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A Clear Vision for Official Development Assistance: Purpose, Principles and Priorities

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Why governments invest public money in international development

Over the past year, the significant cuts to international development assistance have been widely debated because of their human and economic consequences.[1] The rollback reflects ideological shifts and fiscal pressures, alongside a renewed focus on military rearmament.

Surveys suggest that the public in many countries significantly overestimates the scale of their government's development assistance spending.[2] In reality, foreign assistance accounts for a tiny fraction of public spending, and a significant share of what is reported as aid also serves other public policy objectives. Critics of aid often reinforce these perceptions, arguing that development assistance is not only wasteful for the countries that provide it but also harmful for the countries it is intended to help.[3]

This CGD note draws on a year-long consultation with senior colleagues from the Spanish Agency for International Development Cooperation (AECID), the French Development Agency (AFD), the Belgian Ministry of Foreign Affairs, the Norwegian Agency for Development Cooperation (Norad), the UK Foreign and Commonwealth Office (FCDO), and the Gates Foundation, as well as experts from both the global North and South. The note reflects insights from these discussions. The views expressed are those of the authors and do not necessarily represent the positions of the participating institutions.

1 Justin Sandefur and Charles Kenny, "Update on Lives Lost from USAID Cuts," Center for Global Development, December 16, 2025, https://www.cgdev.org/blog/update-lives-lost-usaid-cuts; Devex, "The Aid Report," accessed 10 March 2026, https://www.theaidreport.us/

2 Audrey Kearney et al., *KFF Health Tracking Poll February 2025: The Public's Views on Global Health and USAID* (Kaiser Family Foundation, March 4, 2025), https://www.kff.org/global-health-policy/kff-health-tracking-poll-february-2025-the-publics-views-on-global-health-and-usaid/?utm_source=chatgpt.com ; Misperceptions on aid budgets appear across many donor countries. Cross-national polling by Ipsos finds that respondents routinely overstate the share of government spending devoted to foreign aid, see: Ipsos, *The Perils of Perception: Global Impact of Development Aid* (Ipsos, 2017), https://www.ipsos.com/sites/default/files/ct/news/documents/2017-09/Gates_Perils_of_Perception_Report-September_2017.pdf

3 Dambisa Moyo, *Dead Aid: Why Aid Is Not Working and How There Is a Better Way for Africa* (Farrar, Straus and Giroux, 2009).

At this critical juncture, during a time of rising pressures on public services and concern over the cost of living and economic security, it is important to have a straightforward answer for those who ask why governments invest public money abroad when there are so many needs at home.

There are three motivations for governments to invest public money beyond their own borders, all of which remain as valid today as they have ever been. These are: 1) to express human solidarity; 2) to address shared global challenges; and 3) to generate mutual benefits to both the giving and receiving country.

Expressing human solidarity

Public support for international development is rooted in a fundamental sense of shared humanity. Evidence shows that people care deeply about poverty, human rights atrocities, health epidemics, natural disasters, or many other problems afflicting communities around the world.[4] When an earthquake hits Syria or a cyclone afflicts Mozambique, citizens across the world instinctively donate and expect their governments to step up. That instinct isn't abstract. It's about human dignity, fairness, and doing our part when people are in need.

Solidarity, however, goes beyond emergency response. It is grounded in the conviction that people everywhere deserve the opportunity to live healthy, secure, and dignified lives. Development cooperation motivated by solidarity therefore seeks to reduce poverty and support economic and social progress by responding to the needs of the most vulnerable people and communities. International development programmes, for example, help provide maternal health care in South Sudan,[5] support education for girls in Tanzania,[6] and expand access to clean water and sanitation for underserved in Ethiopia.[7]

At the heart of the case for human solidarity is the principle that assisting others is the right thing to do, because every person deserves to live with dignity. States, acting on behalf of their citizens, therefore have a responsibility to assist where they can do so effectively.

These investments can also generate positive spillover effects, but the key point is that they are motivated by a desire to improve the welfare of the people, community or country that is targeted by the assistance.

4 Richard Wike, et al., "International Engagement and Support for Foreign Aid," in *Majorities of Americans Support Several – But Not All – Types of Foreign Aid* (Pew Research Center, 2025) https://www.pewresearch.org/global/2025/05/01/international-engagement-and-support-for-foreign-aid/; Oxfam, *Aid Funding: Oxfam Opinion Polling Shows Strong Support for Lifesaving Solutions, Not Sweeping Aid Cuts*, 9 July, 2025, https://politicsofpoverty.oxfamamerica.org/aid-funding-shows-support/

5 ReliefWeb, "Humanitarian Pooled Fund – South Sudan," accessed March 2026, https://reliefweb.int/organization/hpf-south-sudan

6 CAMFED, "An unprecedented uplift in learning outcomes among marginalized girls," December 12, 2016, https://camfed.org/uk/unprecedented-uplift-in-learning-outcomes/

7 World Bank Group, "Strengthening Sustainable WASH Access and Resilience in Ethiopia," *Results Briefs*, October 23, 2025, https://www.worldbank.org/en/results/2025/10/23/strengthening-sustainable-wash-access-and-resilience-in-ethiopia

For solidarity-based development assistance to remain politically sustainable, it must command broad public support. This support depends on transparent and accountable decision-making by policymakers. Taxpayers should be able to see clearly how their public funds are used and what they achieve. When people understand the tangible impact of their investments, such as a school rebuilt after a disaster or a maternal health clinic serving thousands of families, they are more likely to feel ownership and pride in the results of international cooperation.

Addressing global challenges

In an interdependent world, many of the issues we face, from climate change to pandemics or displacement, cross national borders. Addressing these challenges requires countries to pool their resources and capabilities to manage threats that affect everyone and that no country can tackle alone. In such cases, investing some public resources abroad can be the most effective and cost-efficient way to prevent global risks before they escalate.

For example, investing in pandemic preparedness—including the capacity to detect and contain outbreaks—is far less costly, in both lives and money, than responding after pandemics spread.[8] International assistance played a critical role in containing the Ebola outbreak in West Africa.[9] Similarly, investing in preserving tropical forests has a higher benefit to cost ratio in terms of carbon emissions than many domestic alternatives in rich countries.[10] And supporting peace and security in fragile regions can reduce the risk of uncontrolled displacement and limit the cross-border trafficking of drugs and people.[11]

Investing public money to address (sometimes existential) global challenges is a smart and cost-effective way to manage risks that affect us all and that will shape the world our children will inherit. However, progress requires a cooperative mindset: a willingness to engage in collective international action pooling resources and sharing knowledge to advance global and regional public goods.

It is important to distinguish between projects that directly finance global public goods and those aimed at advancing economic and human development in developing countries. While both are worthwhile and may involve investing in developing countries, they pursue different objectives and should therefore be assessed according to distinct metrics.

8 International Working Group On Financing Preparedness, *From Panic and Neglect to Investing in Health Security: Financing Pandemic Preparedness at a National Level* (World Bank Group, 2017), https://documents1.worldbank.org/curated/en/979591495652724770/pdf/From-Panic-and-Neglect-to-Investing-in-Health-Security-Financing-Pandemic-Preparedness-at-a-National-Level.pdf

9 Benjamin A. Dahl et al., “CDC’s Response to the 2014–2016 Ebola Epidemic — Guinea, Liberia, and Sierra Leone,” *Morbidity and Mortality Weekly Report* 65, suppl. 3 (2016), http://dx.doi.org/10.15585/mmwr.su6503a3; World Health Organization, “Key Events in the WHO Response to the Ebola Outbreak,” *Newsroom*, January 2015, https://www.who.int/news-room/spotlight/one-year-into-the-ebola-epidemic/key-events-in-the-who-response-to-the-ebola-outbreak

10 Frances Seymour, “Results-Based Payments Reduce Deforestation,” *Center for Global Development*, August 3, 2017, https://www.cgdev.org/blog/results-based-payments-reduce-deforestation

11 United Nations; World Bank, *Pathways for Peace: Inclusive Approaches to Preventing Violent Conflict* (World Bank Group, 2018). https://www.worldbank.org/en/topic/fragilityconflictviolence/publication/pathways-for-peace-inclusive-approaches-to-preventing-violent-conflict

Advancing mutually beneficial partnerships

Advancing and protecting the national interest, both in terms of security (strategic and physical) and prosperity (trade and investment), is a central responsibility of any country's foreign policy, and investments abroad can sometimes serve to advance these objectives. Where this entails government-to-government agreements, such investments are usually justified on the basis that both the provider and the recipient country benefit.

While investments abroad that serve both domestic and foreign policy objectives can be legitimate and valuable, they do not necessarily contribute to the host country's development agenda. Supporting job creation in developing countries to ease migration pressures, co-financing infrastructure that facilitates trade, or investing in renewable energy, for instance, can generate development benefits. In contrast, some arrangements—such as making payments to developing countries aimed at limiting outward migration or partnerships focused on securing access to critical raw materials without meaningful local value addition—primarily serve provider-country objectives, and their development benefits are far less clear. Win-win projects can exist when interests align, and both parties share in the returns. However, such opportunities are limited and may not correspond to the areas where development investments would have the greatest impact.

Using development assistance to advance foreign policy objectives is not new. During the Cold War both the Soviet Union and the West used foreign assistance to reward or support political allies.[12] Tied aid and other aid-for-trade schemes were used to promote exports or secure commercial contracts. With geopolitics becoming contested once again, there is a renewed emphasis on linking aid to national security or commercial interests. However, it is important to recall that these practices fell out of favour in the 1980s and later as they often proved ineffective in achieving their development or commercial/strategic objectives.[13] They were frequently associated with one-sided arrangements that prioritised provider interests over genuine partnership. And their credibility was further eroded by claiming that the project aimed to promote development in the partner country when the design and results clearly said otherwise.

Clarity and transparency about the motivations behind international spending are essential. The challenge is to identify investments and partnerships that are effective, politically sustainable and ethically sound, while ensuring that development cooperation remains consistent with its purpose, and that other valuable but non-development focused programmes are justified and assessed on their own metrics.

12 Nicolas Bau and Simone Dietrich, "What Geopolitical Returns Does ODA Bring," Kiel Working Paper 2305, (Kiel Institute for the World Economy, 2025), https://www.kielinstitut.de/fileadmin/Dateiverwaltung/IfW-Publications/fis-import/31e-6ab23-80c8-401a-b651-b013d7960a82-KWP_2305.pdf

13 OECD, "Untied Aid," accessed March 2026, https://www.oecd.org/en/topics/sub-issues/oda-standards/untied-aid.html

Official development assistance in the broader development finance landscape

Financing for development today comprises a variety of financial flows, including official grants, concessional and non-concessional public loans, private investment, philanthropic capital and remittances from diaspora communities. These resources come from an increasingly diverse set of providers, and each can contribute to development outcomes. Their effectiveness, however, depends on alignment between purpose, instrument, and country context. No single source of finance can meet all needs, nor should it be expected to do so.

Within this landscape, official development assistance (ODA)—public finance provided to promote the economic development and welfare of developing countries—plays a distinctive and irreplaceable role. It remains the principal framework through which members of the OECD Development Assistance Committee (DAC) define and report concessional public finance for development. It is defined by its development purpose and concessional character.[14] To qualify as ODA, funding must be directed to countries on the DAC list of eligible recipients, which is based on income thresholds. Precisely because of this role, governments have made long-standing commitments, supported by international norms, regarding both the scale and the use of ODA. These commitments have underpinned its legitimacy and political sustainability.

Over the past decade, however, provider countries have faced growing pressure to finance a wider range of international priorities, from climate change and biodiversity loss to pandemics and conflict. While these are legitimate and urgent, they are not always aligned with ODA's core purpose. Under fiscal constraints, and with development programmes seen as relatively easy targets for cuts, they financed many of these new priorities by redirecting funds away from traditional development activities. This was made possible by agreements among DAC providers to progressively broaden the definition of what counts as ODA, allowing them to report rising aggregate ODA figures.[15] As a result, reported ODA reached USD212.1 billion in 2024, even as many DAC members reduced spending on traditional development programmes.[16] Among EU Member States, for example, more than one in five euros reported as ODA in 2024 did not meet the fundamental ODA definition, raising questions about its integrity and credibility.[17]

14 OECD, "Official Development Assistance (ODA)," accessed March 2026, https://www.oecd.org/en/topics/official-development-assistance-oda.html
15 Sara Casadevall Bellés and Rachael Calleja, "The Evolution of the ODA Accounting Rules", CGD Note 376 (Center for Global Development, 2024). https://www.cgdev.org/sites/default/files/evolution-oda-accounting-rules.pdf
16 OECD, "International Aid Falls in 2024 for First Time in Six Years, Says OECD," press release, April 16, 2025, https://www.oecd.org/en/about/news/press-releases/2025/04/official-development-assistance-2024-figures.html
17 CONCORD Europe, *AidWatch 2025: Ending Short-Sightedness, Restoring ODA's Purpose* (CONCORD Europe, 2025). https://aidwatch.concordeurope.org/wp-content/uploads/sites/4/2025/10/AidWatch-2025v3.pdf

The growing disconnect between reported ODA totals and spending on traditional development goals poses risks for the effectiveness and credibility of development cooperation. When ODA is used to finance an expanding range of objectives, resources intended to support poverty reduction and long-term development may be diluted or diverted away from countries and programmes where they have the greatest impact. At the same time, classifying a wide variety of international spending as development assistance can blur the purpose of ODA and make it harder to explain and justify its use. In provider countries, this can create confusion about what development assistance is intended to achieve. In partner countries, confidence may be undermined when activities labelled as development assistance deliver limited development benefits.

Preserving the legitimacy of ODA therefore requires greater clarity and honesty about its core purpose within a broader system of international public finance. Not all forms of international cooperation constitute development assistance, and they should not be presented as such simply because they generate incidental development benefits or because the DAC has adjusted the accounting rules for what constitutes ODA.

The distinct purposes of international public finance

Motivations explain why governments invest abroad. But public financing for development should ultimately be defined, organised and assessed according to what it aims to achieve. A useful framework distinguishes three interrelated but analytically distinct purposes of international cooperation investments:

1. **Core development investments**, which aim to reduce poverty and support durable growth and economic transformation in partner countries, targeting in particular the poorest and most vulnerable countries with limited access to other sources of finance. This was traditionally—and should remain—the core purpose of grants and concessional finance, making ODA the principal financing mechanism through which DAC governments support long-term development in developing country partners, even where such investments also align with broader mutual interests.

2. **Humanitarian support and crisis response**, which is driven by the imperative to save lives, alleviate suffering, and protect human dignity in situations of crisis. Responding to conflict, natural disasters, health emergencies, and other shocks, humanitarian action is guided by principles of humanity, neutrality, impartiality and independence. Recognising the changing nature of humanitarian crises, funding for this category of needs must become longer term and more predictable. While humanitarian support is closely interlinked with poverty-related purposes, there is value in treating its financing as a separate category to ensure that each objective is independently resourced, reducing the risk of reallocation in response to emergent crises.

3. **Financing global public goods**, which aims to address shared global challenges such as climate change, pandemics, and biodiversity loss. These challenges need urgent and adequate financing, on a scale that far exceeds current or projected development assistance levels. Diverting scarce concessional resources toward these objectives risks crowding out investments aimed at reducing poverty in the poorest countries while still leaving huge unfunded gaps for tackling existential challenges.

This framing provides a more transparent architecture of international public finance, one that clearly distinguishes between core development investments, humanitarian support and crisis response and financing for global public goods. Each is legitimate and necessary, but each should be justified, delivered, and assessed on its own terms.

SEPARATING ODA FROM OTHER INTERNATIONAL FINANCING

Refocusing ODA on its original development purpose raises a practical question: how should governments provide concessional finance for other legitimate public policy goals?

We argue that this is best addressed by establishing separate pools of public funds for humanitarian assistance and for international investing on tackling global challenges.

In practice, many OECD governments already have targets and budget allocations for both spending categories. However, the boundaries between these categories and ODA are often blurred, and current reporting practices make it difficult to link spending clearly to objectives. This lack of clarity creates confusion and fosters scepticism among those who support one or another of these objectives.

Financing for climate mitigation is a case in point. While most of the substantial investment required will likely come from official and private non-concessional sources, concessional finance may still play an important role where projects generate significant social or environmental benefits but do not offer sufficient financial returns to attract private investment.

Attempting to draw these concessional resources from already stretched ODA budgets is neither desirable nor practical. A better approach would be to set aside such resources in a transparent and clearly defined budget category that can be monitored separately.[a]

A similar principle applies to humanitarian assistance. Although most humanitarian funding will necessarily be concessional, it would be more appropriate for it to be financed through a dedicated budget line.

a. Masood Ahmed, Rachael Calleja, Pierre Jacquet, *The Future of Official Development Assistance: Incremental Improvements or Radical Reform?* (Center for Global Development, 2025), https://www.cgdev.org/publication/future-official-development-assistance-incremental-improvements-or-radical-reform

At the same time, this distinction should be understood dynamically. As countries transition toward greater self-reliance, the need for core development investments is likely to decline, while demand for humanitarian support, crisis response and financing for global public goods may persist. It is also important to recognise the overlaps and synergies across these categories: investments in adapting to the impact of climate change are a development priority, especially in the countries that are most vulnerable to the effects of climate change. And funding health and education programmes in refugee communities can be a high value development investment for the longer term.

While recognising these distinctions narrows the range of activities that should be counted as ODA, it does not resolve the challenge of allocating limited ODA resources across much larger development needs. Difficult choices will still need to be made about which countries should be prioritised, which types of activities within or across countries are best suited to grants and concessional support, and how to ensure that any ODA-funded programmes draw on the best available evidence and good practice to maximise development impact.

It is also important to recognise that political considerations, historical relationships and the preferences of both donor and recipient countries play a significant role in shaping these decisions. Nevertheless, setting out some general principles to guide decisions on the use of concessional resources remains valuable at a time when development needs are substantial and development assistance is constrained, and in many cases, declining.

Allocating ODA resources for maximum impact

Given its limited availability, ODA in the form of grants and other forms of concessional finance, should be allocated where it can generate the greatest development impact. In practice, ODA allocation should be guided by two principles: 1) providing essential services in countries with the greatest need, and 2) supporting long-term economic transformation in countries committed to reform.

The first principle is most clearly met in low-income countries and fragile and conflict-affected settings, where poverty is deepest, vulnerability is highest, and access to commercial finance is most constrained. These are also the countries where ODA grants and other concessional flows remain macroeconomically relevant, equivalent to around 62 percent of gross fixed capital formation (i.e. infrastructure, equipment, and other productive assets) and 38 percent of imports.[18] By contrast, in middle-income countries, ODA represents less than a quarter of one percent of national income.[19]

18 Charles Kenny, "Aid Isn't Fairy Dust," CGD Note 395 (Center for Global Development, 2025) https://www.cgdev.org/sites/default/files/Aid-Isnt-Fairy-Dust.pdf
19 Ibid.

In these contexts, ODA can deliver tangible improvements in people's lives by expanding access to essential services such as health care, education and basic infrastructure. While such improvements are generally best achieved by supporting host-country programmes and systems, in some fragile states or where government institutional capacity is limited, ODA-funded programmes may need to be delivered through non-governmental or civil society organisations.

Allocation decisions should also be guided by existing evidence on where concessional resources can generate the greatest development impact. In sectors such as health, education, nutrition, and social protection, research has identified highly cost-effective interventions that deliver large improvements in people's lives.[20] At the same time, engagement in lower income and fragile environments requires careful attention to political economy dynamics and the risk of unintended consequences.

In line with the second principle, ODA resources can also play an important role in supporting economic growth and long-term transformation in countries committed to reform. By strengthening institutions, supporting economic diversification, investing in human capital and facilitating integration into global markets, development assistance can help build the foundations for sustained and inclusive growth. Supporting longer-term transformation is inherently more complex than responding to immediate needs. It requires prioritising partnerships with reform-oriented governments,[21] backing systemic change and recognising that meaningful results may take longer to materialise. It also requires coherence across broader international policies that shape how partner countries participate in the global economy. Opening market access to developing country exports, ensuring fair and effective access to technology, and guarding against unintentional barriers in international financial regulations are all critical elements of a coherent approach.

Country circumstances are not static and development assistance programmes must also evolve as these circumstances change. In the countries with weakest institutions or those recovering from conflict, the priority for development cooperation will be to finance essential public services and core state functions. As countries strengthen their institutional capacity, ODA resources can increasingly support investments, such as infrastructure, job creation, skills development, or higher education, that depend on functioning markets and credible policy frameworks to translate investment into impact. In early-stage reform environments, investments that boost productivity, strengthen human capital, and build institutional capacity are often the most effective way to unlock future growth. Across all contexts, predictability remains critical. Without stable, multi-year support, governments cannot plan, reform processes lose momentum, and resource allocations risk becoming fragmented and volatile.

20 Rachel Glennerster and Siddhartha Haria, "Radical Simplification: A Practical Way to Get More Out of Limited Foreign Assistance Budgets," *Center for Global Development*, April 21, 2025. https://www.cgdev.org/blog/radical-simplification-practical-way-get-more-out-limited-foreign-assistance-budgets

21 Stefan Dercon, "Rethinking Aid in a Contested World," Kiel Working Paper 2301 (Kiel Institute for the World Economy, 2025), https://www.kielinstitut.de/publications/rethinking-aid-in-a-contested-world-18884/

Preserving the legitimacy and effectiveness of ODA therefore requires managing the balance between responding to urgent needs and supporting longer-term economic transformation. The former can deliver tangible results in a larger set of partner countries than those which satisfy the conditions for embarking upon partnerships for economic transformation.

Choosing the right financial instruments for development

The choice of financial instrument (grants, concessional loans, technical assistance, or risk-sharing mechanisms) should be determined by the nature of the development challenge, the financing capacity of the country to absorb and sustain the investment, and the expected development returns.

Grants vs. concessional loans

Grant-based ODA remains indispensable in contexts of deep poverty, vulnerability, or fragility, where public capacity is weak and private investment is scarce. As countries progress in development terms, the form of finance may also evolve from pure grants to concessional loans or to instruments like blended finance or guarantees that aim to mobilise additional investment.

The use of concessional loans rather than grants should be primarily determined by the debt-carrying capacity of the recipient country. However, concessional loans may still be appropriate for projects capable of generating reliable financial returns in countries with limited fiscal space. Equally, some social development assistance may best be provided as grants in countries that are financially strong enough to sustain concessional loans. Applying this discipline helps ensure that scarce ODA resources are directed to where they can achieve the greatest impact, reinforce legitimacy, and support development progress that is both effective and sustainable.

Regardless of how it is delivered, ODA should reinforce domestic reform efforts and avoid crowding out financing that countries are increasingly able to mobilise themselves. By aligning financing instruments with country conditions and development objectives, ODA can be more effective in supporting sustainable development progress.

Mobilising private finance for development

It is widely acknowledged that the international financing needs of developing countries far exceed the likely volume of official financial transfers and can only be met through the mobilisation of private capital on appropriate terms.

It is also a widely held view that mobilising larger volumes of private flows will be facilitated by deploying some official concessional resources in support. To that end, a significant share of ODA has been directed towards facilities and programmes of blended finance, risk-sharing or other mechanisms meant to increase the flow of private financing towards developing countries.

Overall, the results to date have been disappointing. Despite decades of attempts to mobilise private infrastructure finance, public–private partnership investment in low-income countries averages only about USD1.28 per person per year, with most financing still coming from public sources.[22]

The effectiveness of using public resources to leverage private investment is highly-context specific. Where markets are shallow, risks are systemic, or institutions are weak, attempts to mobilise private finance have delivered limited additionality and can involve high transaction costs. In addition, private sector instruments are often deployed in a fragmented and project-by-project manner, focusing on individual transactions rather than addressing the underlying structural constraints that prevent markets from developing.

In light of this experience, we argue that, consistent with ODA's primary purpose, the use of concessional public finance to mobilise additional investment should serve clearly defined development objectives, particularly those related to economic transformation, rather than becoming an end in itself.

ODA should therefore only be used where there is a clear diagnosis of market failure, a credible pathway to financial and institutional sustainability and a reasonable expectation that concessional support will unlock investment that would not otherwise occur. In such cases, concessional resources can help reduce risks, strengthen incentives, and mobilise additional capital to support development outcomes.

Where development outcomes depend primarily on public provision, institutional reform, or long-term investments with uncertain returns, grants are often the more appropriate instrument. Attempting to mobilise private finance where markets are not yet viable is unlikely to succeed and may divert resources from more effective development interventions.

As countries strengthen their institutional capacity, concessional resources can play a strategic role in helping to shape markets and address systemic constraints. This requires a more disciplined use of those resources, combined with smarter instruments and incentives, stronger coordination across institutions, better alignment between international and domestic capital-market ecosystems, and much greater transparency to enable learning, replication, and accountability.

Preserving ODA's credibility and legitimacy requires resisting pressure to prioritise leverage ratios over development impact and being clear-eyed about where concessional finance adds genuine value. To the extent possible, before committing resources, providers should assess whether the expected development benefits of mobilising private finance exceed those that could be achieved through alternative uses of ODA resources.

22 Kenny, "Aid Isn't Fairy Dust."

Delivering ODA resources through a disciplined approach

At the core of credible ODA delivery lies a disciplined, problem-driven approach to decision-making. For every use of ODA resources, four questions should guide choices:

- Is the objective to address an economic development challenge unlikely to be supported through market-based finance, thereby justifying the use of concessional funding?
- Does this activity genuinely require external support, and can plausible amounts of ODA make a meaningful difference?
- If so, what financing terms and delivery modalities are best suited to the country context and the nature of the challenge?
- How will transparency, accountability, and development results be monitored and assessed?

These questions do not yield purely technical answers but reflect political judgement about priorities, acceptable risk, time horizons, and trade-offs between immediate needs and long-term transformation. Making these choices explicit strengthens transparency, accountability, and public trust in how scarce public resources are allocated.

Choosing between multilateral and bilateral channels

Whether ODA is delivered through multilateral or bilateral channels should be determined by which approach is most effective in the specific country and sector context.

Multilateral institutions play a central role in delivering ODA where scale, predictability, neutrality, and coordination are essential. This is particularly the case for grant-based support in low-income countries and fragile and conflict-affected settings, where pooling resources reduces fragmentation, manages risk, and sustains engagement in highly constrained environments. Development banks in particular have also proven effective in leveraging ODA at scale. At the same time, bilateral engagement continues to play a vital role where long-term relationships, deep country knowledge, and sustained policy dialogue are critical to progress. In such contexts, bilateral channels can offer flexibility, continuity, and political engagement that are difficult to replicate multilaterally.

In a more fragmented and contested global environment, effective delivery will increasingly depend on pragmatic cooperation among countries and institutions willing to align around shared objectives, pool risk, and act collectively where doing so adds the most value. As such, in some cases, delivery will be best served by coalitions of like-minded partners, operating in an open and transparent manner and complementing existing multilateral arrangements rather than replacing them.

Lastly, while multilateral institutions are well placed to finance global public goods, some of this activity should be clearly differentiated from ODA to ensure that grant-based support for poverty reduction and economic development is not crowded out by broader global or strategic priorities.

Enhancing ODA effectiveness through partnership, legitimacy, and local ownership

Effective partnership requires honesty about differences as well as shared objectives. When incentives are misaligned, objectives are opaque, or benefits are poorly understood, development cooperation becomes more vulnerable to political pressure and erosion of public trust.

Governments that are transparent about purpose, trade-offs, deployment and impact of their ODA spending abroad are more likely to secure political support and maintain legitimacy for development over time. Provider and partner countries do not always share the same priorities, constraints, or time horizons, and openly acknowledging these differences is a prerequisite for credible cooperation. Moving beyond assumptions of automatic alignment allows for a more constructive dialogue, one that starts from a clear articulation of respective objectives, recognises trade-offs, and identifies areas of common ground.

At the same time, effective partnership recognises that lasting progress depends primarily on the actions and choices of partner countries themselves.[23] Governments should invest ODA to reinforce nationally owned strategies, strengthen local institutions, and expand the space for policymakers to exercise agency and accountability. International partners can add value through financing, technical expertise, and the sharing of comparative experience, but such support must be anchored in local context and driven by local demand.

Country-led platforms, which are government-led multi-stakeholder partnerships used to attract and coordinate international public finance in support of common goals,[24] can play a useful role in strengthening partnership and coordination where conditions allow. Platforms can provide a focal point for aligning international support behind nationally defined priorities, bringing together policy reforms, public investment plans, technical assistance, and, where appropriate, private finance. Their effectiveness, however, depends on sufficient political commitment, institutional capacity and macroeconomic stability. Therefore, they should be applied selectively and pragmatically where partner countries are willing to engage, to shift ODA from fragmented project delivery toward more strategic, country-led partnerships.

23 Masood Ahmed, "The End of Development Cooperation?" *Center for Global Development*, July 22, 2025. https://www.cgdev.org/publication/end-development-cooperation

24 Sierd Hadley et al., "Country platforms for climate action: Something borrowed, something new?" (ODI Global, 2022), https://media.odi.org/documents/ODI_Emerging_analysis_Country_platforms_for_climate_action.pdf

The time to reframe ODA is now

International development cooperation is entering a period of profound change. Fiscal pressures, geopolitical competition, and growing demands to address global and national challenges are reshaping how governments allocate public resources abroad. Yet, these pressures don't weaken the case for international cooperation; rather, they make clarity of purpose and discipline in the use of public resources more urgent.

Governments invest public resources internationally for several reasons: to express solidarity with people facing hardship, to address global challenges that no country can solve alone, and to support partnerships that, at times, advance mutual interests. These motivations will continue to shape international engagement. But they do not determine how international public finance should be organised or what specific objectives it should serve.

One of the greatest risks to effective international development cooperation is the erosion of clarity about its purpose. When an expanding range of activities is labelled as development assistance, credibility is weakened and impact diluted. A clearer distinction is needed between the different purposes international public finance should serve: core development investment, humanitarian response, and the financing of global public goods. All are essential, but they pursue different objectives and should not be financed or evaluated as if they were the same.

Within the broader financing landscape, ODA should remain focused on core development investment, consistent with its defining purpose of promoting the economic development and welfare of developing countries. Clarity of purpose must be matched by discipline in how ODA resources are used. This means directing concessional finance to where it adds the greatest value, aligning financing instruments with the nature of development challenges, and mobilising private investment only where it supports clearly defined development objectives. It also requires pragmatic choices about delivery channels, whether bilateral or multilateral, and partnerships grounded in transparency, country context, and support for nationally owned strategies.

Ultimately, sustaining political and public support for international development cooperation will depend on demonstrating that scarce concessional resources deliver the greatest possible development impact. At a time of fiscal pressure and expanding global demands, clarity of purpose is not a technical issue; it is a political necessity. Reaffirming the core role of ODA in financing development is therefore essential to ensuring that international development cooperation remains credible, effective and sustainable.

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