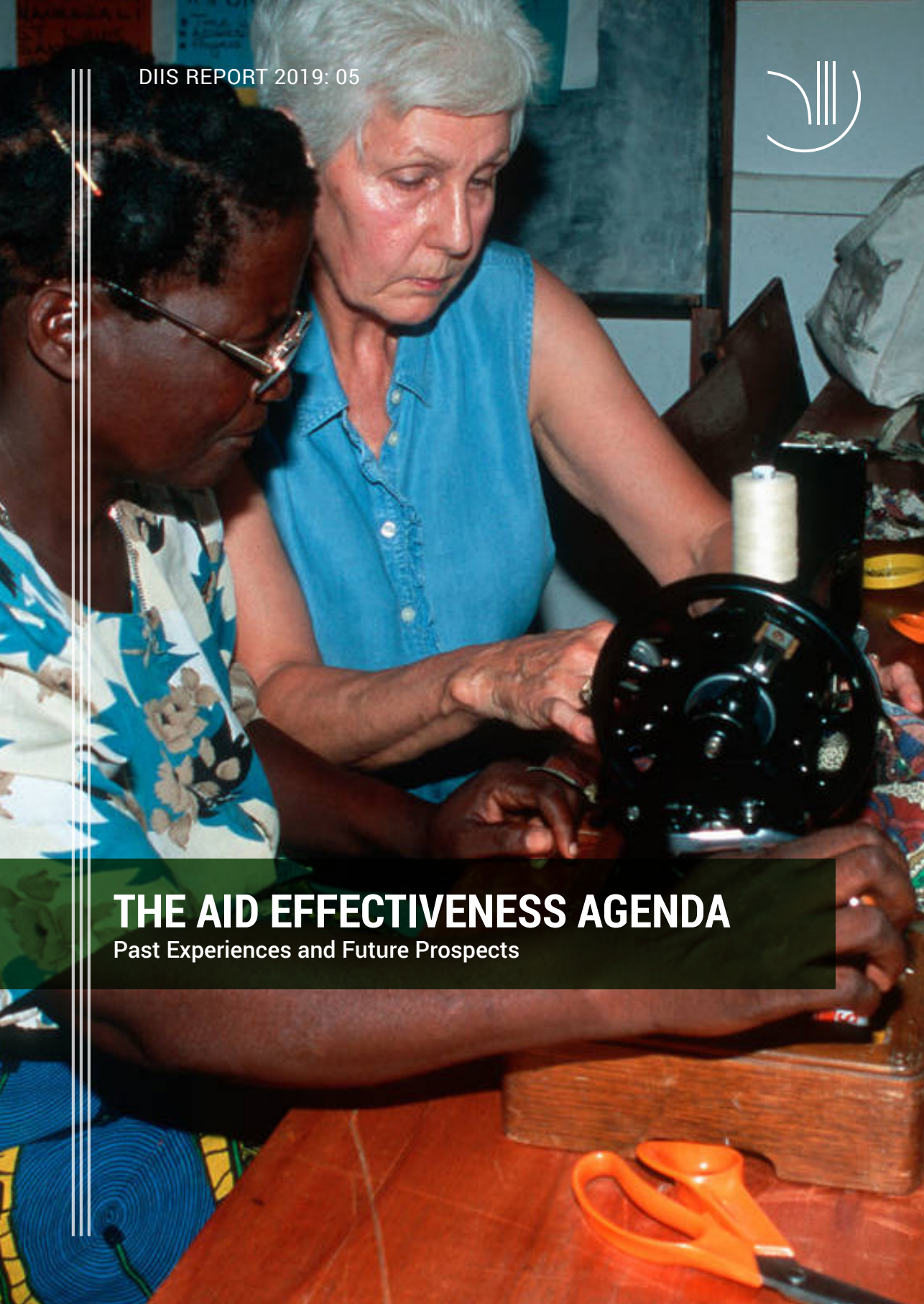




# THE AID EFFECTIVENESS AGENDA

Past Experiences and Future Prospects



This report is written by Erik Lundsgaarde and Lars Engberg-Pedersen,  
Senior Researchers at DIIS.

DIIS · Danish Institute for International Studies  
Østbanegade 117, DK-2100 Copenhagen, Denmark  
Tel: +45 32 69 87 87  
E-mail: [diis@diis.dk](mailto:diis@diis.dk)  
[www.diis.dk](http://www.diis.dk)

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# Table of contents

<b>List of abbreviations</b>	<b>4</b>
<b>Acknowledgements</b>	<b>5</b>
<b>Introduction</b>	<b>7</b>
<b>Implementation of the Paris Declaration: early findings</b>	<b>11</b>
<b>Limitations in the aid effectiveness principles</b>	<b>17</b>
<b>The aid effectiveness agenda in current donor strategies</b>	<b>23</b>
<b>Exploring trends in aid channels and modalities</b>	<b>31</b>
Multilateral funding	32
Aid modalities	37
<b>Examples of aid quality from the Busan monitoring framework</b>	<b>43</b>
<b>Conclusions</b>	<b>47</b>
<b>Notes</b>	<b>50</b>
<b>References</b>	<b>51</b>

## LIST OF ABBREVIATIONS

CSOs	Civil-Society Organizations
DAC	Development Assistance Committee
EU	European Union
GPEDC	Global Partnership for Effective Development Cooperation
LDCs	Least Developed Countries
MDGs	Millennium Development Goals
ODA	Official Development Assistance
OECD	Organization for Economic Co-operation and Development
PBAs	Programme-based Approaches
UK	United Kingdom
UN	United Nations
US	United States

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# INTRODUCTION

The 2005 Paris Declaration was an important milestone in the history of development cooperation. The agreement reflected both a summary of lessons learned on how development cooperation could be implemented more effectively and a statement of political intent to adapt donor and recipient practices in the future. The agreement emerged in an era when the Millennium Development Goals (MDGs) underlined the centrality of poverty reduction as a rationale for aid provision, while donors faced rising domestic accountability pressures to demonstrate the value of aid. The Second High-Level Forum on Aid Effectiveness at which the agreement was signed represented a continuation of the dialogue to improve aid practice centred around the OECD-DAC, but it also featured increased engagement from partner countries. Identifying five broad areas for action (ownership, alignment, harmonization, managing for results, and mutual accountability) and presenting twelve indicators to monitor the implementation of commitments in these areas, the Paris Declaration promised a shift from a donor-driven to a partner-driven aid paradigm (Abdel-Malek 2015).

The range of stakeholders engaging with the OECD-DAC's effectiveness agenda expanded in connection with subsequent high-level forums in Accra (2008) and Busan (2011), meetings that led to shifts of emphasis regarding aspects of the Paris framework. Although these meetings reflected a willingness to carry effectiveness thinking forward in an evolving global context, limited progress in the translation of effectiveness principles into practice fostered scepticism about the interests of OECD-DAC donors in prioritizing effectiveness concerns. Even as the world's governments were developing an MDG successor framework, 'effectiveness fatigue'

was perceived as contributing to declining commitments to improve performance in areas such as donor coordination and the use of country systems (OECD 2015). At the same time, donor agendas shifted to emphasizing development cooperation's contribution to advancing national interests, increasingly adopting a discourse of mutual benefit in defining their relations with their partners (Gulrajani 2017; Keijzer and Lundsgaarde 2017).



**This report raises the question of whether and how the effectiveness agenda continues to guide donor understandings of how development cooperation should be implemented.**

The global development agenda is evolving, with increasing attention being given to priorities such as climate change, disaster risk reduction and humanitarian assistance, a changing actor context characterized by the valorization of South-South cooperation and multi-stakeholder approaches and the increasing focus on domestic finance and policy changes alongside aid as means of reaching development objectives. On the global political level, effectiveness considerations, such as aligning development cooperation with nationally determined priorities and improving the assessment of development results, are still recognized as important areas for action in this changed setting (UN ECOSOC 2018). While themes from the Paris Declaration still frame approaches to development cooperation, their importance to current donor practice is not well-documented.

This report examines the issue of lost momentum in the aid effectiveness debate, as linked to the implementation of the Paris Declaration principles. It raises the question of whether and how the effectiveness agenda continues to guide donor understandings of how development cooperation should be implemented. As a starting point for the analysis, the report briefly traces the evolution of the international effectiveness agenda and highlights the findings of monitoring reports regarding its implementation. The second section discusses the characteristics of the agenda that help to account for the difficulties in implementation described in the monitoring reports. The third section of the report examines the status of the agenda in informing the current approaches to aid of selected OECD-DAC donors. The study examines the place of effectiveness principles in current development policy strategies and analyses the relationship between the effectiveness agenda and the aid modalities that donors use.



**Table 1. The Evolution of the effectiveness agenda from Paris to Busan**

Paris Declaration (2005)	Accra Agenda for Action (2008)	Busan Partnership (2011)
<p>Principles covering five themes:</p> <ul style="list-style-type: none"> <li>■ Ownership</li> <li>■ Alignment</li> <li>■ Harmonization</li> <li>■ Managing for results</li> <li>■ Mutual accountability</li> </ul>	<p>Emphasis on:</p> <ul style="list-style-type: none"> <li>■ Country ownership</li> <li>■ Effective and inclusive partnerships</li> <li>■ Managing for results</li> <li>■ Predictability and improving information flows</li> </ul> <p>Encourages expansion of engaged stakeholders, particularly CSOs, the private sector and diverse national actors.</p>	<p>Principles cover four areas:</p> <ul style="list-style-type: none"> <li>■ Country ownership</li> <li>■ Results</li> <li>■ Inclusive development partnerships</li> <li>■ Transparency and accountability</li> </ul> <p>Acknowledges differences between North-South and South-South development cooperation.</p>



## IMPLEMENTATION OF THE PARIS DECLARATION: EARLY FINDINGS

The Paris Declaration principles represented an agenda for change based on decades of accumulated knowledge of how the characteristics of aid delivery can undermine its effectiveness. The broad endorsement of the Declaration signalled a political commitment to reforming practices, and a monitoring framework was built into the process to assess the signatories' achievements (Wood et al. 2011).

Monitoring reports on the implementation of the Paris Declaration indicated that the effectiveness agenda had limited momentum even early in the implementation process, as the political commitment to the effectiveness principles was translated only slowly into the adaptation of practices (see Table 2). The reports revealed fundamental challenges with the agenda related to the uniform approach that it advanced and its limited attention to the underlying drivers of ineffective aid.

Although condensed down to a list of five core principles and twelve more specific targets, the Paris Declaration was a complex agenda for change in the sense that it indicated a need for simultaneous change along multiple dimensions. Improving aid practice has many components: it can involve changing the composition of aid flows themselves (for example, shifting modalities from projects toward larger programmes or moving from tied toward increasingly untied aid), changing the nature of interactions among donors, changing the nature of interactions between donors and national governments, and changing practices in terms of monitoring and assessing the results of the assistance provided by donors.

The inadequate capacities of many partner countries presented underlying challenges to adapting cooperation practices. On the donor side, aid administrations had different priorities in implementing effectiveness principles due to their varied profiles. For example, the United States faced the challenge of improving coordination among US government agencies to address effectiveness concerns, while unified aid administrations could already focus to a greater extent on strengthening decentralized aid administration in order to facilitate the use of partner country systems (OECD 2009).


**Monitoring reports indicated that the effectiveness agenda had limited momentum even early in the implementation process, as the political commitment to the effectiveness principles was translated only slowly into the adaptation of practices.**

The Paris Declaration marked an extension of efforts to improve aid effectiveness that had gained momentum throughout the 1990s. The 2005 agreement did not represent a clear point after which aid practices suddenly changed, and its implementation also took place in a continuously shifting aid context. While initiatives such as the EU's 2007 Code of Conduct on a Division of Labour among member states signalled that the Declaration had influenced the strategic direction of development cooperation in this period, such policy commitments were not the only stimuli that donors needed to adapt to. Rising aid budgets in OECD countries placed pressure on bilateral administrations, as scaled-up aid contributed to increasing the transaction costs that the Paris agenda was intended to reduce (OECD 2008). The increasingly diverse landscape of relationships due to the multiplication of funding sources and channels and the different development trajectories of partner countries added to the challenge of adapting development cooperation systems characterized by a high level of path dependency.

One clear challenge in the implementation of the Paris agenda was that it proposed a common framework for action for diverse partner countries that differed with respect to their core development challenges and the nature of previous efforts to improve aid management (Wood et al. 2011). The focus of early monitoring exercises was on the Least Developed Countries (LDCs), for which aid had greater domestic economic importance, though the scope of monitoring expanded to include a broader range of countries over time. Monitoring reports highlighted

differences between LDCs and middle-income countries with respect to modes of support and aid management. In middle-income countries, for example, the use of tied aid was more pervasive, while the weight attached to development strategies was less significant (OECD 2012). Assessments also pointed to the implementation challenges related to fragile settings, where internal dynamics and the constellation of external actors posed difficulties in achieving ownership, alignment and harmonization, among other issues. While noting these distinctions, the 2011 Evaluation of the Paris Declaration emphasized that the effectiveness principles themselves remained relevant in these difficult settings and that donors had a responsibility to improve practices despite the challenges of working in such contexts (Wood et al. 2011).

Donors also varied in terms of their own starting points in implementing the Paris agenda because of the diversity of their aid management systems. For example, because Denmark already had a decentralized system of aid delivery, its implementation of the Paris principles could focus on country-level action on alignment. For Germany, the consolidation of its implementing organizations for technical cooperation reflected a need to prioritize simplifying its administrative structures in order to take a step forward in increasing the partner orientation of its aid programme (Wood et al. 2011).




**The Global Partnership for Effective Development Cooperation (GPEDC) sought to carry core effectiveness ideas forward by creating a new monitoring framework for development cooperation focusing on indicators that partner countries considered especially relevant.**

Both the perception that the Paris Declaration offered a universal blueprint for action in diverse settings and the understanding of its implementation as a technical project downplaying the role of political commitments and changes in shaping the direction of progress reflected a departure from the original intentions of the agreement (Wood et al. 2011). Nevertheless, the limited achievements catalogued in monitoring reports up to the Fourth High-Level Forum on Aid Effectiveness in Busan indicated that momentum around the agenda had already slowed. Issues including fragmentation, the untying of aid, predictability and transparency remained controversial in the context of the Busan negotiations (Abdel-Malek 2015).

**Table 2. Findings of the monitoring reports on implementation of the Paris Declaration**

Monitoring Report	Main Findings
<b>OECD (2007)</b>	<ul style="list-style-type: none"> <li>■ Clear donor commitment to implementing effectiveness principles</li> <li>■ Need to strengthen country strategies and public financial management systems</li> <li>■ Partners should increase ownership and identify capacity development needs</li> <li>■ Donor attention needed to reducing transaction costs of managing and delivering aid</li> <li>■ Disconnect between headquarters ownership of and country office engagement with effectiveness principles</li> <li>■ Definitional problems abound in accurately measuring performance</li> </ul>
<b>OECD (2008)</b>	<ul style="list-style-type: none"> <li>■ On track for 3 of 12 targets; 3 of 12 required effort but were within reach; 6 targets off track</li> <li>■ Limited progress with respect to partner formulation of operational development strategies</li> <li>■ Use of country systems far behind target</li> <li>■ Deficits with respect to predictability of aid, registering aid on budget, and monitoring mutual accountability</li> <li>■ Slow progress with respect to harmonization of procedures and division of labour</li> </ul>
<b>Wood et al. (2011)</b>	<ul style="list-style-type: none"> <li>■ Paris commitments have had important normative weight, but implementation challenges include emphasis on technical rather than political changes and diverse starting points for partner countries</li> <li>■ Country ownership advances most</li> <li>■ Alignment and harmonization advance unevenly</li> <li>■ Managing development results and mutual accountability advance least</li> <li>■ High-level political support key to reform in partner countries and for donors</li> </ul>
<b>OECD (2012)</b>	<ul style="list-style-type: none"> <li>■ Donors globally met only 1 of 13 targets (coordination of technical assistance), but made 'considerable progress' on others</li> <li>■ Substantial progress with respect to development strategies and results frameworks</li> <li>■ Moderate or mixed progress with respect to inclusion of civil society, capacity development, public financial management, use of country systems, aid tying and transparency</li> <li>■ Limited progress in putting aid into the government sector on budget, common donor procedures for joint missions and analytical work, fragmentation and predictability of aid.</li> </ul>

Following Busan, the Global Partnership for Effective Development Cooperation (GPEDC) sought to carry core effectiveness ideas forward by creating a new monitoring framework for development cooperation focusing on indicators that partner countries considered especially relevant. While the first monitoring report in the Busan era pointed to positive developments such as increasing untied aid and improving transparency in aid management systems, there were mixed findings in other areas. For example, donors continued to vary in their use of country results frameworks as a means of building on the Paris commitments to strengthen country ownership and alignment (OECD/UNDP 2014). This monitoring exercise presented tentative conclusions across multiple dimensions in light of the ongoing process of establishing the new framework and refining indicators. The subsequent 2016 report observed progress with respect to partner countries' development of results frameworks and cooperation providers' alignment with country strategies, particularly among multilateral actors. However, the report also indicated that, despite donor alignment with strategies and results frameworks, donors still faced widespread challenges in using country systems (OECD/UNDP 2016). The uneven progress in strengthening country systems provides one explanation for this, pointing to the need for continued efforts in terms of institutional development as a means of enabling the achievement of the partner-centred development cooperation paradigm heralded by the Paris Declaration.



**One clear challenge in the implementation of the Paris agenda was that it proposed a common framework for action for diverse partner countries that differed with respect to their core development challenges and the nature of previous efforts to improve aid management.**

Overall, the monitoring reports indicate signs of continued action around aid effectiveness goals while also highlighting areas where progress appears to be slow. Global monitoring exercises register performance in diverse country contexts and along multiple dimensions. As a result, their general narrative on the status of the implementation of effectiveness commitments often presents a mixed picture.





## LIMITATIONS IN THE AID EFFECTIVENESS PRINCIPLES

The deficits in the implementation of the Paris agenda described in early monitoring reports pointed to limitations in the character of the prescriptions for more effective aid put forward in the Paris Declaration. This section highlights three shortcomings of the agenda: the lack of consideration for the trade-offs between different dimensions of the agenda; the tension between its global aspirations and acknowledgement of the need for differentiated adaptation to varied contexts of implementation; and the trade-offs related to key approaches to implementation.

Although the Paris Declaration's five core principles are not explicitly framed as mutually reinforcing, presenting the principles as a package implied a perception of the consistency of different dimensions of the agenda that overlooked potential tensions. These tensions reflected underlying qualities in the relationships between donors and partner countries. For example, Whitfield (2009) observed that the ability of partner governments to exert control over national aid management was related to their negotiating power with donors. In African countries characterized by high levels of aid dependence, government interests in maximizing aid flows contributed to a lesser willingness to challenge donor micromanagement, while donors that were committed to increasing ownership on paper were happy to continue to steer development cooperation.

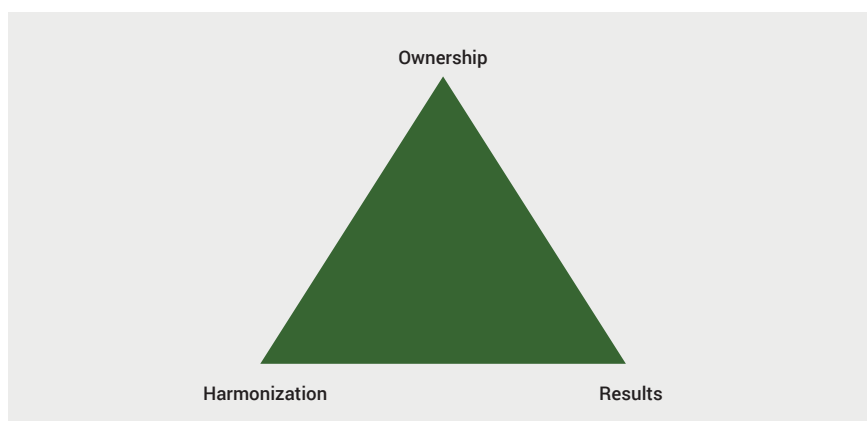
The Paris agenda's focus on results-based management also posed challenges with respect to the consistency of the principles. Although the aim was to increase attention to the measurability of results by improvements in nationally determined performance frameworks that could promote alignment and harmonization, in practice a results focus was linked especially to the domestic accountability

requirements of donors. Thus, results-based management conflicted with partner ownership and harmonization due to the emphasis on donor-specific performance indicators (Sjöstedt 2013). Reflecting the trade-off between donor harmonization on the one hand and ownership and alignment on the other, resources invested in institutional arrangements to promote coordination among donors had the potential to undermine the objective of strengthening the capacities of national administrations (Karini 2016).

**Although the Paris Declaration’s five core principles are not explicitly framed as mutually reinforcing, presenting the principles as a package implied a perception of the consistency of different dimensions of the agenda that overlooked potential tensions.**


Figure 1 provides a simple illustration of the potential trade-offs related to the implementation of the core Paris principles. The harmonization of donors has the potential to reduce donor diversity, which can in turn undermine ownership by changing the power balance between the partner government and donors or by limiting the menu of options for partner governments. The goal of building ownership may conflict with an interest in achieving short-term results, as the former takes time and requires capacity-building. A strong focus on donor-specific results involving individualized reporting frameworks may undermine investments in cooperation, harmonization and coordination.

**Figure 1. The trade-offs between the various Paris principles**



The visibility of the trade-offs between different dimensions of the effectiveness agenda has varied depending on the country context. While Whitfield's (2009) analysis highlights the challenges to ownership in donor darlings in Africa, in countries like China and Vietnam, where aid receipts were less important, governments displayed greater capacities to steer development cooperation through selective engagement with the donor community (Ohno and Ohno 2008; He and Söderberg 2008). In the Chinese case, for example, national ownership was expressed in a lack of participation in donor coordination processes and a preference for dealing with donors individually (He and Söderberg 2008). At the other end of the spectrum, the Paris Declaration acknowledged the different weights attached to dimensions of the effectiveness agenda in varied settings primarily by referencing the need to adapt the agenda to fragile states, signalling that donor harmonization was a more important priority in countries with weak governance (OECD 2005/2008).

Finally, the emphasis that the Paris Declaration placed on increasing the use of programme-based approaches (PBAs) meant that interpreting the influence of the agenda was intertwined with experiences in the use of specific modalities. However, PBAs remained subject to challenges that other elements of the agenda sought to address and similarly reflected trade-offs between different dimensions of effectiveness thinking. As an example, dialogue structures intended to promote donor coordination had the potential to reduce the level of national ownership.



**The partnership rhetoric implied a convergence of interests among diverse actors whose cooperation incentives differed.**


A preference for PBAs stood in contrast to a project-focused aid paradigm, in which the fragmented interventions funded by diverse donors were viewed as a source of high transaction costs. The donor-driven quality of project aid was reflected in independent implementation units and accountability procedures, thus undermining the initiative and capacity of recipient governments (Dijkstra and Komives 2011). Under the heading of harmonization, the Paris Declaration presented a target for donors to channel 66 percent of their funding via PBAs by 2010. At the same time, the Declaration proposed a two-thirds reduction in the number of independent project implementation units (OECD 2005/2008). Programme-based approaches were defined in relation to their alignment with core qualities of the Paris agenda,

namely leadership from the host country or organization, a unified budgetary framework, formal processes for advancing donor harmonization, and the promotion of local systems for implementation (CIDA 2010). General budget support, sector budget support and pooled funds were the key instruments that fell under the PBA label.

General budget support received significant political attention as an approach to implementing effectiveness concerns because it was perceived to incarnate the different dimensions of the effectiveness agenda. The instrument emphasizes the primacy of national governments in setting spending priorities, the use of countries' public financial management systems and the coordination of donor actions. The cooperative relationship through budget support contains not only a financial component but also a policy dialogue through which donors maintain an ability to advance positions and exercise oversight (de Kemp et al. 2011). For partner countries, this instrument offered a predictable funding source with limited restrictions, while larger funding envelopes and dialogue structures offered donors an entry point for broader influence over development policy agendas in partner countries (Swedlund 2017). Northern European donors were the most prominent providers of budget support, and the study of its effectiveness focused especially on its implementation in aid-dependent Sub-Saharan African countries (Hydén and Mmuya 2008; Kemp et al. 2011; Tilley 2014). While the importance of budget support as an instrument varied widely between both donors and partner countries, experiences with this instrument may have had an outsized influence in shaping debates over the value of the effectiveness principles because it embodied the different dimensions of the effectiveness agenda.

In practice, budget support faced several limitations. Although reflective of a new partner-centred aid paradigm, its implementation revealed longstanding difficulties in the political economy of aid. The partnership rhetoric implied a convergence of interests among diverse actors whose cooperation incentives differed (Winckler Andersen and Therkildsen 2007). Donor harmonization and partners' institutional capacities provided a foundation for effective budget support, but there was still a need to promote greater consistency in donor objectives and to improve partners' capacities for aid and financial management after decisions to provide budget support had been taken (de Kemp et al. 2011). The concentration of control of aid funds in the hands of finance ministries raised concerns about the exclusion of a broader range of stakeholders such as parliaments, line ministries and civil-society organizations in influencing how the funds were spent (Hydén and Mmuya 2008).

Referring to the example of Tanzania, Tilley (2014) observes that, in contrast to the original intention of reducing transaction costs, general budget support presented an administrative burden linked to the deeper donor engagement in governmental reforms that the dialogue processes associated with budget support enabled. Like the perceived advantages of the instrument, its shortcomings were not absolute, as measures to address risks such as the limited involvement of civil society could be built into the instrument's design.



**The emphasis that the Paris Declaration placed on increasing the use of programme-based approaches (PBAs) meant that interpreting the influence of the agenda was intertwined with experiences in the use of specific modalities.**

Developments within partner countries, such as cases of government corruption, and changes in donor governments both contributed to the shift away from budget support (Swedlund 2017). For instance, the Netherlands abandoned the use of general budget support because of the exposure of specific cases of corruption, but seemingly also because the modality did not provide the opportunities for policy discussion which donors had hoped for. The instrument provides a clear illustration of the complexity of aid relationships, which are situated within multiple arenas of accountability that reflect relations between donors and taxpayers, between donors and partner countries, and between partner countries and their citizens.



# THE AID EFFECTIVENESS AGENDA IN CURRENT DONOR STRATEGIES

To assess the role that the effectiveness principles are currently playing in guiding development cooperation practice, this section presents an overview of the place of effectiveness considerations in ten donor contexts (Belgium, Canada, Denmark, the European Union, France, Germany, the Netherlands, Norway, Sweden and the United Kingdom). The analysis presents a broad review of donor strategies and discusses what they suggest about the nature of engagement with the effectiveness principles. While donor strategies are examined here because they reflect the political goals that guide development cooperation at a given point in time, they also present an incomplete picture of the status of development cooperation practice. Among the limitations of these strategies are the circumstances that they may be directed primarily at a domestic audience, that they can reflect the positions of specific bureaucracies rather than the entire donor government, and that they may reflect a reframing of priorities, rather than being an impetus for changes in programming. The review of strategies was supplemented by interviews with nine individuals offering academic and practitioners' perspectives on developments in five of the donor contexts included in this report.

The authors conducted a simple word search of donor strategies to check whether the terminology of the Paris Declaration continues to serve as an important reference point for donor action. The results summarized in Table 3 indicate that the terms corresponding to key dimensions of the Paris agenda are mostly absent from current donor strategies, with the European Union and Sweden offering exceptions due to their stronger emphasis on 'effectiveness' and 'ownership'. The Swedish strategy emphasizes the continued relevance of the Paris principles and subsequent

international effectiveness frameworks, underlining the centrality of national development strategies as a basis for cooperation programmes, the desirability of using country systems and the need for continued capacity-building to enable improved cooperation. The strategy also conveys an understanding of the interrelated character of dimensions of aid effectiveness by, for example, indicating that progress on donor coordination eases partner country management of development cooperation (Government of Sweden 2016). However, Sweden's understanding of the effectiveness principles has also evolved over time. As Keijzer et al. (2018) indicate, its current conception of ownership reflects a departure from the Paris Declaration's ownership logic, as the focus on national government ownership has given way to a multi-stakeholder approach accepting the important role of different levels of government and actors beyond the state in addressing development challenges.



### **Terms corresponding to key dimensions of the Paris agenda are mostly absent from current donor strategies.**

The limited appearance of the Paris principles in many current donor strategies has several possible sources. First, their absence may reflect an emphasis on selected elements of the effectiveness agenda and the use of related terms, rather than the specific terminology from the era of the Paris Declaration. Second, the lack of focus on the five dimensions of effectiveness may reflect donors' emphasis on using strategies to outline thematic priorities, rather than focus on means of implementation. Third, the strategies may reflect a different understanding of how aid should be implemented to promote effectiveness. Finally, the return of national interest as a development cooperation rationale offers another explanation for the diminished visibility of the Paris Declaration agenda. Each of these possibilities is discussed in turn.

### **Paris is out of sight, but not out of mind**

The limited direct reference to terminology in the Paris Declaration in donor strategies does not necessarily mean that donors have abandoned effectiveness thinking. In its strategy, Norway still considers that the principles of the Paris, Accra and Busan agreements provide a foundation for long-term bilateral development cooperation. It emphasizes results, partnership, openness and ownership, reflecting



**Table 3. Word search of Paris principles in current donor strategies**


Donor	Effective-ness	Ownership	Alignment	Harmoni-sation <sup>1</sup>	Managing for Results	Mutual Account-ability
Belgium <sup>2</sup>	3	0	1	0	0	0
Canada <sup>3</sup>	6	1	0	0	0	0
Denmark <sup>4</sup>	5	0	0	0	0	0
EU <sup>5</sup>	21	10	1	0	0	5
France <sup>6</sup>	7	3	1	0	0	0
Germany <sup>7</sup>	4	3	0	0	0	0
The Netherlands <sup>8</sup>	8	1	0	0	0	0
Norway <sup>9</sup>	8	5	0	2	0	0
Sweden <sup>10</sup>	10	17	0	0	0	1
UK <sup>11</sup>	2	1	0	0	0	0

partner responsibilities in setting priorities (mottakeransvar) and highlights the enlarged role of civil-society and private-sector actors in the aid effectiveness space (Det Kongelige Utenriksdepartement 2017).

In a similar vein, the New European Consensus on Development stresses that EU support should be consistent with the commitments made in the context of the GPEDC by increasing the focus on results, enhancing transparency, promoting mutual accountability, improving country ownership and promoting multi-stakeholder partnerships. It also lists support for actions such as using country systems and promoting untied aid, which were part of the Paris agenda. By emphasizing increased joint analysis, programming and implementation, the Consensus advances central components of the harmonization agenda by seeking a better division of labour based on donors' comparative advantages (European Union 2017).

Denmark's strategy signals support for closer EU cooperation around joint programming and increasingly supports using the EU as a platform where it does not have a country presence (Ministry of Foreign Affairs of Denmark 2017). This example illustrates that the relevance of particular dimensions of the effectiveness

agenda can cohere with other donor interests, as geographical concentration is a consequence of aid cuts in the Danish context. The strategy for the Netherlands presents cooperation at the European level as a way of maximizing complementarity with the actions of other players, emphasizing the EU due to its integration of a trade and development agenda (Ministry of Foreign Affairs of the Netherlands 2018). France's strategy signals an interest in greater coordination both within the EU and in relation to multilateral development banks as a means of reducing the consequences of fragmentation for partners. It also indicates that cooperation should have a demand-driven quality and be aligned with the partner country's procedures (AFD 2018).




### **The limited appearance of the Paris principles in many current donor strategies has several possible sources.**

The UK's aid strategy emphasizes the concept of value for money, a term associated with the results-based management dimension of the Paris agenda (HM Treasury / DFID 2015). The UK's conception of managing for results evolved along with changes to its domestic political context, especially the growing domestic accountability pressures facing the Department for International Development (DFID), which initially had greater freedom from the new public management constraints placed on other parts of the national administration. Although managing for results in the Paris agenda stressed the use of country systems and reporting frameworks that were tailored to partner countries rather than individual donors, the sharpened focus on results in the UK—particularly after 2010—encouraged narrow reporting and a growing projectization of aid, as well as a drift away from country-led programming and implementation (Valters and Whitty 2017). While there is thus continued emphasis on one of the core dimensions of the effectiveness agenda in the UK, its understanding of the concept has changed over time and been stressed at the expense of other aid-effectiveness principles. The increasing focus on development results has been a noticeable trend in other donor countries as well, including Belgium and Norway.

### **Emphasizing the 'what' of development over the 'how'**

Another explanation for the limited attention being given to effectiveness principles in donor strategies is that donors consider the identification of thematic and geographical priorities to be more important in shaping aid effectiveness than guidelines for how aid should be implemented. For example, Canada's Feminist

International Assistance Policy stresses that targeted and cross-cutting actions to make progress with gender equality and promote the empowerment of women and girls are the core of a feminist approach that is ‘the most effective way to address the root causes of poverty’ (Global Affairs Canada 2017: iv). This approach reflects an analysis of the constraints on development within countries and a recognition of the role of specific agents of change. It is thus grounded in an understanding of the structural drivers of development outcomes. At the same time, the emphasis on gender equality and other issues, including cooperation with the private sector, reflects a donor-driven agenda that potentially limits programmatic flexibility in relation to locally determined priorities (Brown and Swiss 2017).




**Donors are increasingly emphasizing ways of achieving development goals that go beyond the government to government cooperation that was at the heart of the aid effectiveness agenda.**

The Canadian strategy illustrates that focusing on specific priorities to promote effectiveness does not preclude attention being given to general effectiveness principles. The strategy indicates that Canada will simplify reporting procedures to reduce the administrative burdens on recipients, pursue joint programming, and seek improvements in aid predictability and transparency. However, the emphasis of the strategy clearly lies in the elaboration of topics and recipients to direct assistance rather than on managerial concerns (Global Affairs Canada 2017). As a result, a perception of how aid should be delivered in order to be effective is subordinated to the political choices informing donor priorities.

### **Evolution of the role of aid in contributing to development goals**

A third explanation for the departure from the Paris principles is that donors are increasingly emphasizing ways of achieving development goals that go beyond the government to government cooperation that was at the heart of the aid effectiveness agenda. Although Canada and Denmark, for example, stress that cooperation with partner country governments remains a cornerstone of development cooperation (Global Affairs Canada 2017; Ministry of Foreign Affairs of Denmark 2017), their strategies encourage greater involvement by private-sector actors. The Danish strategy indicates that aid should play a catalytic role in mobilizing funds, knowledge and technology for development in middle-income contexts. The Canadian strategy similarly points to the value of using ODA resources to leverage additional funding

from private-sector actors (Global Affairs Canada 2017), while the European Consensus sees a blending of grants and loans with other innovative financial instruments as an important means of implementing the sustainable development goals (European Union 2017).



**Development cooperation is embedded in broader governmental agendas where domestically determined interests shape approaches to engagement.**

This attention to stepping up engagement with the private sector is consistent with the multi-stakeholder spirit of the GPEDC that encouraged increased engagement with the private sector in dialogue on improving the conditions for business in developing countries, as well as in the planning and implementation of development priorities. In Germany's development strategy, the interest in creating greater opportunities for private-sector engagement translates into a focus on strengthening the framework conditions for business through governance reforms and the use of conditionalities (BMZ 2018).

Another reflection of the changing perception of the role of aid in relation to other avenues for engaging with partner countries is the attention current strategies place on integrated approaches that draw on the competencies of various domestic actors in donor countries. The Dutch strategy references integrated approaches in relation to several different areas for intervention: cooperation around sexual and reproductive health, support for nutrition, agriculture, water and climate action in the urban Sahel, engagement in peace missions and crisis management situations, dealing with irregular migration, and the promotion of sustainable value chains (Ministry of Foreign Affairs of the Netherlands 2018). Belgium's strategy for a comprehensive approach underlines the necessity of pursuing joint analysis, planning and coordination among government actors operating across fields such as diplomacy, defence, development, law and order, and economic cooperation. In this case, the call for cross-government cooperation applies to Belgium's foreign relations globally and extends across varied developing country settings (Koninkrijk België 2017).

### **The return of national interest**

Calls for greater coherence in government actions are consistent with an effectiveness logic since they seek to address fragmentation challenges, but they are also a reminder that development cooperation is embedded in broader governmental agendas where domestically determined interests shape approaches to engagement. The UK's strategy—'UK Aid: Tackling Global Challenges in the National Interest'—provides a clear statement of the aim of highlighting a domestic rationale for development cooperation, even while presenting the approach as compatible with the emphasis on poverty reduction that has long characterized the UK's approach (HM Treasury / DFID 2015). Denmark's strategy similarly indicates that Danish development policy 'will be working to further Danish foreign and domestic interests at the same time' (Ministry of Foreign Affairs of Denmark 2017: 1). While the role of domestic interests in influencing aid priorities is not a new phenomenon (Lundsgaarde 2013), these strategies suggest that the balance has shifted away from defining aid as guided by partner interests, as implied in the Paris Declaration. In countries such as Belgium, Canada and the Netherlands, this emphasis is reflected in administrative changes that have reduced the role of development expertise within foreign affairs bureaucracies.

In sum, the Paris Declaration principles do not provide a focal point in current donor strategies. Even though elements of the agenda are still apparent in the strategies, such as the importance of orienting action toward the needs of local partners, recognition of the importance of division of labour concerns among European donors and the emphasis on managing for results, the limited visibility of effectiveness principles suggests that other considerations dominate in guiding approaches to cooperation.




## EXPLORING TRENDS IN AID CHANNELS AND MODALITIES

As noted above, there may be a gap between the rhetoric that donors emphasize and actual changes in development cooperation practice. This section reviews general trends in the priority attached to key channels for aid provision as an alternative indication of the status of the effectiveness agenda within donor countries. It focuses on trends in support of multilateral cooperation and the commitment to budget support and project-type interventions as a sign of an interest in pooled approaches. The section concludes with a summary of findings related to those dimensions of aid quality that are captured in the Busan monitoring framework.

Between 2000 and 2018, Official Development Assistance (ODA) from OECD-DAC donors roughly doubled in real terms, from USD 73 billion to USD 143 billion (OECD 2019). Significant increases in aid outlays in Germany, the United Kingdom and the United States represented an important driver of this trend. Other countries, including France, Italy, Korea, Norway and Sweden, also contributed to the overall increase. Denmark and the Netherlands maintained a relatively stable volume of aid. Other donors have experienced ups and downs. For example, Australia's aid was on an upward trajectory until 2012 and then began to fall, while Japan's aid declined in the years following the Paris Declaration, only to recover later. At the global level, discussion of the continued relevance of the effectiveness agenda should keep the differences in scale among donors in mind.

## MULTILATERAL FUNDING

The balance between bilateral and multilateral aid is a core element in describing donor profiles. Decisions to provide multilateral aid can reflect numerous assumptions about the advantages of multilateral efforts. Multilateral aid is a way of supporting international institutions and governance, in addition to its effects on development. For smaller donors, support through multilateral organizations is also a way of engaging with areas in which the provider country has limited capacity. In light of reduced administrative resources, using multilateral channels may also be seen as a way of maintaining development activities both globally and in specific countries. Multilateral entities also provide a mechanism for pooling resources with the potential to promote economies of scale and limit fragmentation. In comparison to bilateral aid, multilateral support may be driven less by the political or economic interests of donors, while multilateral aid allocation may be considered more responsive to poverty criteria than bilateral aid allocation (Gulrajani 2016). The nature of multilateral advantages depends on which actors are being compared and what measures of effectiveness are used to assess their relative strengths (Biscaye et al. 2015).



**Between 2000 and 2018, Official Development Assistance (ODA) from OECD-DAC donors roughly doubled in real terms, from USD 73 billion to USD 143 billion.**

Multilateral development cooperation is implemented by a variety of organizations that differ with respect to their mandates, governance structures and their performance in relation to effectiveness criteria. A formative evaluation of the UN Development Group's implementation of the Paris Declaration indicated that the assessed UN entities performed better with respect to promoting ownership and alignment than other dimensions of the effectiveness agenda, for example. Even on the alignment dimension, the evaluation noted a distinction between better alignment at the level of development strategies and weaker alignment in using country systems (UNDP 2008). Challenges with respect to harmonization related not only to differences in procedures among UN agencies themselves, but also to the various commitments of national actors to coordinating efforts and the persistence of different approaches among other donors. The stakeholder structure of multilateral development banks, including the African Development Bank and



Asian Development Bank, is considered an asset in promoting country ownership, and these organizations also made early progress with respect to harmonization (Wood et al. 2011).

### **Core multilateral support**

Core support to multilateral organizations provides an indicator of donor support for a pooled approach that respects country ownership. In UN organizations, for example, country-level programming is carried out in the context of a United Nations Development Assistance Framework (UNDAF) that takes partner country priorities as a point of departure and specifies how UN actions will promote these efforts over a five-year period.

As Figure 2 (below) indicates, there are variations both across the donor community and within donors over time with respect to their multilateral commitments. The figure depicts a modest increase in the share of ODA channelled as core support to multilateral organizations among OECD-DAC donors as a whole after 2005. Core multilateral support from OECD-DAC donors rose from USD 26 billion in 2005 to reach USD 42 billion by 2018 (OECD 2019). An increase in multilateral funding was especially pronounced in the United Kingdom, while France and Germany also increased multilateral funding volumes markedly in this period. In the German case, the increase in multilateral funding did not keep pace with the overall expansion of its aid budget: from 2009 to 2017 the multilateral aid share declined from 41 percent to only 24 percent. Belgium and France stand out among the donors examined here for their higher commitment to multilateral aid (in 2017, both donors provided 41 percent of their ODA funds in the form of core multilateral support). This performance is linked to policies that express a clear preference for maximizing the volume of multilateral funding provided as core support, which distinguishes their approach from other DAC members (Tortora and Steensen 2014). In Denmark, core multilateral support has generally declined both in real terms and as a share of the overall aid budget, with variations from year to year.

### **Non-Core multilateral support**

The rise of non-core multilateral support has figured prominently in debates over how to enhance the effectiveness of the multilateral development system. The growth of non-core funding earmarked by bilateral donors for specific purposes has outpaced increases in core funding to multilateral organizations, particularly within the United Nations system (OECD 2018). This funding, registered as ODA channelled through multilateral organizations in OECD statistics, rose in real terms from USD

3.6 billion in 2005 to USD 22.6 billion in 2017, accounting for more than 15 percent of DAC ODA in 2017 (OECD 2019). As Figure 3 (below) indicates, the importance of this channel for individual donors varies, with Canada and Norway being the donors examined here with the largest shares of aid distributed through this channel for much of the period. In Norway, this increasing use of the multilateral system accompanies a shift away from direct government-to-government cooperation, though funds channelled through multilateral systems may still be implemented by partner governments (Det Kongelige Utenriksdepartement 2017). Figure 3 points to a clear upward trend in Denmark and Germany in the commitment to non-core funding.

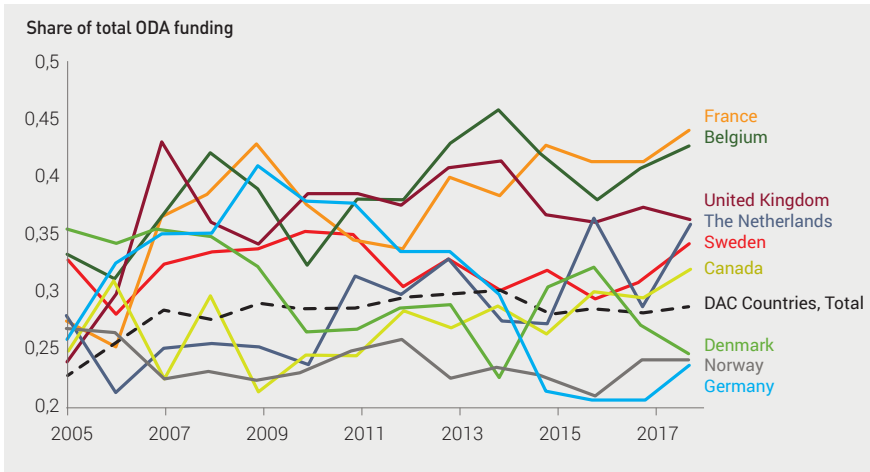


**An increase in multilateral funding was especially pronounced in the United Kingdom, while France and Germany also increased multilateral funding volumes markedly in this period.**

Non-core funding takes varied forms, is associated with diverse motives, and highlights challenges in conceptualizing and assessing aid effectiveness. As the term 'multi-bi aid' implies, one of the general features of non-core funding is that it is bilateral aid provided to multilateral actors guided by decision-making processes that are distinct from processes of collective multilateral governance (OECD 2018). Beyond this characteristic, the term encompasses diverse forms of support, as non-core resources may be allocated to global or country-level programmes and can contribute to pooled mechanisms such as multi-donor trust funds or narrow project interventions funded by individual donors, among other variations. The broad OECD statistical category for multi-bi aid conflates funding flows following different decision-making logics.

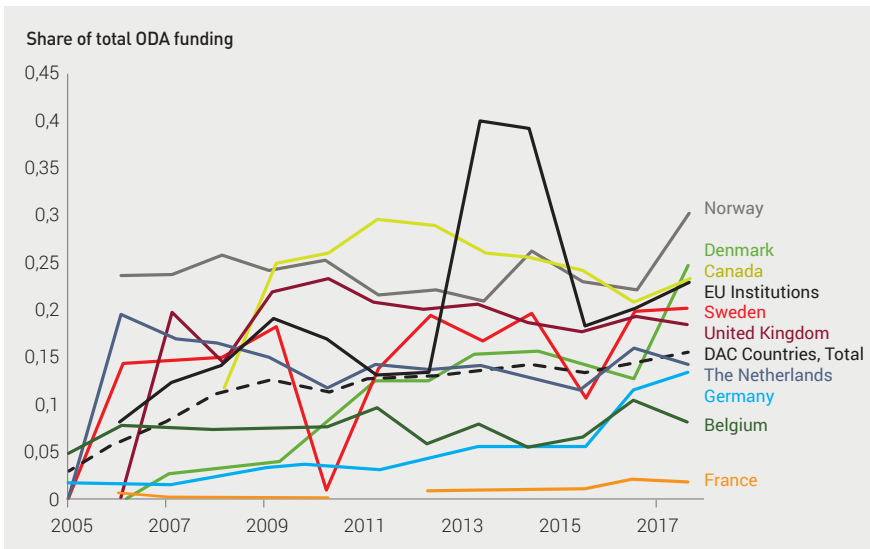
The different forms of non-core support are associated with a range of donor motives. Contributions to larger-scale development and humanitarian funds administered by the World Bank or UN entities can be viewed as a way of overcoming constraints in bilateral aid administrations by relying on the substantial implementation capacities of multilateral entities, providing an alternative to government-to-government cooperation in settings where capacities for financial management are limited. Earmarked project funding at the country level can not only provide a means of reinforcing geographical or thematic priorities, it can also be a way of increasing the traceability of outcomes that are attributable to donor funding (Baumann et al. 2019; Reinsberg 2017).

**Figure 2. Multilateral aid as a share of ODA among selected donors**




Source: OECD (2019). Core multilateral support from EU institutions is not reported here because it constitutes a small share of overall aid.

**Figure 3. Non-core funding to multilateral organizations as a share of ODA (2005-2017)**



Source: OECD (2019). Figures refer to bilateral funds channelled through multilateral organizations. Funding from the EU institutions to other multilateral organizations primarily takes the form of non-core contributions due to the legal status of the EU and characteristics of the governance arrangements of multilateral organizations.

While non-core funding has contributed to the resource mobilization efforts of multilateral organizations, increases in this type of funding have raised concerns about its consequences for multilateral effectiveness. A particular concern relates to the fragmentation that it introduces into the multilateral system, which potentially increases the transaction costs for donors, multilateral organizations and recipients, as well as potentially diverting attention from the priorities of beneficiaries within partner countries (Reinsberg 2017). Because both core and non-core multilateral support may have benefits and drawbacks, the OECD has directed attention to the underlying characteristics of multiple types of support that are associated with more effective outcomes. Rather than assuming that one channel is more effective than another, this work suggests that the quality of multilateral support is reflected in measures of the predictability, long-term orientation, flexibility and scale of funding agreements, as well as the extent to which they are aligned with needs identified in organizational strategies (OECD 2018).



**The quality of multilateral support is reflected in measures of the predictability, long-term orientation, flexibility and scale of funding agreements, as well as the extent to which they are aligned with needs identified in organizational strategies.**

Donor choices regarding how to channel funding to multilateral organizations reflect the trade-offs between the different dimensions of effectiveness described earlier in this report. For example, the choice to pursue country-level earmarking can reflect donor interests in tracing results that have the potential to hamper efforts to advance harmonization or strengthen ownership. However, such trade-offs vary along with the different forms that earmarking takes: contributions to a multi-donor trust fund can balance effectiveness dimensions differently than more narrowly earmarked project financing. Trade-offs are also visible in the related trend toward greater intermediation expressed in commitments to channel thematic funding through vertical funds. Driven in part by a search for aid governance arrangements that overcome challenges in using country systems, intermediation has brought challenges of its own related to the proliferation of actors and limited embeddedness in local contexts (Keijzer et al. 2018).

Rather than pointing to a clear trend among donors in their use of the multilateral system to advance effectiveness concerns, this discussion of multilateral aid underlines the complexity of development cooperation relationships even in the context of pooled approaches that aim to advance collective interests. Multilateral development cooperation seeks to balance interests among funders, multilateral actors and partner countries, and the way a given organization manages the trade-offs between priorities can have consequences for performance on indicators of effective cooperation.

## **AID MODALITIES**


Another dimension of donor funding choices that can reveal the current status of Paris Declaration thinking on aid effectiveness relates to the distinction between programme-based approaches and project aid. The Paris agenda favoured programme-based approaches because they reflected the goals of reducing fragmentation and harmonizing aid disbursements from diverse donors. The goal that two thirds of aid should be disbursed through programme-based approaches such as budget support and sector-wide approaches by 2010 was a key indicator of progress put forward in the Paris Declaration (OECD 2008). At the end of that period, OECD assessments noted that, after some initial improvements in donor performance, there was generally limited progress on this measure, with under half of aid being disbursed in the context of programme-based approaches across the countries included in monitoring surveys (OECD 2012). Variations across partner countries in terms of their development of sector-wide approaches and domestic constraints on donors were among the explanations for this.

Programme-based approaches were contrasted with project-focused modalities. On the one hand, PBAs were understood to advance more holistic and longer-term cooperation, to foster coordination among donors and to provide a mechanism for strengthening partner capacities, while on the other hand project support was viewed as a narrow and short-term approach embedded in a logic of bilateral cooperation. A core disadvantage of a project orientation was its potential contribution to fragmentation due to the persistence of parallel project implementation units (OECD 2006). This section examines key trends with respect to budget support and project aid.

## **Budget support**

As noted above, budget support is an instrument that is closely associated with the aid effectiveness agenda because it was an important programme-based approach, as well as a means of addressing multiple dimensions of the Paris agenda simultaneously. For this reason it may have served as a lightning rod for criticism of the implementation of effectiveness principles, though its importance as a modality across the donor community varied. Donor risk aversion prompted moves away from budget support because the character of the instrument brought governance challenges in partner countries into focus, even though many of the underlying risks were related to the context of implementation rather than the modality as such (Vanheukelom et al. 2011).

Table 4 shows the limited importance of budget support in key donor aid programmes in recent years (OECD 2019). The overall trend in the OECD-DAC community points to a decrease from 2.3% of total OECD DAC aid in 2010 to 1.6% of total aid in 2017. Canada, Denmark, the Netherlands, Norway, Sweden and the United Kingdom registered noticeable declines in budget support in this period. Of the bilateral donors emphasized in this study, France stands out for its comparatively high level of budget support in the final year that is listed. The large increase for France for 2017 meant that it alone accounted for nearly half of the budget support provided by DAC donors in that year.



**Budget support may have served as a lightning rod for criticism of the implementation of effectiveness principles, though its importance as a modality across the donor community varied.**

The United Kingdom is a notable example of the shift away from budget support, given that in the past it embraced budget support as a modality to a greater extent than other donors. Its current aid strategy includes a commitment to end all traditional budget support, reflecting a desire to pursue more targeted interventions in line with its value for money orientation (HM Treasury / Department for International Development 2015). In contrast, the EU's New Consensus on Development acknowledges that budget support can continue to offer an avenue to improve donor coordination and strengthen national ownership, but it also recognizes that the viability of its use is related to the characteristics of the implementation setting (EU 2017). Budget support remains only one of numerous modalities that

the EU has recourse to, and the strategy explicitly encourages the selection of a complementary mix of modalities that are adapted to the circumstances in the diverse settings for implementation. This is an indication of flexibility with respect to the choice of modalities.

### Project-based aid

The project orientation of development cooperation was a key element of established ways of working from which the Paris Declaration encouraged donors to move away. Project aid was understood to reflect a donor-driven aid paradigm in which actions were organized in line with domestic accountability requirements. It thus presented challenges for collective initiatives and the harmonization of donor approaches. The fragmentation of aid effort that the project approach enabled was also sustained by interests in partner countries, as diverse channels for support provided opportunities for line ministries to exercise control over specific funding streams, for example (Dijkstra and Komives 2011).

**Table 4. Budget support in selected donor countries as a share of overall ODA (2010-2017)**

	2010	2011	2012	2013	2014	2015	2016	2017
<b>DAC Total</b>	0,02	0,02	0,01	0,03	0,01	0,01	0,01	0,02
<b>Belgium</b>	0,02	0,01	0,01	0,02	0,02	0,01	0,01	0,01
<b>Canada</b>	0,05	0,04	0,03	0,03	0,03	0,03	0,02	0,02
<b>Denmark</b>	0,03	0,04	0,03	0,03	0,02	0,01	0,01	0,01
<b>EU</b>	0,22	0,13	0,13	0,14	0,13	0,14	0,12	0,13
<b>France</b>	0,02	0,04	0,01	0,02	0,02	0,01	0,01	0,09
<b>Germany</b>	0,01	0,03	0,01	0,00	0,02	0,04	0,02	0,01
<b>The Netherlands</b>	0,04	0,03	0,01	0,00	0,00	0,00	0,00	0,00
<b>Norway</b>	0,03	0,02	0,02	0,01	0,01	0,01	0,00	0,00
<b>Sweden</b>	0,03	0,03	0,02	0,02	0,01	0,01	..	0,00
<b>United Kingdom</b>	0,07	0,06	0,05	0,05	0,04	0,01	0,01	0,00

Source: Authors' calculations based on OECD (2019). The aid category used as a basis is 1100 (I.A.1.1), reflecting the sum of general budget support and sector budget support. Figures have been rounded up or down to the nearest percentage point.

**Table 5. Project-type interventions as a share of total aid for bilateral donors**


	2010	2011	2012	2013	2014	2015	2016	2017
<b>DAC Total</b>	0,37	0,38	0,38	0,36	0,38	0,36	0,34	0,35
<b>Belgium</b>	0,19	0,22	0,18	0,21	0,17	0,19	0,18	0,17
<b>Canada</b>	0,16	0,16	0,16	0,17	0,22	0,21	0,22	0,29
<b>Denmark</b>	0,44	0,39	0,39	0,44	0,32	0,27	0,29	0,27
<b>EU</b>	0,20	0,24	0,26	0,24	0,30	0,27	0,28	0,22
<b>France</b>	0,32	0,35	0,39	0,43	0,45	0,37	0,31	0,33
<b>Germany</b>	0,36	0,34	0,38	0,38	0,34	0,29	0,36	0,31
<b>The Netherlands</b>	0,27	0,30	0,29	0,26	0,31	0,29	0,26	0,34
<b>Norway</b>	0,18	0,26	0,23	0,21	0,20	0,12	0,22	0,22
<b>Sweden</b>	0,23	0,24	0,27	0,28	0,29	0,34	0,32	0,32
<b>United Kingdom</b>	0,57	0,71	0,72	0,68	0,70	0,71	0,72	0,72

Source: OECD (2019). Aid Type I.A.3 'Project-type interventions'.  
 Figures have been rounded up or down to the nearest percentage point.

Table 5 reports the share of project-type interventions in relation to the size of the overall aid budget in the donors examined in this study from 2010 to 2017, the starting point being determined by data availability. For most donors there were significant increases in the overall volume of project-based aid in this period. As with multilateral assistance, Germany and the United Kingdom stand out for the large increases in the volume of aid disbursed in project form related to the expansion of their aid budgets. For both donors, project-type interventions more than doubled in real terms in this period (OECD 2019). In contrast, France provided a relatively stable amount of project aid, while Belgium, Denmark and the Netherlands saw project support decline in this period according to OECD data. However, when examined in relation to the volume of aid funding in given donor contexts, the level of project funding appears to be relatively stable for most donors. Canada is an example of a donor whose project-type interventions have increased, while in Denmark the decline is visible not only in terms of overall volumes but also in the share of project-based aid. This may, however, reflect an increased share of ODA provided through other channels (for example, support for asylum-seekers and refugees), rather than being a deliberate policy of reducing the use of project-based aid.



This brief overview of trends points to the difficulty of presenting a clear verdict on the status of commitments to aid effectiveness based on choices between core aid modalities. The increase in earmarked funding to multilateral organizations provides one indication that the project orientation in development cooperation is potentially larger than the figures in Table 5 suggest. The rising interest in blended finance vehicles that focus on project preparation and project finance (Lundsgaarde 2017) similarly offers a reason to conclude that project-type approaches retain a central place in aid portfolios, though the blended finance space encompasses both pooled and project-oriented approaches. The trends with respect to project-type interventions point to the persistence of modes of assistance that were associated with a donor-driven aid paradigm in the past. The extent to which these modalities also respond to partner interests and how they manage accountability trade-offs in donor and partner countries remains a subject for further analysis.



**When examined in relation to the volume of aid funding in given donor contexts, the level of project funding appears to be relatively stable for most donors.**




## EXAMPLES OF AID QUALITY FROM THE BUSAN MONITORING FRAMEWORK

Alternative indicators of the persistence of aid effectiveness thinking include indicators of the qualities of assistance, irrespective of the modalities used. This section discusses donor trends in relation to two indicators: predictability and the use of country systems.

**Predictability.** Aid predictability is central to development efforts and aid effectiveness. Partner countries reliant on external support for development programmes experience difficulties in undertaking such activities if the expected funding does not materialize as planned. Limited aid predictability can create planning challenges for partner governments, lead to discontinuities in implementation, and undermine trust and mutual accountability between development partners and partner countries. The Accra Agenda for Action emphasized that ‘greater predictability in the provision of aid flows is needed to enable developing countries to effectively plan and manage their development programmes over the short and medium term’ (OECD 2008: 21). Aid predictability is especially associated with the alignment agenda, and assessments of donor performance on this measure continue within the Busan monitoring framework.

The review of the implementation of the Paris Declaration published in the lead up to the Busan meeting noted greater progress with respect to short-term predictability than medium-term predictability, though the target for improvements in the former category was not met either (OECD 2011). Challenges in making headway with this agenda were related to difficulties on both sides of the aid relationship: donors faced constraints linked to annual budgeting, while partner countries experienced

difficulties in presenting an accurate picture of funds due to financial management deficits. The latest Busan monitoring report pointed to slight improvements in medium-term predictability but indicated that progress on annual predictability has stalled (OECD/UNDP 2016).



**Donor reliance on country systems seemingly did not respond to improvements in the quality of partner country systems.**

Table 6 provides an overview of selected donors' performance with respect to the short- and medium-term predictability of development funding. Although caution is needed in discerning a general trend based on this limited selection of donors and the few years included in the data summary, the figures suggest a declining commitment to aid predictability. Apart from Canada, short-term predictability is lower in 2016 than in 2010 for all of the donor countries examined, as well as the EU. For some countries, observation of a trend is complicated by the fact that short-term predictability improved from 2010 to 2014 but worsened from 2014 to 2016, reaching a lower level than 2010. With respect to medium-term predictability, six of the ten donors show a deterioration in performance across the short period covered, while the other four demonstrated improvements. As an average of country-level results, the reported figures may reflect differences across countries within a given donor's portfolio. These fluctuations thus raise a variety of questions on what exactly is being measured, whether other factors represent important drivers of these trends and what relevance the indicators have in different implementation settings. Taken at face value, however, they suggest that interest and action along this dimension of the aid-effectiveness agenda has levelled off among key donors.

Use of country systems. The Paris Declaration indicated that increased use of partner country systems for financial management and procurement purposes represented an important means of strengthening partners' capacities to address development challenges and bolstering their accountability systems to increase aid effectiveness. It advocated that donors should use country systems 'to the maximum extent possible' while reducing the number of separate implementation units (OECD 2008). The desirability of using country systems was underlined in the Busan agreement, which indicated that implementation through country systems should be a default option for aid managed by the public sector.

**Table 6. Short and medium-term aid predictability among selected donors**

	2010		2014		2016	
	Short-Term	Short-Term	Medium-Term	Short-Term	Medium-Term	
<b>Belgium</b>	79.6%	77.9%	77.7%	63.4%	59.8%	
<b>Canada</b>	81.6%	76.2%	65.2%	82.9%	59.2%	
<b>Denmark</b>	92.1%	77.0%	71.8%	77.1%	66.7%	
<b>EU Institutions</b>	87.3%	82.5%	69.4%	72.6%	84.6%	
<b>France</b>	86.1%	78.2%	82.2%	80.3%	58.7%	
<b>Germany</b>	92.8%	86.9%	46.8%	79.8%	62.1%	
<b>The Netherlands</b>	68.5%	78.9%	41.7%	58.9%	73.0%	
<b>Norway</b>	85.5%	93.8%	52.5%	85.4%	54.5%	
<b>Sweden</b>	78.7%	83.7%	78.0%	75.7%	69.2%	
<b>United Kingdom</b>	79.2%	88.9%	84.7%	65.3%	57.9%	

Notes: The table summarizes data for donors with respect to indicators 5a and 5b of the Busan monitoring framework. Source: <http://dashboard.effectivecooperation.org/viewer> (accessed May 29, 2019). Indicator 5a relates to short-term aid predictability, capturing the share of development cooperation funding disbursed to governments in the year scheduled by a given development partner. Indicator 5b reflects medium-term predictability. It presents an average measure of the proportion of development cooperation funding covered in country-level forward expenditure or implementation plans over one, two and three years.

As was the case with aid predictability, the pre-Busan assessment of implementation of the Paris Declaration highlighted a mixed record of achievement in this area. One striking conclusion from the assessment was that donor reliance on country systems seemingly did not respond to improvements in the quality of partner country systems (OECD 2011). The most recent assessment points to a 'slight upward trend' in development partner use of country systems, while strengthened country systems in some partner country contexts are overshadowed by stable performance in the majority of countries being monitored and declining performance in others. The assessment notes that factors on both sides of the aid relationship influence the quality and use of country systems. For donors, differences in risk management approaches and the political prioritization of issues such as democracy and human rights explain variations among donors in their willingness to rely on partner country institutions.

The figures in Table 7 provide an indication of the variation among donors in the use of country systems and report different trajectories. In this table Belgium and Denmark stand out as donors that have increased their use of country systems, while Germany is notable for its declining use of country systems over time, as well as its low percentage in comparison to other donors at the end of the period being considered. Comparing these figures to those presented on aid predictability indicates that donors may make progress on certain effectiveness indicators while falling behind on others, as the Belgian and Danish examples illustrate. The figures are difficult to interpret in isolation, as donors have different geographical profiles for engagement. As with other indicators, drivers of these trends can be found within both the donor setting and the settings for implementation.

**Table 7. Use of partner country systems by selected donors**

	2010	2014	2016
<b>Belgium</b>	23.2%	19.4%	53.2%
<b>Canada</b>	64.5%	62.8%	51.7%
<b>Denmark</b>	65.7%	76.5%	89.1%
<b>EU Institutions</b>	47.9%	41.2%	45.0%
<b>France</b>	70.3%	78.5%	67.3%
<b>Germany</b>	47.9%	45.2%	31.0%
<b>The Netherlands</b>	64.9%	52.4%	44.4%
<b>Norway</b>	62.4%	62.3%	56.4%
<b>Sweden</b>	65.9%	48.6%	62.6%
<b>United Kingdom</b>	66.7%	58.6%	64.6%


The table summarizes indicator 9b from the Busan monitoring framework: <http://dashboard.effectivecooperation.org/viewer> (April 9, 2019). The indicator measures the share of development cooperation disbursed to governments using partner financial management and procurement systems, the aim being to reflect the broader use of national systems and institutions.

## CONCLUSIONS

The starting point for this analysis was the perception of lost momentum in promoting the aid effectiveness principles advanced in the Paris Declaration, as subsequently reaffirmed or adapted in other international frameworks. This analysis confirms that perception: while donors still show support for core dimensions of the aid effectiveness agenda, the brief review of donor strategies, multilateral funding trends, preferences for programme- versus project-based approaches and reflections of aid quality, including predictability and the use of country systems, indicate that donors are not currently expressing a strong commitment to carrying the lessons of aid effectiveness forward.

A loss of momentum in delivering on commitments to implement effectiveness principles reflects the complexity of this policy field and the diverse settings in which aid is implemented. From the start, there was a tension between a universal approach that presented a set of common prescriptions for making cooperation more effective and the widely held view that for aid to be effective it needs to be adapted to local circumstances. The persistent variations among donors and implementation contexts requires a greater focus on how to translate effectiveness recommendations to more specific settings and how effectiveness considerations should be weighed differently depending on the national context. Even with a commitment to a universal approach, the political project of aid effectiveness was linked especially to stable and poor countries. Many donors have moved toward more differentiated cooperation approaches, recognizing that the problem complexes of middle-income countries or LDCs are very different, and therefore that the role that development cooperation plays in these contexts also varies.

Thus there is a role for evaluation practice to better define the transferability of effectiveness principles to reflect different country characteristics, confirming an understanding that there will be no uniformity in the relevance of the principles in their broad application.




**A loss of momentum in delivering on commitments to implement effectiveness principles reflects the complexity of this policy field and the diverse settings in which aid is implemented.**

This report points out that stalled momentum in the implementation of the Paris principles also relates to the trade-offs that are inherent in pursuing the different dimensions of the agenda. The emphasis of many donors in working on the effectiveness agenda has shifted to a focus on results-based management. While managing for results was one dimension of the Paris Declaration, the original intention was for this to be linked to the alignment agenda, where country-based results frameworks were a basis for assessing outcomes. Whether in relation to results measurement vis-à-vis countries or multilateral organizations, the current results agenda has shifted toward a more donor-centred perspective, undercutting the basic insight of the effectiveness agenda that, to be successful, development efforts need to have a demand-driven orientation. The move toward greater results management can be considered a response to contexts in which support for increasing government ownership may appear paradoxical due to the role of the authorities in contributing to development problems (Keijzer et al. 2018).

In spite of the apparent tensions between different dimensions of the effectiveness agenda as they have been interpreted and implemented by donors, it is important to emphasize that the multidimensional quality of this agenda reflected decades of accumulated experience, indicating that the dimensions were interlinked. Future debate on how to retain insights from the effectiveness agenda in development practice should explore further the potential contradictions between concepts such as ownership and results management, as well as identify strategies for reducing the tensions between them. More explicit consideration of the ways in which development cooperation seeks to balance diverse objectives and interests can inform debate on the balance achieved between different effectiveness concerns in a given context.



The current context for development cooperation is different from the context that gave rise to the Paris Declaration. One important element of this context is Agenda 2030, which provides a new global reference framework for promoting the Sustainable Development Goals, reflecting a broad agenda emphasizing wide thematic scope for action and necessitating the engagement of a wide range of stakeholders. The Agenda includes a long list of priorities around which national governments and other stakeholders need to orient their actions. The importance of development cooperation as a tool for addressing these objectives varies depending on the country context. Examining the different rationales for development cooperation in the context of Agenda 2030 and identifying how aid interacts with other policy and financing approaches presents another area for reflection on how to carry effectiveness lessons from the past forward.



**Stalled momentum in the implementation of the Paris principles relates to the trade-offs that are inherent in pursuing the different dimensions of the agenda.**

All in all, while the Paris principles have some challenging qualities and contain potential inconsistencies, the ideas behind them remain valid. Practitioners observe that an increasing number of projects tend to perpetuate the earlier situation of a lack of coordination, isolated efforts, overlapping activities and ineffective aid-supported interventions. Combined with a tendency towards a new SDG-related focus on ownership, effectiveness concerns may return. There is an important role here for evaluation practice in maintaining a place for the lessons expressed in the effectiveness principles on donor agendas. Addressing the consistency between evaluation practice and international aid effectiveness frameworks can provide a foundation for pursuing this role. The DAC evaluation criteria that guide donor assessments were formulated prior to the Paris Declaration and are not directly related to the effectiveness principles. Many development evaluations assess interventions in relation to their individual logics. As a result, there may be a gap between reports on specific cooperation approaches and the monitoring exercises that attempt to paint a broader picture of how aid practices are improving over time. Closing this gap could help define the continued relevance of core effectiveness concerns, as well as adding a new dynamic to international processes aiming to promote effectiveness.

## NOTES

- 1 The search used both 'harmonisation' and 'harmonization' as search terms.
- 2 Numerous thematic strategy papers guide Belgian development cooperation. In the absence of an overarching development cooperation strategy, the strategy note on the comprehensive approach (Koninkrijk België 2017) was used in this review because it presents a cross-cutting perspective on the appropriate working methods for foreign and development policy.
- 3 Global Affairs Canada (2017). The term 'ownership' appears in the phrase 'land ownership' rather than as a reference to the Paris principle.
- 4 Ministry of Foreign Affairs of Denmark (2017).
- 5 European Union (2017).
- 6 AFD(2018). The search terms used were 'Efficacité', 'Appropriation', 'Alignement', 'Harmonisation', 'Gestion Axée sur les Résultats', and 'Responsabilité Mutuelle'. These were the terms used in the official French translation of the Paris Declaration. Two of the results for 'efficacité' are part of the phrase 'efficacité énergétique', the French term for energy efficiency. The strategy examined is that of the Agence Française de Développement, the primary implementing actor for French development cooperation. An alternative reference document is the 2014 Loi d'orientation et de programmation relative à la politique de développement et de solidarité internationale: <https://www.legifrance.gouv.fr/affichTexte.do?cidTexte=JORFTEXT000029210384&categorieLien=id> (accessed 6 June 2019). This text refers to several elements of the effectiveness agenda, including responsiveness to partner country needs, the geographical and sectoral concentration of aid, alignment with country priorities and procedures, and increasing the predictability and transparency of aid.
- 7 BMZ (2018). As the current BMZ strategy is only available in German, the word search adopted terms from the German translation of the Paris Declaration: 'Wirksamkeit', 'Eigenverantwortung', 'Partnerorientierung', 'Harmonisierung', 'Ergebnisorientierung', and 'gegenseitige Rechenschaftspflicht'.
- 8 Ministry of Foreign Affairs of the Netherlands (2018).
- 9 Det Kongelige Utenriksdepartement (2017). The analysis adopted the following Norwegian search terms: 'bistandseffektivitet'/'effektiv bistand', 'Nasjonalt/lokalt eierskap', 'Tilpasning', 'Harmonisering', 'Resultatadministrasjon', and 'Gjensidig ansvarlighet'.
- 10 Government of Sweden (2016).
- 11 HM Treasury / Department for International Development (2015). The term 'ownership' appears in the expression 'company ownership transparency' and is thus not directly related to the Paris principles.

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