

BROOKINGS



The Quality of Official Development
Assistance Assessment 2009:
Is Aid Quality Improving?

Nancy Birdsall, Homi Kharas and Rita Perakis

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Introduction

This report presents the results of the second edition of the Quality of Official Development Assistance (QuODA) assessment, with a focus on the changes that have occurred in donor performance since the first edition. These results were released in summary form in November, 2011, just before the Fourth High Level Forum on Aid Effectiveness in Busan, South Korea.¹

QuODA is a quantitative assessment and ranking of donors' performance according to four dimensions of aid quality (maximizing efficiency, fostering institutions, reducing the burden on recipient countries, and transparency and learning). These four dimensions reflect international effectiveness standards and can be interpreted as measures of "high-quality" aid.

In the last decade, the official aid community has put increasing emphasis on improving the quality as well as the quantity of aid. The standards of good practice for donors and partner countries were defined in the Paris Declaration of 2005, which was signed by all members of the Organization for Economic Cooperation and Development's Development Assistance Committee (DAC) as well as developing country aid recipients, and were reaffirmed in the Busan Global Partnership for Effective Development Cooperation in 2011 by DAC members, aid recipients, and several new emerging market donors. These standards have also evolved from a growing set of mutual accountability reviews between donors and partner countries, and as a result of academic research. Like the first edition, this second edition of QuODA addresses the question, *How are donors doing on the commitments that they have made to improving aid quality?*

QuODA is not an assessment of how *effective* aid has been. That depends on the combined efforts of both donors and partner countries. It is instead an assessment of *donors' efforts* to comply with their commitments to those dimensions of aid quality that evidence and experience suggest lead to effective aid. With QuODA, we focus only on factors over which donor agencies have control. As stated in the original QuODA report, we hope to provide an empirical basis for linking changes in management decisions and strategy to changes in the performance of aid agencies. We refer readers interested in more detail on the rationale and the methodology we use in the QuODA analysis to the first edition of QuODA.² This second QuODA assessment is based primarily on data that were reported by official donors to the DAC and are publicly available in the Creditor Reporting System in 2009 (the latest currently available year), and on the results of the 2011 Paris Declaration Monitoring Survey.

That survey report makes it clear that donors have moved slowly in implementing the Paris Declaration commitments;³ QuODA takes a more detailed look at their performance using more indicators and covering additional aspects of donor performance such as transparency and evaluation.

In developing our measures for QuODA, we have found areas—such as results reporting, evaluation practices and the use of innovative approaches including results-based aid—where there are no data from which we can draw meaningful conclusions about donor performance. Our hope is that QuODA, along

¹ An executive summary of this report is available as a Brookings-CGD brief, <http://www.cgdev.org/content/publications/detail/1425642>. The detailed database is available at http://www.cgdev.org/section/topics/aid_effectiveness/quoda

² Birdsall and Kharas, 2010. <http://www.cgdev.org/content/publications/detail/1424481>/

³ For the report, see OECD (2011).

As the development community enters the new global partnership outlined during the Fourth High Level Forum on Aid Effectiveness in Busan, it is especially timely to draw lessons on how to improve the quality of aid that is actually delivered.

with other assessments, will help motivate the development of agreed-on common measures and annual reporting on those measures on the part of all donors. In particular, we urge the DAC to refine its monitoring and data collection techniques in several ways so as to improve the ability of outside analysts to assess donor progress (box 1).

Box 1. Our Recommendations for Improving the Data Used for Aid Quality Assessments

We encourage the DAC to continue to collect the kinds of data that are gathered in the Paris Monitoring Survey and to encourage its members to make such data available more often and more quickly through other platforms, including IATI (see p. 1).

We encourage the DAC to refine its estimates of country programmable aid across donors and agencies so as to ensure consistency and comparability in the self-reported data (p. 3).

We suggest that the DAC form a working group to consider an indicator that will encourage donors to report on the use of performance-based aid, including “output-based aid,” program-for-results aid, cash-on-delivery aid and other forms of results-based financing and results-based aid (p. 11).

We encourage the DAC to initiate a process with donors so that they can agree on reporting standards for evaluation practice and the use of evaluation in subsequent programming (p. 12).

We suggest that the data on progress toward the Paris Declaration targets be disaggregated so users can distinguish among large agencies, especially among the UN’s specialized agencies (p. 18).

Despite the shortcomings and the lack of timeliness of current data in a few areas, we believe that the evidence presented in this report constitutes a reform agenda for the donor countries and for the many bilateral and multilateral agencies that provide aid. It can help inform the broader debate about donor performance in improving aid effectiveness. This year, as the development community enters the new global partnership outlined during the Fourth High Level Forum on Aid Effectiveness in Busan, it is especially timely to draw lessons on how to improve the quality of the aid that is actually delivered. Many good ideas and plans are discussed by aid agencies, but implementation can lag. An empirical approach is the only way to discern what is actually being done.

This assessment is organized in two parts. In part 1, we briefly review our basic approach and summarize our findings, focusing on changes in donor performance, vis-à-vis the four dimensions of aid quality. We then describe the results by agency. In part 2, we provide the descriptions, detailed formulas and sources that we use for each indicator.

Part I. The Overall Approach

Last year, we introduced a methodology to assess the Quality of Official Development Assistance (QuODA) in 2008, the latest year for which official aid data were available in detailed form.⁴ We assessed aid vis-à-vis four dimensions: maximizing efficiency, fostering institutions, reducing the burden on partner countries, and transparency and learning.

This year, we focus on the changes that have occurred since then. We have kept the same methodology, as far as possible, but with some adjustments to simplify, clarify and—in some cases where many donors seem to be doing better—to raise the bar of what constitutes high-quality aid (box 2). Where we have made these adjustments, we have recalculated last year's results to get a new baseline. Thus, readers familiar with last year's results may find some changes from the 2008 rankings that were a result of an updating of the data sources and the new methodology.⁵

In explaining our results, we first report this year's results compared with last year's, by benchmarking the 2009 scores against the 2008 results (excluding the new indicators introduced in 2009 that we could not backdate to 2008). We then recalculate the 2009 scores using all the indicators and all the countries and agencies for 2009 to generate the 2009 rankings.

Our data are drawn from the online aid statistics maintained by the Development Assistance Committee (its aggregate database and its Creditor Reporting System)

and from the results of the Paris Monitoring Survey.⁶ For specific indicators, other sources are used (see part 2). The Paris Monitoring Survey, in particular, has been a unique source for monitoring the donor commitments on aspects of aid quality that were made at the Paris and Accra High Level Forums on Aid Effectiveness. Although the donors have reaffirmed their intent to meet these commitments, they have not yet agreed to continue with the surveys. We therefore encourage the DAC to continue to gather this information every three years until donor commitments have been fully met. We also suggest that some of the indicators available in the past through surveys could more efficiently and more quickly be made available through other platforms, including IATI.

1.1 The QuODA methodology

Between 2008 and 2009, DAC donors reduced their total net bilateral aid flows from \$87.2 billion to \$83.7 billion at current prices and exchange rates. Multilateral agencies increased their net ODA disbursements from \$32.5 billion to \$38.4 billion. In aggregate, the amount of country programmable aid (CPA) flowing from multilaterals and DAC bilaterals rose slightly, to \$85 billion.⁷ This aid is spread across approximately 18,500 projects (defined as those valued at more than \$250,000) and 152 recipient countries (see box 2 for how we infer project size from activity-level data). Ninety-five percent is channeled through 127 bilateral aid agencies and 13 large multilateral agencies (table 1).

⁴ Birdsall and Kharas, 2010.

⁵ In one case, we also found a coding error made last year for the indicator assessing the reporting of how aid is channeled to countries. Because Stata is case-sensitive, it gave credit to countries reporting their aid delivery channel as "OTHER" while not giving credit to those reporting "Other".

⁶ OECD 2011 mis-recorded the IDB's use of country systems. We have adjusted their score using data provided in the Organisational Effectiveness Assessment of the Inter-American Development Bank by the Multilateral Organisation Performance Assessment Network in December 2011. (page 42) accessed at http://static.mopanonline.org/brand/upload/documents/MOPAN_Common_Approach_-_IDB_Report_2011_Part_1.pdf

⁷ Country programmable aid is the amount of gross aid made available to a specific, qualifying developing country. These amounts may differ from DAC CPA aggregates as we are unable to reproduce the latter in a consistent fashion across donors.

Box 2: Main Changes from the First (2008) Edition of the Quality of Official Development Assistance Assessment

Maximizing Efficiency

- Country Programmable Aid is now computed according to the formula described on the DAC website. CPA is no longer calculated at the agency level because it is often not at the agency's discretion to change.
- Two new funds, the Clean Technology Fund and the Strategic Climate Fund have been added to the list of global public goods meriting support for 2009.
- Partially tied aid is given a weight of 0.5 in calculating the share of untied aid. Last year, we treated partially tied aid as equivalent to tied aid.

Fostering Institutions

- More aid-recipient countries now have adequate operational strategies than before. Accordingly, we are raising the bar for the indicator measuring the share of aid going to countries with good operational strategies. Aid to countries with average levels (a C rating) will only get a half-credit, compared to the previous methodology when they got full credit.
- The values of the share of aid recorded by recipients and the share on budget have been capped at unity, even where surveys suggest they may be greater than one.

Reducing the burden on partner countries

- We have changed the source for calculations of median project size from AidData to the Creditor Reporting System. We decided to use CRS data directly to map activities into projects. Activities reported to the CRS are collapsed into a single project if they have the same donor name, agency name, recipient name, project title and expected start date. Small projects (i.e., those with less than \$250,000 in funding) have been excluded because they are likely to have different administrative processes and often simply reflect line item adjustments.

Transparency and Learning

- A new indicator, implementation of international reporting standards, has been added as some donors for the first time were actually reporting aid according to these standards in 2011.
- CRS data are used instead of AidData as the source for project titles and descriptions.
- Standards for reporting of the project channel have been tightened to only give credit where specific channels are mentioned by name.
- A new indicator has been added: quality of evaluation policy (see box 3 and part 2).
- Aid to partners with an average level Grade C for their monitoring and evaluation frameworks is only given half-credit, rather than full credit as last year, for indicator TL8. (i.e., aid to partners with good monitoring and evaluation frameworks).

CPA deducts from gross ODA those items that are not programmable at the country level and thus are not available for real development projects and programs in partner countries.

Box 3: A Note on Country Programmable Aid

Country programmable aid is one of the core concepts used in our methodology. CPA deducts from gross ODA those items that are not programmable at the country level and thus are not available for real development projects and programs in partner countries. These deductions include debt relief, humanitarian aid, administrative costs, developmental food aid, promotion of development awareness, imputed student costs, refugees in donor countries, aid from local governments, core support to nongovernmental organizations, export subsidies, university subsidies, equity investments and aid that is not allocable by country or region.

The DAC also reports aggregate CPA by country and agency. However, these aggregates may refer only to the main agency of the country if so notified to the DAC. Also, the DAC aggregate CPA figures treat aid listed under the same purpose codes differently between bilaterals and multilaterals, making the comparison of CPA between countries and agencies inconsistent. For example, emergency operations that are treated as humanitarian aid for bilaterals are treated as CPA-eligible aid for some multilaterals, even when they are classified under the same purpose code.

We have chosen to use the DAC methodology, which is provided on its web-site, but applied directly to all the Creditor Reporting System data. Accordingly, our calculations of CPA may differ from those reported in the DAC aggregates database.

We encourage the DAC to refine its CPA estimates in a fashion that is more consistent and more comparable in its treatment across donor countries and agencies.

TABLE 1: Donor Size - Basic Data for 2009

Donor name	Net official development assistance (\$ millions)	Gross country programmable aid (\$ millions)	Number of recipients	Number of agencies	Number of projects*
Austria	1,142	202	90	12	227
Belgium	2,610	775	68	7	400
Denmark	2,810	996	91	1	306
France	12,602	3,608	132	6	1293
Germany	12,079	5,172	125	7	2207
Italy	3,298	596	109	6	95
Netherlands	6,426	1,825	90	2	457
Norway	4,086	1,419	49	5	890
Portugal	513	235	114	3	11
Sweden	4,548	1,418	107	4	720
Switzerland	2,310	644	96	7	226
United Kingdom	11,283	4,111	122	6	534
Finland	1,290	410	107	3	189
Ireland	1,006	464	76	1	439
Luxembourg	415	180	75	1	205
Greece	607	141	84	7	141
Spain	6,584	3,063	123	13	1692
Canada	4,000	1,993	140	8	667
United States	28,831	15,672	140	15	3594
Japan	9,457	10,152	144	5	741
South Korea	816	511	101	5	175
Australia	2,762	1,507	84	1	367
New Zealand	309	127	73	2	48
IDA	8,961	10,919	80	1	155
IDB Special Fund	380	587	25	1	255
AfDF	2,582	2,666	39	1	70
AsDF	1,943	2,118	38	1	36
EU Institutions	13,444	9,392	149	2	748
IFAD	230	558	74	1	32
GFATM	2,333	2,337	94	1	70
UN (selected agencies)	2,597	1,637	138	5	1472
Total	152,252	85,438	152	140	18,462

Note: IDA = International Development Association (the World Bank's concessional lending arm); IDB = Inter-American Development Bank; AfDF = African Development Fund; AsDF = Asian Development Fund; IFAD = International Fund for Agricultural Development (a specialized agency of the United Nations); GFATM = Global Fund to Fight AIDS, Tuberculosis and Malaria.

*Projects with commitments greater than USD 250,000 were included.

Source: OECD DAC on-line statistics, downloaded November 2011.

This is the universe of aid covered by our current assessment. It excludes non-DAC donors, private donors and many smaller multilateral agencies. For the most part, our focus is on CPA that excludes humanitarian assistance and other non-country-specific aid flows like refugee assistance in donor countries (box 3).

Our approach to assessing aid quality is as follows. First, we identify seven or eight indicators for each of the four dimensions of aid quality (table 2). Second, we compute quantitative scores for each indicator across 23 DAC bi-

lateral donors and 8 multilateral agencies or organizations (including the European Union institutions).⁸ In our agency analysis (described in section 1.6 below), we work analogously, using 15 indicators to assess 95 large bilateral and 18 multilateral agencies. Third, we transform the raw scores for each indicator into z-scores so that the scales for each indicator are the same.⁹ Fourth, for each donor, we average the indicator z-scores relevant to a particular quality dimension. In this way, each donor receives a score for each of the indicators as well as for the four quality dimensions in our assessment.

TABLE 2: Thirty-One Indicators for the Four Dimensions of Aid Quality

Maximizing Efficiency	Fostering Institutions	Reducing the Burden on Partner Countries	Transparency and Learning
Share of allocation to poor countries‡	Share of aid to recipients' top development priorities*†‡	Significance of aid relationships‡	Signatory of IATI‡
Share of allocation to well-governed countries‡	Avoidance of PIUs*†	Fragmentation across donor agencies‡	Implementation of IATI data reporting standards#
Low administrative unit costs ‡	Share of aid recorded in recipient budgets*†	Median project size*‡	Recording of project title and description
High country programmable aid share‡	Share of aid to partners with good operational strategies‡	Contribution to multilaterals‡	Detail of project description
Focus/specialization by recipient country*‡	Use of recipient country systems*†	Coordinated missions*†	Reporting of aid delivery channel
Focus/specialization by sector*	Share of scheduled aid recorded as received by recipients*†	Use of programmatic aid*†	Quality of main agency evaluation policy#
Support of select global public good facilities‡	Coordination of technical cooperation*†	Coordinated analytical work*†	Completeness of project-level commitment data*
Share of untied aid*†	Coverage of forward spending plans/Aid predictability*‡		Aid to partners with good M&E frameworks‡

Note: # = a new indicator added for the 2009 assessment. IATI = International Aid Transparency Initiative; PIU = project implementation unit; M&E = monitoring and evaluation.

Sources: The 31 indicators are flagged by the type of source that advocates for use as a benchmark: * = recipient governments; † = the Paris Declaration; ‡ = the academic literature.

⁸ Two European institutions are aggregated here: the Commission of European Communities and the European Development Fund. Five UN agencies are also aggregated together: UN Programme on HIV/AIDS, UN Development Program, UN Population Fund, UN Children's Fund, and World Food Programme. These agencies cannot be considered separately as the Paris Survey, one of our main data sources, treats them together.

⁹ A z-score is the number of standard deviations away from the mean of an individual observation. Our indicators are transformed into standard, normal variables with mean zero and a standard deviation of unity. In select cases we take the logarithm of the raw score before converting to z-scores.

Multilateral agencies, which tend to have the largest share of aid going to fragile states, also tend to do better on QuODA scores.

We have added two new indicators to last year's list, both in the dimension of transparency and learning. One is the extent to which countries are already reporting according to standards agreed to by the International Aid Transparency Initiative. A first set of countries has started to implement IATI this year, and these deserve additional recognition compared to countries that have simply signed onto the initiative. The second new indicator reflects our judgment as to the quality of each donor's evaluation system, based on the evaluation policy of the main agency in each country that we assess. Good evaluation is at the heart of improving development results and is central to the quality of the aid system.

Last year, we were asked to take into account the fact that it may be harder to implement the Paris Declaration commitments in fragile states. Indeed, the Paris Monitoring Survey found a greater reluctance by donors to put money through procurement and public financial management systems and a greater tendency of donors to establish their own project implementation units and to eschew programmatic approaches in fragile states. To assess the possible impact of this on our results, we looked at whether donors with higher shares of their CPA going to fragile states got, as one might expect, worse scores on two indicators: use of project implementation units, and use of country systems. In both cases there was no significant statistical association. And as shown in figure 1, there appears to be little association between donors that focus heavily on fragile states (as defined by the Organization for Economic Cooperation and Development)¹⁰ and their average QuODA z-scores. A number of donors with high shares of aid going to fragile states have high overall scores.

More formally, when we regress the donor z-scores on the share of aid going to fragile states, the coefficient is insignificant (table 3). In fact, multilateral agencies, which tend to have the largest share of aid going to fragile states, also tend to do better on QuODA scores. We conclude that although there may be a link between aid to fragile states and our scores for donor aid quality, the quantitative impact appears small to negligible.

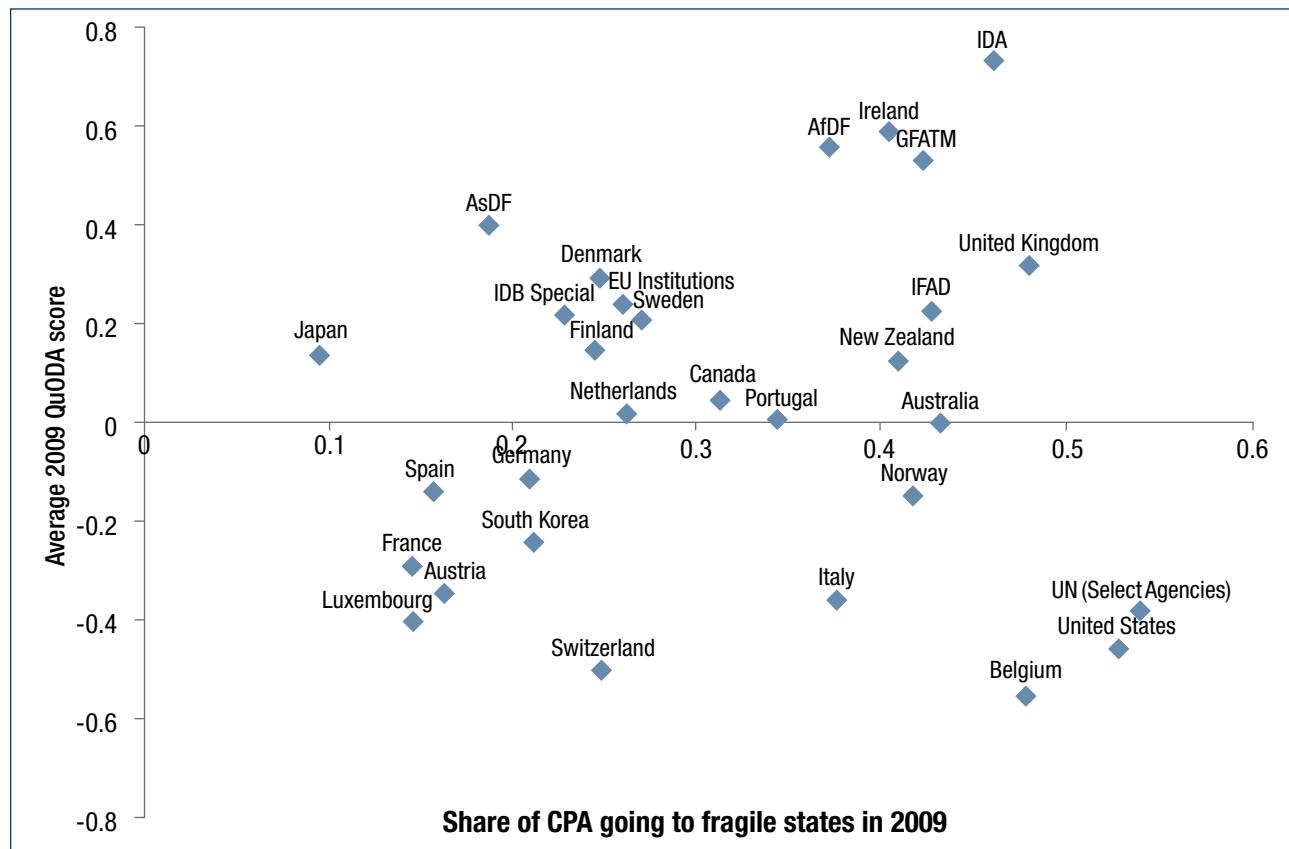
1.2 Changes in Aid Quality: Comparing the First and Second Edition of QuODA

In comparing the 2009 results with those for the 2008 baseline, we need to recognize that some of our data sources are updated annually, whereas others, principally the survey on monitoring of the Paris Declaration, reflect a three-year change. Thus, the changes we measure are a composite of changes in some indicators between 2008 and 2009 and of other indicators between 2007 and 2010. In the case of transparency and learning, some indicators measure countries and agencies as of 2011.

In our basic methodology we are benchmarking donors (and agencies) against each other so that performance of a donor in a particular year is scored relative to the performance of other donors in that year. For this reason, a simple comparison of a donor's score between two years cannot be used to assess absolute improvements or declines in that donor's performance. Donors (or agencies) may have appeared to slip in our new rankings not because their performance deteriorated in absolute terms but simply because other donors have slipped less or improved more. For this reason, assessing the changes in absolute terms requires several steps in our analysis which we explain below.

¹⁰ The list of fragile and conflict-affected states in 2009 used for this analysis is taken from OECD-DAC Summary Report (2009) "Ensuring Fragile States Are Not Left Behind". It is a compilation of three lists: the bottom two quintiles of the World Bank's Country Policy and Institutional Assessment (CPIA) 2007; the Brookings Index of State Weakness in the Developing World 2008; and the Carleton University Country Indicators for Foreign Policy (CIFP) 2007 index.

FIGURE 1: Does operating in fragile states bias QuODA z-scores?



Note: CPA= country programmable aid; IDA = International Development Association (the World Bank's concessional lending arm); IDB = Inter-American Development Bank; AfDF = African Development Fund; AsDF = Asian Development Fund; IFAD = International Fund for Agricultural Development (a specialized agency of the United Nations); GFATM = Global Fund to Fight AIDS, Tuberculosis and Malaria.

Source: Authors' calculations

TABLE 3: Regression of Share of Aid to Fragile States and Average Z-Score (dependent variable is the average z-score)

Measure	Score
Share of CPA going to fragile states	-0.0251 (0.4763)
Multilateral agency	0.3951** (0.1339)
Constant	-0.0698 (0.1574)
Observations	30
R-squared	25.19%

Note: DAC Creditor Reporting System and Organization for Economic Cooperation and Development fragile states classification.
CPA= country programmable aid.

Source: Authors' calculations.

In the aggregate, donors appear to have done better on three of the four dimensions of aid quality in 2009 compared with 2008.

Before describing the results, two caveats are in order. First, measuring changes over short time periods is a highly imprecise exercise. Two points do not make a trend. We do observe improvements in aid quality in 21 out of 29 indicators, but we cannot say whether these are cyclical or structural, or whether they are due to deliberate agency interventions or due to random factors. Second, for any individual donor or agency, there is likely to be considerable measurement error in the way we compute aid quality. Because we cannot quantify the standard error of our estimate for individual donors, it is impossible to assess whether a change was significant in a statistical sense. We only have point estimates.

If there was no change in aid quality, we would expect the 2009 scores of donors and agencies for each quality dimension to fall within the same range that we observed in 2008. This is the null hypothesis for our assessment of change. To test it, we compute a “pseudo-z-score” for each indicator in 2009.¹¹ These pseudo-z-scores are averaged for each donor across the indicators for each dimension, producing a donor-specific 2009 pseudo-z-score for each of the four aid quality dimensions.¹²

We report on changes in two ways below. First we compare the change in the performance of the donors as a group—that is of the aid system as a whole—for each of the four dimensions (section 1.3). Second for selected donors, we look at the change in their own performance, highlighting particular indicators (section 1.4).¹³ The results for the four dimensions are shown in diagrammatic form in figure 2. The z-scores in 2008 and the pseudo-z-scores in 2009 trace out an approximately normal distribution—which can be considered the “quality” of the aid system as a whole (unweighted by size of donor).

In the aggregate, donors appear to have done better on three of the four dimensions of aid quality in 2009 compared with 2008. Formal tests of significance show that the null hypothesis of no change in aid quality can be rejected in the cases of fostering institutions, reducing the burden on partner countries, and transparency and learning (table 4). In the case of maximizing efficiency, the slight observed improvement in 2009 could simply be a more favorable draw from the same 2008 distribution.

How big is the improvement? For fostering institutions, the magnitude of the change is 0.22 standard deviation, or an improvement of about 9 percent; for reducing the burden on partner countries, it is 0.1 standard deviation, or 4 percent; and for transparency and learning, the improvement is greatest, 0.31 standard deviation, or 12 percent. For maximizing efficiency, improvement in some indicators is offset by deterioration in others, resulting in no net change. Overall, this can be interpreted either as “too slow to make a material difference” given the low baseline and the urgency of the need to improve in order to help meet the Millennium Development Goals, or as “steady improvement that is making a difference”. The same glass-half-full, glass-half-empty conclusion was reached in the DAC’s report on achievement of the Paris Declaration targets, which observed that only 1 out of 13 targets had actually been met, but moderate or mixed progress had been made on seven other targets.¹⁴

Most of the time, progress on the indicators we have chosen to measure aid quality depends entirely on donors’ actions. For example, untying of aid, channeling of aid to poor countries or to well-governed countries, or reporting on forward-looking aid plans are donor choices alone. But on occasion, some indicators depend on joint

¹¹ The pseudo-z-score for each country or agency is defined as the 2009 indicator raw score minus the 2008 mean across countries/agencies of the raw scores of the comparable indicator, divided by the standard deviation of those 2008 scores.

¹² Note that we cannot just compare 2009 z-scores with 2008 z-scores because by definition the means in the two years would be the same, namely zero.

¹³ Readers are encouraged to explore changes in donor performance via the website, available at http://www.cgdev.org/section/topics/aid_effectiveness/quoda

¹⁴ OECD, 2011. <http://www.oecd.org/dataoecd/25/30/48742718.pdf>

FIGURE 2: The Four Dimensions of Aid Quality, 2008 and 2009 (z-scores)

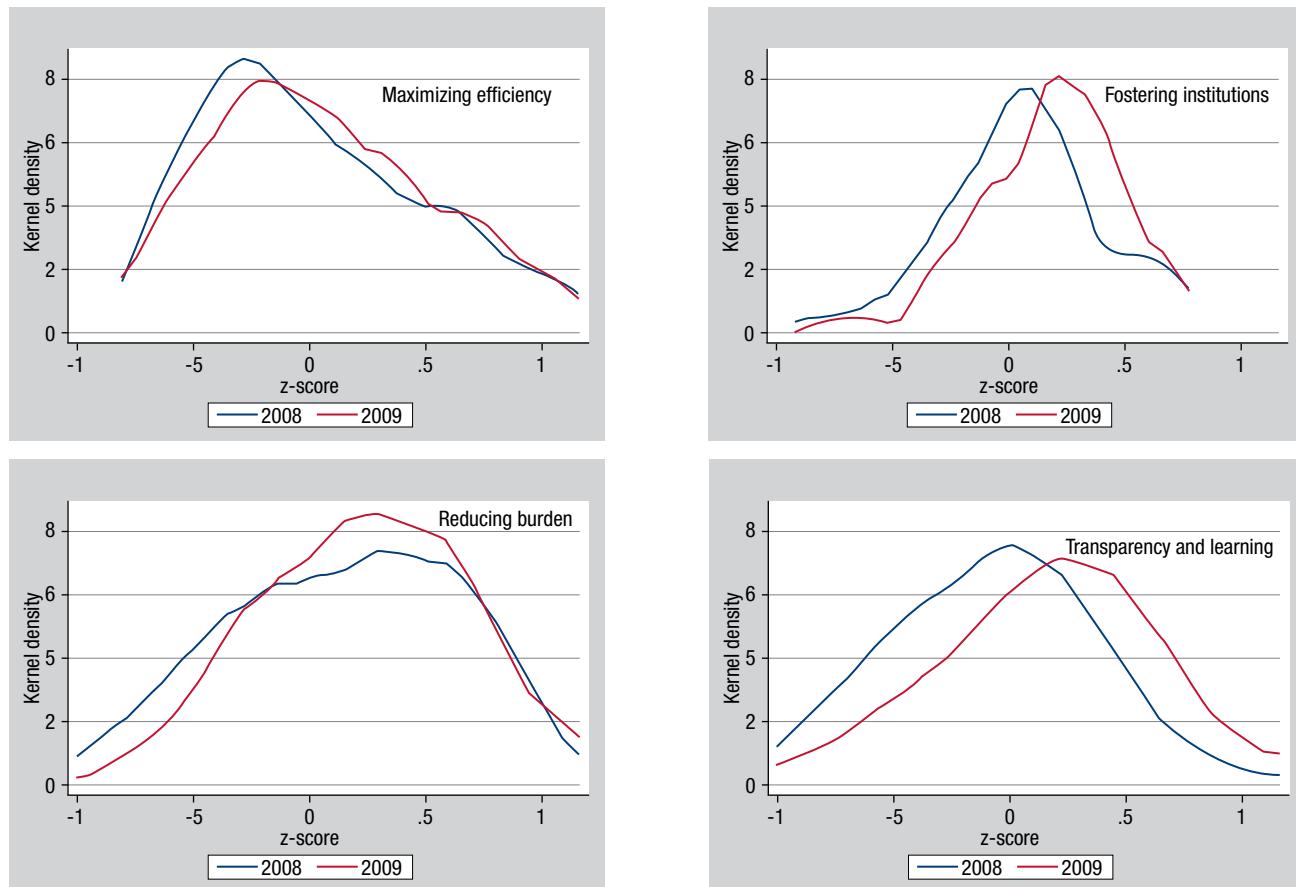


TABLE 4: Significant Changes in the Four Dimensions of Aid Quality between 2008 and 2009

Dimension	2008	2009	Difference
Maximizing efficiency	0.000 (0.0648)	0.0373 (0.0727)	0.0373 (0.0405)
Fostering institutions	0.000 (0.0645)	0.2218 (0.0681)	0.2218*** (0.0666)
Reducing the burden on partner countries	0.000 (0.0698)	0.1030 (0.0663)	0.1030** (0.0496)
Transparency and learning	0.000 (0.0739)	0.3086 (0.0922)	0.3086*** (0.0832)

Note: Standard errors in parentheses

Source: Authors' calculations

With the completion of Iraqi debt relief, more resources became available and donors were able to reapportion funds to poorer countries.

actions of donors and partner countries. Indicators like the share of aid recorded on government budgets presuppose both that donors provide the information to partner countries in an appropriate and timely fashion and that partner countries have the capability to integrate aid into their own systems. As partner countries improve their own performance, as they seem to have done, the quality of donors' aid may simultaneously improve even in the absence of any changes by donors.¹⁵

1.3 Major changes in indicators

In this section, we review the major changes in the specific indicators of aid quality that have driven the overall system's improvements.

Maximizing efficiency

There has been little change in maximizing efficiency because of two offsetting trends. On the positive side, there was a major improvement in the allocation of aid to poor countries. The driving force behind this is that aid to Iraq, a relatively rich aid recipient, fell from \$9.8 billion in 2008 to \$2.6 billion in 2009. Almost all this decline is attributed to the end in 2008 of debt relief granted to Iraq; debt relief fell from \$6.8 billion to zero in 2009. In total, about \$29 billion in debt relief was provided to Iraq between 2005 and 2008. With the completion of Iraqi debt relief, more resources became available and donors were able to reapportion funds to poorer countries. Haiti (+26%), Togo (+105%), Afghanistan (+29%), and Pakistan (+45%) were among the large beneficiaries in 2009, as well as the Philippines and Cote d'Ivoire (whose aid receipts grew from a very low base). Regardless of the cause, this is a result for which donors should be commended.

One other major positive change was in the amount of donor support given to selected global public goods facilities supporting climate mitigation, peacekeeping, and research on the evaluation of development experiences (not to be confused with vertical funds that may provide some global public goods but also provide benefits for individuals). Two new funds became active in 2009: the clean technology fund and the strategic climate fund. Donors could have simply chosen to reallocate spending from existing facilities to these, but they chose to provide additional financing. On average, donors gave 7.4 percent of their funds to these facilities in 2009, which was up from 5.6 percent given in 2008.¹⁶ This is also a positive change in our view.

On the more negative side, donors did become far less selective, both by country and even more so by sector, in 2009. They also channeled slightly less aid to well-governed countries. The latter remains a controversial issue for aid quality. On the one hand, the evidence is quite strong that aid to well-governed countries is more effective in achieving development results.¹⁷ On the other hand, many donors have made the judgment that increasing aid to fragile states is a good use of money, where the long-term benefits in stability and reduced violence may outweigh the costs of limited short-term development outcomes. This debate is being played out among large aid recipients like Afghanistan and Iraq where new approaches are being tried. It is too early to tell whether such new approaches to fragile states will overturn the prevailing narrative.

Fostering Institutions

Improvements in 2009 were registered in every indicator of fostering institutions, except forward spending plans

¹⁵ Indicators of partner country performance, such as the Paris Survey, the World Bank's Country Policy and Institutional Assessment scores and the Public Expenditure and Financial Accountability assessments seem to corroborate the finding of improved partner country performance.

¹⁶ These data refer to the average of bilateral donor contributions to select global facilities. See part 2 for a full list of qualifying institutions.

¹⁷ "Good Countries or Good Projects? Macro and Micro Correlates of World Bank Project Performance," (with C. Denizer and A. Kraay), World Bank Policy Research Working Paper, WPS5646, May 2011.

More donors are now channeling aid to countries with better monitoring-and-evaluation frameworks. This should provide a basis for a more systematic move towards results-based aid and also facilitate scaling up of interventions that work.

and aid to recipients' top development priorities. There was a distinct improvement in the share of aid going to partners with good operational strategies. In our indicator of aid quality, we give credit to donors that channel their funding to countries that have good operational strategies, partly because this helps ensure that the money will be used effectively, and partly because linking aid funding with better strategies can give a powerful incentive to partner countries to pay attention to developing institutional mechanisms for dialogue and consultation on development needs and the implementation of development programs. Because more partner countries have improved their operational strategies, we raised the bar this year, giving donors only a half-credit for giving aid to countries with average strategies and a full credit for those with good or excellent strategies.¹⁸

A second major improvement is in the share of aid being recorded in government budgets. The unweighted average across donors went up from 46 percent in 2008 to 53 percent in 2009. Providing aid on budget is likely to make aid more effective and is an important way in which donors can reinforce the importance of good budget practices in partner countries.

Reducing the Burden on Partner Countries

Six out of seven indicators for this dimension show some improvement. More donors reported coordinating their analytical work and missions, there was more reported use of programmatic modalities (rather than projects), and a greater share of aid was channeled through multilateral agencies (33 percent average for donors compared with 31 percent in 2008).¹⁹ But the average donor had a smaller project size in 2009, suggesting continued fragmentation of aid efforts.

Transparency and Learning

Since last year, 6 additional agencies have signed onto the International Aid Transparency Initiative (IATI)—the Global Fund to Fight AIDS, Tuberculosis and Malaria; the African Development Fund; International Fund for Agricultural Development; the Inter-American Development Bank Special Fund; the United States; and Canada—and, significantly, 14 donors and agencies have already started to publish aid information in accordance with the agreed upon standard.

More donors are now channeling aid to countries with better monitoring-and-evaluation (M&E) frameworks. This should provide a basis for a more systematic move towards results-based aid and also facilitate scaling up of interventions that work.²⁰

Some multilateral agencies, such as the International Fund for Agricultural Development and the Asian Development Fund, that voluntarily report to the DAC provided less information in 2009 compared with 2008. Neither provided any long project descriptions in 2009 and both reduced coverage of even basic information on project titles.

This year, we were also able to develop an indicator of evaluation quality in aid agencies, looking at the principal agency in each country that we assess (as well as eight major multilateral agencies). Although evaluation is difficult to assess (see box 4), we believe that this is an important indicator of whether donor agencies are true learning institutions that are dedicated to improving aid quality.

¹⁸ To measure the trend from 2008, we applied the same higher 2009 bar to recompute those data.

¹⁹ This may reflect the fact that it was politically easier to reduce bilateral aid programs in an environment of shrinking total aid funding, or a conscious decision to improve effectiveness and reduce the administrative cost of managing bilateral aid by transferring more of the money and associated management to the multilaterals.

²⁰ Ideally, we would prefer to have a direct measure of how much aid is being delivered using performance-based approaches. We suggest the DAC develop such an indicator.

We recommend that the DAC organize a process in cooperation with donors, with the objective of agreeing on evaluation policy and practice and the use of evaluation findings in subsequent programming.

Box 4. Challenges in Evaluating Evaluation

We stated in the first QuODA report that the transparency and learning dimension is the one for which it is most difficult to find data and assess donors' performance. Most if not all donor agencies refer to the importance of evaluation but donors as a group have not agreed on guidelines for what is good policy and practice on evaluation, nor on common reporting standards for evaluation practices and the use of evaluation findings. Last year, we tried to construct our own indicator for evaluation by developing a survey instrument about donor evaluation practices in consultation with agency officials. We sent this to the largest multilateral and bilateral agencies. Although we received valuable feedback from 21 agencies, we ultimately did not include the survey results in our analysis (and did not redo the surveys) due to apparent discrepancies across donors in definitions of key concepts and a concern that another survey repeated annually would add to the already growing and fragmented demands for data from donors.

This year, we have developed an evaluation indicator based on aid agencies' published guidelines for evaluation. These are benchmarked against industry standards taken from the DAC report, *Evaluation in Development Agencies*.¹ This report provides useful information about how evaluations are managed in the agencies that are members of the DAC Network on Development Evaluation—including evaluation trends, resources devoted to evaluation, and the extent to which agencies support the development of evaluation capacity in recipient countries or employ joint evaluations with other donors. However, this analysis was limited to the 40 member agencies of the network.²

One shortcoming of our indicator is that it measures agency policies, rather than the actual practice of implementation and, more importantly, the use of evaluation findings to improve aid quality. Although it is not a donor agency, we commend the work of the International Initiative for Impact Evaluation (3IE), which supports rigorous evaluation studies to promote evidence-based policy-making, and in particular supports the capacity of groups in developing countries to conduct impact evaluations. (Several donors in our analysis provide direct financial support to 3IE; see the data for the indicator "Support to Select Global Public Good Facilities".) We hope to work with 3IE and other analogous organizations to build upon our evaluation policy indicator, and to measure what donors are doing in practice to guarantee high-quality evaluation and constant learning, which over time will improve the quality of their aid.

At the same time, we recommend that the DAC organize a process in cooperation with donors, with the objective of agreeing on evaluation policy and practice and the use of evaluation findings in subsequent programming.

¹ http://www.oecd-ilibrary.org/development/evaluation-in-development-agencies_9789264094857-en

² A listing of the members can be found here: http://www.oecd.org/document/62/0,3746,en_21571361_34047972_34518718_1_1_1,1,00.html. Additionally, the underlying lying data for the report is not available by individual agency. The data comes from surveys administered to member agencies of the evaluation network; because the surveys were not administered with the intention that individual agency results would be published, we could not acquire this data upon request.

By our measure, the US Agency for International Development may now have the best evaluation policy of any donor or agency in the world.

1.4 Major Changes in Selected Donor Countries and Multilateral Agencies

In this section, we assess how particular countries and agencies have performed in our current assessment compared with last year. The methodology is similar to that described above for the aid system as a whole. Imagine that in our baseline we had 1,000 donors instead of only 31. Then it might make sense to compute a percentile ranking for each donor to assess where it stood compared with all the others. In fact, the z-score can be used to calculate this hypothetical percentile ranking. We compute the percentile rankings for donors and multilateral agencies for 2009, based on the pseudo-z-score, and for 2008. The difference between the two percentile rankings is our measure of the change in donor performance over time.

Note that this approach allows all donors to improve compared with the previous year. This is better than the alternative of simply comparing the z-scores of each donor for 2009 with those for 2008. In that case, we would be measuring changes in relative performance, so for every donor that improved, another would need to be classified as having had a worse performance. Our measure links performance to each donor's actions alone.

The United States

The United States continues to struggle to become a more effective donor. It retrogressed in 2009 on several important indicators of aid quality: specialization by recipient country, specialization by sector, the untying of aid, the coordination of technical cooperation, the share of aid recorded as received by recipients, the coordination of its missions with others, and the use of programmatic aid instruments. It is particularly unfortunate that the United States continues to tie a far greater fraction of its aid to purchases from domestic

providers compared with any other major aid provider. One-third of aid from the United States was tied in 2009 up from one-quarter in 2008.²¹

Conversely, the United States has considerable strengths. By our measure, the US Agency for International Development may now have the best evaluation policy of any donor or agency in the world (see box 5). USAID had a major improvement in providing aid to countries with good operational strategies, and more than doubled the share of its aid using partner country systems (although the level of aid using such systems is still very low). The size of an average US aid project increased substantially in 2009. About three-fifths of US assistance is now going to partner countries with good M&E systems in place. The United States recently announced its intention to join IATI, at the Busan High-Level Forum on aid effectiveness.

Japan

Japan has improved its aid quality in all four dimensions. It has been able to cut administrative costs per ¥1 provided and to increase its support for global public goods. It has increased the share of its aid going to priorities identified by recipients and it has effectively eliminated the use of separate project implementation units. It has the largest average project size among bilateral donors and increased this still further in 2009. It has also concentrated more of its aid through its main agencies and, in the process, has substantially increased the coordination of its analytical work with other donors. Finally, Japan also increased its use of programmatic aid substantially in 2009, with almost half its aid being provided through such modalities. It now gives more through multilateral agencies.

Japan stands out as having an excellent aid evaluation policy, and it provides more than 80 percent of its aid

²¹ This measure assumes one-half of "partially tied" aid is actually tied.

South Korea is the newest DAC member but it has already emerged as a leader in some indicators of aid quality, and it is also improving in all four quality dimensions.

Box 5: USAID and MCC on Evaluation

On our new indicator, *Quality of evaluation policy* (see part 2 for a complete description of how it was calculated), USAID was the only agency, out of the 31 that we looked at, to receive a perfect score. Due in part to a high relative score on this indicator, the US scored above average on transparency and learning. USAID's evaluation policy,¹ which was released in January 2011, is an ambitious statement of the agency's plans to revive a culture of transparency and learning, with clear and specific guidelines for how it will do so.

Because we only looked at the largest agency in each donor country, in terms of ODA disbursement values, our assessment did not include the evaluation policy of the Millennium Challenge Corporation.² However, we note that MCC has been a leader on evaluation and learning. Since it was established in 2005, MCC has commissioned independent researchers to use rigorous methods of evaluation in order to determine what the impact of its programs has been.³ MCC has also committed to making all evaluation results public, a decision that tests the willingness of the US Congress to continue funding agencies that do not always "succeed".⁴ Regardless of the political outcomes, MCC should be commended for contributing to a public body of knowledge about what development strategies do and do not work.

Meanwhile, because one year has now passed since USAID revised and published its evaluation policy, it's time to start collecting evidence on whether the agency is living up to the standards set in this policy.

¹ See USAID, "Evaluation Showcase." <http://www.usaid.gov/evaluation/>

² See MCC, Policy for Monitoring and Evaluation of Compacts and Threshold Programs. <http://www.mcc.gov/documents/guidance/policy-051209-mande.pdf>

³ Rigorous impact studies have been used for about half of MCC's activities. See Droggitis and Savedoff (2011).

⁴ Droggitis and Savedoff (2011); Savedoff (2011).

to partners with good M&E practices. However, Japan has not signed onto international data reporting standards.

Portugal

Portugal cut back its aid volumes in 2009, but it made considerable progress in improving the quality of its aid in all four dimensions. It chose to sharply increase its proportional support to global public goods activities (from 8 to 12 percent of its aid). It dramatically increased the share of its aid using country systems (from 3 to 40 percent), the coordination of its technical cooperation (from 6 to 32 percent), the share of its aid recorded as received by partner countries (from 47 to 100 percent), and the coverage of forward spending plans (from 40 to 73 percent). It delivered more of its aid through its main agency, and moved from a situation in which none of its missions or analytical work

was coordinated with others to become well above average in these categories. Its use of programmatic modalities rose from 2.7 to 38 percent of total aid.

The main area where Portugal lags behind other donors is in transparency and learning. It is not a signatory to IATI, nor does it have sound evaluation policies. Its aid mostly goes to partners with poor M&E capabilities.

South Korea

South Korea is the newest DAC member but it has already emerged as a leader in some indicators of aid quality, and it is also improving in all four quality dimensions. It has sharply increased its country programmable aid, has stepped up its support for global public good activities (from 8.7 to 15 percent)—and has reduced the degree to which its aid is tied (from

The EU has made good progress in untying aid (from 50 to 79 percent).

66 to 54 percent). All its aid is now recorded in government budgets. It has started to use programmatic modalities, channeling 29 percent of its aid in this way, compared with almost none in 2008. It now coordinates half of its analytical work with others, but fell back in its coordination of missions.

Canada

Canada improved aid quality in all four dimensions. It made good progress in untying its aid (which was only 7 percent tied in 2009). It provides 65 percent of its aid to partners with good operational strategies. It is also a leader in the use of country systems. All of its aid is now being recorded as received by recipient countries and it provides forward spending plans for almost all its aid. In those countries where Canada is active, it is a very important donor. It now coordinates far more of its analytical work (from 25 to 58 percent). In addition to being a new signatory of IATI, Canada is taking other actions to improve the transparency of its aid. It has very good evaluation principles, devotes much of its aid to countries with good M&E, and has improved the quality of its reporting to the DAC.

Canada moved backwards, however, in 2009 in some important indicators. It has a low and declining share of CPA to total aid. Its project size is small and declining and its contribution to multilaterals fell in 2009.

Australia

Australia is ramping up its aid program while simultaneously trying to improve quality. It improved in three of four dimensions, the exception being reducing the burden on partner countries. It gives more now to support global public goods activities (from 5 to 8 percent), and contributes more to multilaterals (from

10 to 16 percent) but it is still below the average donor contribution to multilaterals.

Australia stands out as having improved significantly in Fostering Institutions. More of its aid is now recorded in country budgets (from 30 to 48 percent), and it provides forward spending plans for all its aid. In those countries where it is active, it is a very important donor. Its aid is highly concentrated through AusAid, but its projects tend to be small. It coordinates less than half the time in terms of missions and analytical work. It does not use programmatic aid modalities and actually decreased its use of these instruments in the most recent survey period (from 32 to 20 percent).

Another area of improvement is in aid transparency.²² It was one of the first donors to implement IATI's standards for data reporting. It has an above average evaluation policy. It has improved the quality of its reporting to the DAC in terms of detailed descriptions, aid delivery channels and completeness.

The European Union Institutions

The European Union has emerged as one of the largest aid providers and continued to expand its aid program in 2009. It improved aid quality in three of the four dimensions, the exception being reducing the burden on partner countries. Because of its size, it has very low administrative unit costs per €1 of aid disbursed. The EU has made good progress in untying aid (from 50 to 79 percent). It has almost eliminated the use of project implementation units. Its use of country systems has improved (from 34 to 48 percent). It provides complete forward spending plans.

Where the EU is active, it tends to be a very important donor. As a large donor, it has a sizable (and increasing) average project size. It provides more than half its aid

²² Readers may recall that Australia was ranked as the most transparent donor last year. With the tightening of our transparency standards and correction of coding errors, Australia was actually below average in our adjusted 2008 score.

IDA consistently ranks among the best aid agencies in each dimension of quality.

through programmatic modalities. The EU has made a commitment to transparency. It is an IATI signatory and has started to report its aid according to IATI standards. It has an excellent policy on evaluation.

The International Development Association

The International Development Association—the World Bank's concessional lending facility—is one of the oldest and largest multilateral aid agencies. IDA consistently ranks among the best aid agencies in each dimension of quality. It improved substantially in transparency and learning in 2009. It expanded disbursements by almost one-third in 2009.

Almost by definition, IDA has a strong focus on assisting the poorest countries (its sister World Bank facility, the International Bank for Reconstruction and Development, provides development support to middle income countries), a focus it accentuated in 2009. IDA increased its use of country systems (from 56 to 63 percent). It provides complete forward spending plans.

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 most transparent aid agency.

1.5 The 2009 Aid Quality Rankings

On average, donors that were relatively poor performers in 2008 had the largest improvements in their quality in this year's assessment, whereas the better performers did relatively worse. In other words, the data show a mean reversion. It may be that not all the changes are the result of donor actions; some may simply be due

to random or cyclical factors affecting specific donors. Or it may be that there has been overall improvement, which not surprisingly is concentrated more among donors that started from a lower base.

The 2009 rankings are presented in table 5. Below are some highlights:

- Seventeen of 31 donors and agencies are in the top 10 in at least one dimension of aid quality.
- Only 3 donors are in the top 10 in all four dimensions: IDA, Ireland and the United Kingdom.
- Only Belgium, Switzerland, and Greece are in the bottom 10 in all four dimensions.
- In three of four dimensions, the best-in-class agency is multilateral: the African Development Fund for maximizing efficiency; the Inter-American Development Bank Special Fund for reducing the burden on partner countries; and IDA for transparency and learning. Denmark is best on fostering institutions
- Twenty-five out of 31 donors have at least a 10 point differential in their rankings across the four dimensions of aid quality, suggesting that almost all donors have significant room to improve in at least one dimension.
- The most improved donors in each category are mostly different: Spain and the United Kingdom (maximizing efficiency); Portugal and Australia (fostering institutions); Portugal and Austria (reducing the burden on partner countries); and Japan and Canada (transparency and learning).

Donors' scores on specific indicators within each dimension vary along with their scores across dimensions. Table 6 shows those indicators where individual

TABLE 5: Ranking of Donors by Aid Quality Dimension, 2009

Donor	Maximizing Efficiency	Fostering Institutions	Reducing the Burden on Partner Countries	Transparency and Learning
Australia	16	17	18	12
Austria	31	25	14	25
Belgium	21	23	28	31
Canada	17	12	19	10
Denmark	15	1	5	24
Finland	18	10	17	4
France	14	22	25	28
Germany	28	13	20	16
Greece	30	31	26	26
Ireland	8	2	2	7
Italy	23	20	24	29
Japan	7	7	23	15
South Korea	20	15	30	18
Luxembourg	13	29	16	30
Netherlands	25	11	11	17
New Zealand	11	24	4	14
Norway	24	16	27	11
Portugal	9	18	8	27
Spain	26	21	22	13
Sweden	22	6	10	8
Switzerland	27	28	29	23
United Kingdom	10	8	9	5
United States	29	27	31	9
AfDF	1	4	15	6
AsDF	3	5	6	20
EU Institutions	12	14	12	3
GFATM	2	9	13	2
IDA	6	3	3	1
IDB Special Fund	5	26	1	22
IFAD	4	19	7	21
UN (selected agencies)	19	30	21	19

Note: AfDF = African Development Fund; AsDF = Asian Development Fund; GFATM = Global Fund to Fight AIDS, Tuberculosis and Malaria; IDA = International Development Association (the World Bank's concessional lending facility); IDB = Inter-American Development Bank; IFAD = International Fund for Agricultural Development (a specialized agency of the United Nations).

Source: Authors' calculations.

UN agencies appear to have many more project implementation units than other donors.

TABLE 6: Weak Spots for Individual Donors

Indicator	Outliers
Share of untied aid	Austria, Greece, Korea
Focus/Specialization by sector	Spain
Focus/Specialization by country	Germany
Low administrative unit costs	Switzerland
Avoidance of PIUs	UN (Select Agencies)
Share of aid to partners with good operational strategies	IDB Special
Coordinated analytical work	Global Fund
Recording of project title and descriptions	IFAD
Detail of project description	AsDF, Belgium
Reporting of aid delivery channel	Denmark
Aid to partners with good M&E framework	Portugal, IDB Special, Australia

Note: Outliers are defined as donors whose indicator score is more than 2 standard deviation below the mean.

donors are negative outliers. It suggests, for example, that Austria, Greece and Korea may want to pay particular attention to the issue of untying aid. Spain and Germany are among the least specialized donors, by sector and country respectively. Switzerland has abnormally high administrative costs. UN agencies appear to have many more project implementation units than other donors. The IDB Special Fund might pay more attention to strengthening its partners' operational strategies. The Global Fund could try and coordinate its analytical work in-country more with other donors. Several donors could pay more attention to the details of how they report on aid projects. And Australia could help build capability in its partners' M&E frameworks. In each of these cases, the data suggest that the donor is an outlier. In some cases, there may be legitimate reasons or deliberate strategies for donors to behave as they do. But in other instances, it could be that donors are outliers because they simply have not focused management attention on these aspects of their performance. Our hope is that donors will review their practices in these areas to judge whether they can bring their scores closer to others or whether there are comfortable with their existing practices.

1.6 Overall Results for the Agency Analysis

Individual aid agencies cannot be assessed using the same framework as donors because much of the data are not available at the agency level. For example, the Paris Monitoring Survey does not ask questions at the agency level but only at the donor level. This limits its usefulness as a tool for improvement because there are often large differences between agencies within a category. For example, among UN agencies, UNICEF operates quite differently from the United Nations Development Program; but Paris Monitoring Survey data are only available in a way that combines them together.

In our agency analysis, we limit the number of variables but are able to increase the number of agencies that can be studied. UN agencies can be disaggregated as well as other large agencies that are not covered by the Paris Survey. In addition, many donors have an explicit division of labor across agencies that requires us to use different concepts for the agency analysis. For example, we have found the data and concepts behind CPA by agency to not be very meaningful. Accordingly, the agency indicators have been modified and only

TABLE 7: The Largest 20 Percent of Donor Agencies (in terms of disbursements)

Agency	Disbursements (millions of dollars)	Country Disbursement Share	Maximizing Efficiency Rank	Fostering Institutions Rank	Reducing the Burden Rank	Transparency and Learning Rank
United States Agency for International Development	14,726.8	0.50	110	47	55	42
International Development Association	12,639.2	1.00	38	46	4	1
European Development Fund	9,173.8	0.68	113	40	8	23
Japanese International Cooperation Agency	9,158.8	0.56	57	9	17	30
United Kingdom Department for International Development	6,351.2	0.55	69	17	27	14
Netherlands Ministry of Foreign Affairs	4,918.5	0.75	83	39	33	57
Germany Federal Ministry for Economic Development Cooperation	4,828.4	0.36	112	29	69	29
United States State Department	4,180.9	0.14	98	95	77	24
Commission of European Communities	3,987.4	0.30	41	30	12	66
Japanese Ministry of Foreign Affairs	3,063.9	0.19	72	57	29	49
African Development Fund	3,008.1	1.00	9	36	7	55
Asian Development Fund	2,789.7	1.00	17	21	3	109
Spanish Ministry of Foreign Affairs	2,714.0	0.39	106	72	56	38
Norwegian Ministry of Foreign Affairs	2,620.8	0.64	71	14	65	17
International Monetary Fund (concessional lending)	2,604.6	1.00	7	8	6	33
French Development Agency	2,551.3	0.18	49	50	42	32
United States Department of Health and Human Services	2,510.2	0.08	15	10	95	8
Swedish International Development Authority	2,347.7	0.52	87	34	49	45
Canadian International Development Agency	2,341.6	0.58	92	59	28	35
Global Fund to Fight AIDS, Tuberculosis and Malaria	2,336.8	1.00	24	43	16	2
Australian Agency for International Development	2,311.8	0.84	95	22	10	82
United States Department of Defense	2,222.2	0.07	90	100	60	61

Source: Authors' calculations

Finance ministries tend to do better across the board, especially in the dimension of maximizing efficiency.

include a sub-set of 15 of the donor country indicators. Details are provided in part 2.

The agency analysis includes the individual bilateral agencies within the DAC member countries as well as 18 multilateral agencies—the 6 large agencies that are explicitly included in the country-level analysis, along with 12 other disaggregated multilaterals. This year we excluded any agencies whose total gross disbursements were less than \$10 million in 2009, leaving a total of 113 agencies covered in our analysis. Table 7 shows the rankings of the top 20 percent of agencies by gross ODA disbursements; these 22 agencies collectively disbursed 60 percent of the total ODA disbursed in 2009.

As is the case for donors, individual agencies show both strengths and weaknesses in their aid quality. Ten of the 22 agencies listed in table 7 score in the top decile of all agencies in at least one dimension of aid quality. Four agencies score in the top decile in two or more dimensions, and only the IMF's concessional lending scores in the top decile in three dimensions.

Among bilateral agencies, the largest agency in each country, which we call the primary agency, tends to do better than smaller, secondary agencies (table 8), with the largest differences found in the dimensions of fostering institutions and reducing the burden on partner countries. Primary agencies do less well on efficiency, because they often have a greater country and sectoral scope, which reduces their ability to benefit from specialization.

In a small number of countries, both finance and foreign affairs ministries provide aid (this includes the US, France, Canada, Spain and Switzerland). Finance ministries tend to do better across the board, and do best in the dimension of maximizing efficiency.

Finally, we compared specialized bilateral development agencies with other bilateral agencies and found that the specialized agencies performed better in three of the dimensions of aid quality, but worse in the dimension of maximizing efficiency.

TABLE 8: Index Performance by Agency Type (z-scores)

Agency type	Maximizing Efficiency	Fostering Institutions	Reducing the Burden	Transparency and Learning	Number of Agencies
Primary agencies	-0.27	0.19	0.26	0.09	23
Secondary agencies	0.05	-0.14	-0.20	-0.01	72
Finance ministries	0.27	0.00	0.17	-0.06	5
Foreign affairs ministries	-0.23	-0.38	-0.41	-0.06	5
Development agencies	-0.22	0.26	0.16	0.13	19
Other agencies	0.02	-0.14	-0.15	-0.02	76

Note: Primary agencies are the largest agency in each country in terms of gross disbursements. Secondary agencies are all other bilateral agencies. Comparisons of finance ministries and foreign affairs ministries are restricted to countries in which both disburse ODA. Similarly, comparisons of specialized development agencies and other agencies are restricted to countries that have both. Finance ministries include ministries or departments of the economy and the US Department of the Treasury. Foreign affairs ministries include the US Department of State. Development agencies include bilateral specialized development agencies. Other agencies are all bilateral agencies or organizations that are not development agencies.

Source: Authors' calculations.

USAID has begun to close the gap between its performance and that of the MCC on measures of aid effectiveness.

TABLE 9: Aid Quality of the Largest US Agencies (z-scores)

Agency	Disbursements (millions of dollars)	Maximizing Efficiency	Fostering Institutions	Reducing the Burden	Transparency and Learning
US Agency for International Development (USAID)	14,726.80	-0.64	0.15	-0.07	0.29
Department of State	4,180.90	-0.47	-0.71	-0.43	0.44
Department of Health and Human Services (HHS)	2,510.20	0.45	0.87	-0.76	0.61
Department of Defense (DOD)	2,222.20	-0.41	-0.90	-0.14	0.09
Millennium Challenge Corporation (MCC)	932.4	0.30	0.15	0.10	0.22
Department of Agriculture	381.3	-0.07	0.42	-0.44	0.26

Source: DAC Creditor Reporting System; authors' calculations (see indicator descriptions).

1.7 Performance of Selected Agencies

The United States

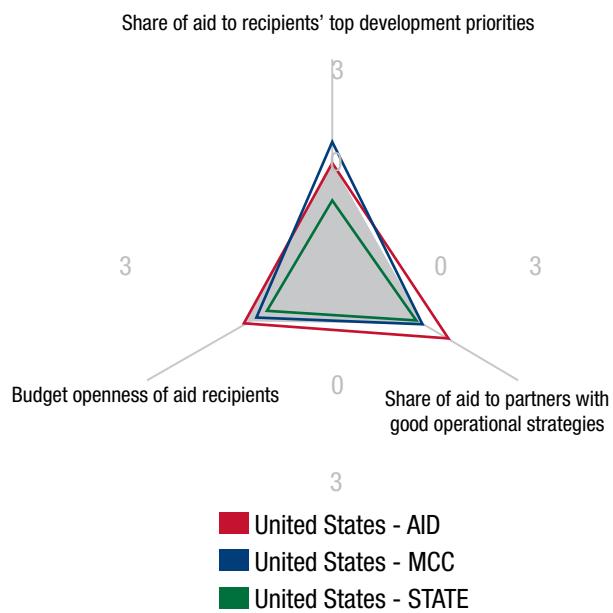
In general there is large variation in agency performance for any single bilateral donor. The US is the largest bilateral donor and the one with the largest number of agencies that disburse aid (we analyze 15 US agencies that disbursed \$10 million or more in 2009). The largest of these agencies, the US Agency for International Development, ranked near the bottom of the list on the maximizing efficiency dimension, whereas the Millennium Challenge Corporation (MCC) and the Department of Health and Human Services ranked 29th and 15th respectively (the relative scores are shown in table 9). Health and Human Services, whose main development activities are HIV/AIDS services (making them comparable to global vertical funds) scored highest of the major US agencies on maximizing efficiency, fostering institutions and transparency and learning, but lowest on reducing the burden on partner governments, which suggests

that its programs are not well integrated with recipient country program implementation structures.

MCC was designed to consider governance as a part of its selection criteria; its relatively high score in maximizing efficiency is due largely to the high score for its share of aid to well-governed countries as well a higher share of untied aid than other large US agencies. However, USAID has begun to close the gap between its performance and that of the MCC on measures of aid effectiveness; USAID has demonstrated marked improvements on all QuODA dimensions except for maximizing efficiency compared with the results of the first edition. Unlike last year, this year USAID performs better than the MCC on transparency and learning, and equally well on fostering institutions (table 9 and figure 3). USAID performs particularly well relative to MCC on indicators that measure aid to partners with good operational strategies, aid to partners with good M&E frameworks, and detail of project descriptions in reports to the DAC Creditor Reporting System.

AFD ... fares better in the agency analysis, with above-average scores in all dimensions.

FIGURE 3: Scores of US Agencies on Fostering Institutions



France

At the country-level, France ranks near the average for maximizing efficiency and below average for the other

three dimensions. Its largest aid agency, the French Development Agency (AFD), which disbursed 18 percent of the country's ODA in 2009, fares better in the agency analysis (see table 10), with above-average scores in all dimensions. However, AFD's performance declined compared with last year. In particular, its performance declined modestly on three indicators in the agency-level fostering institutions dimension and, under reducing the burden on partner countries, on "specialization within parent country," an indicator that captures the share of aid going to countries where an agency represents a dominant share of its parent country's total ODA. However, AFD's performance improved in the transparency and learning dimension, largely due to more aid for countries with good M&E frameworks. AFD's performance in this dimension is compared with that of two of its peers in figure 4.

Like AFD, France's ministry of education and ministry of finance also scored lower than last year on the specialization by country and sector indicators but better on all of the transparency indicators. These two agencies have mixed scores, whereas France's ministry of foreign affairs scores below average for all dimensions.

TABLE 10: Aid Quality in France (z-scores)

Agency	Disbursements (millions of dollars)	Maximizing Efficiency	Fostering Institutions	Reducing the Burden	Transparency and Learning
French Development Agency (AFD)	2,551.30	0.10	0.13	0.20	0.39
Ministry of Economy, Finance, and Industry	1,862.80	0.12	-0.31	0.33	0.07
Ministry of Education, Higher Education and Research	1,203.80	-0.04	-0.16	0.04	0.38
Ministry of Foreign Affairs	1,106.90	-0.66	-0.31	-0.23	-1.31

Source: DAC Creditor Reporting System; authors' calculations (see indicator descriptions).

Multilateral agencies tend to perform better than bilateral donors, across all categories except transparency and learning.

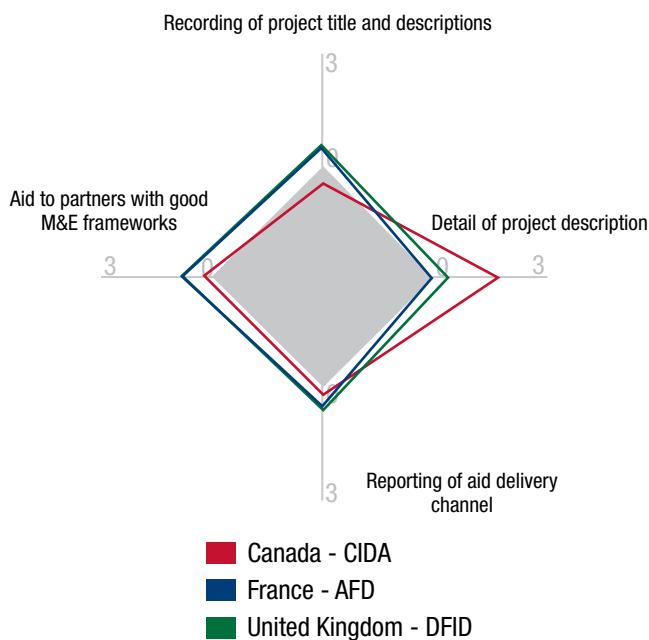
TABLE 11: Index performance by donor type, average z-scores 2009

Donor type	Maximizing efficiency	Fostering institutions	Reducing burden	Transparency and learning
Bilateral	-0.03	-0.06	-0.09	0.01
Multilateral	0.15	0.15	0.42	-0.08
Vertical funds	0.24	-0.01	0.57	-0.28
Multilateral Banks	0.43	0.33	0.96	0.04
Other	-0.18	0.05	-0.19	-0.09

Note: The vertical funds in our analysis are the International Fund for Agricultural Development; the Global Fund to Fight AIDS, Tuberculosis and Malaria; GAVI (formerly the Global Alliance for Vaccines and Immunization); and the Global Environment Facility. Multilateral banks include the Asian Development Fund; African Development Fund; International Development Association (World Bank); Inter-American Development Bank Special Fund; International Monetary Fund Trust Fund; Organization of the Petroleum Exporting Countries' Fund for International Development; and Nordic Development Fund. Other agencies include two EU agencies and five UN agencies.

Source: Authors' calculations.

FIGURE 4: AFD, CIDA, and DFID on Transparency and Learning



Multilateral Agencies

As was the case last year, multilateral agencies tend to perform better than bilateral donors, across all categories except transparency and learning (table 11). The development benefits of multilateralism appear to be considerable and are obviously connected with mul-

tilateral agencies' ability to avoid political considerations in allocating of their aid. For example, multilaterals provide more aid to poorer countries and to well-governed countries and avoid the tying of aid. They also tend to have much less fragmented aid, with larger project size, which reduces the administrative burden on aid recipients. Among multilaterals, the development banks tend to perform better than the vertical funds, especially on fostering institutions, whereas the UN institutions tend to be fragmented and less efficient, with relatively small programs in individual recipient countries.

Some overall findings for the multilateral aid agencies:

- The concessional lending arm of the IMF is one of the top performers, scoring in the top 10 for the first three dimensions and 33rd in transparency and learning.
- GAVI's absolute performance has gone down since last year, particularly on transparency and learning due to less complete reporting of project descriptions to the DAC Creditor Reporting System.
- All five UN agencies have declined in their performance since last year.

Part II: Descriptions of 31 Indicators

Throughout, those indicators marked with an asterisk (*) were also included at the agency level of the analysis.

MAXIMIZING EFFICIENCY

Indicator ME1: Share of Allocation to Poor Countries*

Though donors provide aid to achieve multiple objectives, one objective they share is improving the lives of poor people around the world. Since the 1970s, many researchers have developed and tested models of donor aid allocations to gain an understanding of the determinants of donors' decisions and to assess the marginal impact of aid on development based on certain factors.²³ Few widely-accepted generalizations have emerged from these studies; however, most of them have found a significant positive impact of providing more funding to relatively poorer countries. Donors can make a bigger impact on poverty reduction by providing a larger share of aid to poorer countries.

We compared donors' aggregate aid disbursements weighted by the per capita purchasing power-parity gross domestic product (CGDP) of each of the donors' partner countries.²⁴ We took the logarithm of CGDP in order to emphasize changes at the lower end of the spectrum. In other words, a country would receive a better score for shifting aid from a country with a CGDP of \$1000 to one with CGDP of \$500 than for shifting aid from a country with a CGDP of \$10,000 to one with a CGDP of \$9,500.

Analysis based on: $\sum_r \left(\frac{\text{gross ODA}_{d,r}}{\text{gross ODA}_d} * \log \text{CGDP} \right)$

Source: DAC Table 2a, IMF World Economic Outlook & the UN Statistics. Income data for Cuba, North Korea, Mayotte, Micronesia, Palestine and Somalia are from the United Nations.

The agency analysis calculates gross ODA from the Creditor Reporting System.

Indicator ME2: Share of Allocation to Well-Governed Countries*

Governance is a strong determinant of effective development. There is an extensive literature on the relationship between governance and development that lends support to the notion that aid is more effectively used in better governed partner countries, and a nascent literature on whether conditioning aid on good governance induces better governance in partner countries. The Millennium Challenge Corporation incorporates indexes of governance, such as the widely used Worldwide Governance Index²⁵ into its aid allocation determinations; other donors use alternative proxies. Donors can make a greater impact by providing a larger share of certain types of aid to well-governed partners.

To capture donor orientation toward good governance, we borrowed a methodology from Kaufmann and Penčiakova (forthcoming) and compared each donor's disbursement of country programmable aid weighted by the quality of governance of its partner countries. We did this by multiplying the share of a donor's CPA dis-

²³ McGillivray (1989); Collier and Dollar (2001 and 2002); Hansen and Tarp (2001); Dalgaard and Hansen (2001); Dayton-Johnson and Hoddinott (2001); and Easterly, Levine and Roodman (2003).

²⁴ CGDP is adjusted for purchasing power parity.

²⁵ The WGI is a comprehensive index of governance that consists of six components: voice and accountability, political stability, government effectiveness, regulatory burden, rule of law, and corruption.

bursed to a partner country by the country's governance vulnerability ranking across all the donor's partner countries.²⁶ We use CPA for this indicator in an attempt to exclude from our analysis the types of aid that would be appropriate in contexts of poor governance, like humanitarian and food aid, so that donors are not penalized for providing this kind of aid to fragile states.

$$\text{Analysis based on: } \sum_r \left(\frac{CPA_{d,r}}{CPA_d} * GVI_r \right)$$

Source: DAC Creditor Reporting System and Kaufmann, Kraay, and Mastruzzi (2009).

The agency analysis uses gross ODA from the Creditor Reporting System in place of CPA.

Indicator ME3: Low Administrative Unit Costs

Aggregate aid figures over-represent the amount of development resources directly available to partner countries; they include a range of costs, because they include donor administrative costs. Donors can increase their direct contributions to development programs by reducing administrative costs.

We compared donor administrative costs with the total amount of aid donors made available for programs and projects in partner countries. We used figures reported to the DAC Creditor Reporting System for bilateral donors, and figures in annual reports for multilateral agencies, in both cases as a proportion of their total CPA. Because lower ratios of administrative cost to program costs imply that more funding is reaching development programs in partner countries, we consider this measure to be a proxy for donor efficiency. We hope that publishing these numbers will encourage

the DAC to insist on consistent reporting from donors on their administrative costs.

Analysis based on: $\text{Administrative costs}_d / CPA_d$

Source: DAC Creditor Reporting System, DAC Table 1, and the 2009 annual reports of the multilateral donors in our sample. For the UN, we included only UNICEF, using data reporting to the DAC Creditor Reporting System (of the UN agencies, only UNICEF reported administrative costs).

Indicator ME4: High Country Programmable Aid Share

A substantial portion of what is termed “official development assistance” does not represent actual transfers of funds to partner countries. Donors can make a greater development impact by increasing the share of aid that donors program to support development projects in their partner countries.

The DAC, recognizing the need for a metric that reflects the amount of aid that is received and recorded by partner country governments, constructed a measure called country programmable aid.²⁷ CPA is a measure of development assistance that excludes funding that does not flow to partner countries (e.g. donor administrative costs and imputed student costs), unpredictable flows (e.g. humanitarian assistance), and transfers that are not discussed between donors and partner countries (e.g. food assistance). Although CPA better reflects the resources that are available to partner countries, in some cases it over-represents the figure because of its inclusion of technical cooperation (which is valued at cost rather than in terms of impact, and which therefore is subject to large variations across countries) and interest on loan payments.

²⁶ Governance vulnerability rankings are based on country performance on the Worldwide Governance Indicators. Recipients included in this indicator restricted to those that are included in the Worldwide Governance Indicators.

²⁷ Benn, Rogerson and Steensen 2010.

To measure the share of aid that is programmable in partner countries, we employed a stricter definition of CPA, which we call sCPA. We calculated sCPA by excluding the interest received and technical cooperation from gross ODA, in addition to excluding everything that the DAC excludes in its definition of CPA. We then measured the share of gross ODA that sCPA represented for each donor. Although this indicator offers a useful comparison of relative donor performance, as with other indicators in the Quality of Official Development Assistance (QuODA) assessment, the relative performance of donors depended on a donor's adherence to the definitions used for self-reporting aid information.

Analysis based on:: sCPA_d/ gross ODA_d

Note: sCPAd = gross ODA less debt relief, humanitarian aid, food aid, scholarships, costs for refugees in donor countries, promotion of development awareness, administrative costs, support to nongovernmental organizations, interest received and technical cooperation.

Source: DAC Creditor Reporting System, DAC Table 2a

Indicator ME5: Focus/Specialization by Recipient Country*

Although partner countries have benefited from the growth of aid, donor proliferation has diluted the impact of development efforts.²⁸ Concentration of support can help donors foster stronger expertise and strengthen donor accountability to partners.

To estimate the division of labor of donors, or the extent to which they specialize, we measured each donor's revealed comparative advantage (RCA)—the concentration of that donor's aid in a particular recipient country.²⁹ We did this by comparing the ratios of the donor's aid to a partner country relative to global aid to that partner and the donor's total aid flows to all

its partner countries relative to total global aid. When this indicator exceeds unity, the donor is considered to have an RCA in the partner country. When donors provided aid to many partners, or provided aid to partners that received relatively large global aid flows, their RCA decreased. These calculations were performed only for aid that could be directly allocated to partner countries in the DAC Creditor Reporting System dataset.

Analysis based on:

$$\sum_r \left[\left(\frac{CPA_{d,r, RCA>1}}{CPA_d} \right) \right] \text{ with } RCA = \frac{\left(\frac{CPA_{d,r}}{CPA_r} \right)}{\left(\frac{CPA_d}{CPA_{world}} \right)} .$$

Note: CPA is gross CPA.

Source: DAC Creditor Reporting System

The agency analysis uses gross ODA from the Creditor Reporting System in place of CPA.

Indicator ME6: Focus/Specialization by Sector*

Following the same logic used in indicator ME 4, and to further examine the existing degree of donor proliferation and fragmentation, we evaluated donors' specialization by sector. Donors can maximize their impact by engaging in sectors based on their RCA.

To estimate the level of specialization of donors we measured each donor's RCA—the concentration of that donor's aid in a particular sector. We compared the ratios of the donor's aid in a particular sector relative to global aid to that sector and the donor's total aid flows to all sectors relative to total global aid. When this indicator exceeds unity, the donor is considered to have an RCA in the sector. When donors provided aid in a wide range of sectors, their RCA decreased. These

²⁸ Knack and Rahman (2004), Roodman (2006), and Kharas (2009b) examine the costs of donor proliferation.

²⁹ The concept of RCA is used in trade theory (Balassa 1965) to measure the relative advantages and disadvantages of trade partners with respect to traded goods and services.

calculations were performed only for aid that could be directly allocated to sectors in the DAC Creditor Reporting System reports.

Analysis based on:

$$\sum_r \left[\left(\frac{CPA_{d,r, RCA > 1}}{CPA_d} \right) \right] \text{ with } RCA = \frac{\left(\frac{CPA_{d,r}}{CPA_r} \right)}{\left(\frac{CPA_d}{CPA_{world}} \right)} .$$

Note: CPA is gross CPA.

Source: DAC Creditor Reporting System

The agency analysis uses gross ODA from the Creditor Reporting System in place of CPA.

Indicator ME7: Support of Selected Global Public Good Facilities

The returns to providing poverty-reducing global public goods (GPGs) are often higher than the cost of addressing their shortfall in the future, yet they are often underfunded.³⁰ Note that this is not the same as supporting “vertical funds,” which typically provide support to country projects and programs that, by definition, do not fit within the classification of public goods as non-excludable, nonrival goods. One way donors have mitigated these challenges of underfunding is by establishing multilateral initiatives to fund specific GPGs.

To capture donor support for major poverty-reducing GPG initiatives we measured the share of donors’ gross CPA offered as contributions to 11 multilateral

initiatives established to promote GPGs.³¹ Although more resources for GPGs are desirable, there are concerns that support for GPGs will displace support for other important development objectives. The objective of this indicator is to capture donor support for collaborative efforts to provide GPGs that could otherwise receive suboptimal support. Although it is not easy to compute the optimal level of support for GPGs, we believe they are significantly underfunded at present, so greater support is a positive aspect of donor aid quality. On the basis of publicly available data, we used figures for 2008 commitments for most of the facilities included in this indicator.

Analysis based on: Contributions to nine facilities_d / gross ODA_d.

Source: DAC Table 2a; the websites for each of the facilities included.

Indicator ME8: Share of Untied Aid*

Some aid resources are offered under the condition that the goods and services they fund be procured from suppliers based in the donor country. Because the same goods and services may be available at lower cost from other countries, these resources are used more efficiently in the partner country if they are untied. For five decades the international community has condemned the practice of tying aid.³²

In 2001 DAC members committed to untie 100 percent of aid to the least developed countries, and in the Paris Declaration donors committed to further reduce

³⁰ Poverty-reducing global public goods are goods that offer benefits that extend beyond a single nation, are largely nonrival and nonexcludable, and are critical for poverty alleviation and sustainable development.

³¹ The eleven initiatives are: Advance Market Commitments (AMC), Consultative Group on International Agricultural Research (CGIAR), Extractive Industries Transparency Initiative Multi-Donor Trust Fund (EITI-MDTF), Global Environmental Facility (GEF), Global Forum for Health Research (GFHR), International Finance Facility for Immunizations (IFFIm), International Initiative for Impact Evaluation (3ie), Montreal Protocol Fund (MPF), United Nations Peacekeeping, and two new climate investment funds, the Clean Technology Fund and Strategic Climate Fund. We excluded multilateral donors from this indicator because they often manage but do not contribute to these facilities. Based on the available data, in some cases we used disbursement amounts, and in some cases we were limited to using commitment amounts. For details on figures used for each GPG facility, see the dataset available at www.cgdev.org/QuODA.

³² In 1968, the United Nations Conference on Trade and Development released a paper identifying and discussing the impact of tied aid. This report was followed by a condemnation of the practice by the Pearson Commission. Jepma 1991 found that the value of aid was reduced 13 to 23 percent by the practice of tying.

the share of tied aid they provide to recipient countries. Since then, donors have made continual progress on reducing their share of tied aid, although overall progress was somewhat stagnant between 2008 and 2009.

We used data reported in the DAC Creditor Reporting System on the tying status of aid to compute the share of total aid that is untied for each donor. Partially tied aid is given a weight of 0.5 in calculating the share of untied aid. Multilateral agencies are assumed to have 100 percent untied aid, with the exception of the European Commission, which reports tied and partially tied aid.

Analysis based on: Untied aid_d / Total ODA_d.

Source: DAC Creditor Reporting System.

FOSTERING INSTITUTIONS

Indicator FI1: Share of Aid to Recipients' Top Development Priorities*

The international community has called for increased partner country ownership of development and for donors to support and respect partner country priorities for development. To measure donor support to recipient country priorities we calculated the share of each donor's total gross ODA in 2009 that was allocated to partner country development priorities.

We identified priority sectors based on the submissions of individuals in partner countries to surveys, asking them to identify development priorities for their country.³³ For each donor-partner pair we aggregated the amount of aid the donor provided for the partner's priority sectors, and we measured the share that amount represented of the ODA from the donor to that partner. We aggregated across all donor-partner

pairs for which we had partner country sector preference data. General budget support was treated as support of a partner country's development priorities because it could be programmed freely by governments.

Analysis based on: Gross ODA disbursements to recipients' priority sectors_d / total gross ODA disbursements_d. South Korea was excluded from this indicator for lack of data.

Source: DAC Creditor Reporting System, World Values Survey, the World Bank Gallup World Poll, Afro-barometer, Asian-barometer, Euro-barometer, and Latino-barometer.

Indicator FI2: Avoidance of Project Implementation Units

Although donor project implementation units (PIUs) can at times contribute to the efficacy of specific initiatives, they often do so at the expense of long-term partner country development. They are often established outside partner government agencies, and thus create parallel development management structures that reduce country ownership and management of national development initiatives, attract talented officials away from governments to be employed in PIUs, and dilute accountability mechanisms. Donors committed to capacity building should reduce their dependence on PIUs. For the 32 countries that participated in both the 2006 and 2010 surveys, donors committed to reduce their use of PIUs from a baseline of 1,696 PIUs in 2005 to 565 in 2010.³⁴ By 2010, the number of PIUs reported was 1,158.

We captured donor use of PIUs with data from the 2011 Survey on Monitoring the Paris Declaration. Indicator 6 of the Paris Declaration tracked the number of active PIUs established by each donor. We measured use of PIUs by calculating the ratio of total PIUs used to total CPA disbursed by each donor in the sample

³³ We define priority sectors as the top one to five sectors designated by each country. We used the most recently available surveys for each region, in most cases 2008.

³⁴ Data are from the 2011 Paris Monitoring Survey.

of countries for which the Paris Monitoring Survey collects PIU data. Donors with lower ratios of PIUs to CPA received a higher score.

Analysis based on: $\text{PIUs}_d / \text{Total gross CPA}_d$

Sources: 2011 Paris Monitoring Survey, Paris Indicator 6 (Greece was excluded from this indicator because of missing data); DAC Creditor Reporting System.

Indicator FI3: Share of Aid Recorded in Recipient Budgets

A country's ownership of aid is dampened by its partner governments' uncertainty about the amount of aid flowing into their countries. Donors can better align their efforts with partner policies and systems by increasingly reporting aid commitments to partners for inclusion in their budgets.

The share of aid recorded in partner budgets is reduced when donors do not provide information on their support to the government in a timely and comprehensive manner. In 2011 the share of DAC donor aid recorded on partner budgets was 46 percent, compared with 44 percent in 2005, and far below the baseline of 85 percent.³⁵ Further progress will require country work to improve the reporting systems used by donors and partners, and international efforts to identify best practices to facilitate progress.³⁶

To capture the amount of aid that is recorded in partner government budgets we took data from Indicator 3 of the Paris Declaration as captured in the 2011 Paris Monitoring Survey. This indicator measured the share of each donor's aid in 2010 that appeared in the budget of each of its partner countries that was included in the 2010 Paris Monitoring Survey. Values were capped at 100 percent, even where the survey suggests that they were greater.

Analysis based on: $\sum_r \text{Aid included in government's budget}_d / \text{Total aid}_d$

Source: 2011 Paris Monitoring Survey.³⁷

Indicator FI4: Share of Aid to Partners with Good Operational Strategies*

Effective operational strategies can facilitate long-term development progress in partner countries and offer donors a roadmap for their assistance. Donors concerned about channeling support through partner country systems in countries with weak development strategies and systems can increase alignment with country systems by increasing support to partners with good operational strategies.

We measured donor orientation to partners with good operational strategies by using data from the 2011 Paris Declaration Monitoring Survey. One of the Paris indicators measures the extent to which partner countries have national development strategies with clear strategic priorities linked to their budgets and expenditure frameworks. The survey reported that 37 percent of partner countries received one of the two highest ratings (out of five possible ratings) in an assessment of their operational strategies, based on criteria established by the World Bank.³⁸

We measured the share of each donor's total gross CPA that was provided to partner countries with a good operational strategy; we gave full credit for aid to partners with one of the top two ratings (A or B), and half credit for aid to partners with an average rating (grade of C). Our measure of total CPA was restricted to partners included in the survey.

³⁵ Data are from the 2008 Paris Monitoring Survey.

³⁶ See OECD (2008 – use of country systems) and Mokoro (2008) for more on this issue.

³⁷ Paris Indicator 3; Greece was excluded from this indicator because of missing data.

³⁸ This covers the 76 countries that were surveyed in 2010. See the OECD 2011 for further details. See World Bank 2007 for details on the criteria used.

$$\text{Analysis based on: } \sum_r \left(\frac{\text{gross CPA}^* \text{OS}}{\text{gross CPA}_d} \right)$$

Where: OS=1 if operational strategy rating = A or B

OS = 0.5 if operational strategy rating = C

OS=0 if operational strategy rating = D or E

Source: DAC Creditor Reporting System and 2011 Paris Declaration Monitoring Survey.

The agency analysis uses gross ODA from the Creditor Reporting System in place of CPA.

Indicator FI5: Use of Recipient Country Systems*

Despite a commitment to increase partner country ownership of development, donors continue to make only limited use of partner country public financial management systems. Increased use of these systems will enable donors to support the institutions critical for long-run development.

Donors committed in the Paris Declaration to working with partner countries to improve their public financial management (PFM) systems and channeling more aid through those systems. Despite considerable improvements in the quality of partner systems,³⁹ donor policies have been slow to respond to improvements of PFM systems. To increase aid channeled through these systems, donors should adopt clear policies on the use of PFMs, address incentives within their agencies to use partner systems, and work with partners to operationalize plans for improving their systems.

To capture donor use of recipient country systems we combined data from two Paris Declaration indicators:

the share of disbursements to the government sector made through partner PFM systems, and the share of disbursements to the government sector made through the partner's procurement system in the same year.⁴⁰ For this indicator we averaged each donor's performance on these two indicators across all its partners.

$$\text{Analysis based on: } \sum_r [(\text{Disbursements through PFM systems}_d / \text{Aid to government sector}_d) + (\text{Disbursements through procurement systems}_d / \text{Aid to government sector}_d)] / 2$$

Source: 2011 Paris Monitoring Survey.⁴¹

At the agency level this indicator measures the budget openness of aid recipients. It is calculated by multiplying the share of donors' aid commitments to a recipient country by that country's budget ranking, as determined by the Open Budget Initiative. It rewards donors who give more aid to countries with quality budget systems.

Indicator FI6: Coordination of Technical Cooperation

Technical cooperation (TC)—donor support of technical knowledge transfers—can be a valuable component of development assistance when it helps countries address knowledge gaps. It is less valuable when it is provided in a manner that does not take local context into account, is duplicated by multiple donors, or is not done cost-efficiently. To increase the utility of TC, the international community has called on donors to implement TC through coordinated programs consistent with the national development strategies of partner countries.⁴² This was the only Paris Declaration target that was met in 2010.⁴³

³⁹ World Bank 2007, OECD 2011.

⁴⁰ Although PFM systems encompass all components of a country's budget process, the Paris Declaration tracks progress on four of the primary components. Indicator 5a tracks use of budget execution, national financial reporting, and national auditing requirements; Indicator 5b tracks donor use of partner country procurement processes.

⁴¹ Paris Indicators 5a and 5b; Greece was not included in this indicator because of missing data.

⁴² Paris Declaration.

⁴³ OECD 2011.

To capture the amount of TC that was coordinated between donors and partner countries we incorporated Indicator 4 from the 2011 Paris Monitoring Survey. This indicator measures the share of each donor's TC that was coordinated across all of the donors' partner countries that participated in the 2011 Paris Monitoring Survey.

Analysis based on: Coordinated technical cooperation_d / Total technical cooperation_d.

Source: 2011 Paris Monitoring Survey.⁴⁴

Indicator FI7: Share of Scheduled Aid Recorded as Received by Recipients

Aid that is predictable and recorded as received by partner governments in a timely manner enables governments to manage their resources better, use aid for long-term development initiatives, and inform their citizens about the resources and development projects the government is undertaking.⁴⁵ Disbursements can be delayed for reasons including political concerns, administrative challenges, and procedures associated with project conditionalities. The Paris Declaration calls on donors to disburse funds within the year they are scheduled and to inform partner countries of these disbursements.

We capture the short-term predictability of donor aid commitments by incorporating Paris Indicator 7 as measured in the 2011 Paris Monitoring Survey. This indicator computes the share of a donor's scheduled disbursements to a partner country recorded by the partner as disbursed within the year they were scheduled (as aid to the public sector) across all the donor's partner countries included in the 2011 Paris Monitor-

ing Survey. We have capped values at 100 percent, even where surveys suggest they may be greater than 1.

Analysis based on: Σ_r Disbursements recorded by recipient_d / Total disbursements scheduled_{d,r}.

Source: 2011 Paris Monitoring Survey.⁴⁶

Indicator FI8: Coverage of Forward Spending Plans / Aid Predictability

Poor information on a donor's future aid commitments limits partner countries' and other donors' ability to incorporate that donor's support into long-term plans about funding needs and aid allocations. When donors publicly provide forward spending information, they enable partner countries and other donors to improve their long-term planning and decision-making.

Recognizing the importance of information on forward spending, the DAC launched an annual report on donor forward spending plans in 2008 called the *DAC Report on Aid Predictability*. As a part of this exercise the DAC administers an annual survey to collect information on donor commitments for the upcoming three-year period, which we used directly to develop this indicator. The DAC calculated the share of CPA for which donors provided forward spending information three years into the future, and we used this figure to construct this indicator.⁴⁷ For example, a donor that reported forward spending plans until 2012 for aid to all of its partner countries received a ratio of 100 percent.

Analysis based on: Percentage of forward spending coverage on gross CPA three years in advance.

Source: 2010 DAC Report on Aid Predictability.

⁴⁴ Paris Indicator 4; Greece was excluded from this indicator because of missing data.

⁴⁵ For more on this issue, see Mokoro (2008), and OECD (2008).

⁴⁶ Paris Indicator 7; Greece was excluded from this indicator because of missing data.

⁴⁷ Analysis is provided in the 2010 DAC Report on Aid Predictability. This year we received the underlying data by request from the OECD.

REDUCING THE BURDEN ON PARTNER COUNTRIES

Indicator RB1: Significance of Aid Relationships*

Administrative costs associated with development projects and programs can substantially reduce the value of aid to recipients. By reducing the fragmentation of their aid programs in partner countries, donors can reduce the administrative burdens imposed on their partners.

We measured the significance of aid relationships by computing the marginal contribution of each donor to its partner countries' administrative costs associated with managing aid initiatives. We defined the administrative cost per currency unit received as inversely proportional to the concentration of aid across donors in a given partner country and measured the concentration by calculating each country's Herfindahl-Hirschman Index.⁴⁸ The marginal contribution of donors to their partner countries' HHI is the sum across partners of the squared share of donor aid to a partner weighted by the donor's total gross CPA. In other words, we reward donors that have significant aid relationships with their partners.

$$\text{Analysis based on: } \sum_r \left(\frac{2 * \text{gross CPA}_{d,r}^2}{\text{gross CPA}_d * \text{gross CPA}_r} \right).$$

Note: Commitment instead of disbursement values were used for the Inter-American Development Bank's Special Fund, the African Development Fund, the Asian Development Fund and the International Fund for Agricultural Development.

Sources: DAC Creditor Reporting System; DAC table 2a.

The agency analysis uses gross ODA from the Creditor Reporting System in place of CPA.

Indicator RB2: Fragmentation across Donor Agencies*

Some donors deliver aid through several agencies affiliated with their government or agency. To reduce the number of donor-partner relationships and the administrative burdens associated with them, donors can limit the institutional channels through which they deliver aid.

We measured the concentration of aid delivery (as with previous indicators, using the gross CPA measure) across donor agencies using the HHI used in RB1 to measure the concentration of aid across donors in a country.⁴⁹ We used the HHI to sum the squares of each agency's share of total aid from a donor. If a donor delivered aid through one agency, it had a HHI equal to one. As the number of agencies delivering a donor's aid increased, the share of each individual agency decreased, and the HHI for the donor approached zero. Because we were interested in fragmentation within specific partners, we did not treat bilateral aid delivered through multilateral donors as an additional channel. For these calculations the agency of record is the one that actually disburses aid to recipient countries—so aid budgeted through different ministries but executed through a development agency would count as being disbursed through a single agency channel.

$$\text{Analysis based on: } \sum_{agency} \left(\frac{\text{gross CPA}_{d,agency}^2}{\text{gross CPA}_d} \right).$$

Source: DAC Creditor Reporting System.

At the agency level, this indicator measures the specialization of the agency within its parent country. It is measured as the share of an agency's ODA that goes to recipient-sector pairs in which it contains more than 90 percent of the parent donor's presence.

⁴⁸ The HHI is used to measure competition by calculating the market share of firms within an industry.

⁴⁹ The HHI is used to measure competition by calculating the market share of firms within an industry.

Indicator RB3: Median Project Size*

The fixed costs of many small aid projects can limit the value of aid to a partner country. Each aid project has fixed costs of identification, appraisal, negotiation, approval, implementation, and monitoring—and these weigh more heavily on small projects. Although there is no optimal project size, fewer and larger projects reduce the administrative burden on recipients.

To capture the burden on the recipient country from managing many projects we used data from the DAC Creditor Reporting System. Donors report individual activities to the CRS and we consolidated activities into projects by combining activities that had the same reported recipient country, title, and expected starting date. We dropped from the analysis small projects valued at less than \$250,000. Using this measure, we determined that there were approximately 18,500 projects reported to the CRS in 2009. We rewarded donors that had a larger median project size.

Scores were computed based on the log of median project size, to de-emphasize outliers in the distribution.

Analysis based on: $\log [Median\ commitment\ size\ of\ projects]$

Source: DAC Creditor Reporting System

Indicator RB4: Contribution to Multilaterals

Multilateral agencies typically have large, streamlined operations in their partner countries. By channeling more aid through multilaterals, country donors can reduce the transaction costs incurred by partner countries and support countries and sectors for which they have less expertise. Use of multilateral channels also implies up-front harmonization with other donors.

We captured contributions to multilaterals by measuring the share of a country donor's total gross ODA disbursements channeled through core support to multilateral agencies.⁵⁰ Although many countries provide additional non-core funds to multilateral agencies, we do not include these because they have varying degrees of constraints on their use, making them non-comparable to core multilateral support.⁵¹ Multilateral agencies are excluded from this indicator.

Analysis based on: $Multilateral\ ODA_d / Total\ gross\ ODA_d$

Source: DAC Table 1.

Indicator RB5: Coordinated Missions

The Paris Declaration calls on donors to increasingly collaborate among themselves and with partner countries to reduce the absolute number of missions, coordinate the timing of planned missions, conduct more missions jointly, and respect mission-free periods as stated by partner governments. Although donor missions help design and monitor development projects and programs, they demand significant amounts of time of partner country government officials, and uncoordinated missions often result in repetitive knowledge sharing and duplication of effort.

To capture coordinated missions we included an indicator from the 2011 Paris Declaration Monitoring Survey that measured the share of each donor's total missions that were coordinated.

Analysis based on: $Coordinated\ missions_d / Total\ missions_d$

Source: 2011 Paris Declaration Monitoring Survey, Paris indicator 10a; Greece was excluded from this indicator because of missing data.

⁵⁰ A spreadsheet that contains the names of the multilateral agency channels that can be reported to the DAC can be found in the OECD DAC CRS Directive.

⁵¹ Noncore funds are earmarked for specific sectors, themes, countries or regions.

Indicator RB6: Coordinated Analytical Work

Country analytical work of donors often explores topics of keen interest to other donors and the partner government. Donors can reduce the costs of conducting many similar studies by coordinating and sharing analytical work with other development partners.

We captured each donor's effort toward coordinating country analytical work by incorporating the share of country analytical work that was coordinated as reported in the 2011 Paris Declaration Monitoring Survey. Coordinated country analytical work was defined by the DAC as that jointly undertaken by two or more donors, undertaken by one donor on behalf of one or more additional donors, or undertaken with substantive involvement of partner country governments.

Analysis based on: Coordinated country analytical work_d / Total country analytical work_d

Source: 2011 Paris Declaration Monitoring Survey, Paris indicator 9; Greece was excluded from this indicator because of missing data.

Indicator RB7: Use of Programmatic Aid

Program-based approaches (PBAs) are aid programs and projects delivered through common arrangements that increase country ownership and reduce administrative burdens on partner countries. The 2011 Paris Declaration Monitoring Survey reports that direct budget support accounts for almost half of all provided through PBAs. Donor use of PBAs depends in part on partner countries' formulation and implementation of sound national development strategies and the quality of their systems. It also depends on donors' willingness to pool resources and to establish and adhere to common procedures among themselves and with partner country governments.

We captured use of programmatic aid by using data from the 2011 Paris Declaration Monitoring Survey that measured the share of total aid provided by each donor through PBAs. Progress towards PBAs varies greatly by donor and by sector however; the use of PBAs, at 45 percent of aid in 2010, has fallen short of the target set in Paris of 66 percent.

Analysis based on: Program-based aid_d / Total aid_d

Source: 2011 Paris Declaration Monitoring Survey, Paris indicator 9; Greece was excluded from this indicator because of missing data.

TRANSPARENCY AND LEARNING

Indicator TL1: Signatory of International Aid Transparency Initiative

Transparency is a fairly low-cost mean for increasing the effectiveness of aid and limiting the scope for corruption associated with aid activities.⁵² A lack of information about aid spending makes it difficult for recipient countries to plan their budgets, for donors to see where their money is being spent, and for anyone to assess the impact of aid.⁵³ Participation in global efforts to increase aid transparency, such as the International Aid Transparency Initiative (IATI), demonstrates donors' commitment to improve access to information on their activities.

IATI is a multi-stakeholder initiative through which members—donors, partner countries, and civil society organizations—commit to work together to establish a common standard for making aid more transparent. It emerged during the Accra High Level Forum on Aid Effectiveness in 2008 and has as its objective not the creation of another set of databases, but the establishment of a set of standards for reporting information on aid activities.⁵⁴ Such standards are expected to improve

⁵² Collin and others (2009) discuss steps that can be taken to make aid more transparent and the relatively low costs associated with these actions.

⁵³ See Publish What You Fund, 2011.

⁵⁴ For more information on IATI, see www.aidtransparency.net.

the quality of public information on aid, and consequently initiatives such as QuODA that use those data.

While being an IATI signatory is not a measure in and of itself of effective practice, it provides a signal that members are committed in principle to increasing the transparency of their activities. This indicator gives credit to donors who were signatories to IATI as of November 2011. At this time, 22 out of the 31 donors in our sample were IATI signatories.

Analysis based on: Response of YES or NO.

Source: International Aid Transparency Initiative website.

Indicator TL2: Implementation of IATI Data Reporting Standards

This year we are able to assess for the first time donors' commitment to transparency, beyond whether or not they have signed on to IATI, to whether they have begun to implement the IATI data reporting standards. The IATI standard includes key pieces of information about aid spending that donors should publish in a timely manner and internationally comparable format, through a publicly available registry. It is a multiple phase process, the first phase of which was agreed to in February 2011. IATI is the main vehicle for current, and eventually forward-looking, data about aid. It intends to provide a picture of what is happening in the country and to provide information that is timely enough for recipient countries to use in their planning.

All providers of aid can begin to report information according to Phase 1 of the IATI standard, as many—including official donors, nongovernmental organizations (NGOs), and foundations—have begun to do. At the time that the QuODA 2011 dataset was published, 14 of the 31 donors in our sample had begun to publish information in the IATI registry. These donors received credit for this indicator; we hope in the future to be able

to reward donors for the completeness of their reporting, including on forward spending plans and results achieved, in the IATI registry.

Analysis based on: Response of YES or NO.

Source: International Aid Transparency Initiative website.

TL3: Recording of Project Title and Descriptions*

Donors that are members of the DAC commit to provide specific information about each of their aid projects to the CRS database. The DAC statistics currently provide the most comprehensive information about aid disbursements available. Donors should strive to provide complete records of this information for the benefit of a range of stakeholders.

In the CRS database there is a set of fields that disclose information on the sectors, countries, and regions to which aid projects are targeted. To measure the disclosure of key project information, we averaged the percentage of each of these fields that was completed for each aid activity, by donor in 2009. In other words, a value of 70 percent means that 70 percent of the three fields across all of a donor's aid activities in 2009 were populated in the CRS database.

Analysis based on: Populated key field entries_d / Total key field entries_d.

Source: DAC Creditor Reporting System

Indicator TL4: Detail of Project Description*

The long description entry for aid projects reported in the CRS offers donors an opportunity to communicate more details than are captured in the other project fields. In addition to providing key information on all aid projects, donors can contribute to better aid management by providing thorough descriptions of all their aid projects.

The team at AidData proposed that we capture this aspect of donor transparency by measuring average character counts in the long description fields in their database for each donor's project-level aid activities. We measured the logarithm of the average character counts to emphasize changes at the lower end of the spectrum of character counts. We used AidData, which supplements the CRS descriptions for multilateral agencies (which are not required to report to the DAC at the same level of detail as bilateral member countries) with information from their annual reports. This measure, like the previous measure on disclosure of key project information, does not capture the difference in quality of response across donor agencies, but does provide us with a sense of how much information is available for use by stakeholders.

Analysis based on: Log (Number of characters in long description entries_d / Number of long description entries_d).

Source: AidData Research Release 2.0

Indicator TL5: Reporting of Aid Delivery Channel*

Donor support to a partner country can be channeled through partner government agencies, international NGOs, domestic NGOs, multilateral agencies, and other entities. By providing specific information on delivery channels for their aid projects, donors can enable better tracking of the movement of donor aid flows.

Donors are asked to report to the CRS the name of the channel of delivery for each of their aid projects.⁵⁵ Our indicator measured the share of projects by donor for which a specific channel name was reported, weighted

by the size of the projects. Entries that were not sufficiently informative—such as a response of *other*, *unknown*, or *not available*, or categories without specific names—were excluded.⁵⁶ A higher share of projects reporting a specific channel name was considered more transparent.

Analysis based on: Aid flows with sufficient reporting_d / Total ODA_d

Source: DAC Creditor Reporting System.

Indicator TL6: Completeness of Project-Level Commitment Data

Access to key information about individual aid projects can better inform planning and monitoring by partner countries, donors, researchers, and civil society organizations worldwide. Despite official DAC donor commitments to publicly disclose specific information about all of their project-level aid activities in the DAC's CRS database, the share of total aid for which they disclose project-level information varies.

To measure the completeness of project-level reporting our colleagues at AidData proposed computing the share of total ODA commitments reported to the DAC that were accounted for in donor project-level reporting to the CRS in the same year.⁵⁷ For example, a donor that reported to the DAC that it committed \$1 billion in aid and provided information for projects that amounted to \$500 million of aid in that same year would receive a score of 50 percent on this indicator. Though this indicator measures the share of donor aid for which any project-level records are available, it does not measure the completeness of the fields that contain valuable information on the project-level activities of donors.

⁵⁵ Examples of channel names reported include Ministry of Finance or Forum for Agricultural Research in Africa.

⁵⁶ Channel name entries were considered insufficient if they were blank, nondescript, or labeled multilateral. We also considered to be insufficient the projects for which the recipient name field was unanswered and the channel name reported was *public sector*.

⁵⁷ We took the absolute value of one minus the share of aid reported at the project-level to incorporate outliers in the data set.

Analysis based
$$\left| 1 - \frac{ODA_{d, proj}}{ODA_{d, aggr}} \right|$$

Source: DAC Creditor Reporting System and DAC Table 3a

Indicator TL7: Quality of Evaluation Policy

An evaluation policy is an important first step of assessing how well donors are performing on evaluation and learning. Given the lack of data for assessing agencies' evaluation practices (see box 3 in part 1), we found that the most feasible way to create a standard measure was to look at the evaluation policies of major donor agencies, and to determine whether they contained a few essential elements, which should guide good practices. We considered five elements (see below), drawing from international standards for evaluation practice outlined in the DAC report, *Evaluating Development Cooperation: Summary of Key Norms and Standards*.

Bilaterals' scores on this indicator are based on the evaluation policy of the largest agency in the country, by gross ODA disbursements. We also assessed the evaluation policies of the eight multilateral agencies in the country-level analysis, using the document that most closely reflected the agency's guidelines for the evaluations of programs and projects.⁵⁸

For the five elements drawn from the DAC report, donors could score a maximum of 2.5 points, as follows:

- *0.5 point for having a single policy document.* We give credit to agencies that set out their principles, rules and guidelines in a single document on evaluation policy available to the public (including as a single document on their website). Some agencies provide information about their evaluation policies though not in

a single easily accessible document; the latter makes it easier to determine what their policies are and easier to hold them to account.

- *0.5 point for describing measures to maximize the independence of evaluations.* This includes stating that evaluation units report separately from line management or that evaluations are primarily led by external researchers.
- *0.5 point for stating that all evaluations will be publicly available.* This is an indication of openness and transparency, and implies that evaluation findings from successful and unsuccessful projects will be available.
- *0.5 point for describing mechanisms to ensure that evaluation findings and recommendations will be considered in future planning.* This is an indication of whether evaluation results affect subsequent operations and thus of readiness and ability to learn from success and failure. Donors only received credit for describing specific mechanisms, not simply for stating that evaluations should contribute to learning and future planning.
- *0.5 for clarifying what gets evaluated.* Most policy documents surprisingly were not instructive in describing which projects or programs should be evaluated, and with which evaluation methods (for example, specifying when rigorous impact evaluations should be applied). We rewarded agencies that were specific in this regard, which we hope will motivate others to be more clear in providing guidelines for their own staff, as well as information for interested stakeholders about the evaluations they can expect to see from particular agencies.

⁵⁸ These were most comparable to bilateral agencies' evaluation policies. Some multilaterals also had published separate guidelines for the evaluation of overall strategies. In the case of the Global Fund, we used the evaluation guidelines of the Technical Evaluation Reference Group, an independent group designed to evaluate the global fund as a mechanism, as evaluations for individual grants are based on the M&E plans submitted by grant recipients.

Although we understand the limitations of assessing what is stated in policies, and not how these policies are implemented in practice, we think it is worth rewarding donors that hold themselves to high standards through good quality, publicly accessible policies. As we further explore options for assessing implementation, we hope to incorporate new indicators that will reveal whether agencies' plans on paper match their actions in evaluation and learning.

Analysis based on: Score of 0 – 2.5

Source: Evaluation policies from agency websites

Indicator TL8: Aid to Partners with Good Monitoring-and-Evaluation Frameworks*

Effective monitoring and evaluation (M&E) frameworks enable governments to track progress and develop an evidence base for their policy and budget formulations. To follow through on donor commitments to emphasize the importance of strengthening M&E systems, donors may increase support to partner countries that are serious about tracking and responding to progress on the ground.

We measured donor orientation to partners with good M&E frameworks by using data from the 2011 Paris Declaration Monitoring Survey. This year, one of the Paris indicators measures the extent to which partner

countries have transparent and monitorable performance assessment frameworks. As with the indicator on operational development strategies, information is gathered through a questionnaire discussed by stakeholders at the country level, and it is reviewed by the World Bank, which scores the monitoring frameworks based on existing criteria. The survey reported that 21 percent of countries surveyed have one of the two highest ratings (out of five possible ratings), and 54 percent have the third-highest rating (a grade of C).⁵⁹

We measured the share of each donor's total gross CPA that was provided to partner countries with a good assessment frameworks; we gave full credit for aid to partners with one of the top two ratings (A or B), and half credit for aid to partners with an average rating (a grade of C). Our measure of total CPA was restricted to partners included in the survey.

$$\text{Analysis based on: } \sum_r \left(\frac{\text{gross CPA} * \text{ME}}{\text{gross CPA}_d} \right)$$

Where ME = 1 if the M&E framework rating = A or B; ME = 0.5 if the M&E framework rating = C; and ME = 0 if the M&E framework rating = D or E.

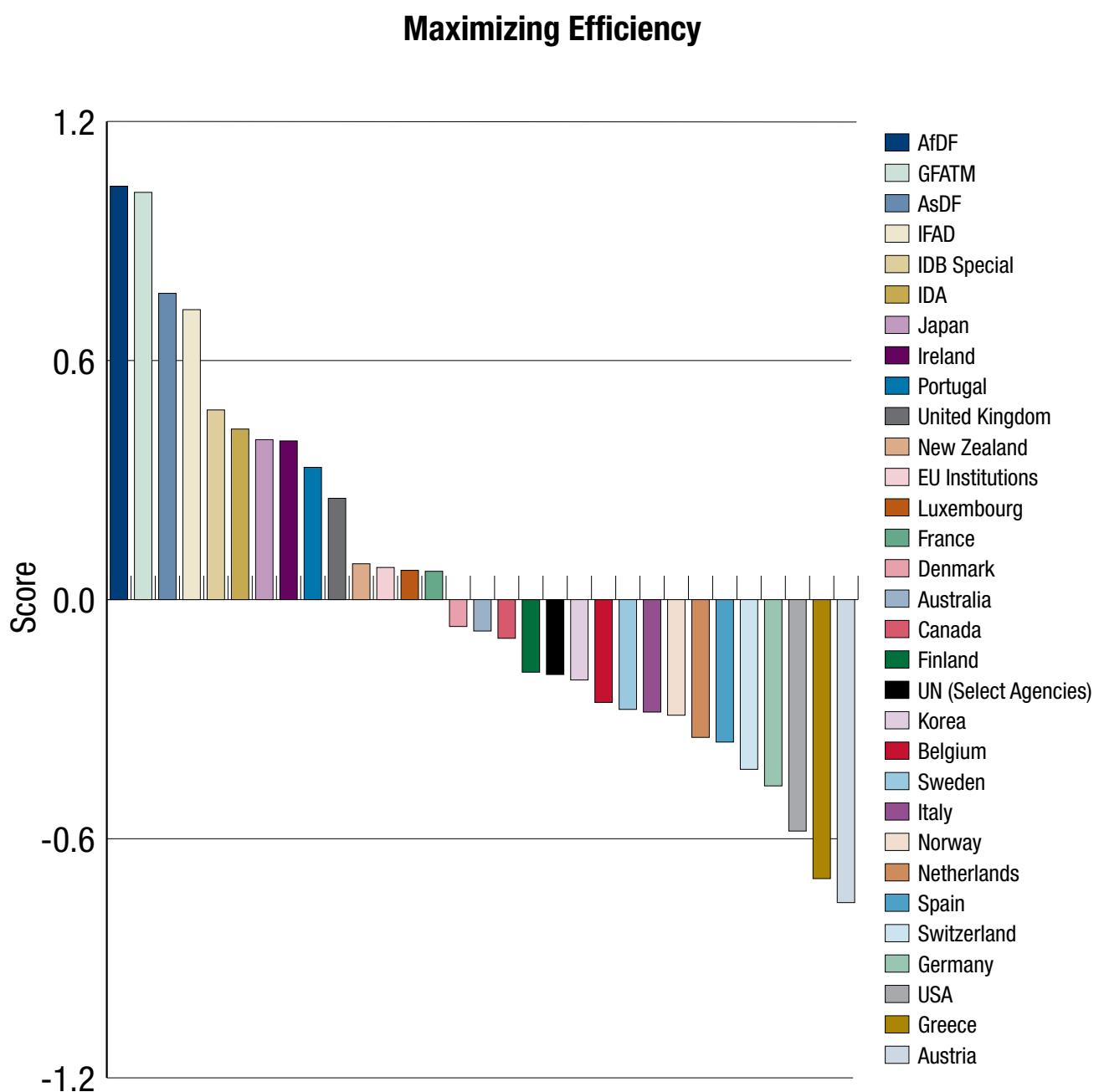
Sources: DAC Creditor Reporting System; 2011 Paris Declaration Monitoring Survey.

The agency analysis uses gross ODA from the Creditor Reporting System in place of CPA.

⁵⁹ This covers the 78 countries that were surveyed in 2010. See the OECD 2011 for further details. See World Bank 2007 for details on the criteria used.

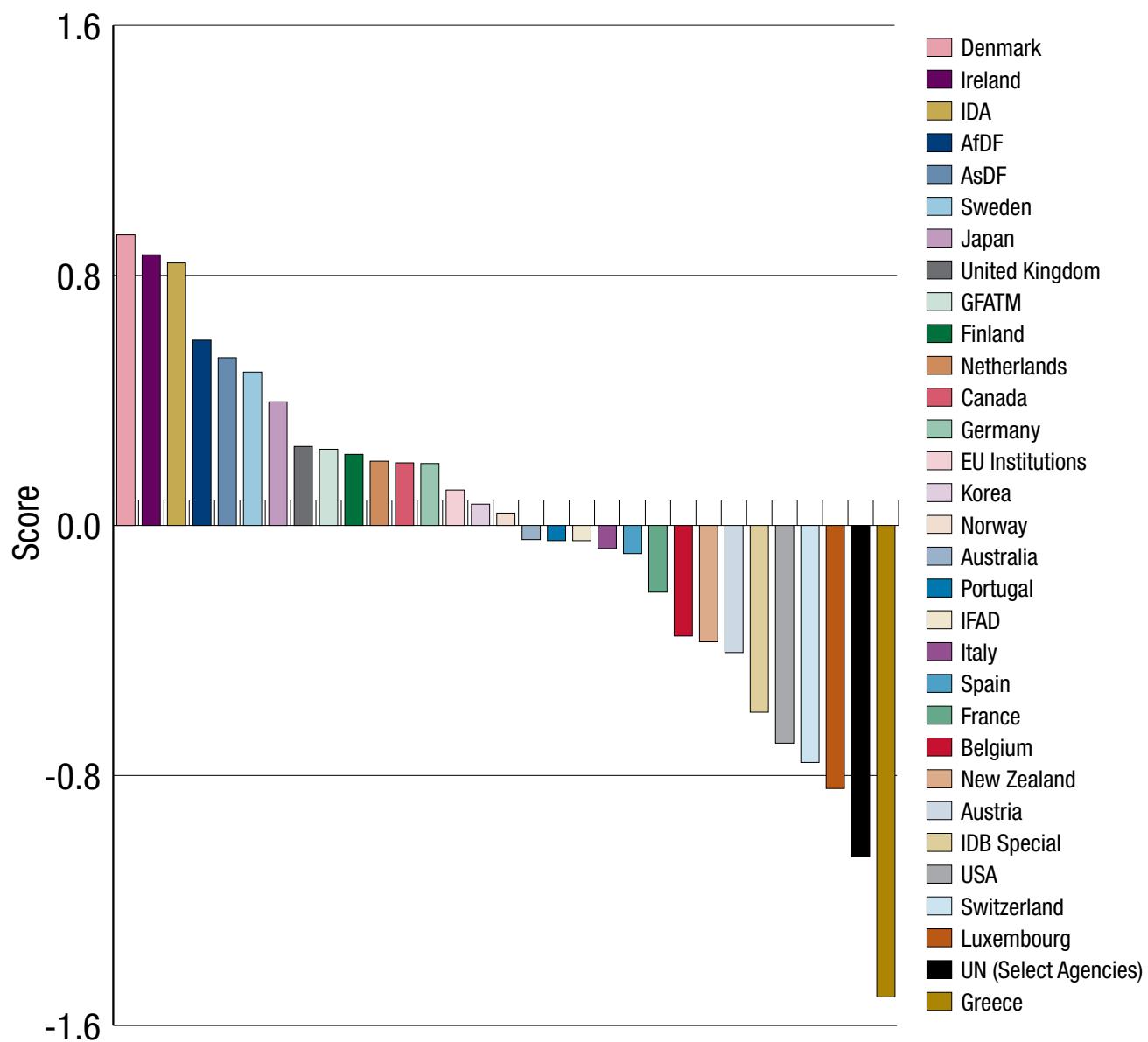
Appendix: Donor scores by aid quality dimension

APPENDIX FIGURE 1. Scores on Maximizing Efficiency



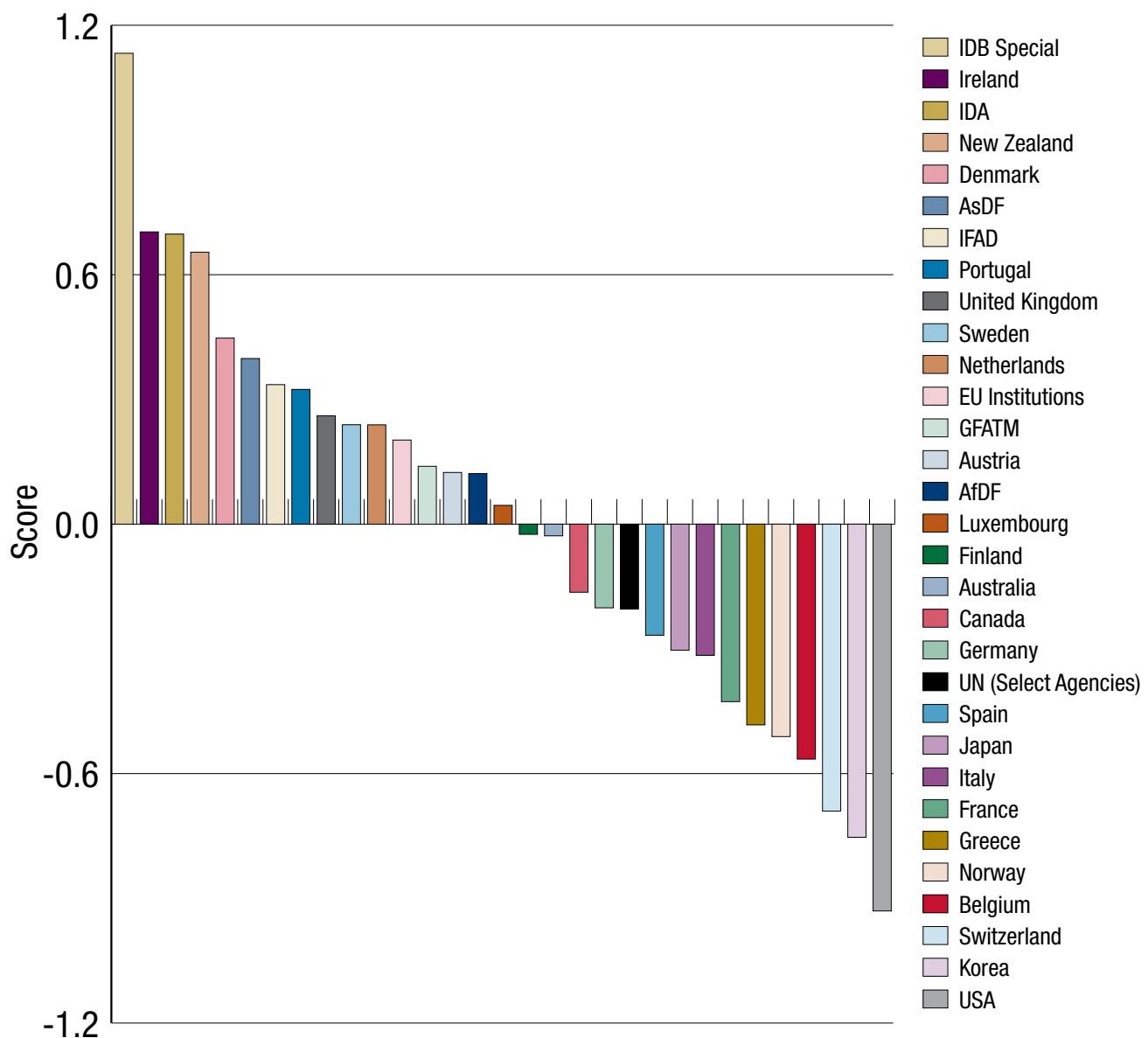
APPENDIX FIGURE 2. Scores on Fostering Institutions

Fostering Institutions



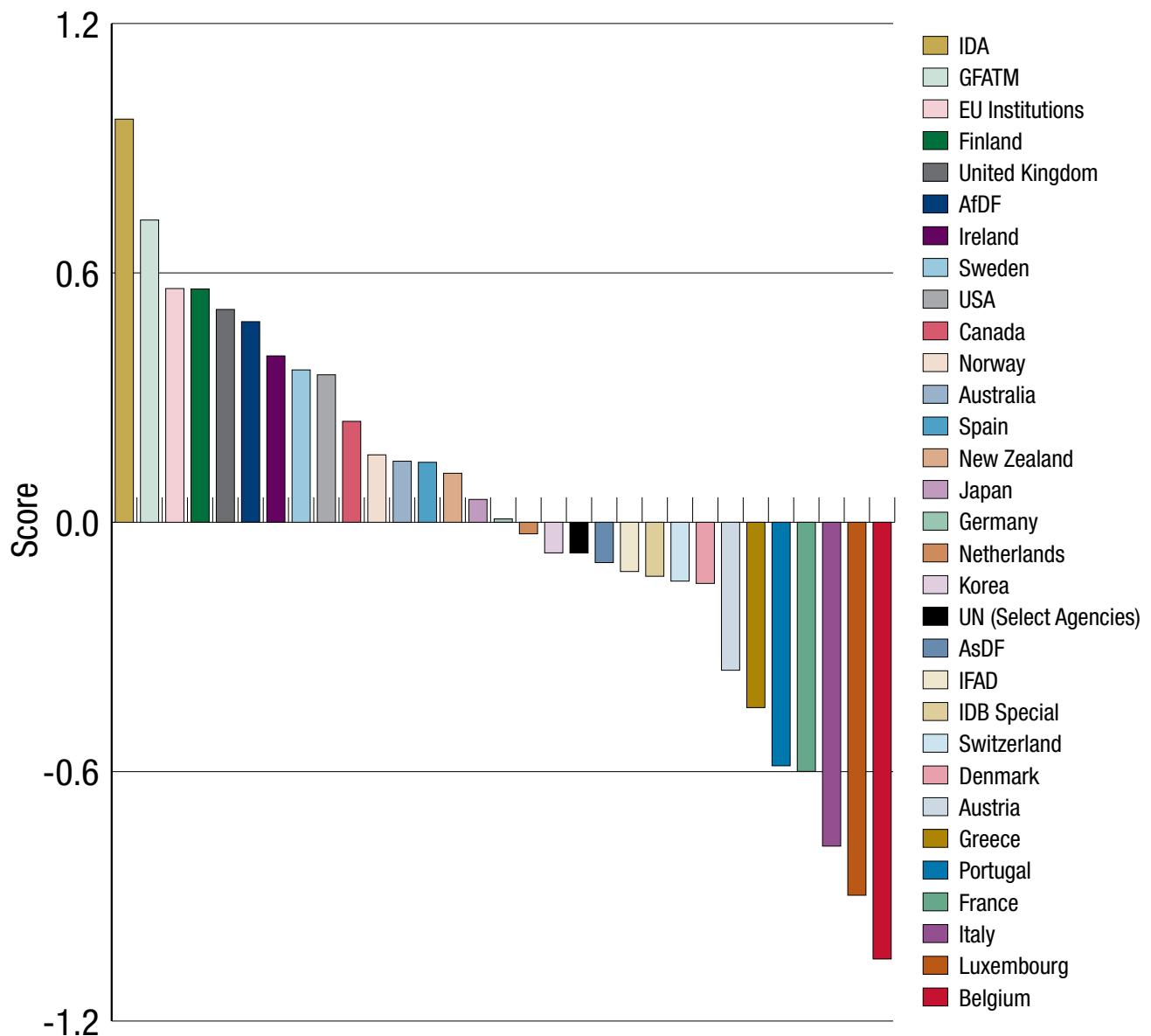
APPENDIX FIGURE 3. Scores on Reducing Burden On Partner Countries

Reducing Burden



APPENDIX FIGURE 4. SCORES ON TRANSPARENCY AND LEARNING

Transparency & Learning



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