

Foreign Aid

Policy and Practice

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5 Judging Donors' Performance

The preceding chapters have provided a glimpse of aid's operating environment, a summary of the key donors, and a basic understanding of the complexities of aid. This is background to gain an appreciation of how aid works. It also provides a foundation to begin thinking about aid effectiveness.

Aid effectiveness is a multi-faceted concept. There are at least three major – and complex – questions that need to be examined before venturing opinions on aid effectiveness. The first is: Are aid providers performing satisfactorily? What exactly makes a “good donor”? The second big question is: Is aid doing the “right” things? Defining what are the “right” things is the crux of the matter. And the third is: Is aid having a positive impact on poverty reduction, quality living standards, economic growth, and the resolution of global issues? Here too, issues related to attribution and measurement, among others, make clear answers difficult. To sum this up in more familiar language: With regard to aid, are donors doing things the right way, and are they doing the right things? Most importantly, is it making a positive difference in people's lives?

These questions will be explored in the next chapters. In this chapter, the emphasis is on judging donor performance. The topic is challenging: From whose perspective are donors being judged? Donors have their home country constituencies, who usually expect them to provide aid in an efficient way and to reap home-country benefits out of their largesse. Aid recipients have their own concerns related to how aid is given. Recipients want aid that matches their priorities and timeframes, whether those priorities are related to meeting citizens' expectations or achieving short-term personal and political gains. Finally, academics and development practitioners want donors to provide aid in ways that do not get in the way of achieving results on the ground.

So how does one go about evaluating donor performance? One way to do this is to review the theories and indices that have developed over the years to measure donor quality. While the relevant articles and indices have substantive and methodological issues, it is possible to glean from them indicators or criteria that can be useful (and used) for judging how a particular donor is doing in relation to others.

Samuel Huntington’s four criteria for institutionalization – adaptability, complexity, autonomy, and coherence – can also be applied to donor agencies (Huntington, 2006, p. 12).

Autonomy, in the aid agency context, means the ability to make decisions based solely on developmental or humanitarian considerations, independent of political mandates or constraints. Lancaster (1999) used Huntington’s theory as part of her hypotheses related to analyzing aid agencies in the 1990s, simplifying the organizational characteristics down to autonomy and capacity. In her conception, capacity was related to local field presence, the ability to be flexible, handle complexity, adapt to recipient circumstances, encourage recipient “ownership”, and demonstrate general competence and coherence (Box 5.1).

Box 5.1 Classroom Exercise: Autonomy and Capacity as Key Components of Donor Performance

Make a list of some of the principal aid donors, and have the class decide how to judge them based on autonomy and capacity. Use Low (L), Medium (M), and High (H) to score, with L/M and M/H used sparingly.

The matrix would look something like this:

<i>Donor</i>	<i>Autonomy</i>	<i>Capacity</i>
France		
Germany		
Japan		
Sweden		
UK		
US		
China		
EU		
IDA/WB		
Gates Foundation		
Global Fund		

The exercise demonstrates useful lessons, including how subjective the ratings are and how they depend on the weight given to variables within each of the broad categories. It also shows some broad trends. To mention just two: multilateral and private institutions generally have a greater degree of autonomy than bilateral aid agencies. Capacity in aid agencies – defined beyond just technical expertise – is highly variable and cannot be taken for granted.

Source: Author, based on Lancaster (1999)

By the end of the 1990s, an international conversation on aid effectiveness was in full swing. As part of that, studying donors' performance and trying to perfect and measure the criteria on which that performance should be judged became part of the aid dialog. It quickly became apparent that knowledge about how aid agencies worked was surprisingly limited. Perhaps it should not have come as such a surprise since the emphasis in most of the previous discussions on aid effectiveness had centered on the recipients' performance.

The problem of judging donor performance became even more complex: not only was there debate over the significance of various indicators (e.g., Was increased field presence always positive?), but there were data limitations. Data limitations were twofold: some information about aid agencies had never been requested and, therefore, it had never been collected. In addition, there was reluctance on the part of many aid agencies to share data on their internal workings. Partly for this reason, the studies tended to emphasize aid practices (and of course, amounts) that could be observed by recipients and third parties.

The oldest effort examining donor aid practices is OECD's Peer Reviews, which have been ongoing since 1962 (OECD, 2006). Continuing until the present day, the Peer Reviews of individual DAC country members are conducted by two senior officials from other DAC countries and take place on average every five to six years. The reviews assess member countries on their aid practices and adoption of DAC guidelines along with a broader range of topics (e.g., aid amounts, strategy, major priorities) related to aid effectiveness (OECD/DAC, 2021). For some DAC members, the reviews have been valuable inputs into donor agency reforms and perceived improvements in aid delivery. While the usual practice in peer reviews has been to consult with selected recipient officials, recipients play a limited role in these reviews, especially in terms of agenda-setting.

The Paris Declaration on Aid Effectiveness in 2005 was the most notable attempt to bring donors and recipients into a dialog on what matters for aid effectiveness. As noted in Chapter 2, the five guiding principles were: recipient *ownership*, donor *alignment* with recipient strategies and systems, donor *harmonization* and improved coordination, *managing for results* with strengthened monitoring and performance indicators, and *mutual accountability* with broader consultations and more timely information. Along with the five principles, 15 indicators were established. While six of the indicators were primarily the recipient's responsibility or a joint responsibility, nine indicators were primarily the donors' responsibility and provide some clues as to which areas were considered important to improve donor performance. Table 5.1 provides a list of those indicators. The indicators showed the growing importance of the themes of country ownership, use of a recipient country's systems and institutions, better coordination among donors, and more predictability in aid flows.

Except for coordinated technical assistance, by the target date (2010) none of the Paris Declaration indicators had been met, although substantial

Table 5.1 Paris Declaration Indicators

Donors Primarily Responsible

- **Aid flows align on national priorities**
% of aid for the government sector reported on the government's budget
- **Strengthen capacity by coordinated support**
% of technical co-operation implemented through coordinated programs consistent with national development strategies
- **Use of country public financial management (PFM) systems**
% of aid for the government sector using partner countries' PFM systems
- **Use of country procurement systems**
% of aid for the government sector using partner countries' procurement systems
- **Strengthen capacity by avoiding parallel Project Implementation Units (PIUs)**
Total number of parallel PIUs
- **Aid more predictable**
% of aid for the government sector disbursed within the fiscal year for which it was scheduled and recorded in government accounting systems
- **Aid untied**
% of aid that is fully untied
- **Use of common arrangements or procedures**
% of aid provided in the context of program-based approaches
- **Joint missions**
% of donor missions in the field undertaken jointly

Recipients Primarily Responsible

- **Operational development strategies**
% of countries having a national development strategy rated "A" or "B" on a five-point scale
- **Reliable public financial management (PFM) systems**
% of countries moving up at least one measure on the PFM/CPIA¹ scale since 2005
- **Reliable procurement systems**
% of countries moving up at least one measure on the four-point scale since 2005
- **Results-oriented frameworks**
% of countries with transparent and monitorable performance assessment frameworks

Joint Responsibility

- **Joint country analytic work**
% of countries analytic work undertaken jointly
- **Mutual Accountability**
% of countries with mutual assessment reviews in place

Source: (OECD, 2011, p. 19)

progress had been made on some of them. Specifically, two of the indicators within the recipients' scope of responsibility – the development of sound national development strategies and results-oriented monitoring frameworks – had been developed in several countries (OECD, 2011).

More progress on some of these indicators has been made in the last decade (although few of the indicators are being tracked in their original form). There has been notable progress in recipients' development planning and improved public financial management (PFM) systems. While donors have increased their alignment with country priorities and objectives, less progress has been made in donor use of country monitoring systems and results frameworks, and there is some indication that alignment is now declining. Recipient PFM systems have continued to improve, but this has not been accompanied by significantly greater use by donors. According to the Global Partnership for Effective Development Co-operation (GPEDC), use of those systems is determined more by length of country engagement and the relative size of a donor's aid within the recipient's public sector budget (GPEDC, 2020a). The overall picture from these global assessments connected with the Paris Declaration is one where recipient performance has improved more rapidly than donor performance.

At the Busan High Level meeting in 2011, the emphasis was changed from aid effectiveness to development effectiveness in recognition of the broad-based partnerships necessary for successful development. Four principles of development effectiveness were agreed: *country ownership*, *focus on results*, *partnerships for development*, and *transparency and shared responsibility*, and these have subsequently been used by GPEDC to monitor progress. GPEDC's monitoring efforts and indicators will be discussed later in this chapter.

Ranking Donors – Donor Perspectives

The Easterly-Williamson Series

The conversations both prior to and after the Paris High-Level Meeting on Aid Effectiveness spawned a “cottage industry” of focusing on donor practices and trying to rank donors' performance. William Easterly, a noted development economist, collaborated with Tobias Pfutze on an academic article in 2008 called “Where Does the Money Go? Best and Worse Practices of Foreign Aid”. The article said explicitly that the ranking of aid agencies was based on aid practices and not on impact. The categories used were *transparency*, *overhead costs*, *degree of specialization/fragmentation*, *selectivity*, and *ineffective aid channels*. Data availability was an issue for some categories, especially transparency and overhead costs. As with all performance rankings, how each of the categories is measured is critical to the final ranking. For example, a selectivity score for each donor is a composite score of aid going to democratic and less-corrupt governments as well as aid giving to low-income countries. Box 5.2 shows an example of the relationship between performance criteria and indicators. Table 5.4 later in this chapter shows the top ten ranking using the Easterly and Pfutze methodology (Easterly & Pfutze, 2008).

Box 5.2 Inside Performance Ranking: Performance Criteria, Rationales, and Proxy Indicators: An Example From the Ranking Series Starting With Easterly and Pfutze

<i>Performance Criteria</i>	<i>Rationale</i>	<i>Proxy Indicators</i>
Transparency	Information to hold agencies accountable to recipients and taxpayers in donor countries in lieu of feedback directly from beneficiaries Improving donor coordination	<ul style="list-style-type: none"> • Data reporting to OECD • Data on employment, administrative expenses, salary and benefits, and aid disbursed – website, direct inquiry
Low Overhead Costs	Measure of efficiency Ensuring aid goes to beneficiaries and not agency bureaucracy	<ul style="list-style-type: none"> • Ratio of administrative expenses to aid • Ratio of salary and benefits to aid • Aid disbursed per employee
Less Fragmentation (specialization)	Less duplication of efforts and confusion among agencies Efficiency and more individual accountability Lower transaction costs for recipient	<ul style="list-style-type: none"> • Specialization by country • Specialization by sector (Herfindahl Indices)
Selectivity	Aid not sustaining authoritarian governments Aid not supporting corrupt governments Aid given to those who need it most	<ul style="list-style-type: none"> • % of aid going to “free” countries • % of aid going to less-corrupt countries • % of aid going to low-income countries
Effective Aid Delivery Channels	Efficiency Aid supporting recipient interests rather than donor interests	<ul style="list-style-type: none"> • % of aid that is tied • % of aid as food aid • % of aid as technical assistance

- Are these criteria and indicators the most important ones for donor performance?
- Are the indicators good proxies for the criteria? Are the indicators sufficient proxies for the criteria?
- Are the criteria and indicators focused mainly on the donor’s perspective or on the recipient’s perspective?
- Which of these would be most important from the recipient’s perspective?

Source: Easterly and Pfutze (2008), Easterly and Williamson (2011), Palagashvili and Williamson (2021)

Easterly, this time collaborating with Claudia Williamson, updated the findings in 2011. They found that transparency and data availability were slowly improving, and there was a noted decline in the use of ineffective aid channels, especially tied aid and food aid. Selectivity and fragmentation continued to demonstrate poor performance. Multilateral agencies ranked better than bilateral agencies, except for UN agencies, which were generally among the worst performers (Table 5.4). As the article notes:

This study attempts to measure if donors follow best practices, as outlined in the Paris Declaration, aid agency documents, and the academic literature, and if agency behavior is improving. The general answer is no and no, with the exceptions noted.

(Easterly & Williamson, 2011, p. 1946)

Liya Palagashvili, along with Claudia Williamson, again updated the findings, this time including both OECD-DAC bilateral donors and non-DAC bilateral donors, as well as multilateral and UN agencies. The focus of their article was to assess how non-DAC donors were performing according to the same criteria used previously to judge more traditional aid donors. Those performance criteria had mainly been derived from traditional aid donor and Western academic sources. What they found was broadly consistent with previous findings: multilateral donors consistently performed better than bilateral donors. Non-DAC donors and DAC donors performed poorly, with little distinction between them. While DAC donors provided more transparency in reporting, non-DAC donors engaged in less aid fragmentation across countries and made less use of ineffective aid channels (tied aid, food aid, technical assistance). They also found that larger donors tended to perform better than smaller ones, chiefly because of greater transparency and lower overhead costs² (Palagashvili & Williamson, 2021).

QuODA

One of the best-known exercises to rank aid donors' performance is the Quality of Official Development Assistance (QuODA). It began in 2010 as a joint project between the Brookings Institution and the Center for Global Development (CGD). It was spearheaded by noted development economists Homi Kharas and Nancy Birdsall. QuODA uses data from other sources, while it provides inputs to at least one other index. As is the case with the Easterly-Williamson series, there is no attempt to judge aid's impact. Its objective is to assess the performance of official donors with respect to the commitments they have made and best practices in the evolving aid literature.

QuODA was originally planned to come out annually, but so far it has been repeated five times: 2010, 2011, 2014, 2018, and 2021.³ Its coverage is limited to OECD-DAC bilateral donors and the most important multilateral donors. Over the years, it has undergone a series of changes in methodology, data sources, multilateral coverage, and indicators. Some changes in indicators may reflect changes in data availability. However, the evolution of indicators also reflects changing views about what matters in donor performance.

From 2010 through 2018, the four dimensions tracked by QuODA were *maximizing efficiency*, *fostering institutions*, *reducing the burden on recipients*, and *transparency and learning*. From 2011 through 2018, the four dimensions were represented by 31 indicators, reduced to 24 indicators in 2018. Table 5.2 lists the 2018 indicators and those that were dropped. Some indicators – coordinated technical assistance, missions, and analytical work – that had been part of the Paris Agreement

Table 5.2 QuODA 2018 – A Pared Down Index

<i>Maximizing Efficiency</i>	<i>Fostering Institutions</i>	<i>Reducing Burden</i>	<i>Transparency and Learning</i>
<i>QuODA Indicators 2018</i>			
Share of allocation to poor countries	Share of aid to recipients' top development priorities	Significance of aid relationships	Membership in IATI*
Share of allocation to well-governed countries	Share of aid recorded in recipient budgets	Fragmentation across donor agencies	Making information on development funding publicly available
High country programable aid share	Share of development interventions using objectives from recipient frameworks	Median project size	Recording of project title and descriptions
Focus/specialization by recipient country	Use of recipient country systems	Contribution to multilaterals	Detail of project description
Focus/specialization by sector	Share of scheduled aid recorded as received by recipients		Reporting of aid delivery channel
Support of select global public good facilities	Coverage of forward spending plans/Aid predictability		Completeness of project-level commitment data

<i>Maximizing Efficiency</i>	<i>Fostering Institutions</i>	<i>Reducing Burden</i>	<i>Transparency and Learning</i>
Share of untied aid			Share of evaluations planned with recipient
<i>Dropped Indicators</i>			
Low administrative unit costs	Avoidance of Project Implementation Units Coordination of technical cooperation	Coordinated missions Coordinated analytical work Use of programmatic aid	Quality of evaluation policy

Source: (Center for Global Development, 2018, pp. 6, 29)

*International Aid Transparency Initiative

monitoring were dropped because they were now considered too specific for a broad index. The dropping of those indicators surely also reflects the more limited attention being given to donor coordination after 2011. Adding to the perennial reluctance of sovereign actors to voluntarily constrain their scope of action, the growing importance of non-OECD/DAC donors, many of whom want to distinguish themselves from the traditional aid donors, thwarted coordination efforts. Similarly, the avoidance of project implementation units (PIUs) and the use of programmatic aid were dropped because of changing views over the decade. While aid recipients tend to support those indicators and view related progress as part of increased ownership, donors have continued to require PIUs in many instances, largely on efficiency and fiduciary grounds. Similarly, most donors have sharply curtailed their use of programmatic aid, which earlier had been seen as a sign of increased trust in recipients and their systems. Instead, more attention is being paid to aligning aid projects with the objectives of recipient development strategies.

The shift in thinking about which indicators matter for donor performance continued with QuODA 2021. Both the dimensions and indicators were revised for the fifth edition of QuODA. The four dimensions were changed to *prioritization*, *ownership*, *transparency and untying*, and *evaluation*. These dimensions are supported by 17 indicators, of which 9 are new. Of the remaining 8, several are composites of previously separate indicators. Table 5.3 lists the 2021 indicators, showing which are new and which have been dropped entirely.

Table 5.3 QuODA 2021 – A Changing Index

<i>Prioritization</i>	<i>Ownership</i>	<i>Transparency and Untying</i>	<i>Evaluation</i>
<i>QuODA Indicators 2021</i>			
ODA spent in partner countries	Alignment at objectives level*	Aid reported to IATI ⁱ	Evaluation systems (quality)
Poverty focus	Use of country financial systems **	CRS coverage and comprehensiveness ⁱⁱ	Learning systems (quality)
Contributions to under-aided countries – “orphans”	Reliability and predictability ***	Timeliness of reporting to CRS and IATI	Results-based management systems (quality)
Core support to multilaterals	Partner feedback	Untied aid (official)	
Support to fragile states and global public goods		Untied aid (contracts) ****	
<i>Dropped Indicators</i>			
Significance of aid ⁱⁱⁱ relationships	Aid share to recipients’ top development priorities	Membership in IATI	
Fragmentation across donor agencies ⁱⁱⁱ		Making information on development funding publicly available	
Median project size ⁱⁱⁱ			
Aid share to well-governed countries			
Focus/specialization by country			
Focus/specialization by sector			

Source: (Mitchell, Calleja, & Hughes, 2021b, pp. 2, 21–23, 2021a)

Note: Shaded boxes are new indicators in QuODA 2021 not in previous QuODA versions. Lighter grey box reflects that half of the composite indicator is new (i.e., support to fragile states).

* share of interventions from recipient country objectives and share of evaluations planned with recipient countries

** share of ODA recorded in recipient country budget and use of country’s public financial management systems

*** share of ODA received as scheduled and donor-forward spending plans

**** share of development contracts awarded to donor country companies adjusted for market share

i International Aid Transparency Initiative

ii OECD’s Creditor Reporting System

iii Formerly part of Reducing the Burden on Recipients

The large shifts in the QuODA 2021 dimensions and indicators again reflect changing views in the foreign aid community. While fostering institutions and ownership are similar in concept and remain an important ranking dimension, reducing the burden on recipients is no longer a dimension. Transparency and evaluation have been elevated in importance, now accounting for two dimensions.

These shifts are even more apparent when looking at individual indicators. Looking at the dropped indicators in Table 5.3, five of the nine dropped indicators relate to aid fragmentation, the need for improved donor coordination, and improved country/sector specialization among donors. This continues the trend already evident in 2018 to downplay donor coordination as an important aspect of donor performance. Fragmentation is a complex issue because there are different definitions and ways to measure it. While aid fragmentation poses difficulties, there are also potentially negative aspects of aid coordination. Among others, increased coordination can carry with it substantial transaction costs and a possibility of cartel formation among donors (McKee, Blampied, Mitchell, & Rogerson, 2020). Whatever the intrinsic value of aid coordination, the increase in the number and diversity of aid donors has made coordination more difficult. At the same time, it is debatable whether the implicit (and sometimes explicit) competition among donors or a “go it alone” strategy has resulted in improved donor performance, either individually or overall. For those recipients who are “aid darlings” rather than “aid orphans”, greater aid fragmentation with less coordination has brought with it increased transaction costs and most likely efficiency losses (Klingebiel, Negre, & Morazan, 2017).

Some other changes are also noteworthy. The one governance indicator in QuODA – share of aid going to well-governed countries – has also been dropped. The rationale for this change focuses on the inherent tension between this indicator and those related to aid to fragile states and underfunded aid “orphans”. This change also reflects trends within the aid community. Specifically, dropping the governance indicator highlights the move away from the official view widely held since the late 1990s that “aid works best in a good policy environment” (World Bank, 1998). It also points to the difficulties in agreeing on what good governance means in different country contexts (McKee et al., 2020, pp. 2, 48). Finally, the move is one more sign of the diminishing importance given to “good governance” in aid allocation. This importance has always been more rhetorical than real since there is little evidence that it has ever been rigorously applied in practice (Clist, 2011; Easterly & Williamson, 2011; Palagashvili & Williamson, 2021).

In contrast, two new indicators reflect a renewed focus on support to under-aided countries and fragile states, particularly in the last decade. This focus is undoubtedly based on the increasing concentration of

extreme poverty in fragile states and the United Nations’ “leave no one behind” as a key tenet of achieving the Sustainable Development Goals. Projections indicate that by 2030 most of the extreme poor will live in fragile states. Moreover, people living in extreme poverty will constitute more than a third of the total population in those nations (Baier, Kristensen, & Davidson, 2021). Nonetheless, apart from humanitarian aid, providing additional support to fragile states does not garner much support from the population in many donor countries who do not want to see their tax dollars going to waste, even if somehow linked to security and anti-terrorism concerns. The reduction in aid to Afghanistan, along with the US and its allies’ military withdrawal from Afghanistan in 2021, are but one recent demonstration of this.

Two final changes worthy of note in QuODA 2021 are two new indicators related to reporting to the International Aid Transparency Initiative (IATI) and three new indicators related to evaluation, learning, and management (Table 5.3). These five indicators plus one on reporting to OECD constitute more than one-third of the 17 QuODA indicators. This clearly shows how transparency, data, and evidence have gained importance in both evaluating donors’ performance, as well as in the thinking about what constitutes a good donor.

International Aid Transparency Initiative

The International Aid Transparency Initiative (IATI) is both the result of and part of the impetus for increased attention to transparency and the availability of data from aid providers.

The first Aid Transparency Index came out in 2011. Since then, it has undergone a series of changes in methodology and coverage. Through the changes, the index’s objectives have remained constant: to improve the provision of timely, comprehensive, forward-looking data on aid and development finance that meets the needs of developing countries and other stakeholders. Since 2014, it has been published every two years. It assesses major bilateral, multi-lateral, and private aid donors’ transparency using 35 detailed indicators grouped under five components: organizational commitments and planning, finance and budgets, project attributes, “joining-up development data” (linking data for a user-friendly complete picture), and performance (Publish What You Fund, 2022a). To be included in the index, an organization must meet three of four criteria: majority public ownership; aid or development finance as its primary purpose; spending of at least US\$1 billion annually; and a leading role in setting policy in its home country, region, or specialization. In 2020, the index covered 47 organizations; in 2022, five organizations were dropped while eight were added, for a total of 50.

Table 5.4 provides the list of ten donors who were ranked in the “very good” category in the 2022 Index (Publish What You Fund, 2022b). IATI found no general decline in transparency due to the COVID-19 pandemic, but the UK, Canada, and the Global Fund dropped in ranking from the “very good” category. As has generally been the case, multilateral donors represent the majority of the best performers; the US (MCC – Millennium Challenge Corporation) is also represented in the top tier. In the last decade, IATI maintains that transparency has improved markedly among most donors, and well over half of all donors covered in the index were rated “very good” or “good” in 2022. It also believes that “[t]he Index continues to drive behaviour towards greater transparency and openness among aid donors” (Publish What You Fund, 2020a, p. 4).

There have been several other recent ranking exercises, among them, the Principled Aid Index (2018 and 2020), the Real Aid Index (2020), and Donor Scorecards by the ONE campaign (2019). These ranking exercises have either limited coverage, focus on donor motivation rather than performance per se, or so far have been limited efforts, published once or twice. What these indices have in common, along with the ones discussed in this chapter, is that they were produced by academics, think tanks, or NGOs mainly from donor countries. While some try to incorporate recipient views to a certain extent (e.g., highlighting the importance of ownership), they tend to use indicators that are important from the traditional donors' point of view and reflect those changing views.

Table 5.4 shows the “top ten” donors from the Easterly-Williamson ranking series, from QuODA 2018 and 2021, and from Aid Transparency 2022. Multilateral organizations dominate throughout. Other than that, there is little consistency among the “top ten” in terms of bilateral donors. While there is a constant presence of multilateral organizations, different criteria and indicators lead to different results for bilateral aid providers.

Ranking Donors – Recipient Perspectives

Listening to Leaders

AidData, a research initiative housed at the College of William and Mary, did its first report on Listening to Leaders in 2015, using data from 2014. Its second report was based on 2017 data and released in 2018. Its third report was issued in 2021, with data from 2020, and a complementary report was issued in 2022. This initiative is based on survey data from recipients and other stakeholders at the country level, as opposed to expert analysis and data largely from a donor's point of view. There are

Table 5.4 Donor Performance: Different Indices, Different Years, Different Results?

<i>Index</i>	<i>Easterly and Pfitze (2008)</i>	<i>Easterly and Williamson (2011)</i>	<i>Palagashvili and Williamson (2021)</i>	<i>QuODA (2018)</i>	<i>QuODA (2021)</i>	<i>Aid Transparency Index (2022)</i>
Top Ten	IDA	Nordic Devt. Fund	AfDB	New Zealand	IFAD	AfDB – Sovereign^
	UK	Global Fund	Global Fund	AsDB	AfDB	IDA
	AfDB	AsDB	UNECE***	AfDB	IDA	IDB
	AsDB	AfDB	GAVI	IDB Special	Global Fund	AsDB – Sovereign^
	IDB	UK	IMF	IDA	GAVI	US MCC***
	Norway	Japan	AsDB	Denmark	Sweden	UNICEF
	Sweden	UNRWA**	GEF	Global Fund	UNDP	UNDP
	Japan	New Zealand	Nordic Devt. Fund	Ireland	Finland	UN-OCHA***
	Switzerland*	Germany	Arab Funds	GAVI	Denmark	AsDB – Non-Sovereign^
	Portugal*	IDA	UNPBF***	Australia	Canada	Canada, Global Affairs
	France*					GAVI

Source: Easterly and Pfitze (2008), Easterly and Williamson (2011), Palagashvili and Williamson (2021), Mitchell and McKee (2018), Mitchell et al. (2021a), Publish What You Fund (2022)

^ AfDB and AsDB – Sovereign includes projects that are approved with the guarantee of an official entity; AsDB – Non-Sovereign Includes private sector projects approved without an official guarantee from a national or sub-national entity.

* all ranked 9

** United Nations Relief and Works Agency for Palestine Refugees in the Near East

*** UNECE – United Nations Economic Commission for Europe; UNPBF – United Nations Peace Building Fund; US MCC – Millennium Challenge Corporation; UN-OCHA – United Nations Office for the Coordination of Humanitarian Affairs

somewhat different themes in each of the reports, but the overarching objective, as stated in the first report, remains the same:

This first-of-its-kind survey was explicitly designed to provide timely, detailed, and accurate data on the trustworthiness, influence, and performance of 100+ Western and non-Western development partners, as observed and experienced by the in-country counterparts of development partners.

(Custer, Masaki, Latourell, & Parks, 2015, p. 12)

The 2015 report focused on reform efforts and explored four variables: frequency of communication, usefulness of advice, agenda-setting influence, and helpfulness in reform implementation. In 2018, the focus was on whether priorities were aligned, with a ranking of donors on two aspects: influence and helpfulness. In 2021, the report focused again on the congruence of priorities, the characteristics that recipient country leaders value most in a development partner (donor), the “footprint” of donors, influence, and helpfulness (Custer et al., 2015; Custer et al., 2018, 2021).

In terms of priorities, the 2018 and 2021 reports concluded that donors and recipient country leaders share a commitment to strong institutions and health. Leaders in developing countries place a greater priority on education and employment than do donors (as measured by their spending). Both the 2018 and 2021 reports show a continuing misalignment of priorities among citizens, government leaders, and donors in several areas. It is, therefore, not surprising that leaders valued donors' ability to adapt their strategies to country needs as the characteristic they valued most. When asked what makes a donor “adaptable”, the top answers were adapting projects to the local context, aligning projects with national strategies, and consulting local stakeholders (Custer et al., 2021, pp. 11–12).

Other valued characteristics for donors were long-term planning, useful advice or support, adherence to international standards, and providing substantial resources. Leaders said that building institutional capacity, prioritizing long-term impacts, and planning for project continuity were the most important when it came to long-term planning (p. 12). From the responses they received, the AidData team also concluded that “leaders prefer development projects that are transparent and generous, focused on infrastructure, and provide political cover to lock in desirable reforms” (p. 13).

In terms of “footprint” or how many recipients interacted with a particular donor, three multilateral agencies – the World Bank, the United Nations Development Program, and the European Union – were the largest, working with at least 40 percent of the survey respondents from

137 countries. Other UN system agencies, such as UNICEF, WHO, and FAO, as well as large OECD aid providers, such as the US, Germany, Japan, and the UK also had large “footprints”. China was the leader among non-OECD bilateral donors, ranking 18th among all aid providers and 9th among bilateral donors. There are, of course, many donors who specialize in a particular region (e.g., the Asian Development Bank) or topic (the Food and Agriculture Organization) whose “footprint” is important in those areas (pp. 16–18).

The question is whether having a broad presence translates into a donor having more influence and influence that is perceived as positive by the recipient. In terms of influence, defined as helping to shape domestic policy priorities, the answer is mostly yes. The World Bank, the IMF, the EU, the US, Germany, UNICEF, UNDP, WHO, and the UK are ranked in the “top ten” for “footprint” and in the top quintile for influence (p. 29). Regional and sectoral aid providers (the European Bank for Reconstruction and Development [EBRD], IDB, AfDB, ADB, and the Global Fund) show up as strong influencers as well. Perhaps the most interesting finding is that China occupies the 8th place in terms of influence.

Influence does not always translate into positive influence. According to the report, regional or sector-focused multilaterals (e.g., ADB, the Development Bank of Latin America – CAF and small bilaterals [e.g., Ireland, New Zealand]) were viewed most positively. Japan was the only G-7 DAC donor in the “top ten” donors viewed most positively. China and the IMF were “top ten” in influence, but their influence was viewed less positively. In terms of helpfulness in implementing reforms, the story is much the same, except that both the US and IMF reappear in the top grouping for helpfulness.

Table 5.5 recaps the top donors in terms of influence, positive influence, and helpfulness. Multilateral and international organizations comprise most of the list. WHO appears in all three categories for the first time, no doubt because of the global pandemic. In some cases, donors are viewed among the most helpful, but they have less overall influence (e.g., New Zealand, GAVI). There are also a few cases where influence does not translate into positive influence and/or helpfulness. China is in the top ten for influence but moves down to 17 when adjusted for positive influence and moves to 32nd place for helpfulness. Portugal is 16th in influence and moves up two places when adjusted for positivity. It moves down to 36th place for helpfulness. The IMF, while in the top spot for influence and 3rd for positivity-adjusted influence, is ranked 14th for helpfulness. The report’s authors have some reasonable conjectures regarding the mixed ratings for China (economic clout) and the IMF (more involved in the policy formulation phase than in implementation), but these explanations do not come directly from the recipients (Custer

Table 5.5 Listening to Leaders 2021: The Top Donors in Influence, Positivity-Adjusted Influence, and Helpfulness

<i>Donor Rank</i>	<i>Influence</i>	<i>Adjusted for Positive Influence</i>	<i>Helpfulness</i>
1	IMF	World Bank	Global Fund
2	World Bank	EU	WHO
3	US	IMF	UNICEF
4	EU	WHO	EU
5	WHO	US	World Bank
6	EBRD	IDB	UNDP
7	IDB	EBRD	US
8	China	UNDP	EBRD
9	UNDP	Global Fund	ADB
10	UK	UK	IDB
11	AfDB	AfDB	New Zealand
12	Global Fund	UNICEF	WFP
13	UNICEF	ADB	GAVI
14	ADB	Portugal	IMF
15	Germany	WFP	UK

Source: Custer et al. (2021)

Note: Shaded donors appear in top 15 on all three criteria.

et al., 2021). A follow-up report emphasized that leaders, in addition to financial resources, were interested in capacity building and advice and helping to mobilize external and domestic support for improving government accountability (Custer, Horigoshi, Hutchinson, Choo, & Marshall, 2022).

The *Listening to Leaders* series is valuable because it focuses on recipient views. Nonetheless, it is important to note that the topics themselves, the questions, the ranking indicators, and the interpretation of results are not formulated by the recipients, but by the US-based AidData research team.

Davies and Pickering

Another survey of aid recipient views on development cooperation and aid partners was commissioned by OECD's Development Assistance

Committee and carried out by the Australian National University's Development Policy Center. The survey, carried out in 2014 and published in 2015 and 2017, included 40 countries that were recipients of ODA (Davies & Pickering, 2015; Davies & Pickering, 2017). The survey's objective was to capture how aid recipients from the public sector see aid evolving over the next five to ten years. Much smaller in scope (61 respondents) than AidData's *Listening to Leaders*, the online survey was complemented by follow-up interviews with just under half of the recipients. Consequently, many of the findings are accompanied by explanations directly from recipients.

This survey is different from the others in that it only ranked broad categories of donors (i.e., OECD-DAC bilateral, non-DAC bilateral, and multilateral). Instead, it ranks recipient responses on topics including current and future development challenges, the changing demand for development assistance, the quality of aid, transitioning away from aid, and the performance of aid providers. Recipients saw aid providers' role changing over five to ten years from one of mostly filling funding gaps and supporting basic service delivery to a more enabling role, providing high-level technical and policy advice, and helping to mobilize private funding (Davies & Pickering, 2015, p. 19). In terms of aid modalities, the respondents expressed a clear preference in the future for general and sector budget support, while recognizing that projects would persist. This is in stark contrast to the continuing predominance today of project interventions by both OECD-DAC and non-DAC aid providers. The report concludes that **"countries favour modalities that provide alignment and flexibility. . . . Typical reasons for preferring general budget support were that it strengthened alignment, country ownership and country systems . . . as well as reducing fiscal and balance-of-payments deficits"** [emphasis in the original] (Davies & Pickering, 2015, p. 26).

The need for aid providers to practice alignment and flexibility was reinforced when the survey asked directly about the most important qualities that donors would need in the future. Alignment with country priorities, using country systems, aid on budget, predictability, and flexibility were the top five answers. These were followed by harmonization, clear policy conditions, advisory support, and untied aid. Transparency, monitoring and evaluation/learning, and efficiency were at the bottom of the list. These categories were provided by the survey designers, and the answers are indicative of relative, rather than absolute, importance (p. 27). In terms of their satisfaction with types of providers, the respondents were most satisfied with multilaterals, followed by OECD-DAC donors and non-DAC bilateral donors (p. 29). Respondents noted in the interviews that these categories were broad, and there was considerable variation within each grouping (p. 29). Although each category had its strengths and weaknesses, alignment, use of country systems, predictability, transparency, and

accountability were most frequently mentioned as the areas for improvement across the board (p. 34). Unpredictability was viewed as the biggest risk to high-quality aid in the future (p. 35).

Interestingly, more than half of the recipients saw benefits in increased competition among aid providers, although officials from low aid-dependent countries, middle-income countries, and East Asia and the Pacific had the most doubts about this. As the report points out, these categories of countries are able to lead aid coordination efforts and can see benefits from increased coordination. Officials in favor of increased competition thought that it could help their government achieve more control over its aid relationships and improve the donors' collective performance (pp. 35–36).

The insights contained in the Davis and Pickering work support some of the themes related to donor performance that were also prominent in AidData's work and the expert-driven indices. Despite the use of different indicators in each, multilateral and international organizations figure prominently at the top of nearly all the indices. Ownership and alignment are prominent themes in nearly all the indices. Use of country systems, predictability, and aid on budget are also prominent, especially on the recipient side. Nonetheless, AidData's reports pointed out that alignment is far from complete and that forward planning and use of country systems are "works in progress".

In addition to areas of congruence, at least in principle, there are areas where tensions between donor and recipient views can be noted, or where views are contested within the international aid community. While prioritization and selectivity by donors are emphasized in the expert-led indices, this is much less evident in recipient views. Most recipients want to maximize the amount of aid received and are reluctant to turn down offers of aid. Consequently, most do not seem troubled by fragmentation among countries or even within countries. Recipients react favorably to what they see as a scenario for more choice, more control, and healthy competition among donors. Because of the increase in the number of donors and their diversity, as well as recipient views welcoming competition, harmonization has virtually dropped off the table as a performance indicator for donors. At the same time, fragmentation within countries, leading to increased transaction costs and less coherent programming, was flagged by some recipients. The issue of coordination/harmonization versus competition/fragmentation is still an unresolved one in the aid community.

Another area of seemingly different emphasis captured by the indices is the relative importance of transparency and evaluation. While changes in QuODA over the years imply an increased emphasis on these topics as indicators of good donor performance, this is less evident in the views of recipients. As the Davies/Pickering report noted, these topics, although not unimportant, were of relatively less priority for recipients when asked about desirable donor characteristics. A final area of difference in emphasis

is aid modalities. While tied aid is still an issue for all, recipients seem less concerned about it overall. The reverse is true for budget support. Recipients want donors to provide general and sector budget support. Donors are reluctant, and budget support from bilateral donors has decreased markedly since the early 2000s.

GPEDC Monitoring and the Commitment to Development Index

The Global Partnership for Effective Development Co-operation (GPEDC) monitoring exercises and the Commitment to Development Index (CDI) will be the final efforts outlined in this brief examination of indices and ranking exercises on donor performance. As is the case with the rest of the indices and studies in this chapter, it is the characteristics or indicators that are of most interest, rather than the ranking of who is the best. These two efforts are different from most of the other indices under review because they are more comprehensive, albeit in different ways. GPEDC's monitoring looks at progress and indicators for both donors and recipients. This harks back to the Paris Declaration monitoring; GPEDC's monitoring, jointly sponsored by OECD and UNDP, is the successor effort. The CDI initiative by the Center for Global Development is one of the oldest ranking efforts. It reviews aid but also analyzes other policies and actions of aid-providing countries that could hamper global development efforts.

GPEDC Progress Reports

GPEDC was established at the Busan High-Level Meeting on aid in 2011. It was meant to provide a platform for learning and monitoring progress on development effectiveness from the viewpoint of multiple stakeholders: donors, recipients, NGOs, and the private sector. The Global Partnership tracks progress in monitoring the four agreed development effectiveness principles agreed at Busan: country ownership, a focus on results, inclusive partnerships, and transparency and mutual accountability. Those four effectiveness principles were to be tracked using ten indicators, with survey data primarily from recipient countries but also from donors. Progress reports have been published in 2014, 2016, and 2019 (OECD/UNDP, 2014, 2016, 2019). Table 5.6 shows the GPEDC monitoring framework through 2019. Some 86 aid recipient countries (including nearly all LDCs) and some 117 aid providers provided information for the 2019 report.

Of the 13 indicators (3 of the original ten indicators now have two parts), 5 were donors' primary responsibility with 2 more shared with recipient countries (OECD/UNDP, 2016, p. 5). Of course, donors also are involved in many of the other indicators (e.g., civil society

Table 5.6 GPEDC Monitoring Framework (through 2019)

<i>Principle</i>	<i>Indicator No.</i>	<i>Indicator</i>	<i>Primary Responsibility</i>
A focus on results	1a	Development partners use national development strategies and results frameworks	Donors
	1b	Countries have quality strategies and results frameworks in place	Recipient governments
Country ownership	5a	Annual predictability of development cooperation	Donors
	5b	Medium-term predictability of development cooperation	Donors
	9a	Quality of developing countries' public financial management systems	Recipient governments
	9b	Development partners use public financial management systems	Donors
	10	Aid is untied	Donors
Inclusive partnerships	2	Civil society operates within an environment that maximizes engagement and contribution to development	Recipient governments
	3	Public-private dialog promotes private sector engagement and contribution to development	Recipient governments
Transparency and mutual accountability	4	Transparent information on development cooperation is publicly available	Recipient governments/ Donors
	6	Development cooperation is included in budgets subject to parliamentary oversight	Recipient governments/ Donors
	7	Mutual accountability is strengthened through inclusive reviews	Recipient governments
	8	Public allocations for gender equality and women's empowerment are tracked	Recipient governments

Source: OECD/UNDP (2014, 2016, 2019)

engagement, mutual accountability). Most of the indicators for which donors had primary responsibility are familiar from other donor ranking exercises, most notably QuODA, which used GPEDC monitoring data for several of its indicators. The GPEDC monitoring does not rank individual donors but gives data for six different types of donors: vertical funds, UN agencies, multilateral development banks, other international organizations, OECD-DAC members, and non-DAC bilateral donors.

Increasingly, GPEDC monitoring has also tried to align itself with the Sustainable Development Goals and the 2030 Agenda for Sustainable Development, which came after GPEDC established its monitoring framework. Because of this and other feedback from its stakeholders, GPEDC has undergone a two-year exercise of reviewing and revising its monitoring framework. At the High-Level Summit in December 2022, the new framework was launched, which will include changes on what is measured and how it is measured. More emphasis is expected on adapting monitoring to fragile states, south-south cooperation, global challenges, and private sector activities. The framework and processes will substantially change starting in 2023 (GPEDC, 2022).

The structure of the GPEDC monitoring framework up until 2023 confirms the changes in the last 20 years in the development community's views on donors' and recipients' performance. Comparing the Paris Declaration and GPEDC monitoring frameworks shows *continuing emphasis on alignment with recipient country priorities, use of countries' own systems, predictability of aid flows, untied aid, and mutual accountability* in some form. Transparency, tracking gender-related public expenditures, and involvement of civil society and the private sector are prominent elements in the GPEDC monitoring framework that were absent in the Paris Declaration framework. Elements in the Paris Declaration monitoring that are no longer present include all forms of harmonization among donors, avoiding parallel Project Implementation Units, program-based approaches, and strengthening capacity through coordinated technical assistance. QuODA also dropped all these indicators in either 2018 or 2021 (Tables 5.2 and 5.3).

While GPEDC does no explicit ranking, it tracks trends over time for the six different types of donors for most indicators. Box 5.3 summarizes some highlights from GPEDC's 2019 report.

Future GPEDC monitoring will surely align more closely with the SDGs and the 2030 Agenda for Action. Monitoring of the SDGs is a work in progress, given the large number of indicators reflecting the 17 main goals. Its information on development partnerships to achieve the goals (Goal 17) is taken from other sources (e.g., GPEDC, OECD) already mentioned. Because the SDGs are so broad, their monitoring framework and indicators are not particularly useful in discerning aid priorities or judging the quality of donors.

Box 5.3 Highlights From GPEDC's 2019 Monitoring Report (2018 Monitoring Round)

- Recipient countries have strengthened national development plans and strategies (just under two-thirds have them), and most donors align project objectives to those plans. However, the overall share of project objectives drawn from national plans decreased from 2016 to 2018 (from 85 percent to 83 percent) (p. 100).
- Donors' use of recipient country results, statistics, and monitoring systems decreased from 2016 to 2018, with the noted exception of multilateral development banks (MDBs). Use ranged from 40 percent for non-DAC donors to 70 percent for MDBs to 86 percent for vertical funds. The overall average for indicator use was 59 percent, while the average for data use was 50 percent (p. 102).
- The annual predictability of donor aid disbursements improved from 2016–2018, with the share disbursed in the planned year rising from 83 percent to 87 percent. Progress since 2011 has been marginal when the figure was 85 percent (p. 108), and multi-year planning has weakened.
- Use of recipient public financial management (PFM) systems has improved since 2011; donors' use of those systems has not kept up with the pace of improvement. In 2011, 49 percent of funds were disbursed using those systems (budget execution, financial reporting, auditing, and procurement); in 2018, the figure was 53 percent. The MDBs and OECD-DAC members lead in using country systems, 57 percent and 55 percent, respectively (p. 115).
- Formal progress has been made in untying aid, with the share of untied aid rising to 82 percent in 2017. However, the share of untied aid received by 17 of the least-developed countries *decreased* from 2015 to 2017. Even without formal tying, many contracts are awarded to a donor country's firms. In 2015–2016, for nine OECD-DAC donors, 70 percent of contract amounts went to suppliers based in their own country (pp. 120).
- The environment for CSOs (Civil Society Organizations) in developing countries is deteriorating, with fewer protections. As for donors, "CSOs do not consider development partners' funding mechanisms to be predictable, transparent, or accessible to a diversity of CSOs and report that funding received is primarily driven by the providers' own interests and priorities"

(p. 15). Some 15 percent of the largest development projects approved in 2017 were implemented by CSOs (the third largest implementer, following the government (35 percent) and donors themselves (19 percent) (p. 131).

- Some 61 percent of aid was included in recipient country budgets subject to legislative oversight. This is a decline from 2016, when the corresponding figure was 66 percent. The decline may reflect continuing issues with reporting and direct disbursements to implementing entities outside of the public sector (pp. 50, 110).
- Transparency continues to improve at the global level with more comprehensive data from more donors. Most recipient countries have aid management systems in place, and 83 percent of donors report to these systems. Nonetheless, improvements in consistency and the quality of reporting are needed at the country level (p. 15).

Source: OECD/UNDP (2019)

Commitment to Development Index

The Commitment to Development Index (CDI) is one of the oldest and best-known efforts at ranking nations who assist developing countries. The CDI not only ranks nations on the quality and quantity of development finance (ODA, ODA-like grants, and concessional lending) but also on seven other areas of global exchange and public goods: investment, migration, trade, environment, health, security, and technology. Policies in these areas are important to developing countries. CDI shows that donors may adopt policies that thwart objectives of economic growth, environmental sustainability, and poverty reduction in the countries where they provide aid and other forms of development finance. Conversely, less-than-generous donors may adopt policies in other areas that help developing countries achieve sustainable growth.

Started in 2003, the CDI ranks donors in each of the categories and overall. Initially, the CDI only covered OECD-DAC donor countries and had only “aid” and six other categories. It added other countries as they became aid donors and joined the DAC (27 countries from 2012–2018). Starting in 2020, the index went through a significant overhaul. “Aid” was broadened to “development finance”, and the structure changed into three broad themes (development finance, policies on exchange, and global public goods). Indicators, data sources, and methodologies

changed in several categories. In 2021, no doubt in part as a response to the COVID-19 pandemic, “health” was added to the global public goods theme. Most importantly, in 2020, the coverage broadened significantly to include 13 new countries (mostly non-DAC G-20 members) for a total of 40 (Robinson, Cichocka, Ritchie, & Mitchell, 2020). Box 5.4 shows the evolution of CDI coverage, a concrete reflection of the growing diversity of countries providing aid (whether classified as ODA or not).

Looking specifically at development finance, the CDI gives equal weight to both quantity and quality of finance to get an overall ranking. The quantity measure differs from ODA. It only includes cross-border grants and the grant equivalent of concessional lending. It also includes contributions to multi-laterals. It excludes in-donor refugee costs, scholarships, and other items spent within the donor country. It is expressed as a percentage of GNI (Robinson et al., 2020, pp. 16–17).

Box 5.4 Evolution of CDI Coverage

<i>Original</i>	<i>Added 2008–2012</i>	<i>New in 2020</i>
Austria	South Korea	Argentina
Belgium	Czech Republic	Brazil
Canada	Hungary	Chile
Denmark	Luxembourg	China
Finland	Poland	India
France	Slovakia	Indonesia
Germany		Israel
Greece		Mexico
Ireland		Russia
Italy		Saudi Arabia
Japan		South Africa
Netherlands		Turkey
New Zealand		United Arab Emirates
Norway		
Portugal		
Spain		
Sweden		
Switzerland		
United Kingdom		
United States		

Source: Adapted from Robinson et al. (2020, Table 5.1, p. 5)

Obviously, donor performance is more than just the amount of finance provided, but it is a good reminder that money does matter. As for determining quality, the CDI gathers data on five indicators of bilateral finance quality, calculates a measure of multilateral quality, and weighs each according to their relative share in total finance for that donor. The five bilateral indicators (and their respective weights) of development finance quality are:

- Focus on poorer countries (40 percent)
- Share to fragile states (10 percent)
- Transparency of development finance data (20 percent)
- Share of untied finance (20 percent)
- Ownership – projects aligning with recipient objectives (10 percent)

These indicators should be relatively familiar by now; they also appear in CGD’s other aid ranking exercise, QuODA. There are differences in the scoring and weighting between the two, and QuODA has more variables and covers multilateral institutions. CDI attributes multilateral aid back to bilateral donors and sets the quality measure for multilateral aid at the 67th percentile of the overall bilateral quality, weighted in accordance with its share in that bilateral donor’s total. Table 5.7 compares results between CDI’s and QuODA’s bilateral 2021 rankings. It also compares CDI’s development finance rankings with its overall rankings for the same year.

The CDI-QuODA comparisons shown in Table 5.7 make the by-now obvious point that different indicators and weights can produce quite different rankings. The CDI rankings are particularly influenced by the quantity of aid provided as a percentage of GNI, as well as the structure of the quality component. In comparing the CDI development finance rankings with the CDI overall rankings, a few things stand out. First, two non-traditional donors, Turkey and UAE, were ranked in the top ten for development finance, while in the overall ranking the newly included donors clustered at the bottom. Second, five countries figure in the top ten of both rankings: Sweden, Norway, Denmark, the UK, and the Netherlands, all OECD-DAC traditional donors. Clustering is even more pronounced where seven countries appear at the bottom in both rankings; all are countries added in 2020 (Center for Global Development, 2021; Mitchell et al., 2021a).

The Grand Finale

Taken all together, what do these studies and ranking exercises say about being a “good donor”? In recent years, there appears to be a consensus among donors, recipient governments, other stakeholders, and observers

Table 5.7 CDI and QuODA 2021 Country Rankings

<i>QuODA Bilateral</i>	<i>CDI – Development Finance</i>	<i>CDI – Overall</i>
<i>Sweden</i>	Luxembourg	Sweden
<i>Finland</i>	Norway	France
Denmark	Sweden	Norway
Canada	Turkey	Australia
Belgium	Denmark	UK
UK	UK	Netherlands
Ireland	Netherlands	Germany
South Korea	Ireland	Finland
Netherlands	Belgium	Canada
Iceland	UAE	Denmark
Australia	Finland	Australia
Luxembourg	Germany	Portugal
New Zealand	Switzerland	Switzerland
Norway	Saudi Arabia	Luxembourg
Switzerland	Canada	New Zealand
Germany	France	Belgium
Japan	Italy	Japan
Italy	Portugal	Ireland
Spain	South Africa	Italy
France	US	Spain
US	Austria	Czechia
Portugal	Greece	US
Austria	Spain	Slovak Republic
Czech Republic	Japan	South Korea
Poland	Slovak Republic	Hungary
Hungary	Czechia	Chile
Slovenia	Australia	Greece
Slovak Republic	Poland	South Africa
Greece	Indonesia	Turkey
	South Korea	Poland
	Brazil	Brazil
	Hungary	Saudi Arabia
	Russia	Indonesia
	Argentina	Mexico
	Chile	Israel
	New Zealand	China
	Mexico	Russia
	China	Argentina
	India	UAE
	Israel	India

Source: Center for Global Development, 2021; Mitchell et al. (2021a)

Turkey = shading represents countries added in 2020

that aligning with recipient objectives and priorities is important for donor performance, although country ownership has become somewhat muted, at least among donors. Donor flexibility and adaptability are seen as key, especially since many countries are experiencing rapid transitions and unforeseen challenges.

Recipients would like to see more predictability in aid flows and an expanded use of country systems (budgeting, procurement, monitoring, and auditing) by donors, especially where those systems have improved substantially. Donor transparency and information at the country level and processes for mutual accountability between donors and recipients are also important for recipients. As countries transition to higher income status, recipients want continued development finance, but also more advice (not conditionality) and dialog with donors they view as helpful. For recipients, the expansion of choice and the possibility of more control outweigh the transaction costs of dealing with more aid providers.

On the donors' side, the situation is a bit less clear. Donors see an increased need to provide evidence of their efforts and to demonstrate concrete results. Transparency, results monitoring, and evaluation have all gained prominence over the last two decades. Related to the need to show results, most donors are not ready to let go of project management units and have pulled back on general budget support and program-based aid. Coordination among donors has lessened in importance. Most donors practice selectivity of some kind in distributing their aid. However, there is little agreement on what selectivity means or what it should mean. Should aid go to states who are the poorest or the most fragile? Should aid go to neighbors, historical connections, or to lagging regions? Should aid go to recipient nations with weak governments or to those who are able to fully benefit from the resources? There is also little agreement on the desirability of specialization. Are donors who provide broad programming, with possibilities for synergies and cross-sector lessons, better than those that have specializations with clearer mandates and easier monitoring? Are donors that prioritize global public goods better than donors who prioritize national or sub-national public goods?

Given the differing views between donor and recipient countries and the diversity among donors, the various rating exercises and studies are not able to come up with a snapshot of the perfect donor. Multilateral agencies (a few UN agencies, multilateral banks, and vertical funds) tend to score better than bilateral donors across the board. There is only one bilateral, the UK, that appeared in the "top ten" of most indices reviewed in this chapter. Since DFID was abolished and aid moved to the newly merged Development, Commonwealth, and Foreign Office in 2020, along with serious aid budget cuts, it is unlikely that the UK will figure in the "top ten" of many indices going forward. As mentioned in an earlier chapter, DFID was the rare bilateral aid agency responsible for both policy

and implementation. It was influential in many developing countries and multilateral venues, and it had a poverty focus, a competent staff, a good degree of autonomy, and positive influence. It may be that Huntington's characteristics of adaptability, complexity, autonomy, and coherence turn out to be the most helpful among all the various analyses in guiding the aid community on the necessary criteria for a well-performing aid agency.

As this chapter has attempted to show, the indices provide helpful clues and a good starting point to discern what matters to various stakeholders when they look at donor performance. Different criteria and weighting in the various indices also demonstrate the lack of consensus about what matters. It is a mistake to look to these studies and indices to reveal a definitive model of donor performance leading to increased aid effectiveness. Without going deeply into each study's methodology, what can be said is there are missing and imperfect data, assumptions (some reasonable, some not), less-than-perfect proxy indicators for some criteria, a bias towards issues that matter more to donors than recipients, and not infrequent changes in methodology, data sources, coverage, criteria, and indicators. While most attempt to use data as much as possible to establish the rankings, there are unavoidable instances of subjectivity or judgement calls. In the end, rankings are an attempt to provide a quantitative answer to a subject – performance – that has many qualitative aspects (Box 5.5).

Box 5.5 Student Views on “What Makes a Good Donor”

After reviewing much of the same content as this chapter, graduate students were put in small groups and asked to agree on the top five characteristics for a well-performing donor. The students were a mixture of US nationals and international students. This exercise was repeated 13 different times from 2007 to 2019 with a total of 49 small groups.

There was no list to choose from, so all responses were in students' own words and then grouped into categories. The most frequently cited and the number of times each was cited are given in the following list. Throughout the years, transparency and accountability, alignment, and reliability were strong themes.

- Transparency and accountability (42)
- Local ownership and alignment (24)
- Long-term commitment and reliability (24)

- Coordination and harmonization (22)
- Efficiency/Donor capacity (22)
- Specialization and selectivity (21)
- Autonomy (16)
- Capacity-building (15)
- Flexibility/Adaptability/Less conditionality (14)
- Untied aid (13)
- Local engagement and knowledge (13)
- Amount (8)

Source: Compiled from Pomerantz, 2007–2019

Policymakers and the public at large like rankings. They are easy to understand and foster competition to promote specific and, hopefully, beneficial policy or implementation changes. They are meant to recognize and encourage good performers and to “name and shame” those that are lagging. Those that are lagging receive specific “tips” on how they can advance. However, for all the reasons cited earlier, the rankings do not provide a particularly astute tool for determining donor performance or the quality of aid. At best, they are a helpful start. The next chapters go on to look beyond donor performance to the yet more difficult topic related to aid effectiveness: Are donors doing the right things?

Notes

- 1 CPIA is the Country Performance and Institutional Assessment tool used by the World Bank to judge IDA-eligible recipient performance. More information on the CPIA can be found on the World Bank’s website (World Bank, n.d.).
- 2 The purpose of this chapter is to look at the performance criteria included in ranking studies and not methodological issues, but a couple of points need mentioning. The list of UN agencies varied substantially among the three studies; improved average results for UN agencies in the P&W study is partly the result of the inclusion of new UN agencies, such as UNECE (United Nations Economic Commission for Europe) and UNPBF (United Nations Peace Building Fund). Also, the P&W study does not include China, an important non-DAC donor (understandably, for lack of data), and there is a nine-year lag between the data and its publication.
- 3 It now is managed solely by CGD.

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