

As demonstrated by the Paris Declaration on Aid Effectiveness and Accra Agenda for Action, the development community has reached a broad consensus on what constitutes good practice for the delivery of development assistance. But since these high-level agreements were made, there has been almost no independent quantitative analysis of whether donors are meeting the standards they have set for themselves.

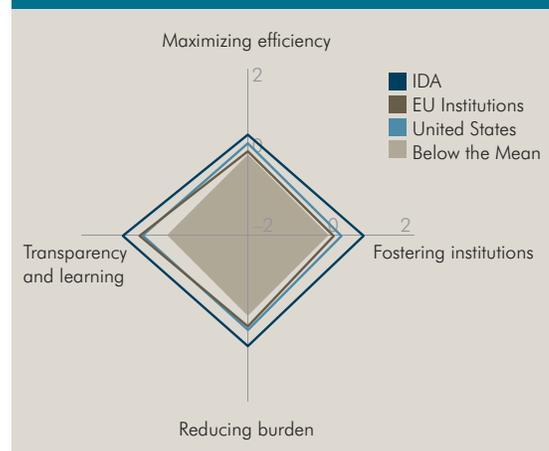
This brief provides a summary of the forthcoming second edition of the Quality of Official Development Assistance (QuODA) Assessment sponsored by the Brookings Institution and the Center for Global Development.¹ QuODA aims to help fill the analysis gap with emphasis on objective and quantifiable indicators. We hope this preliminary summary of the forthcoming second edition of QuODA will help to inform discussions at the Fourth High-Level Forum on Aid Effectiveness in Busan.

What Is QuODA?

QuODA uses the findings of the Survey on Monitoring the Paris Declaration and additional sources to create 31 indicators that measure donors' performance in 2009–10 (box 1).² The indicators are grouped into four dimensions that can be interpreted as objectives of good aid: *maximizing efficiency*, *fostering institutions*, *reducing burden*, and *transparency and learning*. We assess a total of 31 donors—the 23 countries that are members of the OECD Development Assistance Committee (the DAC) plus 8 major multilateral agencies.³

The scores on the individual indicators provide the basis for ranking donors on the four dimensions. We do not create overall rankings; having separate rankings for each dimension allows users to identify easily specific strengths and weaknesses of each donor.⁴

Figure 1: The Three Largest Donors on the Four Dimensions of Aid Quality



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1. The first edition of QuODA was released in October 2010. N. Birdsall and H. Kharas, "Quality of Official Development Assistance Assessment," www.cgdev.org/quoda.
2. For most of our indicators, 2009 is the latest year of data available. Indicators based on the Paris Declaration Monitoring Survey use 2010 data.
3. This summary focuses on the findings of the QuODA country-level analysis. The forthcoming report will also separately assess individual agencies in the 23 countries, comparing them to multilaterals, for a total of 113 agencies in the agency-level analysis.
4. Further detail on methods and findings will be available in our forthcoming full report and on our website, www.cgdev.org/quoda.

Box 1: The Four Dimensions of QuODA and Their indicators

Maximizing Efficiency

Share of allocation to poor countries‡
 Share of allocation to well-governed countries ‡
 Low administrative unit costs‡
 High country programmable aid share‡
 Focus/specialization by recipient country* ‡
 Focus/specialization by sector*
 Support of select global public good facilities‡
 Share of untied aid* †

Fostering Institutions

Share of aid to recipients' top development priorities* ‡
 Avoidance of Project Implementation Units* †
 Share of aid recorded in recipient budgets* †
 Share of aid to partners with good operational strategies‡
 Use of recipient-country systems* †
 Coordination of technical cooperation* †
 Share of scheduled aid recorded as received by recipients* †
 Coverage of forward spending plans/Aid predictability* ‡

Reducing Burden

Significance of aid relationships‡
 Fragmentation across donor agencies‡
 Median project size* ‡
 Contribution to multilaterals‡
 Coordinated missions* †
 Coordinated analytical work* †
 Use of programmatic aid* †

Transparency and Learning

Signatory of IATI‡
 Implementation of IATI data reporting standards#
 Recording of project title and descriptions
 Detail of project descriptions
 Reporting of aid delivery channel
 Completeness of project-level commitment data*
 Quality of main agency evaluation policy#
 Aid to partners with good M&E frameworks‡

New indicator added for 2009 assessment. The 31 indicators are flagged by the type of source that advocates for use as a benchmark:

* Recipient governments; † Paris Declaration; ‡ Academic literature.

QuODA Second Edition Findings

This year's QuODA assessment is primarily based on aid disbursed in 2009. Total aid flows in 2009 from the bilateral and multilateral donors on which we report were just over \$122 billion, spread across 152 recipient countries and about 18,000 development projects valued at \$250,000 or more. Table 1 (page 4) shows our latest rankings of 31 donors on the four dimensions. Some key findings:

- Three of 31 donors are in the top ten in all four dimensions: IDA, Ireland, and the United Kingdom.
- Most donors score poorly on one or more of the dimensions; that suggests that most have plenty of room to improve.
- In three of the four dimensions, the best-in-class agency is a multilateral. On the other dimension, *fostering institutions*, smaller bilateral donors are at the top, namely Denmark and Ireland.
- Multilaterals appear to benefit from having greater independence from political considerations. Their aid is untied and much less fragmented, and their larger projects reduce the administrative burden on recipients.
- The largest donor, the United States, does badly. It is among the bottom six in three dimensions, but does make the top half in *transparency and learning*.

- The next largest donor, the European Union, is in the middle of the pack on three dimensions and third in *transparency and learning*. Its large size seems to create the means and the pressures that lead to greater transparency.

QuODA Second Edition: Marked Improvements

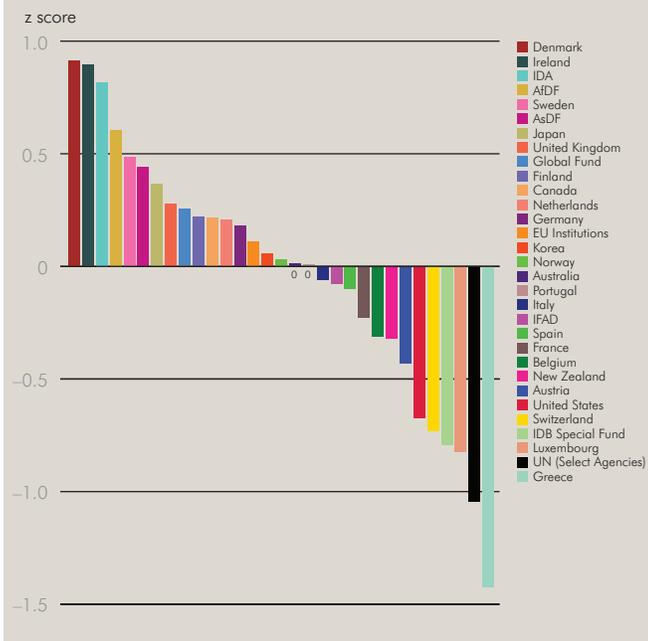
Donors improved on all dimensions except *maximizing efficiency*. But those gains, while statistically significant, are relatively modest.⁵ They can be interpreted either as too slow to make a material difference, given the low baseline and the urgent need to improve to help meet the Millennium Development Goals, or as a possible sign of steady improvement that is making a difference. Only subsequent editions of QuODA will reveal if these changes are part of a trend.

Changes by Dimension

There has been little overall change in *maximizing efficiency* between 2008 and 2009. The allocation of aid to poor countries increased substantially because debt relief

5. The average change in the three dimensions where significant change occurred is about 8 percent. To determine percent change in donors' performance between the first and second editions of QuODA, we cannot directly compare 2009 to 2008 scores; in some cases, donors' performance improved but their score on a particular indicator fell because the performance of others improved even more. We measure absolute improvement by computing a 2009 score that is directly comparable to a 2008 score that has been adjusted for methodological changes. We find that the magnitude of the change for the three dimensions where significant change occurred is about .2 standard deviations.

Figure 2: Donor Scores on Fostering Institutions, 2009.



to Iraq, a relatively rich aid recipient, ended in 2008. But donors became far less selective, both by country and even more so by sector, and they channeled slightly less aid to well-governed countries. There is strong evidence that aid to well-governed countries is more effective in achieving development results, although aid to fragile states may be a good use of money. QuODA users should keep in mind individual donors' objectives when judging them on these indicators.

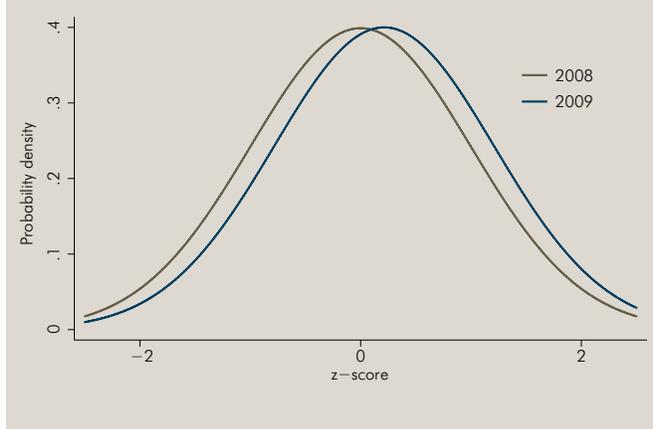
Scores on *fostering institutions* improved (figures 2 and 3). Five out of eight indicators in this dimension come from the Survey on Monitoring the Paris Declaration. Although most absolute targets were not met according to the survey report,⁶ donors did improve modestly, especially in the share of aid going to partners with good operational strategies.

Change in *reducing burden* was mixed. More donors coordinated their analytical work and missions, there was more use of programmatic modalities (rather than projects), and a greater share of aid was channeled through multilateral agencies. But the average donor had a smaller project size in 2009, suggesting continued fragmentation of aid efforts.

The most positive change was in *transparency and learning*. Two additional agencies have signed onto the International

6. OECD (Organisation for Economic Co-operation and Development), *Aid Effectiveness 2005–10: Progress in Implementing the Paris Declaration* (Paris, 2011).

Figure 3: Change in Fostering Institutions, 2008–2009



Aid Transparency Initiative (IATI) since last year (the Global Fund and the African Development Fund) and, significantly, 11 donors and agencies have already started to publish aid information in accordance with the agreed-upon standards, or have submitted a plan to do so this year.

The record on learning through evaluation is much harder to assess because donors have failed to develop or agree on any common reporting standard regarding their evaluation policies and practices. We added our own new indicator this year to reflect our assessment of donors' evaluation and learning policies, but we could not do so for actual practices.⁷

Changes by Key Donor

The **United States** continues to struggle to become a more effective donor. It slid back in 2009 on several important indicators of aid quality, including specialization by country and sector and untied aid, which declined from one-third to one-quarter.

The United States does have strengths. By our new measures, USAID may now have the best evaluation policy of any development agency in the world; it shows major improvement in providing aid to countries with good operational strategies.

The **European Union**, now one of the largest aid providers, improved in all dimensions except *reducing burden*. The EU

7. A possible vehicle for donors and recipients to agree on evaluation and learning standards is the *International Initiative for Impact Evaluation*. However only 11 official donor agencies and 5 developing countries are 3IE members. Contributions by donors to 3IE are included in the global public goods indicator in the maximizing efficiency dimension.

has made good progress in untying aid (from 50 percent to 79 percent), has almost eliminated the use of project implementation units, which can undermine country capacity, and has significantly increased its use of country systems. The EU has also made a commitment to transparency. It is an IATI signatory and has started to report its aid according to IATI standards.

The World Bank's **International Development Association** is one of the oldest and largest multilateral aid agencies. It consistently ranks among the best aid agencies in each

dimension. Almost by definition, IDA has a strong focus on assisting the poorest countries, a focus it accentuated in 2009.

IDA, however, is increasingly active in countries where others are also active, reducing the significance of its aid relationships. Its projects tend to be large (second only to the Asian Development Fund in 2009), but it has not improved its coordination of missions or analytical work with others. IDA is a signatory to IATI and has started to report according to IATI standards. It has emerged as the top donor in our *transparency and learning* category.

Table 1: Ranking of Donors by Aid Quality Dimension

Donor	Maximizing efficiency	Fostering institutions	Reducing burden	Transparency and learning
Australia	16	17	18	9
Austria	31	25	14	23
Belgium	21	23	28	31
Canada	17	11	19	14
Denmark	15	1	5	20
Finland	18	10	17	4
France	14	22	25	28
Germany	28	13	20	15
Greece	30	31	26	25
Ireland	8	2	2	7
Italy	23	19	24	29
Japan	7	7	23	13
Korea	20	15	30	18
Luxembourg	13	29	16	30
Netherlands	25	12	11	16
New Zealand	11	24	4	11
Norway	24	16	27	10
Portugal	9	18	8	27
Spain	26	21	22	21
Sweden	22	5	10	8
Switzerland	27	27	29	19
United Kingdom	10	8	9	5
USA	29	26	31	12
AfDF	1	4	15	6
AsDF	3	6	6	22
EC	12	14	12	3
GFATM	2	9	13	2
IDA	6	3	3	1
IDB Special	5	28	1	26
IFAD	4	20	7	24
UN (Select Agencies)	19	30	21	17

Source: Authors' calculations.