Revisiting Aid Effectiveness: A New Framework and Set of Measures for Assessing Aid "Quality"

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Abstract

This paper revisits the concept of international development aid effectiveness and its measurement as part of a review of the Quality of ODA (QuODA) assessment published regularly since 2010.

The paper takes stock of the current state of evidence and consensus on the principles of aid effectiveness; reviews potential measures; and proposes a revised framework for QuODA, to quantitatively measure indicators of aid quality at the single-agency level, including both bilateral and multilateral actors.

Keywords: Aid, Allocations, Assessment, Effectiveness, Fragility, Governance, Indicators, Learning, Ownership, Transparency, Tying.

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Acronyms

CGD	Center for Global Development
CPA	Country Programmable Aid
CRS	Creditor Reporting System
DAC	Development Assistance Committee of the OECD
FFD	Financing for Development
FSS	Forward Spending Survey by OECD DAC
GPEDC	Global Partnership for Effective Development Cooperation
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
MDGs	Millennium Development Goals
PEFA	Public Expenditure and Financial Accountability (Assessments)
PFM	Public Financial Management
QuODA	Quality of Official Development Assistance
SDGs	Sustainable Development Goals
TOSSD	Total Official Support for Sustainable Development

Executive summary

This paper revisits the concept of international *aid effectiveness* and how it can be measured - in particular, using agency-level quantitative indicators, such as those assessed since 2010 by the Quality of Aid (QuODA) Index, designed jointly by Brookings and CGD and last published by CGD in 2018 .

We review the current state of evidence on effective aid practices and propose a new framework of indicators of aid quality, in the narrow sense of behaviours largely within aid agencies' control which are credibly associated with better end-outcomes.

A. The changing context for aid effectiveness monitoring

Political and senior aid agency management attention has undoubtedly shifted away from this topic since the landmark international meetings on aid effectiveness of the first decade of this millennium. This shift reflects the rise of newer claims on political bandwidth, for example migration and climate change. More broadly, the past decade has witnessed: the rise of new actors with different development cooperation approaches; the increasing concentration of poverty in fragiles states; and a diversification of aid objectives, including addressing global and regional challenges and supporting private sector investments. We review some consequences for indices like QuODA of each in turn below.

Traditional donors and Official Development Assistance remain important

In spite of the rapid rise of "new" actors like China, "traditional" aid donors as a group (members of the Development Assistance Committee (DAC) of the OECD in particular) remain by far the largest providers of "aid"—plausibly over 80% of aggregate cross-border development finance flows (Mitchell, Ritchie and Rogerson, forthcoming). Data on "new" actors' development finance and common definitions for reporting are still too limited for adequate comparison across the wider landscape, except on a few basic indicators. We will therefore continue to focus on Official Development Assistance (ODA) provided by members of the DAC. A companion CGD research exercise on emerging actors' development finance flows is underway as part of the Commitment to Development Index (CDI).

- Recognising the growing importance of "new" providers of concessional development finance, but also data and definitional limitations in assessing their activities, QuODA should continue to focus for the time being on the behaviour of DAC donors.

Fragility changes some aid effectiveness perspectives.

The increasing concentration of global poverty in fragile states challenges an emblematic early benchmark of aid effectiveness, whereby allocations to "better-governed" countries were prioritised, on the plausible grounds that aid leveraged better outcomes in such contexts. In fact, the links between aid effectiveness and "better-governed" recipients are not well-supported by the cross-country evidence on aid and growth. In addition, assessments of "good" policy environments have proved not to be a robust predictor of future performance, especially in post-crisis contexts. Further, good policies and institutions for development outcomes are now recognised as not unambiguously defined: they are context specific and path dependent.

Good-governance-related country allocation indicators are therefore in tension with increased donor prioritising of aid for fragile contexts. Aid has even been shown to be effective in boosting growth in fragile states under some conditions. Project performance also tends to vary much more by project (within the same country) than by country. On balance therefore, we consider a "good-governance-focus" indicator of aid effectiveness to be unsound and will no longer include it in QuODA.

The theme of fragility also requires adjustments to other indicators, in particular those related to country ownership. For example in an indicator giving credit to donors using public finance systems, we can take account of variable capacity in recipients.

- Indicators based on aid to "well-governed" countries should be dropped, and others should be adjusted to mitigate bias against fragile states.

New objectives on global challenges and the private sector imply different aid allocation priorities

Using aid to tackle **global and regional challenges**, egregiously climate change, can change its allocation logic, as compared to an exclusive preoccupation with growth and poverty reduction in individual recipient countries. Carbon emissions are concentrated in populous emerging economies, and forced migration often calls for support in neighbouring middle-income countries. In such cases there is a legitimate Global Public Goods (GPG) case for using ODA regardless of the income status of the country where aid-supported interventions occur.

Previous QuODA indices have avoided making judgements on the relative effectiveness of alternative thematic allocations of aid, and we propose to continue this approach. Still, alongside indicators assessing country needs-based allocations - in particular, rewarding agencies that spend in poor and/ or neglected countries - we propose to include one indicator on the share of their assistance allocated to global/regional challenges. This indicator would provide an incentive to ensure spend in middle-income countries is genuinely contributing to global public goods.

- Alongside indicators rewarding allocation based on need, we propose to include an indicator capturing support for selected GPGs

Using aid to mobilise greater **private sector flows** for development purposes, for example via guarantees, equity stakes and blended finance instruments, also now occupies a rapidly increasing share of agencies' political attention and funding. However aid routed via, or combined with, private sector channels raises both conceptual and measurement difficulties.

There are fundamental problems with determining precisely which private investments are "mobilised" by public support, versus merely subsidised when they would have occurred anyway, given the usual absence of counterfactuals. And there are as yet no universally agreed standards for what constitute adequate developmental, as against financial, outcomes for such interventions.

It is also not obvious that aid using such channels maps well to some long-established elements of the aid-effectiveness agenda, concerning in particular country ownership and transparency. Commercial confidentiality may preclude publication of project-level information; investments are likely to be off-budget; and there is no use of country systems, at least not as understood in the public sector case. For all these reasons, we are not yet ready to introduce specific indicators on the effectiveness of aid through private sector channels.

- There is as yet insufficient consensus and evidence to underpin new indicators of effectiveness relating to the amount or mode of aid via private channels.

B. Using new evidence on aid effectiveness

We revisited the evidence on what matters for aid effectiveness and identified some other indicators which have limited support, and a few which are newly important and hose measurement looks feasible.

We found reduced empirical support for the negative effects of **aid fragmentation**, especially when measured by synthetic indicators of donor "market shares" in given sectors and countries. The argument that ever-larger numbers of very small aid interventions will eventually create excessive administrative burdens for recipients, and/or tend to fail through donor agency overstretch, remains intuitively plausible. However identifying specific threshold points, and the contexts in which they operate (conditional on local coordination arrangements and host country capacity, in particular) has proven prohibitively difficult.

- There is insufficient support for the inclusion of across-the-board fragmentation indicators

Evaluation and learning systems are the main area where there is now sufficient experience, in particular through the increasingly systematic evaluation systems assessments of both DAC Peer Reviews (bilateral agencies) and the Multilateral Organisations Performance Assessment Network ((MOPAN ,multilaterals), to construct robust indicators of their quality. We propose mapping the two assessment systems into a single set of comparable multi-element scores.

Systemic impact. More tentatively, we believe it should also be desirable and feasible to construct an indicator of whether a donor agency contributes to overall systemic effectiveness, by assessing whether its pattern of country aid allocations reduce or exacerbates the number and severity of under-aided countries (*aid orphans).* This would involve identifying which recipient countries do not receive as much funding as they "should" based on one or more optimal aid-allocation models. Whilst there are challenges with choosing the appropriate model, this indicator could reward agencies which correct for under- funding by the rest of the aid community and help restrain the "herd effect" in egregiously over-aided cases.

- We propose to develop new measures on:
    - the quality of evaluation and learning systems, and
    - aid to under-aided countries (orphans).

Indicators ready for improvement. There are two main areas where the purpose of existing indicators remains valid, but the metrics have become too formalistic or have otherwise lost "bite," which we believe can readily be restored. The first is **aid transparency**, and the second *tied aid*. On transparency, most aid agencies have now formally subscribed to the International Aid Transparency Initiative (IATI) standard or equivalent, but actual implementation lags behind declaratory commitments. An improved set of indicators would examine coverage; completeness and timeliness in both to IATI and DAC, and ideally also GPEDC reporting. On **tied aid**, likewise, formal adherence to the DAC Untying Recommendation is now near-universal among DAC members. However the high shares of contract awards still going to many bilateral providers' home companies suggests that procurement processes administered by their agency may confer indirect home-country advantages amounting to *de facto* tying. A modified untying measure would establish threshold levels for this advantage based on periodic contract award surveys, and score donors accordingly.

- There is a case for, and feasible ways of constructing, more robust measures of actual compliance with widely supported standards on i) transparency and ii) untying.

C. Areas where more research is needed

We think there needs to be further research especially in two other main areas, moving towards integrating **humanitarian aid quality** and **recipient preferences** into our framework. At the moment, humanitarian aid, which is almost by definition "non-programmable," is not included in the main subset of aid tracked at country level, Country Programmable Aid. If it were to be, some of the "classic" aid effectiveness framework could not be expected to apply equally to humanitarian aid, so for example in emergency situations the use of country systems may simply not be feasible. Work has progressed considerably on specifying humanitarian aid codes of conduct and metrics to evidence them, but so far, no single such agreed indicator set is yet fully operational. On recipient preferences, earlier efforts to match up aid priorities with declared thematic preferences of recipient populations, for example via survey responses, were found to be static and patchy in coverage, and the GEPDC approach of linking aid to recipient governments' formal strategy statements, whilst necessary, does not do justice to the topic.

- More research is needed, especially on humanitarian aid quality indicators, recipient preferences, and how both should be integrated into the current framework.

D. Revisiting frameworks for measuring aid quality

We have reviewed recent efforts to measure donor aid quality and find that most of them are more theme-specific and/or one-time exercises. CGD's QuODA is the only broad-based current set of quantitative measures which has been published more than once and the only one to compare national and multilateral agencies. It now needs updating on the above basis. In the meantime we offer this analysis and its suggested assessment framework as an intermediate step, for the benefit of the wider development community.

- There is value in a regular quantitative assessment of "aid quality" enabling comparison between agencies.

Taking all of this evidence together, we have compiled seventeen indicators of aid quality that we believe give a realistic and balanced suite of indicators which can be used to compare, assess, and potentially rank donor and multilateral agencies. We have grouped these indicators under four broad categories: the precise clustering under each label is inevitably a matter of subjective judgment to some extent. Seven of the new indicators are still under (at least partial) development, as introduced above and identified in the table below.

A revised framework to measure the "Quality of ODA"

We think that this revised QuODA framework and the underlying measures would be a useful dashboard for agencies and donors to compare their performance on some important areas; and that this would create positive incentives for agencies to consider and improve their practices.

We plan to continue to firm up this set of indicators over the coming months and look forward to comments and suggestions from interested parties.

A proposed new framework and set of indicators of aid quality (Table 1)

Theme		Indicator
Prioritisation	P1	Aid reaching recipient countries (share of)
	P2	Allocation to poorer countries (poverty-weighted share)
	P3	Contributions to aid orphans (vs darlings)*
	P4	Multilaterals core support (share of)
	P5	Supporting selected global public goods (share of)*
Ownership	O1	Development interventions using recipient objectives (share of)#
	O2	Aid recorded in recipient budgets (share of)#
	O3	Use of recipients' national finance systems#
	O4	Reliability - scheduled aid recorded as received within period
	05	Predictability - coverage of donor forward spending plans
Transparency	T1	Coverage of published information on projects (IATI* and CRS)
	T2	Comprehensiveness of IATI and CRS data
	T3	Timeliness of published projects and data (CRS and IATI)
	T4	Untied aid (declared and de-facto*, share of)
Learning	L1	Quality of evaluation*
	L2	Quality of learning systems*
	L3	Evaluations planned with recipient (share of)

* Indicators which are new or in development

Existing indicator to be adjusted for the fragility of recipient countries.

Introduction and scope

This paper revisits the concept of international development *aid effectiveness*, or more specifically the quality of aid, and its measurement, as part of a consultative review of the future of the Quality of ODA (QuODA) Index published regularly since 2010 by the Center for Global Development (CGD), initially in collaboration with the Brookings Institution (Birdsall and Kharas, 2010).

The purpose of this paper is to take stock of the current state of evidence and consensus on aid effectiveness; and to propose a revised framework for QuODA, to quantitatively measure aid quality at the single-agency level, including both bilateral and multilateral actors.

Much has changed in the international development landscape since the series of high-level aid effectiveness meetings in Rome (2003), Paris (2005), Accra (2008), and Busan (2011). Notable disruptive forces include:

- the increased emphasis on using aid to tackle *regional and global commons challenges,* notably climate change and migration, with their inherently different allocation logic to that of aid intended to benefit individual countries or communities;

- the emerging consensus that aid or international public finance flows, however defined, are *just one of many development levers*, alongside supportive policies in other areas and the much larger private and domestic resources potentially unlocked by them;

- the progressively *reduced political attention* paid by donors to the commitments to aid effectiveness made in the four High Level Fora on Aid Effectiveness;

- the rising presence and influence of *non-OECD development cooperation providers*, with often different priorities and approaches; and

- the adoption of an exceptionally ambitious framework for the world's sustainable development objectives, in the form of the Sustainable Development Goals and the Paris Climate Agreement, which will demand an unprecedented quantity and quality of development cooperation.

More substantively, given our specific objective, over the same decade we have learned more about the effects of different aid provider choices and behaviours on ultimate outcomes, in terms of growth and poverty reduction. This evidence base, which we review below, *undermines the relevance of some of the original QuODA indicators, suggests the need for significant modifications of others, and makes the case for introducing a few new ones, as well as for a re-classification of the resulting indicator set.*

Over the past decade, there have been several other attempts to quantitatively measure aid quality, which we have taken into consideration. Some emerged in a similar historic context to QuODA (Easterly and Putzie, 2008; Knack et al., 2010), and others more recently (Gulrajani and Calleja, 2019; ONE Campaign, 2019.

Overarching questions

This paper tries to unpack these and other challenges to the theoretical and practical merits of quantitative indicators of aid quality. In particular, it asks:

1. Is there still sufficient merit in tracking the behaviours and choices of providers of a relatively narrow subset of development finance flows (Official Development Assistance)

2. Is there sufficient analytical (theoretical and empirical) consensus on the positive development outcomes associated with defined donor behaviours and choices?

3. Is data available to populate these indicators with sufficient frequency, granularity and reliability?

4. Can these, or alternative, measures and related rankings still command sufficient buy-in from both donor and partner-country policy-makers, and their authorising environments?

We focus our analysis below primarily on the second and third questions, but briefly revisit all in our conclusions.

Structure of the paper

This paper is divided into four main parts. In **Part I** we discuss what we mean by aid effectiveness and quality and the main approaches taken to measure them, including QuODA.

In **Part II** we set out a suite of possible aid quality measures and review the evidence base supporting them . We group possible measures into 4 categories, around broad themes:

1. PRIORITISATION: Are countries, purposes, and channels selected for effectiveness?

2. OWNERSHIP: Partner country ownership and use of national systems

3. TRANSPARENCY: Transparency forms the basis of mutual accountability

4. LEARNING (from Results): How strong are learning and evaluation systems?

In **Part III**, we look at where further research can improve these measures and in **Part IV**, we look at several areas where the evidence does not justify inclusion, or where the measures are too weak.

We conclude by returning to the four fundamental questions above.

A note on terminology. In this paper, we use the increasingly obsolete terms "donor" (or "aid agency," "provider") and "recipient," for the two most obvious ends of the development cooperation relationship, synonymous with the DAC's more nuanced usage "development partner" and "partner country." This is for the purpose of clarity, to avoid the latent ambiguities in the latter, and focus mainly on official actors. However, we recognise that cooperation is mutual and no longer well characterised, if it ever was, by top-down, rich-poor flows reminiscent of charity.

Part I. The changing context of aid effectiveness and its measurement

The ebb and flow of political focus on aid effectiveness principles

After decades of foreign aid, around the turn of the new millennium, there was a growing recognition of the need to address the consequences of self-interested behaviour and lack of coordination among donors, which were seen as preventing aid from having its desired impact. The international development community's leadership, including most DAC donors, heads of multilateral development agencies, representatives of aid-recipient countries and civil society came together in Rome in 2003 to kick off what would become a series of high level fora to discuss aid effectiveness and to develop principles to which all donors - and eventually other partners including civil society, philanthropists, and the private sector - should adhere.

The major aid effectiveness principles and behaviours were enshrined in the outcomes from these High Level Fora on Aid Effectiveness including the Rome Declaration (2003), Paris Declaration (2005), and Accra Agenda for Action (2008). These were shortly to be followed by the Busan Partnership and the creation of the Global Partnership for Effective Development Cooperation (GPEDC) at the Fourth High Level Forum in Busan in 2011. See Appendix A for a summary of the aid effectiveness meetings and their outcomes.[1]

The Busan Partnership Agreement was the first framework for development cooperation that, in addition to traditional donors, explicitly embraced emerging economies and providers of South-South Cooperation, civil society organisations and the private sector. Bringing in more actors through the GPEDC platform was a welcome shift to addressing development cooperation in a more inclusive way, but also arguably diluted the sharp focus on Official Development Assistance (ODA) effectiveness among OECD DAC members.[2]

[1] For more details on the history of the aid effectiveness fora, see https://www.oecd.org/dac/effectiveness/thehighlevelforaonaideffectivenessahistory.htm
[2] The 30 DAC members currently include: Australia, Austria, Belgium, Canada, Czech Republic, Denmark, European Union, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Japan, Korea, Luxembourg, The Netherlands, New Zealand, Norway, Poland, Portugal, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, the United Kingdom, and the United States.

Figure 1. Comparing the Paris and GPEDC principles

Paris Declaration Principles for making aid more effective

Ownership: Developing countries set their own strategies for poverty reduction, improve their institutions and tackle corruption.

Alignment: Donor countries align behind these objectives and use local systems.

Harmonisation: Donor countries coordinate, simplify procedures and share information to avoid duplication.

Results: Developing countries and donors shift focus to development results and results get measured.

Mutual accountability: Donors and partners are accountable for development results.

Global Partnership principles of effective development cooperation

Ownership of development priorities by developing countries: Partnerships for development can only succeed if they are led by developing countries, implementing approaches that are tailored to country-specific situations and needs.

Focus on results: Development efforts must have a lasting impact on eradicating poverty and reducing inequality, and on enhancing developing countries' capacities, aligned with their own priorities.

Inclusive development partnerships: Openness, trust, mutual respect and learning lie at the core of effective partnerships, recognising the different and complementary roles of all actors.

Transparency and accountability to each other: Mutual accountability and accountability to the intended beneficiaries of development co-operation, as well as to respective citizens, organisations, constituents and shareholders, is critical to delivering results. Transparent practices form the basis for enhanced accountability.

Source: Paris principles https://www.oecd.org/development/effectiveness/34428351.pdf

GPEDC http://effectivecooperation.org/about/principles/

In the High Level Meetings of the GPEDC following Busan (Mexico City 2014, Nairobi 2016, New York 2019), there was a sense of a waning *political interest* in aid effectiveness principles, for instance with many major donor countries failing to attend at ministerial level, despite continuing rhetorical support, at least, for the substance of the principles themselves.[3]

The arguable dissipation of the active political buy-in for aid quality is partly a normal result of the passage of time, as other priorities and challenges (including climate change and refugee flows) inevitably impinged, and as the earlier focus on aid effectiveness had seemed to serve its initial purpose of underpinning a surge in ODA effort within the DAC in the early 2000s.[4] Moreover, many donors have retreated to address domestic political challenges amid currents of rising populism, which have led to a resurgence of the concept of "aid in the national interest" (Gulrajani and Calleja, 2019). The waning engagement with the aid effectiveness agenda may also related to the gradual shift away from a relatively mechanical Millennium Development Goals (MDG)-type model, in which developing countries' residual financing gaps were assumed to be the main responsibility of ODA providers, and towards a multifaceted Sustainable Development Goals (SDGs) model in which multiple external actors have more complex and nuanced responsibilities to complement national resources, as seen in the Addis Ababa Action Agenda on Financing for Development, for example.

The core aid effectiveness principles agreed at the earlier meetings (listed in **Figure 1**) included *Alignment* (along with *Country Ownership*), *Harmonisation* (among aid providers), and *Results* (on both sides). Of these, *Harmonisation* arguably fell away quite quickly in practice, partly a victim of its own inertia and the lack of effective sanctions against non-compliance among what was, in the end, mostly a group of sovereign actors.. Alignment and Results turned out to be in tension with each other. A relentless pursuit of "results" directly attributable to the intervention of aid agencies ultimately conflicts with a more diffuse and "country-owned" attribution chain working through national and local plans and actors (Holzapfel, 2014), also putting into question *Mutual Accountability*. Support for other specific elements of the effectiveness agenda, such as transparency, predictability, and untying, was less obviously diminished, but the current near-universal *formal* adherence to them may mask underlying problems in actual practice. We return to the last point in Part 2.

A recent study by Benfield and Como (2019), commissioned by the European Union, investigated the extent to which application of the aid effectiveness principles has demonstrably led to better development results. They examined several hundred studies, evaluations and pieces of research, both at the macro level and that of individual projects and programmes. Their conclusion is that applying the development effectiveness principles (when done "right") does lead to better development results: therefore, there is a clear enduring role for the principles in the development cooperation ecosystem and they should continue to be promoted. This finding must be caveated by the authors' acknowledgement that systematically linking application of the principles to successful outcomes is still difficult due to the lack of primary research and the challenges of determining causality and

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[3] As others have noted, for example Carter (2016), "This claim is hard to substantiate but it meets with wide agreement on the fringes of conferences and similar development industry gatherings." Various observers have referenced waning political support in reports and blogs. For example, see: Benfield and Como (2019), Craviotto (2019), Blampied (2016), Greenhill (2016), and Keijzer and Lundsgaarde (2016).
[4] See for example Handley (2008).

aggregating across heterogeneous studies and evaluations. The authors also caution against "business as usual," noting that waning political attention risks a situation where donors are merely paying lip-service to worthy goals. Instead they call for more detailed implementation examples and advice, as well as a stronger mechanism for visibility and accountability, such as an index or ranking.

We remain agnostic about the enduring political influence of the historically declared aid effectiveness principles, as such. Indeed we strongly uspect that it has indeed, as Benfield and Como feared, become too easy for (some) donors to pay lip service to (some of) them while sidestepping them in their everyday practice.

The recent GPEDC Global Progress Report (GEPDC, 2019) for example, has attracted very little media attention and political commentary in DAC member countries, despite highlighting what should be, and once would have been, considered alarming trends, to the effect that, in particular :

1. donor alignment with partner country priorities and use of country financial systems are declining ;
2. forward visibility of donor spending plans is weakening; and
3. progress with aid untying is uneven, with tying actually increasing in aid to least developed countries.

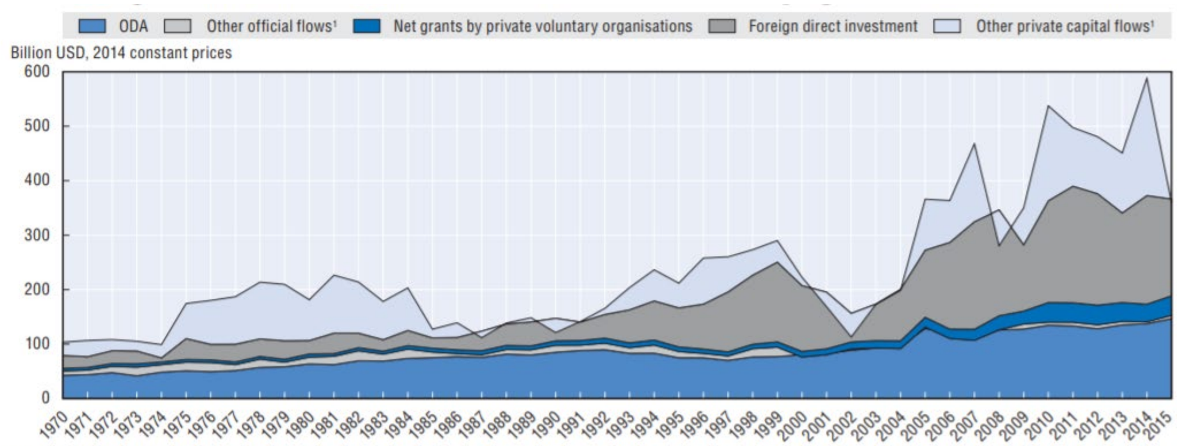
Such relative indifference did not, we believe, characterise the donor-side reception of the 2018 and earlier QuODA assessments, which were also picked up by the media and advocacy groups. These were inspired by some of the same concerns as the GPEDC reviews, but framed and targeted differently, as indeed Benfield and Como independently recommend above. The difference may be partly due to the direct QuODA rating approach, which highlights and contrasts overall rankings by individual agency as well as by indicator. We believe, but cannot prove conclusively ,that this generates incentives for change both within the agencies covered and via external pressure from their authorising environments (see theory of change, below). We also speculate, less positively, that the cumulative proliferation of alternative aid rating approaches and indices may have had the perverse side-effect of reduced political and top management attention, allowing agencies to "shop around" for more favourable treatment.

Our provisional conclusion is that despite clearly reduced political attention spans, there is a continuing need for robust aid effectiveness monitoring for accountability purposes, providing it is based on reliable metrics with credible links to ultimate development outcomes, sponsored by independent third parties, and identifies specific gaps between donor rhetoric and performance. QuODA has a clear role to play there, complementing other assessment mechanisms, most of which are unfortunately not granular enough and/or not repeated frequently enough.

How important is traditional aid—ODA—still? A reality check

The provision of aid—as defined by ODA—has grown over time but declined as a share of the overall resource envelope of developing countries, and especially middle-income ones (see **Figure 2** below). ODA commitments, including goals for aid allocation to Least Developed Countries (LDCs) and other vulnerable country categories, nonetheless form a critical component of overall financing for development. ODA has uniquely concessional, development-oriented, and potentially anti-cyclical properties, and remains vital for countries without reliable access to alternative resources. Therefore, scrutinising both the quantity and quality of ODA remains highly important.

Figure 2. DAC countries' total net resource flows to developing countries, 1970-2015



Note: ODA: Official development assistance.

1. Net other official flows were negative in 2000-01, 2004 and 2006-07; other private capital flows were negative in 1987, 1990, 2001-04, 2008 and 2015.

StatLink http://dx.doi.org/10.1787/888933491230

Source: *Development finance and policy trends, Development Co-operation Report*, OECD 2017

Focussing on Least Developed and Low Income Countries received around a quarter—almost $29bn—of ODA in 2017,[5] a magnitude that's broadly unchanged over the past 5 years. Looking at the median low Income country, aid as a proportion of GDP has fallen from 10% in 2005 to under 7% in 2017 as GDP has grown, while private capital inflows have grown from under 3% to a similar level[6]. Tax revenue has risen from around 11.5% to 13.5% over the same period. Despite these changing patterns, aid is still equivalent to a third of public resources for the 700 million[7] people in the poorest countries.

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[5] See https://public.tableau.com/views/AidAtAGlance/DACmembers?:embed=y&:display_count=no?&:showVizHome=no#1

[6] Lee and Sami (2019) https://www.cgdev.org/sites/default/files/trends-private-capital-flows-low-income-countries-good-and-not-so-good-news.pdf

[7] https://data.worldbank.org/income-level/low-income

Non-DAC providers

Emerging actors who are not members of the DAC have increasingly been engaging in development cooperation activities. While it is difficult to put precise estimates on development finance from non-DAC providers that do not report to the DAC or subscribe to the ODA definition, the OECD has compiled various government sources to estimate that they contributed 32 billion USD or 17% of total development cooperation in 2014 (Benn and Luijkx, 2017). A more recent estimate by CGD (Mitchell, Ritchie and Rogerson, unpublished) found, similarly, that DAC donors still provide 80% of a more consistently comparable measure of grant-based, cross-border development finance flows.

The progressive rise of non-DAC, and especially non-DAC-reporting, official assistance providers, notably China, with their often quite different approaches to and motivations for development cooperation, adds further complexity to the question of aid effectiveness.[8] This perspective is particularly important in any attempt to forge consensus over development assistance practices, and more broadly development cooperation across many providers. As non-DAC providers have increasingly been involved in development cooperation efforts, the sharp focus on DAC member providers of ODA has diminished. While wider efforts to assess broader concepts of development cooperation as expressed by Southern providers is very much welcomed, there is still a need to hold ODA donors to account as financiers of the bulk of development cooperation.

"Beyond Aid"

A related line of argument holds that some responses to the multiplicity of global challenges requiring some international policy and development finance response – such as climate change or refugee flows – need to be recognised as something different from ODA, but still as an important development contribution. "Total Official Support for Sustainable Development" (TOSSD) is one such new measure currently being developed by the OECD and UN, which recognises a broader array of official support, both within the more traditional spectrum of in-country assistance (but, for example, not meeting the ODA concessionality criteria), as well as in "newer" areas of support for peacekeeping, climate mitigation and other global/regional public goods such as research & development (R&D). Notably, TOSSD also includes private sector finance mobilised by official interventions (e.g. through public-private partnerships) in support of sustainable development - discussed further in the following section.[9] In the domain of international policies that more broadly support or hinder sustainable development, CGD already tracks the performance of a group

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[8] For perspectives on Southern actors views on defining development cooperation see also Besharati and MacFeely (2019).

[9] Private sector mobilisation is an active area of research at the OECD. According to their latest data, between 2012 and 2017, development finance mobilised USD 152 billion from the private sector in the form of guarantees, syndicated loans, shares in collective investment vehicles (CIVs), credit lines, direct investment in companies and project finance special purpose vehicles (SPVs), and simple co-financing arrangements. See https://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/mobilisation.htm

of wealthier countries against a suite of indicators (including some financial ones) for its Commitment for Development Index.[10]

Mobilising private resources

A particular area of interest surrounds whether, how far, and on what conditions, to count private resources "mobilised" by official support, such as subsidies, blends and guarantees, and up to what point to count that official support itself. These operations offer the prospect of *potentially* very large resource multipliers to aid, although in practice leverage ratios have often been smaller than may be assumed (Attridge and Engen, 2019). However, the "additionality" of the public stake, in either financial or developmental terms, is often virtually impossible to determine, mainly for lack of counter-factual evidence (Carter, van Sijpe and Calel, 2018). DAC donors, partly inspired by non-DAC practice, are constantly experimenting with such public-private mixes, which are not always easily readable using classic aid-effectiveness criteria designed originally for state-to-state, public-investment focussed aid.

The diversification of objectives for aid: it's not necessarily about poverty

Aid used to be aimed (at least in rhetoric) primarily at country-specific poverty reduction and economic development, but increasingly has multiple competing objectives. Deciding how to spend limited aid resources always involves value judgements; allocation choices imply trade-offs and opportunity costs. In today's world, addressing climate change, the plight of refugees, conflict prevention and post-conflict reconstruction, gender equality, human rights, environmental sustainability, and commercial growth, not to mention the donor's own perceived national interests, are all stated objectives of aid.[11] Addressing unsustainable climate change and migration are probably the only really "new" aims in the past ten years, as the others have always been part of the donor agenda, but all are now a more widely accepted central part of it.

While different objectives of aid have arisen beyond country-specific poverty reduction, most aid is still allocated through a country-based approach, as programme and project investments within particular countries that are part of the donor's partner country portfolio. However, some of this aid allocated to specific countries is intended not (only) for their own benefit, but rather to support the provision of *global* or *regional public goods* (GPGs). Indeed, some argue that the concept of "aid" should evolve in the 21st century to one of "global public investment," which would always be needed, unlike poverty-focused ODA, which, in theory, could cease to be needed in the future (see Glennie and Hurley, 2018). The allocation logic in most of the latter cases (climate mitigation and refugee "holding operations," in particular) shifts to providing GPGs where it is most effective to do so, which is much more likely to be in middle-income countries, rather than necessarily targeting

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[10] See: https://www.cgdev.org/commitment-development-index-2018

[11] For examination of the multiple uses of aid "in the national interest," see work on the Principled Aid Index by the Overseas Development Institute (Gulrajani and Calleja, 2019). https://www.odi.org/publications/11294-principled-aid-index-understanding-donor-motivations

it to the poorest recipients. This implies that an examination of donor allocations should differentiate between these two overarching types of objectives, and also suggests a policy of "gradation, not graduation" in middle-income countries (Kharas and Rogerson, 2017; Bagchi et al., 2016).

Conclusion: Aid quality still matters, but its measurement has to evolve

Despite the shifting landscape of development finance over the past decade, aid quality is still relevant. ODA remains a critical source of financing for many countries and for many global challenges - the diversification of both objectives and providers has not diminished that, though it complicates analysis . Therefore it seems clear that an iterative process of defining and measuring high quality aid, in an effort to draw attention to good performance and areas of stagnation, and to drive positive behavioural change among donors, remains a valid and potentially important exercise.

How to measure aid quality

If aid quality measurement still matters, how best to do it? Below we first articulate what we mean by "aid effectiveness" and "aid quality," then explain our theory of change as to why a set of quantitative measures or indicators is important in changing behaviours. Finally, we situate our proposed suite of quantitative measures—building on CGD's existing QuODA Index—within the broader "ecosystem" of efforts to examine and rate aid quality.

What do we mean by "aid effectiveness" and "aid quality"?

In this paper when referring to **"aid effectiveness"** we mean the effectiveness of ODA in achieving, or contributing towards, a broader set of development outcomes such as GDP growth, the reduction of poverty and inequality, human welfare improvements, or provision of global public goods. These outcomes can be considered at various levels from the micro, by evaluating the success of projects targeted at individuals, households or communities, to the macro, by assessing impacts on national or global populations or economies.[12] Virtually any development outcome involves complex interactions between, for instance, aid recipient governments, donor governments, civil society, the private sector, and households and individuals, amid historical, geographic, and environmental factors. Thus it can often be challenging to isolate the impacts caused by the donor's particular intervention, especially at the macro level.

In this paper, we focus on the narrower idea of **"aid quality,"** which we define as *aid characteristics or donor behaviours, that are primarily within the donor's control*, and that are *associated* with effective outcomes. This includes behaviours (how) and aid allocation choices (what/why), selected on the basis of robust empirical evidence, donors' consensus on aid

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[12] Although micro-level success doesn't necessarily lead to macro-level improvements. As early as 1986 Paul Mosely put forth the "Micro-Macro Paradox" of aid effectiveness where he showed that favourable project level rates of return did not lead to a detectable relationship between aid flows and economic growth. See Mosely (1986).

effectiveness principles, and/or recipient preferences. Since we are looking to measure aid quality that is associated with improved development outcomes, not the end-outcomes themselves, we are *not* using indicators to measure or aggregate either project-level impact evaluations or the findings of macro-level development outcome research.

Theory of change for quantifying aid quality indicators

We propose the following theory of change. Devising and calculating quantitative measures of aid quality, and comparing and publishing each donor's results, can ultimately help to improve the quality of aid. This is because such an exercise: generates new analytical insights; facilitates discussion and dialogue about aid effectiveness: and garners attention from a range of stakeholders (including internally within donor agencies, as well as aid recipients, civil society and media). This creates or amplifies both internal and external pressures to improve donor performance. Furthermore, since taxpayers and voters in recipient countries rarely have a voice in the usual accountability mechanisms in donor countries for spending public money, aid quality indicators are one way of improving recipients' ability to at least form some judgment over that spending, and lobby for change as needed.

Aid quality indicators provide information to a variety of audiences. Donor agencies can benefit from learning about aspects of their performance that they may not be tracking themselves; they can also use the information to consider trade-offs of bilateral versus multilateral funding, and how different multilaterals perform against different indicators. The data can also be useful for researchers in exploring donor behaviours, including in combination with other types of variables. The NGO and advocacy community can use the information generated by comparative aid quality measures to better understand the performance of donors they are interested in and to strengthen evidence-based messaging on aid. The results also provide another mechanism for enhancing the transparency and accountability of aid, if scrutinised by the media and interested public.

CGD's own suite of aid quality indicators (developed with Brookings) - the QuODA (Quality of Official Development Assistance) Index - has been extensively used in media features, government briefings, evidence in parliamentary and congressional proceedings, business cases for IDA replenishments, national and international assessment methodologies, and NGO campaigning, and has been cited by academic and policy researchers working on issues of aid. This large set of reactions and amplifications of course provides us only with proxy evidence of actual influence on aid policy and implementation behaviour, but it is noteworthy, nonetheless.

As with any comparative ranking or index that attempts to incentivise behaviour change, there is always the potential for the actors being assessed to try to "game the system." For this reason, we propose that any index (or suite of quantitative measures) of aid quality should be "taken seriously, not literally." In other words, we seek to provide meaningful and useful—but partial—information, which can complement other sources of information (such as recipient feedback, case-studies and evaluations) and feed into a wider movement for positive change.

Measuring aid quality with QuODA hitherto

This section briefly sets out the existing approach of QuODA which addresses the question, "How are donors and major multilateral agencies doing on the principles and commitments they have made to improving aid quality?" Further detail is given in Appendix C.

QuODA aims to improve the quality of aid by assessing, comparing and publishing donor performance and. It assesses *quality* by examining behaviours and choices within the donor's control. In its most recent iteration, it was possible to produce the below indicators.

Figure 3. QuODA 2018 Indicators

Maximizing Efficiency
- Share of allocation to poor countries
- Share of allocation to well-governed countries
- High country programmable aid share
- Focus/specialization by recipient country
- Focus/specialization by sector
- Support of select global public good facilities
- Share of untied aid

Fostering Institutions
- Share of aid to recipients' top development priorities
- Share of aid recorded in recipient budgets
- Share of development interventions using objectives from recipient frameworks
- Use of recipient country systems
- Share of scheduled aid recorded as received by recipients
- Coverage of forward spending plans/Aid predictability

Reducing Burden
- Significance of aid relationships
- Fragmentation across donor agencies
- Median project size
- Contribution to multilaterals

Transparency & Learning
- Membership in IATI
- Making information on development funding publicly accessible
- Recording of project title and descriptions
- Detail of project description
- Reporting of aid delivery channel
- Completeness of project-level commitment data
- Share of evaluations planned with recipient

The fourth and latest edition of QuODA, published in 2018,[13] consisted of 24 indicators (see **Figure 3**) measured across 27 bilateral donors and 13 multilateral agencies. The indicators were grouped into four dimensions that reflect international best practices of aid effectiveness: maximizing efficiency, fostering institutions, reducing the burden on recipient countries, and transparency and learning.

In part II we will explore the evidence around these and other indicators, but before that we will consider a number of challenges arising from the changing context where aid is deployed.

Wider "ecosystem" of aid effectiveness measures

QuODA is one of a suite of aid effectiveness measures. No single measure suits all purposes and audiences equally. This plurality of approaches is welcome in measuring this complex

[13] A total of four editions of QuODA have been released, in 2010, 2011, 2014, and 2018 (using latest data available from 2008, 2009, 2012, and 2016 respectively).

concept, although there is a risk that if donor agencies are not satisfied with the results of one measure, they can refer to another that assesses them more favourably. The same applies to third party observers and advocates wishing to document a particular policy stance, by referring only to indicators that best fit their stance.

A summary of 12 other aid effectiveness measures that have been developed since the Paris Declaration is displayed in Appendix E. QuODA itself was first developed alongside the aid effectiveness agenda, between the High-Level Forums on aid effectiveness in Accra and Busan. At this time, other researchers were working on similar quantitative measures of aid effectiveness, notably Easterly and Pfutze (2008) and Knack et al. (2010). In terms of the official (inter-governmental) aid effectiveness framework, monitoring was initially conducted through the "Paris Monitoring Survey" (following the 2005 Paris Declaration), and then subsequently via the biennial reports of the Global Partnership for Effective Development Cooperation (GPEDC), some of whose indicators were integrated into previous editions of QuODA. More recently, the ONE Campaign's forthcoming "Donor Scorecards" and two indices recently developed at the Overseas Development Institute (ODI)—the Donor Resilience Index (Gavas et al., 2017) and the Principled Aid Index (Gulrajani and Calleja, 2019)—offer alternative approaches to addressing recent challenges around fragile states and "aid in the national interest." In addition to these quantitative efforts, some qualitative sets of indicators have been ongoing, notably the DAC Peer Reviews (for bilateral development agencies) and the assessments by the Multilateral Organization Performance Assessment Network (MOPAN) (for multilateral agencies).

Of these other efforts, seven of them are currently being produced (GPEDC monitoring data, Principled Aid Index, Real Aid Index, Aid Transparency Index, MOPAN, DAC peer reviews, Donor scorecards) while the rest were a one-off effort or are no longer in production. Besides QuODA, only the Principled Aid Index and the Donor Scorecards are current, quantitative measures looking across many bilateral donors and assessing many aspects of aid effectiveness. Both of these measures were released quite recently and have not been revised through a subsequent publication. Multilateral donors are included in GPEDC indicators, in earlier aid effectiveness assessments (Knack et al., 2010, Easterly and Pfutze, 2008); speciality indexes on Fragile states (Chandy 2016) and Aid Transparency Index (2018); although the two closest currently active assessments of Principled Aid Index and Donor Scorecards do not assess multilaterals.

In summary then, aside from QuODA, there are two current quantitative measures of agencies (ODI's Principled Aid Index and the ONE's Donor Scorecards), but these have not yet been updated beyond their first year of publication. They are also focussed on country donor (agency) assessments, rather than on multilateral agencies. So, QuODA in its current form is distinct from other quantitative measures in that it enables comparisons between bilateral and multilateral agencies and has been published in several iterations.

Like any other public good where most benefits accrue to a much wider constituency than the producer itself, there are structurally weak incentives for any one independent actor to construct, publish and regularly update indices like QuODA, absent outside support. So there is a case to try as far as possible to pool efforts and financing around such initiatives, and CGD for its own part is interested in exploring any such partnerships.

Creating incentives for a "systemic" approach to aid quality

Given the theory of change for an aid quality index outlined above, careful consideration must be given to the incentives being created or reinforced with the indicators. Beyond rewarding multi-lateralism as such, none of the existing QuODA measures explicitly take account of other donors' behaviour.

Indices often aim to create a "race to the top" where entities being ranked compete to be the best. However, there may be tensions between what makes for a good *individual donor* versus what makes for a good *system of donors*. While a certain kind of behaviour might be seen as positive, it may not be optimal for every donor to do it in the same way. For example, we might seek to encourage donors to focus more on the poorest countries, but if every single donor allocated all their aid to the same five poorest countries, this would not yield the best outcome overall.

To the degree possible, we should consider whether aid quality indicators should incentivise donor behaviours that maximise development results for the system as a whole. An example we discuss below is measuring any single actor's contribution to reducing the number and severity of aid orphans.

Part II. Developing better measures of aid quality

A new framework and indicators of aid quality

In this part of the paper we present a revised set of quantitative indicators to measure aid quality that could be operationalised into a fully revised and restructured QuODA Index.

We first present what a comprehensive suite of measures could include, in terms of 4 broad thematic categories they can be grouped into, for ease of reference. Within each category, we discuss proposed indicators in detail, including those that we can already measure now, as well as those that remain worth pursuing but which call for significant revision and adjustment.

We then revisit other areas where more substantial research and discussion is needed before any further indicators might be agreed . Finally, we highlight some earlier QuODA indicators which we now either find unsafe and should definitely not measure in future, based on recent evidence, or for which there is no feasible approach to measurement as yet in sight.

As discussed in Part I, we define "aid quality" here as *donor behaviours and choices credibly associated with greater development impact,* backed by a mix of rigorous evidence, political consensus, and recipient preferences. The scope of the proposed framework in this paper, as explained in Part I, is limited to multilateral and bilateral providers (DAC members and a selected list of major multilaterals only) of Official Development Assistance (ODA) and related multilateral flows. We do not suggest how to measure the quality of the actions and contributions of other key partners such as aid recipients, developing country governments, civil society and the private sector.

Criteria for aid quality measures

In considering what should be measured for donor aid quality, we suggest a set of criteria that each measure should meet. **First**, indicators should be *based on evidence of positive development impact, or consensus among recipient Governments plus any commitments from international policy-makers*. Evidence may come from academic studies that test donor behaviours against development outcomes such as GDP growth, the reduction of poverty and inequality, human welfare improvements, or cost effectiveness. Rigorous studies are not available for many types of donor behaviour and in these cases, we rely on international consensus. The Global Partnership Principles form the bulk of this consensus on aid effectiveness (see part 1 above), but we can also refer to other international commitments with wide participation such as the 2030 Agenda for Sustainable Development to achieve the SDGs or the Grand Bargain to address humanitarian aid.

Second, indicators should *relate to behaviours mainly under donor control* rather than outcomes which are partly or wholly dependent on the actions/reactions of recipient countries and multiple actors within them.[14] **Third**, indicators should be *measurable consistently across all bilateral and multilateral providers being assessed*. **Fourth**, it should be *clear which behaviours are considered positive (encouraged) or negative (penalised)*. **Fifth**, indicators should be *based on publicly available data sources*, with minimal subjective processing for the purposes of transparency, replicability, practicality, and tracking performance consistently over time.

Categorising measures of aid quality

Below, we regroup and restate 4 main areas of aid effectiveness that we believe to be important, outlining under them a total of 17 indicators that meet the above criteria. If these were combined into an overall index, we believe this suite of measures could also provide a balanced and comparable overview of donor performance.

We have grouped the proposed indicators by themes

1. PRIORITISATION: Are countries, purposes, and channels selected for effectiveness?

2. OWNERSHIP: Partner country ownership and use of national systems

3. TRANSPARENCY: Transparency forms the basis of mutual accountability

4. LEARNING (from Results): How strong are learning and evaluation systems?

(NB rearranged into somewhat less intuitive order, the first letters of each category helpfully spell "PLOT")

While categories 2 and 3 are closely linked to two of the main principles of the GEPDC, 1 and 4 are differently inspired and their data is likewise differently sourced. GPEDC data is produced as part of a biennial monitoring exercise, and is described in more detail in appendix D.

In the sections below we go into greater detail on these themes and the indicators under them. The grouping of indicators under these themes is used for convenience and should be flexible as many indicators touch on more than one aid effectiveness principle. The themes and indicators are summarised in Table 1, with more detail on data coverage in Appendix B.

[14]Sometimes this is not entirely the case – for example, the "share of aid that is recorded in recipient countries' budgets" tacitly assumes the latter are working well, all else equal, so that any recorded gap reflects mainly on donor, not recipient behaviour. . However, it is also an important measure of country ownership , which is considered one of the most fundamental underlying principles of aid effectiveness, including by recipients themselves (Prizzon et al., 2016; Davies and Pickering, 2015).

Table 1. New framework and set of indicators of aid quality

Theme		Indicator
Prioritisation	P1	Aid reaching recipient countries (share of)
	P2	Allocation to poorer countries (poverty-weighted share)
	P3	Contributions to aid orphans (vs darlings)*
	P4	Multilaterals core support (share of)
	P5	Supporting selected global public goods (share of)*
Ownership	O1	Development interventions using recipient objectives (share of)#
	O2	Aid recorded in recipient budgets (share of)#
	O3	Use of recipients' national finance systems#
	O4	Reliability - scheduled aid recorded as received within period
	05	Predictability - coverage of donor forward spending plans
Transparency	T1	Coverage of published information on projects (IATI* and CRS)
	T2	Comprehensiveness of IATI and CRS data
	T3	Timeliness of published projects and data (CRS and IATI)
	T4	Untied aid (declared and de-facto*, share of)
Learning	L1	Quality of evaluation*
	L2	Quality of learning systems*
	L3	Evaluations planned with recipient (share of)

* Indicators which are new or in development

Existing indicator to be adjusted for the fragility of recipient countries.

1. Prioritisation (aid allocation choices)

This category groups fundamental choices that development cooperation agencies and their political owners necessarily make, for better or worse, on where, for what purposes and through what channels to route their aid.

They can, in particular, choose whether to spend bilateral ODA at the margin on domestic institutions (for example on students and refugees) versus transferring resources directly to developing countries. They can direct country-specific aid to relatively poorer, as against less poor, countries. They can correct for, or reinforce, wider systemic imbalances which create "aid orphans." DAC members can route a higher or lower share of their aid via core support to multilateral agencies. And bilateral and multilateral agencies can spend more, or less, on tackling global and regional challenges.

P1 Aid spent in recipient countries (share of): ***Unchanged***

A substantial portion of ODA does not represent actual transfers of funds to partner countries. The DAC, recognising the need for a metric for aid that is actually received by partner countries, has developed a measure called "country programmable aid" (CPA) (Benn, Rogerson and Steensen, 2010). CPA is a subset of ODA that excludes: funding that does not flow to partner countries (e.g. donor administrative costs, imputed student costs, and the costs of supporting refugees within donor countries), unpredictable flows (e.g. humanitarian assistance), and transfers over which recipient countries could not have a "significant say" (e.g. food assistance).[15]

This indicator measures the percentage of a donor's total ODA that is in the form of CPA. This is a measure of aid quality insofar as it shows how much aid funding is actually available (on a predictable, programmable basis) in recipient countries.

AidData's Listening to Leaders 2017 survey of recipient country leaders found that "Survey respondents from countries which have more programmable aid as a percentage of their overall ODA envelope viewed their development partners as more influential, on average. In other words, countries that can program more of their assistance dollars for themselves, rather than having these decisions made for them by the donor, actually hold development partners in higher regard, not less." (Custer et al., 2018).

P2 Allocation to poorer countries (income-weighted share): ***Unchanged***

While there are many objectives of aid, poverty reduction remains at the forefront. This is emphasised by GPEDC's principle that development efforts must have a lasting impact on eradicating poverty and the very first of the SDGs, which aims to end poverty in all its forms everywhere. Many donor country regulatory frameworks, such as the UK's International Development Act, also establish it as the overriding objective of foreign assistance.

A large number of academic studies over the past two decades have examined the role of aid in promoting economic growth (a necessary, though not sufficient, precursor to poverty reduction in developing countries) and other key development objectives. While this evidence is mixed, it strongly suggests that aid does have (moderately sized) positive effects

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[15] For more on CPA, see: http://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/cpa.htm

on GDP growth, productivity and human capital, on average,[16] albeit subject to time-lags, and below a fairly high absorptive capacity threshold[17] (for example, see Galiani et al., 2016; Arndt et al., 2015; Clemens et al., 2011).

If therefore a primary objective of aid is poverty reduction, and a primary characteristic of ODA is its potential to provide concessional resources to countries that have difficulty in accessing other financing, "high quality" aid means aid that is well-targeted to such contexts. There are many possible proxy measures for country need in this sense, the most straightforward of which is per capita income. Our current indicator weights aid flows by the average income level in recipient countries. Specifically, we take the logarithm of the recipient's per capita gross domestic product at purchasing power parity and multiply this value by the share of each donor's aid given to each recipient, and then aggregate across recipients for each donor.

There have been challenges to taking this per-capita income "shortcut" for assessing need, as against using other proxies, for example a multi-dimensional approach to vulnerability (Guillaumont et al. 2015) The most internationally recognised, consensus variant is the UN's list of Least Developed Countries (LDC), with its associated minimum target shares of ODA. This approach does not, however, allow for differentiation by income levels, or other criteria, within the group, a few of which have, or will soon have reached, middle-income status, and the list excludes some large fragile states like Nigeria for historical reasons. It does start to open up the wider issue of how to account fairly for state fragility. Alternative formulations such as Marcus et al., (2018), measure how well donors target countries which generate insufficient tax resources to fund a package of basic social services for themselves. Again, there is substantial overlap between low per capita income and other dimensions of vulnerability, but it is far from a perfect fit. We propose to test alternative formulations, while continuing with current practice for the time being. We discuss the related research agenda in Part III.

This allocation logic of attempting to reduce poverty within and across countries is also inherently different to that of spending to support global and regional public goods.[18] Thus to provide balance in our indicators, we also measure support to GPG activity in indicator P5, as discussed below. Alternative approaches would be either (1) to deduct from the poverty-focus (P2) indicator any country programmable assistance (CPA) that part which is primarily intended for GPG-supporting activities; or (2) to directly measure and reward the

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[16] The hypothesis that aid is more effective, or effective only in, well-governed countries (those with 'good' institutions and/or policies) has been challenged persuasively through successive waves of increasingly sophisticated aid-growth regression studies throughout the 2000s, many of which unpicked methodological weaknesses in the original Burnside and Dollar (2000, 2004) studies and the fragility of their results. These follow-up studies did not support the finding that a positive aid-growth relationship is conditional on institutions/policies See Part IV below for extended discussion.
[17] Clemens et al. (2004 [rev. 2011]) suggests an absorptive capacity threshold of aid-to-GDP around 15-25%.
[18] In practice, there are relatively few goods that meet these definitions strictly, but a much wider array that meets them less strictly, including goods (and 'beds') with significant externalities and spill over effects that cross national borders (for instance, conflict and instability that can spill over borders, or vaccination efforts that can foster herd immunity across widespread populations).

proportion of aid to middle income countries which is focussed on a GPG (rather than other) purpose.

P3 Contributions to aid "orphans" (vs. darlings): ***new, under development***

A major theme of the Agenda 2030 to achieve the Sustainable Development Goals is the pledge to "leave no one behind" and "endeavour to reach the furthest behind first." (§4)[19] Yet recent studies have shown that donors tend to follow the "herd," often trailing the largest donors and crowding-in to certain recipient countries (Davies and Klasen, 2019). As donors continue to fund "aid darlings," the "aid orphans" get left behind in the process. While Indicator P2 helps us to understand the extent to which donors are *as individuals* targeting their aid towards the poorest countries, this new P3 indicator instead considers how well they are playing their part in the *overall donor system*. In other words, it would track the extent to which donors are exacerbating or alleviating the problem of "aid orphans" by rewarding donors who fill gaps in the global aid allocation. This does not prescribe which specific recipient countries each donor should prioritise and still allows for an appropriate division of labour; for example, recognising that France is more likely to engage in Francophone countries, and that doing so could be helpful if other donors are neglecting them, relatively speaking.[20]

Ideally, this indicator would measure whether a donor's aid allocation moves the global allocation towards, or away from, some global "optimal" allocation. There are several models that offer to provide a global aid allocation—including the World Bank's IDA model, which draws mainly on population size, GNI per head, and a "Country Performance Rating"; a model looking at need and incorporating both income levels and fragility, or ability to pay, as just discussed as options for P2; or we could use a simpler model like allocating an equal level of "aid per extremely poor person" using poverty headcount data.

Our indicator would consider the aid allocation of each donor and measure the extent to which they move the global aid allocation further towards, or away from, this optimum pattern. Each donor country's score would be based on the change in distance from the global "optimum" that its aid achieves. There may be simpler formulations of this indicator which identify aid "orphan" countries and reward the donors that prioritise them but underlying each there will be value assumptions on what constitutes the ideal allocation logic. P3 also puts the onus on each donor to try to rectify the allocation mistakes of the rest of the collective, even if that is not in their legal mandate.

Note, finally, that several of the candidate models, egregiously IDA, factor in a "good governance" (or other plausible aid-absorption proxy) weight, which is vulnerable to the same critiques which led to our dropping the earlier good-governance-focus aid effectiveness indicator. Our reasons for this are set out in detail in Part IV below.

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[19] https://sustainabledevelopment.un.org/post2015/transformingourworld

[20] We are grateful to our former CGD colleague Paddy Carter (now at CDC), who proposed this idea.

P4 Multilateral core contributions (share of): ***unchanged***

The multilateral system exists to provide a collective mechanism for individual countries to pool their resources, increase efficiency, and to respond to large and complex international challenges in a way that is greater than the sum of their parts. In practice, individual countries are the "owners" of the multilateral system and make strategic choices about how to divide their aid between bilateral and multilateral channels. For example, they may choose to use certain multilateral agencies to reduce transaction costs incurred by both donors and recipient countries, to coordinate better with other donors, or to provide resources in cases where donors have less expertise or political support at home to use bilateral funding. There is also evidence that donors motivated to promote global public goods, human rights and global collective action are more likely to delegate their aid to multilateral channels (Greenhill and Rabinowitz, 2016).

It is frequently stated that multilateral channels have certain advantages over bilateral channels: multilateral channels are less politicised than bilateral channels; aid recipients often prefer multilateral aid; and multilaterals provide less fragmented aid. In a recent review, Gulrajani (2016) finds that there is moderate or strong supporting evidence for each of these claims. However, she also found that another frequently made claim - that multilaterals are necessarily more efficient in providing aid - has only weak evidence.

In light of this relatively strong evidence indicating advantages of the multilateral system, we argue that bilateral donors who provide greater *core* contributions to multilaterals (rather than earmarked resources) are playing a key role in strengthening the international development cooperation system as a whole, which is demonstrative of higher quality aid. The denominator for this indicator is the donor country's total ODA.

Although many countries additionally provide non-core ("earmarked" or "multi-bi") funds *through* multilateral agencies - for example, through multi-donor or even single-donor trust funds, or with otherwise stipulated objectives and conditions - we do not include these in this indicator. While donors deploy earmarked aid through multilaterals for a variety of (often legitimate) reasons, such funding comes with varying degrees of constraints on its use, and risks "hollowing out" the multilateral system, "as the locus of power and accountability shifts from the wider collective toward a narrower set of contracting relationships" (Barder et al., 2019). Therefore we see *core* contributions as the best indication of the extent to which a donor takes responsibility for their part within the collective system.

NB: By definition, this indicator only applies to bilateral donors and multilateral agencies are excluded.

P5 Supporting selected global public goods: ***new, under development***

As recognised in the 2030 Agenda for Sustainable Development and the Paris Climate Agreement, we are in an era of immense global challenges, the ramifications of which extend well beyond local and national borders and affect large swathes of the world's population. These challenges include environmental destruction, climate change, refugee hosting and global health crises, among others. They are linked intrinsically to the idea of global public goods (GPGs), which can be thought of as "goods whose benefits or costs are of nearly universal reach or potentially affecting anyone anywhere" (Kaul, 2013).

Classically, public goods are defined as non-rivalrous (one person's use of or participation in them does not limit another person's) and non-excludable (no one can be prevented from using or participating in them). Due to their globally diffuse, non-rival and non-excludable characteristics, GPG are often significantly underfunded by domestic and private actors. This is despite the fact that the returns to providing GPGs (and similarly, regional public goods, RPGs) are often much higher than the ultimate cost of addressing their shortfall.

Given that the diffuse nature of the incentives at stake call for global (or regional) levels of collaboration and collective action, we argue that the international development cooperation system provides an appropriate mechanism to address those GPGs that are clearly linked to development objectives. Ideally, funding for GPGs would be provided <u>additionally</u> to traditional aid commitments targeting country-level poverty reduction. However, in practice GPGs are now a widespread and legitimate objective for ODA spending (though we recognise that there are inevitable trade-offs). Moreover, the GPGs that we consider in this indicator are intrinsically linked to sustainable development challenges that often disproportionately affect poor and vulnerable communities in developing countries, such as climate impacts and the spread of infectious diseases. Thus we consider that targeting poverty reduction directly and supporting development-related GPGs are both important and legitimate objectives of ODA, and, moreover, that there is a fundamental connection between them.

This indicator captures donor efforts to support GPGs through their ODA spending, grouped into themes, including: environmental sustainability and climate change mitigation (we view climate change *adaptation* as tending to be a national or local public good, if not a private one); global public health and communicable disease prevention and control; peace and security; the generation of research and knowledge relevant to sustainable development; the facilitation of regional and global trade for developing countries; efforts to fight international crime and corruption; and the creation and protection of international norms and standards relevant to sustainable development problems. The themes and topics we have selected are based on our judgement that they contribute significantly to sustainable development; this is also backstopped by the fact that we are considering ODA spending only, which by its definition must contribute to economic development and welfare within developing countries.

To calculate the share of ODA spending that supports GPGs we propose defining a relevant list of channels (selected international organisations - capped at sensible thresholds of size and number of donors), purpose codes and policy markers[21] from the OECD Creditor

[21] Activities marked as "principal" under the CRS 'Rio markers' for climate change mitigation, biodiversity and desertification, see: https://www.oecd.org/dac/environment-development/rioconventions.htm

Reporting System, under which ODA projects can be aggregated for each donor, taking care to avoid double-counting and to maintain thematic balance across GPGs.[22]

However, there remain further research questions to address:

- How should analysis of support for GPGs address trade-offs between different GPGs and between different aid objectives?

- Should support for development-related GPGs be measured only through ODA spending, or should we assess additional kinds of contributions?

- How should the differentiated roles, responsibilities and comparative advantages of different donors be taken into account?

How broad or restrictive should the definition of GPGs (and RPGs) be? What kinds of incentives does this indicator create?

2. Ownership

Do development agencies align with partner country priorities and use partner country systems?

This category is the one which contains the greatest continuity with the "core" aid effectiveness principles established and refined in the series of dedicated international fora from Rome in 2004 through Busan in 2011 and thereafter supported by the GEPDC (see Box 1 and Appendix A). It focuses on whether donors key off recipient countries' strategies, help them record aid on-budget, use national financial systems, and deliver aid predictably in the short and medium terms.

It relies in particular on regular monitoring rounds (currently published in alternate years) by the GPEDC, based on recipient country reports of donor behaviour triangulated against donor reporting and some third-party information, such as on the quality of recipient country financial systems (See Appendix D for more details). By comparison to earlier versions of QuODA, this is also where we suggest adjustments to factor in the variable capacity of recipient countries, particularly in the case of fragile states, so as not to bias aid unfairly against such contexts.

[22] This work builds in part from similar efforts in the literature, principally Gavas et al. (2017), Development Initiatives (2016), and Cepparulo and Giuriato (2009).

O1 Development interventions using objectives from recipient frameworks (share of): ***unchanged***

Arguably, ownership is the core principle of development effectiveness. Development efforts can only succeed if they are "led by developing countries, implementing approaches that are tailored to country-specific situations and needs," as emphasised by the GPEDC.[23]

The findings from Davies and Pickering (2015)'s survey of 40 recipient country governments confirm that "respondents place very high value on alignment, predictability and responsiveness as qualities of their countries' development assistance providers." Other efforts to assess recipient country perspectives by Prizzon et al. (2016) echo those findings: "Overall, ownership, alignment and speed continued to be identified as key priorities in relation to the 'terms and conditions' of development finance… Countries seek to ensure that development finance is both provided to the sectors and priorities articulated in the country's national strategy (policy alignment), and use government systems to the maximum extent possible, for example through budget support (systems alignment)."

Donors should seek to use recipient country-owned results frameworks to design and plan development interventions that align with recipient government priorities. These may include any form of government-led planning instrument where development priorities and goals are clearly defined such as long-term vision documents, national development plans or sector plans. Donors first committed to use recipient country results frameworks in the Paris Declaration and then reaffirmed this promise in the Accra and Busan commitments (Paris §45, Accra §23, Busan §18b).

This indicator is sourced from GPEDC's indicator 1a (first sub-indicator), which measures the proportion of new development interventions that draw their objectives from country-led results frameworks. For each of the six largest development interventions of significant size (US$1 million and above) approved during the year of reference, this indicator calculates the degree to which development partners rely on objectives drawn from government sources . We plan to adjust this measure for the fragility of the recipient so that providers in fragile contexts are assessed against a lower expectation of using country frameworks. Expectations will be based relative to other donors use of country systems in those contexts.

O2 Aid recorded in recipient budgets (share of): ***unchanged***

Country ownership is hampered by recipient governments' uncertainty about the amount of aid flowing into their countries and inability to integrate aid in-flows transparently in domestic budget processes. In the Accra Agenda for Action, donors committed to "facilitate parliamentary oversight by implementing greater transparency in public financial management, including public disclosure of revenues, budgets, expenditures..." (§24). This

[23] GPEDC's first principle is "Ownership of development priorities by developing countries: Partnerships for development can only succeed if they are led by developing countries, implementing approaches that are tailored to country-specific situations and needs."

was reaffirmed in the Busan Partnership Agreement with the commitment to "strengthen the role of parliaments in the oversight of development processes" (§21a).

Thus funding commitments reported by donors to their partners for recording in the latter's government budget represent higher quality aid because they strengthen ownership and alignment - as committed by donors. This share of aid recorded in partner budgets is reduced when donors do not provide sufficient information to the government in a timely and comprehensive manner.

This indicator is sourced from GPEDC indicator 6, which measures the percentage of development cooperation funding scheduled for disbursement by development partners that is recorded in the annual budgets approved by the legislature of the recipient country. As with indicator O2, we plan to adjust this measure according to the fragility of the recipient – that is, if use of government budgets is systemtically lower in fragile states, we will measure providers use of budgets relative to other providers in similar contexts.

O3 Use of recipient country public financial management systems: *needs adjustment*

Increased use of public financial management (PFM) systems enables donors to support the institutions critical for long-run development. Donors committed in the Paris Declaration (§17-30) to working with partner countries to improve their PFM systems and channelling more aid through those systems, which was reaffirmed in Busan (§19).

GPEDC indicator 9b captures donor use of recipient PFM systems by measuring the proportion of development cooperation disbursed to the government using the recipient country's own financial management and procurement systems. This includes using the country's own rules and procedures – versus those of the development partner – for budget execution, financial reporting, auditing and procurement of goods and services.

An indicator of aid quality for donors use of recipient PFM systems should be adjusted for the quality of those systems so as to not penalise donors for not using systems that do not meet certain acceptable thresholds (which may be more prevalent in fragile contexts). To scale a donor's use of each recipient country's systems, we can use GPEDC Indicator 9a which assesses the quality of each recipient's PFM systems using the Public Expenditure and Financial Accountability tool (PEFA) with the dimensions that capture key aspects of budgeting, financial reporting, auditing and procurement systems.

O4 Reliability—Share of scheduled aid recorded as received: *unchanged*

Aid that is predictable and recorded as received by partner governments in a timely manner enables governments to manage their resources better, use aid for long-term development initiatives, and inform their citizens about the resources and development projects the government is undertaking.[24] Disbursements can be delayed for reasons including political concerns, administrative challenges, and procedures associated with project conditionalities.

[24] For more on this issue, see Mokoro (2008).

(To the extent that disbursement conditions are not met for reasons largely within recipient control, this measure overstates the scope for more donor-side predictability). The Paris Declaration calls on donors to disburse funds within the year they are scheduled and to inform partner countries of these disbursements (§26) and was reaffirmed in Busan.

GPEDC indicator 5a captures the short-term predictability of donor aid commitments by measuring the share of development cooperation funding that is disbursed to the recipient government within the fiscal year for which it was scheduled by the donor. It captures both the reliability of donors in delivering the promised resources within the relevant year and their capacity to accurately forecast and disburse this funding (i.e. implement their development co-operation activities) within a 12-month period.

Potentially, the budget function in fragile states is itself compromised for reasons not related to donor-side delays, so this indicator may need to be adjusted , like O3, according to recipient capacity in fragile states (see Part III below for further research questions related to fragility).

O5 Predictability—Coverage of forward spending plans: *unchanged*

Inadequate or absent information on a donor's future aid commitments limits partner countries' and other donors' ability to understand their funding gaps and to optimise their long-term financial plans. When donors publicly provide forward spending information, they enable partner countries and other donors to improve their long-term planning and decision-making. In the Busan Partnership Agreement, donors committed to "provide available, regular, timely rolling three- to five-year indicative forward expenditure and/or implementation plans as agreed in Accra..." (§24a).

The literature—both country case-studies (such as Wickremasinghe et al., 2018; and Furukawa and Takahata, 2018) and cross-country studies (such as Kumi et al., 2017; Hudson, 2014; Aldashev and Verardi, 2012; and Pycroft and Martins, 2009)—reveals strong consensus that more unpredictable aid is less effective in terms of promoting effective service provision, maintaining macroeconomic stability, and promoting GDP growth.

GPEDC indicator 5b measures the estimated proportion of development cooperation covered by indicative forward expenditure and/or implementation plans for one, two and three years ahead. The forward spending plan must meet all of the following criteria in order to be included in the results: be made available by the development partner in written or electronic form; set out clearly indicative information on future spending and / or implementation activities in the country; present funding amounts (at least) by year, while using the partner country's own fiscal year; be comprehensive in its coverage of known sectors, types and modalities of support; and clearly state the amount and currency of funding.

3. Transparency

The three main transparency-related indicators below are discussed together as a cluster, because they relate to different but complementary dimensions of implementing transparency, namely overall *coverage* of published aid data; *comprehensiveness* (and level of detail) of that data; and *timeliness* and frequency of publication.

This represents a break with past QuODA practice by going deeper into the specifics of donor/agency implementation of the main IATI and CRS standards, rather than logging more formal adherence, such as signature of IATI which is now near-universal in the DAC and among major multilaterals. At the same time it avoids some pitfalls of the more mechanical elements of the previous indicators, such as tracking the length of project descriptions, which may not be a good proxy for transparent behaviour. It is however more demanding than before in terms of requiring detailed review of activity-level records and assessing what share of aggregate reporting is properly accounted for by such records.

We have also included under this rubric a significantly strengthened new measure on *tied aid*, which digs below the formal commitment to *de jure* untying of DAC members, again near-universal, and considers evidence of *de facto* untying, derived from comparison of the share of awards to the donor's own contractors considering also their global footprint in the exports of relevant goods and services. Whilst by no means solely about transparency, it is included in this category for convenience, and to encourage more transparency by DAC donors on this point.

T1, T2, T3 Transparency indicators: ***need some adjustment***

Making ODA more transparent both increases its accountability between intended beneficiaries, recipient country governments, donors, and civil society.[25] Publishing information transparently also allows stakeholders to use it for planning and research. Ultimately, this is likely to lead to better ultimate development outcomes.

While there has been a welcome upsurge in commitments and initiatives to promote enhanced transparency in the aid sector over the past decade - including the spread of the IATI Standard - 2018 GPEDC monitoring shows that one third of donors' scores have declined for at least one of the three data systems assessed (CRS, Forward Spending Survey, and IATI) since 2016. According to the GPEDC, "this finding indicates that progress in making information on development co-operation publicly available requires continued attention and effort" (GPEDC, 2019).

[25] GPEDC's fourth principle is "Transparency and accountability to each other: Mutual accountability and accountability to the intended beneficiaries of development co-operation, as well as to respective citizens, organisations, constituents and shareholders, is critical to delivering results. Transparent practices form the basis for enhanced accountability."

The indicators in this theme measure how far and how well donors report ODA spending to CRS and IATI - including assessing them against specific commitments they have made in this respect.[26]

Three of the indicators we propose draw on data used for GPEDC's assessments of transparency, but we will collate the data in a way that provides distinct scores for comprehensiveness (how much of aid is covered), timeliness (how promptly it's made available) and coverage (is the data sufficiently detailed). This allows us to consider whether an agency reports detailed info about only a small portion of their aid (low coverage, high completeness) or may report vague information about all of its aid (high coverage, low completeness).

GPEDC indicator 4 measures how well donors publish to three different sources: the OECD-DAC's Creditor Reporting System (CRS) used for backward-looking accountability; and OECD-DAC's Forward-Spending Survey (FSS) used for forecasting purposes; and the International Aid Transparency Initiative (IATI) used for aid management and planning purposes. GPEDC's assessment of each of these three sources examines dimensions of timeliness, comprehensiveness, and forward-looking nature. It is a composite indicator made of several sub-components that went through a rigorous process to develop, pilot, and revise with an inclusive stakeholder group and consultation involvement with both OECD and IATI secretariats.

As our intention is to consider and compare agency performance, we plan to analyse GPEDC's underlying data and present the scores in terms of completeness, timeliness and coverage; rather than under the three sources.

T1 Coverage of project-level data

Access to key information about individual aid projects can better inform planning and monitoring by

partner countries, donors, researchers, and civil society organizations worldwide. Despite official DAC

donor commitments to publicly disclose specific information about all of their project-level aid activities, the share of total aid for which they disclose project-level information varies.

This measure would combine two sub-indicators that look at the proportion of aid spending that is reported as i) a commitment in CRS, and ii) recorded in IATI.

[26] The indicators in this theme are meant to give a broad overview of donors' transparency. There are more detailed assessments focusing on donor transparency policy and publishing activities to IATI, notably the 'Aid Transparency Index' by Publish What You Fund (PWYF, 2018). Our aim is to provide complementary measures and not to replicate these other useful tools.

CRS project-level commitment data

To measure the completeness of project-level reporting we computed the share of total ODA commitments reported to the DAC that were accounted for in donor project-level reporting to the CRS in the same year For example, a donor that reported to the DAC that it committed $1 billion in aid and provided information for projects that amounted to $500 million of aid in that same year would receive a score of 50 percent on this indicator. Though this indicator measures the share of donor aid for which any project-level records are available, it does not measure the completeness of the fields that contain valuable information on the project-level activities of donors.

Coverage of IATI

This measure estimates the coverage completeness of donor reporting to IATI out of total aid flows.[27] We can compute the total amount of ODA disbursements that are published to IATI[28] and compare that to the total disbursements in CRS to see what proportion of disbursed aid flows are being published to the IATI standard.[29]

T2 Comprehensiveness of CRS and IATI data

Donors should strive to provide complete records to CRS and IATI for the benefit of a range of stakeholders. In both the CRS and IATI databases there are several fields in which donors disclose key descriptive information about projects that allows users to understand the specifics of how money is being spent. In CRS these include title, short description, long description, and delivery channel.

Title and short descriptions are key to understand briefly what the project entails and the long description entry offers donors an opportunity to communicate more details than are captured in the other project fields. Providing specific information on delivery channels for aid projects enables better tracking of the movement of donor aid flows of whether support to a partner country goes through partner government agencies, international NGOs, domestic NGOs, multilateral agencies, or other entities. IATI data is more detailed, including many more fields.

This indicator would combine an assessment of recording of project titles and short description, level of detail of project description, and reporting of aid delivery channel to

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[27] Publish What You Fund's Aid Transparency Index assesses *attributes* for the aid funding that is published to the IATI registry. The purpose of this proposed indicator is to measure what *proportion* of a donor's aid flows are published to see how much aid is available for use and scrutiny by other stakeholders - which the ATI does not assess. For details of what the Aid Transparency Index assesses, see http://www.publishwhatyoufund.org/wp-content/uploads/2017/06/2018-Aid-Transparency-Index-technical-paper.pdf

[28] Individual aid agencies publish to IATI, so these need to be summed across agencies to get a total for each donor country.

[29] The following DAC member countries have at least one agency as a registered publisher to IATI: Australia, Belgium, Canada, Denmark, Finland, France, Germany, Ireland, Italy, Japan, Korea, Netherlands, New Zealand, Norway, Slovakia, Spain, Sweden, Switzerland, United Kingdom, United States. https://drive.google.com/file/d/1P-BuYTnaaidit9m-uJ4eiceRKZ3ss4OF/view?usp=sharing

measure the disclosure of key project information. This would be done by averaging the percentage of each of the title, short description, and delivery channel fields that was completed for each aid activity. The long description would measure average character counts in the long description fields in their database for each donor's project-level aid activities and take the logarithm of the average character counts to emphasise changes at the lower end of the spectrum of character counts.

These measures do not capture the difference in quality of responses across donor agencies but do provide us with a sense of how much information is available for use by stakeholders. A donor who reports a higher share of projects with title, short descriptions, channels, and detailed long descriptions are considered more transparent.

T3. Timeliness of published projects data

Timeliness of data publishing is important to transparency. Data which us up to date is much more useful for a range of stakeholders. GPEDC assesses the frequency of updates to both IATI and CRS. This considers both the frequency of publishing to each source (monthly, quarterly, semi-annually or annually) and also the time-lags in reporting (the gap between activities taking place and data being published). Table 2 below indicates how the GPEDC aggregated scoring in 2014. One will need to request their updated methodology and data or attempt to reconstitute it by other means.

Table 2. Example of GPEDC scoring for aid reporting frequency and lags

IATI				
Scoring for frequency			**Scoring for time lags**	
Annual reporting/publishing	= 1 point		Annual lag	= 1 point
Semi-annual reporting/publishing	= 2 points		Semi-annual lag	= 2 points
Quarterly reporting/publishing	= 3 points		Quarterly lag	= 3 points
Monthly reporting/publishing	= 4 points		Monthly lag	= 4 points
CRS				
Scoring for frequency			**Scoring for time lags**	
Annual reporting/publishing	= 1 point		Reporting before 30 December	= 1 point
Semi-annual reporting/publishing	= 2 points		Reporting before 30 September	= 2 points
Quarterly reporting/publishing	= 3 points		Reporting before 30 June (15 July for the pilot exercise)[9]	= 3 points
Monthly reporting/publishing	= 4 points		Reporting before 31 March	= 4 points

Source: GPEDC, 2014

T4 Untied aid share: ***under development***

"Tied" aid refers to aid that is provided on the condition that goods and services it funds are procured from suppliers based in the donor country, or in a set of otherwise restricted countries. In 2001, DAC members committed to untie 100 percent of aid to least developed countries, and in 2014, extended this agreement to include all Heavily Indebted Poor Countries (HIPCs).[30] In the Paris Declaration (§31) and Accra Agenda for Action (§18), donors also committed to accelerate their efforts to untie aid, recognising that this provides better efficiency and value for money - since goods and services may be procured at lower cost from alternative sources competing for contracts - and strengthens recipient country ownership - since it does not dictate to the recipient procurement conditions (that are typically seen as in the donor's own interest).

Much of the empirical evidence on tied aid is from the 1990s and early 2000s, and most of it concentrates on harm to efficiency or cost-effectiveness. Jepma (1991) estimated that the excess cost of tied aid to recipients is in the range of 15-30%. Clay et al. (2009)'s literature review found this to be a plausible summary and the figure has continued to be referenced in more recent studies (e.g. Meeks, 2018) as the best available estimate. All of the studies we reviewed for this paper came to the conclusion that aid tying has negative impacts; no papers were found suggesting positive impacts (other than potentially minimal increases to jobs and trade for the donor country).[31]

The OECD leads efforts to track donor-reported aid tying status. Since the original untying commitment in 2001, donors have made continual progress on increasing the share of untied aid, from 47% to 88%.[32]

Despite progress on "formally" tied aid, "informally" or *de facto* tied aid remains a more pressing concern: though it may not be explicitly set as a condition of the aid provision, firms based in the donor country still tend to receive a very high proportion of contracts for many donors, with over half of aid procurement[33] still captured by in-donor contractors. This suggests they benefit from process and network advantages amounting, in some cases, to *de facto* tying.

For example, the UK and Australia report to the DAC that 100% of their aid is untied, despite the majority, at least 90 percent according to one report, of ODA contracts being awarded to firms in their countries in 2015 and 2016.[34] This suggests some built-in

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[30] See DAC 2014 agreement here: http://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/Revised%20DAC%20Recommendation%20on%20Untying%20Official%20Development%20Assistance%20to%20the%20Least%20Developed.pdf

[31] We reviewed the following literature: Jepma (1991), Morrissey cited in ActionAid (1998), Aryeetey et al. (2003), Lentz and Barrett (2008), Clay et al. (2009), and Norris and Veillette (2011), among others.

[32] http://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/untied-aid.htm

[33] *Meeks (2018), Eurodad. Development untied, p.3. https://eurodad.org/files/pdf/5ba3a41be1899.pdf*

[34] ibid*, p.10.*

contracting advantage to firms based in donor countries. Those firms may sub-contract to secondary and tertiary suppliers (sub-contracting is common practice in many aid projects), but unfortunately, we have limited information on the location of these downstream contractors. Although IATI has helped, further data is required to understand how much is actually being allotted to firms in the recipient country. Furthermore, the DAC's definition of tying does not include entities such as research institutions and civil society organisations, of which the majority dealing with aid contracts tend to be based in donor countries.

This indicator will use the DAC self-declared proportion of tied aid, which is non-zero for a number of major donors (including the US and EU). However, we also propose a new sub-indicator of aid quality to assess this *de facto* tied aid, although this cannot be computed straightforwardly given the lack of publicly available data on the location of aid contractors for each donor; therefore it must be estimated. Some observers have suggested establishing threshold levels of in-donor shares. For example, Meeks (2018) posits that between 50% (lower band) and 75% (upper band) of contracts awarded to suppliers in the donor country could be considered "informally tied." In its "Real Aid" methodology, the ONE Campaign (2019) assumes that if more than 50% of a donor's contracts go to domestic firms, this would be considered *de facto* tied.

One complication is that the numerator for this indicator (% of donor aid contracts awarded to suppliers within the donor country) would need to appropriately adjusted for each donor country, as you would expect certain (major) donor countries to be home to disproportionately more aid suppliers than other donor countries, for example, countries such as the UK and US with a relatively large sector of development research institutions and NGOs. Thus, without access to the actual contracts data across all donors, one challenge is to develop an appropriate qualifier for the denominator (such as GDP or trade patterns) that serves as a reasonable proxy for what we would *expect* donor-based suppliers to receive in the absence of additional information

4. Learning from (and evaluation of) results

Donors and development agencies are not solely, and often only marginally, responsible for development results in the sense of direct attribution for, or control over them-even when they are accountable for them to the satisfaction of serious domestic political and media scrutiny. What is within their control is how well they go about assessing what works, what does not, and why, and react accordingly, that is, how effectively they evaluate their programmes and learn from that process.

This group therefore focusses on quantifying the quality of their evaluation and learning systems. It also includes an element of the existing QuODA set, which zeroes in on whether evaluations are conducted jointly with the recipient country, as GEPDC principles dictate.

L1 and L2 Donor evaluation and Learning systems: *under development*

Organisations that have strong systems in place for evaluating their activities and that prioritise learning and accountability are more effective. With respect to development agencies, in particular, one recent study by the Independent Evaluation Group of 1,385 World Bank investment loan projects found a positive and significant association between good quality monitoring & evaluation and project outcome rating (Raimondo, 2016). Legovini et al. (2015), in a study of World Bank loans and grants, found that projects with an impact evaluation are less likely to have delays in disbursements.

While evaluation and learning is important for improving the performance of any kind of organisation, for public sector institutions such as bilateral and multilateral aid agencies, there is an additional exigency that "evaluation is increasingly seen as an activity that is intrinsic to good government… as a means of… accountability" (Levine and Savedoff, 2015). We argue that evaluation and learning contribute both *instrumentally* to aid effectiveness (good development outcomes) and *intrinsically* as an attribute of "high quality" donorship itself. Yet the quality of evaluations and the uptake of their findings and lessons for aid programming and policymaking remain highly variable (Goldberg Raifman et al., 2017; KPMG, 2014).

While transparency metrics such as those used by past editions of QuODA and other indices such as the Aid Transparency Index are relatively more straightforward to construct, defining and assessing the quality of a donor's evaluation and learning systems is more complex and more difficult to quantify and standardise. This is exacerbated by the fact that there is no universal consensus on what optimal evaluation practices and systems look like. Several reference guidelines and standards for development evaluation systems have been developed in recent years, including the DAC Principles for Evaluation of Development Assistance,[35] the DAC Criteria for Evaluating Development Assistance,[36] and the DAC Quality Standards for Development Evaluation,[37] which have widespread legitimacy with ODA providers. These standardised frameworks have themselves been critiqued by some aid practitioners and evaluators; for example the DAC Evaluation Criteria have been characterised as too simplistic, rigid and lengthy, and not as applicable to analysing whole systems as individual projects and programmes (Pasanen, 2018; Ofir, 2018; Cohen and Shingiro, 2017; Heider, 2017). However, despite these conceptual challenges, it is important to attempt to assess the quality of donors' evaluation and learning systems within a comparable framework, given their critical importance for effective and accountable aid.

In recognition of this, earlier editions of QuODA (Birdsall, Kharas and Perakis, 2011) included an indicator on "Quality of evaluation policy." Populating this indicator with data entailed conducting primary research of individual donor policies, examining whether or not each donor agency fulfilled five elements that (out of necessity) concentrated on the existence of policies and mechanisms rather than their implementation.[38] However, this was not continued in the latest edition of QuODA since it only addressed evaluation *policy* rather

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[35] https://www.oecd.org/development/evaluation/2755284.pdf
[36] https://www.oecd.org/dac/evaluation/49756382.pdf
[37] https://www.oecd.org/dac/evaluation/qualitystandardsfordevelopmentevaluation.htm
[38] The five key elements were: (1) a single, published evaluation policy document; (2) a description of measures to maximise the independence of evaluations; (3) the transparent publication of all evaluations; (4) a description of mechanisms to ensure that evaluation findings and recommendations would be considered in future planning; and (5) specific clarification of what gets evaluated.

than any assessment of *implementation* and relied on various inconsistent documents among donors. We now propose to develop new indicators of donor evaluation and learning systems that capture function, resources, and demonstrated changes—assessed in a more uniform way across donors.

Currently, the two major sources of comparable information regarding donors' evaluation and learning systems are the DAC Peer Reviews and MOPAN reviews, for bilateral and multilateral agencies respectively. For countries that are members of the DAC, the DAC Peer Reviews (Chapter 6) provide a qualitative assessment of donors' evaluation systems and institutional learning, drawing on the DAC evaluation principles as the key benchmark for good performance (OECD, 2019). The Multilateral Organisation Performance Assessment Network (MOPAN)—whose Secretariat is also hosted by the OECD's Development Co-operation Directorate—assesses and numerically scores several aspects of multilaterals' evaluation, learning and accountability systems under Key Performance Indicator (KPI) 8 of the MOPAN 3.0 framework (MOPAN, 2015).

We propose to create two new quantitative indicators, outlined below, for evaluation and learning respectively, that can be applied to both bilaterals and multilaterals, by creating a core set of sub-indicators drawing on the DAC Peer Review and MOPAN Review frameworks. For multilaterals, the scores will be taken directly from the MOPAN Reviews for the relevant micro-indicators or elements, or their average where relevant. For bilaterals, we will code the relevant sections of text from the DAC Peer Reviews and score each sub-indicator based on the same underlying scoring framework.

<u>Evaluation system (L1)-</u> This indicator will measure whether each agency has:

a) a policy with defined roles and responsibilities.

b) a function that is independent and impartial with

c) sufficient expertise and systems in place to ensure quality.

d) a dedicated overall evaluation plan and budget to allow consistent coverage of activities.

<u>Institutional learning (L2)-</u> This indicator will assess whether each agency has:

a) Programme management and accountability systems ensure follow-up on recommendations and learning.

b) A knowledge management system based on results and evidence is used as a forward-looking management tool; there is uptake of lessons and best practices.

c) The donor has implemented past recommendations / made progress in areas identified as weak in the previous assessment.

L3 Evaluations planned with recipient (share of): ***Unchanged.***

The idea that donors should use recipient country frameworks to increase the focus on development results that meet developing country priorities was set forth in the Paris Declaration (§45) and reaffirmed in the Accra commitments (§23) and in Busan. If a donor evaluates development interventions without involvement of the country where the intervention takes place, then the perspective of the donor may be prioritised and opportunities to build country learning and capacity may be missed. Instead, donors should seek to engage with the recipient country to define the scope of evaluations and jointly implement them.

GPEDC indicator 1a, fourth sub-indicator measures donor engagement with recipient countries for evaluating development interventions as the proportion of new development interventions with a final evaluation that engages the recipient country government. For each development intervention of significant size (US$1 million and above) approved during the year of reference, the indicator calculates the share of interventions that undergo a final evaluation with recipient country government involvement.

Part III. Where we need more research

We have identified three areas—aid to fragile states, humanitarian assistance, and recipient preferences—in which further research over the longer term (beyond the 12-18 month horizon) could lead to valuable new indicators of aid quality.

Fragile states

As discussed in Part I, supporting development in fragile states is clearly a priority for donors. The indicator framework presented above already offers credit to donors who prioritise poor countries (or LDCs), aid reaching recipients (CPA), and core support for multilaterals. In addition, in contrast to our work in past editions of QuODA, the indicators we propose in this paper no longer include one rewarding aid to well-governed countries (see next section). Still, there remains a question regarding how best to develop measurable indicators for, and/or adjust the indicators presented above to, fragile contexts. Below, we identify two further potential adjustments: adding fragility to measures that identify need; and adjusting measures of recipient ownership.

Should we reformulate an income-based country needs measure so that is more in line with the shifting locus of world poverty, now centred on fragile states? One option is to integrate additional proxies for needs and vulnerabilities (such as those attributes highlighted by Guillaumont et al. (2015) that focus on economic vulnerability and low levels of human capital), or current and/or projected future levels of extreme poverty (Gertz and Kharas, 2018; Chandy, 2017; Lea and Dercon, 2016). Financial need could be considered through indicators of countries' fiscal capacity to close their own poverty gaps (Ravallion, 2009) or to fund a defined basket of basic social services (Manuel et al., 2018). The proposed indicator above on 'allocations' (P2) and the contribution to mitigating the problem of "aid orphans" (P3) will most likely incorporate some of these elements in due course.

A related and increasingly important complication is the **sub-national allocation of aid**—for example, how to account for the needs and fragility of certain regions or communities within otherwise stable or less poor countries.

A substantial further set of **concerns about measuring aid effectiveness in fragile states relates to the theme of country ownership**, specifically the onus on donors to provide information that is recorded on recipients' budgets (which may be inadequate or barely functioning in fragile states), use their systems (regardless of quality, which may be lower in fragile states), and work jointly on evaluations (regardless of capacity which may be lower in fragile states). Chandy et al. (2016) developed variants of some of these indicators that adjust for such contextual distinctions; for example, controlling for the quality of the recipient's Public Financial Management systems (using CPIA scores) when judging a donor's use of country systems. We already propose to explore a similar method for indicator O3, potentially using Public Expenditure and Financial Accountability scores, which may be a more nuanced measure than CPIA scores. The option of taking similar approaches to other indicators, such as O2, should be assessed in due course.

Hart et al. (2016), among others, suggest that donors concerned about the **higher fiduciary and political risks in fragile states** could focus on specific lower-risk elements of country systems, such as putting aid "on plan," "on budget," and "on parliament." Chandy et al. (2016) also focus on **"multi-bi" aid, or earmarked bilateral aid channelled via multilaterals**, as a useful indicator of joined-up aid practices, as distinct from core multilateral aid contributions (although there are critiques associated with the rise of multi-bi aid, e.g. Gulrajani (2016), Barder et al, (2019).

At a policy level, the **New Deal for Engagement in Fragile States** (launched at the Fourth High Level Forum on Aid Effectiveness in Busan in 2011) retains legitimacy as the key international agreement in which development partners committed to supporting greater aid effectiveness in fragile situations through the TRUST Principles.[39] However, there remains a lack of comprehensive empirical studies testing the implementation of these principles.

It is also worth highlighting that the GPEDC currently has an **Open Working Group on Fragile and Conflict-Affected States** looking into the issue of how to enhance the GPEDC's monitoring of development cooperation in fragile states, in recognition of some of the technical and political issues mentioned above. This group is expected to put forward a proposal for a revised monitoring framework for fragile states, tailored towards a better assessment of government legitimacy, setting national priorities, mutual accountability, use of country systems, capacity-building, and humanitarian-development coherence (GPEDC Open Working Group, 2018).

In summary on fragility, the indicators in our new suite of measures are mostly neutral on fragile states (whereas prior editions effectively penalised donors by rewarding allocation to "well-governed" countries). There may be a case for actively rewarding activity in fragile states in allocations; or adjusting ownership measures. We plan to take stock of the working group's findings before finalising the indicator set.

Humanitarian aid quality

As discussed in Part I, humanitarian aid is increasing in absolute quantity and as a proportion of ODA, in response to the increasing frequency and severity of disasters and protracted crises. Given this and given the increasing recognition of the need to bridge the "humanitarian-development divide," it would be desirable for aid quality indicators to assess humanitarian assistance specifically. *How* to do so—whether to integrate humanitarian spending under our above indicators (using the same, or adjusted, metrics), or to create a suite of new/additional indicators assessing these flows specifically—remains a key technical and practical question. It should be noted that the subsets of development cooperation we are examining with each of our existing indicators already has certain ramifications for the way in which humanitarian assistance is included/excluded; for example, some subsets of ODA that we use above, e.g. CPA, by definition exclude humanitarian aid.

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[39] See: https://www.pbsbdialogue.org/en/new-deal/new-deal-principles/

There is, unfortunately, no single, agreed set of quantitative indicators for humanitarian aid effectiveness. DARA, a civil society group, had previously developed a Humanitarian Response Index (HRI), consisting of 35 indicators grouped into five pillars of good practice to measure the quality, effectiveness and impact of humanitarian action: (i) Responding to needs; (ii) Prevention, risk reduction and recovery; (iii) Working with humanitarian partners; (iv) Protection and international law; and (v) Learning and accountability.[40] However, the HRI was last compiled/published in 2011 and, even if reconstructed soon, it may no longer command a consensus across the wide spectrum of humanitarian actors today.

The Grand Bargain agreed at the 2016 World Humanitarian Summit includes 51 specific commitments to improve the mobilisation, efficiency and effectiveness of humanitarian funding. At the moment however, overall monitoring of Grand Bargain progress is still reliant on analysis of agency self-assessments, which are primarily qualitative in nature (GPPI and Inspire Consortium, 2017; Metcalfe-Hough et al., 2018). Furthermore, annual reviews of the Grand Bargain have thus far suffered from a "lack of consistent and practical methodologies for measuring progress" and "significant inconsistencies in the information presented in the self-reports" (Metcalfe-Hough et al., 2018).

With respect to monitoring the transparency dimensions of the Grand Bargain, Development Initiatives has developed an online dashboard (currently in beta version), which measures the quality of humanitarian data an organisation publishes to the IATI Standard against five performance measures (Development Initiatives, 2017).[41] The performance of donors against these measures could be integrated as a new aid quality indicator under the Transparency theme.

Other than the Grand Bargain, there are several different (but overlapping) sets of commitments, frameworks and standards in active operation, such as the ***Agenda for Humanity*** (the overall multi-stakeholder agreement from the World Humanitarian Summit), the ***Core Humanitarian Standard on Quality and Accountability***, and the ***Principles and Good Practices of Humanitarian Donorship*** (which form the basis for the analysis of humanitarian aid in the DAC Peer Reviews).

A promising avenue to explore for the near future is quantifying and assessing key dimensions of the Grand Bargain and good humanitarian practice more generally. These could include indicators on donors' support (or lack thereof) for local humanitarian actors, increased cash programming, the extent to which donors make multi-year aid commitments for the major humanitarian agencies, use of pooled funds and reserve funds, and rapid response mechanisms, including insurance, for example.[42]

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[40] See: https://daraint.org/humanitarian-response-index/
[41] See: http://46.101.46.6/dashboard
[42] See CGD's work on "Payouts for Perils: How Insurance Can Radically Improve Emergency Aid" (Talbot et al., 2017).

Recipient preferences

Recipient preferences are at the heart of the principle of country ownership and understanding them is critical to tailoring aid interventions to the local context. Country ownership tends to be thought of in terms of the recipient country *government*, but the perspectives of local governments, civil society, citizens and households also need to be taken into consideration. The challenge is how can aid recipient preferences and perspectives be better incorporated into measures of aid quality, particularly when these may diverge from each other and change in different situations?

The following table outlines surveys that capture aid recipient perspectives on development priorities, either from governments, citizens, or a combination of both with representation from civil society. AidData's *Listening to Leaders* and the regional *Barometer* surveys offer potential sources as they are both ongoing (rather than one-off) efforts that seek to ascertain recipient perspectives on needs. *MyWorld* and the *Barometer* surveys were used in earlier editions of QuODA, but the *MyWorld* survey was a one-time effort to generate citizen input to the SDGs and will not be replicated. In the broader literature, the findings from ODI's *Age of Choice* series (Prizzon et al., 2016) and Davies and Pickering (2015)'s survey for the OECD offer useful insights into recipient perspectives against an evolving aid (and beyond ODA) landscape.

Table 3. Surveys that capture aid recipient perspectives on development priorities

Survey	Year*	Respondents	Relevant topics measured
Listening to Leaders by AidData	2017	Leaders from government, private sector, and civil society in 126 developing countries	Development priorities; 'influence' and 'helpfulness' of aid providers
Age of Choice by Overseas Development Institute (Prizzon et al., 2016)	2012-2015	Governments, development partners, and civil society from 9 developing countries	Views on non-traditional sources of development finance
Davies and Pickering, for the OECD	2014	Recipient country governments from 40 countries	Needs and expectations of aid providers
Regional Barometer surveys	2010-2018	Citizens of 93 countries	Most important problems that government should address
MyWorld by the UN	2013-2015	Citizens of 194 countries	Top development priorities (based early scoping of the SDGs)

*Year(s) of data collection (not necessarily publication date)

Previous editions of QuoDA have matched CRS sector codes (more general) or purpose codes (more fine-grained) to survey findings using both Barometer and MyWord surveys, by recipient country to calculate the proportion of each donor's aid that aligns with recipient priorities. AidData compared the priorities of recipient countries' leaders (*Listening to Leaders* survey), recipient countries' citizens (MyWorld), and donors (revealed preference based on ODA project descriptions mapped to SDG targets).[43] They found that "International donors are in step with national leaders on their commitment to strong institutions, but may underinvest in jobs and schools" (Custer et al., 2018).

A revised measure of recipient preferences could also shed light on other aspects of donor behaviour, such as helpfulness in implementing policy initiatives, as the *Listening to Leaders* survey does.[44]

[43] See chapter 1 and endnotes 14, 15, 16 in Custer et al. (2018).
[44] The LtL survey asks questions to in-country counterparts about their development partners (bilateral, multilateral, and NGOs). Respondents are host government and development partner officials, civil society leaders, private sector representatives, and independent experts from 126 low- and lower-middle income countries and territories. The variables on 'helpfulness' and the reasons why donors are helpful "to evaluate other contributions in the messy politics of how policy decisions are made and reforms are implemented." (Custer et al., 2018).

Part IV. What we can't or shouldn't measure for aid quality

This section looks at where we think it is not feasible even with timebound further research ("can't"), or where the evidence is simply not supportive ("shouldn't") to measure aid quality in three areas: well-governed countries; concentration/ fragmentation and aid via the private sector.

Share of aid to well-governed countries (shouldn't)

The validity of the empirical links between aid, the recipient country's institutional and/or policy quality, and development outcomes such as GDP growth, first asserted by Burnside and Dollar (BD, 2000 and 2004) and then widely accepted as aid agency policy, has been increasingly questioned. Hansen and Tarp (2001), Dalgaard, Hansen and Tarp (2001), and Easterly, Levine and Roodman (2003) issued serious early challenges (including criticisms of the original BD methodology), which have been followed by further countervailing or ambiguous evidence from studies that used larger sample sizes and more sophisticated statistical techniques. Does aid *really* work better in countries with "good" policies and institutions, however these are assessed? It is quite hard to separate myth and intuition from robust evidence on this question.

Major survey articles such as Quibria (2014) and recent empirical updates such as Jia and Williamson (2016) conclude on balance against BD, and thus implicitly also against an aid quality indicator on the share of aid to well-governed countries. While the balance of cross-country econometric evidence does suggest that aid has, on average, positive (though moderate in size) growth effects, this conclusion is still far from definitive (Clemens et al., rev. 2011; Roodman, rev. 2007). Thus, part of the critique of the governance-aid-growth relationship relates to seemingly contradictory evidence of *any* systematic positive effects of aid on growth, regardless of institutional/policy quality. Another part specifically relates to how in specific country settings - for example those recovering from conflict- past institutional assessments are not a good predictor of future performance.[45]

A third set of objections relates to the validity of metrics used to assess institutional and policy quality, usually a variant of the World Bank's country performance scores or other (e.g. investor) external perceptions (Andrews, 2013). As Quibria (2014) puts it, "Good policies and institutions for aid effectiveness are not clearly and unambiguously defined: they are context specific and path dependent. There is no single set of "ideal" policies and institutions, the benchmark against which the performance of all countries can be precisely measured." Finally, yet another strand of this literature emphasises that aid appears to more effectively stimulate growth in environments of economic/trade vulnerability (e.g. Guillaumont and Chavet, 2001 and 2009; Collier and Goderis, 2009), which complicates the governance story.

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[45] See Collier and Hoeffler (2004), as cited in Quibria (2014).

“Good governance” aid quality indicators[46] could also be said to be in tension with increased donor prioritising of aid for fragile contexts. At the macro level, McGillivray and Feeny (2008) found that aid can be effective in boosting growth in fragile states (although below certain absorption thresholds, and not necessarily as effective in “highly” fragile as in non-fragile states). Egregious instances of sudden regime collapse and/or breakout of internal conflict have occurred in middle-income countries previously assessed as having a relatively sophisticated institutional and policy apparatus. At the micro level, there is interesting evidence that aid project performance tends to vary much more by project (within the same country) than by country; for example, Bulman, Kolkma and Kraay (2015) found that country-level characteristics explain only 10-25% of success in World Bank and Asian Development Bank projects.

Bearing all this in mind, we propose that aid quality measures should *not* include the share of aid to “well-governed” countries” or those with “good” policies or institutions.

Concentration and fragmentation (can’t)

Under the principle of *Harmonisation*, the Paris aid effectiveness agenda urged donor countries to better coordinate, to simplify and align their procedures, and to improve the sharing of information. The underlying idea is that aid fragmentation can incur excessive transaction costs for both donor and recipient (which may be a particular problem for lower-capacity countries and those needing to manage myriad donors), aggravate weaknesses in bureaucracies (e.g. by ‘poaching’ and/or over-burdening government officials), and create incoherence and inefficiencies such as duplication between donor activities as well as gaps in coverage, ultimately leading to worse development outcomes (Klingebiel et al., 2016; Pietschman, 2016).

As has been acknowledged more recently, this negative view of fragmentation may be opposed—or at least nuanced—by a more positive view of aid “pluralism” (Klingebiel et al., 2016; Schulpen and Habraken, 2016):

> diversification] increases the potential for mutual learning, innovation and competitive selection among the various different providers of development cooperation… Whereas the critical viewpoint sees pluralism as an impeding factor to increasing the effectiveness of aid, the more favourable stand views pluralism as beneficial to making aid more effective by creating a ‘market for aid’ and thereby more choices. (Klingebiel et al., 2016).

Indeed, the (limited) evidence of recipient governments’ preferences, such as that cited in Prizzon et al. (2016), suggests that they tend not to regard fragmentation as a problem, on balance, but rather welcome more choice amongst donors and the opportunity to play them off against each other. Pietschmann (2016), who conducted interviews with officials of both

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[46] QuODA 2018 indicator ME2 “Share of allocation to well-governed countries”

recipient governments and donor agencies, likewise describes the possible downsides of "too much" donor coordination, including the potential for a unified "donor cartel" to impose its preferences and conditions on the recipient, undermining the partner country's room to manoeuvre, and also the potential loss of a donor's expertise, creativity and innovation when it exits a country/sector.

There is some empirical support for the position *against* fragmentation, notably from Knack and Rahman (2007), who found that greater donor fragmentation, and smaller shares of aid coming from multilateral agencies, are associated with declines in the quality of a country's bureaucracy. Kimura et al. (2012) found that aid proliferation has a negative effect on the economic growth of recipient countries, especially in Africa. Knack and Smets (2012) found that higher fragmentation correlates with higher levels of aid tying.

However, more recently the debate on fragmentation has become more nuanced, including new and more mixed empirical evidence together with a greater recognition that the concept of "fragmentation" covers multiple different phenomena. These phenomena include the degree of dispersion of the *donor's* global aid portfolio (which could be geographic and/or sectoral), aid concentration from the *recipient's* point of view (which could be measured by the number or size or significance of its donors, a lack of "lead" or coordinating donors, or the proliferation of individual aid projects), and a lack of coordination and alignment between donors in-country (irrespective of their size and distribution). Our review of recent literature has uncovered at least 13 different statistical measures - as well as at least two composite indices - of aid fragmentation, reflecting the multi-faceted nature of the problem.[47] As noted by Buscaglia and Garg (2016),

> none [of these measures] seems wrong or fails to capture at least some aspects of fragmentation, the problem is precisely that each measure captures [only] one or a few aspects of fragmentation; hence… is insufficient for getting a complete picture of the problem.

In terms of the more recent empirical evidence, Gehring et al. (2017) take a more nuanced approach, testing multiple different measures of fragmentation on multiple different development outcomes (growth, bureaucratic quality, and education). Based on their results, the authors argue that it is the *absence of lead donors* that is the real issue, rather than sheer *number* of (smaller) donors. This implies that, to the extent that there may be a fragmentation problem, many of the commonly used measures - particularly the Herfindahl-Hirschman Index, which was used previously in QuODA and in the majority of the studies we reviewed

[47] These include: the Herfindahl-Hirschman Index, the Theil Index, the 'significance' of aid relationships (e.g. the OECD-DAC method) and other types of concentration ratios, a simple count of donors (per recipient/sector), a simple count of *small* donors (below a certain threshold), a simple count of recipients (per donor), the average size of aid disbursement per donor, the amount of aid going to donor's top-10 recipients, the degree to which the donor has identified 'priority' countries, an entropy index, a measure of monopoly, and network analysis. The two composite indices are the 'Index of Donor Proliferation' (Schulpen and Habraken, 2016) and the 'Aid Fragmentation Index' (Buscaglia and Garg, 2016).

- do not capture it well. Relatedly, Steinwand (2015) highlights the issue of lead donors, which implicitly coordinate the others and help to overcome free-riding problems.

Another complication is the differentiated effects of fragmentation in different sectors and countries, as noted by Furukawa (2016). Focusing specifically on the primary education sector, Furukawa (2016) found that decreased fragmentation is associated with greater improvements in the rate of primary school completion. By contrast, the results of Gehring et al. (2017), who also disaggregated their data for the primary education sector, suggest that a greater number of donors is actually *better* in this sector. Low-capacity or fragile states may, again, be an exception: Gehring et al. (2017) state that, "While our results confirm that fragmentation negatively affects aid effectiveness with respect to growth, this effect is driven solely by recipients with low bureaucratic capacity." On the other hand, for the specific case of fragile states, Gutting and Steinwand (2015) find a positive effect for *higher* donor numbers because it reduces the recipient's exposure to negative aid shocks.

Another strand of literature posits that a *certain amount* of fragmentation - or pluralism - may be beneficial as it leads to greater cognitive diversity, learning, problem-solving and innovation, but only up to a point. Empirical findings by Oh and Kim (2014), Han and Koenig-Archibugi (2015), and Furukawa (2016) do indeed suggest such an inverted-U shaped curve. However, presumably the tipping point is different for every context and changes over time; thus attempting to distil a universal threshold for use in a comparative index would be extremely difficult and likely counter-productive.

Taking into account all of the above, we tend to be of the view that aspects of fragmentation and coordination are likely to be important for aid quality in certain ways and in certain contexts. However, given (1) the difficulty in defining and measuring the subtly different concepts of dispersion, concentration and coordination; (2) the mixed picture emerging from our review of the empirical evidence; (3) the possibility that donor "plurality" is positive up to a certain point (which may be different in every recipient-donor context); and (4) the seemingly differentiated effects of fragmentation in different contexts (e.g. depending on the nature of the sector or the bureaucratic capacity of the government), we propose that it is not feasible at this point to design an indicator that can meaningfully be applied to all contexts in such a way that we could confidently and robustly score donors comparatively. Nevertheless, this may well be an area to develop in the future, as further evidence becomes available.

Private sector aid (can't… yet?)

In 2016, the DAC agreed to introduce a new category of ODA known as private sector instruments (PSI). The scoring rules for these ODA loans, equity and guarantees channelled through, and to, private-sector-oriented entities including development-finance institutions (DFIs), such as CDC in the UK and FMO in the Netherlands, have not yet been fully agreed by the DAC. Reporting of PSI began in 2019 (for 2018 flows), based on interim rules established by the DAC in December 2018. Fourteen of the 30 DAC members (including the EU) are recorded as providing PSI in the preliminary statistics, at a total of $2.46 billion. This accounts for only 1.6% of total ODA in the same year ($153 billion). However, for certain donors the proportion was notably higher, including Canada (7.2%), the UK (5.6%), Finland (5.2%) and Norway (4.9%).[48]

Donors can choose either the "institutional" or "instrumental" approach to reporting their PSI. The *institutional approach* measures ODA at the point of transfer of funds from the donor to the vehicle providing investment in developing countries (e.g. a capital injection into CDC by the UK government). Under the institutional approach, the ODA eligibility assessment of the vehicle—based on an examination of the DFI's mandate, project portfolio, investment strategy, and due diligence mechanisms—would determine the share of the funds that can be counted as ODA. In this option, the country destination of subsequent individual investments is unknowable in advance, so the contribution to DFI capital (just like core funding of NGOs), is ODA, but could not be counted as CPA. The *instrumental approach* instead measures it at the point of each PSI transaction between the vehicle and the recipient firm in the developing country. Such transactions could potentially be country-reported to the DAC, but it is very doubtful whether such flows can be considered "programmable" in any meaningful sense, as the country authorities are not usually party to such transactions, or even necessarily informed after the fact, given commercial confidentiality considerations.

However, assuming even that the relevant scoring and/or reporting rules change, there is the bigger question of what aid effectiveness means in these quite different institutional contexts. As previously alluded to, commercial/contract confidentiality implies certain limitations on aid transparency. A number of researchers have criticised DFIs for their lack of transparency and urged improvements, whilst at the same time recognising that DFIs are not the same as traditional aid institutions, and "not every detail of an investment can or should be published publicly due to the commercial nature of [their] projects" (Kalow, Leo and Moss, 2016). In their recently compiled new dataset, Kenny et al. (2018) note that, "Much of the information about DFIs is presented in forms that make aggregation and comparison difficult and time-consuming." There are other obvious indicators that would need to be adapted: this aid is inherently "off-budget" (unless government guarantees, etc. are required, which most DFIs eschew), does not use "country systems" except in the diffuse sense of being subject to national laws, and so on.

The GPEDC framework does not specifically deal with this issue of aid to the private sector, though its Monitoring Advisory Group proposed in 2016 that an appropriate indicator for blended finance should be developed (GPEDC Monitoring Advisory Group, 2016). However, no such indicator has yet been developed in time for the 2018-19 Monitoring Round and the GPEDC process has not specifically articulated if/how its principles and agreed indicators apply to DFIs and other donor-backed investment vehicles. Carter (2016) and Lonsdale (2016) have audited the Busan indicators and made recommendations as to which of them should be retained, which should be adapted for aid to the private sector, and which are not applicable.

[48] Based on authors' calculations using data from DAC Table 1 [accessed 19/04/19].

In 2017, the DAC adopted the *OECD DAC Blended Finance Principles for Unlocking Commercial Finance for the SDGs* (OECD DAC, 2017). However, it has not developed specific indicators or committed to any systematic monitoring or review of their implementation by members; neither does it appear that any other organisation is undertaking or plans to undertake this work. During 2016–17, a DFI Working Group comprising representatives of major multilateral development banks and development finance institutions developed a set of *Enhanced Principles*. These focus less on development effectiveness *per se*, and more on enhancing financial efficiency and avoiding market distortions. However, there is no overarching framework of specific indicators, and the nature of the guidelines does not appear to lend themselves to the development of indicators that QuODA would be able to easily quantify/track, especially on a donor basis (rather than an individual project basis).

More substantially, there is a whole family of concerns, and no general agreement yet on how to measure both the financial and broader development benefits (and hence effectiveness) of these indirectly donor-funded stakes. Part of the problem is the lack of counterfactuals on the basis of which to gauge which investments might have occurred absent donor involvement. This is necessary to determine "financial additionality" (Carter, van Sijpe and Calel, 2018). In the current state of flux, it is quite possible for DFIs to claim their engagements "leverage" many times their value but using different - and sometimes mutually inconsistent - methods of calculation. The other major part relates to gauging "development additionality," in other words, what wider developmental benefits are intended beyond the direct effects on participants' jobs and firms' profits, such as spill over benefits for other firms, workers or communities.

In summary, the proportion of ODA that is PSI is still relatively small at only 1.6% of overall ODA (according to the preliminary reporting of 2018 statistics)—notwithstanding the clear direction of trend as donors increasingly explore blended finance modalities - and the state of discussion of how to conceptualise and measure the quality of aid to the private sector is not yet anywhere near consensus. We therefore propose not to suggest any specific aid effectiveness indicators on private sector instruments at present, but this is an area of aid that should be watched closely in the coming years.

Remaining questions: Aggregation, weighting, scoring, ranking

The purpose of this document is to identify and scope a set of measures, but the ultimate aim is to allow agencies and their stakeholders to assess their performance against peers on multiple dimensions of aid quality. This paper does not draw any immediate conclusions on how this information will be combined and published but here we briefly note some of the options and issues.

Once calculated this suite of indicators could be combined to "score" agencies, either by theme (as the original QuODA did) or overall, and—in order to be most useful—we will need to consider[49] the best approach. This would include whether and how to **aggregate** indicator scores together either individually or under themes, how to **weight** their relative importance, how to assign scores to the donor agencies being assessed, and if/how to assign a final **rank** for each agency. To produce a donor-country score would mean weighting bi-lateral and multilateral contributions and scores (as the current Commitment to Development Index[50] does in the "Aid Quality" score it calculates within the Aid component). Other considerations include how to deal with **missing data points**, **outliers**, and **normalisation**, while taking into consideration **statistical coherence** for correlations and sensitivity analysis. Lastly, the results will need to be made accessible through appropriate communications tools, visualisations, and online interactivity that could allow some degree of discretion for interpreting the results left up to the user.

Conclusions and open questions

We want to advance the aid effectiveness debate to generate discussion and donor behaviour change by developing what we think is the best (albeit imperfect) set of aid quality indicators.

Here we return briefly to our introductory questions and try to recap areas of greater and lesser agreement:

1. Is there still sufficient merit in tracking the behaviours of providers of such a relatively narrow subset of public development finance flows, within this much wider (development finance) spectrum?

2. Is there sufficient analytical (theoretical and empirical) consensus on the positive development outcomes associated with defined aid effectiveness behaviours?

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[49] The European Commission's Joint Research Center (JRC) Competence Centre on Composite Indicators and Scoreboards (COIN) offers a wealth of resources on these topics in addition to an annual training course and auditing service of indices for their methodological and statistical rigour. We recommend aid effectiveness measurement efforts make use of their resources: https://ec.europa.eu/jrc/en/coin

[50] https://www.cgdev.org/commitment-development-index-2018#CDI_AID

3. Is data available to populate these indicators with sufficient frequency, granularity and reliability?

4. Can these, or alternative, measures and related rankings still command sufficient buy-in from both donor and partner-country policy-makers, and their authorising environments?

Tentative answers

Q1: Yes, there is merit in tracking ODA-related behaviours which are positively linked to better development outcomes, and/or benefit from strong support by the donor and partner communities. The bigger problem QuODA needs to tackle is the shrinking universe of behaviours/indicators which unequivocally meet these tests. The fact that the ODA subset is relatively small, though arguably more stable/reliable, in relation to other development finance aggregates, does not exonerate donors from scrutiny.

Q2: The consensus has weakened, especially on classic "Paris" behaviours like alignment to national strategies, as well as aid allocations linked to good governance and the relevance of fragmentation/proliferation measures. However, there is new evidence and more nuanced/sophisticated work on aid effectiveness now, and we have an opportunity to re-think and re-measure this to strengthen understanding of aid quality. A separate problem is whether there is enough residual political buy-in for delivering on aid effectiveness commitments, especially in donor agencies and their political authorising environments. On this we are agnostic.

Q3: Probably yes, with caveats. The two main databases proposed for QuODA, the CRS and the GPEDC Monitoring Survey rounds, very likely remain robust, credible and sufficiently detailed. The GPEDC process is a two-year one, which potentially restricts QuODA annual reviews as and when a greater share of indicators is GPEDC-dependent. A more political question relates to the perceived value-added of QuODA over and above GPEDC, under such conditions.

Q4: Difficult to say, but there is probably room for some optimism. The intrinsic incentive dynamic of publishing performance rankings and thereby triggering political interest and/or emulation remains strong. However, one should not take this for granted, especially to the extent that large/generous donors like Norway can be low-rated in quality terms for successive years without suffering significant media and/or civil society exposure and criticism. It would be even worse however if the laggards had a credible defence that key scoring elements of QuODA, or its successor, are irrelevant constructs that have little bearing on the ultimate impact of that donor's aid.

So there seems a good case for systematic measurement and comparison of aid quality measures

We think that this revised QuODA framework and the underlying measures would be a useful dashboard for agencies and donors to compare their performance on some important areas; and that this would create positive incentives for agencies to consider and improve their practices.

We plan to firm up these measures over the coming months, and look forward to comments and suggestions from interested parties.

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Appendix A. History of aid effectiveness fora and agreements

- 2003 Rome: First High Level Forum (HLF) on Aid Effectiveness.
    - Summary: First occasion at which the principles for aid effectiveness were outlined in a concrete declaration.
    - Outcome: Rome Declaration.
- 2005 Paris: Second High Level Forum (HLF) on Joint Progress toward Enhanced Aid Effectiveness.
    - Summary: First time that donors and recipients both agreed to commitments and to hold each other accountable for achieving these.
    - Outcome: Paris Declaration.
- 2008 Accra: Third High Level Forum (HLF) on Aid Effectiveness.
    - Summary: Took stock of progress on Paris commitments and sets the agenda for accelerated advancement towards the Paris targets.
    - Outcome: Accra Agenda for Action
- 2011 Busan: Fourth High Level Forum (HLF) on Aid Effectiveness.
    - Summary: Paved the way for the creation of GPEDC, the first agreed framework for development co-operation that embraces traditional donors, South-South co-operators, the BRICS, civil society organisations and private funders.
    - Outcome: Busan Partnership Agreement
- 2014 Mexico City: First High Level Meeting (HLM) of the GPEDC.
    - Summary: Reaffirmed the importance of effective development co-operation in meeting the MGDs and as a key part of the 'how' for the post-2015 global development framework.
    - Outcome: Mexico Communiqué
- 2016 Nairobi: Second High Level Meeting (HLM) of the GPEDC.
    - Summary: Solidified the GPEDC as an essential part of the 'how' to work with all partners and achieve the Sustainable Development Goals (SDGs).
    - Outcome: Nairobi Outcome Document

- 2019 New York: First Senior Level Meeting (SLM) of the GPEDC.
    - Summary: Sought to galvanize governments, civil society and other actors into the 'gear change' needed to accelerate SDG implementation at the country level and globally.
    - Outcome: Co-Chairs' Statement

Appendix B. Parts of aid covered by proposed aid quality indicators

Indicators that use as a base/ source:

All of ODA, using OECD data

- T1: Timeliness of CRS and IATI data
- T2: Completeness of project-level commitment data
- T3: IATI coverage
- P4: Core contributions to multilaterals (as portion of GNI)
- P5: Support of select global public good facilities

"Core aid" reaching recipient countries (OECD data, CPA definition)

- P1: Aid reaching recipient countries
- P2: Allocation to poorer countries
- P3: Contributions to aid orphans/darlings

Flows to the recipient government sector (GPEDC)

- O2: Share of aid recorded in recipient budgets
- O3: Use of recipient country PFM systems
- O4: Share of scheduled aid recorded as received by recipients
- O5: Coverage of forward spending plans/Aid predictability

Recent largest projects[51] (GPEDC)

- O1: Share of development interventions using objectives from recipient frameworks
- L3: Share of evaluations planned with recipient

Other data sources

- R1: Share of *de facto* untied aid

[51] Top 6 new 'interventions' greater than USD $100,000

- R3: Donor learning systems
- R4: Donor evaluation systems

Appendix C. Measuring aid quality with QuODA

This section briefly sets out the existing approach of QuODA which addresses the question, "How are donors and major multilateral agencies doing on the principles and commitments they have made to improving aid quality?" QuODA aims to improve the quality of aid by assessing, comparing and publishing donor performance and. It assesses *quality* by examining behaviours and choices within the donor's control.

Three criteria guided the development of QuODA's indicators historically. First and foremost, QuODA incorporated evidence from academic literature that indicated which attributes of aid were associated with positive or negative development outcomes. Where such empirical evidence was weak or inconclusive, QuODA rewarded behaviours for which there was nonetheless a "consensus in the donor community on their relevance and importance," as recognised in the High Level Fora on Aid Effectiveness—see **Figure 1** outlining the Paris Declaration principles. The third criterion was whether donor behaviour was strongly supported by aid recipients. These broad selection principles retain their common-sense appeal today, but the range of aid behaviours that unambiguously meet them has shrunk considerably since QuODA's launch.

The fourth and latest edition of QuODA, published in 2018,[52] consisted of 24 indicators (see **Figure 2** below) measured across 27 bilateral donors and 13 multilateral agencies. The indicators were grouped into four dimensions that reflect international best practices of aid effectiveness: maximizing efficiency, fostering institutions, reducing the burden on recipient countries, and transparency and learning.

Figure 2. QuODA 2018 Indicators

Maximizing Efficiency
- Share of allocation to poor countries
- Share of allocation to well-governed countries
- High country programmable aid share
- Focus/specialization by recipient country
- Focus/specialization by sector
- Support of select global public good facilities
- Share of untied aid

Fostering Institutions
- Share of aid to recipients' top development priorities
- Share of aid recorded in recipient budgets
- Share of development interventions using objectives from recipient frameworks
- Use of recipient country systems
- Share of scheduled aid recorded as received by recipients
- Coverage of forward spending plans/Aid predictability

Reducing Burden
- Significance of aid relationships
- Fragmentation across donor agencies
- Median project size
- Contribution to multilaterals

Transparency & Learning
- Membership in IATI
- Making information on development funding publicly accessible
- Recording of project title and descriptions
- Detail of project description
- Reporting of aid delivery channel
- Completeness of project-level commitment data
- Share of evaluations planned with recipient

[52] A total of four editions of QuODA have been released, in 2010, 2011, 2014, and 2018 (using latest data available from 2008, 2009, 2012, and 2016 respectively).

QuODA Data Sources

QuODA is currently built on two main data sources: The **OECD Creditor Reporting System (CRS)** with various related OECD DAC tables and the **Global Partnership for Effective Development Cooperation (GPEDC) monitoring survey**. The CRS provides detailed *project level* information about aid activities provided by donors. GPEDC conducts regular monitoring surveys to assess progress on the principles of effective development cooperation, agreed to in several international efforts.

Given that a significant number of indicators in the framework we have put forward are sourced directly from GPEDC monitoring data with little to no manipulation, this merits considering how a revised QuODA differs from GPEDC monitoring process. First, while the GPEDC now assesses a welcome influx of new development cooperation partners and forms of development finance, our focus here is on ODA from DAC members. Second, we focus on donor behaviours under their control - rather than interactions of donors, recipient governments, civil society, and the private sector). Third, our ultimate aim is to aggregate measures in some way and provide concrete results by donor which GPEDC does not currently do. Lastly, as an independent, non-partisan, think tank, CGD can put forth an aid effectiveness measurement framework without requiring political sign off from donors to allow for fully objective measurements.

QuODA 2018 findings

The results of the 2018 QuODA edition were combined into a single measure of aid quality representing an average across the (standardised) scores in the 24 indicators. This enabled comparisons of relative performance of multilateral agencies to bilateral donors (operating through their bilateral channels only in this case). Overall, multilateral development funds ranked highest, taking four of the top five spots, and the UN agencies all fall in the bottom half. Considering just the bilateral aid of countries, New Zealand, Denmark, and Ireland rank in the top three countries while Greece, Germany, and Spain are at the bottom of bilateral aid quality scores.[53] Notably, since the scores in individual indicators are "normalised" using the performance of the other aid agencies included in the analysis, a given country's ranking depends not just on its own behaviour and absolute progress, but on its performance relative to those of all others.

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[53] A summary of the 2018 results can be found in Mitchell and McKee (2018) and a paper focused on the UK's results is discussed in McKee, Mitchell, and Baker (2018).
Full data can be accessed: https://www.cgdev.org/blog/how-do-you-measure-aid-quality-and-who-ranks-highesthttps://docs.google.com/spreadsheets/d/1JoZcSjf9RQiq5yumwn2MAbkqJRCkGty9aCcTj4joXuI/edit?usp=sharing

Appendix D. Summary of GPEDC indicators used in QuODA

Since several of our indicators are drawn from GPEDC's monitoring survey. Below is a description of this process and its methodology. Further details on the indicators of interest to us are outlined in the subsequent table.

<u>**GPEDC Monitoring**</u>

What: A biennial monitoring exercise to collect data on commitments to aid effectiveness reaffirmed in Busan and 3 SDG targets.

Who: A multi-stakeholder process among partner countries (recipients), development partners (donors), and other partners (civil society, private sector, etc.) led by a recipient country national coordinator.

Where: In 86 recipient countries with hundreds of development partners

Why: To monitor progress on commitments to aid effectiveness and SDG targets for Partnership for the goals (17.15, 17.16) and gender equality (5c) to identify opportunities to strengthen partnerships for achieving sustainable development.

How: Certain indicators are collected and verified by different partner types in recipient countries, then aggregated and reported by GPEDC.

Overview of data drawn from GPEDC

GPEDC Indicator	Measure	Who reports	Covers	Sub-indicators
1a: Donors use country-led results frameworks	% development cooperation disbursed as donors had scheduled at the beginning of the year	Donor (validated by recipient)	6 largest programmes / projects from all new interventions at least USD 100K	Recipient frameworks: - Objectives - Results - Monitoring - Evaluations
4: Transparent information on development cooperation is publicly available	Scores for aspects of timeliness, detail, forward-looking, and accuracy of development flow data	GPEDC using global sources	Development flow data published to "common standards"	Global data sets: - CRS - FSS

				- IATI
5a: Annual predictability of development cooperation	% development cooperation disbursed as donors had scheduled at the beginning of the year	Donor (validated by recipient)	Development cooperation flows for the *public* sector	N/A
5b: Development cooperation is predictable: medium-term	Whether donors have shared forward-looking spending plans with recipient gov	Recipient	Donors' *future* planned financial support	Financial years - 1 year ahead - 2 years ahead - 3 years ahead
6: Development cooperation is on budget and subjected to parliamentary scrutiny	% development cooperation that was recorded in the annual budget submitted for legislative approval	Recipient (with inputs from donors)	Development cooperation flows for the *public* sector	N/A
9b: Donors use country systems	% development cooperation disbursed using the recipient country's systems	Donor (validated by recipient)	Development cooperation flows for the *public* sector	Recipient systems: - Budget - Reporting - Auditing - Procurement

Appendix E. Ecosystems of various aid effectiveness measures

Name of the index / assessment / article title	Institution	Author(s)	Tagline / aim	Measures	Number of indicators	Main data sources	Country / agency coverage	Year(s) published	Link
GPEDC monitoring data	"multi-stakeholder platform," based at OECD	n/a	Smarter co-operation and stronger country-level partnerships are key to achieving sustainable development	10 indicators (some containing sub-indicators) monitoring progress in implementing effective development co-operation commitments at the country, regional and global level, supporting accountability among all development partners.	10	Primary data collection - self reported by donors and recipients	All donors reported by developing countries, with varying degrees of coverage	2010, 2014, 2016, 2018	LINK
Principled Aid Index	ODI	Nilima Gulrajani and Rachael Calleja	ODI's Principled Aid (PA) Index ranks bilateral Development Assistance Committee (DAC) donors by how they use their official development assistance to pursue their long-term national interest in a	- Share of bilateral ODA going to certain countries or sectors thought to be either good or bad (LDCs, refugee/forcibly displaced people hosts, conflict affected states, high gender equality states, trade-related constraints, multilateral	12	OECD DAC data, UN comtrade, UN voting records.	DAC members	2019	LINK

			safer, sustainable and more prosperous world.	institutions, climate change, infectious diseases, CPA, tied aid, related to arms trade)					
Real Aid Index	ONE	Romilly Greenhill	It is important that whoever spends aid, it is focused on ending extreme poverty and is spent effectively and transparently.	Subjectively awards % grades based on criteria for three areas: poverty focus, effectiveness and transparency	13	Aid transparency Index, ICAI, programme and organizational documents, CRS, etc.	UK Gov departments (five largest aid spenders, broken down by programme)	2019	LINK
Aid Transparency Index	Publish What You Fund	Alex Tilley	The only independent measure of aid transparency among the world's major development agencies.	Several, mostly related to how organizations publish on IATI, but also how they publish on their own websites.	36	IATI	45 multi and bilateral agencies	biannual, next 2020	LINK

Name of the index / assessment / article title	Institution	Author(s)	Tagline / aim	Measures	Number of indicators	Main data sources	Country / agency coverage	Year(s) published	Link
Quality adjusted ODA	CGD	David Roodman	Calculate a measure of 'quality adjusted' aid, by discounting the total value of aid reported according to practices that are likely to decrease its quality.	Starts with a measure of aid quantity, then discounts it to reflect several quality concerns, namely, tying, selectivity, and project proliferation	8	DAC	27 DAC countries	2004-2013	LINK
"Aid Quality and Donor Rankings"	World Bank	Stephen Knack F. Halsey Rogers Nicholas Eubank	This paper offers new measures of aid quality covering 38 bilateral and multilateral donors, as well as new insights about the robustness and usefulness of such measures.	four coherently defined sub-indexes on aid selectivity, alignment, harmonization, and specialization.	18	OECD-DAC's Survey for Monitoring the Paris Declaration, the new AidData database, and the DAC aid tables.	DAC countries and major multilaterals	2010	LINK

"Where Does the Money Go? Best and Worst Practices in Foreign Aid"	Brookings	Easterly & Pfutze	Best and worst practices in foreign aid	Selectivity, Fragmentation, Ineffective channels, transparency, overhead	5	OECD, Freedom House, 'own enquiries'	48 bilateral and multilateral agencies	2008	LINK
MOPAN 3.0	MOPAN		MOPAN 3.0 is the operational and methodological iteration of how the Network assesses organisations.		12	Documents from org under review, surveys, interviews.	26 multilateral organizations	Half published 2015-16, half 2016-17	LINK
DAC peer reviews	OECD DAC	Various countries, "published under the responsibility of the Secretary-General of the OECD"	DAC peer reviews assess the performance of a given member, not just that of its development co-operation agency, and examine both policy and implementation. They take an integrated, system-wide perspective on the development co-operation and humanitarian assistance	(i) Towards a comprehensive development effort; (ii) Policy vision and strategic orientations; (iii) ODA allocations; (iv) Organisation fit for delivering the development co-operation programme effectively; (v) Delivery modalities and partnerships help deliver quality aid; (vi)	7	Donor country internal documents, publications, interviews, and field visits.	DAC members	Countries reviewed every ~4 years	LINK

			activities of the member under review	Results management, transparency and accountability; and (vii) Humanitarian assistance.					
Name of the index / assessment / article title	**Institution**	**Author(s)**	**Tagline / aim**	**Measures**	**Number of indicators**	**Main data sources**	**Country / agency coverage**	**Year(s) published**	**Link**
ODI's donor resilience index	ODI	Mikaela Gavas, Tom Hart, Shakira Mustapha, Andrew Rogerson	Are donor countries well prepared to address future development challenges?	Share of aid to various categories: Aid to high poverty gap and/or fragile countries, Aid to global public goods (GPGs), Aid to growth sectors, Aid to social sectors	4	World Bank World Poverty Indicators, DAC CRS	DAC members + UAE & Kuwait	2017	LINK
Donor scorecards	ONE Campaign	Sara Harcourt et al.	Aim to assess a government's development financing effort (ODA). Meant to be primarily an advocacy tool, rating donors and incentivising change.	4 pillars to assess donor performance against international commitments and other policy targets: aid volume, leaving no one behind, aid quality, policy framework	11	OECD-CRS, Aid transparenc y Index, analysis using publicly	DAC donors	Forthcomin g, 2019	N/A

						available documents			
"Aid effectiveness in fragile states: How bad is it and how can it improve?"	Brookings	Laurence Chandy, Brina Seidel, Christine Zhang	We develop a set of aid effectiveness indicators that are relevant to aid-giving in fragile states and that allow a fair comparison of aid practices in fragile and stable countries.	3 themes of aid effectiveness in fragile states: Respect, Cooperation, Stability	10	OECD-CRS, GPEDC, Paris	15 countries; 7 multilaterals	2016	LINK
QuODA	CGD	Nancy Birdsall & Homi Kharas	QuODA is an assessment of donors' efforts to comply with their commitments to those dimensions of aid quality that evidence and experience suggest lead to effective aid.	4 themes of aid quality: Maximising efficiency, Fostering institutions, Reducing burden, Transparency & learning	24	OECD-CRS, GPEDC	27 countries; 13 multilaterals	2010, 2012, 2014, 2018	LINK