

Measuring the Quality of Development Assistance

*Based on work by Nancy Birdsall, Kate
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*New Measures of Aid Quality for Microfinance,
Humanitarian Aid, and Everything Else
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What is the general idea?

- Develop and present quantity-blind measures of the quality of development assistance for about 35 bilateral and multilateral agencies
- Publish an annual quasi-index
- Ensure accessibility of the information to a broad audience

Why are we doing this?

- Provide tool to assess the *quality* of aid as means for advancing the aid reform agenda
- Provide tool for civil society to compare aid policies and practices of different agencies
- Increase demand for meaningful measures of quality of aid
- Generate eventual consensus on key aid quality measures

Challenges

- Finding and collecting desired data
- Incorporating qualitative as well as quantitative assessments in one overall assessment
- Selecting simple, transparent indicators that reflect real differences
- Accounting for contextual information that may distort a donor's score

CGD's CDI Index

Three indicators of aid quality for 22 bilateral agencies

- Tied aid
- Selectivity (poverty and governance)
- Project “non-proliferation”

Our approach: Four dimensions of aid quality

1. Aid flows: value for money
2. Minimizing the burden on recipient governments
3. Fostering recipient country institutions
4. Commitment to transparency and evaluation

Aid flows: value for money

- Why: Aid should be spent and allocated in a way that maximizes its effectiveness
- How: e.g.
 - % to pro-poor public goods
 - Programs that pay for results?

Reducing the burden on recipient governments

- Why: High transactions costs for recipient country governments may reduce value of aid transfers
- How: e.g.
 - Predictability (incl. donor reports spending each quarter to each recipient)
 - Measure of donor missions (-) and coordinated donor missions (+)
 - For countries, % of total aid to multilaterals

Fostering recipient country institutions

- Why: Strong institutions will facilitate sustainability of progress in recipient countries
- How: e.g.
 - Reliance on parallel Project Implementation Units (-)
 - Budget support as a percentage of aid

Commitment to quality improvement through evaluation



- Why: Donors should improve their operations by assessing the impact of their activities.
- How: e.g.
 - Resources and coverage
 - Independence of evaluations
 - Publication of evaluations

Ongoing work

- Piloting surveys of agencies to collect data not available in published OECD DAC and other files/publications
- Analysis of sensitivity to approaches to weighting various indicators
- Drafting preliminary and partial results; determining whether/how to make preliminary results public