



Foreign Aid: International Donor Coordination of Development Assistance

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Summary

Just as experts have argued that greater inter-agency coordination could improve the U.S. foreign assistance program, many believe that improved coordination among donor governments and multilateral aid organizations could make global development assistance more efficient and effective. More than 30 countries and 20 multilateral organizations reported providing official development assistance in 2008. More than 150 countries received this assistance, with the United States alone providing aid to 139 countries. Most developing countries host more than a dozen bilateral and multilateral aid agencies each year, and several host more than three dozen. This diffuse aid structure, reformers argue, leads to redundancy, policy incoherence, inefficient use of resources, and unnecessary administrative burdens on host countries.

While some observers argue that there are benefits to pluralism in foreign assistance, donors and recipients alike support improved donor coordination and consolidation of aid activities. The 2005 Paris Declaration on Aid Effectiveness established widely accepted goals for key aspects of coordination, or harmonization, as well as mechanisms for evaluating progress toward those goals. Key elements of coordination include use of common arrangements and procedures and joint missions and analysis.

The United States has supported these donor coordination efforts, both in international forums and within the U.S. foreign assistance structure, but lacks a comprehensive strategy for donor coordination. Channeling aid through multilateral institutions is one means of coordinating with other donors. Bilaterally, the U.S. Agency for International Development (USAID) has issued field guidance calling for cooperation consistent with Paris Declaration goals; coordination officers act as liaisons between U.S. and foreign development agencies, and donor coordination provisions are incorporated into the founding legislation of relatively new U.S. aid entities, such as the Millennium Challenge Corporation (MCC) and the Office of the Global AIDS Coordinator (OGAC). Several foreign aid reform bills pending before the 111th Congress, such as H.R. 2139 and S. 1524, include provisions on donor coordination as well.

Evaluations to date indicate that little progress has been made on many Paris Declaration coordination indicators, and the United States has regressed on one indicator regarding joint field missions. This situation has been attributed to a variety of factors, including division of labor problems, political concerns about direct budget support, lack of inter-agency coordination, and personnel disincentives. Conflicting strategic interests are also a factor, with some experts arguing that the goals of official donor coordination efforts are not always consistent with the diverse objectives of U.S. foreign assistance policy. Furthermore, some have observed that official donor coordination is unlikely to have significant impact on aid effectiveness without the inclusion of increasingly significant private and emerging country donors.

Related CRS reports include CRS Report R41173, *Foreign Aid Reform, National Strategy, and the Quadrennial Review*, by Susan B. Epstein, and CRS Report R40756, *Foreign Aid Reform: Agency Coordination*, by Marian Leonardo Lawson and Susan B. Epstein.

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Introduction

Since the September 11, 2001, terrorist attacks, international development has been viewed increasingly as an essential component of U.S. national security and garnered significant congressional attention and resources. In the 111th Congress, both House and Senate leaders have expressed interest in reforming the U.S. foreign assistance structure to improve the efficiency and effectiveness of U.S. aid programs carried out by a variety of federal departments and agencies. At the same time, the international community has shown an increased interest in improving the efficiency and effectiveness of all official development assistance (ODA; see text box below) through coordinating donor activities. Experts believe that improved coordination among donors is an important step toward improving the impact of development assistance globally. Congress has recognized the role of donor coordination in aid effectiveness as well, including provisions on donor coordination in pending foreign assistance reform legislation.

This report provides a summary of ODA, discusses coordination goals established by donors at high-level development policy forums, and provides an overview of U.S. efforts to meet these goals. The report concludes by identifying key issues in donor coordination of development assistance, with an emphasis on the U.S. perspective.

Overview of Official Development Assistance

Data on ODA are gathered and reported annually by the Organization for Economic Cooperation and Development's (OECD's) Development Assistance Committee (DAC), a forum for donor information sharing.¹

What Is ODA?

Official Development Assistance (ODA), as defined and reported by the Organization for Economic Cooperation and Development (OECD), consists of "grants or loans to developing countries which are undertaken by the official sector with promotion of economic development and welfare as the main objective and at concessional financial terms (having a grant element of at least 25 percent). In addition to financial flows, technical co-operation is included in aid. Grants, loans and credits for military purposes are excluded."

The United States and most other donor countries use this definition when reporting annual aid activities to the OECD. It is used in this report to allow for accurate comparison of the development assistance activities of donor nations. However, by excluding military assistance, in particular, ODA greatly under-represents U.S. foreign assistance activities as defined by Congress in the Foreign Assistance Act of 1961. ODA also reports only assistance to developing countries, excluding U.S. assistance to Israel, Ireland, Russia, and other developed nations.

In 2008, the most recent year for which complete data is available, 30 countries and 21 multilateral organizations reported disbursing ODA, the most widely recognized type of foreign assistance. For a list of bilateral and multilateral ODA donors, as well as leading private sector aid donors, see the **Appendix**.

While the OECD DAC is the most comprehensive source of information on official development assistance, its data are incomplete. There are only 30 OECD member states. Annual reporting of

¹ The DAC database, from which the information below is gleaned, is available to the public at <http://stats.oecd.org/qwids/>.

ODA to the DAC has expanded in recent years to include many non-OECD countries,² but the non-OECD reporting is voluntary and irregular. Furthermore, it does not include several increasingly important donors, such as Brazil, China, Russia, India, and South Africa. These nations have been invited to participate in the DAC reporting process but choose not to for political and technical reasons, as discussed in the “Coordination Challenges” section of this report.

ODA data also exclude private aid resources, which are a rapidly growing portion of capital flows to developing countries in recent decades. While comprehensive data on private flows are elusive, private philanthropic donations from OECD countries to developing countries have been valued at \$49 billion for 2007, compared with ODA of \$107 billion, with ODA accounting for only 17% of total OECD economic engagement with developing countries when remittances and private capital flows are included.³ As a result, some observers argue that to be truly effective, coordination efforts must include not only ODA, but private sources of development funds as well.

Why Coordinate?

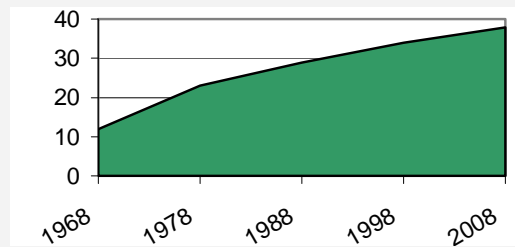
The primary argument for better donor coordination is the concern that even as aid levels increase,⁴ aid effectiveness is becoming increasingly undermined by fragmentation. More donors are giving ODA than in decades past, and many donors are spreading their assistance across a growing number of recipients. The United States, for example, provided ODA to 85 countries in 1980 and to 138 in 2008.⁵ Almost all the top 20 recipients of ODA in 2008 hosted at least three dozen donors, both bilateral and multilateral.

Coordination advocates argue that this profusion of donor agencies in many developing countries causes problems for donors and recipients alike. They focus on the following types of problems, both observed and potential, which may undermine aid efficiency and effectiveness.

Ghana: “Donor Darling”

Ghana is sometimes called a donor darling because its relatively stability and democratic government make it an attractive partner compared with its crisis-prone West African neighbors. The steady growth of donors to Ghana over decades, from 12 in 1968 to 38 in 2008 (includes both bilateral and multilateral donors), exemplifies the proliferation trend.

Figure 1. Donors to Ghana, 1968-2008



Source: OECD.Stats.

² Non-OECD countries reporting ODA in 2008 are Kuwait, Saudi Arabia, United Arab Emirates, Lithuania, Estonia, Latvia, Slovenia, Israel, Thailand, Taiwan, and Liechtenstein.

³ “The Index of Global Philanthropy and Remittances, 2009” Center for Global Prosperity, Hudson Institute, p. 18.

⁴ According to the DAC database, ODA disbursements were about \$70 billion in 1980 (in constant 2008 dollars, calculated by CRS), compared to about \$145 billion in 2008.

⁵ OECD.Stats. The growth in U.S. ODA recipients is largely driven by aid to former Soviet states and allies after the Cold War.

- **Duplication.** Donors often focus on the same needs in a country and may duplicate each others' efforts in the absence of coordination. While it is difficult to find specific published examples of such duplication, it is easy to imagine that without coordination, a dozen donors may provide more than enough insecticide-treated bed nets or school supplies for a particular village, while a neighboring town has none. Similarly, a donor agency may invest significant time and resources into a geological survey for a road or water project, unaware that a similar survey was completed a month earlier by a different donor.
- **Cross-purposes.** The activities of various uncoordinated donors may actually conflict and undermine development objectives. It is not uncommon, for example, to hear that farmers, election officials, or health providers are receiving contradictory guidance from technical advisors provided by different donors. Uncoordinated activities may also result in donors competing for the same workers, materials, or other limited resources in a region, potentially making each project less cost-effective.
- **Loss of scale.** Experts argue that a donor trend toward supporting higher numbers of lower-value projects dilutes the impact of aid and threatens activities that have high fixed costs and are most efficient on a large scale, such as energy and infrastructure improvements.⁶ Without donor coordination, these projects may be passed by, as they are often not cost-effective at the scale that a single donor could support.
- **Administrative burden.** The presence of more donors does not necessarily mean significantly more assistance, but often does mean more administrative demands imposed by donors on recipient governments in order to meet their own accounting and oversight requirements. Botswana, for example, had 27 official donors in 2008, with the top five accounting for 97% of bilateral aid, but all 27 likely requiring regular reports meeting various specifications.⁷ Vietnam reported hosting 782 separate donor missions (visits by donor officials) in 2007, each requiring the time and attention of recipient government officials.⁸ Donor coordination and collaboration, many believe, could significantly reduce the administrative burden on recipient governments.
- **Unclear leadership.** In many recipient countries, there is no longer a majority donor with implied authority to convene other donors.⁹ For example, while the United States is the largest donor globally, the U.S. bilateral contribution was less than 5% of total ODA in one-third of all countries receiving U.S. assistance in

⁶ In a January 2010 article "Crushed Aid: Why is Fragmentation a Problem for International Aid," Emmanuel Frot and Javier Santiso assert that increasing fragmentation is partly the result of a general ODA shift away from agriculture, transportation, and energy sector projects, which often involve large capitol investment, and toward more "social sector" aid (education, governance, family planning) that involve more small projects that can easily proliferate.

⁷ OECD.Stat database; CRS calculations. Data extracted January 2010.

⁸ OECD-DAC, 2008 "2008 Survey on Monitoring the Paris Declaration."

⁹ Former USAID Administrator Peter McPherson, speaking at an event held by the Center for American Progress Action Fund on March 18, 2010, suggested that the United States is "dominant" enough as a donor to be able to effectively convene other donors in only a few countries, such as Pakistan.

2008,¹⁰ giving the U.S. missions in those countries little leverage to exercise leadership around coordination.¹¹

Not all foreign aid professionals are concerned about the growing number of donors in many developing countries. Some contend that the wide variety of independent donors is valuable in demonstrating pluralism in action and reflecting the decentralization of authority that many development plans promote. Others argue that having a range of active donors leads to more ideas, competition, and innovation, as well as a more consistent flow of funding.¹² Many development officials also believe that it is primarily the responsibility of recipient governments, not donors, to manage activities in their countries. In the context of recent international forums, however, donor and recipient countries alike have expressed widespread agreement on the desirability of greater donor coordination and consolidation of foreign assistance activities to address fragmentation concerns.

International Framework for Donor Coordination

The first formal coordination of official development assistance dates to the establishment of the OECD DAC in 1960.¹³ The DAC Working Party on Aid Effectiveness (WPAE), created in 2003, has played a key role in establishing an initial international donor coordination framework. Three global development forums sponsored by the WPAE have used the United Nations' (U.N.'s) Millennium Development Goals (MDGs)¹⁴ as a basis for assessing donor and host country activities, identifying obstacles to development, and attempting to make development assistance more effective. Donor coordination was a key issue at these gatherings and the products of these forums reflect accepted best practices in official donor coordination.

Rome High Level Forum on Donor Harmonization

The OECD-sponsored High Level Forum on Harmonization (HLF), held in Rome in 2003, focused on ways to accelerate progress on the MDGs by improving the management and overall efficiency of official aid. The result was a Declaration on Harmonization that set out broad goals, such as ensuring that donor assistance is aligned with host country priorities, expanding country-led efforts to streamline donor procedures and practices, and implementing good practices, principles, and standards as the foundation of coordination. While this forum inspired action by many donors toward better coordination, it did not establish formal goals or standards by which to evaluate progress.

¹⁰ OECD.Stat database; CRS calculations. Data extracted January 2010.

¹¹ Ibid.

¹² Frot and Santiso (see above) write that "it is peculiar that an abundance of suppliers is criticized in the 'aid market' when economics undermine the virtue of competition almost everywhere," before noting evidence that "aid monopolies" do appear to be desirable and that the presence of multiple donors does not imply competition among them.

¹³ At the time it was created in 1960, the DAC was called the Development Assistance Group (DAG) and the OECD was called the OEEC (Organization for European Economic Co-operation).

¹⁴ Development assistance today is often viewed through the lens of the MDGs, which were established in 2001 when 192 countries, including the United States, agreed to meet eight specific development goals by 2015, using quantifiable targets and indicators to measure their progress. Goals include reducing poverty and hunger by half; universal primary education; gender equality in education; reductions in infant and maternal mortality rates; halting the spread of HIV/AIDS; ensuring environmental sustainability; and developing a global partnership for development.

Paris Declaration on Aid Effectiveness

As a follow-up to the Rome forum, a HLF on Aid Effectiveness was held in Paris in 2005. The Paris HLF is the most significant international meeting to date on ODA coordination, and the product of this meeting, the Paris Declaration on Aid Effectiveness, gave concrete structure to the global development agenda that was discussed in Rome. More than 100 countries and aid agencies, including the United States, endorsed the Declaration’s five partnership principles: ownership, harmonization, alignment, results, and mutual accountability. The United States, through a multi-agency delegation led by then-USAID Administrator Andrew Natsios, was active in crafting the Declaration, and advocated for a results-oriented approach focused on mutual accountability.

Unlike the Rome Declaration, the Paris Declaration includes specific goals and a strong monitoring component. Indicators of progress by which to evaluate aid effectiveness, and targets for 2010, were established for each principle. OECD’s WPAE, within which USAID represents the United States, established a Joint Venture on Monitoring the Paris Declaration tasked with periodic monitoring of donor and recipient country progress toward meeting indicator targets. The progress indicators relating to donor coordination—or harmonization, as it is referred to in the Declaration—are (1) the use of Common Arrangements or Procedures (the percentage of aid that flows to development programs managed by host governments and supported by multiple donors rather than to donor-managed projects), and (2) Shared Analysis (the percentage of field missions and country analytic works that are carried out by at least two donors working jointly, or one as the agent of another). Several other indicators, such as alignment with host country priorities, joint technical assistance, use of country financial and procurement systems, and avoiding parallel implementation structures, relate to donor coordination as well.

Paris Declaration monitoring rounds, using surveys, were completed in 2006 and 2008. **Table 1** shows the indicators of progress on harmonization, as well as the targets for 2010 and results of the 2006 and 2008 monitoring surveys (reflecting data from 2005 and 2007, respectively).

Table 1. Paris Declaration Monitoring Survey Results, Harmonization Indicators

Indicator	2005		2007		2010
	Average	United States	Average	United States	Target
Common Arrangements or Procedures— Percentage of aid that is provided in support of a host government program, rather than a donor-led project.	43%	29%	46%	37%	66%
Shared Analysis— Percentage of donor missions and analytic work that is joint.					
(a) Joint Mission	16%	20%	20%	12%	40%
(b) Joint Studies	40%	39%	42%	38%	66%

Source: 2008 Survey on Monitoring the Paris Declaration, “Effective Aid by 2010? What Will It Take?” p. 129; Paris Declaration on Aid Effectiveness: Indicators of Progress, available on the OECD website at <http://www.oecd.org/dataoecd/57/60/36080258.pdf>.

Notes: Data are based on surveys in which participation by countries endorsing the Paris Declaration was voluntary. Fifty-four countries participated in the 2008 survey (which provides the 2007 data), representing more than half of all official development assistance delivered to recipient countries in 2007. The 2005 baseline figures are based on a survey with 33 participating countries.

Though incomplete, the surveys indicate that neither the United States nor donors on average have made much progress toward the 2010 targets for harmonization. Average use of common arrangements and procedures increased from 43% to 46%, still well short of the 66% goal. Joint missions and joint analysis increased 4% and 2%, respectively. Furthermore, initial evaluations indicate that implementation of coordination efforts in some countries have thus far created more transition and transaction costs than benefits.

The United States appears to have made significant progress on the use of common arrangements and procedures, increasing from 29% to 37% of all assistance between 2005 and 2007, but remains well below the average for donors on this indicator. The surveys also indicate that the United States is moving away from shared analysis goals, particularly on joint missions. The United States reported coordination with other donors on only 12% of missions and 28% of studies in 2007, below the donor average and far below the 2010 targets of 40% and 66%, respectively.

Accra Agenda for Action

A follow-up forum to the Paris HLF was held in Accra, Ghana, in September, 2008. The forum produced the Accra Agenda for Action, which served as a progress report on the Paris Declaration. The data from the 2008 Survey on Monitoring the Paris Declaration (on which **Table 1** is based), prepared for the Accra meeting, were a disappointment to many attendees. While reaffirming the importance of aid effectiveness, some observers at Accra noted that the role of coordination between donors seemed to have diminished between the Paris and Accra forums, with a corresponding increase in emphasis on alignment with host country priorities.¹⁵

A notable feature of the Accra HLF was a parallel workshop for civil society. A reported 600 representatives from 325 development-related non-governmental organizations (NGOs) in 88 countries held independent sessions and workshops on aid effectiveness while participating in the official HLF roundtable discussions. The report from the parallel conference indicates that the participating organizations wanted to shape the debate on Paris Declaration implementation, but did not seek to be covered under the Declaration's commitments. Some viewed the commitments as a threat to their autonomy, while others expressed concern about being labeled as "donors" when they perceived their role to be much broader.¹⁶

The next round of Paris Declaration monitoring, followed by a HLF in Korea, is scheduled for 2011.

Implementing Donor Coordination

While the Paris Declaration was notable for its degree of detailed agreement on objectives, it included no provisions on how best to translate the agreement into change at the country policy and implementation level. Various mechanisms have been established at the international level for enhanced coordination, creating a loose framework, while each donor country also works within

¹⁵ Wood, Bernard et al., "Evaluation of the Implementation of the Paris Declaration, Phase One Synthesis Report," prepared for the Ministry of Foreign Affairs of Denmark, July 2008, p. 21 (hereinafter "Synthesis Report").

¹⁶ Civil Society Parallel Conference on Aid Effectiveness, August 31-September 1, 2008. Rapporteur General's Report, prepared by Akunn Dake of Heritage Development, pp. 3-5.

the framework of its own foreign assistance statutes and agencies to meet its Paris Declaration commitments.

Global Mechanisms

Use of Multilateral Organizations

Multilateral aid organizations, such as the World Bank, regional development banks, and the United Nations entities, were conceived, in part, to be coordinators of development assistance. By pooling resources provided by participating donor countries and distributing them in accordance with a joint decision-making process, multilateral development organizations have the potential to increase aid efficiency and maximize effectiveness.

Most donors have used multilateral aid mechanisms to supplement, rather than replace, bilateral aid. In 2008, multilateral ODA accounted for 20% of total ODA disbursements reported by the OECD. About 11% of U.S. disbursements were classified as multilateral, the lowest portion of all major donors.¹⁷ The plethora of multilateral organizations present the same coordination and fragmentation problems as bilateral donors. Twenty different multilateral institutions reported distributing ODA in 2008, and several have global mandates.¹⁸ The World Bank's International Development Association (IDA), for example, was active in 71 countries in 1980, increasing to 79 in 2008. According to one OECD report, there were 35 countries in 2007 where between 9 and 12 multilateral agencies represented more than half the donors, but collectively accounted for less than 10% of total ODA to each country.¹⁹

Rather than channeling a greater portion of U.S. aid through traditional multilateral channels, some development professionals advocate for a new concept of multilateralism. They focus on multi-sector arrangements involving both state and non-state actors, recognizing that the lines between official and private donors have blurred and that foundations, corporations, and community organizations now play a leading role in development. From this perspective, some may argue that the Paris Declaration goals themselves may no longer be relevant, as official donors cease to be the driving force behind development policy and activities.

Joint Assistance Strategies

In several countries, host government and donors have come together to create joint assistance strategies (JAS) to better coordinate aid, primarily by attempting to establish a clear division of labor among donors. JAS have been approached in an ad hoc manner, with great variations of scope and specificity from country to country. For example, the JAS Nigeria involves only World

¹⁷ These figures include both discretionary grants and subscriptions (assessed dues).

¹⁸ These are the African Development Fund, Asian Development Fund, Caribbean Development Fund, European Bank for Reconstruction and Development, Global Environment Facility, International Development Association, International development bank Special Fund, International Fund for Agricultural Development, International monetary Fund, Montreal Protocol, Nordic Development Fund, UN Development Program, UN Population Fund, UN High Commission on Refugees, UN Children's Fund, UN Relief and Works Agency, UN Transitional Authority, and the World Food Program. Note that the European Community is not counted as a multilateral aid donor, but rather as a bilateral donor.

¹⁹ DAC Report on Multilateral Aid, 2008, EOCED 2009, p. 69.

Bank and the British aid agency, DFID,²⁰ while the JAS in Tanzania involves 55 donors and discusses not only the role of the Tanzanian government and donors, but of the media, private sector, and academic institutions as well.²¹

A USAID document on aid effectiveness case studies mentions that USAID encourages participation in JAS,²² but U.S. aid officials in the field may find themselves in a position where they support the JAS concept but face obstacles to formal participation (as discussed in the “Division of Labor” section of this report). The USAID Cambodia Web page, for example, states in regard to the Cambodia JAS that “although USAID does not participate directly in this process, it intends to enhance donor coordination by using some of the preparatory work done by these organizations in the development of its own new country strategy.”²³

One review of JAS to date notes that limited progress has been made on implementing specific division of labor processes laid out in JAS due to the sensitivities of deciding which donors have a comparative advantage in certain sectors, and which should withdraw.²⁴ While the process of developing each JAS is different, other common difficulties include maintaining involvement of donors whose pre-existing cooperative arrangements have been disrupted by division of labor decisions, garnering sufficient donor mission staff and other resources for what is often a two- to three-year process, and finding an acceptable balance between host government leadership and donors maintaining control over their own assistance policies and agenda.²⁵

Data Sharing

In some developing countries, Internet-based sites have been established to make donor information accessible to all, enabling donors to remain aware of other donors’ activities without regular, time-consuming meetings. In Nicaragua, for example, an online Development Assistance Information System (ODANic) is supported by assistance from the British Department for International Development. The database was created as a tool for EU donor coordination, but, as the homepage declares, “in the spirit of increasing aid harmonization, ODANic now contains information on assistance from the entire donor community in Nicaragua” and allows anyone to search ODA to Nicaragua by donor, sector, or other criteria.²⁶ A similar database, funded by the European Community, has been established to improve information sharing on development assistance activities in Mozambique. The database is accessible to all through the “ODAMoz” website and allows users to identify donor-supported projects and programs based on location, finance source, and implementing agency.²⁷

²⁰ Linn, Johannes F., “Aid Coordination on the Ground: Are Joint Country Assistance Strategies the Answer?” Wolfensohn Center for Development, Working Paper 10, July 2009, p. 8.

²¹ Joint Assistance Strategy for Tanzania, United Republic of Tanzania, November 2006, pp. 5-7.

²² “*The United States Commitment to Aid Effectiveness: Case Studies*”, USAID, p. 7, available at http://www.usaid.gov/about_usaid/dfa/aid_effectiveness_0808.pdf.

²³ See USAID/Cambodia website at <http://www.usaid.gov/policy/budget/cbj2006/ane/kh.html>.

²⁴ “Joint Assistance Strategies in Tanzania, Zambia and Uganda,” Final Report, Ministry of Foreign Affairs, European Commission, October 2005, p. 35.

²⁵ Linn, Johannes F., “Aid Coordination on the Ground: Are Joint Country Assistance Strategies the Answer?” Wolfensohn Center for Development, Working Paper 10, July 2009, p. 8.

²⁶ The database is accessed at <http://nic.odadata.eu/>.

²⁷ See <http://www.odamoz.org.mz/reports/indexsub.asp>.

Many aid experts believe that current ad hoc information sharing mechanisms are insufficient. Responding to this concern, an International Aid Transparency Initiative (IATI) was launched at the Accra HLF in 2008, with the stated purpose of establishing a mechanism that allows all stakeholders and the general public access to consistent and comparable data on how much aid is being provided, what it is being spent on, and what it aims to achieve.²⁸ Such information, supporters of the initiative argue, should lead to better decision making and accountability for aid effectiveness, while reducing corruption. IATI is still in the consultation and design phase, but has broad support. As of October 2009, 17 major donors had signed on to IATI, but the United States was not among them.²⁹ The Foreign Assistance Revitalization and Accountability Act of 2009, S. 1524, calls for full U.S. government participation in the IATI.³⁰

Example: Sector Based Coordination—HIV/AIDS

Many donor coordination mechanisms are sector or issue specific, and HIV/AIDS prevention and treatment is a particularly active field for donors. The United States contributes to two major coordinated efforts: the Global Fund to Fight HIV/AIDS, Tuberculosis and Malaria (Global Fund) and the U.N. Joint Program on AIDS (UNAIDS), which was established in 1996 to lead the global response to HIV/AIDS. These entities, together with most HIV/AIDS assistance donors, are working to improve coordination using a landmark “Three Ones” agreement adopted in April 2004 to unify donor support in each developing country around a single national HIV/AIDS framework, a single national coordinating authority, and a single national-level monitoring and evaluation system.

The Global Fund, active since 2002, uses contributions from both governments and private donors to support the health plans and priorities of poor nations with high disease burdens through grants to various implementing partners. In recent years, the Global Fund has developed a National Strategy Application process to support the Paris Declaration objectives of harmonization and alignment with host country priorities. This process allows a nationally approved HIV/AIDS plan, incorporating donor and host responsibilities, as the basis for a Global Fund grant application. In addition, PEPFAR and Global Fund are currently working to coordinate their Partnership Framework and National Strategy Application processes (respectively) in a few countries, such as Malawi, to further support harmonization.

UNAIDS also mobilizes public and private resources, focusing on providing leadership and technical assistance, tracking the epidemic, and monitoring program impacts. Technical assistance is provided using the expertise of partner organizations under the United Nations system umbrella and a defined division of labor. The World Health Organization, for example, is the lead agency for HIV surveillance, while the U.N. Educational, Scientific and Cultural Organization (UNESCO) is the lead for HIV/AIDS education programs targeting youth in schools, and the World Food Program (WFP) is the lead on nutrition support for HIV/AIDS strategies.³¹ To advance coordination, UNAIDS created a country harmonization and alignment tool (CHAT) in 2007 to map and assess the role of international partners in HIV/AIDS response at the country level, as well as identify global trends and gaps in the coordinated response to HIV/AIDS.

U.S.-Specific Mechanisms for Donor Coordination

Within the bilateral U.S. aid structure, coordination with other official donors is sought primarily through U.S. Agency for International Development (USAID) guidance to field staff and designated coordination officers based in USAID’s Office of Development Partners.³² Some of

²⁸ For more on IATI, see <http://aidtransparency.net/>.

²⁹ It has been suggested by individuals knowledgeable about IATI that the U.S. has not signed on due to concerns about standards for reporting procurement information.

³⁰ S. 1524 in the 111th Congress, Sec. 10(c).

³¹ See <http://www.unaids.org/Resources/UNAIDS/images/Cosponsor/FullMatrix.gif>.

³² USAID manages the vast majority of the bilateral U.S. development assistance discussed in this report, with the exception of some global health and food aid programs. Other U.S. agencies with a significant foreign assistance role are primarily involved in security or military assistance, which is not part of ODA and generally not part of the donor coordination discussion.

these mechanisms, in addition to more ad-hoc approaches to coordination at the country level, pre-date the OECD high level forums. Donor coordination has also been integrated more recently through alternative aid delivery mechanisms, such as the Millennium Challenge Corporation (MCC), the President's Emergency Plan for AIDS Relief (PEPFAR), and the new Global Health Initiative.

USAID Guidance

USAID issued guidance to field missions on compliance with Paris Declaration commitments on donor coordination in March 2006. The guidance emphasized that the commitment made by the United States and other donors in Paris was to “look for ways to complement and mutually reinforce one another’s programs in support of partner plans,” and encouraged field staff to “join other donors in endorsing local agreements to the fullest extent possible.”³³ USAID field missions were urged to work with other donors through common arrangements “to the extent practical and sensible.”³⁴ In regard to more joint efforts, delegation of tasks, and sharing of information and analysis, the guidance seems to acknowledge the challenges facing U.S. field staff on these issues, noting that “[coordination] may be more important and easier for the 26 European Union donors to do than for us” because of the extensive U.S. presence and established aid infrastructure in so many recipient countries.³⁵ Guidance on complying with various Paris Declaration commitments was also incorporated into the 2008 revision of USAID’s Automated Directives System (ADS), through which all USAID policy directives and required procedures are issued.

USAID Coordination Officers

In an effort to enhance coordination with other donor countries and organizations, USAID has assigned Senior Development Counselors to positions focused on coordinating with key development agencies. Counselors are currently assigned to Beijing (to work with the Chinese agencies), Brussels (to work with the European Commission and other European Institutions), Geneva (to work with both the United Nations and the United Kingdom’s Department for International Development), Paris (to work with the OECD), Tokyo (to work with the Japanese aid agencies), and the State Department’s Near East Bureau (to work with Arab donors).³⁶ In addition, USAID missions in countries with large donor groups often formally designate a Donor Group Representative responsible for representing the mission at donor working group meetings. Among the responsibilities listed in a job description for such a position in Nepal is “familiarizing yourself with the Paris Declaration principles and being aware of USAID’s barriers (if any) to full implementation of the Paris Declaration in Nepal (such as OFAC, financial requirements, host country contracting requirements, indicators, pooled funding, etc.).”³⁷ Similarly, a position of U.S. Coordinating Director for Development and Economic Affairs was created to oversee U.S. foreign assistance in Afghanistan, including coordination with other donors and the government of Afghanistan.

³³ PPC Guidance for USAID Missions on Implementing the Paris Declaration on Aid Effectiveness: Frequently Asked Questions, March 2006, Question 4.

³⁴ *Ibid.*, Question 17.

³⁵ *Ibid.*, Question 18. The 26 EU donors refers to the 25 member countries at that time plus the European Commission.

³⁶ Author’s correspondence with USAID, July 17, 2009.

³⁷ Donor Group Representative Designation Letter, USAID/Nepal, provided by USAID. OFAC is the Treasury Department’s Office of Foreign Assets Control.

MCC and OGAC

Two foreign assistance delivery structures created under the George W. Bush Administration, the MCC and OGAC, were established concurrent with the international focus on donor coordination and incorporate key principles of coordination into their basic structure. The MCC, which was established as an independent aid agency in 2004, is designed to administer the Millennium Challenge Account in support of developing countries whose governments meet specific performance criteria through five-year compacts.³⁸ Created in the period between the Rome HLF and the Paris Declaration, the MCC model incorporates donor coordination considerations at many levels: the concept proposals submitted by candidate countries must discuss what other donors are doing and how their request complements other donor activities, and MCC meets with all other donors at the beginning of the compact development process.

As a result of these formal coordination requirements and MCC's ability to commit relatively large sums of assistance over a five-year period, many MCC compacts are used to "scale-up" projects that may have been successfully developed or piloted on a small scale with support of another donor agency. In Honduras and Nicaragua, for example, MCC was able to support a road project designed by the Inter-American Development Bank, World Bank, and the Nordic Fund and facilitated project completion in 5 years rather than the projected 10 years. This type of cooperation has worked both ways. According to one MCC official, the government of New Zealand and AusAid (Australia's aid agency) provided additional resources in support of an MCC transportation project that faced price overruns and depleted compact funds.³⁹

Similarly, OGAC was created in 2003 to manage the President's Emergency Plan for AIDS Relief (PEPFAR), through legislation that lists coordination among donor governments as an essential part of the global strategy to combat HIV/AIDS⁴⁰ and requires a report describing the mechanisms used to coordinate programs between the United States and foreign governments, among other things.⁴¹ The 2008 legislation reauthorizing PEPFAR also included provisions authorizing the U.S. to work with host countries to establish Partnership Frameworks, or five-year strategic plans for collaboration among donors in regard to service delivery, policy reform, and financial commitments (similar to sector-specific Joint Assistance Strategies).

The Obama Administration's Global Health Initiative (GHI), which builds on PEPFAR, emphasizes the importance of donor coordination as well. The GHI implementation plan cites "leveraging efforts of multilateral partners and special global partnerships through joint assessments of national health programs and shared reviews of financing gaps" as key to strengthening developing health systems.⁴² It is not yet apparent whether GHI will change the way the United States works with other donors on global health programs.

³⁸ See CRS Report RL32427, *Millennium Challenge Corporation*, by Curt Tarnoff.

³⁹ CRS interview with MCC official, September 24, 2009.

⁴⁰ P.L. 108-25, Title I, Sect. 101(a)(5); 22 USC 7611.

⁴¹ P.L. 108-25, Title I, Sect. 101(b)(3)(L).

⁴² See <http://www.pepfar.gov/ghi/136498.htm>.

Coordination Challenges

The Paris Declaration monitoring surveys are imperfect, but the apparent lack of progress toward Paris Declaration harmonization goals is believed by many aid experts to reflect significant and persistent obstacles to a more unified international approach to ODA. Almost half of donors surveyed for the Paris Declaration implementation evaluation in 2008 reported facing significant domestic political and institutional obstacles to establishing coordinated aid arrangements.⁴³ Among the recurring obstacles, particularly for the United States, are difficulties related to division of labor, concerns about direct budget support, personnel disincentives, lack of inter-agency coordination, and conflicting strategic interests.

Division of Labor

Some analysts advocate establishing a clear division of labor among donor countries to reduce the fragmentation of aid. The Paris Declaration discusses division of labor as a means of reducing the number of partners a host government must deal with and ensuring that donors are making the most effective use of their resources by considering comparative advantage. Comparative advantage can be based on geographical proximity, common cultural or linguistic ties, staff capacity, or sector-specific expertise.

There are a number of ways that division of labor can be implemented. Donors may choose to play a larger role in fewer countries, concentrate on fewer sectors within countries, or delegate implementation of their assistance to certain countries or sectors. Evaluations have noted that negotiations over division of labor and delegated authority can be very contentious.⁴⁶ Countries may be reluctant to discontinue a direct role in a certain country or sector, may not accept the leadership of another donor, or may feel uneasy about the responsibilities and resources associated with being a lead donor. Furthermore, some argue that division of labor is not necessary for coordination and could create donor monopolies, reducing competition among donors that could be expected to increase rather than decrease efficiency and effectiveness.

European Code of Conduct

The European Union (EU) has tried to address division of labor among EU countries through a European Union Code of Conduct on Division of Labor adopted in May 2007.⁴⁴ Among other things, the voluntary agreement urges EU members to only operate in three sectors and in a limited, but unspecified, number of priority countries. The objective is to ensure that there are no more than five active EU donors in a given sector, and that every sector has at least one.

The EU has proposed broader implementation of the code as part of the Paris Declaration harmonization effort, but has met resistance. Implementation has been challenging even within the EU. A 2009 monitoring report on division of labor found several obstacles to implementation of the Code, including reluctance by donors to limit their involvement in certain sectors, lack of clarity on the role of “lead” donor, limited capacity among donors to lead a sector, legal and administrative barriers, and inability to integrate non-EU donors, such as the United States, into their division of labor process.⁴⁵

⁴³ Synthesis Report, p. 19.

⁴⁴ See <http://europa.eu/scadplus/leg/en/lvb/r13003.htm>.

⁴⁵ Monitoring Report: EU Fast Track Initiative on Division of Labour and Complementarity, a product of the EU Technical Seminar on Division of Labour and Complementarity, January 30, 2009.

⁴⁶ Synthesis Report, p. 19.

USAID has not issued guidelines on participation in division of labor negotiations, but U.S. aid implementers are limited in their ability to negotiate divisions of labor by provisions within annual appropriations bills or accompanying reports that specify how development assistance is to be used. For example, the report accompanying FY2009 State-Foreign Operations Appropriations bill⁴⁷ prohibits the use of Global Health and Child Survival funds for non-project assistance⁴⁸ and specifies the amount of Development Assistance that is to be used for microenterprise, water and sanitation, agricultural development, and food security programs. Furthermore, the majority of assistance appropriated through the Economic Support Fund account is designated by Congress for use in specific countries. These and many more congressional directives significantly limit the ability of aid officials in the field to negotiate divisions of labor, as they are required by Congress to fund certain types of activities in specific countries and sectors.

Concerns About Direct Budget Support and Funding Pools

Many development experts believe that the most effective means of harmonizing foreign assistance is not by coordinating among donors, but rather by channeling aid through recipient governments as direct budget support. Proponents of increasing direct budget support argue that providing aid directly to recipient country governments ensures that aid is used consistently with host country priorities, and, if done by all donors, would prevent the inefficiency of parallel donor activities as well as develop the financial management capacity, accountability, and public confidence of the host governments.

⁴⁷ Explanatory Statement to accompany P.L. 111-8. Found in the Congressional Record, 2/23/2009, Division H - State-Foreign Ops (pp. H2404-2426).

⁴⁸ As a result of this language, it is possible that none of the funding would count as program-based (being part of a host-led development program rather than a discrete donor project) under the Paris Declaration indicators.

This is, perhaps, the most controversial aspect of the aid effectiveness debate, and is associated with the “use of common arrangements or procedures” harmonization indicator of the Paris Declaration. As an early evaluation of progress on the Paris Declaration goals noted, “although budget support is not specifically promoted in the Declaration, a clear majority of development partner evaluations report that a major preoccupation in political and public understanding of the Declaration, and in managing their programs, is whether and under what conditions such support is appropriate.”⁵¹ The U.S. position was made clear in the U.S. Action Plan on Harmonization (though it predates the Paris Declaration), which states, in bold text, that “the call for harmonization is not a call for increasing reliance on budget support.”⁵²

The Mozambique G19

Mozambique is often cited as an example of the effective use of direct budget support to further Paris Declaration goals. Since 2004, a group of 19 donors (G19) has provided budget support to the government for implementation of the Mozambican Poverty Reduction Strategy. Donors commit to complying with host government procedures and operational cycle, and a Memorandum of Understanding that includes annual performance assessment requirements for both the Government of Mozambique and donors. Group members include most European donors, the European Commission, Canada, the World Bank, and the African Development Bank. The United States has declined to participate, and U.S. Mission staff indicate that they are excluded from policy dialogue as a result.⁴⁹

Mozambique showed significant progress between 2005 and 2007 on certain Paris Declaration indicators, such as reducing the use of parallel systems, increasing the use of country systems, and greater predictability of aid. However, the percentage of missions and analytic work coordinated with other donors dropped sharply, from 46% to 17% for missions and from 63% to 32% for analytic work. Donor representatives in Mozambique attribute the lack of progress to several new initiatives in this time period, each requiring additional visits and analytic work, as well as the ongoing need for individual missions by some donors to address the requirements of their business model and fiduciary requirements.⁵⁰

Opponents of direct budget support point to examples of such funds being misused by inept or corrupt recipient governments and argue that this mechanism for providing aid does not allow for adequate oversight by donors and their constituent taxpayers. Other critics contend that the role of NGOs that implement U.S. development assistance would diminish if budget support was used more often. Furthermore, some recipient governments have expressed concern that direct budget support makes donors more deeply involved in core government functions, compromising independence, or that donors pooling funds may act as a united front and create an imbalance of power.⁵³

In FY2009, only about \$580 million (about 1.7% of total U.S. foreign assistance) was provided as direct budget support.⁵⁴ Some aid officials have expressed concern that the inability of U.S. aid agencies to use funds in this way makes it difficult to work with other donors, many of which provide assistance through budget support much more frequently. Officials have also noted that in some countries, donors providing budget support assistance appear to be far more influential in

⁴⁹ From a question on the Frequently Asked Questions internal Web page of USAID’s Office of Development Partners.

⁵⁰ E-mail correspondence with USAID and other development agency officials in Mozambique, October 23, 2009.

⁵¹ Synthesis Report, p. 18.

⁵² See “U.S. Action Plan on Harmonization,” at <http://www.oecd.org/dac/effectiveness/actionplans>.

⁵³ Woods, Ngaire, editor, “New Directions in Development Assistance,” Conference Report, University of Oxford/Cornell University, June 2007, p. 5.

⁵⁴ According to the Office of the Director of Foreign Assistance, Jordan received \$229.5 million in direct budget support in FY2009 and West Bank-Gaza received \$350 million. The percentage of aid for budget support is based on \$34.422 billion in total foreign operations appropriations for FY2009.

regard to host country policy making than project-only donors, even when the value of the project aid is much higher than the budget support.

A trend toward the use of “basket funds” for civil society, in which pooled funds are managed by non-governmental organizations, may be a means for the United States to harmonize with other donors and improve financing efficiency outside of host country financing and procurement systems.⁵⁵ Similarly, the United States is using a new approach in Afghanistan called “host-country contracting,” whereby funds are given directly to specific ministries that have been vetted and trained to responsibly administer the funds. However, these funds are then channeled to pre-designated non-governmental organizations for program implementation, a safeguard against corruption which some may argue undermines many potential benefits of direct budget support. Nevertheless, some experts believe that this model is likely to be replicated in the future.

Agency and Personnel Incentives

Some observers assert that there are disincentives for donor coordination at every level of foreign assistance policy making and implementation. For example, donors may be reluctant to coordinate their funds for fear of losing influence in a country or sector. Legislators may not want to give up control over the direction of assistance programs, which allows them to respond to their constituencies. Aid agencies may fear that increased collaboration will mean less independence and that more efficiency will mean downsizing. They may also be concerned about the difficulty in attributing outcomes to particular contributions, or find it harder to demonstrate the value of their contribution on a project in which they do not have full control. Moreover, several aid officials have suggested that aid workers are too busy to devote time and attention to coordination, a task that most are not evaluated on as part of their individual performance reviews.

These issues apply equally to bilateral and multilateral donors. One World Bank report noted, “harmonization and alignment commitments ... represent a clear break from past patterns of compartmentalization, when the International Monetary Fund and World Bank, the regional development banks, bilateral agencies, and the UN group all worked largely on their own and emphasized the distinctiveness of their institutional identities.”⁵⁶ Countries and agencies continue to give priority to maintaining their unique donor identity and long-established relationships. Recipient countries, too, have attachments to their long-standing relationships with donor countries. A survey report published by Ministry of Foreign Affairs of Denmark mentions, “government, ministries, sub-national authorities and NGOs have become familiar with and dependent on certain program and project arrangements with certain individual donors, and are reluctant to plunge into new arrangements that could detach them from traditional supporters.”⁵⁷ Host government officials may have developed relationships with certain donors, and may not be eager to deal with a single donor-selected representative, or to cede their own authority to work directly with donors to a coordinating committee or agency. While there is no clear evidence of the impact of these incentives on coordination efforts, it is a recurring theme in discussions with aid experts.

⁵⁵ Synthesis Report, p. 18.

⁵⁶ Harmonization Follow-Up: Global Architecture and World Bank Activities, Operations Policy and Country Services, September 22, 2003, p. 7.

⁵⁷ Synthesis report, p. 20.

Lack of Inter-agency Coordination

It has long been recognized by analysts and other aid professionals that lack of coordination between the two dozen or so U.S. departments and agencies involved in foreign assistance is an obstacle to coordination with other donors, in addition to a source of inefficiency and incoherency within the U.S. aid structure. One USAID official recounts an international donor coordination meeting in South Africa at which a South African minister had to introduce all of the representatives of U.S. agencies working in South Africa to each other, as each worked with the Minister individually and none had ever met.⁵⁸

One effort in recent years to improve inter-agency coordination of U.S. foreign assistance programs is the Country Assistance Strategy (CAS) pilot program, under which all U.S. agencies providing assistance in the 10 pilot countries⁵⁹ worked together to develop a document summarizing the specific U.S. foreign assistance goals in their respective countries and identifying priorities for a five-year period. Draft strategies for all 10 pilot countries have been submitted to the State Department's Office of Foreign Assistance, and at least four of them have been approved. While the CAS concept was originally intended to improve the strategic planning process for State and USAID programs and improve inter-agency coordination,⁶⁰ it was broadened to include information on assistance activities of other donors as well.

Both Congress and the Obama Administration have taken steps to address inter-agency coordination of foreign assistance. In June 2009, Secretary of State Hillary Clinton announced that, for the first time, the State Department would conduct a Quadrennial Diplomacy and Development Review to examine the relationship between U.S. foreign policy and development programs.⁶¹ In August 2009, the Obama Administration signed a Presidential Study Directive on Global Development Policy tasking National Security Advisor James Jones with conducting an inter-agency review of U.S. foreign assistance programs. In Congress, foreign assistance reform proposals incorporating numerous agency coordination provisions have been introduced by leaders of both the House Foreign Affairs and Senate Foreign Relations Committees. On the House side, H.R. 2410, the Foreign Relations Authorization Act for Fiscal Years 2010 and 2011, and H.R. 2139, the Initiating Foreign Assistance Reform Act of 2009, both include provisions to establish mechanisms for routine inter-agency coordination of foreign assistance. On the Senate side, coordination provisions are included in S. 1524, the Foreign Assistance Revitalization and Accountability Act of 2009.⁶²

⁵⁸ CRS conversation with USAID officials, July 17, 2009.

⁵⁹ Countries chosen for the pilot phase include Armenia, Bosnia, Democratic Republic of the Congo, Honduras, Jamaica, Morocco, Mozambique, Nepal, the Philippines, and Tanzania. The USAID Office of Middle East Programs is participating as well. These countries were chosen for their geographical diversity, range of foreign assistance programs, and the desire of mission officials to participate.

⁶⁰ The CAS pilot is managed by the Office of the Director of Foreign Assistance at the State Department, which has authority over State and USAID programs. Other U.S. departments and agencies have been encouraged to participate in the process, but State has no authority to compel participation.

⁶¹ See CRS Report R41173, *Foreign Aid Reform, National Strategy, and the Quadrennial Review*, by Susan B. Epstein.

⁶² For more on inter-agency coordination, see CRS Report R40756, *Foreign Aid Reform: Agency Coordination*, by Marian Leonardo Lawson and Susan B. Epstein.

Coordination Costs

While it is anticipated that greater donor coordination may eventually lead to more efficient implementation and lower administrative costs associated with foreign assistance, many would argue that additional resources are generally needed to establish coordination mechanisms, sometimes for extended periods. Joint assistance strategies, for example, have typically taken two to three years to draft, using significant donor staff time to produce a product that, if successful, may reduce administrative burdens in the future. According to a Paris Declaration evaluation report, “a majority of donor evaluations state prominently that increased demands on time and staff resources, particularly in the field, are significant disincentives to further harmonization measures.”⁶³

Conflicting Strategic Interests

The goal that drives most efforts to improve donor coordination—more efficient and effective development assistance—is only one of many U.S. foreign assistance objectives, some of which conflict with the donor coordination agenda.⁶⁴ One such priority, support for U.S. commercial interests, manifests itself through “buy America”⁶⁵ procurement regulations that have been an obstacle to full U.S. commitment to the Paris Declaration. Geo-political and security interests dominate U.S. aid policy in many countries as well. There are countries where the United States remains an active donor for reasons related more to strategic security advantages than to development outcomes. Strategic objectives make it difficult for U.S. officials, and those from many donor countries, to delegate their authority to other donors for fear of losing the access and influence that are often a perceived trade-off for aid. For example, if one objective of a USAID school reconstruction project in Afghanistan is to make the local population more accepting of the U.S. military presence in their community, delegating responsibility to another donor, even if that lead donor has a comparative advantage with respect to educational objectives, would result in failure to meet the U.S. aid objective.

Some aid experts contend that donors cannot improve, or even measure, the effectiveness of aid given the multiple and sometimes conflicting effects that are desired. It is hard to measure success when objectives are not clearly stated. Many hope that the current focus on foreign aid reform in Congress and the Administration will lead to improved U.S. policy coherence and greater differentiation between the short- and long-term objectives associated with various foreign assistance accounts. Such clarity may facilitate coordination with other donors in instances where common goals can be identified, and lead to a more straightforward recognition of instances in which greater coordination among donors is simply not in the best interests of the United States.

Working with Private and Emerging Donors

Researchers have estimated that less than half of all aid that reaches developing countries is now subject to Paris Declaration commitments, noting aid from private foundations and NGOs, as well

⁶³ Synthesis Report, p. 19.

⁶⁴ The Foreign Assistance Act of 1961 (P.L. 87-195), which is the basis of most current foreign aid programs, states that it is “an act to promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic development and internal and external security.”

⁶⁵ P.L. 87-195, Sec. 604.

as increasing aid from emerging donors, such as China and India, who have not participated in the DAC reporting process.⁶⁶ As ODA becomes an increasingly small part of financial flows to developing countries, Paris Declaration indicators become less meaningful. However, expanding the current donor coordination regime to include private actors and a broader range of donor states is challenging.

The objectives of many emerging state donors are more commercial than development oriented, making improved efficiency of development assistance an insufficient incentive to overcome the political and technical obstacles to participation. For many non-OECD official donors, such as Kuwait, participation in the OECD DAC reporting process does not provide any particular advantage and may not be worth the associated responsibilities. For those who do see advantages to participating in the ODA reporting (perhaps they aspire to be OECD members and wish to demonstrate their support), there are technical and political obstacles. Reporting detailed and reliable aid data of the quality expected by the DAC requires resources that many smaller donors simply do not have. Donors ineligible for OECD membership because of political and economic requirements may not want to cooperate with an organization that denies them this status.⁶⁷ Smaller donors may resist reporting ODA data for fear that their assistance will look insignificant compared to larger donors or to their official rhetoric. Others may be reluctant to reveal information about development partners or business models that can be gleaned from ODA data and may be politically or commercially sensitive.

Non-governmental donors, such as foundations and faith-based organization, share many of the OECD reporting concerns faced by emerging official donors. They may not have the resources to devote to DAC-quality data collection, and may feel they will not compare favorably to other reporting NGOs. Unlike official donors, they may also have concerns about the impact of such reporting on their fundraising efforts. Furthermore, as noted in the report on the civil society conference that ran parallel to the Accra HLF in 2008, many NGOs involved in international development see their role as much broader than that of official donors, and are wary of the potential negative connotations of the donor label.⁶⁸

⁶⁶ Kharas, Homi and Linn, Johannes, "Better Aid: Responding to Gaps in Effectiveness," The Brookings Institution, Policy Brief 2008-06, November 2008, p. 3.

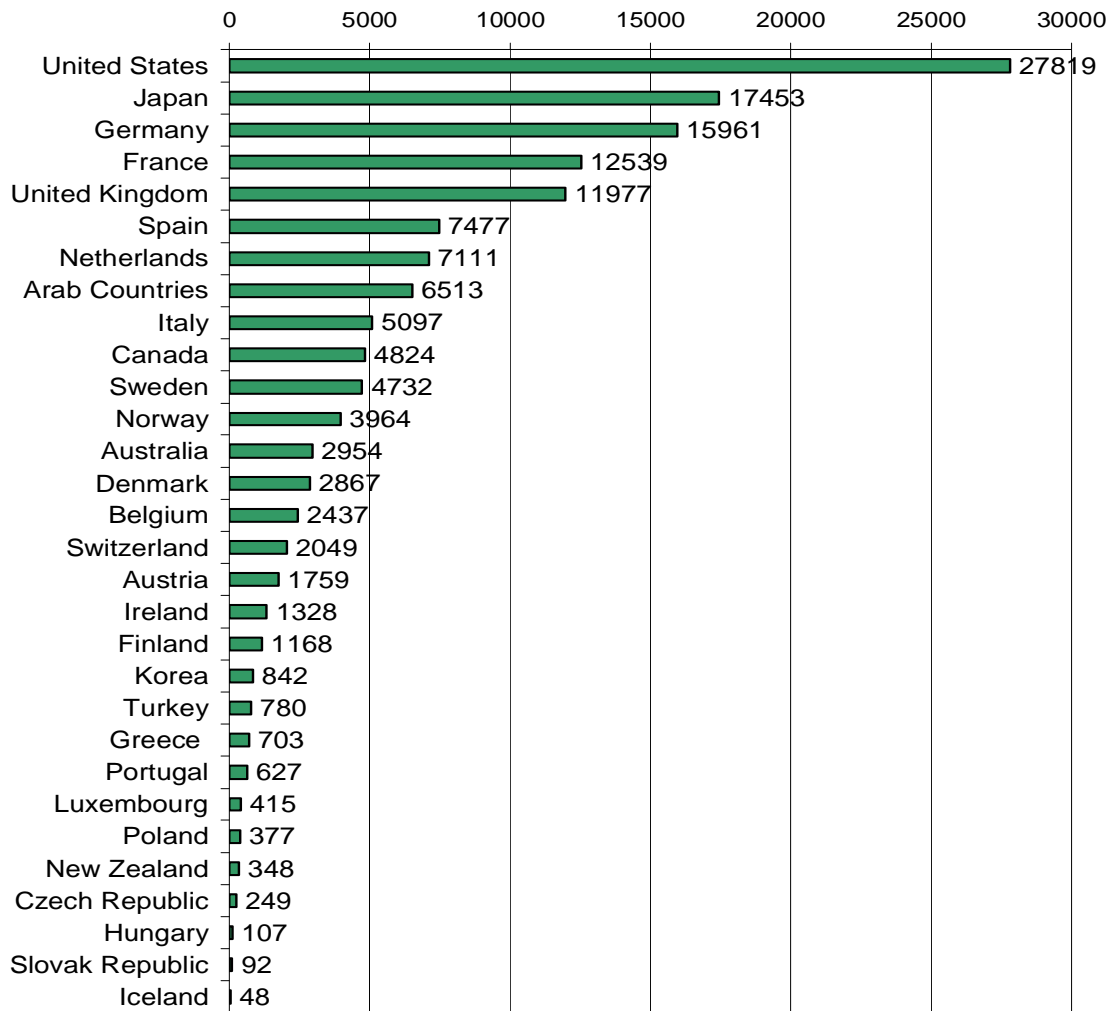
⁶⁷ Some experts believe that China has refrained from voluntarily reporting its aid to DAC as a means of pressuring the OECD to allow its membership.

⁶⁸ Civil Society Parallel Conference on Aid Effectiveness, August 31-September 1, 2008. Rapporteur General's Report, prepared by Akunn Dake of Heritage Development, pp. 3-5.

Appendix. ODA Donors and Private Foundations That Provide Assistance to Developing Countries

Figure A-I. ODA Donor Countries, 2008

(U.S. \$ in millions)



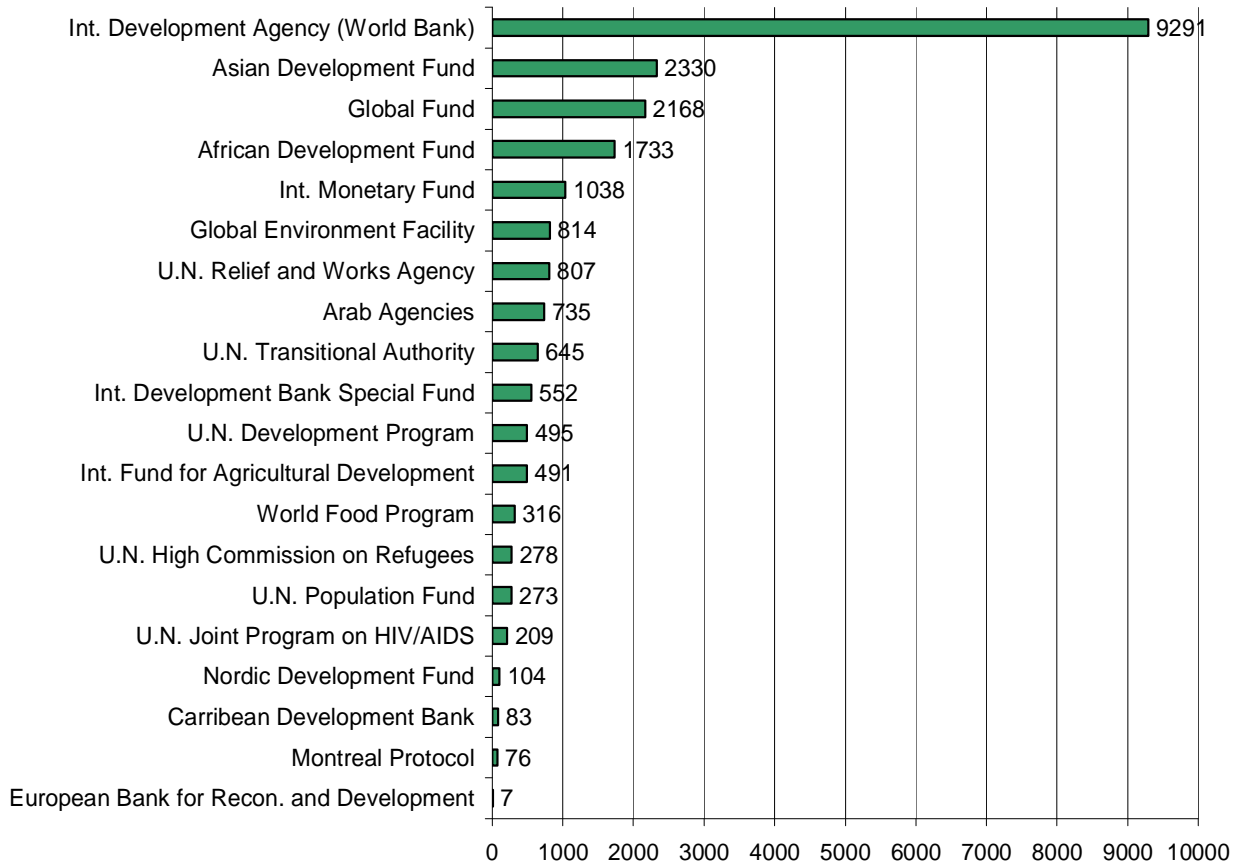
Source: OECD.Stats.

Notes: “Arab Countries” includes Kuwait, UAE, and Saudi Arabia, for which no individual data is reported by the OECD.

Country totals include both bilateral aid and contributions to multilateral aid organizations.

Figure A-2. Multilateral ODA Donors, 2008

(in millions of U.S. \$ disbursed)



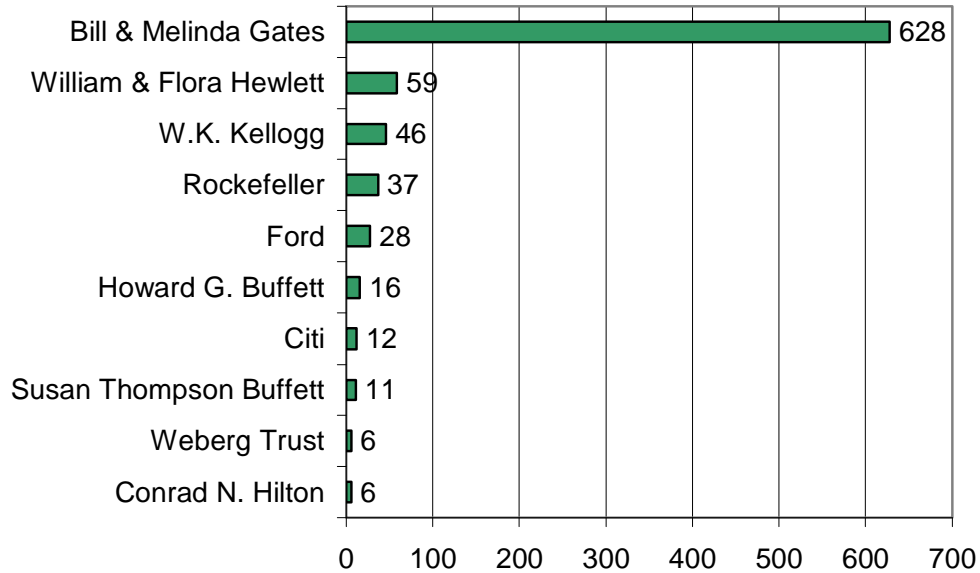
Source: OECD.Stats.

Notes: These multilateral organizations are funded by bilateral donors, whose contributions are included under their bilateral ODA totals in **Figure A-1**.

“Arab Agencies” includes the Arab Bank for Economic Development in Africa, Islamic Development Bank, and OPIC Fund for International Development, for which discrete ODA levels are not reported by the OECD DAC.

Figure A-3. Top 10 Private Foundations Awarding Grants for Poverty-Related Programs in Developing Countries, 2007

(U.S. \$ in millions)



Source: The Foundation Center: <http://foundationcenter.org/focus/gpf/poverty/>.

Notes: These figures are not closely comparable with ODA, which includes funding for programs not strictly focused on poverty-relief. Information on total development assistance provided by each foundation is not readily available. It is worth noting, however, that the Bill and Melinda Gates Foundation poverty-related grants noted here are just a fraction of the \$2.3 billion that the foundation reports obligating outside the United States in 2008.

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