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Rethinking Development Effectiveness: Perspectives from the Global South

Debapriya Bhattacharya
Sarah Sabin Khan

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Preface and acknowledgement

Discourse on content and measure of international development cooperation had been around for some time. However, the changing landscape of development cooperation characterised by the arrival of new actors, instruments and modalities as well as the evolving profile of recipient countries have provided fresh impetus to the discussion on measuring the effectiveness of development cooperation. Inadequate reflection of recipients' perspectives in these debates has once again exposed the entrenched power relationship in these discussions. Adoption of the universal and ambitious 2030 Agenda, espousing to leave no one behind, has provided a new context to the discourse. All these have created new demands for shaping a more inclusive and updated governance structure of development cooperation.

Given the transforming setting, *Southern Voice* undertook the research programme on "Rethinking Development Effectiveness: Southern Perspectives" with dual objectives. First, to take stock of the knowledge in the concerned areas to establish a benchmark of the current understandings of the relevant issues. Second, to tease out the issues from Southern perspectives; the issues that demand further investigation at the country level to infuse current evidence to catalyse a new conversation on development effectiveness.

This has been a collective effort. This paper is a meta-synthesis, built on the following eight other knowledge products prepared under the research programme. We remain grateful to the authors of these outputs for their scholarly engagement. I express my special appreciation for my co-author of this paper, Sarah Sabin Khan, for her contribution.

1. Almasifard, M. (2019). *Evolving Debates on the Effectiveness of Official Development Assistance* (Occasional Paper No. 51). Southern Voice. Retrieved from: http://southernvoice.org/evolving-debates-on-the-effectiveness-of-official-development-assistance/
2. Besharati, N. (2019). *Measuring Effectiveness of South-South Cooperation* (Occasional Paper No. 52). Southern Voice. Retrieved from: http://southernvoice.org/measuring-effectiveness-of-south-south-cooperation/
3. Rahman, M. and Farin, S. M. (2019). *Rethinking Development Effectiveness: Insights from Literature Review* (Occasional Paper No. 53). Southern Voice. Retrieved from: http://southernvoice.org/rethinking-development-effectiveness-insights-from-literature-review/
4. Letouzé, E., Stock, M., Chiara, F. D., Lizzi, A. and Mazariegos, C. (2019). *Harnessing Innovative Data and Technology to Measure Development Effectiveness*

(Occasional Paper No. 54). Southern Voice. Retrieved from: http://southernvoice.org/harnessing-innovative-data-and-technology-to-measure-development-effectiveness/

5. Khan, T. I. and Kazi, G. T. (2019). A*n Enquiry into the Evolving Landscape of Development Finance Flows* (Occasional Paper No. 55). Southern Voice. Retrieved from: http://southernvoice.org/an-enquiry-into-the-evolving-landscape-of-development-finance-flows/
6. Kasirye, I. and Lakal, J. (2019). *The Political Economy of Development Effectiveness in Uganda* (Occasional Paper No. 56). Southern Voice. Retrieved from: http://southernvoice.org/development-effectiveness-uganda/
7. Peñaranda, L. (2019). *The Political Economy of Development Effectiveness in Bolivia* (Occasional Paper No. 57). Southern Voice. Retrieved from: http://southernvoice.org/the-political-economy-of-development-effectiveness-in-bolivia/
8. Ordóñez, A. (2019). *Development Effectiveness from Within: Emerging Issues from Recipient Countries* (Occasional Paper No. 58). Southern Voice. Retrieved from: http://southernvoice.org/development-effectiveness-from-within-emerging-issues-from-recipient-countries/

The findings of the study have been presented at a number of dialogues and conferences including those organised by the Research and Information System (RIS) in New Delhi (August 24, 2019); OECD Development Centre in Paris (October 23, 2019); GPEDC and Government of Republic of Korea in Seoul (December 4, 2019); and the Overseas Development Institute (ODI) in London (January 30, 2020). The authors of this paper acknowledge with thanks the feedback received from the participants of these meetings.

Southern Voice expresses its sincere gratitude to the Bill and Melinda Gates Foundation for generously supporting this research programme. We are particularly grateful to Rodrigo Salvado, Deputy Director, Development Policy and Finance, Annabelle Burgett, Programme Officer and Hetty Kovack, former Programme Officer of the Foundation for their interest in the programme and for the advice provided during its implementation.

Finally, I would like to thank our colleagues at the Centre for Policy Dialogue (CPD) and the Secretariat of Southern Voice. Andrea Ordóñez, Director of the Southern Voice Secretariat deserves special thanks for providing constructive comments on an earlier draft of the paper. I would also like to recognise the efforts of Gabriela Dávalos Keseberg, Head of Communications, and Estefania Charvet, Programme Officer, in delivering the research programme. I am also grateful to Dominique Fraser for her editorial support.

I hope the knowledge products generated by this research programme will contribute towards instilling a "new conversation" on the effectiveness of development cooperation. This has become more pressing in the context of the COVID-19 pandemic.

Debapriya Bhattacharya, PhD
Chair, Southern Voice
and
Distinguished Fellow, Centre for Policy Dialogue (CPD)

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Acronyms and abbreviations

DRM	Domestic Resource Mobilisation
GPEDC	Global Partnership for Effective Development Cooperation
LDCs	Least Developed Countries
LICs	Low-Income Countries
MICs	Middle-Income Countries
NSC	North-South Cooperation
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
OECD-DAC	OECD-Development Assistance Committee
SSC	South-South Cooperation
UN	United Nations

Rethinking Development Effectiveness: Perspectives from the Global South

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Setting the scene

Context

> The rise of the Global South is redefining the contours of development cooperation.

Discourse on the effectiveness of external public development finance flows is at a turning point. The development landscape has experienced dramatic shifts over the last two decades (Bhattacharya & Khan, 2019a; Alonso, 2016; Alonso, 2018; Janus, Klingebiel, & Paulo, 2015; OECD, 2017). The principles for assessing the effectiveness of aid flows, agreed to in Paris in 2005, have evolved during the high-level fora in Accra (2008) and Busan (2011) through the establishment of the Global Partnership for Effective Development Cooperation (GPEDC) to a broader understanding of development effectiveness (OECD, 2010a; OECD, 2011b). The rise of the Global South is redefining the contours of development cooperation. The Second High-Level United Nations Conference on South-South Cooperation (SSC) in Buenos Aires (BAPA +40) also acknowledged the need to enhance "development effectiveness" of SSC and triangular cooperation (UN, 2019). The emergence of other non-traditional sources as private philanthropy and the introduction of new instruments such as "blended finance" are diversifying the discourse. The launch of the Sustainable Development Goals (SDGs) is further generating new demands on the effective use of financial resources for those "left behind" (UN, 2015b).

A new discussion on assessing the effectiveness of development cooperation may have become imperative to deal with an additional set of emerging and evolving realities.

These realities are characterised by opportunities of new and innovative instruments of finance, the potential for the use of new data, and the increasing acknowledgement of the importance of recipient country perspectives. At the same time, the new realties are fraught with challenges of the changing profile of recipient countries, suboptimal trends of development assistance from traditional providers, shifting priorities in development assistance, a missing global consensus on shared assessment frameworks, and a lack of political ownership of the current effectiveness agenda.

These realities give rise to new issues and open up avenues for innovative knowledge and analysis to be created, preferably based on grass-roots substantiation. Debates in the contemporary discourse have largely focused on the provider's side of the equation; perspectives from recipient countries, particularly from the Global South, have been inconspicuous in the discussion. Moreover, the analyses thus far have arguably been exhausted, and cannot be pushed further without new empirical evidence.

There are three enabling factors that make this an opportune time for a new conversation on the effectiveness of development cooperation. First, the GPEDC is running out of political steam. Without a fresh framing of the narrative, it is unlikely for the discourse to regain much-needed political momentum. Without political traction, there is a risk that discussions on effectiveness will get lost in rhetoric and not have practical implications. Second, there seems to be a newfound pragmatism among the Southern providers, who now feel more confident of their voice being heard. They have also moved from their earlier rigid stances to allow more flexibility and adaptability. Third, the abundance of dialogues and discussions on a myriad of issues has created a new stock of accumulated knowledge backed by a pool of experts interested in taking the discourse on development effectiveness to a new level.

Thus, to capitalise on the enabling circumstances and push the new narrative, there is a need to take a step back and identify elements and areas for further research. As mentioned previously, analyses have been saturated and without new evidence from the ground, discussions based on existing biases and prejudices are unlikely to move the effectiveness agenda forward.

The initiative

Against the above backdrop, the Southern Voice network has taken up the task of transmitting the imperative of a new conversation on development effectiveness "from the bottom up" through a new research initiative. The initiative is grounded on the network's research competence and experience on similar issues since the negotiating days of the SDGs. The research programme had been anchored at the Centre for Policy

Dialogue (CPD) in Dhaka, and implemented in partnership with Southern Voice, with support from the Bill and Melinda Gates Foundation.

The knowledge products generated by this initiative aim to complement various streams of policy dialogue, including those under the GPEDC and SSC, by including the experience and perspectives of scholars and stakeholders from the Global South. The research programme is to be carried out in two phases; first an inception phase, which has been completed, and second an investigation phase, which will comprise multiple country-level studies. The present paper is among a set of nine distinct knowledge products from the inception phase, which have been informed by wide-ranging expert consultations from the Global North and South.

The areas explored in the papers coming out of the inception phase are the following:

- an inquiry into the state of knowledge on development effectiveness;
- an exploration of the empirical landscape of development finance flows;
- political economy dimensions of development cooperation at the global level, accompanied by country case studies at the national level;
- opportunities for the use of new data and technology in assessing development effectiveness;
- an overarching and synthetic analysis of relevant issues emanating from the other topics to identify discrete areas of relevance to subsequently inform the country studies in the next phase (the scope of the present paper)[1].

Objective and scope

The primary objective of the present paper is to identify areas of concern and gaps in the current discourse on development effectiveness, which could benefit from more ground-level retrospection driven by recipient country perspectives to inform the new narrative. Arguably, a myriad of such issues emerges from contemporary debates that require a deeper dig. The paper seeks to tease out some of the critical issues in the interest of having a policy-focused discussion. The findings of the paper aspire to substantively inform the methodological framework that will subsequently be used for country-level analysis of the identified issues.

1 Discussions and analyses in the present paper were drafted long before the unfolding of the COVID-19 pandemic – a situation bound to have significant impact on the state of affairs in international development cooperation. The concluding section of the paper includes a brief commentary on this issue.

Four dimensions of debate are pertinent to the paper. First, there is a need to unpack the conceptual issues that prevail in a discourse overwhelmed by a plethora of actors and their diverse understandings and interests. Second, the emerging trends in international development cooperation need delineation to keep up with emerging issues affecting the discourse. Third, the political economy dimensions affecting practices in development cooperation needs to be discussed. Fourth, issues related to the measurement of development cooperation effectiveness require exploration to understand limitations of current assessment frameworks.

Keeping the above dimensions in mind, the following are some of the secondary objectives of the paper:

- understanding issues stemming from the conceptual challenges affecting assessment of development effectiveness of development cooperation;
- delineating the issues arising from the changing landscape and trends in the development cooperation architecture;
- highlighting some of the political economy dimensions affecting practices of the common principles of development effectiveness on the ground;
- discussing the measurement challenges and opportunities that prevail under current circumstances;
- teasing out guiding cues for the design of a future initiative based on the previous discussions.

Methodological approach

The general method of analysis in the present paper can be underpinned by four distinct approaches – a historical approach that explores the evolution of thoughts and concepts relevant to development effectiveness of development cooperation; a dialectical approach that looks at processes in the operationalisation of development cooperation in relation to the other processes; a discrete approach that distinctly focuses on specific aspects of the processes; and finally, a concrete approach that examines the identified issues within contextual realities.

The major analytical tools included desk research of secondary literature, historical trends, and composition analyses of secondary data proceedings of expert group meetings, as well as key informant interviews and, most importantly, a meta-synthesis of the other eight knowledge products of the research programme. The aim of using the mixed tools was to provide greater analytical interpretations, rather than aggregation of findings of the other papers. In sourcing literature, the paper has consciously sought to strike a balance of views from the Global North and South, members of academia, think tanks and relevant institutions.

Structure of the paper

Following the introduction (Section 1), the paper addresses the conceptual challenges (Section 2), sums up the changing landscape (Section 3), identifies the measurement challenges (Section 4), and indicates the political economy matters (Section 5). The final part (Section 6) seeks to bring together the issues underpinning the rationale for a "new conversation" on development effectiveness and the need for a structured examination of country-level realities to generate a fresh policy-focused approach.

Conceptual concerns

From development aid to development cooperation – a historical retrospect

The discourse on the effectiveness of development cooperation has significantly evolved in parallel with the changing context, rationale and objectives, modalities and instruments, and forms of partnership of development cooperation itself. The Global North and South[2] as we understand them today have interacted for centuries – albeit with evolving and interchanging motives and values. Early twentieth century colonial powers had extractive motives when they invested in the infrastructure of their colonies. As a large number of developing countries began to emerge in the post-colonial period, development aspects started to gain significance and both economics and politics were embedded in the motivation for cooperation (Alesina & Dollar, 2000; Apodaca, 2017). This was the beginning of modern development aid. The first instance of foreign aid beyond colonisation was through enactment of the "Marshall Plan" during the post-World War II era to reconstruct war-torn Western Europe. The economic agenda to remove trade barriers and expand potential markets was underpinned by political motives to thwart the spread of communism. This may be regarded as the first institutionalised instance of international aid (Jackson S., 1979; Leffler, 1988; Ali & Zeb, 2016). The ensuing decades saw more pro-poor angles gradually taking over mere military, security, political and economic motives. It was not until recently that humanitarian and environmental causes have driven the rationale for international development cooperation, particularly from

2 In this paper, "Global North" refers to developed nations belonging to the Organisation for Economic Cooperation and Development (OECD), especially members of the Development Assistance Committee (DAC) who have conventionally been providers of foreign aid to developing countries. The "Global South" refers to the rest of the countries who have usually been in the receiving end of foreign aid. However, countries from the global South have also been emerging as providers of development cooperation and as member of the OECD.

the North to the South, although economic motives remained dominant in cooperation within the South.

Aid policies throughout the years have also been influenced by contemporary dominant economic and development economic theories. Traditionally, foreign aid has been viewed as a tool for overcoming the triple deficit – the savings gap, the fiscal deficit and the balance of payment shortfall – in developing countries. As the “basic needs” approach to welfare economics gained traction, aid policies shifted to dedicate higher shares of funds towards poverty alleviation and social programmes, as well as strengthening human capital and productivity (Edwards, 2015). The human development approach emerged as the dominant theory guiding the operations of providers, especially multilateral institutions, in the 1990s. This can be said to mark the beginning of a fundamental rethink away from merely providing aid to one of cooperation. The relationship between providers and recipients was increasingly scrutinised as conversations on the nature of partnerships started to take centre stage.

With the growing focus on aid effectiveness, the term “development cooperation” began to replace “development aid” to emphasise the need to move away from the traditional provider-beneficiary relationship to focus on partnerships and mutual accountability. A number of non-traditional providers beyond the Development Assistance Committee (DAC) started to gain prominence during this time with increased scale and visibility.

The focus on the quality of aid has been a rather recent phenomenon. As Rahman and Farin (2019) point out, concerns among provider countries over whether international development cooperation was generating the expected results drove the discussion on value for money (Collier & Dollar, 2004; Easterly, 2003). There were also overarching concerns about the effectiveness of aid in poverty reduction and economic growth; about corruption and leakages of aid funds; and about whether aid addressed policy priorities of recipient countries. Provider governments also found it increasingly important to rationalise development spending to their domestic constituencies (Sobhan, Aid effectiveness and policy ownership, 2002).

These concerns led the members of the OECD’s DAC to increase emphasis on standards and norms in development assistance. The early 2000s saw the DAC prepare many documents with recommendations for providers on how assistance should be designed to increase effectiveness (Nowak, 2014). A formal framework for effectiveness of the Official Development Assistance (ODA) from DAC countries, the “aid effectiveness” agenda, started to take shape through a number of high-level fora on effectiveness. The first forum took place in Rome in 2003 and was soon followed by a second one in Paris two years later, which resulted in the Paris Declaration on principles of aid effectiveness (OECD, 2003; OECD, 2010a).

The following section deals with the evolutionary path of the "effectiveness" discourse and the unresolved issues therein. It is important to highlight at the outset that the historic adoption of the 2030 Agenda for Sustainable Development and the Addis Ababa Action Agenda (AAAA) for Financing for Sustainable Development in 2015 have added new and exciting elements to the topography of development cooperation and discussions on effectiveness (UN, 2015b; UN, 2015a). The attainment of the SDGs is now a key metric in defining effectiveness of development cooperation. However, as the world completes the first four-year cycle of the SDGs, we remain far from a consolidation point regarding the nature, scope and measure of effectiveness in the context of financing SDGs in particular and delivering on SDGs in general. If anything, the continuum of knowledge and experience in the development landscape gathered over the years allows for the next logical discourse to take shape. One of the major actors of the game – the recipient countries – needs to play out its potential role and stabilise the debate at a new equilibrium.

From aid effectiveness to development effectiveness

The next phase of the discourse on development cooperation has been greatly concerned with the progression from aid effectiveness to "development effectiveness". Following the high-level forum in Paris, which received substantive political traction for its principles[3], voices emerged in favour of including a broader set of actors, stakeholders and instruments beyond those only involved with ODA. Thus, even before the commitments and targets of the aid effectiveness agenda could be fully realised, demands for a new narrative on the effectiveness agenda started to emerge. The discourse on "aid effectiveness" was rebranded through the subsequent high-level forum in Accra (2008) and through the formation of GPEDC in Busan (2011), to now be known as "development effectiveness"[4] (OECD, 2010a; OECD, 2011b). The new agenda even managed to find signatories among large Southern providers such as Brazil, China and India. However, the buy-in that its predecessor enjoyed at the provider level, particularly from DAC countries,

3 The Paris Declaration outlined five fundamental principles for improving effectiveness of ODA – (i) country ownership over development strategies; (ii) alignment with local objectives and use of national systems; (iii) harmonisation among provider efforts; (iv) results orientation; and, (v) mutual accountability between providers and recipients of aid.

4 The four major principles of the development effectiveness agenda under the GPEDC include (i) ownership of development priorities by developing countries; (ii) focus on results; (iii) inclusive development partnerships; and (iv) transparency and accountability to each other.

remained largely missing. Discussions and debates have so far failed to generate a consensus regarding the framework of the development effectiveness agenda, as well as the required political momentum to operationalise the agreed principles. Indeed, as identified in the first senior level meeting of the GPEDC in 2019, providers are far from fulfilling the commitments on development effectiveness (Craviotto, 2019).

The need to expand the confines of aid effectiveness was underpinned by a number of factors. For example, aid effectiveness concerned itself mostly with ODA from Northern providers, namely the OECD countries, and tended to be primarily limited to project outputs. However, what recipient countries were looking for went beyond projects to the broader impacts of development cooperation on their economies. Not only the outcomes, but also the processes concerning development cooperation demanded due consideration (Rahman & Farin, 2019). Discussions on principles of good development practices and sound development partnerships involving both provider countries and recipient countries gradually took over the discourse on effectiveness.

What had also been missing in the agenda on aid effectiveness was a more institutionalised process of factoring in the voice of non-state actors, including the private sector and civil society. During the formation of the GPEDC, non-state actors were given representation in the assessment framework (OECD, 2011b). The GPEDC was set up as a forum that comprised governments, bilateral and multilateral organisations, providers from the South, civil society organisations (CSO) and the private sector. The purpose, at least in principle, was to systemise knowledge on development cooperation worldwide and devise methods to make it more effective. From a governance and development policy perspective, the development effectiveness agenda under the GPEDC was supposedly a means to create a more inclusive global governance structure overseeing international cooperation efforts. It was meant to be representative more of non-traditional providers (both state and non-state), new instruments beyond ODA, and recipients of development finance.

The development effectiveness agenda was meant to be representative more of non-traditional providers, new instruments beyond ODA, and recipients of development finance.

The changing institutional process of the effectiveness agenda has been paralleled by an evolution of the understanding of the concerned issues. It changed from aid effectiveness (how aid was delivered) to organisational effectiveness (how well an organisation achieved its stated objectives and goals) to effectiveness in terms of policy coherence in development (the systemic promotion of reinforcing actions across government departments and agencies to achieve increased development results in recipient countries). Finally, the current conceptual understanding relates to the overall development outcome of cooperation efforts from a holistic perspective (Kindornay, 2011; Kindornay & Morton, 2009; Almasifard, 2019; Rahman & Farin, 2019).

In practice, there is neither a consensus on, nor a commonly understood definition of "development effectiveness", nor any well-articulated distinction from the aid effectiveness agenda. This is because the concept of development effectiveness did not differentiate itself through a systematic analysis of why the incumbent aid effectiveness agenda remained unfinished and how the new agenda could achieve long-lasting development outcomes. Rather, it was a reaction to the positions of different development actors (traditional and non-traditional providers and recipients), as well as to constituents' demands and budgetary trends in provider countries (Ordóñez, 2019). This can explain the lack of conceptual clarity surrounding development effectiveness, which is an absence not only of a common understanding between actors. but also of a specific "development effectiveness" agenda and framework.

Under the GPEDC framework, the development effectiveness agenda remains dominated by the OECD-DAC providers. This is evidenced by the lack of any effective involvement of major Southern providers despite the initial promise. The failed attempt to find common ground in "differentiated commitments" based on the principle of common but differentiated responsibilities further contributed to the major Southern providers leaving the GPEDC in its first high-level meeting in Mexico (Bracho, 2017). As such, a global development effectiveness agenda/framework is yet to be agreed upon and politically owned by all development stakeholders, raising the same old questions of inclusivity, legitimacy and accountability.

The fundamental issue is whether the evolution of the agenda from aid effectiveness to development effectiveness has been meaningful with regard to its aims. This leads to the following questions: How to create a consensus on the definition of development effectiveness? Is a consensus desired given that the different actors in the development finance architecture have been so organically diverse?

In this connection, the following section seeks to define the distinctive positioning of the Southern providers on both ideological and practical grounds.

Positioning of South-South cooperation

In the long history of development cooperation, the Global North and South lacked a shared understanding on how to make aid more effective. This could have several reasons, including the differences in their historical contexts, development experiences, relationships with other countries, ideational motivations, and visions for the future. Notwithstanding the risks for generalisation given the substantial level of diversity, two major aspects where North-South Cooperation (NSC) and SSC diverge as distinctive concepts include the scope of operationalisation and the principles that guide them.

Historically, SSC has been a feature of the international development scene since the mid-1950s with its roots in the Non-Aligned Movement (NAM) and the historic conferences of Bandung (1955), Buenos Aires (1978) and the institutionalisation through the UN Office of South-South Cooperation (UNOSSC) in 1974. The other major high-level meetings through which SSC has proceeded include Nairobi (2009), Bogota (2010) and Delhi (2013), and the BAPA +40 (2019) (UN, 2009; The Steering Committee, 2010; RIS, 2013; UN, 2019). The ideational emergence of SSC through the various fora can be underpinned in the grounds of solidarity, equality, non-interference, respect for sovereignty, empathy from shared experiences, and mutual benefit. Some also argue that the motivation behind SSC emerged from the intention to challenge the power imbalance prevalent in NSC relationships (Gray & Gills, 2016; Kragelund, 2015; Besharati, Measuring effectiveness of South-South cooperation, 2019).

Despite the seven decades' old history, the increased prominence and visibility of SSC in the development finance architecture is only about two decades old. So is its relevance to the emerging development landscape and the discourse on effectiveness. Indeed, Rahman and Farin (2019) observes that the rise in SSC has coincided with the shifting focus from aid effectiveness to development effectiveness. The increase has also overlapped with a period of large Southern economies, including China, India, Brazil and South Africa, maintaining high and steady economic growth rates (Khan & Kazi, 2019). Although what was initially confined to cooperation through the sharing of knowledge, human resources and technical know-how, and capacity development, it evolved into other modalities over the years towards more economic intent (Manning, 2006; Kragelund, 2015; Chaturvedi, 2016). These varied motivations and modalities of SSC have allowed it to be distinguishable from the more "charitable" form of ODA.

Different motivations, both at the providers' and recipients' side, could have driven the recent surge and visibility of SSC. As mentioned above, the remarkable rise in some of Southern actors' capacities (for example, but not limited to, BRICS countries), financial and otherwise, have allowed them to assume the role of providers despite retaining the recipient status of traditional aid. Notwithstanding the differences in the accounting of SSC and traditional ODA, some larger Southern providers contribute between 1 and 7 billion dollars a year in international cooperation (Besharati, 2013; Gray & Gills, 2016; UNDESA, 2010). In some cases, this amount surpassed the assistance provided by some of the smaller OECD providers.

The growing prominence has also been influenced by the need to harness opportunities of regional and sub-regional cooperation in the form of SSC. SSC has come forward to support investment in a number of areas, e.g. cross-border projects, which many of the traditional providers have historically avoided. Southern recipients also welcome additional sources of finance in view of addressing infrastructure and other deficits in their path towards "graduation" to higher stages of development as categorised by various country classifications. The increased resource pool of external support has also improved the bargaining power of recipient countries in negotiations (Mawdsley, 2012; Mawdsley, Savage, & Kim, 2013; Quadir, 2013; Ordóñez, 2019).

Some of the other recipient-friendly attributes of SSC include speedy disbursement, lower transaction costs, promise of mutual benefits, peer learning, absence of policy conditionalities, and the ability to draw greater synergies. These have made SSC more attractive to national governments of developing countries (Gray & Gills, 2016; Mawdsley, 2012). Nonetheless, CSOs on the ground have flagged issues of transparency and accountability regarding SSC deals that have involved recipient country governments (Ordóñez, 2019; Mawdsley, 2019; Kasirye & Lakal, 2019).

There are apparent differences in scale and operational modalities between SSC and traditional cooperation from OECD countries. As far as scope is concerned, the discourse on NSC is usually confined to official or public sources of cooperation and has more recently included commercial/private sources only to the extent that some public element is present in the deal. ODA (in monetary terms) has been more or less the focal point in NSC discussions that deliberately exclude other elements of North-South relations in the mix, e.g. trade, investment, cultural exchanges or any other forms of commercial/economic cooperation.

There is a possibility of considerable scepticism coming from the South if the Northern providers were to mix elements of economic cooperation with development given the history of colonialism. On the other hand, SSC in conventional narratives is indiscriminating to the various aspects of bilateral cooperation relationships, going far beyond the OECD definition of ODA both in concept and delivery (OECD, 2010b). SSC is manifested in partnerships often aimed at creating enabling environments for trade, investment and development in partner countries. As such, public and private sources of cooperation are hardly compartmentalised in the SSC discourse, and both development and economic cooperation fall within its scope.

Principles guiding SSC and those guiding traditional NSC, as understood from the outcomes of the various relevant high-level fora, have some common elements. Prioritising national ownership and alignment with recipient country's priorities have been echoed, at least in principle, in both forms of cooperation. Apart from that, inclusiveness and multi-stakeholder participation, and the importance of capacity development, are areas where the two discourses agree (Chaturvedi et al., 2012; Ling, 2010; Tortora, 2011 cited in Rahman and Farin, 2019). In line with the development effectiveness agenda, compliance with the principle of transparency and mutual accountability, and results orientation have been part of the SSC principles since the high-level conferences in Nairobi and BAPA +40 (UN, 2009; UN, 2019)

The guiding principles of the two forms also diverge on substantive grounds that have shaped both their comparative relevance and acceptance in the development cooperation architecture. Engagements in SSC claim to be more horizontal, compared with the traditional vertical cooperation model of NSC (Janus, Klingebiel, & Paulo, 2015). As mentioned above, SSC claims to deliver from a belief of solidarity and equality – an aspect not entirely true for North-South cooperation. SSC's declared discretion for "mutual benefits" contrasts NSC's claims to be more "altruistically" driven. Northern providers have usually been known to enjoy an upper hand in the relationship with their recipients possessing a somewhat complacent approach towards what they thought was best for developing countries. SSC has explicitly adhered to the principle of respecting national sovereignty and non-interference in domestic affairs. On the contrary, Northern development partners often find themselves speaking out on domestic matters especially on issues of governance or human rights.

A manifestation of the above attitude by Northern providers has been the conditionality imposed against continuation of finance flows with implications for the predictability of aid and transaction costs, often to the dismay of recipient countries. For instance, in financing SDGs, Uganda's government has turned to support from other developing countries like China, Kuwait, and multilateral agencies like the African Development Bank (Kasirye & Lakal, 2019). This shift in preference is not only driven by the country's increasing need for more resources to fund its infrastructure, but the demanded security finance with fewer associated conditions. Indeed, in the absence of such conditionalities, SSC flows are deemed to be more demand-driven and pursuing a bottom-up approach.

On the other hand, the principle of harmonisation from the aid effectiveness agenda of NSC is almost missing in the context of SSC. Emerging Southern providers apparently do not feel obligated to follow the norms and rules set by traditional providers (Gray & Gills, 2016; Fejerskov, Lundsgaarde, & Cold-Ravnkilde, 2016; Bracho, 2017; Besharati, 2019). Thus, while Northern providers have learnt through experience that coordinating their aid efforts and achieving policy coherence can improve cooperation effectiveness, such a knack for coordination and coherence is yet to develop among the Southern providers. This is true both for within SSC and across the North-South provider paradigm. As will be discussed later, this lack of coordination and/or consensus has implications for the assessment and measurement of effectiveness of SSC at the global level.

Finally, the OECD-DAC have been vocal about their stance on tied aid and the effects it has on the financial efficiency of aid delivery, ownership of recipient countries on the development process and eventually the effectiveness of their cooperation. It regularly monitors member governments' untying efforts in providing bilateral ODA (OECD, 2019g). SSC, on the other hand, while adhering to the principle of non-policy conditionality and non-interference, has been known to impose other conditions on recipient countries. Cooperation efforts are tied to conditions of procurement of goods and services from the provider country. This is especially true in project assistance from countries like China and India (McCormick, 2008; Bhattacharya & Rashmin, 2016). Chinese authorities defend their tying conditions by suggesting that they improve accountability, reduce costs, and facilitate speedy implementation (Mwase & Yang, 2012). Moreover, Southern providers are also known for not using country systems, as has been alleged by several recipient countries. Table 1 delineates the differential approaches of NSC and SSC.

Table 1. Differential positioning of NSC and SSC by scope and principles

	NSC	SSC
Scope	Common elements	
	• Both include concessional and non-concessional sources of official finance • Both sides seeking to broaden the scope of cooperation – from development cooperation to economic cooperation (trade, investment, education, tech transfer, contribution to globalised public goods	
	Different elements	
	• Private sources included only to the extent that they are fully concessional (private philanthropy) or some element of public source is involved (blended finance) • Volumes are usually commitment/ target driven	• Includes concessional and non-concessional "unofficial" sources of cooperation • Volumes are not commitment bound, are demand driven and voluntary in nature.

<table>
<tr><td rowspan="4">Principles</td><td colspan="2">Common elements</td></tr>
<tr><td colspan="2">• National ownership
• National priorities and plans
• Mutual Accountability and Transparency
• Result Orientation
• Respect for national sovereignty
• Equality among partners</td></tr>
<tr><td colspan="2">Different elements</td></tr>
<tr><td>• Harmonisation (among donors)
• Policy conditionality
• Policy coherence
• Untied aid
• Inclusive economic growth</td><td>• Solidarity
• Respect for national sovereignty
• Non-interference in domestic affairs
• Equality among partners
• Non-conditionality
• Mutual benefits
• Economic independence/self-reliance
• Voluntary partnerships</td></tr>
</table>

Source: Authors' deliberation.

So, what does the differential positioning of SSC in their development cooperation mean for assessment of effectiveness? What is certain is that a universal framework is unlikely to capture the nuances of the two varied forms of cooperation. There have to be differentiating properties but with some common elements. Consolidation is unlikely at the global level given the diverse and disjoint nature of efforts by Southern providers and has to be initiated at the country level. This is precisely why any reconciliation of SSC and NSC providers with necessary political ownership can be triggered through conversations backed by evidence created at the country level. It is also important to point out that SSC continues to evolve through scale and experience of the larger countries within the South. There is a possibility for mutual alignment between the practices of the two forms of cooperation that could inform the future of their interaction internally and with the recipients. The next section points towards some of these instances and suggests their implications for the recipient countries.

Towards mutual alignment?

In spite of the commonalities and differences that exist between SSC and NSC in theory and principle, in practice there are grey areas where the two forms have acted similarly. As the emerging providers settle and integrate into the mainstream, especially with their encounter with traditional providers on platforms like the GPEDC, questions arise whether SSC is still emerging or beginning to converge with the traditional providers

(Kragelund, 2015; Fejerskov, Lundsgaarde, & Cold-Ravnkilde, 2016; Mawdsley, 2019; Gulrajani, 2019). If it is the latter, then is the direction of convergence unidirectional or are they meeting in the middle? This understanding is crucial in rationalising the need for a revamped conversation based on ground realities.

Although Southern providers have thus far been resiliently able to maintain a distinctive ideational and operational space from their Northern counterparts, there is no denying that there is now also a lot more interaction, dialogue, activity, and understanding among the two groups. Such exchanges are bound to bring opportunities of collaboration and convergence of ideas. Some traditional providers from OECD-DAC have time and again sought to bridge the divide between the two frameworks. Manifestations of such efforts can be seen in the various instances of triangular cooperation in development efforts.

The evolution of the discourse on the effectiveness agenda and the somewhat simultaneous increase in scale, diversity of operations, and visibility have also subjected Southern providers to greater scrutiny by actors from all spheres, including governments, civil society, development partners and domestic and recipient constituencies. Such 360-degree scrutiny and criticism have been common for traditional providers. While checks and balances are inevitable with increased exposure, it may also compel Southern providers to gradually shift from their original conceptualisation of non-interference and non-conditionality towards strengthened accountability and impact factors. The experience of expansion has also brought with it revamped demands on SSC and its actors, institutions, operations, and outcomes (Mawdsley, 2019).

As quality of assistance becomes ever more important in SSC, with both strategic alliances to nurture and domestic audiences to answer to, Southern providers may find it harder to resist a more "interventionist" stance. For instance, the Lines of Credit extended by India to Africa are increasingly becoming more conditional, stringent and less demand driven, with the Indian government having the final say in choice of project and sector of investment. The declaration of the Forum for China Africa Cooperation in 2012 exhibited signs of deeper influence in internal matters by touching upon, for the first time, on issues of trade and industrial policy planning in African countries (Cheng, 2016 cited in Mawdsley, 2019; Dye, 2016).

The tendencies towards convergence and shifts in principles and practices have not been exclusive to the SSC providers. Traditional providers have been as much in a process of shifting their ways to adjust to the new landscape, opportunities, challenges, and demands. Mawdsley (2018) sees three trends related to the "southernisation" of traditional providers in this regard: a stronger and more obvious pursuit of "win-win" development endeavours; refocusing on the "economic growth" narrative as a yardstick of development impact; and the "blending" of development finance and agendas with trade and investment. Indeed, scaling up the private sector in financing development has been an integral part of the GPEDC discussions and the effectiveness agenda.

Traditional providers are moving beyond the realms of solely concessional contributions. They have begun to define their contributions to include different forms of economic cooperation. They are reimagining new ways of leveraging public concessional finance to collaborate with the private sector (through public private partnerships, blended finance, and other innovative tools) in their quest to turn millions into billions in meeting the SDG finance gap. A new narrative of looking "beyond aid" (Hudson, 2009; Janus, Klingebiel, & Paulo, 2015; Alonso, 2016) has been generating its due traction to account for other actors and modalities beyond those involved in the delivery of ODA in the discussion on development effectiveness. Such a narrative is not much different from those historically used by Southern providers to conceptualise their development cooperation.

Another area of probable convergence on the part of OECD-DAC providers are that they are increasingly becoming demand driven in their cooperation, especially given their renewed commitment to prioritising fragile states and better understanding of fragility contexts. With the endorsement of the New Deal for Engagement in Fragile States in Busan, there have been a shift from a reactive, provider-driven approach to a more pro-active, unique context and national ownership-driven approach to development cooperation in fragile states (Mayar, 2018). On the other hand, China has been known to venture into risky countries and projects with unstable returns, particularly in Africa. There has been evidence that pressure is mounting in Beijing as it had to write off millions in bad debts to many African countries (Nyabiage, 2019). While China may be adamant in their stance on not accepting responsibility for pushing poorer African countries into the debt trap, it may not be unreasonable to expect a more cautious approach and reservations from their side in venturing into fragile countries in the future. In view of this, one is tempted to suggest that we are possibly witnessing "Southernisation of the North" and "Northernisation of the South".

Implications of convergence between Northern and Southern cooperation models may directly fall on the shoulders the poorer recipient countries. The issue of power hierarchies in aid relationships and the negotiation space available to recipient countries may also be emerging in the context of SSC. The prevailing Southern ideology of shared understanding and equality among partners may be unsustainable and even eroding as we speak. A North-South divide within the Global South seems to be appearing to the dismay of the recipients of SSC. Larger and more advanced Southern providers are growing at a much faster pace than their smaller and less significant counterparts.

It would not be surprising to see the former behaving increasingly like the "North" within the South and the latter getting further reduced to the "South" of the South. Although substantive differences in agendas, interests and modalities are likely to persist, lines between the two forms in practicing their power relations are about to become more blurred (Kragelund, 2015; Fejerskov, Lundsgaarde, & Cold-Ravnkilde, 2016; Mawdsley, 2019). While this partial convergence will undoubtedly improve coordination and productive collaborations in some contexts, it will also affect the negotiation power that recipient countries have just started to enjoy due to the increasing choice of providers, which will in turn reduce their policy space (Kragelund, 2015).

The emerging narrative on the North-South dynamics in the development cooperation space is crucial in view of the brewing trends and inclinations. Amid the positive turns that the evolving landscape may take, there are risks of further marginalisation of poorer countries as far as power hierarchies are concerned. Once again, the recipient perspective will be crucial to identify and push for solutions. Understanding the practical implications of the concerns for recipient countries will require country-level investigations to consult various stakeholders.

Need for more recipient country perspectives from the ground

The voice and perspectives of recipient countries are now more pertinent than ever. Both NSC and SSC have acknowledged this. Yet, in practice, perspectives of providers and development practitioners, especially from the Global North, have always dominated dialogues on effectiveness. Even decisions related to allocative priorities of traditional aid have been driven by the strategic interests of providers. Developing country perspectives and their actual experiences were given little thought in allocation and disbursement decisions (Alesina & Dollar, 2000; Niehaus, 2012; Rahman & Farin, 2019). The time is ripe for more recipient knowledge, evidence and analyses from Southern perspectives rather than just monitoring and representation.

The need for recipient countries exercising greater strength in the development cooperation power relationship is to yet be well recognised (Prizzon, Greenhill, & Mustapha, 2016). One excuse that provider countries have often resorted to has been the issue of capacity deficit and lack of faith in recipient countries' governments and institutions to make effective decisions ensuring the best outcome for their finances. This has been crucial to the agenda of the providers in justifying their foreign aid expenditures to domestic constituencies (Ordóñez, 2019). This is despite the fact that the proportion of recipient countries with "high-quality national development strategy" has almost doubled from 36% to 64% since the Paris Declaration monitoring in 2011 (OECD/UNDP, 2019).

Nevertheless, the importance of recipient countries' perspectives has been in the discourse since the early-1990s, at least in principle. Concerns over whether business-as-usual practices in development cooperation were generating expected results have gained prominence in the discussions (Degnbol-Martinussen and Engberg-Pedersen, 2005 cited in Rahman and Farin, 2019). Both the traditional development effectiveness agenda and the principles of SSC have recognised national ownership and national priorities as integral to their ideational compass. However, more than a decade after the adoption of the aid effectiveness agenda, alignment to countries' priorities and use of country systems remain among the lagging commitments (OECD/UNDP, 2016; OECD/UNDP, 2019).

The perspectives of the recipient countries are not sufficiently considered in practice. In fact, the financial crisis of 2007-08 has led providers to be more cautious about their finance outflows and own interests (Rahman & Farin, 2019). There is a growing inclination among development partners to listen to the voices of their core funding constituencies (taxpayers and provider agencies), as opposed to the voice of the recipients (Jackson, 2012). As will be shown later, this is also a manifestation of the broken feedback loops in the accountability frameworks of development cooperation.

The importance of recipient country perspectives cannot be reiterated enough given that there is still a long way to go as far as the practical demonstration of these otherwise appealing narratives are evident on the ground. Going forward, any framing of an inclusive development effectiveness agenda should be based on reducing this gap by creating a neutral (non-negotiating) platform for a "new conversation", bolstered by more evidence and the voice of recipients.

What next for development effectiveness?

A shift in the organisational thought and governance aspects around a global effectiveness agenda is imminent. A shared understanding and much-needed political ownership by all development stakeholders remain missing. There may be three different ways from the perspective of the GPEDC that the discourse could move forward.

The first option may be termed GPEDC Zero. This is a business-as-usual scenario in which traditional perspectives and practices continue. It is characterised by the "old rules", defining the "old game". The status quo remains unchallenged in hope of more acceptability towards a general and common framework for assessment of effectiveness. This is the least likely scenario to prevail or succeed, as it does not accommodate the increasing significance of SSC and their fundamental ideational differences.

The second may be termed GPEDC Plus. This is where the efforts to bring in more tailored and contextualised assessment approaches (for example the case of fragile countries) are expanded. This scenario many be thought of as the "old game with new rules". This may somewhat improve credibility for the traditional agenda, but acceptability and ownership will still remain missing.

The third option may be termed GPEDC 2.0, an altogether "new game with new rules". However, a GPEDC 2.0 is understood differently by actors from the North and the South. The North expects the South to join GPEDC under new terms, whereas the South expects it to be outside the aegis of the OECD-DAC. What is proposed here is that GPEDC 2.0 be a new mutual learning platform. It will maintain a non-negotiating atmosphere for the diverse providers from the North and the South, where state and non-state actors, including private philanthropy, come together and exchange ideas. The new game would not only have new participants, but also redefined roles and relationships. The process may generate an updated and shared understanding of development objectives.

> **A shared understanding and much-needed political ownership by all development stakeholders remain missing.**

The design of the envisioned revamped platform will undoubtedly be debated given the highly polarised structure of the current development landscape. What is obvious is that it should reflect the views and needs of the recipient countries. It should ideally come from and be in favour of the neediest of the beneficiaries of development cooperation. As such, it needs deeper ground-level investigation beyond just country-led monitoring and assessment tools.

The remainder of the paper justifies the recommended GPEDC 2.0 for the future framework of the development effectiveness agenda. The pertinent discussions deal with the current landscape, political economy matters, and measurement challenges in the context of international development cooperation and architecture, and the need for a new conversation based on participatory and ground-level perspectives.

Landscape issues

The present section attempts to delineate some of the trends and features of the transforming landscape of development cooperation to identify issues and areas that could benefit from more ground-level investigation, promoting a "new conversation" for a new game with new rules.

The changing landscape in the era of SDGs

The shift in the discourse on the effectiveness of development cooperation discussed in Section 2 has not been taking place in isolation. It is a manifestation of the changes that have defined the evolving development finance architecture in the past two decades. In fact, the landscape of international development cooperation has been undergoing significant changes in the recent past (Bhattacharya & Khan, 2019a; Alonso, 2016; Alonso, 2018; OECD, 2017). Implications of this changing landscape are more pertinent than ever in the era of the 2030 Agenda. This is true especially because the SDGs are much more ambitious and comprehensive than their predecessor, the Millennium Development Goals (Bhattacharya & Kharas, 2015; Kumar, Kumar, & Vivekadhish, 2016). Much of the recent discourse on effectiveness acknowledges SDGs as a metric for development effectiveness and the AAAA as the means. Achieving the SDGs would require development cooperation to be sustainable at four different levels – the budget, programme, operational and ecological levels –, resonating the triangulation requirement through economic, social and environmentally sustainable development (Klingebiel, 2014 cited in Rahman & Farin, 2019). Goal 17 in particular sets out specific targets for development cooperation through revitalised global partnerships for sustainable development. Delivery of global public goods is also a key aspect of achieving the post-2015 agenda (Furness & Klingebiel, 2012; Kaul, 2013). Moreover, central to the 2030 Agenda is an unequivocal pledge to meet the goals for all, leaving no one behind, and attempting to reach the furthest behind first.

The financing requirement of such a comprehensive, universal and ambitious agenda is enormous. Developing countries face an estimated annual funding gap of USD 2.5 trillion in implementing the SDGs (UNCTAD, 2014). Developing countries whose profiles are increasingly fraught with fragility and conflict simply cannot mobilise sufficient resources to meet this staggering gap (Kapoor, 2019). On the other hand, growth in ODA has been less than encouraging. According to DAC providers' forward spending plans, new stagnation of ODA is expected in the coming years (OECD, 2019c). The need for newer sources of finance beyond aid or ODA have been reiterated by scholars and practitioners (Hudson, 2009; Janus, Klingebiel, & Paulo, 2015; Alonso, 2016).

The silver lining in this grim scenario may be that over the last decade there has been a proliferation of new providers in the development cooperation milieu. The DAC membership enlarged from 23 to 30 members, including the European Union, in 2019. The number of non-DAC providers reporting to the OECD has also increased to include 20 countries as of 2019. Southern providers are becoming more engaged than ever with increased scale and visibility of their cooperation efforts. According to OECD estimates, development cooperation flows from 20 non-DAC countries reporting to OECD and 10 non-reporting countries beyond OECD member (including major Southern players like Brazil, China, India and South Africa) increased from approximately USD 12 billion in 2012 (8.4% of total flows) to USD 22 billion in 2016 (13.1% of total flows). During the same period, ODA from 29 DAC countries fell from 91.6% to 87% of total flows (OECD, 2019b).

Many new international finance institutions and development finance institutions have been established. The volume and share of funds from private philanthropy has increased from around USD 2 billion in 2010 (1.8% of ODA from DAC) to USD 6.1 billion in 2017 (4.8% of ODA from DAC) (OECD, 2019e). Innovative instruments such as blended finance have launched with the promise of leveraging additional private investment for financing development. New actors and their diverse operating modalities are paving the way for development cooperation architecture to be more dynamic and complex than ever before (Alonso, 2016; Alonso, 2018; Bhattacharya & Khan, 2019a; OECD, 2017).

The profile of and circumstances in recipient countries have been changing. First of all, heterogeneity among economies of developing countries has increased since the 1980s (Alonso, 2016). Many low-income countries (LICs) and Least Developed Countries (LDCs) are graduating to higher statuses. The number of LICs almost halved from 63 to 34 between 2000 and 2019, while the number of middle-income countries (MICs) and high-income countries increased from 93 to 103 and 51 to 81 respectively during the same period (World Bank, 2019). Around 12 of the current 47 LDCs will be graduating between 2019 and 2024 (Committee for Development Policy, 2019). Around half of the current 47 LDCs are expected to meet the graduation criteria by 2030 (Kim, 2018). This will leave the LDC group largely "Africanised", given that the overwhelming majority of the remaining LDCs will be in Africa (Bhattacharya & Khan, 2017). Africa also hosts nearly half the people living in extreme poverty (World Bank, 2018). Concurrently, the number of fragile and conflict affected countries is on the rise – currently, about 1.8 billion people live in fragile contexts. The figure is projected to grow to 2.3 billion by 2030 (OECD, 2018d). Most recipient countries also fall under one or more vulnerable category owing to depressed income, geographical disadvantages, environmental impacts, conflicts and post-conflict issues, governance deficits and structural impediments (Bhattacharya & Khan, 2019a).

Financing needs of recipient countries are also changing. Poverty is no longer concentrated in LICs but rather in the bulging MICs. As many as 1 billion people living in poverty were from MICs compared to 300 million living in LICs (Sumner, 2012). Eradicating poverty in MICs is more complex, as aid comprises a small share of financial resources in MICs. Moreover, the world is likely to see fewer absolute-poor but more relatively-poor in the emerging context. National inequalities are likely to be more challenging to mitigate in the era of SDGs given that development assistance no longer addresses only income poverty, but also a large variety of other issues including climate change, conflict and insecurity. Many of these challenges need to be addressed outside the traditional development cooperation sphere. Developmental results will be more connected with the provision of global and regional public goods, particularly those related to environmental issues.

Finally, the changing global environment has implications for the future of development cooperation and its actors. There is an ongoing upward trend in humanitarian crises, which have been shifting spending priorities of providers towards more humanitarian assistance. As will be seen in later sections, such crises have caused provider countries to withhold a large portion of their aid budgets for spending inside the country to host refugees and forcibly displaced populations. A direct implication of such spending could be that core development projects with longer terms are deprioritised in favour of more immediate responses to humanitarian crises.

Similarly, environmental concerns related to global warming, natural catastrophes and especially climate change have been on the rise, aggravating developmental challenges for people already living in vulnerable contexts. Climate finance has gained much-needed traction and substantive development finance is being channelled towards the cause. However, given that the total official finance resources seem to be limited for the foreseeable future, any crisis needing immediate response burdens the already difficult choices related to allocation priorities. There is growing recognition that substantial investment is required to advance the cause for global public goods, which includes climate change mitigation, with separate financing beyond aid (Alonso, 2016; Alonso, 2018; Jenks & Kharas, 2016; Gallagher & Kozul-Wright, 2019).

There are other emerging challenges that the international development community have to confront in the coming years. A forecasted global economic slowdown will affect already restrained finance flows and induce provider fatigue. A trade war is unfolding between the United States and China, while functioning of the World Trade Organisation (WTO) continues to falter. There are concerns regarding competitive devaluation of currencies. The European Union seems to be more fragmented than ever. Rising national and international inequality is also likely to worsen with automation and the fourth industrial revolution.

Finally, the rise of right-wing populist movements across the United States, Europe and parts of Asia and the ensuing fading spirit of multilateralism are likely to have dire implications for development cooperation and its effectiveness in the near future (Kharas & Rogerson, 2017; Hearn, 2017). It is not a stretch to say that the current face of multilateralism is collapsing. Commentators are already talking about the need for a "New Multilateralism" that rebuilds the norms of global economy by way of "coordinated stability", "shared prosperity", "environmental sustainability" and most importantly, ensuring adequate space for "national policy sovereignty" (Gallagher & Kozul-Wright, 2019).

The changing landscape of development cooperation and global environment has given rise to issues previously unknown by its participants. Thus, a deeper understanding is crucial to cope with the emerging realities, but from a more grass-roots perspective this time around. Country-level investigations should enquire the practical implications of the changing dynamics on effectiveness on the ground. Whether development cooperation efforts can meet the country's development needs and challenges in the face of these emerging trends needs to be recognised. The following sections explore some of these trends in greater detail to identify the pertinent issues for further country level enquiry.

Shifts in allocative priorities of bilateral aid

Allocative priorities among providers of external public development finance have changed over the years due to the shifting landscape, external circumstances, and changes in demand and motivations (Khan & Kazi, 2019; Bhattacharya & Khan, 2019a). The allocative tendencies are particularly critical in view of the slackened growth in ODA flows from major official providers in recent years. The preliminary data on 2018 show that total ODA from all providers reporting to OECD only reached a total of USD 161 billion in 2018. Net ODA flows by DAC member countries (the largest among the total official providers) were USD 149.3 billion in 2018, which represented a fall of 2.7% in real terms compared to 2017. Out of the 30 DAC members, net ODA rose for seventeen members and fell for thirteen members including the EU. The fall does reflect a reduction in in-country refugee costs for many DAC members. Yet, even with these costs excluded, net ODA levels were at best stable at the 2017 levels, or increased only marginally, as in the case of EU members (3.9% compared to 2017) (OECD, 2019a).

Between 2000 and 2017, the social infrastructure and services sectors continued to receive the largest share of ODA in commitments from total official providers (see Table 2). However, after years of increase until 2010, the allocative priority for this sector has been on a decline in favour of (mostly) humanitarian aid. Between 2007 and 2017, humanitarian aid from total official providers increased almost four times in absolute volume (USD 7.5

billion to USD 28.5 billion) and twice in terms of share of net ODA (6.5% to 14%). This shift in priorities for the humanitarian sector has been mostly driven by bilateral providers, both DAC and non-DAC. As will be shown in a later section, multilaterals have been less active in responding to humanitarian issues as far as shifting priorities are concerned. Share of commitments to economic infrastructure and services remained stable or slightly increased since 2010, albeit allocations have improved substantively compared to 2005 levels. ODA allocation for action related to debt services has significantly declined since 2000 for all providers (OECD, 2019f).

Table 2. Sectoral distribution (percentage) of total gross disbursement of ODA from total official providers

Year / Sector	2005-09	2010-14	2015	2016	2017
Social Infrastructure & Services	36.82	39.62	34.74	34.19	34.60
Economic Infrastructure & Services	11.74	16.59	17.06	15.16	15.72
Production Sectors	5.64	7.40	6.76	6.35	7.00
Multi-Sector / Cross-Cutting	6.42	9.05	8.59	8.47	7.79
Commodity Aid / General Programme Assistance	5.23	5.20	4.42	3.82	4.27
Action Relating to Debt	17.40	3.44	1.11	1.82	0.71
Humanitarian Aid	7.76	8.72	11.77	13.37	14.60
Administrative Costs of Donors	4.09	5.44	5.01	4.64	4.74
Refugees in Donor Countries	1.74	3.04	7.37	8.99	7.35
Unallocated / Unspecified	3.15	1.49	3.17	3.21	3.20

Source: Based on data from Creditors Reporting System (OECD, 2019).

With the unveiling of new global priorities, such as cross-border migration, resources are diverted from recipient countries to in-country use by the providers. The proportion of ODA not leaving provider countries remained high in 2017 (Dodd, Caio, Coppard, & Tew, 2018). "In-donor refugee costs" for DAC countries tripled from USD 4.9 billion in 2013 to USD 14.2 billion in 2017. This accounted for 9.7% of total net ODA flows. Although costs reported in 2017 was 13.6% lower compared to the preceding year following clarifications by DAC on rules related to what in-country costs on refugees can be reported as ODA (OECD, 2018).

Deconstructing the data into regional and country groupings reveals some subtle but interesting trends. For instance, in Asia, bilateral ODA towards the social sectors was in general decline (with a few exceptions) until 2015 but picked up slightly in the post-2015 SDG era. However, there are only two years of data available for the post-2015 years to confirm trends. The opposite was true for economic infrastructure and services sector – these increased until 2015, but then declined in 2016 and 2017. Allocation towards production sectors declined and then improved through pre- and post-SDGs respectively. Sub-Saharan Africa saw improving shares towards social sectors until 2016, which then declined in 2017. Share of gross disbursements to economic infrastructure and services sector significantly increased until 2015, followed by falling shares in the next two years. For LDCs, allocation towards economic infrastructure improved over the years. In fragile states, share of disbursements in the social sectors declined, whereas they improved in the economic sectors. Although the above scenario does not pinpoint towards any distinct trend in shifting of allocative priorities, what is clear is that the priorities of traditional bilateral providers vary by region and country groupings, probably depending on country contexts, demands, and geostrategic motives of providers. Another clear trend that appeared irrespective of region or country grouping is increasing allocation towards humanitarian aid, and towards administrative costs compared to the previous decade.

As discussed previously, SSC has become an important source of new external resources. One of the largest providers of SSC, China's foreign assistance increased nearly three and a half times between 2003 and 2016. The country has launched more than 5000 projects since 2000 in different parts of the world, including in Africa and Asia. There is a clear emphasis on the infrastructure sector (mostly economic) with projects across energy, transportation and communication followed by the production sector to include projects related to industry, mining, construction and agriculture, forestry and fishing. Notably, China's official flows are less concessional compared to those by traditional providers. China also generally provides aid as part of a larger package of SSC, which includes investment, trade deals, blended with larger non-concessional loans and export credits (Khan & Kazi, 2019). Unfortunately, the Chinese government has not been very open with its disclosures on aid spending and the only official sources of information are available through the two white papers that it released in 2011 and 2014. As such, trends in detailed sectoral allocation of Chinese aid are difficult to assume. However, literature suggests that diplomatic interests in recipient countries are considered the most important factor in guiding China's development assistance including its humanitarian assistance. China's humanitarian spending has been increasing, albeit sporadically. It is mostly response-driven and used as means to promote national interest (Hirono, 2018).

India provides most of its development assistance regionally, particularly to its neighbouring countries of South Asia (Kumar & Sharma, 2015). Predominantly among the largest recipients of bilateral aid, India has transitioned over time into a net provider of foreign assistance by doubling its foreign aid budget between 2003 and 2014 (Bhogal, 2016). Both commercial and political interests have dominated India's financial assistance decisions. The country supports infrastructure development, providing aid to sectors that hold mutual economic-strategic interest, such as transport, energy and democracy. Bhutan has probably received the biggest share of Indian aid towards its hydro-electric power development in recent years. Post-conflict Afghanistan, Sri Lanka, and Nepal have also been beneficiaries of Indian assistance (Bhogal, 2016). Bilateral SSC is also found to be dominant among the Latin American providers concentrating mainly on social infrastructure and services sector (SEGIB, 2017).

There is basis to fear that distinctions between development assistance and humanitarian/security-related assistance are blurring given the increase in humanitarian assistance at the expense of other sectors related to long-term development. Dominance of humanitarian aid might prevail in the coming years in view of the ongoing humanitarian crises around the world. It seems more likely that the shift of allocative priorities towards the economic infrastructure and services sector will continue; not only based on the numbers, but on the fact that the focus of providers is shifting to the old effectiveness narratives around economic growth, infrastructure, and productive capacities. Economic infrastructure has emerged as the preferred sector for all genres of external development finances including ODA, SSC and, as will later be seen, blended finance (Khan & Kazi, 2019). In fact, in the post-2015 world, both economic and social infrastructure sectors should continue to be relevant as indicated by the mapping of aid programmes of most of the development partners, which reveal significance relevance to SDGs (OECD, 2018a).

It will be interesting to observe whether shifts in allocative priorities by bilateral providers are reflections of actual demands on the ground or underlying strategic interests of providers. Given that providers have a special interest in infrastructure, especially those related to economic sectors, a sectoral approach to effectiveness of infrastructure projects on the ground funded by different genres of providers can be helpful.

Such an analysis will present a good opportunity to gather comparative perspectives on the different sources of financing available to recipient countries and the dynamics of those relationships. Finally, a recipient's take on whether increased spending on humanitarian aid (as well as climate mitigation for that matter) is removing funds from long-term development projects is needed to add substance to the old debate on what should constitute development finance. These questions are crucial issues to research and answer at the country level.

Evolving trends in multilateral cooperation

Multilateral Development Banks (MDBs), including the various international financial institutions, development finance institutions, and global funds, have been important channels of delivery of external financial assistance since foreign aid became institutionalised. This share has risen even more significantly since the mid-1990s. Between 2000 and 2017, aid delivered through multilateral channels averaged about 26% of ODA from total official providers. Multilaterals accounted for about 27% of the increase in ODA during the same period (OECD, 2019f).

The landscape of funding for these organisations has evolved over time. A king share of their funding still originates from DAC countries. In 2016, the DAC delivered about 41% of their ODA through the multilateral development system. However, there has been an increasing trend of both public and private funding beyond DAC to the multilateral system. Especially emerging economies like China, Brazil, India, South Africa, and others have become significant contributors in the recent past. The pie of funding also includes private philanthropy, corporations and other multilaterals institutions. Finally, non-concessional finance from capital markets has become one of the fastest growing sources of finances for international financial institutions. The proliferation of funders has brought with it increased conditionalities and reporting requirements, often at the cost of MDBs' performance in terms of providing country-specific, integrated, and holistic solutions (OECD, 2018c).

The last decade has seen a widening of the range of multilateral actors beyond traditional MDBs. New regional development banks (RDBs), such as the Asian Infrastructure Development Bank (AIIB) initiated by China, and the New Development Bank created by the BRICS countries have emerged as prominent new establishments (Wang, 2017). While there may be concerns that the new RDBs from the Global South could undermine traditional MDBs and RDBs, their emergence also testifies to the shifting "balance of power" globally as a result of the imminent frustration towards the capacity deficits of traditional RDBs to deliver change (Alonso, 2018; Prizzon, et al., 2017; Wang, 2017).

A particular trend that causes concern related to the nature of funding to MDBs has been the increasing share of earmarked funding (non-core funding or multi bi-aid) and decreasing share of core funding in recent years. According to estimates, share of earmarked aid in total ODA increased from 29% in 1995-2000 to about 38% during 2001-2006 (Adugna, 2009). In 2016, the level of earmarked funding doubled since 2007. A staggering 80% of donations towards UN funds and programmes were earmarked in 2016. One of the reasons for the trend has been the increase in funding towards humanitarian response since 2013. In 2016, humanitarian funding accounted for 43% of earmarked funds to MDBs (OECD, 2018c). Asia and Africa account for the regions with the highest share of earmarked aid through the multilateral system from the DAC providers. In fact, the earmarked amount received by Asia and Africa amounts to almost six times the amount received by the other three regions.

> **Earmarked aid can pose challenges in terms of alignment with recipient-country priorities, fragmentation of aid, and increased transaction costs.**

Earmarked funding has gained favour among both traditional and non-traditional providers due to its innate feature of greater coordination and harmonisation between the provider and recipient countries, and ability to address sector- or country-specific development challenges. However, proliferation of earmarked aid contributes to the increased volatility and unpredictability of aid in developing countries (Adugna, 2009; Tortora & Steensen, 2014). From the perspective of development effectiveness, earmarked aid can pose challenges in terms of alignment with recipient-country priorities, fragmentation of aid, and increased transaction costs. Increased earmarking can also hinder MDBs from upholding their organisational priorities and operate in an effective manner.

Another trend of multilateral aid has been its growth in upper middle-income countries (UMICs) compared to other developing countries since 2010. The post-2000 growth path of multilateral aid to different country groups reveals that since 2005, the growth of multilateral ODA to UMICs had followed an upward trend. Share of ODA towards fragile states also improved for both multilaterals as a whole, as well as RDBs. In terms of sectoral preference, share of multilateral gross ODA disbursements (see Table 3) towards social infrastructure and service sector, economic infrastructure, and services and production sectors have increased over the years. Unlike bilateral ODA, humanitarian aid from multilaterals, although increasing, has not grown significantly. Action related to debt has dropped drastically. Administrative costs have also been kept at bay.

Table 3. Sectoral allocation (percentage) of gross disbursements of ODA by all Multilaterals

Year / Sector	2005-2009	2010-1014	2015	2016	2017
Social Infrastructure & Services	35.08	40.33	40.55	40.44	41.84
Economic Infrastructure & Services	11.64	23.66	24.31	22.74	23.17
Production Sectors	6.24	8.54	8.07	8.71	9.29
Multi-Sector / Cross-Cutting	5.53	7.89	7.59	9.57	8.45
Commodity Aid / General Programme Assistance	6.80	6.49	5.01	3.90	4.03
Action Relating to Debt	26.71	1.82	1.52	0.35	0.21
Humanitarian Aid	4.34	5.89	6.40	7.69	7.56
Administrative Costs of Donors	2.55	4.28	4.12	3.80	2.61
Refugees in Donor Countries	0.00	0.05	-	-	-
Unallocated / Unspecified	1.10	1.08	2.43	2.80	2.85

Source: Based on data from OECD's Creditors Reporting System (OECD, 2019f).

For RDBs, the increase in share of ODA spent on social and economic infrastructure has improved significantly (see Table 4). Infrastructure has been the priority sector for the new RDBs of the Global South (Wang, 2017). However, administrative costs have occupied a large share of RDBs' ODA spending over the years.

Table 4. Sectoral allocation (percentage) of gross disbursements of ODA by RDBs

Sector / Year	2005-2009	2010-2014	2015	2016	2017
Social Infrastructure & Services	12.15	27.21	28.75	27.95	30.09
Economic Infrastructure & Services	11.84	32.38	38.18	32.18	40.46
Production Sectors	5.64	8.64	6.23	7.13	10.07
Multi-Sector / Cross-Cutting	2.40	5.91	7.36	10.78	9.69
Commodity Aid / General Programme Assistance	6.27	5.08	0.91	1.83	1.74
Action Relating to Debt	59.90	6.51	1.57	2.12	1.35
Humanitarian Aid	0.11	2.02	2.81	2.78	1.05
Administrative Costs of Donors	-	9.87	10.67	9.68	-
Unallocated / Unspecified	1.70	2.97	3.52	5.55	5.55

Source: Based on data from OECD's Creditors Reporting System (OECD, 2019f).

The role of multilaterals in advancing the 2030 agenda is more pronounced than ever (Prizzon, et al., 2017; Bhattacharya, Kharas, Plant, & Prizzon, 2018; OECD, 2018c; Mohieldin, Verbeek, & Subramaniam, 2018). This is because MDBs have evolved from institutions that merely provide funding to ones that take the centre stage in building capacities and managing interrelated development processes at the global, regional and national levels. They have also evolved from transferring resources to mobilising them (Mohieldin, Verbeek, & Subramaniam, 2018). International financial institutions like the World Bank Group have been at the forefront of mobilising private sector financing for development, including in the form of blended finance in developing countries. Finally, MDBs are advocates for global public goods – integral to achieving the SGDs – in several international fora. They are deemed the most appropriate framework to promote and articulate cooperative actions towards global public goods (Alonso, 2018).

It is thus important that multilaterals are allowed to operate beyond the influence of the agenda extended by major bilateral providers and according to their own institutional mandates. International financial institutions can be crucial in providing holistic development solutions respecting individual national country contexts. They are also important players of triangular cooperation and can act as credible platforms to convene different actors at the national level.

Future directions for multilateral practice should come from the country level and country perspectives, rather than be guided by a bilateral agenda. Country-level investigations could focus on the differential approaches to assess effectiveness of development finance flows from multilaterals compared to other traditional and non-traditional sources of bilateral aid. It will be especially interesting to understand how increases in earmarked funding have affected assignment of development priority of multilaterals and ensuing alignment issues with national priorities. Whether country ownership is compromised as a result of this will be an important aspect to be investigated in this regard. The development effectiveness agenda has time and again reiterated the importance of country ownership as the cornerstone principle of development cooperation efforts. Any contradictory trend found in practice at the country level needs to be highlighted to inform the new narrative on the discourse.

Scaling up the private sector

Besides official traditional and non-traditional providers, the private sector is increasingly becoming involved in development cooperation. A bigger picture on international finance flows to developing countries depicts a story of falling significance of ODA and other similar public finance flows, especially in middle income countries[5]. Since the beginning of the new millennium, ODA has grown at a slower rate than different flows of international private finance, such as direct investments, remittances and other funds (OECD/ODI, 2014). Private philanthropy is similarly increasing in prominence. The total volume of philanthropic development funding was USD 24 billion (equivalent to 5% of ODA) over 2013-2015, of which the Bill and Melinda Gates Foundation accounted for almost half (OECD, 2018e). While the process of capital account deregulation explains some of the unprecedented expansion of international private financial flows including remittances and private philanthropy, it may also have helped that these flows are usually unaffected by political influence and bureaucratic complications (Alonso, 2016; Alonso, 2018). However, 67% of philanthropic assistance goes to non-LDC middle-income countries like India, Nigeria, Mexico, China and South Africa, whereas only a third of the

5 For many LDCs, ODA still comprises a large portion of external resources financing development (needs example/reference).

country-allocable funding benefited the LDCs. Consistent with the stagnating outlook for public finance flows, private flows are also declining according to OECDs preliminary data for 2018. Since 2013, FDI, accounting for a third of total external financing to developing countries, fell by around 8.6% in 2016 (OECD, 2018b).

In the era of the SDGs, the role of the private sector will increase and end up as a significant component of development finance, because public finance, external, and domestic may not be enough to bridge the estimated USD 2.5 trillion financing gap in realising the SDGs. The gap is even starker for vulnerable country groups like LDCs and LICs. The business-as-usual scenario is unlikely to improve the situation much. As such, the development cooperation community seems to agree that achieving the SDGs will require innovative means of crowding in additional resources, especially from the private sector. MDBs have popularised the notion of "billions to trillions"; the idea to strategically leverage billions of official assistances to catalyse trillions of private capitals towards total financing for development. MDBs already had a long-standing record of mobilising private finance in promoting development. The reinvigorated optimism of being able to further mobilise trillions was based on the hope that a combination of good project and innovation, de-risking, and addressing structural gaps is bound to work (Sebti, 2016).

One of the most visible manifestation of this aspiration has been in the form of blended finance, the strategic use of development finance for the mobilisation of additional finance towards sustainable development in developing countries. In the evolving landscape of development finance, blended finance has been gaining traction as a possible solution to attract and mobilise private investment for implementing SDGs. Proponents of blended finance claim that it has the potential to address market failure and facilitate market development in developing countries (Khan & Kazi, 2019). Those most in need of SDG financing but with poor market conditions, primarily LDCs, LICs, and countries with fragile contexts, should benefit the most from blended finance.

Blended finance has been gaining traction as a possible solution to attract and mobilise private investment for implementing SDGs.

The OECD estimates an approximate total USD 154 billion private finance mobilised by ODA between 2012 and 2017, with the absolute volume increasing every year. Of the total amount, more than 70% of private finance mobilised was in MICs (43.1% in UMICs and 28.49% in LMICs). LDCs and other LICs received only 6% and 1.6% respectively of the total private finance mobilised (OECD/UNCDF, 2019). This is despite one in every three deals of blended finance being targeted towards LDCs, accounting for 12% of total financing earmarked for blended operations. This indicates both lower ticket size of blended deals in LDCs and even lower rate of mobilisation compared to other developing countries. Moreover, the amount of private finance mobilised varies significantly among LDCs. In 2016-17, the top five recipients (Myanmar, Bangladesh, Guinea, Cambodia, and Zambia) represented approximately 55% of the total volume of private finance mobilised, while the remaining 35 LDCs accounted for only 45% (OECD/UNCDF, 2019)[6].

The average amount of private finance mobilised per deal in LDCs was USD 6.1 million compared to nearly USD 28 million in LMICs and USD 60 million in UMICs over 2012-2017. Mobilisation rate by MDBs and development finance institutions in LICs have been USD 0.37 for every USD 1 of concessional finance compared to USD 0.75 in developing countries (Attridge & Engen, 2019). The average volume mobilised in LDCs has also been consistently lower for all leveraging instruments compared to other developing countries (OECD/UNCDF, 2019). These trends have led many to question whether blended finance is targeting countries most in need (Pereira, 2017; Sundaram & Chowdhury, 2018; UNCDF, 2018; OECD/UNCDF, 2019; Attridge & Engen, 2019).

The sectoral distribution of blended operations reveals that blended finance is directed towards low risk investments with clear business cases (Sundaram & Chowdhury, 2018; Attridge & Engen, 2019). Direct investments and syndicated loans mobilised larger amounts in areas with clear revenue streams. Banking and Financial services, Energy, and Industry and Mining remained amongst the top sectors of private finance mobilised for developing countries, comprising over 72% of all private finance mobilised between 2012 and 2015 (Benn, Sangaré, & Hos, 2017). The concentration on a few sectors and countries raise valid concerns over whether blended finance providers have too low an appetite for risk to address issues of market failure in underdeveloped markets as envisaged by its proponents.

Blended deals were found to favour blending with commercial finance from usually high-income provider countries over domestic investors. Between 2012 and 2015, almost half of the private funds mobilised (44%) came from OECD or high-income countries, either from provider or third countries, while only 27% came from developing countries as either beneficiary or third developing countries (Benn, Sangaré, & Hos, 2017). This tied aid has the risk of crowding out local country investors and financial sectors. The focus has been more on commercial finance than private sector mobilisation. According to

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6 In 2016-17 private finance was mobilised by ODA in 40 LDCs.

Convergence (2018), blended finance funds have leveraged USD 4 of commercial capital for every dollar of concessional capital on average (Convergence, 2018). However, only a small portion of this commercial capital has come from private sector investors. Such a trend reinstates blended finance's conventional focus of blending concessional capital with commercial capital from international financial institutions and development finance institutions rather than crowding in investment from the private sector.

Various actors use different definitions for blended finance, leading to considerable confusion. Terms such as "leveraging", "mobilising" and "catalysing" are often used interchangeably (Sundaram & Chowdhury, 2018). There is also a significant lack of transparency and accountability, a lack of proper monitoring and evaluation mechanisms, and severe information asymmetry afflicting blended operations in developing countries (Bhattacharya & Khan, 2019b; Sundaram & Chowdhury, 2018; Khan & Kazi, 2019). All these factors make it difficult to assess the actual magnitude and development impact of blended finance.

It is important that blended finance finds an appropriate place in the new development architecture, but by crowding in additional commercial finance (from billions to trillions) for developmental needs, and de-risking and addressing market failures in developing economies, may be unrealistic. Given the track record so far, there exists sufficient scepticism surrounding this expectation (Attridge & Engen, 2019; Kapoor, 2019). The concept is still in an incipient stage, especially in poorer countries like LDCs and LICs. Both opportunities and risks are involved. There is no scope for getting deluded by the sometimes-championing tunes of its proponents. Then again, there has been enough evidence of its potential not to get dissuaded by the attendant risks.

There is much room for rethinking the design and governance of blended finance especially in relation to contextual realties of the recipient countries to optimise development impact and inclusivity. What is important to unearth from country experiences is why mobilisation rates are low in poorer countries like LDCs and LICs, and whether adequate legal, institutional and regulatory frameworks are in place to accommodate a new and innovative instrument like blended finance. It will also be interesting to understand what has kept the domestic private sector from getting attracted to blended deals. Are non-traditional providers exploring similar opportunities to blend concessional finance to bring in more commercial finance? Finally, questions over whether to untangle the different components of blended deals to assess effectiveness, or to treat the intervention holistically to prove development impact, should be addressed at the country level and based on practical experiences of relevant stakeholders.

Leveraging domestic resource mobilisation

Any discussion on development finance effectiveness is inadequate without a look at domestic resources and the role of international cooperation in mobilising them. The importance of domestic resource mobilisation in developing countries could not have been reiterated enough in contemporary discourse on global development. Starting from the Monterrey Consensus (UN, 2003) to the Busan Partnership Agreement (OECD, 2011b), the AAAA (UN, 2015a), the 2030 Agenda (UN, 2015b), and the Nairobi Outcome Document (GPEDC, 2016), have all acknowledged that a country holds the primary responsibility of financing its own development by means of mobilisation and effective use of its domestic resources. Only where domestic public and private resources fall short should international public (concessional) finance be sought to fill the gap. Not only does DRM provide greater space for sustainable financing, it is also ideal as far as reducing dependency on external finance, national ownership of development expenditure, and accountability towards national constituencies are concerned.

Government revenues have been the fastest growing category of financing development since the late 1990s and early 2000s in real terms. Government revenue as a share of GDP has seen upward trends even in low-income countries who had very low shares to begin with (Kharas, 2014a; Schmidt-Traub & Sachs, 2015). Arguably, economic growth and growth in per-capita income have contributed to the increase in domestic government revenues over the years (Schmidt-Traub & Sachs, 2015; UN, 2015a; UN/ Inter-agency Task Force on Financing for Development, 2019). However, tax revenues comprise a major share of government revenues, and tax-GDP ratios in less advantaged developing countries are still poor with stagnant trends at best. For LDCs, average tax revenue as a share of GDP reached 13% in 2017 (IMF, 2019). While the median ratios in LDCs remained stagnant in 2017, the median ratios for Small Island Developing States fell (UN/Inter-agency Task Force on Financing for Development, 2019). The average tax-GDP ratio in LDCs does not capture the variations that exist in the tax mobilisation rate by country. The ratio also does not necessarily depend on the per capita income, as it can at best predict a potential for revenues. Actual revenues are more dependent on the capacity of the country's relevant institutions (Bhattacharya, 2016). Unfortunately, the situation in these countries is a viscous cycle. On the one hand, they are most in need of additional finances to strengthen their institutions. On the other hand, their institutions lack the capacity required to mobilise these additional resources.

How international development cooperation affects domestic revenue mobilisation has been an intriguing area for exploration. Most literature that studied this association has found a negative relationship between ODA and DRM. In Bangladesh, aid was found to have an overall detrimental effect on DRM, at least in the short term (Sobhan & Islam, 1988). A relatively recent paper with a more comprehensive dataset for over 118 countries over the period 1980-2009 saw a negative relationship between ODA and domestic tax revenues. ODA was found to have a particularly inhibitive effect on domestic tax revenues in countries with low-income and weak institutions. However, the negative effect was found to be weakened in countries with greater efforts directed towards DRM (Crivelli, Gupta, Muthoora, & Benedek, 2012).

A topical discussion has been how ODA and other external finances can be utilised as a catalytic agent to mobilise domestic resources not only by incentivising the private sector (e.g. through PPP or blended finance), but also by strengthening tax systems (Kharas, 2014b; Alonso, 2018). The matter has gained political attention in the recent past. The very first target of SDG 17 concerns improving domestic capacity for tax and other revenue collection with international support (UN, 2015b). The Addis Tax Initiative (ATI) can be deemed a significant step where development partners committed to doubling their ODA spending towards DRM by 2020 and improving policy coherence[7]. Progress however has been mixed in achieving the commitment. First, there are doubts over whether the target itself is good enough that ODA spending on DRM was already so low. Second, even though the collective effort by ATI members in meeting the targeted commitment were met in 2016, a more disaggregated look reveals that only a handful of countries significantly increased their spending and a limited number of countries were at the receiving end. For instance, a large one-off payment by France to Indonesia drove up the average spending towards DRM for the whole group in 2016 (Dodd & Watts, 2018). In fact, ODA disbursement, rather than commitments, towards DRM from DAC providers fell both in volume and share of total ODA in 2017 from 0.29% to 0.16% (OECD, 2019f).

The Platform for Collaboration on Tax (PCT), a joint effort launched in April 2016 by the IMF, OECD, UN and the World Bank Group has been another leading effort in guiding international support towards developing countries[8]. Notably, multilateral ODA towards DRM has seen an upward trend since 2015 and disbursement improved significantly both in absolute terms and share of total ODA between 2016 and 2017 from 0.08% to 0.17% (OECD, 2019f). The IMF's Fiscal Affairs Department and the World Bank Group have been the most active and most influential agencies on tax matters. On the other hand, regional banks such as the Asian Development Bank have been relatively laid-back on regional tax issues despite their substantive regional presence (Carter, Sweet, Mustapha, & Long, 2015).

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7 More information on the initiative can be found here: https://www.addistaxinitiative.net/

8 More information on OCT can be found at https://www.worldbank.org/en/programs/platform-for-tax-collaboration

A further critical area through which international cooperation can facilitate DRM is international tax policy cooperation. Avenues for international tax cooperation have expanded in recent years to include establishing tax norms to curtail double non-taxation and international corporate tax avoidance, as well as increasing information exchange among tax authorities to tackle tax evasion (UN/Inter-agency Task Force on Financing for Development, 2019).

Tax evasion has been an area of concern especially for developing countries. These countries rely heavily on the revenue generated from corporate taxes. However, despite extensive physical operations in developing countries, many multinational corporations are able to avoid paying their due taxes through base erosion and profit shifting (BEPS). They do so by declaring a significant portion of their profits in no or low tax jurisdictions with minimal economic activity and value creation (OECD, n.d.). There is now general consensus regarding cross-national movement of capital leading to tax evasion to be considered illicit financial flow. They significantly hinder developing countries from mobilising domestic resources for the purpose of development. The volume of IFFs is growing, disproportionately affecting resource-rich countries and fragile and conflict-affected states (World Bank, 2017). With increasing digitalisation of the economy and evolving business models, it is now more difficult to assert jurisdiction for taxation purposes and ensure fair taxation through existing tax systems (Hadzhieva, 2019).

The OECD-G20 BEPS project and the OECD-housed Inclusive Framework for BEPS implementation tackle issues related to international tax evasion. However, these initiatives cannot fully address and inhibit profit-shifting. Neither do they eliminate the issue of tax competition. Rather, reduction of available channels for BEPS can sometimes escalate incentives for direct competition over tax rates. The Global Forum on Tax Transparency and Exchange of Information for Tax Purposes is another tax initiative aimed at the sharing of tax information among tax authorities of different countries. The initiative conducts peer-reviewed assessments of member countries for compliance with international standards for transparency and information exchange (UN/Inter-agency Task Force on Financing for Development, 2019).

Participation of developing countries in these various international tax cooperation instruments is low, although there have been signs of improvement in 2018 compared to 2017. However, among signatories, the number of LDCs has been much lower compared to MICs and non-LDC Small Island Developing States. Participation has been highest in the Global Forum on Transparency and Exchange of Information, followed by the Inclusive Framework on BEPS-OECD (UN/Inter-agency Task Force on Financing for Development, 2019).

In summary, the role of international cooperation in DRM, albeit significant, has not received political attention until very recently. Whether efforts have been too little too late can be debated given the marginally improving, but consistently poor performance of developing countries in mobilising domestic resources. In this regard, capacity-building initiatives directed at strengthening local institutions and administrations is vital, and current levels of aggregate ODA commitments appear to be inadequate. Policy coherence and cooperation on tax policies at the global level, systematising issues related to digital trade, and more stringent handling of illicit flows are undoubtedly critical areas. South-South cooperation can be integral in managing negative spill-over effects of national tax policies, at least at the regional level. Accounting for the catalysing role of development cooperation not only in attracting more domestic private finance but also improving the flow of domestic public revenue is integral to the discussion of effectiveness of international development cooperation.

Country-level inquiries should seek to answer questions whether ODA is being sufficiently utilised to mobilise greater public domestic resources through the most effective means. Whether the country requires greater efforts being directed towards institutional capacity-building in tax collection or curbing tax avoidance will be an important investigation in assessing effectiveness. Another area of interest is the increased risk of tax evasion due to the digitalisation of the economy. Finally, understanding how to improve developing country participation in international tax cooperation initiatives, and whether low participation rates result from capacity issues would be crucial to making development cooperation more effective in DRM.

The challenges that emerge from the foregoing review of the transforming development cooperation landscape can hardly be addressed by the often-dysfunctional development cooperation architecture. Financing of the ambitious 2030 Agenda would require a shared framework and mobilisation of all the types of interlocutors of the financial markets; from bilateral providers (including from the Global South), regional banks and multilaterals institutions to blended finance and private philanthropy. Such a framework would enhance the allocative efficiency as articulated by the recipient countries, allowing them greater flexibility in aid portfolio management. This would allow greater domestic resource mobilisation in recipient countries. A move towards the realisation of this aspiration would need a "new conversation" in developing an innovative governance framework of development cooperation, espousing the novel multilateralism which would be essentially a "new game with new rules".

The other question is to what extent the observed changes in allocation of public development finance is commensurate with the developmental needs of the recipient countries in the Global South. It will be difficult to respond to this question without a proper enquiry into these recipient countries of the stakeholder's perceptions, including those "left behind". We propose that such an enquiry should also inform us about the relative efficacy of different financing modalities (e.g. ODA from DAC-OECD, Southern finance and blended finance).

Political economy matters

The present section deals with more complicated issues ingrained in the development finance architecture; political economy matters shaping the nature and manifestations of development cooperation. While solutions to these issues are less straightforward, an attempt has been made to highlight some of the more relevant features of this rather complex genre.

The underlying power imbalance in provider-recipient relationships

Political economy aspects embedded in the development cooperation regime and its outcomes are often rooted in the intrinsic imbalance of power, evident in traditional provider-recipient relationships. Power imbalances in this context may be understood as the control that one party exercises over the behaviour of the other through the supply or withholding of development assistance. Such imbalances pre-exist in traditional NSC relationships (Ordóñez, 2019) and precede the formation of such relationships owing to the established asymmetries in dominance enjoyed by countries over military, economic and knowledge spheres (Girvan, 2007). The dominance is also manifested in ownership and governance of international institutions where the North and the South usually interact in matters related to trade, finance, technology and knowledge sharing. As mentioned at the outset, foreign aid has historically been used as a means to advance regional and global power due to its potential to foster dependence and subsequent subordination by recipients. Even non-traditional providers have been using development cooperation as a tool to build alliances, gain political support in international platforms, and further foreign policy objectives (Apodaca, 2017).

While economic dependence is undoubtedly a powerful means of control, so is dominance of knowledge production and dissemination. In both of these spheres, the North has conventionally and systemically had an upper hand over the Southern recipient countries. Girvan (2007) uses the concept of "knowledge hierarchies" to scrutinise the North-South imbalances in development knowledge. From the perspective of ideological conceptualisation, Northern knowledge is believed to be at the top of the hierarchy with universal applicability. Southern or local knowledge is considered at the bottom with the sole purpose of identifying areas needing amendments to align with global solutions, rather than sources of original solutions. From the perspective of institutional conceptualisation, Northern knowledge centres are again deemed superior and assume dominant positions.

Besides economic and knowledge dependence, financial, and institutional capacity constraints of recipients – actual or perceived – contribute to control issues over development interventions in provider-recipient relationships. A myriad of other issues contributes to the dominance of providers. Power imbalances are often functions of a provider's own capacity, history of association with, and trust in, recipient country, differential strategic interests from a recipient county, competition faced from other existing and emerging providers, domestic demand, political landscape, as well as global circumstances. Acceptance of subordination from recipient's perspective is similarly influenced by the country's capacity, history of association with provider country, availability of alternate providers, domestic political landscape, strength of accountability to domestic constituency and domestic demands. Moreover, weak political support of governments domestically, together with overreliance on foreign assistance to strengthen political legitimacy at home can keep recipient governments from challenging power asymmetries (Whitfield, 2009) even if at the cost of country ownership over development agendas.

The skewed power dynamics manifest in several, often mutually reinforcing, political economy challenges related to collective action, recipient country ownership, mutual accountability mechanisms, and predictability of aid flows, all of which have implications for effectiveness. Ordóñez (2019) highlights these issues in detail. She points to the pre-existing distribution of power among countries as an impediment to reaching consensus on global norms and collective action. Each party's need to prove control and power in the relationship to its constituency comes at the cost of compromised ownership by recipient countries. Exercise of power through the imposition of policy conditionalities with implications for finance flows affects predictability and subsequently recipients' ability to plan effectively. Finally, the challenges of achieving mutual accountability, as espoused by the effectiveness agenda, are not clear. The effectiveness agenda assumes symmetry in power relationships, as well as motivations when promoting mutual accountability between providers and recipients. While the aid effectiveness agenda was criticised for hinging on technical dimensions and overlooking political realities, the development effectiveness agenda under the auspices of GPEDC also struggles with capturing the issue of power asymmetry and its repercussions for effectiveness.

One strategy to bring balance to a tilted power relationship was by the Bolivian government; to be an investment partner in development interventions to have more control over aid-funded projects (Peñaranda, 2019). However, not all recipient countries will have the capacity to share finances in hopes of exerting more control. Another strategy that helps recipient countries is to choose from a range of different providers, especially non-traditional ones. Despite the popularised notion that proliferation of providers and fragmentation of foreign assistance hampered efficiency, recipient countries were found to favour it due to their improved positions in the relationship with providers (Ordóñez, 2019). Increased competition among providers not only allows recipient countries greater ownership over their development plans, but also pushed traditional providers to reassess their approach.

The effectiveness agenda assumes symmetry in power relationships, as well as motivations when promoting mutual accountability between providers and recipients.

Finally, tackling power imbalances calls for approaches that are context-specific, locally driven and coming through the empowerment of Southern knowledge (Girvan, 2007). The need for more country level studies to generate evidence and knowledge fits in very well as the initial steps towards more power to the recipients.

The challenges of reaching consensus: collective action problem or more?

A manifestation of pre-existing asymmetric power dynamics among different actors has been the challenge of reaching agreement points and consensus on a universal agenda on development effectiveness. Keeping aside the debates on whether or not universal norms are desirable, the underlying political economy factors impeding progress in this regard has relevance for how effective development cooperation efforts are both at global and national levels.

Ordóñez (2019) explains the issue using the lens of collective action problem. Such a lens assumes that individual actors would be better off had they cooperated and opted for joint action. Collective action becomes difficult with considerable diversity among an increasing base of actors. This is especially true in the context of global public goods. However, in the evolving landscape of development architecture, the challenges of joint action go beyond mere coordination problems. Considering such challenges as only collective action problems may be problematic as even the most encouraging global developments often emerge after struggles between contending groups, where the aggregate outcome may not have benefitted all individuals (Hughes & Hutchison, 2012; Hutchison, Hout, Hughes, & Robison, 2014). Conflicting interests, politics and power dynamics often supersede benefits of a collective good. While the problem of collective action could be dealt with by addressing underlying trust issues or strong leadership, it would be much more difficult to tackle the challenge of diverging vested interests (Oxfam Blog, 2015)[9]. The latter would require going beyond technocratic solutions and considering more deeply entrenched political economy factors.

At the global level, when agreements among different actors are difficult to attain, concerned global platforms raise questions of legitimacy. Ordóñez (2019) reviews the concept as explored by Verschaeve and Orbie (2016) in the context of the DAC, the DCF and GPEDC and the different legitimacy challenges faced by each platform. DAC lacks inclusivity given it only includes developed countries as major providers of development cooperation. They represent the true "North". The DCF is comparatively more neutral and inclusive. However, the reviewers argue that that the forum is not as effective in making decisions and acting upon them. Neither of these policy organisations have been able to successfully overcome the challenge of collective action among the diverse actors involved. Ordóñez (2019) reviews a third and currently most relevant platform in relation to development effectiveness, the GPEDC. She argues that even though the GPEDC was set out to be more inclusive of providers, recipients and non-state actors, it faces legitimacy issues with the major Southern providers exiting the platform over disagreements with the North.

Another fundamental challenge for the global platforms dealing with effectiveness is the limitation of coordination strategies. Political economy literature highlights that a coordinating strategy – such as global norms – may not be suitable for all collective action problems, particularly those including a large number of heterogeneous actors (Gibson, 2005 cited in Ordóñez, 2019). A lack of framework is also problematic, since a system without adequate rules usually results in undersupply. In this case, a lack of rules for the financing for the SDGs may end in a reduction of financing sources. What this implies is that a successful framework for the promotion of development effectiveness may require some basic global norms, accompanied by other institutional arrangements and strategies throughout the implementation of programmes financed with development cooperation.

Under the above circumstances, concerns arise over the best possible platform to can engage diversified actors in a way that will make development cooperation efforts

9 https://oxfamblogs.org/fp2p/is-it-usefulright-to-see-development-as-a-collective-action-problem/

most effective at the national level. While a UN-mandated forum such as DCF has potential, the expected openness from the new leadership of GPEDC also brings hope. In this regard, a "GPEDC plus" or GPEDC 2.0, proposed earlier, can bring new dimensions to the global agenda.

Challenges regarding reaching consensus and collective action are also prevalent at the national level. The principle of inclusive partnerships is focused on assuring that non-state actors can play an active role in development processes. While at the global level, the focus remains on the enabling environment for engagement and participation, a closer look at the national and project level shows the difficulty of implementing programmes where the right actors are not involved in the planning and implementation. Similar issues related to interests, priorities and incentives of diverse actors often hinder optimal collective outcomes. The political economy forces at play at the national level are different from those discussed at the global level, and can be peculiar to each context and project, making it difficult for clear-cut rules to guide all types of development cooperation.

Country-level understanding is thus crucial in grasping the often vague and layered political economy factors that make reaching agreements over development issues difficult. At least for the real challenges faced at the national level, there is no alternative to gathering as many diverse perspectives as possible from different relevant stakeholders on the ground. The related questions asked in the country studies will be crucial towards that end.

Recipient country ownership: principle and practice

The concept of ownership in contemporary development cooperation discourse emerged at the same time as the effectiveness agenda; after the first high-level forum on aid effectiveness in Rome in 2003. It was not until the second high-level forum in Paris two years later, that both aid effectiveness and the principle of recipient country ownership gained political traction. Substantive progress has been made in this area, thanks to tangible commitments and goals. By 2011, the share of countries with sound national development strategies had increased three fold since 2005. However, like the effectiveness agenda, the ownership issue may have slipped to the side-lines post-Busan (Keijzer, Klingebiel, Örnemark, & Scholtes, 2018). This is due to lacking political momentum in recent years, as well as the narrow conceptualisation of country ownership.

The concept of ownership has greatly evolved since the Paris Declaration. Initially defined by recipient governments in discussion with providers, the definition of ownership grew in scope with inputs from wider society. Recipient governments and development partners were expected to consult multiple stakeholders respecting issues of inclusion, human rights, and equality in achieving the necessary buy-in for national development plans. Government ownership would be replaced by democratic ownership. Furthermore, implementation of such democratically designed plans was to be achieved through national institutions and capacities as much as possible.

There have been varying conceptual interpretations of ownership in the literature as well. It is seen both as a means to and a result of effective cooperation (Watson-Grant, Xiong, & Thomas, 2016; Keijzer, Klingebiel, Örnemark, & Scholtes, 2018). While some have focused on the partnership aspect through commitments, others see it manifested in the extent of control over design and implementation of development policy (Whitfield, 2009). True ownership is understood to exist when recipient countries are in full control over the formulation of their development agendas free from influence, while the provider funds that agenda regardless of its alignment with its own agenda (Castel-Branco, 2008). On the other hand, Martens (2005 cited in Ordóñez, 2019), interprets full ownership as preferences being completely aligned between providers and recipients.

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In practice, either of the two requirements for ownership to exist in its purest form is unrealistic due to issues related to control, capacity and trust. Then again, the opposite end of the spectrum would mean absence of any ownership. Thus, good practices of country ownership would entail a position within the spectrum that allows recipients greater control over their development agenda. In that sense, the concept of ownership is political, defined by the power dynamics between providers and recipients, and determined by control over the outcomes. Many other aspects of the political economy like power asymmetries, mutual accountability, and predictability of aid flows are intertwined with the principle of ownership.

The practice of ownership on the ground is still far from ideal. Although the proportion of countries with high-quality national development strategies has significantly improved by 2018 (26% in 2011 compared to 64% in 2018), development partners' alignment to recipient country priorities and reliance on country-owned results framework and systems have declined from 2016 to 2018 (OECD/UNDP, 2019). Results of the GPEDC monitoring also indicate that engagement opportunities of both national governments and development partners with the wider society could be more regular, predictable and inclusive of more diverse actors. Civil society actors expressed concerns about their shrinking space for freedom of speech. They were sceptical of the predictability and transparency of provider's funding mechanisms, drivers of their interests and priorities (OECD/UNDP, 2019).

Many political economy factors influence how ownership in development coordination is actually played out on the ground. Ordóñez (2019) points to the common practice of recipient governments deliberately keeping their national plans and strategies broad and vague, so that providers can find areas to match their own agenda. The fungibility of aid allows national governments to free up other resources to allocate for use in areas that align with their policy priorities. While such approaches may provide short-term solutions, true ownership is compromised in the long run. In Bolivia, despite the relationship between the government and traditional providers being under stress over issues of power, the broad national plan allowed enough space for reconciliation and common preferences among the parties (Peñaranda, 2019). One explanation provided by Ordóñez (2019) for planning processes with little implications for real change or alignment of priorities is that they allow each party to show to their constituencies that they possess control and power in the relationship.

Another common issue complicating democratic ownership is a lack of collective agreement or consensus on policy issues among the different actors at the national level. Especially where there is disjuncture between reformers and champions of a particular policy, providers struggle to take side. While policy conditionality is usually seen as contradictory to the principle of ownership, it has been favoured by governments in instances where conditionality allowed them to realise a reform that would otherwise be delayed (Ordóñez, 2019). Democratic ownership becomes complicated not only when non-state actors have limited space to voice their concerns, but also when they find it difficult to stay above the influence of the providers' agenda. In Bolivia and Uganda, CSOs were constrained in their independence with regards to their relationships with both governments and development partners (Peñaranda, 2019; Kasirye & Lakal, 2019). In these countries, CSOs work under financial and capacity strains which often lead them to adapt to the needs of funders to ensure basic functioning, while being equally pressured by national governments.

The key takeaway from the discussion is that the concept and practice of ownership beyond the usual rhetoric is complex, especially in the absence of uniform positions at the national level. Most research in the area has focused primarily on the providers' side of the equation and their roles in enabling ownership. But recipient perspectives are equally valuable in understanding their roles and needs to enable inclusive and democratic national ownership. More grass-root case studies on the issue of ownership is essential. The issue of ownership should comprise a crucial element in country-level questionnaires.

Multiple accountability framework and the broken feedback loop

The emphasis on mutual accountability in the effectiveness agenda is a shift away from the traditional understanding of outward accountability from recipients to providers through conditionalities (Ordóñez, 2019). Promotion of mutual accountability mechanisms builds on the assumption that different actors are motivated by the same objectives and preferences in a balanced power relationship. The challenges of achieving mutual accountability in the context of a more realistic asymmetric power distribution and diverse interests are less clear. Especially given that there are broken feedback loops in the multiple accountability channels throughout the value chain of development cooperation, starting from the tax payer in provider countries to beneficiaries in recipient countries.

Rahman and Farin (2019) highlight some of these channels of accountability. According to their review, "vertical accountability" denotes three-way accountability related to the roles of the government, CSOs and the private sector in the recipient country (Kharas, 2012 cited in Rahman & Farin, 2019). "Effective national accountability system" in recipient countries refers to the achievement of expected benefits from external assistance through monitoring of outcomes (Wolfensohn, 2005 cited in Rahman & Farin, 2019). "Accountability among the providers" is meant to avoid duplication of efforts and fragmentation of aid (in order to reduce transaction costs for recipients) through coordination and harmonisation among providers. "Accountability of development partners to fund providers" is to make the best use of the received resources. Finally, "accountability in management of development funds" is related to the challenges of inefficiency, corruption, and leakages through the public system of provider and recipient countries (Okun, 1975, Syull, 2014 cited in Rahman & Farin, 2019).

In these different channels of accountability, the challenge of broken feedback loops impedes the effective practice of mutual accountability in international cooperation. In democratic political systems, public policy beneficiaries hold the government accountable through electoral votes in case the government defaults in following the electorate's preferences. However, in international development cooperation, both geographical and political distance make the links between providers and beneficiaries almost impossible. Foreign aid agencies target recipients living outside a provider's constituency. The beneficiaries thus cannot exert the same pressure on providers through their own governments due to imbalanced power relationships, lack of enforcement mechanisms, and weak ownership over their development agenda. Enforcement of mutual accountability from providers to recipients also depends on weak mechanisms such as peer pressure and risks to reputation. Split constituencies have implications for the decision-making process and can further induce ownership challenges.

In practice, domestic accountability lines are far from ideal. Governance challenges in developing countries are inevitable realities. Democracies are neither perfect nor are governments fully transparent to their citizens. In the context of diverse cooperation alternatives, negotiating and managing recipient-provider relations vary. For instance, in Uganda, non-traditional providers are known to use informal channels of negotiation with higher authorities instead of going through the formal administrative channels in place for ODA (Kasirye & Lakal, 2019). Although it is possible that these direct negotiations strengthen accountability among the negotiating parties, they undermine the more important accountability line of a government to its citizens.

The literature has established that mutual accountability and transparency in development practice promote effectiveness. However, there are inherent tensions in practice due to the different sets of domestic, regional and international stakeholders that both recipients and providers are accountable to. The multiple accountability lines also hamper meeting commitments from both parties. Perfect practice of mutual accountability may thus be unrealistic. The important question is which line of accountability should each party prioritise to ensure effectiveness, and how that line can be enforced. Like most other issues related to political economy aspects, the answers will be context-specific and recipient country-driven given that the ultimate target beneficiaries live in recipient countries.

Predictability of aid flows and keeping commitments

The final political economy challenge, this paper looks into, is the predictability of aid flows, both shortfalls and windfalls. The Paris Declaration's commitment towards increased aid predictability was reiterated over the years, usually in relation to the principles of ownership and transparency (OECD, 2010a; Ordóñez, 2019). OECD DAC defines predictability as recipient countries' ability to accurately predict the amount and timing of aid flows due to detailed information from providers and reliance of provider's commitments. Predictability is different to volatility in the sense that aid that is volatile may still be predictable if a pattern is known (OECD, 2011a; Celasun, Walliser, Tavares, & Guiso, 2008). Improving predictability entails the provision of timely and accurate information by providers. At the same time, it requires the strengthening of domestic systems and processes by recipients.

What has not been systematically analysed is why predictability remains a lagging target and what hinders the upholding of commitments (Ordóñez, 2019). Absolute predictability is undesirable if it turns into a lack of flexibility (ECOSOC, 2008). However, unpredictability reduces effectiveness and instigates issues related to absorptive capacity, i.e. the capacity of a country to absorb additional foreign aid flows without inducing inefficiency, adverse effects or diminishing returns (Renzio, 2007; OECD, 2011a).

The issue of underlying power asymmetry and associated policy conditionalities comes to the fore again here. Both of these issues contribute to the lack of enforced accountability, making aid flows more unpredictable. On the other hand, providers tend to exercise control and enforce policy conditionalities by withholding finance flows when recipient countries fail to meet promised reforms in a timely manner. Providers also attribute absorptive capacity to unpredictable disbursements. One of the major triggers for providers to hold back on their committed aid flows remain allegations of corruption and mismanagement at the country level. Ordóñez (2019) cites Swedlund (2017) in explaining why provider country aid agency officials tend to react so strongly to corruption cases. Agency officials are more directly impacted by cases of corruption as they weaken the justification of development budgets to their own governments, putting the local agency, their jobs, and performance into question. This is also reflective of the individualist interests and institutional incentives over broader provider country development policies in local provider agencies. Despite awareness regarding the practical difficulties of implementing reforms on the ground, the institutional incentive evaluating professional performance give primacy to speed over practical considerations. There is also often an unreasonable tendency from providers to interpret the slow pace of reform as a lack of commitment from recipients, which leads to trust issues.

From the recipient country perspective, changing aid conditions contribute to the difficulties in meeting conditionalities and commitments. Changing conditionalities often result from the changing political scenario or policy focus and priorities of provider countries (OECD, 2011a). Unpredictability originating from such situations affect recipient governments in planning and implementing their own budgets and programmes. Political environments in recipient countries also contribute to the inability to keep commitments (Ordóñez, 2019). Recipient countries have to contend with multiple actors beyond just the provider within a constituency. Political demands and pressure from such actors and potential electoral groups can often supersede commitments made to providers.

In the face of conditionalities and lack of predictability, recipient countries have been more open to other sources of development cooperation from Southern providers, RDBs, and the private sector. One of the reasons non-traditional providers are preferred in Uganda by public officials is the absence of policy conditionalities, which make such arrangements less politically risky and more predictable due to the underlying economic agreements (Kasirye & Lakal, 2019). The Bolivian government has also turned to agreements with regional development finance institutions due to the nature of cooperation being more conditioned on economic, environmental, and social effects of the projects as opposed to political reforms (Peñaranda, 2018).

Although having more options of providers has proven beneficial for recipient countries in mitigating the effects of unpredictability in aid flows from the major providers, there is empirical evidence to the contrary in the case of more fragmented provider-recipient relationships. This is especially true for the provider. Aid flows were found to become significantly less predictable with more fragmented relationships with recipients. The effect was only statistically significant in the case of overshooting previous spending plans and not in case of shortfalls (Canavire Bacarreza, Neumayer, & Nunnenkamp, 2015). Important to note here is that unpredictability in both forms – shortfall or windfall – has adverse effects on effectiveness.

There is good reason why unpredictability remains a lagging commitment of the effectiveness agenda, which is unlikely to be resolved anytime soon. Traditional providers are unlikely to retract from their interventionist stances, and today it appears that many non-traditional providers are also heading that way. Unpredictability has implications for country ownership of projects both because of the effect on development planning and the lack of control on resource flows. It once again comes down to tackling issues based on context specificity, as global norms and one-size fits all solutions have proved to be ineffective thus far. As such, more ground-level research is essential.

How political economy aspects are playing out presently on the ground in the context of transforming landscape of development cooperation is a matter of practical interest. This would demand country-level process study, as well as a review of critical stakeholders to elicit their experience.

The desired "new conversation" on development cooperation is expected to put the political economy aspects at centre stage. The "new rules" of the "new game" will have to ensure balance, particularly by addressing the problem of collective action by recipients. Such an improvement of the rules of the game would ideally do away with the current practice of multiple channels of accountability, which are usually without any feedback loop. Strengthened accountability mechanism within the development architecture may enhance predictability of resources (one of the weakest links as shown by the GPEDC monitoring results), allowing recipient countries to undertake more credible integrated planning of development finance.

Measurement challenges

A critical area for current discussion is related to the challenges of measuring "effectiveness". The following sections discuss a variety of issues concerning finance flows and associated processes that affect having a universally-accepted assessment framework. The topics highlight some of the functional aspects of measuring development effectiveness on the ground.

An alternate metric for provider efforts

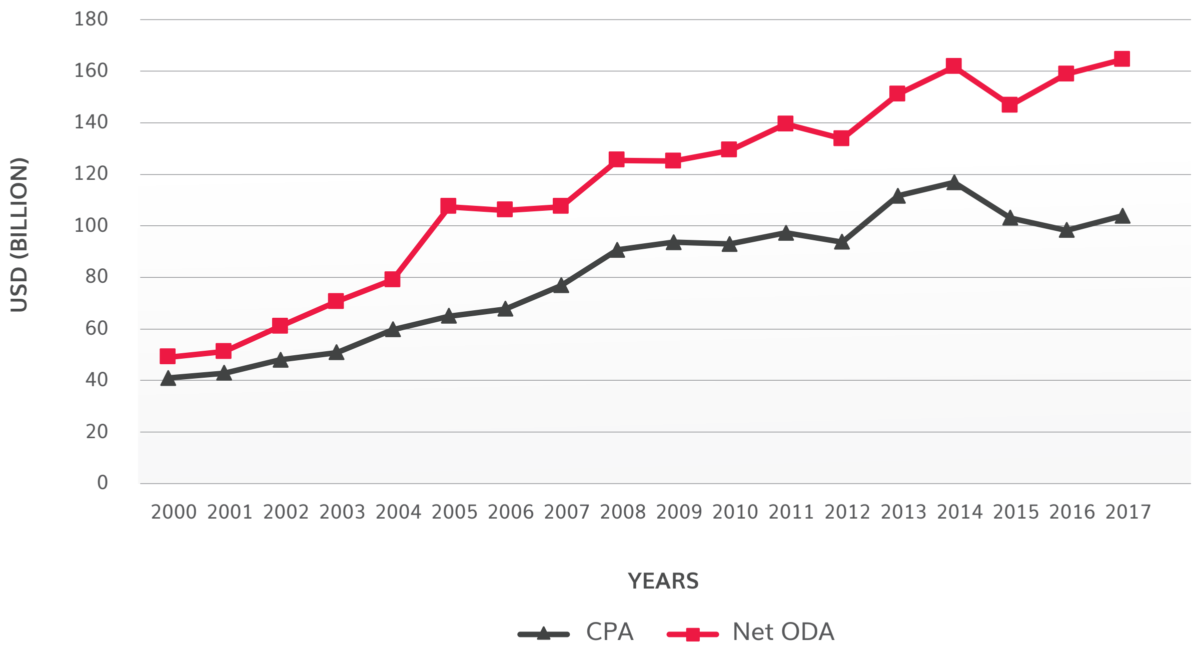
A usual indicator for showcasing traditional providers' commitments towards development cooperation has been the percentage of GNI spent on ODA. How ODA is calculated has undergone scrutiny over the years. The most recent methodology, which is a shift away from the "cash-flow basis" of estimating ODA, considers only the "grant equivalent" portion of loans in its calculations. This shift was implemented for greater transparency and representation of providers' efforts (OECD, 2019d). However, regardless of the method used to estimate ODA, it is an inadequate indicator to measure cooperation efforts because only a portion of ODA ultimately reaches recipient countries over which the latter can actually exercise control. This amount over which recipient countries have significant say is closer to what is known as country programmable aid (CPA)[10]. In fact, CPA is more relevant for financing that can be used for development goals or for meeting balance of payments gaps (Kharas, 2014b).

Looking at the trend between 2000 and 2017 indicates that the gap between ODA and CPA has been gradually widening (see Figure 1). This implies that the share of ODA left at the country's disposal for being used for in-country development purposes has been declining over the years. The widening gap between ODA and CPA is primarily driven by bilateral providers who have increased their humanitarian spending (a component not included in CPA) in the last few years. Furthermore, even current measures of CPA provide an overestimated figure of the actual amount disbursed in recipient countries owing to its inherent methodological bias. Reported figures on CPA include technical co-operation, which usually does not follow recipient country procedures (e.g. cost of service of expatriate experts) and is often considered inefficient or exaggerated by CSOs (Benn, Rogerson, & Steensen, 2010). Between 2000 and 2017, technical cooperation has

10 DAC introduced the concept of CPA which represents the amount of resources recipient countries are left with to spend at their development purpose. CPA excludes humanitarian assistance, debt relief, administration costs, in-provider country refugee costs and imputed student costs from ODA.

been around 24% of CPA. This percentage, although declining steadily over the years, can be an indication of how much of CPA values may be inflated as a result of technical assistance (Khan & Kazi, 2019; OECD, 2019f). As such, even the concept and definition of CPA may need some rethinking to get a more accurate picture of development finance flows to recipient countries.

Figure 1. ODA vs CPA from total official providers (in current USD Billion)



Source: Based on data from OECDStat (2019).

Currently, CPA as a percentage of Gross National Income (GNI) for DAC member revolves around 0.2% on average. Given that meeting the 0.7% ODA/GNI target by the DAC providers still would not serve the purpose of bridging the SDG financing gap, this figure is alarmingly low. Nevertheless, CPA as a share of GNI is still a more useful lens to capture provider efforts towards development in recipient countries as opposed to ODA. From the perspective of development effectiveness, CPA may thus be a feasible option for providers to have commitment towards.

Country-level research will be ideal for reconciliation of amounts reported as CPA by OECD and actual receipts from traditional providers recorded by national statistical systems. Such an exercise will help understand how much of CPA is estimated to be technical cooperation and the underlying issues and assumptions in the measurement of intangible assistance. Whether the sectoral allocation of CPA is more aligned with national priorities compared to ODA allocation will also be interesting in revealing issues of country ownership and the repercussions of declining CPA in assessment of development cooperation effectiveness.

Assessment frameworks: process vs outcomes, micro vs macro

The importance of measurement to ensure quality of aid delivery and attainment of expected outcomes cannot be stressed enough. This is especially critical to allow proper functioning of the multiple accountability lines espoused by the contemporary effectiveness discourse. However, challenges of measurement are anything but straightforward. They are layered by complexities related to concepts, methodologies, scale, level, sectors, timeframes, contexts, capacities, and data, to name just a few.

Assessment frameworks of development effectiveness broadly encompass two aspects –processes and results (Rahman & Farin, 2019). The latter is generally understood in the forms of outputs, outcomes and impacts often evolving scale, level of intervention, and time. For instance, outputs and outcomes are assessed at the micro/project level and observed in the short term. Impact may be more relevant at sectoral or macro-level and is usually observable in the long term. It is important to stress here that impact in this context is meant in relation to external finance flows. "Impact evaluation" exercises to attribute specific interventions (funded by external finance) to certain outcomes in treatment groups are a different genre and strand of analysis and are usually extremely specific to projects and providers. What is apparent from the lack of sufficient empirical evidence at the national level is that it becomes more difficult the higher one moves in the level of analysis (Rahman & Farin, 2019). As such, when it comes to the assessment of results, micro contexts have become more popular.

Orienting development cooperation towards results has been one of the core principles of the effectiveness agenda since the Paris Principles. It has also been a part of the SSC principles. Results Based Management has become the go-to strategic approach of cooperation agencies in monitoring and evaluating development efforts on the ground. It is based on the concept of the "theory of change", which is a combination of "process theory" and "impact theory" (Donaldson, 2007 cited in Rahman and Farin, 2019). While the former can be said to assess "how" interventions are implemented, the latter is concerned with the changes instilled in the society/beneficiaries by the intervention. Arguably, the focus has shifted away from the narrative on processes to impact with the evolution from aid effectiveness to development effectiveness.

Nonetheless, most of the broad-based established assessment frameworks operating at the global level still enquire mostly about the processes, and usually align their findings with adherence to the global principles. For instance, the GPEDC monitoring framework and its indicators are designed to track recipient country progress across implementation of the four-agreed effective development cooperation principles of ownership, focus on results, inclusive partnerships, and transparency and accountability. The framework relies on country-led data and information and includes inputs from a wide range of development stakeholders on the ground[11]. The DCF's biennial survey tracks progress around "enablers" of the principle of mutual accountability and transparency at the national level e.g. national development cooperation policies and transparent and accessible information. This survey also seeks to engage multiple stakeholders on the ground[12]. The OECD DAC in its periodic reviews of its members focuses on development systems and policies as practised in their individual development cooperation efforts[13]. The independent assessment framework, Quality of ODA (QuODA), pioneered by the Centre for Global Development and Brookings Institution, assesses the quality of aid provided by government agencies and multilaterals across dimensions of maximising efficiency, fostering institutions, reducing burden, and transparency and learning[14].

The micro-level assessment frameworks at the national level are usually confined to the monitoring and evaluation exercises (M&E) embedded in the design of projects and programmes. Methods and approaches in M&E vary depending on the objective and nature of intervention, the target groups, the conceptual frameworks, available data, and capacities of evaluators. The OECD-DAC network on Development Evaluation provides comprehensive criteria and standards for their bilateral aid agencies, as well as multilateral organisations[15]. The criteria focus more on results than inputs and activities. Evaluating design and implementation of project, programme or policy remains a major part of M&E activities that seek to ensure quality of processes. Assessment of factors like impact and sustainability follows suit. However, the latter involve considerable time, techniques and capacity to reap meaningful lessons. Finally, whether an intervention is efficient is another means of measuring effectiveness through M&E. In this regard, monitoring efficient management of development finance through financial auditing,

11 More information on the GPEDC monitoring framework can be found on: http://effectivecooperation.org/monitoring-country-progress/what-is-global-partnership-monitoring/

12 More information on DCF's biennial Survey can be found on: https://www.un.org/ecosoc/en/tracking-development-cooperation

13 More information on DAC peer review can be found on: http://www.oecd.org/dac/peer-reviews/#d.en.198586

14 More information on QuODA can be found on: https://www.cgdev.org/page/quality-oda-quoda

15 For more information on DAC evaluation criteria can be found on https://www.oecd.org/dac/evaluation/daccriteriaforevaluatingdevelopmentassistance.html

reducing wastage and leakages, minimising transaction costs and curbing corruptions are process-focused deliberations on assessing effectiveness of cooperation.

While the micro-focused analyses are fundamental to assessment frameworks, there is a need for more macro-focused approaches. This is especially pertinent against the backdrop of a seeming micro-macro paradox (Mosley, 1986; Boone, 1996 cited in Rahman and Farin, 2019). As the authors argue, the apparent successes indicated by evaluation of micro-level interventions do not add up to equally successful results from macro-level evaluations. While methodological credibility of macro-econometric studies is often criticised for being superficial, it so happens that aggregate outcomes of development programmes can be less than the sum of its parts. This may be due to issues related to absorptive capacity, discussed in a later section, or different adverse effects of foreign aid flows more evident at the macro level (Rahman & Farin, 2019).

Understandably, capturing outcome/impact at higher levels of aggregation with comparable accuracy that is achieved at micro levels is difficult. Under the circumstances, assessing quality of processes related to aid delivery may be more reasonable with the assumption that quality of processes will lead to expected results and ensure effectiveness. Evaluating outcomes at the sectoral level, in lieu of macro level, may also be a feasible alternative if aggregate outcomes of development cooperation are sought to be captured beyond projects. As such, country-level inquiries in search of appropriate assessment frameworks should be used to gain perspectives on the issues of concern in the particular local context – quality of processes or quality of outcomes. Such inquiries can also be used to validate whether quality of processes in aid delivery result in better outcomes on the ground. Country studies can be ideal for exploring possibilities of the micro-macro interface at the sectoral level. Finally, country-level benchmarking exercises in assessing outcomes should look to make use of the SDG-related indicators for social impact.

Availability, access and transparency issues of data

Availability of credible data and transparency issues across different types of providers remain a crucial barrier in the assessment of development effectiveness. Having access to reliable and timely information is crucial in addressing real-time development challenges and respond with adequate solutions. As mentioned previously, there remains a significant difference between the reported ODA figures of the OECD creditor reporting system and government agencies of different recipient countries (Khan & Kazi, 2019). One of the reasons is that a considerable amount of resources is spent in provider countries throughout the aid disbursement process. On the other hand, it depends on the methodological and definitional discrepancies among global and national statistical reporting systems. Capacities of national statistical systems are a major concern in providing reliable data. According to the latest monitoring round of GPEDC, around 35% of recipient country governments reported having the necessary data to track implementation of national strategies (OECD/UNDP, 2019).

There is also an issue of disclosure and/or transparency of data on development cooperation from non-traditional sources and instruments. For instance, many emerging Southern providers, such as China and India, do not disclose substantive or disaggregated data on their development cooperation to the public. Development finance from Southern providers are not entirely comparable because of the differential understandings of what comprises development finance and is considered concessional. Similarly, in the case of blended finance deals, access to data becomes difficult given the involvement of private sector actors and associated norms on disclosure and confidentiality. Although OECD surveys provide data on private capital mobilised through ODA in developing countries, disentangling the concessional portion of the overall mix of finances ODA remains difficult. Lack of transparency and deficiency of data thus becomes a major obstacle in the measurement of effectiveness, let alone making reasonable comparisons across the different sources and instruments of cooperation.

> **Lack of transparency and deficiency of data has become a major obstacle in the measurement of effectiveness.**

Transparency of development cooperation has gained attention in view of promoting mutual accountability and solving problems of information asymmetry (Ordóñez, 2019). Transparency on ODA flows from DAC providers has improved over the years. According to the 2018 Aid Transparency Index, around 75% of the aid organisations assessed in the index disclosed information on their development spending on a monthly or quarterly basis in the International Aid Transparency Initiative (IATI) Standard[16]. Only three of the 45 major international providers do not publish their data in the IATI Standard (Japan, the United Arab Emirates and China) compared to only one reporting country in 2011 (Publish What You Fund, 2018).

16 The International Aid Transparency Initiative (IATI), launched at the 3rd HLF on Aid Effectiveness in Accra, Ghana (2008), is a global campaign to create transparency in the records of how aid money is spent.

While the progress in reporting on providers' spending is commendable, data required for assessing development impact of projects and providers are still among the least available. The performance component in the 2018 Aid Transparency Index had the most severe data gaps where providers collectively scored an average of only 27%. The three

least published indicators of pre-project impact appraisals, reviews and evaluations, and results are also the three most relevant indicators as far as measurement of effectiveness is concerned. Lack of access to this information impedes providers, recipient country governments and non-state actors in monitoring, evaluating and assessing development projects effectively.

Sharing information in the IATI Standard essentially makes information on development activities by major international providers accessible in a comparable form. Non-traditional providers are yet to exhibit the same level of enthusiasm regarding prioritising transparency and disclosure efforts despite transparency being an integral part of the SSC principles. Arguably, harmonisation of different data reporting systems by different providers could have greatly facilitated assessment of development effectiveness and comparative perspectives across the different sources of finance. This would require Southern providers to systematically generate and disclose disaggregated data, which seems unlikely in the near future, as do any reconciliation efforts of data at the global level. What may be possible is an attempt to make a consolidated sense of finance flows from different providers at the national level and from the perspective of recipient countries. Country studies can provide a much-needed opportunity to assess the possibility of consolidation. They can seek to answer queries regarding the kind of data needed to assess effectiveness, the readiness of country systems to systematically report and analyse data on inflow of foreign aid sources, and the contextual realities that hinder or help disclosure from different stakeholders involved in development interventions on the ground.

The differential approaches in measuring NSC and SSC

Besides the many differences discussed in an earlier section, NSC and SSC also diverge on the frameworks applicable for the assessment of their effectiveness. That is not to say that there are no similarities. Existing assessment frameworks of both forms of cooperation have conventionally been process driven, i.e. they focus on the processes of aid delivery rather than outcomes and impact. There is an emerging demand on both NSC and SSC to move towards results orientation and impact assessment, as outlined in the principles of GPEDC and recently in BAPA+40 on SSC. For instance, the development mandate of the United States' new federal agency, the international Development Finance Corporation (DCF) emphasises development outcomes and is soon to roll out an "Impact

Monitoring Tool" (Landers & Collinson, 2019). There are also indications that focus is shifting to outcomes for SSC providers (Mawdsley, 2019).

Assessment of SSC is yet to be as ubiquitously accepted by its participants as is common among players in North-South aid regimes. Well-known and accepted global assessment frameworks of effectiveness of NSC are the GPEDC monitoring framework, the DCF's Global Accountability Survey, the OECD Development Cooperation Directorate's peer review, the independent assessment of the Quality of ODA (QUODA) led by CGD, and the Brooking's Institution. Inputs to these frameworks are fed into from recipients and providers alike. However, these inputs are usually commitment driven as opposed to voluntary participation.

An institutionalised mechanism to capture effectiveness of SSC lacks the necessary consensus and coordination. Concepts and definitions in SSC are yet to be streamlined and universally accepted. This lack of a clear and common conceptual framework makes it difficult to monitor and evaluate SSC (UNDP, 2016). There is still a long way to go before SSC providers concede to a common narrative on norms, standards and principles that could be used as a reference point for measuring development effectiveness of SSC (Besharati, 2013; Besharati, 2019). Moreover, SSC does not fit into assessment frameworks meant for traditional providers. A myriad of challenges – political, institutional and technical in nature – prevents Southern cooperation to conform to the reporting systems dominated by the OECD-DAC, including the GPEDC monitoring framework (Besharati, 2013, Bracho, 2017, Li, 2017 cited in Besharati, 2019).

Concepts and definitions in South-South cooperation are yet to be streamlined and universally accepted.

That is not to say there have not been attempts to assess the effectiveness of SSC. One of the earliest examples includes the establishment of a set of criteria for the appraisal, monitoring, and evaluation of development projects funded under the India–Brazil–South Africa Facility for Poverty and Hunger Alleviation, also known as IBSA Trust Fund (Besharati, 2019). A broader attempt to conduct more systematic analysis around SSC was with the establishment of the Task Team on South-South Cooperation (TT-SSC) after the third high-level forum on Aid Effectiveness in Accra, Ghana in 2008. The TT-SSC had the function of enriching the aid effectiveness agenda with practices from

SSC, adapting the aid effectiveness principles to SSC, and ensuring synergies between SSC and NSC (TT-SSC, 2010 cited in Besharati, 2019).

Independent attempts have also been made, especially from civil society, in assessing the quality of SSC relationships and processes. The NeST Monitoring and Evaluation Framework is an example of a framework established by actors from a network of think tanks to assess the quality of the processes of SSC[17]. The assessment criteria, organised by 20 indicators under five dimensions, were derived from the different principles of SSC underlined by the outcomes of the various historical conferences and forums dedicated to SSC (Besharati, 2019)[18]. Bhattacharya and Rashmin (2016) provide broad guidelines to assess the quality of bilateral South-South "concessional" flows based on case studies from the providers' side. The guidelines underpin both process and outcome assessment. The former is underlined by issues of transparency and efficiency of processes of delivering finance, the latter by issues related to mutual accountability, and macro and micro impact at the national and subnational level.

As mentioned previously, one of the measurement challenges involving SSC has been the lack of disclosure around its development spending, especially from the major providers. Providing information to assessment of SSC ventures has usually been voluntary than commitment bound. Moreover, given the lack of internal coordination among the SSC provider countries, it is unlikely that any commitment-driven reporting to global assessment frameworks is likely to work. Aversion to comply with standardised commitments was among the reasons why the GPEDC failed to retain engagement of major Southern providers in the first place. Lack of disclosure and coordination is also why it may be difficult to assess SSC initiatives beyond project/programme levels.

Measuring effectiveness of SSC, and any comparison and integration with NSC, is currently impossible at the international level. Such attempts should be initiated at the national level, where they have greater potential for success. Success will also be more likely if they are led by recipient country actors with better relationships with different providers, more understanding of the contextual realities on the ground, and more enforcement power over national accountability channels.

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17 Established in 2015 by the Network of Southern Think Tanks (NeST), and refined through a number of expert group meetings and field-based SSC case studies. The framework operationalises various conceptual issues related to the quality and development effectiveness of SSC (Rahman and Farin, 2019).

18 The five dimensions are Inclusive National Ownership; Horizontality; Self-reliance & Sustainability; Accountability & Transparency; Development Efficiency

Table 5. Commonalities and differences in scope, principles and assessment of NSC and SSC

	NSC	SSC
Assessment Framework	Common elements	
	• Both processes driven	
	Different elements	
	• Measurement comparatively easier because of uniform definitions • More disclosure available • Commitment-driven assessment • Possible to assess at provider level/ global level • Cross-country comparison among providers within NSC possible • Scaling up evaluations to meso and macro levels a possibility	• Measurement difficult because of technical and definitional challenges in concepts • Less disclosure available • Voluntary assessment • More practical at recipient level/ country level • Cross-country comparison across providers within SSC difficult • Scaling up evaluations beyond projects/programmes difficult

Source: Authors' deliberation.

Factoring in the capacity issue of recipient countries

One aspect usually overlooked in assessment frameworks of effectiveness, but omnipresent in providers' considerations when forming cooperation strategies, is the implementation capacity of recipient countries. Issues of ownership, policy conditionality, and tying of aid are often intertwined with providers' perception of recipients' capabilities, as well as actual capacities, to effectively plan, design and execute development interventions using external assistance. Arguably, countries most in need of foreign aid are often lacking the necessary financial, institutional, regulatory, human resources and governance structures required to improve their implementation capacities.

Implementation capacity is closely related to the concept of absorptive capacity of foreign assistance, i.e. the capacity of a country to absorb additional foreign aid flows without inducing inefficiency, adverse effects or diminishing returns (Bourguignon & Sundberg, 2007; Jonathan & Pryke, 2017). Both macro and micro constraints impede countries' ability to use external resources effectively. While large inflows of additional capital can cause macroeconomic instability in the absence of sufficient government capacity to effectively manage and budget expenditures, they can also lead to inefficiency at the project level. Stronger institutional capacities undoubtedly improve absorptive capacity, but when providers bypass national systems and thereby undermine strengthening of local institutions, aid flows can induce overreliance on external assistance. As such, absorptive capacity involves aspects relevant to both recipient and providers. In order to achieve specific objectives, recipient countries look to absorb aid in an effective manner against the backdrop of certain country-specific constraints. It is then also up to the providers to identify constraints and design their assistance efforts accordingly so as to improve effective absorption (Choi, Han, Guzmán, & Neto, 2013). Lag between commitments and disbursements of finance flows from development partners is one of the constraints to absorptive capacity engendered by providers.

An effectiveness assessment framework needs to factor in issues related to recipient countries' capacity constraints and mitigation efforts by both recipients and providers to improve absorption of aid, as well as utilising it. So far, empirical evidence in this area has been limited. Identified concerns relate to macroeconomic, financial, institutional, regulatory, and policy capacity; technical, human and physical capacity; social and cultural aspects; predictability of aid flow and delivery, and sector specific constraints (Presbitero, 2016). Leveraging development cooperation for capacity development in recipient countries is an area of increasing interest among providers. However, capacity issues are country specific and vary across countries (Guillaumont & Wagner, 2014). An understanding of the potentials of the recipient countries' local contexts and capabilities is essential.

Interventions at the country level should seek to identify the specific deficits that impede countries from effectively absorbing and utilising external finance for the purpose of development. They should then seek to map the efforts taken by recipient governments and their development partners to mitigate those challenges. Whether efforts have translated into improvements on the ground needs to be systematically analysed to generate a substantive evidence base that can be replicated elsewhere. Measurement of effectiveness will remain incomplete and incomparable at a global level if capacity issues are not factored into assessment frameworks.

Debt sustainability a cause of concern

The issue of debt sustainability has become a matter of great concern in recent discussions on development effectiveness. Rising levels of debt was flagged as one of the potential hazards in the global economy in the latest annual meetings of the World Bank and International Monetary Fund. Nearly half of IDA-eligible countries covered under the joint World Bank-IMF Debt Sustainability Framework are currently at high risk of external debt distress, which is more than double the number of countries in such categories since 2013 (World Bank, 2018). The experience of the 1990s with regard to the Heavily Indebted Poor Countries may come to mind when a similar debt crisis was successfully tackled thanks to initiatives led by the major multilateral and bilateral providers who used a big portion of their ODA budget to write off debts. However, in this new era of the debt crisis, although a lot of the same LICs at risk of debt distress, the major creditors have changed (Morris, 2019). In fact, the growing prominence of finance flows from Southern providers to these risky countries based on more lax conditions have given a new dimension to the debt issue.

Chinese aid to Africa has been a growing area of concern in this regard. China had launched more than 5,000 projects in different parts of the world, especially in Africa and Asia, since 2000. China generally provides aid as part of a larger package of SSC, which includes investment and trade deals blended with non-concessional loans and export credits. China's official finance, e.g. lines of credit provided by EXIM Bank of China, is rarely found to be concessional. Since 2008, China has accelerated its credit disbursements particularly to African and Latin American countries (Khan & Kazi, 2019). China currently has more outstanding debt to developing countries than all the major bilateral providers, the Paris Club creditors, combined (Morris, 2019).

Kasirye and Lakal (2019) provide an interesting case from Uganda. The country has been a major beneficiary of non-traditional providers, with assistance from China accounting for over 90% of non-DAC financing between 2000 and 2013. Among the reasons, Chinese assistance has been preferred by the government are absence of policy conditionalities and China's ability to finance infrastructure projects otherwise considered commercially not creditworthy. However, the availability of China as an alternative source of easily accessible funding and the increasing need for Uganda to finance its economic infrastructure has led to a fast-rising level of public debt in Uganda. Local CSOs have opposed the rapid increase in government debt, especially externally-financed debt. They are apprehensive of the terms of borrowing being unfavourable to the Ugandan tax payers. Moreover, the way in which the loans are utilised is often inefficient and ineffective in servicing debts.

Chinese spending on roads and energy infrastructure in Uganda increased from about USD 149 million between 2006 and 2010 to over USD 1 billion between 2011 and 2016. Uganda's debt as a percentage of gross domestic product has risen from about 33% in 2015 to over 38% in 2017. This has resulted in Uganda increasingly spending part of its national budget in servicing debts. Interest payment for the financial year 2018/19 is about 9.8% of Uganda's national budget and is expected to increase (Kasirye & Lakal, 2019).

Like Uganda, dependency on aid for many developing countries is seen to be increasing at a faster rate since 2010. Global average of loan-to-grant ratio of the ODA increased from about 2.4 in 2010 to 4.3 in 2016 (Khan & Kazi, 2019). Financial flows from Southern providers appear to be a driving factor. At least ten developing countries have been identified which may face debt distress as a result of unsustainable development financing in these countries under the Chinese Belt and Road Initiative (Hurley, Morris, & Portelance, 2018).

What is alarming about these trends is that recipient countries do not seem to consider debt sustainability while considering financing options from Southern providers. It is possible that the previous Heavily Indebted Poor Countries experience has many deluded that a repeat initiative of debt relief will be carried out as a safety net. While China has been known to have restructured or even forgiven some of its debts, any coordinated effort in collaboration with other bilateral providers and multilaterals to rescue debt distressed poor countries is unlikely to be led by China. Under the circumstances, the concerns regarding debt sustainability are amplified as far as development cooperation is concerned.

Debt sustainability should be a major consideration in the assessment of development effectiveness, especially in the case of SSC. Measures to include implications of non-concessional finance flows for a country's debt situation needs to be factored in. In this connection, providers have the responsibility not to compromise their due diligence when extending credit in risky contexts. This may risk further marginalisation of poor and fragile countries from accessing the much-needed finance to improve their creditworthiness. Any act of balancing risks would require much more nuanced decision making and understanding of contextual realities. This can be achieved through more research emanating from the independent views of stakeholders at the country level.

The issue of global systemic concerns (GSC)

The SDGs call for global governance as a means to create an enabling environment for growth and inclusivity at the country level. Usually, effectiveness of development interventions is seen in the context of national policies. Global systemic concerns – issues beyond the scope of national governments – remain outside of the confines of effectiveness assessment frameworks. These concerns are manifested in, inter alia, distorted trade, distorted technology markets, illicit financial flows and distorted intellectual property rights. In a globalised world, nation states are not outside the purview of the global economy. Cross border flows of goods, services, capital, and data have left countries profoundly interdependent. One country's policies can have spillover effects on another. Complete sovereignty can hardly be exerted ignoring cross-border implications of migration, climate change, terrorism, cyber security and similar transnational challenges. Aspects of systemic concerns are not prominent in discussions on implications for effectiveness. GSC may be among the missing elements in conventional assessment frameworks.

The challenges of the emerging external environment mentioned in an earlier section have implications for effectiveness on the ground. Issues related to plateauing financial flows to developing countries, humanitarian crises, climate change, looming financial crises, trade war, automation, and fourth industrial revolution or fading multilateralism need to be factored in when assessing development cooperation efforts in the country context. Moreover, global governance and policies affect implementation of SDGs at the national and local levels through global norms and regulations related to trade, finance, technology, migration, climate change, and security concerns. That is not to say that GSC only have negative externalities. They can also have a positive impact on development cooperation on the ground. For instance, technological advancement can accentuate cooperation efforts, for example through the use of new data. It can make skills and national systems in developing countries obsolete, thereby creating capacity challenges undermining effectiveness.

Factoring in GSC is an important consideration in measuring effectiveness. However, not all concerns are relevant for all countries. Issues of global systemic concerns that are most pertinent at the country level should be identified through country studies. Identification of the relevant issues should be followed by an understanding of the transmission mechanisms through which global concerns affect local markets and improve/hinder effective cooperation. Country-level questionnaires should adequately seek to include local perspectives on global issues.

The opportunities of new data[19]

Among the global systemic issues discussed in the earlier section, technological innovations around the world have probably the most ambiguous implications at the country level. One such advancement with potential opportunities or risks for measuring effectiveness is the recent breakthrough in the use of Big Data. Emergence of such innovative data and technology, including the computational analysis of "digital breadcrumbs" (Letouzé, 2015; Letouzé, 2014; Pentland, 2012 cited in Letouzé et al., 2019)

19 This section heavily draws from / is an overview of the Southern Voice Occasional Paper 54 titled, "Harnessing Innovative Data and Technology to Measure Development Effectiveness" by Emmanuel Letouzé, Micol Stock, Francesca De Chiara, Alberto Lizzi and Carlos Mazariegos. As such the paper has been sparsely cited to avoid repetition.

and geospatial data have created opportunities and challenges for the development sector at large, and for the practice of M&E and development effectiveness in particular. The implications of these innovations are especially pertinent against the backdrop of the SDGs, marked by greater consideration for sustainability and inclusion as means and metrics of development effectiveness.

Letouze et al. (2019) see Big Data as a means for faster and more targeted information and decision making especially in the private sector. There is possibility of enhancing inequalities, foster echo chambers, and fuel overconfidence in the power of technological fixes. The question arises regarding on how Big Data can help actors in the development architecture to get a better assess effectiveness of development cooperation without tapping into its negative side.

One aspect of Big Data relates to improvements in Machine Learning models with focus on "improving" over "proving". Evaluation experts increasingly recognise the complexities revolving around development interventions and differential contexts requiring greater responsiveness and agility. There are contrasting effects of Big Data with regard to the "evaluability challenge", i.e. assigning causality between interventions funded by development finance and observed outcomes with sufficient credibility (Vaessen, 2017 cited in Letouze et al., 2019). On the one hand, these new data and tools can yield new insights on human processes, such as fine-grained mobility or poverty estimates, including from quasi-natural experiments. On the other hand, the many feedback loops they create and the sheer complexity of some algorithmic models may further complicate causal inference.

The new political economy landscape is putting standard practices to the test and opening up new avenues. For instance, some experts question whether the standard DAC criteria for Evaluating Development Assistance can adequately capture the new values and objectives embedded in the SDGs and post-2015 agenda, to which the Principles for Digital Development could be added. A central area where new goals and tools meet is the measurement of SDGs Tier III indicators, for which no methodology has yet been formalised. Examples include estimating citizens' experience with public services through sentiment analysis based on large sets of information from social media (Letouze et al., 2019).

Far from simply automating and dehumanising development effectiveness, data innovation can support people-centric assessments by shedding light on issues and places that are seldom examined through the lens of traditional data sources and techniques. Analysis of satellite images or cell-phone data with a wide coverage can complement conventional evaluation methodology providing relatively cheap, quick, complexity-sensitive, longitudinal, and easily analysable data. Using multiple data sources can also overcome the scarcity and unavailability of relevant official statistics to provide novel insights on human process and experiences (Letouzé, Stock, Chiara, Lizzi, & Mazariegos, 2019).

With the magnitude of data that is generated through Big Data, it is easy to overlook careful scientific design or ethical and political considerations. There is general approval towards using more mixed methods to include both qualitative and a quantitative analysis. Being more adaptive, they are increasingly "embedded" in daily processes and allow more dynamism, richer sets of indicators, and substantiated feedback that may identify unintended consequences.

In complex development contexts, it is hard to assign causality and draw conclusions on the effectiveness of financial flows; Big Data can complement conventional evaluation methodologies. It provides cheap, quick, complexity-sensitive, longitudinal, and easily analysable information. However, any Big Data-driven evaluation will require consideration of the technological infrastructure, political climate and cultural sensitivities of the context/locality/country. Proponents of new data in assessing development interventions recommended investing in developing mutually beneficial partnerships, including with the private sector, to get access to complementary expertise, capacities, and data sources. The issues discussed in this section with implications for measurement of development effectiveness could arguably be tackled with more evidence, information, experiences, and capacity development at the country level. Reaping the full potential of new data and technologies would require understanding the readiness and capacities at the country level. Such understanding can be greatly facilitated through the envisaged country studies that this paper has been advocating as a next step.

The foregoing discussions bring out quite emphatically the new contents of the old challenges of measuring development effectiveness. It ranges from the need to introduce new measures of providers' contribution so as to enhance transparency (e.g. introduction CPA) to recognition of the recipient's capacity needs in the assessment process. It is also evident that, in the era of SDGs, the assessment framework needs to include measures of outcome along with the process indicators. Taking note of the emerging trends, it has been suggested that debt stress or debt sustainability needs to be incorporated in the assessment of development effectiveness. Given the impact of global rules on domestic performance of development cooperation instruments, global systemic concerns are to be included in the assessment framework.

Absence of any institutionalised process regarding assessment of SSC poses an explicit lacuna. The current practice of SSC assessment remains largely confined to project evaluation, without a macro-frame and/or global frame. The "new game" has to provide for a common framework for assessment of development cooperation, but with the flexibility of application ("new rules") for different actors, including the Southern providers.

To provide substance to the "new conversation" on development effectiveness, one has to get a handle on addressing the abovementioned measurements issues. This would imply recognising relevance of these refashioned indicators in the country context. This would also expose the data deficits in this regard, as well as the opportunities for use of new and big data.

Concluding reflections: Rebuilding the conversation from the bottom

The current discourse on the development effectiveness agenda or effectiveness of international development cooperation is anything but complete. New developments influence its course every day. The space to discuss a universal frame of reference concerning development effectiveness remains constrained. Debates have thus far given greater voice to the providers' perspectives, while recipient countries' takes on issues have been less prominent. In this regard, the present paper has sought to address some pertinent issues emerging from a set of studies by Southern scholars. Four broad themes were explored; conceptual concerns, trends in development finance flows, measurement challenges, and political economy aspects of the development cooperation architecture. While understanding of these issues was mostly based on existing literature, the interpretations were influenced by experience and perspectives from the Global South.

A major conceptual concern of the global effectiveness framework is the lack of a universal understanding or acceptance of development effectiveness. The concept of development effectiveness is broader than, but not completely different from, "aid effectiveness" in terms of the actors who are involved and how effectiveness is conceived. The custodian of the development effectiveness agenda, the GPEDC, has claimed to consider the quality of external finance beyond ODA. In reality, the framework has not been successful in securing political ownership of the providers from the North or South. Whether a universal and shared framework is even desired or beneficial to recipient countries remains debatable. The other major conceptual dilemma is between the traditionally different approaches of NSC and SSC who may now be moving towards mutual alignment with increasingly congregating strategic approaches. For example, the North is moving towards economic cooperation, while the South is finding it hard to maintain the non-intervention principle. The repercussions are most relevant for the recipient countries who fear losing negotiation space. What emerges strongly from these conceptual debates is that answers should be sought through grass-roots investigations and be based on the perspectives of the variety of stakeholders at the recipient country level.

Exploration of the landscape of development cooperation unearthed interesting observations. It is not surprising that the development finance architecture has evolved concurrently to the discourse on effectiveness. New actors, instruments, institutions, priorities, circumstances, and risks have been driving these shifts. The global trends have practical implications for cooperation effectiveness on the ground. Whether changes in allocative priorities of providers are in line with national priorities, and whether these changes are swaying finance from development purposes, remains to be seen. The motivations behind the increased focus on infrastructure from all genres of providers are nothing short of intriguing. This will be a major focus for a set of country-level investigations.

The political economy matters related to development cooperation seem to be more intertwined than any of the other aspects regarding effectiveness.

Further is the trend of increased earmarking and decreased core funding of multilaterals that seems to contradict the effectiveness agenda's championing principle of improving country ownership. Also confounding is the trend of less mobilisation of private money through both traditional means and new instruments in countries most in need of turning billions into trillions. ODA is not sufficiently mobilising domestic resources through its meek capacity development efforts in the poorer countries. The context specificity of these issues requires examination from close up, i.e. from the ground.

The political economy matters related to development cooperation seem to be more intertwined than any of the other aspects regarding effectiveness. Power imbalances entrenched in provider-recipient relationships are the underlying cause of the many other political economy challenges that hinder effectiveness principles on the ground. Further imbalance is caused by the manifestation of power asymmetries in the form of lack of recipient country ownership, failure to reach consensus at the global and national levels, underperforming mutual accountability channels, and unpredictability surrounding aid flows. The nature of these challenges is so context specific, it often demands coming down to the project level. The only constructive way to have a grasp on these issues and prescribe solutions is to gather, recent evidence and perspectives from a wide range of stakeholders on the actual practices and norms at the country level.

Some of the measurement challenges of assessing effectiveness of development cooperation are less technocratic and more conceptual, if not political, in nature. The measure historically used to capture providers' efforts in development cooperation, ODA, is clearly overestimated and needs a rethink given that a declining portion of ODA has actually reached the recipient countries. Disclosure and transparency issues from non-traditional sources of finance impede the depiction of actual effectiveness of cooperation. While most conventional assessment frameworks at the global level have stuck to assessing the quality of processes, there is an emerging trend towards a focus on results. However, inferring outcomes or impact at scale has proven to be difficult. A sectoral approach at the country level in this regard may be more manageable. Actual and perceived capacities of recipients, absorptive and with regard to implementation, need to be factored into assessment frameworks. So does the issue of debt sustainability against the backdrop of rising debt levels induced by non-traditional sources. Finally, global systemic concerns, a much-understudied aspect of development cooperation, have major implications for effectiveness on the ground and need to be addressed.

Emerging from the discussion of these four aspects is the need for further ground-level evidence. As mentioned at the outset, the much-desired refashioned conversation on development effectiveness is only feasible if new knowledge is created from the ground. This paper strongly advocates rolling out a number of country studies to investigate the identified issues of interest through a deeper digging of diverging practices of different providers deploying different instruments. The bottom-up approach is a must to move the needle on the desired conversation and gather much-needed political momentum. The time is apt to present new evidence, fresh analysis, and Southern perspectives in an open platform to strengthen our learning curve for achieving "development effectiveness" of development cooperation.

The new context – post-COVID-19 world

The discourse regarding development cooperation will not be the same after COVID-19. The scourge of COVID-19 has mercilessly exposed the weakness of the current development cooperation governance. It has demonstrated the downside of enfeebled multilateralism. Lack of leadership and the inability to mobilise immediate response – not only in the area of finance, but also in the area of support to the public health system as global public good – brings home the need for reconstructing the current development cooperation paradigm and practice. On the other hand, new experiences of cooperation (South-South and South-North) are taking place in international relations. COVID-19 has driven home the message that development cooperation cannot be considered in isolation from other global phenomena or systemic issues.

Impact of the shock emanating from COVID-19 is yet to be fully comprehended. The role of development cooperation may be conceived in two phases at this moment. First is its immediate role in saving lives and livelihood of the most vulnerable. To what extent the providers are going to demonstrate flexibility by retooling their existing programmes, in view of the emerging situation, remains to be seen.

In the second phase, involving recovery and rebound of economies and societies, development cooperation will have to reinvent its role. The global economy, along with its major constituents, may get entrapped in a deep and protracted recession, if not depression. It is to be seen how development cooperation positions itself in supporting the marginalised and vulnerable communities and people in recipient countries. The challenge of not cutting back on allocation for ODA in the face of pressure for bailout funds will be enormous. There will be demand for different types of financing tools, including creative retooling of ODA and Other Official Flows (OOF). The current allocative priorities will be subject to scrutiny, as call for more funds to strengthen the public health system, social protection, and climate action will intensify. Investment for more and better data will be necessary for SDG-oriented disaggregated targeting. For all these and other reasons, parameters of development effectiveness discourse will surely undergo a serious makeover.

Thus, in the life after life, in the post-COVID-19 world, a "new conversation" for a "new game with new rules" concerning development cooperation and its effectiveness will gather momentum. To guide this momentum, ensuring inclusive, transformative and sustainable outcomes of international development cooperation, will be all the more necessary to build the dialogue from the bottom up, based on new evidence and analysis.

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