI = International Aid Transparency Initiative; PIU = project implementation unit; M&E = monitoring and evaluation.
*Sources: The 31 indicators are flagged by the type of source that advocates for use as a benchmark: * = Recipient governments; † = the Paris Declaration; ‡ = the academic literature.*

A few changes were made in the QuODA methodology in the second edition as compared to the first edition. These changes were concerned mostly with refining data sources and, in some cases, raising standards when most donors passed minimum threshold levels.[6] We have kept the methodology for this edition of QuODA unchanged from that used in 2009.

Box 2: New dimensions of aid impact from the Busan Global Partnership Monitoring Survey

The Busan High Level Forum on Aid Effectiveness in 2011 agreed to track selected commitments from donor countries. The indicators to be monitored were agreed upon in June 2012, and in 2013 recipient countries were invited to submit data, on a voluntary basis, on these indicators. In 2014, the first Global Partnership Monitoring Report was issued, with results from 46 aid recipients from all regions and income-groups that submitted data. These countries received 46 percent of all aid programmed annually for developing countries.

The Global Partnership indicators measure both donor and recipient countries. They focus on ten areas felt to be most important by development partners. The emphasis is on measuring the "how" of development cooperation, as opposed to the "what". Importantly, the "how" goes beyond aid, to include other aspects of development cooperation.

With this new focus, specific attention was given to the enabling framework for private sector development and for civil society, two groups of non-state actors whose importance in development was highlighted at Busan, but who have largely been outside of the monitoring process to date. The indicators to measure progress in these new areas, however, have not been collected, as experience is still accumulating with the preferred approach to measurement.

Two other areas were also given more attention in the new framework: mutual accountability and gender. Here, the evidence is mixed. Mutual accountability has moved forward, and 59 percent of countries have mutual assessment systems in place (although as the survey is conducted on a voluntary basis, it is possible that those with mutual accountability assessments are more likely to provide data on the global partnership monitoring indicators, so this result cannot be extrapolated to non-reporting countries). More progress is needed to make the reviews more inclusive and transparent.

The gender indicator measures the extent to which data are available to assess the gender dimensions of budgets and women's empowerment over time, and the degree of leadership and oversight of the recipient countries' tracking systems. In 2012, 26 percent of surveyed countries met the criteria for a "Yes" score on commitment to gender equality, but 18 countries (39 percent) did not meet any of the criteria.

We did not adjust QuODA to reflect these new agreements on the effectiveness of development cooperation but we applaud the effort to track progress in these areas. They reflect an on-going effort to measure what is important for development results.

In order to facilitate the analysis of changes in donor performance over time, we only compare indicators that were measured in both 2008 and 2012.[7]

Data for QuODA indicators comes from a variety of sources, including surveys of partner countries. The country composition of these surveys changes over time and the choice is not random, so statistically significant changes over time cannot be readily identified. However, the survey samples are quite large. The 2008 Paris Survey covered 55 countries, representing 65 percent of country programmable aid (CPA), while the 2010 Paris Survey covered 77 countries receiving 78 percent.[8] The new Global Partnership baseline survey covers 46 countries and 46 percent of CPA.

The coverage of aid agencies has also changed as some agencies are renamed, merged or otherwise changed in the reporting made by countries to the DAC.

In a later section of the paper, we include data on non-DAC donors as well as on the Bill and Melinda Gates Foundation, the first international foundation to report on its aid activities to the OECD. These non-DAC donors are not covered in the Paris Survey, and so the number of indicators on which they can be compared to DAC donors is reduced, but we believe there is enough comparable data to start a meaningful conversation on the similarities and differences. Meanwhile, we continue to believe that it would be useful to have more countries transparently reporting on their aid activities in a fashion that permits aggregation and comparison with DAC reports.

Trends in ODA, 2008 to 2012

Between 2008 and 2012, the level of DAC donor bilateral net ODA to developing countries was almost unchanged at current prices: $87.1 billion and $88.5 billion respectively. Multilateral net ODA did increase by over 15 percent, from $32.8 billion to $39.2 billion. There are no aggregate accounts for emerging economy donors, and figures for aggregate levels of international private philanthropy are also not systematically recorded, but there is little evidence that this has changed significantly over time. The Index of Global Philanthropy reports $37.3 billion for philanthropic donations in 2008 from the United States, the largest source country for international philanthropy in the world, compared to $39 billion for 2011 (the latest available figure).

Aid was spread among 149 recipient countries in 2012, slightly fewer than the 152 countries in 2008. Graduates from aid include Barbados, Croatia, Oman, Mayotte, and Trinidad and Tobago. Two new countries received aid in 2012: Kosovo and South Sudan.

The number of donor agencies providing aid has continued to rise. In the DAC countries, the number of major aid-providing agencies rose from 118 to 154.[9] The United States had 21 aid-providers in 2012, five more than in 2008. The number of agencies also varies widely across donors. For example, Spain provided less than half the aid of Norway, but disbursed this through 16 major agencies compared to Norway's five.

The same amount of money channeled through more agencies results in greater fragmentation and a larger need for aid coordination and effectiveness. In this context, improvements in the quality of aid take on even more importance and relevance.

Changes in the Quality of Aid Over Time, 2008-2012

In this section, we review changes in the quality of aid over time. For the 2008 baseline, we have scores on 30 indicators, distributed across the four dimensions of aid quality discussed above: maximizing efficiency, fostering institutions, reducing the burden on recipients and transparency and learning. For each dimension, we standardize the indicator score at its 2008 level. That is, we take the indicator scores for each of the 23 DAC bilateral donors and 8 multinational agencies (or groups of agencies), and convert them into a standard, normal variable with a mean of zero and standard deviation of one.[10] Indicators within each of the four dimensions of quality are averaged to get a score for that dimension. The procedure implicitly uses the standard deviation of scores as the weight for each indicator.

To assess changes over time, we first look at the change in each indicator. This is measured by transforming the raw scores for 2012 into a percentile variable using the same distribution as computed for 2008. In the "no change" scenario, the mean and distribution of scores across donors should be the same as in 2008. The average score for each donor for each dimension of quality in 2012 is computed, and then compared with the 2008 score.[11]

In the sub-sections below, the distribution of scores across the 23 bilateral DAC donors and 8 multilateral groups are compared.

Maximizing Efficiency

Donors can maximize the efficiency of their aid spending, the "bang-for-the-buck," by strategic choices as to how to allocate resources across countries and sectors, and through their support of global public goods.

Figure 1 shows that there has been almost no change in the dimension of aid quality concerning maximizing efficiency. Only one of the eight indicators in this category actually shows an improvement; the expansion of country programmable aid as a share of total ODA. The other indicators either deteriorate or show no change.

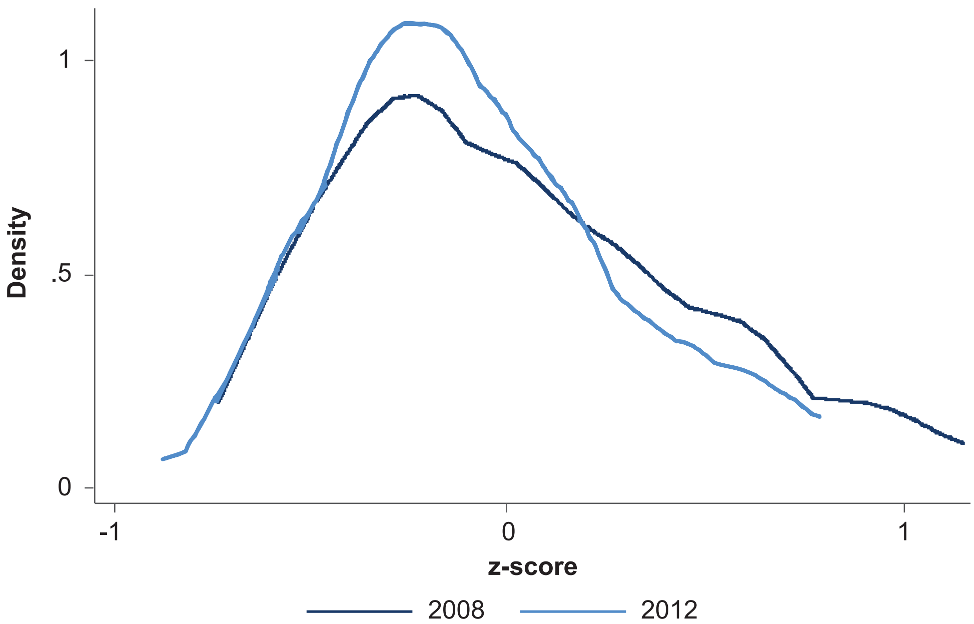
Country programmable aid (CPA), as we measure it, reflects funds available to a country for allocating to projects and programs. It excludes debt relief, humanitarian assistance, , and other non-recipient country related expenses like refugee costs in donors, administrative costs of donor aid programs, student scholarships and the like. In the QuODA sub-indicator on high programmable aid share, we also exclude technical cooperation and interest received in our "strict" definition of CPA.

The simple average of country programmable aid, measured by "strict" CPA, as a share of gross ODA rose to 43 percent from 40 percent. While an improvement, the low figure still highlights the gap between ODA figures and the reality of how much money reaches activities on the ground in recipient countries. Only Portugal among bilateral donors gave more than half its gross ODA in country programmable aid. It appears that small donors do better on this measure than large donors: Portugal, Korea, Luxemburg, Ireland and Denmark have shares of over 40 percent, while the only large donors with such a record are the United States and Japan.

Several donors have a very low country programmable share. For example, it is less than 10 percent of gross ODA for Spain and only slightly higher for Italy, suggesting these countries do not have a sizeable bilateral aid program at all.

On the other indicators of maximizing efficiency that donors have identified, there is either no progress or a regression since 2008. Few donors have shifted their aid allocations to poor countries. The United

Figure 1: Maximizing Efficiency



Kingdom and Italy have moved towards a greater poverty orientation as measured by recipient countries' GDP in constant 2008 international dollars, but others, like the EU which channels significant aid to upper-middle-income countries like Turkey, have moved in the opposite direction. Of course, given that developing countries themselves have been growing rapidly, a business-as-usual approach would create an upward bias to this indicator. Without changing country allocations, donors would automatically be giving more funds to less poor countries. But that simply reinforces the need for more active management of strategic country allocations.

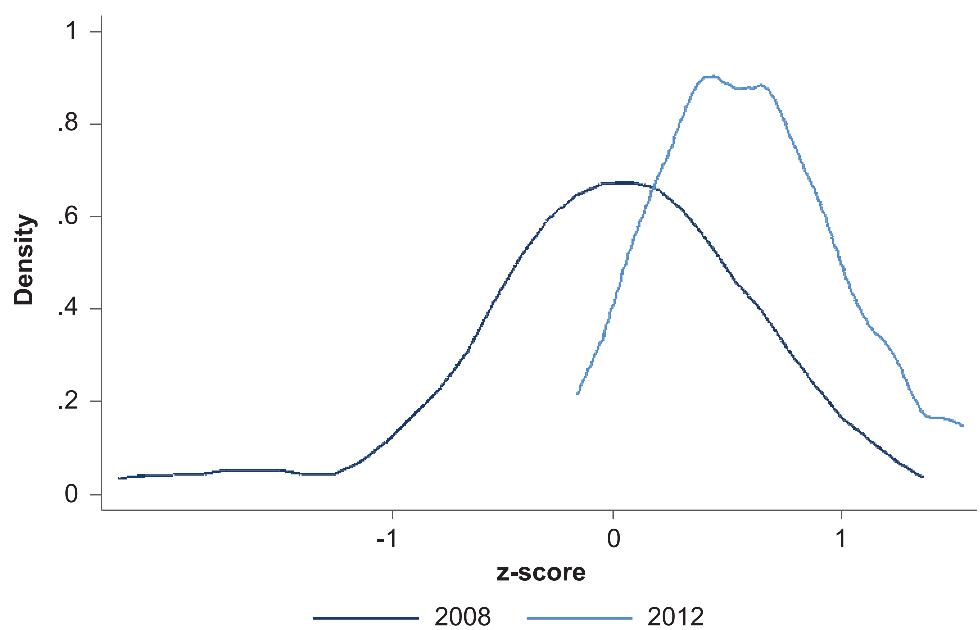
In the same vein, donors have not shifted resources towards better governed economies, but have actually done the opposite. In a context where the share of fragile states or post-conflict states in total gross ODA has changed little (both rose through 2010 but have since declined again), the allocation cannot be due to a strategic shift towards fragile or post-conflict states. It reflects, instead, long lags between donor allocations and shifts in country governance rankings. Portugal, Norway and EU institutions seem to have taken governance most seriously, while other donors have seen the governance of their recipient countries deteriorate on average.[12] Some recipients like West Bank and Gaza, Morocco and Indonesia improved their governance rankings but got less aid, while others (Tanzania, Kenya, Nigeria, DRC and Ethiopia) got more aid despite worsening relative governance scores.

With falling aid levels, the share of administrative costs in total aid has risen, now exceeding 13.5 percent on average. As aid levels fell, administrative costs as a share of total aid rose rapidly for the Netherlands, Spain, The International Fund for Agricultural Development (IFAD) and UN agencies.

Donors are no more likely to support global public goods than before: an expansion of climate change funding (for example, many more donors contributed to the Global Environment Facility) has been offset by reductions in support for UN peacekeeping. No progress has been made on reducing the share of the last 15 percent of aid that remains tied to purchases from donor countries. And the rhetoric on a better division of labor, either sectorally or in terms of partner countries, remains just that. Some donors, like Japan, are expanding their country and sectoral footprint into areas where others are active. Similarly, the International Development Association (IDA) seems to be operating in many more areas, such as government and civil society, basic health, education and banking and financial services, where others have a comparative advantage. Against this, Finland, Spain, Germany and Belgium have increased their specialization in terms of sectors where they put their money.

Overall, those donors that performed moderately well on "maximizing efficiency" in 2008 did not further improve or reinforce their positions, while improvements were made by those performing worse in 2008. Hence, there has been some convergence in donor performance.

Figure 2: Fostering Institutions



Fostering Institutions

In an ideal world, aid would be provided with certainty into recipient country budgets and be subject to the same processes as other development funds. But donors have some interest in ensuring that resources are used in ways that their own populations support, and additional interest in tracing the success of development projects and programs that they fund. A range of institutional mechanisms has evolved to manage the dual interests of development partners and partner countries, but our preferred solution is to use partner country systems wherever feasible and to strengthen these institutions so as to respond to donor concerns and interests.

Fostering institutions is the bright spot of aid quality improvements. Seven of the eight indicators show improvement, sometimes dramatic. Only one indicator, the coverage of forward spending plans or aid predictability, was worse in 2012 than in 2008.

Donors have made progress on giving countries a greater say in their own development. The share of aid going to priorities that recipient country respondents identified in polls as their primary concern has doubled, with Sweden, the United Kingdom, Ireland, Luxembourg, and EU and UN institutions recording the largest percentage increases. The use of parallel project implementation units has halved, with most progress being made among the worst offenders in 2008: Austria, Switzerland and the Inter-American Development Bank (IDB) Special Fund. Most aid is now being recorded on government budgets (80 percent in 2012); for several donors, including Denmark, Italy, Portugal, Sweden, the UK, Greece, New Zealand and most multilaterals, all their aid is recorded on budget.

The "missing aid" between what donors reported and what governments said they received has almost disappeared; UN agencies, Australia, New Zealand and Spain had extraordinary improvements. Only Italy, among bilateral donors, has an issue with recipients reporting receipt of less than 85 percent of what it reports. Two-thirds of aid goes to partner countries with good operational strategies, suggesting that aid implementation effectiveness might improve. Most of this improvement, however, seems to be driven by better partner country preparedness rather than by conscious changes in donors to reallocate towards those countries where implementation was better.

In some instances, it has apparently been harder for donors to improve. There has been almost no change in the use of country procurement and financial management systems, or in the coordination of technical cooperation. Donors are far less willing to schedule aid three years into the future, given their uncertain budget environments, and so the predictability of aid has gone down sharply. Both the UK and Canada had given three-year forward stipulations for more than 90 percent of their aid in 2008; by 2012 this had fallen to 54 percent for the UK and 65 percent for Canada.

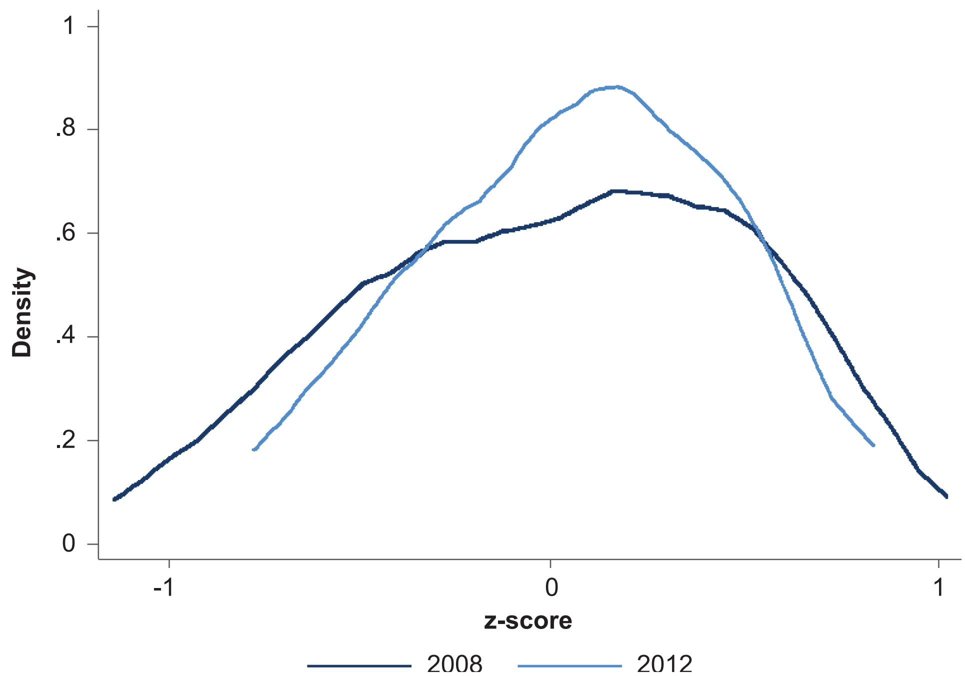
With the gains by some donors on this dimension, there has been significant convergence among them in their scores.

Reducing Burden

Partner countries have long complained about the excessive costs placed on them by numerous donor agencies, each with their own priorities and reporting requirements. They have encouraged an agenda of donor coordination of resources. There has been little progress on this dimension, with three indicators worsening and four indicators improving.

Countries look to donors to have strong relationships. Some countries, like India, have even encouraged very small donors to exit. The burden of sustaining the relationship is simply not worth the amounts of aid involved. While this is of greater concern to small donors compared to larger donors, it is possible for any donor to develop a significant relationship by concentrating its resources on a small number of partner countries. New Zealand, a comparatively small donor, has a large share of its aid going to places where it has significant aid relationships because it concentrates its resources in a small number of neighboring island economies. Indeed, the trend is for donors to focus on their own geographic region or on a few countries with whom there are specific historical ties.

Figure 3: Reducing Burden



With more donors, however, the significance of each donor-partner relationship, scored to reflect the relative concentration of aid, is diminishing. For example, the United States, Sweden and France have seen sharp falls in the significance of their aid relationships. Some donors, like Spain and Germany, are also using more agencies to deliver aid. But others, like Denmark, seem to have consolidated all aid into a single agency.

Activity size of reported donor interventions is also small and shrinking, with the median size declining to $5.7 million on average. Declining activity size in IFAD, the Asian Development Fund (AsDF) and Japan were particularly sharp. By contrast, the Netherlands raised its activity size substantially to become by far the largest among all bilateral donors.

Donor contributions to multilateral agencies rose; these appear to have been protected somewhat despite cuts in overall aid levels. Some donors facing acute budget pressures like Italy, Greece, and Spain increased their use of multilateral channels. And some large donors who have historically been reluctant to rely on multilateral agencies, like the United States and Japan, also increased their use of multilateral channels.

The picture is mixed with regard to specific coordination of donor missions or of analytical work. The reported coordination of analytical work increased substantially, with some donors like Portugal and New Zealand who had reported zero coordinated analytical work in 2008, now reporting substantial coordination. Mission coordination also improved but remained at low levels.

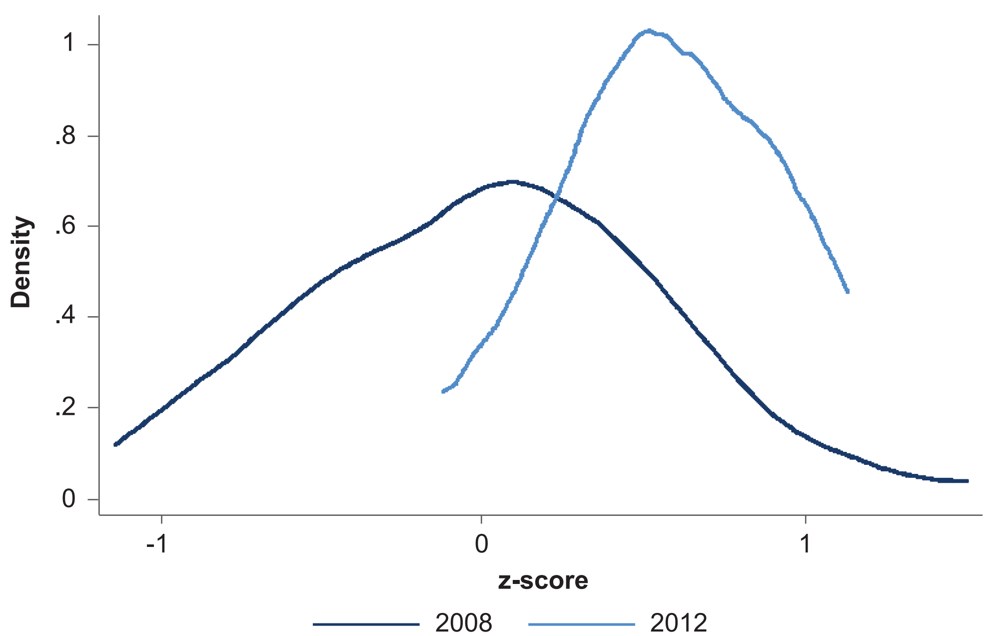
Programmatic aid, defined as aid channeled through program-based approaches, improved only slightly. Some donors, like Denmark, have a high and improving share of programmatic aid in their total aid disbursements, but others, like the United Kingdom, show a decline. Programmatic aid almost halved for the United States.

The reducing burden dimension has significant "mean reversion". Those donors who performed worse in 2008 improved their scores, while those performing better initially did not always sustain that performance.

Transparency and Learning

Most donors have committed themselves to be more transparent as a step towards greater accountability

Figure 4: Transparency and Learning



to each other, to partner countries and to their own citizens. Transparency is also a tool for donor coordination and can be used to draw and share lessons from experience to improve aid effectiveness.

There has been substantial progress on transparency. Many more donors are members of the International Aid Transparency Initiative (IATI), with the United States, Canada and several large multilateral agencies joining since 2008. Most members have already started to report according to IATI standards and format, although the extent of available data is still a work in progress. Donors have also become far more meticulous in the way they record their activities, with very good compliance on major categories like recording of project titles (Sweden, Japan, AfDF and IFAD are among the most improved), aid delivery channels (most improved include Denmark, France, Italy, Canada and Japan) and more extensive commentary on project descriptions (Sweden, Switzerland and Australia). Importantly, the amount of aid going to partner countries with good monitoring and evaluation frameworks has jumped sharply, thanks to recipient country improvements in this area. With the improvements by some donors, the differences among them on this dimension have declined.

Individual Donors

Most donors have their strengths and weaknesses in different dimensions of aid quality. Out of the 31 donors and major agencies we assess, 22 have a top ten ranking in at least one quality dimension. Twenty-two also have a ranking in the bottom ten in at least one quality dimension (Table 2). Ireland is a stand-out, ranking first in fostering institutions and 4th or better in the other three dimensions. The rank correlation across the dimensions is low, with correlation coefficients below 0.3 in all cases with the exception of maximizing efficiency/reducing burden which has a correlation of 0.55.

Because the correlation across rankings is so low, we avoid aggregating across dimensions to rank donors with a single number. The results of such an exercise would depend on arbitrary weights assigned to each dimension of quality. As an example, the Global Fund for AIDS, TB and Malaria (GFATM) has the highest rank on maximizing efficiency. It is focused on a few diseases, reaches poor countries, has a distinct comparative advantage in its area of expertise, and has low administrative costs. But it is among the bottom ten donors on fostering institutions. It could not commit to activities over a three-year period (the data for this assessment took place prior to the conclusion of the Global Fund's three-year replenishment period), it does not use country systems as much as other donors, much of its aid is not recorded on budget, and its area of focus is often not among the top development priorities for its partner countries. The Global Fund could be perceived as a stellar donor, an average donor or a problem donor depending on the weight attached to these two quite different dimensions of quality.

The donor rankings also are subject to significant changes over time. Compared to our 2008 assessment, there have been a number of notable changes in donor rankings, most notably with transparency and learning. Many more donors have joined the IATI and most have improved the quality of their reporting. They have also helped partner countries to develop their own evaluations and evidence-base.

Strong Spots/Weak Spots

Based on the comparison across donors, we can identify those where performance on a particular indicator is especially good, and those where performance is especially weak. For this purpose, "especially strong or weak" is defined as being beyond two standard deviations from the mean of all donor performance.

Table 2: Ranking of donors by aid quality dimension				
Donor	**Maximizing efficiency**	**Fostering institutions**	**Reducing burden**	**Transparency and learning**
Australia	28	24	19	7
Austria	27	31	20	26
Belgium	12	29	28	27
Canada	11	12	21	1
Denmark	15	2	5	12
Finland	17	7	17	13
France	14	8	26	25
Germany	30	11	22	16
Greece	20	10	14	30
Ireland	4	1	3	2
Italy	25	17	24	29
Japan	16	4	25	22
Korea	29	21	30	24
Luxembourg	8	25	16	31
Netherlands	31	14	8	19
New Zealand	13	15	4	23
Norway	23	16	27	6
Portugal	6	26	6	28
Spain	21	18	18	17
Sweden	22	5	12	8
Switzerland	26	27	29	11
United Kingdom	10	6	10	18
USA	24	20	31	15
AfDF	2	9	15	3
AsDF	5	22	13	10
EU Institutions	18	13	7	21
GFATM	1	23	9	5
IDA	7	3	2	9
IDB Special	3	28	1	4
IFAD	9	19	11	14
UN (Select Agencies)	19	30	23	20

Source: Authors' calculations

Table 3: Weak and Strong Spots for Individual Donors	
Indicator	**Outliers**
Weak Spots	
Share of allocation to poor countries	Greece
Low administrative unit costs	Netherlands, UN (Select Agencies)
Focus/Specialization by recipient country	Germany
Focus/Specialization by sector	Norway, Australia
Share of untied aid	Austria, Portugal, Greece
Share of aid to recipients' top development priorities	Austria
Avoidance of PIUs	UN (Select Agencies)
Share of aid recorded in recipient budgets	IDB Special
Share of aid to partners with good operational strategies	Portugal
Share of scheduled aid recorded as received by recipients	Italy, AsDF
Aid predictability	Greece
Recording of project title and descriptions	IDA, AsDF, EU Institutions
Reporting of aid delivery channel	Finland, USA
Quality of Evaluation policy	Italy, Greece
Aid to partners with good M&E frameworks	Portugal, Australia, New Zealand
Strong Spots	
Share of allocation to well-governed countries	Portugal, New Zealand
High country programmable aid share	Global Fund
Focus/Specialization by sector	Greece, Global Fund
Support of select global public good facilities	Italy, Greece
Aid predictability	AsDF
Significance of aid relationships (log)	New Zealand
Median project size (log)	IDA, AfDF, EU Institutions
Contributions to multilaterals	Italy, Greece
Coordinated missions	Ireland, IDB Special
Use of program-based approaches	IDB Special
Detail of project description (log)	Canada

Source: Authors' calculations

Portugal and New Zealand provide most of their assistance to well-governed countries; for example, 52.94 percent in the case of Portugal and 53.31 percent in the case of New Zealand. New Zealand has very significant aid relationships because of its concentration on cooperation in the Pacific Islands in its neighborhood where few other donors are active. The Global Fund has a high share of country programmable aid.

Unlike other donors, it spends little on humanitarian aid, technical cooperation, or debt relief (as all its operations are grants). It is also one of the most specialized donors, dealing with a few specific diseases, as is typical for a vertical fund. But Greece also is highly focused, specializing in education (66.5 percent of its CPA) which few other donors address as strongly.

Italy and Greece have small aid programs but they are strong supporters of global public goods, as well as contributing a high share of their aid to multilateral agencies. By doing this, they significantly reduce the burden on recipients of having to deal with multiple small aid programs.

Multilateral agencies do well on having relatively large activities, reducing transaction costs. AsDF is also able to program its funding over at least three years, providing important predictability to its cooperation. The IDB's Special Fund (its concessional assistance arm) does especially well on coordinating missions with others and with its use of programmatic aid. Ireland also coordinates its missions. Canada provides the greatest detail in its description of aid activities, bringing transparency to its program and allowing others to avoid waste by identifying where there may be overlap with Canadian activities.

Many donors also have weak spots. Greece provides most of its aid to Albania (51.9 percent of its CPA), a middle income country, rather than to poor countries. The Netherlands and UN institutions have high overhead costs, partly because their overall aid levels are shrinking. Germany spreads its cooperation across many countries, fragmenting its engagements into smaller activities. Australia and Norway are spread across many sectors, without a clear focus or area of expertise that is distinct from others. Austria, Portugal and Greece continue to use tied aid. Austrian aid may not be as responsive to partner country priorities as aid from other countries.

The UN agencies continue to use parallel project implementation units, far more than other donors. Several multilaterals (IDA, AsDF and the EU) do not put enough effort into the transparency of recording of their activities. Such recording is a public good, with the value deriving from transparency of the system as a whole, so individual agencies have little incentive to invest in doing it properly. But without transparency, the risks of duplication rise.

Both Australia and New Zealand have long provided significant amounts of aid to small island economies in their neighborhood. These economies, however, still appear to have a far worse than normal framework for monitoring and evaluation of their development activities (domestic and externally funded). For long-term development results, it may be useful to build up local domestic capabilities to learn from development efforts.

Agency Performance

The 31 countries and major multilaterals channel their aid through 170 main aid agencies. These are compared across a sub-set of 15 indicators, rather than the full set of indicators because not all indicators are relevant at the agency level. For example, countries choose to join IATI, not the individual agencies within countries. Countries determine how much aid should go through multilateral agencies, not their individual aid agencies. Similarly, some indicators of aid quality are measured at the country level not the agency level, especially those monitored by the Paris Monitoring Survey, such as coordinated missions and analytical work. These indicators are therefore omitted from the agency comparisons made below.

Table 4 compares the aid quality from different types of agencies. There are several institutional models through which donors deliver their development cooperation. Some donors handle both development policy and implementation of projects as an integral part of the ministry of foreign affairs. Others have a dedicated development cooperation directorate within the ministry. A third model separates out policy issues, which remain in the foreign affairs ministry, and project implementation, managed by a separate executing agency. And a fourth model has a free-standing development ministry. Appendix 2 shows recent changes in the institutional mode of development cooperation across donors.

The trend over recent years has been to strengthen the role of the ministry of foreign affairs, with Canada and Australia most recently merging their independent aid agencies with the ministry. Only the United Kingdom now has a free-standing ministry for development. In the Netherlands, the last individual Minister for Development Cooperation resigned in February 2010 and, since November 2012, the new Minister combines foreign trade and development cooperation responsibilities. The United States has bucked this trend, however, with the creation of a new Bureau of Policy, Planning and Learning within the US Agency for International Development, giving it more autonomy from the State Department. A new mission statement in January 2014 includes a commitment to end extreme poverty, reinforcing the development nature of the agency.

First we compare primary agencies, the agency within each donor country that has the highest gross disbursements, with all other agencies from that country, which are categorized as secondary agencies. The comparison is restricted to the sixteen countries that have both primary and secondary agencies. We find that primary agencies rank higher on three of the four dimensions of aid quality, the exception being maximizing efficiency.

In four countries, aid is provided by both foreign affairs ministries and finance ministries. We find that on average the finance ministries rank higher in all four categories. We also compare specialized development agencies with all other agencies. The specialized agencies rank higher in three of the four dimensions of quality: fostering institutions, reducing burden and transparency.

Table4: Index Performance by Agency Type (z-scores)

Agency type	Maximizing efficiency	Fostering institutions	Reducing burden	Transparency and learning	Number of agencies
Primary agencies	-0.20	0.20	0.19	0.26	16
Secondary agencies	0.02	-0.01	-0.25	0.03	70
Finance ministries	0.05	-0.12	-0.09	0.33	4
Foreign affairs ministries	-0.18	-0.17	-0.33	0.17	4
Development agencies	-0.15	0.19	-0.02	0.33	17
Other agencies	-0.01	0.00	-0.13	0.02	77

Note: Primary agencies are the largest agency in each country in terms of gross disbursements. Secondary agencies are all other bilateral agencies. Comparisons of finance ministries and foreign affairs ministries are restricted to countries in which both disburse ODA. Similarly, comparisons of specialized development agencies and other agencies are restricted to countries that have both. Finance ministries include ministries or departments of the economy and the U.S. Department of the Treasury. Foreign affairs ministries include the U.S. Department of State. Development agencies include bilateral specialized development agencies. Other agencies are all bilateral agencies or organizations that are not development agencies.

These comparisons suggest that the institutional arrangements governing development cooperation are likely to be important deep determinants of aid quality, affecting strategy, focus, and implementation. As institutional arrangements change, development agencies find that skill sets also need to adapt.

Although they are quite distinct in how they operate and in core comparative advantage, we did compare multilateral agencies with bilateral agencies (Table 5). Multilateral agencies rank higher than bilaterals on maximizing efficiency and reducing the burden on recipients, while bilaterals rank higher on fostering institutions and on transparency and learning. But multilateral agencies, in turn, are not monolithic and there are wide performance gaps among them.

Some multilateral agencies are specialized in one sector. These are called vertical funds. They have a distinct comparative advantage in terms of sectoral specialization, but do not have the flexibility to respond to the range of development concerns and shifting priorities that partner countries might have. Multilateral development banks do particularly well on maximizing efficiency and reducing burden rankings, while other agencies tend to do less well on all categories, apart from reducing burden. UN agencies in particular are fragmented and thinly spread, with small average activity size, creating special challenges for them in raising the quality of their aid.

While it is clear that a greater use of multilateral institutions can significantly reduce the burden on recipients, it is also the case that donors have resisted expanding the share of their aid using multilateral channels. Much of the aid they do provide to multilaterals is in the form of non-core support, aid tied to specific purposes rather than provided as general resources to a multilateral agency. We ran a simple regression to explore the possible association between the share of non-core aid in total multilateral support. Those donors that are more committed to transparency and learning are significantly more likely to provide non-core aid. This suggests that donors worry about the "black box" of giving core funds to multilaterals and that if the share of non-core funds is to be reduced, far more attention should be paid by multilateral agencies to transparency.

Table 5: Index Performance by Donor Type, average z-scores 2012

Donor type	Maximizing efficiency	Fostering institutions	Reducing burden	Transparency and learning
Bilateral	-0.04	0.04	-0.10	0.08
Multilateral	0.00	-0.09	0.45	-0.44
Vertical funds	0.21	-0.14	0.54	0.20
Multilateral Banks	0.19	-0.07	0.84	-0.46
Other	-0.32	-0.08	0.03	-0.78

Source: Authors' calculations
Note: The vertical funds in our analysis are IFAD, the Global Fund, GAVI and GEF. Multilateral banks include AsDF, AfDF, IDA, IDB Special, IMF Trust Fund, OFID and Nordic Development Fund. Other agencies include 2 EU agencies and 5 UN agencies.

PART 2: NON-DAC DONORS

Non-DAC donors differ from DAC donors in that they have not made any commitments to specific targets for aid quality, nor are most of them covered in the Paris or Global Monitoring Surveys. But a sub-set of thirteen non-DAC donors do report on their aid activities to the DAC in sufficient detail to permit the construction of 13 out of the 31 QuODA indicators. For these 13 indicators, we recomputed standard normal variables using the larger data set of 44 countries and large multilateral agencies.

The non-DAC donors have systematically worse scores than DAC donors. Non-DAC donors only score higher on 3 of the 13 indicators we construct, namely focus on a few recipient countries, contributions to multilateral organizations and aid to partners with good monitoring and evaluation frameworks (Table 6).

These results are intuitive. Non-DAC donors tend to be new, relatively small donors that are likely to focus on their immediate neighborhood, or on countries

Table 6: Comparing non-DAC and DAC Donors

Category	Indicator		Non-DAC Donors with data	Average z-score non DAC	Average z-score DAC
Measuring Efficiency	ME1	Share of allocation to poor countries	13	-0.390	0.164
	ME2	Share of allocation to well-governed countries	13	-0.495	0.207
	ME3	Low administrative unit costs	8	-0.390	0.101
	ME4	High country programmable aid share	12	-0.136	0.053
	ME5	Focus/Specialization by recipient country	13	0.657	-0.276
	ME7	Support of select global public good facilities	12	-0.301	0.157
Fostering Institutions	FI4	Share of aid to partners with good operational strategies	13	-0.410	0.172
Reducing Burden	RB1	Significance of aid relationships (log)	13	-0.371	0.156
	RB4	Contribution to multilaterals	12	0.354	-0.185
Transparency and Learning	TL1	Member of IATI	13	-0.938	0.393
	TL2	Implementation of IATI data reporting standards	13	-0.890	0.373
	TL7	Quality of Evaluation policy	12	-1.211	0.469
	TL8	Aid to partners with good M&E frameworks	13	0.447	-0.188

Note: The z-scores for DAC and Non-DAC donors are calculated using the mean and standard deviation of the full sample of donors.

where there may be political benefits from participating in a broad international coalition. For example, Lithuania gives 93 percent of its bilateral assistance to Afghanistan. The number of recipients for a typical non-DAC donor is relatively small, generally fewer than 50 recipients per donor, whereas the average number of recipients for a DAC country is around 100.

Non-DAC donors have not built up their own domestic institutional arrangements to deliver significant amounts of aid effectively, so they use multilateral channels in the first instance. A good example is Latvia which provides almost its entire aid budget through multilateral agencies ($19.95 million out of $21.2 million), mostly EU institutions.

Many of the reporting non-DAC institutions are European, providing aid to nearby countries that tend to be better organized with good monitoring and evaluation frameworks. Romania, for example, provides substantial aid to Moldova, a country with a very good domestic learning framework.

On the other hand, non-DAC donors have many weaknesses in areas where DAC donors have been working hard to improve. Non-DAC donors provide more aid to richer countries, on average, but many recipients are in central Asia where governance is poor. As small donors, they often have high administrative costs per dollar of aid disbursed, and they are not large contributors to global public goods, as they cannot influence the agenda. They are active in countries with weak operational frameworks. Most of the non-DAC donors are not committed to the IATI standards and have yet to embrace the importance of transparency in their operations.

These findings suggest that there is indeed good reason to continue to work on norms for high quality aid. If non-DAC donors are representative of what donors might do if left to themselves, then it would appear that efforts to have a shared agenda for improving the quality of aid are having a positive impact on donor behavior.

Box 3: The Bill and Melinda Gates Foundation

The Bill and Melinda Gates Foundation is the first non-governmental agency to report on its aid activities to the DAC. It is to be commended for this initiative. We hope it serves as an example to other large foundations and civil society organizations, many of whom are as large as some public development organizations. According to data submitted to the CRS, the Gates Foundation disbursed $2.13 billion in 2012, making it the 15th largest donor agency in the world. The addition of non-state actors like the Gates Foundation to the CRS represents a significant step towards the overall goal of improving the transparency and comprehensiveness of aid activities around the world.

Where the Gates Foundation has done especially well is in targeting its aid towards poor countries (particularly because most of its large aid allocations are directed to Sub-Saharan Africa), while at the same time focusing efforts on those countries that have good operational strategies. These two indicators are likely to be significant determinants of impact on the poorest people. The Gates Foundation has also made a serious commitment to transparency, becoming a member of IATI that already is providing substantial information in this format, and giving assistance to countries with good monitoring and evaluation frameworks.

The Gates Foundation is best known for its work in global health, population and reproductive services which constitutes 72 percent of its portfolio; in fact, it is the second-largest provider of concessional flows to health behind the US, with spending equivalent to 10.6 percent of total global ODA to this sector. The Gates Foundation is also active, but a relatively small donor, in agriculture (19 percent of its portfolio), water supply and sanitation (4 percent), and banking and financial services (1 percent).

APPENDIX 1: LIST OF COUNTRIES AND MAJOR AGENCIES

Table 7: Donors - Basic Data for 2012					
Donor name	**Net official development assistance ($ millions)**	**Gross country programmable aid ($ millions)**	**Number of recipients**	**Number of agencies****	**Number of projects***
Austria	1,106	293	113	12	233
Belgium	2,315	657	100	9	170
Denmark	2,693	1,222	83	1	358
France	12,028	6,602	132	11	1,180
Germany	12,939	7,151	132	8	1,975
Italy	2,737	342	107	4	203
Netherlands	5,523	1,084	87	1	314
Norway	4,753	1,903	112	5	787
Portugal	581	415	57	3	15
Sweden	5,240	1,649	113	2	623
Switzerland	3,045	1,097	115	5	554
United Kingdom	13,892	5,385	135	10	849
Finland	1,320	475	115	3	63
Ireland	808	333	91	1	378
Luxembourg	399	189	91	1	196
Greece	327	76	96	7	33
Spain	2,037	607	96	16	633
Canada	5,650	2,828	121	6	679
United States	30,687	15,325	137	21	3,431
Japan	10,605	12,134	143	7	963
Korea	1,597	1,070	133	4	282
Australia	5,403	3,397	137	2	283
New Zealand	449	294	66	1	142
IDA	6,840	9,741	81	1	142
IDB Sp.Fund	1,414	1,606	23	1	217
AfDF	1,788	1,882	39	1	80
AsDB Special Funds	716	1,823	30	1	67
EU Institutions	17,479	15,044	146	3	197
IFAD	449	599	86	1	48
Global Fund	3,307	3,359	116	1	26
UN Select	2,555	1,484	139	5	1,381
Total	**122,880**	**100,066**	**149**	**154**	**16,502**

** Only projects with commitments greater than USD 250,000 were included*
***Agencies with disbursements greater than 0 in 2012 were included. MISC agencies excluded*

Table 8: Largest 20 Donor Agencies (in terms of disbursements)						
Agency	**Disbursements ($ millions)**	**Country disbursement share**	**Maximizing efficiency rank**	**Fostering institutions rank**	**Reducing burden rank**	**Transparency and learning rank**
International Development Association	12,576.4	1.00	64	31	6	62
United States Agency for International Development	12,364.4	0.64	95	24	53	58
Japanese International Co-operation Agency	9,555.3	0.74	73	16	29	25
European Development Fund	7,010.8	0.65	103	53	7	89
United Kingdom Department for International Development	5,075.4	0.83	60	27	20	22
Germany Federal Ministry for International Economic Cooperation	4,447.4	0.52	96	38	51	28
Commission of European Communities	3,821.7	0.35	82	71	4	91
French Development Agency	3,683.8	0.49	30	60	22	49
Australian Agency for International Development	3,316.4	1.00	85	32	14	42
Global Fund to Fight AIDS Tuberculosis and Malaria	3,161.1	1.00	29	68	13	15
United States State Department	3,079.3	0.16	79	66	67	32
Canada Ministry of Foreign Affairs	2,998.0	0.23	94	36	36	55
Canadian International Development Agency	2,759.1	0.87	100	28	31	1
African Development Fund	2,433.5	1.00	22	57	11	50
Bill and Melinda Gates Foundation	2,130.9	1.00	48	4	83	29
Swedish International Development Authority	1,997.8	0.96	86	51	39	23
France Ministry of Economy, Finance and Industry	1,913.3	0.25	69	65	42	24
Asian Development Fund	1,834.8	1.00	34	58	12	84
Inter-American Development Bank Special Fund	1,620.5	1.00	37	64	18	#N/A
International Monetary Fund (concessional lending)	1,506.4	1.00	8	77	10	79

Source: Authors' calculations

APPENDIX 2: RECENT CHANGES IN THE INSTITUTIONAL MODE OF DEVELOPMENT COOPERATION

According to a comparative report on aid management systems carried out by the OECD in 2009, the organizational structure of development cooperation among DAC donors could then be categorized under four models: (i) both development policy and implementation as an integral part of the ministry of foreign affairs; (ii) a dedicated development directorate within the ministry; (iii) policy responsibilities kept in the foreign affairs ministry, while implementation responsibilities placed in a separate executing agency; and (iv) an independent or semi-independent agency outside the ministry of foreign affairs responsible for both policy and implementation (OECD).

We compared major changes over time, using the content extracted from OECD (2009), "Managing Aid: Practices of DAC Member Countries" for the baseline column of arrangements in 2009. The 2013 column uses the websites of relevant donor agencies and foreign ministries to indicate major changes. Agencies are listed under the model that characterized them in 2009, and significant changes are marked in bold.

Table 9: Compared Development Cooperation Structures by Donor, 2009 to 2013

Model 1: Development co-operation is an integral part of the ministry of foreign affairs which is responsible for policy and implementation.		
	2009 (source: OECD 2009)	**2013** (source: websites of the relevant agencies / ministries)
Denmark	"Danish foreign assistance is managed by the South Group in the Ministry of Foreign Affairs."	No change since 2009: DANIDA remains an integral part of the Ministry of Foreign Affairs; there is no distinct DANIDA organization within the Ministry and it is simply one of the Ministry's programs.
New Zealand	"The New Zealand Agency for International Development (NZAID) is a semi-autonomous body within the Ministry of Foreign Affairs and Trade."	**This structure has changed since 2009, transitioning from a semi-autonomous aid agency to a program fully integrated into the Ministry of Foreign Affairs:** The New Zealand Aid Programme is the New Zealand Government's international aid and development programme managed by the Ministry of Foreign Affairs and Trade. Previously a semi-autonomous body (NZAID), it was reintegrated back into the Ministry following a restructuring in 2009.

Model 2: A Development Co-operation Directorate has the lead role within the ministry of foreign affairs and is responsible for policy and implementation.		
Finland	"Finnish foreign assistance is managed by the Department for Development Policy in the Ministry for Foreign Affairs."	No change since 2009: Development Policy remains a department of the Ministry of Foreign Affairs, which manages policy and implementation of foreign assistance.
Greece	"The Hellenic International Development Co-operation Department (Hellenic Aid) within the Ministry of Foreign Affairs has a central and coordinating role in relation to Greece's bilateral foreign assistance, which is implemented through 12 other ministries and government agencies."	No change since 2009: the Directorate General of International Development Cooperation (Hellenic Aid) of the Ministry of Foreign Affairs shapes and coordinates Greek development policy.
Ireland	"Irish foreign assistance is mostly managed by the Development Cooperation Directorate (DCD), also called Irish Aid, in the Department of Foreign Affairs."	No change since 2009: Irish Aid is the Government's program for overseas development, managed by the Development Co-operation Division of the Department of Foreign Affairs and Trade.
Italy	"Among the various ministries and local government bodies providing foreign assistance, the Directorate-General for Development Co-operation in the Ministry of Foreign Affairs plays a leading role in the bilateral programme."	No change since 2009: policy and implementation of development assistance is still led by the Foreign Affairs Ministry's Directorate General for Development Cooperation.
Netherlands	"Dutch foreign assistance is managed by the Directorate-General for International Co-operation in the Ministry of Foreign Affairs."	No change since 2009: the Directorate-General for International Cooperation (DGIS) in the Ministry of Foreign Affairs remains responsible for coordination, implementation and funding of development cooperation policy, while Regional and Policy Theme Departments manage geographic and thematic programs. *Note: Although Dutch development assistance is headed by a Minister for Development Cooperation, the Netherlands does not have a separate Ministry in charge of development cooperation. In recent years (2002-2003, 2010-2012), the cabinet has decided not to appoint a Minister for Development Cooperation, and this responsibility has been handled directly by the State Secretary. There is however such a minister currently.*

Norway	"Development policy and foreign policy are now fully integrated within the Ministry of Foreign Affairs (MFA). Norad has been made a technical directorate responsible to the MFA."	No change since 2009: the Norwegian Agency for Development Cooperation (Norad) remains a directorate under the Norwegian Ministry of Foreign Affairs. *Note: Norad used to be Norway's official development assistance organization. As of mid-2004, responsibility for official development assistance (both policy and implementation) was transferred to the Ministry of Foreign Affairs, while Norad's role has become more focused on funding NGO activities in developing countries, contributing to the management of development funds and evaluating Norwegian development cooperation.*
Switzerland	"Most Swiss foreign development and humanitarian aid is the responsibility of the Swiss Agency for Development and Co-operation (SDC) which is part of the Ministry of Foreign Affairs (MFA). Economic Aid and Aid for Trade is conducted by the State Secretariat for Economic Affairs while the Political Division IV of the MFA handles conflict prevention and resolution."	No change since 2009: the Swiss Agency for Development and Cooperation (SDC) is the country's international cooperation agency within the Federal Department of Foreign Affairs.
Model 3: A ministry has overall responsibility for policy and a separate executing agency is responsible for implementation.		
Austria	"The Department for Development Co-operation and Co-operation with Eastern Europe of the Foreign Ministry has overall responsibility for Austrian foreign assistance. Bilateral projects are implemented by the Austrian Development Agency."	No change since 2009: the Austrian Development Cooperation (ADC) falls under the purview of the Federal Ministry for European and International Affairs. The Austrian Development Agency (ADA) is the operational unit of the Austrian Development Cooperation (ADC), which implements bilateral programs and projects in partner countries. In dialogue with recipient countries and with the ADA, the Foreign Ministry shapes Austrian development policy.
Belgium	"The Directorate-General for Development Co-operation of the Federal Department of Foreign Affairs, Foreign Trade and Development Co-operation has overall responsibility for Belgian federal foreign assistance. Activities are implemented by the Belgian Technical Co-operation organisation."	No change since 2009: the Federal Department of Foreign Affairs, Foreign Trade and Development Co-operation includes 6 directorates, of which one is the Directorate-General for Development Co-operation, which has its own minister. The implementing agency BTC is a public-law company with social purposes, whose relations with the Belgian State are governed by a management contract.

France	"The main actors in the French system of foreign assistance are the Directorate-General for International Co-operation and Development in the Ministry of Foreign Affairs and the Treasury in the Ministry of Economic Affairs, Finance and Industry. The French Development Agency (AFD) is the principal executing agency for France's bilateral activities."	**Reforms have taken place since 2009, bringing the aid structure into closer alignment with the Foreign Affairs ministry:** 2009 saw the creation of the Directorate-General of Global Affairs, Development and Partnerships (DGM) and a Crisis Centre (CDC) within the Ministry of Foreign Affairs, responsible for French humanitarian assistance. Relations between the State and the French Agency for Development (AFD) were streamlined with the signature of a unique "means and objectives" contract and the creation of a strategic orientation board chaired by the Minister Delegate for Development.
Germany	The Ministry of Economic Co-operation and Development (BMZ) has overall responsibility for Germany's development cooperation. It is separate from the Federal Foreign Office and reports to Parliament through a cabinet minister, the Federal Minister for Economic Co-operation and Development. Development policy is implemented through different agencies including: KfW, GTZ, GmbH/InWEnt, and the German Development Service. Among other things, the Federal Foreign Office is in charge of humanitarian assistance."	**Reforms have taken place since 2009, bringing the aid structure into closer alignment with the Foreign Affairs ministry:** although Germany's aid system continues to be managed through a policymaking authority within the Ministry (BMZ) and a sub-structure of implementing agencies, a large reorganization took place in January 2011 with a merger of three technical co-operation agencies (GTZ, InWEnt and DED) to form GIZ. The new organization has over 17,000 staff and is the biggest development agency in the world. Additionally, BMZ established a clearer division of labor between itself and the implementing agencies, with the Ministry now solely responsible for policy dialogue; and is in the process of defining a closer relationship between itself and the Federal Foreign Office, with the aim of "coordinating and 'joining up' foreign and development policy" (*Source: German Government's 14th Development Policy Report, BMZ May 2013*).
Japan	"The International Co-operation Bureau in the Ministry of Foreign Affairs plays a central role but various government entities deliver Japanese foreign assistance, most notably the Japanese International Co-operation Agency (JICA)."	No change since 2009: the International Co-operation Bureau in the Ministry of Foreign Affairs continues to oversee development policy, which is implemented by several government entities including JICA.

Luxembourg	"The Ministry of Foreign Affairs has overall responsibility for Luxembourg's foreign assistance, which is delivered through Lux-Development, a separate executing agency."	No change since 2009: the Ministry of Foreign and European Affairs has 8 directorates, including Cooperation and Humanitarian Action, which has its own minister. LuxDev is its main implementing agency.
Portugal	"Foreign assistance is implemented by nearly 20 government ministries and agencies, and over 300 municipalities. The Ministry of Foreign Affairs has overall responsibility for Portuguese foreign assistance, with its Institute for Portuguese Development Support (IPAD) playing a coordinating role."	**Reforms have taken place since 2009, bringing the aid structure into closer alignment with the Foreign Affairs ministry:** while the Directorate-General of External Policy of the Portuguese Ministry of Foreign Affairs remains responsible for the formulation of the development cooperation strategy, responsibility for its implementation has moved from IPAD to "Camões – Institute for Cooperation and Language" (CICL), into which IPAD was merged in April 2012. CICL acts under the oversight of Portugal's Ministry of Foreign Affairs. The Portuguese aid system is quite decentralized, with CICL coordinating the work of 16 ministries and 300 municipalities.
Spain	"The State Secretariat for International Co-operation and Latin America within the Ministry of Foreign Affairs, and its executing agency the Spanish Agency for International Co-operation (AECID), are key players in Spain's foreign assistance system, which also includes the Ministry of Economy and various autonomous regions and municipalities."	No change since 2009: the Ministry of Foreign Affairs and Cooperation still plans and directs Spanish foreign policy and development cooperation. AECID is the main management body for Spanish cooperation, and reports to the Ministry of Foreign Affairs and Cooperation through the State Secretariat for International Co-operation and Latin America.
Sweden	"The Global Development Department of the Ministry of Foreign Affairs has overall responsibility for Swedish foreign assistance, which is delivered through the Swedish International Development Co-operation Agency (Sida)."	No change since 2009: the Development Cooperation Department within the Ministry of Foreign Affairs continues to oversee development policy, with Sida acting as implementing agency.
USA	"In addition to USAID, United States' foreign assistance is delivered by a range of other federal institutions including the Department of State, the Department of the Treasury, the Department of Health and Human Services, the Millennium Challenge Corporation and the Peace Corps. The Secretary of State is responsible at the cabinet level for the activities of the Department of State and USAID and chairs the Millennium Challenge Corporation's Board of Directors."	**Reforms have taken place since 2009, giving USAID greater autonomy:** USAID remains an independent agency, but in 2006 more integration between USAID and the State Department was created through the F process. Since then, USAID has re-established its own Bureau for Policy Planning and Learning and has developed a fresh mission statement focusing on the development objectives of ending extreme poverty.

Model 4: A ministry or agency, which is not the ministry of foreign affairs, is responsible for both policy and implementation.		
Australia	"The Australian Agency for International Development (AusAID) is an administratively autonomous agency within the portfolio of the Ministry for Foreign Affairs and Trade."	**Significant change since 2009, folding a previously autonomous aid agency back into the Foreign Affairs ministry:** on November 1 2013, AusAID was integrated into the Department of Foreign Affairs and Trade, with the objective of allowing aid and diplomatic policy agendas to be more closely aligned.
Canada	"The Canadian International Development Agency (CIDA) reports to Parliament through the Minister for International Co-operation."	**Significant change since 2009, folding a previously autonomous aid agency back into the Foreign Affairs ministry:** in March 2013, the government announced that CIDA would be folded into the Department of Foreign Affairs, and renamed as the Department of Foreign Affairs, Trade and Development.
United Kingdom	"The Department for International Development (DFID) reports to Parliament through the Secretary of State for International Development."	No change since 2009: DFID remains an autonomous agency, as a United Kingdom government department overseen by a Cabinet Minister. It was separated from the Foreign and Commonwealth Office in 1997.

ENDNOTES

1. Guide to the Monitoring Framework of the Global Partnership, 1 July 2013, http://effectivecooperation.org/files/20130701%20Busan%20Global%20Monitoring%20Guidance_ENG_FINAL.pdf
2. Poland, Czech Republic, Slovak Republic, and Iceland are new DAC members, but have not been included in our sample to permit comparisons over time to be made more easily.
3. For the full methodology, see N. Birdsall and H. Kharas, "Quality of Official Development Assistance Assessment", 2010, http://www.cgdev.org/publication/quality-official-development-assistance-assessment-report
4. For more information on the UK's Results-Based Aid see M. Pearson, M. Johnson, and R. Ellison, "Review of major Results Based Aid (RBA) and Results Based Financing (RBF) schemes, 2010, http://www.hlsp.org/LinkClick.aspx?fileticket=GWmdM_6ynhk%3D&tabid=2499.

   The World Bank describes PforR in greater detail in its Operational Policy 9.00 here: http://web.worldbank.org/WBSITE/EXTERNAL/PROJECTS/EXTPOLICIES/EXTOPMANUAL/0,,contentMDK:23101116~pagePK:64141683~piPK:64141620~theSitePK:502184,00.html.

   On REDD+ see UNFCCC (2010). Decision 1/CP.16 The Cancun Agreements: Outcome of the work of the Ad Hoc Working Group on Long-term Cooperative Action under the Convention. United Nations Framework Convention on Climate Change. Bonn, Germany.

   See also N. Birdsall and W. Savedoff, Cash on Delivery: A New Approach to Foreign Aid. Washington, DC, Center for Global Development, 2010. More information about Cash on Delivery Aid can be found at http://www.cgdev.org/initiative/cash-delivery-aid.
5. Roodman, D., "Straightening the Measuring Stick: A 14-Point Plan for Reforming the Definition of Official Development Assistance (ODA)". CGD Policy Paper 44. Washington DC, Center for Global Development, June 2014, http://www.cgdev.org/publication/straightening-measuring-stick-14-point-plan-reforming-definition-official-development.
6. For example, in 2008, we only included membership of IATI in the transparency dimension. In 2009, we added implementation of IATI reporting as well.
7. "Implementation of IATI" and "Quality of evaluation policy" are unavailable for 2008.
8. CPA is a measure of development assistance that excludes funding that does not flow to partner countries (such as administration expenses and student scholarships), unpredictable flows (such as humanitarian assistance), and transfers that are not discussed between donors and partner countries.
9. Only agencies with disbursements greater than 0 in 2012 were included in the 2012 analysis.
10. In some cases, the transformation is applied to the logarithm of the raw scores.
11. In the descriptions that follow, we refer to simple averages across donors of performance over time. This may differ from the average weighted by each donor share.
12. Note that the governance indicator we use, the World Governance Indicators, does not track governance scores over time, but only provides country rankings at a particular point in time.

BROOKINGS
1775 Massachusetts Avenue, NW
Washington, DC 20036
202-797-6000
www.brookings.edu/global

Center for Global Development
2055 L Street NW, Fifth Floor
Washington, DC 20036
202-416-4000
www.cgdev.org