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## **Evolving Debates on the Effectiveness of Official Development Assistance**

Maryam Almasifard

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## **Preface**

With the advent of the Sustainable Development Goals (SDGs), discussions on development finance have been revitalised. Mobilising sufficient financial support to meet the resource gap in SDG implementation is a critical challenge for developing countries.

Traditional aid flows to these countries have been restrained by both supply-side limits and demand-side pulls. However, new actors and innovative financial instruments create opportunities for additional funding. In this context, improving the quality of development cooperation (including financial flows) and assessing its effectiveness have become more pertinent than ever.

Economic and political factors aggravate the challenge of effective development cooperation. The current global development finance architecture lacks necessary political ownership and momentum. Further, the discourse suffers from an obvious lack of credible knowledge that reflects realities on the ground. Demand is thus high for Southern perspectives so as to embed them in future reforms.

That is what Southern Voice – a network of over 50 think tanks from Africa, Asia, and Latin America – is facilitating. It provides structured inputs from the Global South for debates on the 2030 Agenda for Sustainable Development. With capacity gained through the successful execution of various research programmes, Southern Voice aims to contribute to the global discussion on the effectiveness of development cooperation in the era of SDGs.

The new initiative, "Rethinking Development Effectiveness: Perspectives from the Global South," is being carried out in partnership with the Centre for Policy Dialogue (CPD) in Dhaka, Bangladesh and with support from the Bill & Melinda Gates Foundation. The present study is the first in a series of nine occasional papers on rethinking development effectiveness. It aims to provide the design of a new methodological framework for assessing development effectiveness at the country level through the examination of global literature in terms of the definition of development effectiveness.

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## **Abstract**

"Effectiveness" is not a novel concept. However, it has become a central focus of the aid industry. What is new is the broad concentration on what must be done to maximise the impact of development aid and increase its effectiveness. The study of development effectiveness is well worth doing, even if not every impact question can be answered with a high degree of precision or certainty. Indeed, one of the immediate benefits of an effectiveness assessment will be a better understanding of the extent to which it is possible to evaluate the effectiveness of official development assistance. It has been broadly acknowledged that new global challenges add urgency to making aid as effective as possible. Right now, we are in a new era defined by the Sustainable Development Goals, the Addis Ababa Action Agenda on financing and the landmark Paris Agreement on climate change. To assess development effectiveness, it is necessary to rethink the system by which aid is delivered. Crucial factors in evaluating development effectiveness need to be considered and the new role of official development assistance to leverage the public and private sectors should be acknowledged. In the process of developing a new methodological framework, policymakers need to acknowledge that, in reality, the power of many countries is limited and the challenge of fragile states is more serious than ever. While the role of recipient countries in the assessment process has generally been ignored, amplifying their voices in and giving more weight to locally driven feedback are crucial steps towards developing a more appropriate framework.

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## Acronyms

<b>AGDEN</b>	African Gender and Development Evaluators Network
<b>EC</b>	European Commission
<b>HLF1</b>	First High Level Forum on Aid Effectiveness
<b>HLF2</b>	Second High Level Forum on Aid Effectiveness
<b>HLF3</b>	Third High Level Forum on Aid Effectiveness
<b>HLF4</b>	Fourth High Level Forum on Aid Effectiveness
<b>ODA</b>	Official Development Assistance
<b>QuODA</b>	Quality of Official Development Assistance
<b>SDG</b>	Sustainable Development Goal
<b>UN</b>	United Nations



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## **Evolving Debates on the Effectiveness of Official Development Assistance**

*Maryam Almasifard*

### **Introduction**

Development aid is financial aid provided by the governments of developed and developing countries as well as non-governmental organisations to support the economic, social, political, and environmental development of developing countries. It differs from humanitarian aid in that its aim is to reduce poverty over the long term, not respond to natural disasters and political shocks. The following principles are elements of the development effectiveness framework applied to development aid:

- Empowerment: Development aid should help empower people to claim their rights and promote social inclusion.
- Justice: Development aid should help countries transform their societies for equity and social justice.
- Sustainability: Development aid should support building sustainable societies.
- Equality and solidarity: Development aid should be based on the principles of equality and solidarity among the community of nations.
- Sovereignty: Development aid should encourage and respect independent democratic development.
- Self-reliance and autonomy: Development cooperation should promote national self-reliance.

The report "Assessing Aid: What Works, What Doesn't and Why" published by World Bank (1998) examines five decades of aid history and concludes that: "Development assistance is more about supporting good institutions and policies than providing capital" (p.13). And reaffirms that the evaluation of development aid "should focus on the extent to which financial resources have contributed to sound policy environments. It should

focus on the extent to which agencies have used their resources to stimulate the policy reforms and institutional changes that lead to better outcomes" (p. 6).

## **New landscape, shifts, and challenges**

International development is growing increasingly complex and dynamic. While Western industrialised countries are the leading providers of development aid, some developing countries are contributing as well during the era of the Sustainable Development Goals (SDGs). The official development assistance (ODA) provided by traditional bilateral and multilateral donors has been supplemented by newly expanded forms of development assistance, including South-South cooperation, peer learning, and triangular cooperation. Emerging economies, though they still receive aid from Western countries, have become donors themselves. Multinational corporations, international non-governmental organisations, philanthropists, and civil society organisations (CSOs) have become important parts of the global aid system. As these relatively new development partners have brought with them a variety of new financing tools, instruments, and modalities, they have shaken up the system. This is especially true for emerging economies<sup>1</sup>, which—given the new financial opportunities available to them—no longer feel obligated to follow the norms of traditional donors.

While the increase in the number of development partners has multiplied the number of aid projects, the average size of a given aid project has decreased. As a result, the addition of new partners has made aid less predictable, less transparent, and more volatile. In addition, failures by partners to effectively collaborate, set practical goals and time frames, and limit their political self-interest have too often limited the positive effects of development aid. All development actors agree that while development aid is only one factor in the complex development process experienced by developing countries, it can catalyse the leveraging of funds and support the transfer of knowledge and technology that are important for sustainable development.

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<sup>1</sup> Like Brazil, China, India, Saudi Arabia, South Korea, Turkey, and Venezuela.

Another characteristic of the new era is the challenge of fragile states. If recipient countries are responsible for making aid effective, how effective can aid be in countries where the partner government is unable or unwilling to govern effectively? While development aid is a significant source of investment in poor and insecure societies, complexity and ever-expanding budgets leave it vulnerable to corruption. Moreover, discussing corruption is taboo for many.

Still, development aid is progressing. Universal commitments have been made to meet scaled-up targets by 2030 and these targets include reducing poverty, fighting inequalities, tackling climate change, and ensuring that no one is left behind. By the beginning of the 21st century, it had become clear that sustainable development is about not only the amount of aid given but also how aid is given. While the total share of ODA in development assistance has decreased significantly over the past decade, it still provides an important contribution to financing for development.<sup>2</sup> Considering these trends and characteristics, it has become obvious that a better method for managing ODA is needed. In the context of the SDGs, the need to have a deeper understanding of development effectiveness has become even more urgent since more clarity is needed to define and measure development effectiveness from the perspective of the 2030 Agenda for Sustainable Development, which was adopted in September 2015 and introduced the SDGs, with leaving no one behind being the overarching objective.

In this study, the relevant global literature is reviewed to answer certain questions about the effectiveness of development aid. This literature review focuses on the evolution of the concept of development effectiveness, major debates around it, and evolution of institutional architecture, international principles, methodologies, and tools for measuring it. The objective of the study is to contribute to the design of a new methodological framework for assessing development effectiveness at the country level.

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<sup>2</sup> According to the report published by the United Nations (2013), 55 cents of each dollar of external resources that enters low-income countries is from ODA resources.

## **Development aid effectiveness**

Effectiveness is not a novel concept; what is new is the broad focus on what must be done to maximise the impact of aid on development and increasing development effectiveness. The International Monetary Fund and World Bank—the most important institutions in the administration of development aid—have sought to limit their governance to questions regarding efficiency, effectiveness, implementation, and performance indicators (Lee and McBride, 2007).

Because it has been broadly acknowledged that new global challenges—including food insecurity, rising fuel prices, climate change, income inequality, and fragile states—add immediacy to efforts on making aid as effective as possible, effectiveness has become a central focus of the aid industry. Emphasising the aid effectiveness process rather than the impact of better aid may considerably increase transaction costs, especially for donor-country staff. As a result, the risk is high for creating an imbalance between the costs and benefits of the aid process. For this reason, prioritising aid effectiveness at the country level could increase benefits achieved through the aid process. To achieve the objective of leaving no one behind, a shift is necessary from aid effectiveness to development effectiveness. To maximise the impact of development aid, this shift should focus on country-led approaches to managing cooperation and partnerships. It can be argued that the ultimate goal of efforts to increase effectiveness is to help developing countries build well-functioning local structures and systems that will allow them to manage their development and will reduce their dependency on aid supplied by developed countries.

## **Defining development effectiveness**

Three inter-related factors cause organisations and researchers to define development effectiveness in different ways and face difficulties in measuring it. First, donor countries design their ODA flows in ways to achieve different objectives over time, including economic growth, reducing poverty, increasing the standard of living of the

poor, and reforming policies and institutions. The fact that these objectives are pursued to different degrees both between and within agencies can make defining development effectiveness difficult. Second, development aid is not the only factor that affects development outcomes. Rather, several factors influence these outcomes simultaneously, which makes measuring the effectiveness of a given aid agency or project very difficult. Third, most studies evaluate effectiveness only under specific conditions; consequently, the results of these studies have not been entirely generalisable.

There is no international consensus on what development effectiveness entails or its implications for aid policies and practices. Some organisations, forums, and development practitioners use the terms aid effectiveness and development effectiveness interchangeably. For instance, Quibria (2004) suggests that development effectiveness "simply refers to the effectiveness of aid in development" (p. 3) and uses the terms development effectiveness and aid effectiveness interchangeably. The United Nations (UN) Development Group also appears to view development effectiveness in terms of aid effectiveness principles. These components all coincide with aid effectiveness principles, particularly ownership and alignment, harmonisation, managing for results, and mutual accountability practitioners.

**Box 1. Definitions of aid effectiveness provided by organisations and development**

The Organisation for Economic Co-operation and Development (OECD) defines "aid effectiveness" as "the extent to which a development intervention has attained, or is expected to attain, its relevant objectives efficiently and in a sustainable way." Different development practitioners have given their own definitions of effectiveness. Killen (2011, p. 2) argues that aid effectiveness is "about delivering aid in a way that maximises its impact on development and achieves value for aid money," while Campbell and Teghtsoonian (2010, p.178) describe aid effectiveness as "global governance whereby ruling concerns are inserted into local practices and understandings in countries that

are the recipients of development aid." Moreover, in a 2008 evaluation report titled "The Thematic Study on the Paris Declaration, Aid Effectiveness and Development Effectiveness," Development Assistance Research Associates claims that the principles and commitments of the Paris Declaration on Aid Effectiveness have come to define aid effectiveness. In attempting to provide a definition that is less self-referential and more focused on the management of aid and the targeting of objectives, the organisation provides the following definition of aid effectiveness: "arrangement for the planning, management and deployment of aid that is efficient, reduces transaction costs and is targeted towards development outcomes including poverty reduction." The following definition of aid effectiveness incorporates the core elements of all of the above definitions provided by organisations and development practitioners: the effectiveness of aid in advancing economic or human development (or development targets).

Despite the continued use of aid effectiveness principles to describe development effectiveness by some development actors, many clearly distinguish between them since they believe development effectiveness looks beyond aid and refers to overall development outcomes that result from aid and non-aid activities, such as economic cooperation, trade, and investment. According to a 2001 report published by the Evaluation Office of the

UN Development Programme, development effectiveness measures the impact of aid and progress toward development goals; it represents: "the extent to which an institution or intervention has brought about targeted change in a country or the life of the individual beneficiary. It is influenced by various factors, beginning with the quality of the project design and ending with the relevance and sustainability of desired results" (p. 11).



**There is no international consensus on what development effectiveness entails or its implications for aid policies and practices.**

Kindornay (2011) identifies four categories—organisational effectiveness, coherence, outcomes from aid, and overall development outcomes—that can serve as a starting point for understanding various conceptualisations of development effectiveness.<sup>3</sup>

#### Box 2. Development effectiveness as organisational effectiveness

Some aid agencies, especially multilateral donor agencies, have viewed development effectiveness from the supply side, in terms of the effectiveness of their policies and programmes or how well they are achieving stated organisational objectives. Numerous examples exist, like the World Bank's Review of Development Effectiveness in 2005 and 2008, the Development Effectiveness Framework launched by the Inter-American Development Bank in 2008, and Development Effectiveness Reports published by the UN Development Programme in 2001. In the World Bank's 2005 review, for instance, development effectiveness was measured on multiple levels, namely the bank's global programmes, country programmes, and individual projects.

#### Box 3. Development effectiveness as coherence

In this view, development effectiveness is about measuring outcomes in relation to aid interventions. It looks specifically at outcomes, rather than policy areas or the efficiency with which each aid dollar is spent. According to Tujan and De Ceukelaire (2008), this notion of development effectiveness presents a complementary agenda to aid effectiveness; it refers to the outcomes that aid seeks to achieve and by which it will be measured, whereas aid effectiveness refers to how aid is delivered. This view is predominantly held among CSOs and organisations such as the UN Development

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<sup>3</sup> Kindornay (2011, p. 10) mentions that "these categories are neither mutually exclusive nor exhaustive. The categories should not be understood as classifications of development effectiveness by aid actors, but rather, by conceptualisations."

Fund for Women and the Organisation for Economic Co-operation and Development's Development Assistance Committee.

*Box 4. Development effectiveness as the development outcomes from aid*

This view of development effectiveness is the most comprehensive of the four categories. It overlaps with other notions, seeing development effectiveness as a measure of the overall development process and outcomes rather than specific outcomes attributed to aid. Here, aid is not the central focus; instead, its abilities to catalyse and complement alternative development resources are emphasised. The view incorporates external and internal factors and has implications for non-aid sectors. Importantly, development outcomes cannot be attributed to any one actor.

*Box 5. Development effectiveness as overall development outcomes*

Some development actors view development effectiveness in terms of the consistency of development-related policies. This approach acknowledges that non-aid policies affect development processes, thus creating a need for policy coherence across various areas, including trade, investment, security, and immigration. This view of development effectiveness is reflected in the Center for Global Development's Commitment to Development Index and Sweden's Policy for Global Development (2003).



## **Old versus new perspectives of donors and recipients**

### **Old perspective of donors and recipients**

Since the 1960s, the volume of international aid to developing countries has grown dramatically. While the leading providers of this aid have been the United States and Western European countries, the Soviet Union also made considerable contributions.<sup>4</sup> In the 1970s and 1980s, development aid was directed according to very different principles than it is today. While aid flows have always come with conditions, the "conditionalities" of this period were stricter than they are today. At that time, for instance, donor countries forced countries that received tied aid to purchase specific goods or services from their countries even when cheaper versions of these goods and services were available elsewhere. They also asked recipient countries to open their borders to foreign investors, even when not ready to do so. Donors frequently gave large amounts of development aid with one hand while taking from recipients with the other, including via tough trade and migration policies and by demanding footholds for multinational corporations. According to reports published by Eurodad (2011), firms in developing countries are often excluded from the business opportunities offered by development cooperation: almost two-thirds of the contracts awarded by bilateral donors are awarded to firms from the North. In some instances, Western governments placed orders with Western companies to subsidise them and then shipped the ordered goods to poor countries who had no use for them. Such projects are sometimes called "white elephants". The results of these policies included significant negative consequences, including higher transaction costs for countries who received large amounts of aid, inefficient spending, and substantial unpredictability in funding levels.

In the past, the effectiveness, governance, and corrupt use of ODA were largely ignored; official donors did not hesitate to provide significant funding to governments

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4 The Soviet Union's contributions were made in exchange for international political influence in the context of the Cold War.

like those of Mobutu in then-Zaire and Marcos in the Philippines. The aid process was still largely conducted according to donor preferences and administered via donor channels, making it hard for developing countries to take the lead. It can be argued that developing countries' priorities and preferences were not getting enough attention or somehow missing. The important point is that in the past, developing countries had limited options for financing, which forced them to accept donors' conditions and not express their wishes. ODA was also frequently used to support local development aid projects. These projects were often ungoverned by strict codes of conduct, a circumstance that caused considerable problems and delays and reduced their effectiveness.

### **New perspective of donors and recipients**

In the mid-1990s, donor governments and aid agencies began to realise that the various conditions they imposed for receiving aid placed enormous burdens on recipient countries and made aid less effective. In addition, their perspectives towards fragile states changed significantly: they began to see the development of fragile states as a responsibility shared by all members of the global community—a global public bad that would be insufficiently resourced unless all donors bore their share of the burden. However, donor governments' practice of providing ODA to politically aligned parties in recipient countries was still a reality. Empirical studies have found that some donor governments allocated aid according to strategies designed to maintain their strategic interests in recipient countries over time.<sup>5</sup> When official multilateral and bilateral donor agencies began to pay more attention to the effectiveness of aid that they provide, however, extreme miss-governance of aid by traditional donors became rare. For instance, even

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<sup>5</sup> Faye and Niehaus (2012) were able to establish a causal relationship between politics and aid for recipient countries. They discovered that the greater the political alignment between the recipient party and the donor government, the more aid the country received on average during an election year. Alesina and Dollar (2000) studied the three biggest donor countries—Japan, France, and the United States—and found that each had its own strategy for distributing aid. Japan prioritised countries that exhibited similar voting patterns at the UN, France mostly donated to its former colonies, and the United States provided disproportionate aid to Israel and Egypt.

though multilateral financial institutions continued to fund highly corrupt governments and remained silent about major governance scandals.

It is worth noting that the term "development cooperation" is used in place of "development aid" for example by the World Health Organization, to emphasise the importance of replacing the traditional relationship between donors and recipients with equal partnerships. Since the Paris Declaration on Aid Effectiveness of 2005, donors have been working to harmonise their aid procedures with systems established by recipient governments. They are also coordinating their aid programmes and preventing overlap by reducing the number of countries to which they give and the number of sectors in which they operate. During the past two decades in particular, aid agencies have faced public scrutiny (Ramalingam, 2013) and been asked to describe the value for money as aid budgets have shrunk.<sup>6</sup> Bureaucrats have to make decisions about which multilateral agencies to fund, while the citizens of donor countries want to know whether their governments are allocating aid as wisely and effectively as possible.

Since developing countries have more financing options in the era of the SDGs than a decade ago, donors are asked to provide the kind of financing that developing countries need: aid that is delivered quickly and supports the priorities and strategies of the recipient country. Donors are asked to fix technocratic issues by harmonising procedures, providing technical assistance, building capacity, and acknowledging the sovereignty of recipient governments. As mentioned, the number of new public and private sector actors engaged in development financing has increased significantly. The increasing diversity of actors, sources, and perspectives has brought about an "age of choice" for development. Developing country governments consider some of the existing

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6 Jackson (2012) as cited in Watermeyer (2013, p. 2) argues that "the value for money is about striking the best balance between the "three Es"—economy, efficiency, and effectiveness." Jackson (2012) mentions that It is not a tool or method, but a way of thinking about how best to use resources and that a fourth "E"—equity—is now also occasionally used to ensure that a value-for-money analysis accounts for the importance of reaching different groups.

effectiveness principles to be valuable, but do not appear to find all of them relevant or important. Recipient governments are developing more effective systems for using aid, establishing development strategies at the national and sectoral levels, and setting out their priorities and targets in strategic plans. Both recipient and donor countries agree that developing institutionalised partnerships at the country level promotes effectiveness. The Deauville G8 Declaration of 2011 asserts that both donor and recipient countries share responsibility for aid effectiveness.

## **Shift in the development effectiveness paradigm over time**

This section looks at the historical milestones in assessing the development effectiveness of aid.

### **International conference on financing for development, Monterrey**

Aid effectiveness was advanced by the Monterrey Consensus, which was adopted in 2002 at the first UN International Conference on Financing for Development in Monterrey, Mexico. While the international community placed financing for development on the global agenda and agreed to increase funding for development, this increase was acknowledged to be insufficient on its own. Both donors and developing countries wanted to ensure that future

development assistance would be used as effectively as possible, thereby helping the latter to achieve the Millennium Development Goals. A new paradigm was emerging in which aid was viewed as a partnership between donor and recipient rather than a one-way relationship. At the conference, all governments present acknowledged the need to



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understand why development assistance was not as effective as it could be in achieving intended goals. Both developed and developing countries recognised their responsibilities in key areas like trade, aid, debt relief, and institution building. In fact, the conference makes official policy convergence around the so-called post-Washington Consensus.

After Monterrey, the Organisation for Economic Co-operation and Development's Development Assistance Committee took the lead in promoting greater aid effectiveness. As a result, efforts to modernise, deepen, and broaden development cooperation and the delivery of aid were marked by meetings of the High Level Forum on Aid Effectiveness in Rome (2003), Paris (2005), Accra (2008), and Busan (2011).

### **First High Level Forum on Aid Effectiveness**

In 2003, aid officials and representatives of donor and recipient countries assembled in Rome, Italy, for the First High Level Forum on Aid Effectiveness (HLF1), which was organised by the Organisation for Economic Co-operation and Development. HLF1 was the first event at which "aid effectiveness" was defined in a factual declaration. The forum's agenda took off from the observation that "donor aid, however well-intentioned, has come to levy a high toll on recipients in terms of transaction cost. At HLF1, the heads of multilateral and bilateral development institutions and countries that received aid committed to harmonising their operational policies, procedures, and practices as well as working to better coordinate and streamline their activities at the country level. The Rome Declaration contains the following commitments (OECD, 2003):

- Ensuring that development assistance is delivered in accordance with the priorities of partner countries.
- Facilitating harmonisation by reviewing and amending policies, procedures, and practices.
- Progressively implementing best practices for the delivery of development assistance.

- Promoting the effective and efficient management of programmes and projects by encouraging donor cooperation and increasing the flexibility of staff.
- Developing incentives to improve recognition of the benefits of harmonisation.
- Supporting countries' analytical work in ways that will increase governments' leadership and their ownership of development results.
- Mainstreaming country-led efforts to streamline donor procedures and practices, including demand-driven technical cooperation.
- Applying good practice principles—including alignment with national budget cycles and reviews of poverty-reduction strategies—in providing budget, sector, and balance-of-payment support.
- Promoting harmonised approaches to global and regional programmes.

### *Criticism of HLF1*

CSOs criticised the outcome of HLF1 for being narrowly focused on the technical and procedural aspects of aid, rather than the more critical problems associated with ODA such as policy conditionality, tied aid, and ownership. Although donors consistently paid lip service to respecting and supporting "country-led" strategies and priorities as concocted through PRSPs, there were already criticisms of these during this time. Moreover, the Forum failed to provide specific and time-bound targets for donor countries to fulfil their long-standing pledge to provide 0.7% of their gross national income to ODA.

### **Second High Level Forum on joint progress toward enhanced aid effectiveness**

To address the issues mentioned above, the Second High Level Forum on Joint Progress toward Enhanced Aid Effectiveness (HLF2) was held in Paris, France, in early 2005. HLF2 marked the first time that donors and recipient countries agreed on common commitments and to work together to achieve their shared goals. Countries endorsed the Paris Declaration on Aid Effectiveness, a comprehensive attempt rooted in the principles of partnership to change how donors and developing countries did business.

The Paris Declaration constitutes the second generation of aid effectiveness reforms. While the first generation focused on donor harmonisation, the declaration went beyond previous agreements by bringing together a relatively larger and more representative group (especially representatives from developing countries), implementing a process for broad consultations, and laying out a practical, action-oriented roadmap for increasing aid effectiveness. The Paris Declaration outlines the following five principles for making aid more effective:

- **Ownership:** Developing countries should develop their own strategies for reducing poverty, improving their institutions, and tackling corruption.
- **Alignment:** Donor countries should align themselves with these objectives and use local systems.
- **Harmonisation:** To avoid duplication, donor countries should simplify and coordinate their procedures and share information.
- **Results:** Developing countries and donors should shift their focus to measurable development results.
- **Mutual accountability:** Donors and partners should both be accountable for development results.

### *Criticism of the HLF2*

Although it expanded the scope of aid effectiveness reforms, the Paris Declaration does not go far enough. CSOs point out that it remains focused on improving the delivery of aid rather than addressing and improving the conditions for the effective reduction of poverty and inequalities. Bissio (2008) argues that in concentrating on effectiveness, the declaration devotes insufficient consideration to the actual impacts of aid on poverty reduction, pro-poor growth, and the eradication of social discrimination and disparities, including gender inequality.

### Third High Level Forum on Aid Effectiveness

In 2008, the Third High Level Forum on Aid Effectiveness (HLF3) was held in Accra, Ghana. It took stock of current progress and built on the Paris Declaration to accelerate the pace of change. In part, the resulting Accra Agenda for Action took an initial step towards more explicitly recognising broader development goals (OECD, 2008). According to the Accra Agenda for Action, demonstrating the impact of development aid was to be the heart of efforts to make aid more

 **The resulting Accra Agenda for Action took an initial step towards more explicitly recognising broader development goals.**

effective. In addition, developing countries were to commit to publicising their revenues, expenditures, budgets, and procurements. Donors were to commit to disclosing information on aid flows regularly and in a timely manner. Participants at the forum acknowledged that aid is only one part of the development picture, with democracy, economic growth, social progress, and environmental protection being the main engines of development in all countries. They emphasised that not enough progress is happening and development partners need to meet the following major challenges to accelerate progress: country ownership, building more effective and inclusive partnerships, and achieving development results. HLF3 represented a unique instance of cooperation among development partners, developing countries, and CSOs and other non-state actors.

### Criticism of the HLF3

While it included some improved language, the Accra Agenda for Action still fails on the main principle of ownership since it does not do away with tied aid and donor



conditionalities. Donors have refused to eliminate tied aid completely. They have steered clear of making concrete, measurable, and time-bound commitments to building democratic ownership of aid and development policies. There is little improvement in areas that are of great concern to developing country governments and their citizens, plus the Accra Agenda for Action does not live up to the rhetoric of the Paris Declaration, which promises to allow developing countries to finally take ownership of their development. It is worth mentioning that CSOs remain critical of the entire aid effectiveness reform agenda so far adopted by donors and recipient governments for being narrowly focused on improving the management and delivery of aid. According to this approach, aid effectiveness is measured in terms of the efficiency of its delivery rather than its demonstrable impact on the lives of the poor and marginalised.

#### **Fourth High Level Forum on Aid Effectiveness**

The Fourth High Level Forum on Aid Effectiveness (HLF4) was held in 2011 in Busan, South Korea, and marked a turning point in the global discussions on aid and development. Over 3,000 delegates, including representatives of emerging economies and the private sector, attended HLF4 to review progress on implementing the Paris Declaration's principles and encourage development partners to go beyond aid by identifying new policies to support development efforts. They also discussed how to maintain the relevance of aid effectiveness goals in the context of the evolving development landscape. HLF4 culminated in the Busan Partnership for Effective Development Co-operation, which was signed by representatives of developed and developing countries, emerging economies, providers of South-South and triangular cooperation, and civil society. This partnership established for the first time an agreed-upon framework<sup>7</sup> for development cooperation among traditional donors, non-traditional donors, CSOs, and all of which committed to

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<sup>7</sup> It is worth mentioning that to persuade China and other "emerging donors" to sign, the Busan agreement de-emphasised some of the principles of the Paris Declaration. In particular, the final statement dropped "alignment" and "harmonisation" as fundamental principles and added "transparency" and "inclusive partnerships." It also asserted that non-traditional donors did not necessarily have to engage in the same processes as traditional donors.

increasing the effectiveness of their development cooperation by putting into practice four principles:

- Focus on results: Investments and efforts should have lasting effects on reducing poverty and inequalities, promoting sustainable development, and improving countries' capacities. Investments should be aligned with the priorities and policies set out by countries themselves.
- Country ownership: Countries should choose their development priorities and the models they want to implement.
- Inclusive partnerships for development: Sustainable development depends on the participation of all stakeholders and benefits from diverse roles and complementary contributions.
- Transparency and mutual accountability: Development cooperation efforts should be transparent to all relevant stakeholders, including all citizens.

Unlike the Paris Declaration's principles, which were mainly managed and executed by the Organisation for Economic Co-operation and Development's Development Assistance Committee, HLF4 informally changed existing attitudes towards more country focus and less global concentration. This change in approach was based on the assumptions that countries can be more flexible in shaping their own accountability frameworks and governments are better capable of imposing pressure on development partners in their countries.

### **First High-level Meeting of the Global Partnership for Effective Development Co-operation**

In 2014, more than 1,500 development leaders assembled in Mexico City, Mexico, for the First High-Level Meeting of the Global Partnership for Effective Development Co-operation, which was established as a result of the Busan Partnership for Effective Development Co-operation. They reviewed global progress on making development

aid more effective and made making development cooperation more effective a priority in discussions on the post-2015 development agenda, which would become the SDGs. The meeting was a major milestone in the global fight against poverty and the critical role of effective development co-operation for reaching the Millennium Development Goals was emphasised. The main outcome was a consensus document titled the Mexico City Communiqué, which addressed both

the role of global partnership in the implementation of the post-2015 development agenda and concrete actions towards more inclusive and sustainable development results. Thirty-nine voluntary initiatives to increase development effectiveness were launched by a diverse group of stakeholders.



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### **Second High-Level Meeting of the Global Partnership for Effective Development Co-operation**

In 2016, the Second High-Level Meeting of the Global Partnership for Effective Development Co-operation was held in Nairobi, Kenya, and marked the first meeting after the adoption of the 2030 Agenda, which introduced the SDGs, under the theme "Towards Effective and Accelerated Implementation of the 2030 Agenda." At the meeting stakeholders presented relevant knowledge and lessons learned from their own experiences of committing to the development of cooperation principles. They assessed new and replicable methods for development cooperation at the country level and positioned the Global Partnership to effectively contribute to achieving the SDGs.

## Debate about and methods for measuring aid effectiveness

Development aid effectiveness has been the subject of extensive research over the past 50 years.<sup>8</sup> Cassen (1968) started the debate over whether aid actually works, claiming that whether aid works depends entirely on policies. He argues that aid is efficient when policies are good, but if policies are not good, aid is useless at best. He also argues that aid should only be allocated to countries pursuing good policies. In this way, he simultaneously addresses issues of aid

effectiveness and aid selectivity. Mosley (1985) was the first to measure aid quality and did so using several criteria, including "selectivity across and within aid-recipient countries," "degree of concessionality," and "conditionalities." Other researchers have studied the roles of other factors in aid effectiveness, including governance (Kaufmann, Kraay, and Zoido, 1999), exogenous environmental factors (Guillaumont and Chauvet, 2001), and bureaucracy (Knack and Rahman, 2004).



**Development aid effectiveness has been the subject of extensive research over the past 50 years.**

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<sup>8</sup> In general, aid effectiveness can be measured by three different components: impact, outcomes, and outputs. These terms are used to observe and explain the causal effects between ODA and various changes in a country's conditions, specifically people's lives. The terms are widely used, though how they are interpreted is often inconsistent. The definitions of impact, outcome, and output were first given by the Organisation for Economic Co-operation and Development's Development Assistance Committee in 2002. Impact represents the long-term effects of development intervention on a country. Impacts can be positive or negative, primary or secondary, direct or indirect, and intended or unintended. Outcomes, on the other hand, refer to the short- and medium-term effects of the outputs of an intervention. Outputs include the products, capital goods, and services that stem from an intervention. Moreover, outputs may consist of the changes that are related to the achievement of outcomes. Even though these terms can be easily distinguished theoretically, there is usually confusion, especially given overlap between outputs and outcomes as well as outputs and impact. The Organisation for Economic Co-operation and Development's Development Assistance Committee acknowledged that changes stemming from an intervention that are related to the achievement of outcomes can be included in the output. Additionally, outputs can be a programme's deliverables. Others interpret the changes that happen in the first place to be outputs (OECD, n.d)

An existential challenge in measuring the effectiveness of aid is that not all aid is designed to generate economic growth. In fact, there has been a failure to differentiate between different types of aid and their respective aims. A large percentage of aid is designed to reduce poverty, improve the standard of living for the poor, or provide various public goods, including healthcare and education. Evaluating the effectiveness of this type of aid is difficult because many of its benefits are not easily measured and can take a long time to materialise. As a result, it may be the case that this type of aid contributes to development without increasing economic growth.<sup>9</sup> The following subsections outline methods for measuring aid effectiveness found in the relevant global literature.

### First method for measuring aid effectiveness

In the early 2000s, Western donors finally recognised that they were partially to blame for the often-disappointing results of foreign aid. Adopted in 2005, the Paris Declaration was the result of this soul-searching. As mentioned, the declaration focuses on the following five mutually reinforcing principles and 12 indicators designed to provide a measurable and evidence-based way to measure aid effectiveness as well as reform the delivery and management of aid.

*Table 1. Paris Declaration's principles and indicators*

Ownership	1. Countries should institute national development strategies with clear strategic priorities.
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<sup>9</sup> This is one reason that significant improvements on social indicators have been observed for most developing countries since the 1960s. For example, the average life expectancy in developing countries increased from 46 in 1960 (67% of the life expectancy in developed countries) to 65 in 1998 (85% of the life expectancy in developed countries). A similar pattern is apparent for infant mortality according to the Global Health Observatory data-WHO.

Alignment	<p>2. Countries should develop reliable national fiduciary systems or reform programmes to achieve them.</p> <p>3. Donors should align their aid with national priorities and assemble the information needed for their aid to be included in national budgets.</p> <p>4. Coordinated programmes aligned with national development strategies should support capacity development.</p> <p>5.1 As their first option, donors should use fiduciary systems already in place in recipient countries.</p> <p>5.2 As their first option, donors should use procurement systems already in place in recipient countries.</p> <p>6. Country structures should be used to implement aid programmes; donors should not create parallel structures.</p> <p>7. Aid should be disbursed according to agreed-upon schedules.</p> <p>8. Bilateral aid should not be tied to services supplied by the donor.</p>
Harmonisation	<p>9. Aid should be provided via harmonised programmes coordinated by donors.</p> <p>10.1 Donors should conduct their field missions in tandem with recipient countries.</p> <p>10.2 Donors should conduct their country analytical work in tandem with recipient countries.</p>
Managing for results	<p>11. Countries should use transparent, measurable assessment frameworks to measure progress and assess results.</p>
Mutual accountability	<p>12. Regular reviews should assess progress in fulfilling aid commitments.</p>

Source: Lopez-Acuna (2016)

## Second method for measuring aid effectiveness

The Center for Global Development and Overseas Development Institute proposed four different methods for assessing aid effectiveness from the donor perspective. Their stated aim in doing so was to increase the effectiveness of individual donors by rating them and ranking them against their peers. The viability of these approaches should be assessed according to certain criteria. These criteria are practicality, innovation, advocacy value, and estimated cost. Each approach is a partial measure of aid effectiveness and cannot capture every aspect of aid effectiveness from the donor perspective. Extensive in-country research will probably be required to improve the validity of these approaches.

### *Indexing donor commitment to the Paris Declaration*

According to the Center for Global Development and Overseas Development Institute, the Paris Declaration revealed extensive consensus regarding which factors are under the control of both recipient governments and donor agencies. They took this consensus as a starting point in developing a list of factors under the control of donor agencies that could be used to evaluate donor effectiveness. Donor agencies are evaluated according to the extent to which:

- Donors' aid flows are reported in budgets.
- Technical assistance offered by donors to recipient countries is coordinated with those countries' national strategies.
- Donors use the procurement systems of recipient countries.
- Donors use recipient countries' systems of public financial management.
- The number of project implementation units.
- The predictability and volatility of aid flows.
- The proportion of tied aid.
- Aid flows are harmonised using programme-based approaches.
- The quantity of joint donor missions and analytical work.

### *Indexing donor value for money*

This approach examines the internal policies and procedures of donor agencies to evaluate their ability to adapt their methods to various contexts and hence to maximise their aid effectiveness. Key criteria include the extent to which:

- Incentives include progress packages that reward staff for aid effectiveness.
- Training programmes develop the capacity of staff and the entire system to deliver aid effectively.
- Authority is transferred to national offices.

- Evaluation is built into programmes and strategic planning cycles.
- Procedures are easy to understand and follow.
- Procedures are flexible enough to be harmonised with those of other donors.
- Decision-making procedures are transparent.
- Governance mechanisms are designed so that beneficiary groups and their representatives can participate in the process.

It should be noted that substantial work would be required to develop these factors into indicators robust enough to be used to evaluate the work of different donor agencies.

#### *Surveying government perceptions of donor performance*

Debt Finance International introduced a totally different approach to evaluating aid effectiveness. Working with heavily indebted poor countries, it designed a framework of specific objectives to be used by government officials to internally rank individual donors according to particular criteria. The objective is to help recipient countries identify the best donors for them given their specific development goals. The framework contains the following indicators:

- Policy perspective
  - Types of assistance: budget/balance-of-payments support, project, technical assistance, and food/commodity.
  - Channel for delivering assistance: budget or off-budget.
  - Sectors and projects: support is for Poverty Reduction Strategy Papers or "donor-led priorities."
  - Flexibility of assistance: can provided aid be directed to new areas or can be used to meet unanticipated financial shortfalls arising from economic shocks.
  - Predictability of assistance: "multi-year commitments" or "one-year commitments."
  - Policy conditionality: the number and degree of enforcement of policy conditions.



- Policy dialogue: the engagement level of the donor in dialogue related to economic policy and independent support for government policies or alignment with Bretton Woods Institutions.
- Course-of-action perspective
  - Conditions precedent: the types and degrees of enforcement and any delays in disbursement that have occurred in meeting these conditions.
  - Disbursement methods: in "cash directly to the budget" or via "reimbursement claims."
  - Disbursement procedures: the number and complexity of disbursement delays.
  - Procurement procedures: the number and complexity of disbursement delays.
  - Coordination: the degree of harmonisation between a recipient government and donors/creditors.

### *Assessing the steps required to access aid*

This approach is inspired by the influential work of economist De Soto (2002), who studied the steps that an entrepreneur must complete to establish a new formal business and the length of time required for each step. Under this approach, to obtain access to aid, recipient governments must complete steps that depend on the donor and aid modality. These steps, which vary in length and complexity, can significantly tax the capacities and resources of the recipient governments. The logic is to use preselected indicators to select a small number of countries. The number of steps and length of time required to complete each step can then be measured by using donor policies and in-country interviews. These measures can then be used to calculate the average time that it took the sample countries to access aid.

### *Combination approach*

Each of the approaches described above faces different challenges in reliably measuring aid effectiveness from the donor perspective. For example, an amount of

high-quality data sufficient to differentiate between different donors cannot be collected without relatively extensive in-country research. The absence of such in-country research considerably reduces the reliability and accuracy of each approach. A stronger approach would be to first identify which data are available without in-country research for conducting each of the above approaches. Then, applying the following overall measure of aid effectiveness from the donor perspective:

$$AE = f(AV, CPD, VM, P, T)$$

Where:

*AE* represents aid effectiveness.

*f* is a function (such as a weighted summation) linking the values of *AV*, *CPD*, *VM*, *P*, and *T* to an index of overall aid effectiveness.

*AV* represents the "net aid value" (the current measure of aid in the Center for Global Development's Commitment to Development Index.

*CPD* is a measure of the donor's commitment to the Paris Declaration.

*VM* is a measure of donor value for money.

*P* is the Debt Finance International perception data.

*T* is the time that it takes to access aid.

The advantage of this combined approach is that it contains all of the most important determinants of aid effectiveness. Moreover, with few exceptions, the data related to most of the factors are already present in existing data sets, which limits the need for in-country research.

### **Third method for measuring aid effectiveness**

Established by the Center for Global Development in 2010, the Quality of Official Development Assistance (QuODA) is a framework that provides quantitative summary information on donor efforts to improve aid effectiveness. QuODA evaluates the quality

of the aid provided by different countries and multilateral agencies by benchmarking these countries and agencies against each other every year. This approach corresponds to a certain degree with the approach embodied by Paris Declaration, but they are not identical (see Appendix 1). The following four dimensions are selected by QuODA to represent four major objectives of effective aid:

- Maximising efficiency: This objective emphasises the role of development assistance in reducing poverty. It is related to how aid is allocated to different countries and sectors.
- Fostering institutions: Meeting this objective is crucial for any project with long-term goals. It mandates that strong institutional systems be built in recipient countries in accordance with their priorities and approaches.
- Reducing the burden on partner countries: This objective is rooted in the claim that the various administrative burdens and pressures imposed on recipient countries decrease aid effectiveness. It requires that the problems of waste, overlap, and fragmentation between donors be addressed. It is especially necessary because the current trend of more and smaller projects requires recipient governments to conduct additional monitoring and reporting.
- Transparency and learning: This objective mandates the timely provision of comparative information on aid spending. The availability of such information facilitates coordination among donors and recipient countries.

### **Criticism of being gender blind in measurement methods**

A number of researchers and practitioners<sup>10</sup> have criticised the Paris Declaration for being gender blind and overly technical. They have urged gender-equality advocates to add a "gender" dimension to aid effectiveness by working within the official framework

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<sup>10</sup> See, for instance, Van Reissen (2005), Gaynor (2006), Alemany, Hopenhaym, and Craviotto (2008), Craviotto (2008), de la Cruz, Barrig, and Rodríguez (2008), Meyer and Sjaard Schultz (2008), De la Cruz, Mantecón, and Thomson (2009).

established by the Paris Declaration to create three initiatives, which are outlined below. The initiatives call for collecting sex-disaggregated data that can serve as reliable inputs to future research on gender-related issues. Not designed to challenge the categories established in the Paris Declaration, they aim only to develop new indicators that could work within its existing framework.

### **First Initiative: African Gender and Development Evaluators Network**

In 2006, the UN Development Fund for Women launched a new expert group to study modern aid modalities—the African Gender and Development Evaluators Network (AGDEN). Its mission is to propose new methods for achieving gender equality in the context of the aid effectiveness. Some indicators selected by AGDEN evaluate the degree to which reforms of national procurement systems reflect gender sensitivity, while others evaluate the extent to which government functionaries have developed capacities related to gender. AGDEN's goals is to collaborate with other expert groups in evaluating the effectiveness of aid under the Paris Declaration's framework using 38 different gender-sensitive indicators<sup>11</sup>, introduce women and gender into every possible part of the aid-management process, and evaluate whether each of the Paris Declaration's indicators is gender sensitive.

### **Second Initiative: EC/UN Partnership on Gender Equality for Development and Peace**

In 2007, the European Commission (EC) partnered with the UN Development Fund for Women and International Training Centre of the International Labour Organisation to launch the EC/UN Partnership on Gender Equality for Development and Peace. The partnership has five goals: knowledge generation, capacity building, information sharing, advocacy, and partnership building (see Appendix 2). It introduces a new set of 10 voluntary gender-sensitive indicators in accordance with the five principles of the Paris

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11 For more details in this topic, see Table 1 in Etta, Florence E. (2009). *Measuring gender equality results: the PD and other ways*. Paper presented at IDEAS General Assembly, Johannesburg, 17–20 March.

Declaration (see Appendix 3). These indicators are designed to advance gender equality by instituting gender-responsive budgeting practices and systems, fund gender-specific goals, and increase capacity building.

### Third Initiative: Development Assistance Committee Network on Gender Equality

Following the review meeting in Accra, the Organisation for Economic Co-operation and Development's Development Assistance Committee Network on Gender Equality (GENDERNET) launched the Guiding Principles, Gender Equality and Women's Empowerment to complement the Development Assistance Committee recommendations for Gender Equality and Women's Empowerment in Development Co-operation introduced in 1999. It published a series of issues briefs

on empowering women, gender equality, and aid effectiveness according to the Paris Declaration. To address the need for data on gender equality in the aid-management system, GENDERNET included a non-compulsory module on gender equality in the voluntary monitoring survey used by countries taking part in its 2011 monitoring programme. These indicators are not designed to yield a comprehensive tool for tracking progress against the declaration, but rather "to offer an exploratory framework for countries to make linkages between gender equality and aid effectiveness" (OECD, 2011). It is worth mentioning that GENDERNET did not follow AGDEN and the EC/UN Partnership on Gender Equality for Development and Peace in introducing indicators for the five principles of the Paris Declaration. Instead, GENDERNET's indicators concentrated only on three principles considered to be the most strategic: ownership, management for results, and mutual accountability (see Appendix 4).



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## Challenge of fragile states in measurement methods

Another challenge to the global aid architecture is fragile states<sup>12</sup>. While the number of people living in extreme poverty in stable countries has decreased significantly,<sup>13</sup> the number of people living in extreme poverty in fragile states has increased over the same period.

The literature on aid effectiveness generally differentiates between donors while considering recipients to be homogeneous. The Brookings Institution (2016) addressed this research gap by adapting available methods of measuring effectiveness to suit both fragile states and stable countries. It introduced three attributes of good donors with 10 different indicators. While the attributes can be considered practical applications of the Hippocratic principle "do no harm," they are also normative for stable countries. The indicators describe aid practices judged to be equally practicable in fragile states and stable countries. Some of the indicators were borrowed from the literature on aid effectiveness, but the rest were tailored to the study of fragile states in a way that incorporates controls for the country environment or captures the most outstanding characteristics of fragile states.

## New approaches, sectors, and instruments

### The SDG era

The Paris Declaration has not been fully implemented, though its principles are reaffirmed in the 2030 Agenda. The SDGs encourage cooperation among different countries, development actors, and CSOs. During the SDG era, developing, emerging, and developed countries are translating SDGs and their targets into national strategies

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12 U.S. Agency for International Development (2005, p. 1) defines "the term fragile states to refer generally to a broad range of failing, failed, and recovering states."

13 From 1.8 billion in 1990 to 800 million in 2013 according to (Chandy, Seidel and Zhang, 2016).

for sustainability. This process creates new opportunities to identify joint priorities, implement new divisions of labour, and encourage donor coordination. The SDGs also include commitments on the part of developing countries to support donor efforts and enable innovative cooperation approaches. Greenhill, Carter, Hoy, and Manuel (2015) argue that the SDGs' high-level agenda requires not only the mobilisation of significantly greater resources for sustainable development, but also more focus than ever on the quality and impacts of these resources.

According to the Organisation for Economic Co-operation and Development's Working Party on Aid Effectiveness, achievement of the SDGs is no longer a function of the amount of aid given; rather, it depends on how aid is given. Delivering effective aid is crucial to both maximising the impact of aid and guaranteeing the changes necessary for long-term sustainable development (OECD 2010).

There have been significant changes in the development landscape since the adoption of the 2030 Agenda and it is believed that such changes will continue through 2030. In particular:

- South-South cooperation, which contrasts with the traditional donor-recipient relationship, has created an opportunity for horizontal partnerships, reciprocity, and mutual benefits.
- Non-traditional donors now provide a significant proportion of development finance.
- Introducing a new set of objectives, such as leaving no one behind.
- A new age of choice for developing countries.
- Introducing new instruments, catalytic approaches, including blended finance.
- The global aid architecture has been exposed to a range of new challenges:
  - Fragile states: By 2030, extreme poverty will be significantly concentrated in fragile states.<sup>14</sup>

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<sup>14</sup> This designation includes most of the world's low-income countries and many middle-income countries (or regions within them).

- Inclusive growth in middle-income countries: While inequality in living standards between different countries is decreasing, inequality within many countries is increasing. Increases in gross domestic product per capita often mask existing challenges inside countries, including higher rates of inequality, environmental disasters, and limited social protections.
- Management of transboundary risks and provision of global public goods: Transboundary risks and global public goods will increasingly shape future development prospects.
- New resources, instruments, and approaches for addressing development goals: Domestic resource mobilisation, private investment, blended finance, non-concessional international public financing, and remittances are all new sources of finance for development.

None of these challenges were focus areas of the Millennium Development Goals, but from now on, all of them will play critical roles in shaping the outlook for international development. While these challenges are being addressed primarily at the national level, collaboration among development partners is required.

### **Additional efforts to monitor and improve aid effectiveness**

Since the Paris Declaration was endorsed in 2005 and its monitoring framework was finalised in 2006, stakeholders have made several attempts to identify innovative methods in applying elements of the monitoring framework. These initiatives can be categorised as follows:

- Partner-country and context-specific frameworks and tools for assessing performance and promoting mutual accountability.
- Sector, thematic, and other mezzo-level diagnostic and mutual-review processes (such as International Health Partnership and other related initiatives (IHP +) Results and the Education for All Fast Track Initiative (EFA-FTI).



- Donor-specific initiatives to improve corporate performance and accountability to taxpayers.
- Non-governmental initiatives designed to create knowledge, foster transparency, and promote domestic accountability<sup>15</sup>.

A variety of organisations and platforms like the Global Partnership for Effective Development Co-operation, Development Assistance Committee Network on Development Evaluation, and Task Team on Health as a Tracer Sector have been actively engaged in the process of improving and monitoring aid effectiveness. They address various concerns regarding aid effectiveness by tracking and monitoring the application of adopted principles, evaluating aid activities, and addressing emerging issues.

### **Re-evaluating the current system for developing a new methodology**

Successful sustainable development is linked to the SDGs and their commitment to leave no one behind, the Addis Ababa Action Agenda on financing and the landmark Paris Agreement on climate change. To develop a new methodological framework for assessing aid effectiveness at the country level, necessary steps include rethinking the system by which aid is delivered, considering the crucial factors in evaluating development effectiveness during the SDG era that have somehow been absent from recent debates, acknowledging the new role of ODA to leverage both the public and private sectors.

It should be noted that the Paris Declaration and Accra Agenda for Action introduced principles that assumed a well-functioning government and well-established national systems. They are also built on the assumption that governments have unlimited power to coordinate local and international organisations. In the process of developing a new methodological framework, it should be acknowledged that the power of many countries is limited and the challenge of fragile states is more serious than ever. While

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<sup>15</sup> Kharas (2012) explains the concept of domestic accountability: government, civil society, and the private sector keep each other in check through an accountability triangle.

the role of recipient countries in the assessment process has generally been ignored, amplifying their voices and giving more weight to locally driven feedback are crucial steps towards a more appropriate framework.

A new methodological framework for assessing aid effectiveness at the country level should ensure comparability of assessment findings among countries and be inclusive of a range of stakeholders. However, it should be noted that assessments which are limited to particular project or programme interventions, or to the contributions of a particular donor, leave out some of the most important aspects of the interactions between different actors' inputs. Kotsadam, Østby, Rustad, Tollefsen, and Urdal (2018) argue that most empirical studies of development effectiveness still use data which are aggregated at countries level, which could be one reason for the inconclusive results of these studies. Also, these studies may fail to control for differences across countries, leading to spurious effects between aid and various outcomes (Odokonyero, Alex, Robert, Tony, and Godfrey, 2015). In order to establish the extent to which ODA has made a difference to the achievement of national development objectives, it is necessary to review the collective performance of all development actors, including donor agencies, developing country governments, and CSOs, in a given country context.

Data coverage is another challenge in measuring effectiveness that deserves more attention in the process of developing a new methodological framework. Some developing countries that are recipients of ODA perform poorly in implementing the SDGs and experience serious monetary and human resource limitations in data collection. However, if these countries are excluded from the process of measuring effectiveness simply because data are missing, this process could overestimate the positive effects of aid.

In the end, a country study is well worth doing even if every impact question cannot be answered with a high degree of precision or certainty. Indeed, one of the expected benefits of country studies is a better understanding of the extent to which it is presently possible to evaluate the effectiveness of ODA at the country level.

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## Appendices

### Appendix 1. Correspondence between QuODA dimensions and Paris Declaration principles

QuODA dimension	Paris Declaration principle
Fostering institution	Ownership
Reduce burden	Alignment
Maximising efficiency	Results
Transparency and learning	Mutual accountability

Elaborated by the author.

### Appendix 2. Strategies that underpinned the EC/UN Partnership on Gender Equality for Development and Peace

Strategies	Goal
Knowledge generation	Mapping national priorities and budgeting processes to identify opportunities and challenges for incorporating gender equality into all 12 pilot countries
Capacity building	Enabling national stakeholders and development partners, especially the EC in pilot countries, to incorporate gender equality and women's human rights more fully into national development plans, country strategy papers, budgets, programme implementation, monitoring, and evaluation; a global gender help desk was set up in the International Training Centre of the International Labour Organization to provide technical assistance
Information sharing	Setting up an interactive project website, documenting best practices and lessons learned, and disseminating those documents at various forums



Advocacy	Giving attention to the gender equality and women's human rights part of the aid effectiveness agendas of all development partners in the lead-up to the High Level Forum on Aid Effectiveness review of the Paris Declaration in Accra in 2008 and beyond
Partnership building	Creating coalitions and networks of gender equality advocates that can work together to develop key messages for advocacy at national, regional, and global levels

Source: Pérez Piñan (2015), information compiled by the author.

### Appendix 3. Gender-sensitive indicators of the EC/UN Partnership on Gender Equality for Development and Peace

Paris Declaration principle(s)	Gender-sensitive indicators by the EC/UN Partnership on Gender Equality for Development and Peace
Ownership	<p>1.1 Countries evaluated in 2010 have institutional structures in place which allow systematic participation of civil society and women's groups in national development planning (including the formulation of Poverty Reduction Strategy Papers), implementation, and monitoring</p> <p>1.2 National development strategies and Poverty Reduction Strategy Papers developed up to 2010 integrate a gender analysis of poverty consistently supported by sex-disaggregated data, and reference to national commitments to international agreements such as the Convention on the Elimination of all Forms of Discrimination Against Women and Beijing Platform for Action</p> <p>1.3 National gender equality priorities/plans are costed, supported by action plans, and integrated into national development strategies and Poverty Reduction Strategy Papers</p>
Alignment and harmonisation	<p>2.1 Donor and partner countries evaluated in 2010 have gender-responsive budgeting systems in place at national and local levels</p> <p>2.2 Percentage of donor funds dedicated to capacity building on mainstreaming gender perspectives in public finances for finance ministry officials, line ministries, civil society (and particularly women's organisations), and parliamentarians</p> <p>2.3 Percentage of public/donor funding for meeting gender-specific goals, for example, ending violence against women and HIV/AIDS prevention and treatment</p>
Managing for results and mutual accountability	<p>3.1 The 2010 evaluation of implementation of the Paris Declaration include systematic involvement from civil society and women's organisations</p>

	<p>3.2 At least three gender-sensitive indicators are assessed during formal aid effectiveness monitoring and evaluation processes</p> <p>3.3 Performance assessment frameworks of donors include gender equality as a key result and include systematic involvement from civil society and women's organisations</p> <p>3.4 Percentage of aid dedicated for harmonised systems for joint government/donor capacity building on mainstreaming gender equality in programme-based approaches in place at country level</p>
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Reproduced from European Commission/United Nations Partnership on Gender Equality for Development and Peace (2008).

#### Appendix 4. Gender-sensitive indicators of GENDERNET

Paris Declaration principle	GENDERNET gender equality indicators
Ownership	Gender equality and women's empowerment are grounded in a systematic manner in national development strategies
Managing for results	Data are disaggregated by sex
Mutual accountability	Mutual accountability for gender and women's empowerment

Source: OECD (2011).



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