How should aid agencies evolve? Perspectives from developing countries

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Making Development Co-operation Fit for the Future: A Survey of Partner Countries

Robin Davies and Jonathan Pickering
Knowledge gaps

• Available info:
  • Large-scale consultations on development priorities (World Bank/UN)
  • Age of Choice studies (ODI)
  • Global Monitoring Report

• But limited evidence on how a broader range of developing countries want aid agencies to evolve
What’s different about the survey?

• Broad
  • 40 partner countries

• Comparative
  • DAC / non-DAC bilateral / multilateral

• Forward-looking
  • 5–10 year timeframe
## Diverse country circumstances

<table>
<thead>
<tr>
<th>ODA/GNI ratio</th>
<th>10% or more</th>
<th>3-9%</th>
<th>Less than 3%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low Income</td>
<td>Congo, Dem. Rep.*</td>
<td>Madagascar*</td>
<td>Bangladesh*</td>
</tr>
<tr>
<td></td>
<td>Burundi*</td>
<td>Nepal*</td>
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<td></td>
<td>Malawi*</td>
<td>Ethiopia*</td>
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<td></td>
<td>Niger*</td>
<td>Benin</td>
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<td></td>
<td>Liberia*</td>
<td>Togo*</td>
<td></td>
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<tr>
<td></td>
<td>Mozambique</td>
<td>Guinea-Bissau*</td>
<td>Kenya*</td>
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<td></td>
<td></td>
<td>Cambodia</td>
<td></td>
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<tr>
<td>Middle Income</td>
<td>Côte d'Ivoire*</td>
<td>Senegal</td>
<td>Cameroon*</td>
</tr>
<tr>
<td></td>
<td>Solomon Islands*</td>
<td>Zambia</td>
<td>Pakistan*</td>
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<tr>
<td></td>
<td>Kiribati*</td>
<td>Vietnam</td>
<td>Yemen*</td>
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<td></td>
<td>Vanuatu</td>
<td>Papua New Guinea</td>
<td>Morocco</td>
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<td></td>
<td>Samoa</td>
<td>Guinea</td>
<td>Indonesia</td>
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<tr>
<td></td>
<td>Cabo Verde</td>
<td>Honduras</td>
<td>Armenia</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Moldova</td>
<td>Dominican Rep.</td>
</tr>
</tbody>
</table>
1. Current and future development challenges
2. Role and significance of aid
3. Nature and quality of aid flows
4. Partnership management and provider harmonisation
5. Policy coherence for development
6. Transitioning away from aid
How important is aid?

Results on left-hand side are for all responses. Results on right-hand side relate only to the 88 per cent of respondents who considered assistance to be important or very important now.
Main sources of finance in 5–10 years

- Multilat - Conc loans: 50%
- OECD-DAC - Grants: 50%
- Domestic private sector: 40%
- Domestic public sector: 35%
- Multilat - Grants: 30%
- OECD-DAC - Conc loans: 25%
- Non-DAC - Conc loans: 20%
- Private finance at market terms: 15%
What purposes should aid serve?

- Top purpose now
- Top purpose in 5-10 years' time

<table>
<thead>
<tr>
<th>Purpose</th>
<th>% of all responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Filling domestic public financing gaps</td>
<td>45%</td>
</tr>
<tr>
<td>Technical &amp; advisory support</td>
<td>30%</td>
</tr>
<tr>
<td>Mobilising private funding</td>
<td>20%</td>
</tr>
<tr>
<td>Supporting basic service delivery</td>
<td>25%</td>
</tr>
<tr>
<td>Humanitarian assistance</td>
<td>10%</td>
</tr>
</tbody>
</table>
What attributes do partners value most?
Top funding modalities in 5–10 years

- **General budget support**
- **Sector budget support**
- **Project interventions**
- **Results-based financing**
- **Technical assistance**
- **Debt relief**
- **Pooled funding**

Legend:
- First-ranked
- Second-ranked
- Third-ranked
Satisfaction varies across providers

<table>
<thead>
<tr>
<th></th>
<th>Very satisfied</th>
<th>Satisfied</th>
<th>Neutral</th>
<th>Dissatisfied</th>
</tr>
</thead>
<tbody>
<tr>
<td>OECD-DAC</td>
<td>12</td>
<td>62</td>
<td>23</td>
<td>3</td>
</tr>
<tr>
<td>Non-DAC bilateral</td>
<td>7</td>
<td>52</td>
<td>27</td>
<td>14</td>
</tr>
<tr>
<td>Multilateral</td>
<td>19</td>
<td>64</td>
<td>14</td>
<td>3</td>
</tr>
</tbody>
</table>

% of all responses

Footer text goes in here
DAC providers

• **Valued for:**
  • Volume of finance
  • Public policy experience
  • Transparency
  • In-country presence
  • Solid track record of co-operation

• **Areas for improvement:**
  • Predictability
  • Decentralisation
  • Reduced program fragmentation
Non-DAC bilateral providers

• Valued for:
  • High-priority economic infrastructure projects
  • Timely, responsive and reliable delivery

• Areas for improvement:
  • Transparency
  • Value for money (procurement practices)
  • Country presence
  • Engagement in development dialogue
Multilaterals

• Valued for:
  • Support for large-scale, long-term programmes
  • High level of alignment
  • Limited conditionality
  • Predictability
  • Depth and relevance of expertise

• Limited areas of improvement:
  • Rigid policies and procedures
  • Scope to build local capacity further
Implications for DAC members

• Shift to enabling role while playing to comparative advantage:
  • Grants, policy experience, in-country presence

• Recognise strong demand for:
  • Alignment
  • Budget support
  • Multilateral channels

• Improve predictability of funding

• Engage differently with medium-dependency countries