Development Co-operation Report 2017
Data for Development

Development finance and policy trends

This chapter highlights emerging trends in official development assistance (ODA) from members of the Development Assistance Committee (DAC) and other providers of development assistance. It draws on DAC statistics, the findings and recommendations of DAC peer reviews conducted since 2015 and the results of the Global Partnership for Effective Development Co-operation's 2016 progress report. According to preliminary data, in 2016 net ODA reached yet another peak, at USD 142.6 billion, or 0.32% of gross national income, driven in part by increased spending on in-donor refugee costs. Country programmable aid and flows to least developed countries and small island developing states are declining, while the percentage of humanitarian assistance and aid channelled through the multilateral system and civil society organisations has risen. DAC members are improving the quality of their development co-operation but most still have a long way to go to meet their international commitments.

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Key trends

- Official development assistance (ODA) reached an all-time high of USD 142.6 billion in 2016, representing 0.32% of gross national income.
- ODA has doubled since the turn of the century and in 2016 rose by 8.9% in real terms compared to 2015.
- Aid spending on in-donor refugees rose by 27.5% in real terms to USD 15.4 billion in 2016.
- Multilateral co-operation rose to USD 41 billion in 2016, representing 28% of total net ODA.
- The share of concessional loans has increased over the past decade, from 10% of gross bilateral ODA in 2005 to 16% in 2015.
- Humanitarian assistance rose from 9% to 13% of gross bilateral ODA between 2010 and 2015.
- The quality of aid is improving but much remains to be done to achieve the four development effectiveness principles: Ownership, a focus on results, partnerships, and transparency and shared responsibility.

Despite commitments made by Development Assistance Committee (DAC) members in 2014:

- Bilateral ODA to least developed countries fell by 3.9% in real terms in 2016.
- Bilateral ODA to small island developing states fell by 17% in real terms between 2011 and 2015.
- Bilateral ODA to fragile and conflict-affected contexts fell by nearly 10% in real terms between 2011 and 2015.

ODA support is critical for the 2030 Agenda

ODA is critical to achieving the 2030 Agenda for Sustainable Development, filling key financing gaps where no alternatives exist. Given the unprecedented volume of public and private resources to be mobilised in order to achieve the ambition of the Sustainable Development Goals (SDGs), ODA must evolve and be used as effectively as possible within the broader development finance landscape.

The *2014 Development Co-operation Report* (OECD, 2014a) suggested a range of smart approaches through which ODA could have a multiplier effect on the resources needed to deliver sustainable development in the Agenda 2030 era, including: supporting developing countries, especially fragile states, to mobilise their own domestic revenue; helping countries to create a conducive environment for investment, including in infrastructure; leveraging resources from the private sector by diversifying and sharing risk; and supporting developing countries to make their growth green and inclusive.

In December 2014, members of the DAC agreed to allocate more ODA to countries most in need – least developed countries (LDCs), low-income countries, small island developing states (SIDS), landlocked developing countries, and fragile and conflict-affected states. Central to this agreement was reversing the declining trend of ODA to LDCs. Members of the DAC also agreed on changes to their reporting of the concessional element of loans to incentivise lending on highly concessional terms to LDCs and other low-income countries. These changes will become the standard for reporting from 2018 (OECD, 2014b).

Hungary became the 30th DAC Member on 6 December 2016. Because its accession to the DAC was so late in the calendar year, the Secretariat was not able to include its data in the 2015 figures for DAC members published in December 2016. Therefore it still appears as a non-DAC provider in this release of the data. Figures for Hungary will be incorporated in the DAC total as reporting in 2017 on flows in 2016.

In February 2016, the DAC agreed on a series of principles to ensure that the DAC statistical system reflects the effort of the official sector in providing private sector instruments in a credible and transparent manner; it also agreed on a number of updates to the way development finance is measured (OECD, 2016a).

DAC statistics provide a framework for monitoring and for accountability for providers, recipients and the broader international development community on ODA volumes and allocations. Tracking and analysing ODA allocations plays an important role in monitoring the implementation of international agreements to ensure the effective deployment of development expenditures in response to developing countries' needs. A fit-for-purpose ODA standard is crucial for the implementation of the 2030 Agenda (see Chapter 6).

DAC peer reviews add to the analysis of statistics, describing the strategic orientations, organisation and operations of DAC members' development co-operation and offering insight into the future direction of ODA.

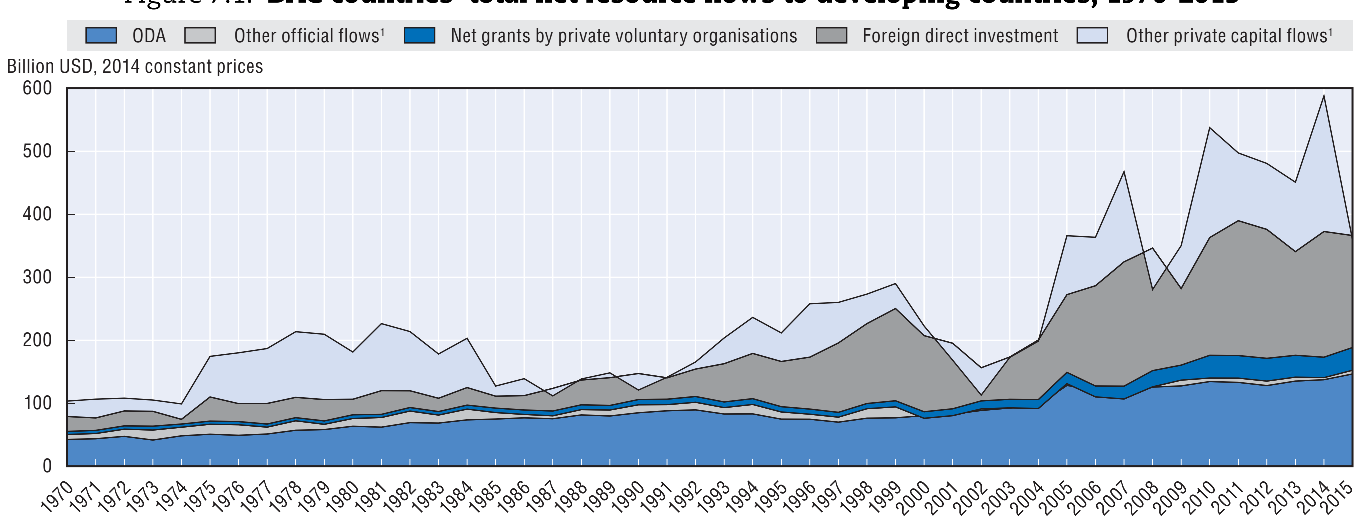
Every two years, the Global Partnership for Effective Development Co-operation (GPEDC) monitors progress towards achieving the development effectiveness principles in developing countries by development partners, including DAC members. The latest progress report was released in 2016 ahead of the Second High Level Meeting of the GPEDC in Nairobi (OECD/UNDP, 2016).

This chapter examines trends in development financing and highlights what countries are doing to fulfil their development co-operation objectives and commitments, drawing on findings from DAC statistics, recent OECD-DAC peer reviews* and the GPEDC 2016 progress report.

Financial flows to developing countries are changing

ODA has been the steadiest source of development financing for developing countries over the past 45 years and the largest source of finance until the mid-1970s (Figure 7.1). Since then, private flows have been larger in volume most years, but also more volatile and subject to market fluctuations. After 1974, lending by banks (other private capital flows in Figure 7.1) increased, and along with foreign direct investment (FDI) constituted more than half of resource flows to developing

Figure 7.1. **DAC countries' total net resource flows to developing countries, 1970-2015**



Note: ODA: Official development assistance.

1. Net other official flows were negative in 2000-01, 2004 and 2006-07; other private capital flows were negative in 1987, 1990, 2001-04, 2008 and 2015.

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* Full peer reviews include: Belgium, the Czech Republic, Denmark, Germany, Iceland, New Zealand, Poland, Portugal, Spain and the United States. Mid-term reviews include: France, Ireland, Korea, Luxembourg, Norway, the Slovak Republic, Sweden and Switzerland.

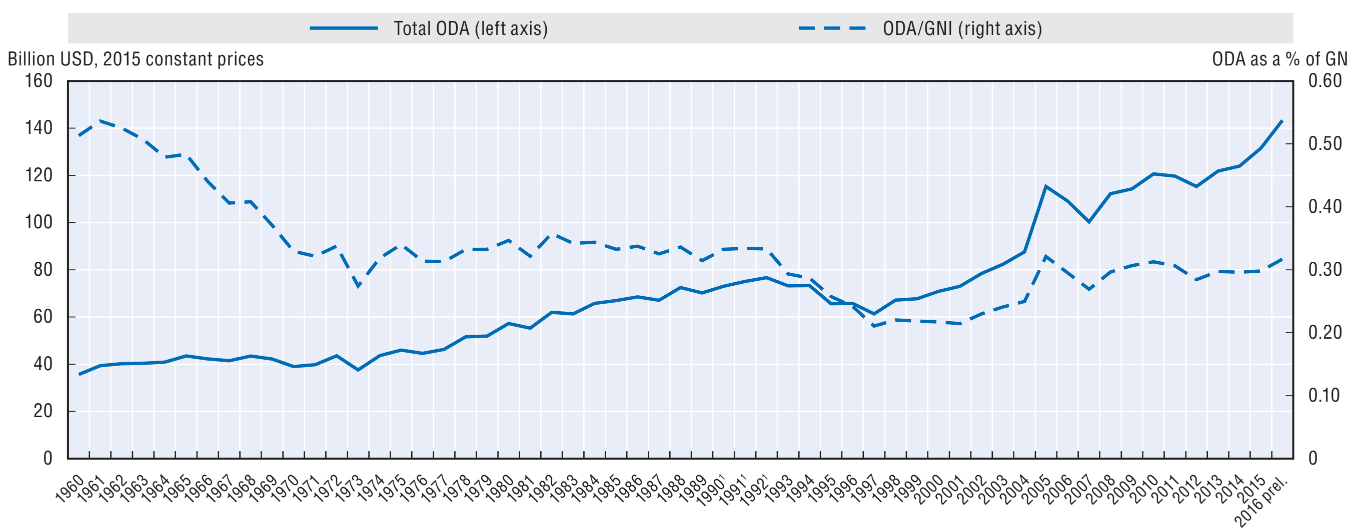
countries. These fell after the Mexican debt crisis in 1982. Since 2005, FDI has become the most significant source of private external financing, reflecting investors' long-term confidence in developing countries' investment opportunities and growth. Remittances, which are perceived to mostly finance consumption rather than investment, are also an important flow of finance to developing countries and have been growing steadily.[1] Aid by private voluntary organisations, including non-governmental organisations, has risen, doubling in volume between 2005 and 2015.

ODA flows are increasing steadily

Since the turn of the 21st century, ODA flows have been on the rise, doubling since 2000. There are several reasons for this: the agreement of the Millennium Development Goals in 2000, the Monterrey Conference on Financing for Development in 2002, the Gleneagles G8 Summit and other fora in 2005 where donors made specific commitments to scale up their ODA by 2010. Since then ODA has continued to grow, with slips in 2011 and 2012 due to the financial crisis and the euro area turmoil. Nevertheless, few donors have delivered fully on their commitments, such as achieving 0.7% ODA/GNI by 2015.

In adopting the 2030 Agenda, world leaders called on developed countries to fully implement their existing ODA commitments, including to provide 0.7% of gross national income (GNI) in ODA to developing countries, of which 0.15% to 0.2% should be provided to LDCs. While many DAC members have committed to increase ODA volumes in order to reach the target of 0.7% of GNI, and others, particularly the newer European Union members, have agreed to reach 0.33% of GNI, peer reviews show that very few have a clear plan for doing so.

Figure 7.2. **Official development assistance over the past 50 years**



1. Total DAC excludes debt forgiveness of non-ODA claims in 1990, 1991 and 1992.

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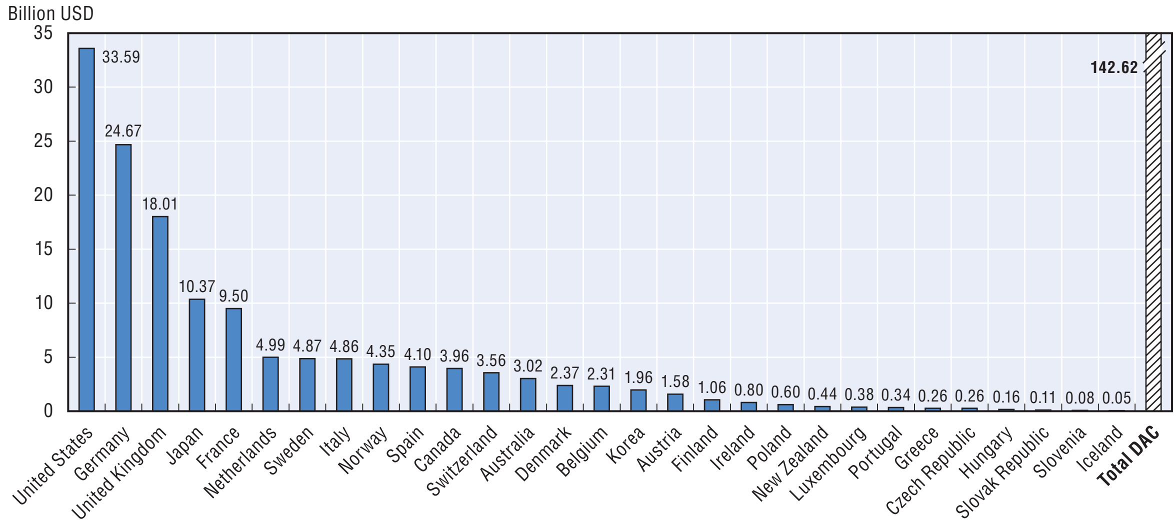
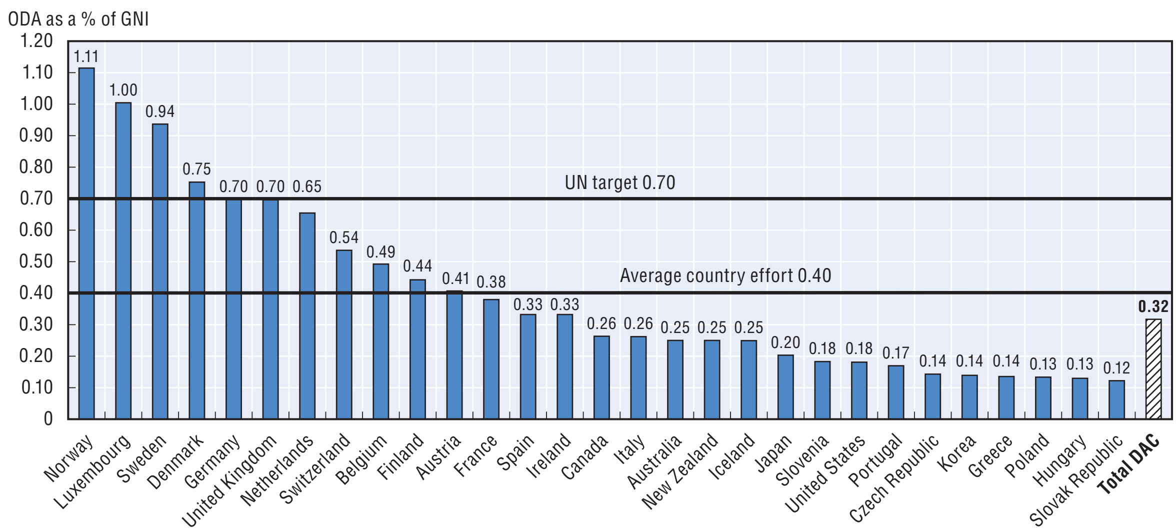
Refugee costs in donor countries are on the rise

Preliminary data (Figure 7.3) show that ODA reached a new peak in 2016 at USD 142.6 billion, representing an increase of 8.9% in real terms compared to 2015. Net ODA as a share of GNI also rose, from 0.30% in 2015 to 0.32% in 2016.

Net ODA rose in 22 DAC member countries, with the largest increases recorded in Austria, Belgium, the Czech Republic, Germany, Greece, Iceland, Ireland, Italy, Poland, the Slovak Republic, Slovenia and Spain (OECD, 2017a). For several members the increases were due to the impact of in-donor refugee costs (for example for Austria, Germany and Switzerland). France has increased its ODA but has not yet recovered its 2010 level.

Figure 7.3. **Net ODA from DAC donors in volume and as a share of GNI, 2016**





Note: Preliminary data for 2016.

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The largest DAC donors by volume in 2016 were the United States, Germany, the United Kingdom, Japan and France (Figure 7.3). Denmark, Luxembourg, Norway, Sweden and the United Kingdom met or exceeded the United Nations target of 0.7% of GNI and Germany reached this target for the first time in 2016 (Figure 7.3). The United Arab Emirates, a participant in the DAC, provided 1.12% of GNI as ODA and Turkey provided 0.79%.

In real terms, ODA fell in seven countries, with the largest decreases noted in Australia, Finland, the Netherlands and Sweden due mainly to overall budgetary cuts and fluctuations in in-donor refugee costs (Sweden).

In 2016, DAC countries' core contributions to multilateral organisations rose by nearly 10%. Support for bilateral projects, programmes and technical co-operation rose by nearly 3% but their share of total net ODA fell from 58% on average during the period 2010-12 to 49% in 2016.

The overall increase in ODA in 2016 is also explained by higher in-donor refugee costs (see Box 7.1). These costs rose by 27.5% in real terms from USD 12.1 billion in 2015 to USD 15.4 billion in 2016. Their share of total net ODA also increased, from 9.2% in 2015 to 10.8% in 2016. However, when expenditure on refugee costs is excluded, net ODA still rose by 7.1% in real terms. Excluding in-donor refugee costs and debt relief, mainly for Cuba, net ODA rose by 5.4% in real terms.

Box 7.1. **Reporting on in-donor refugee costs**

Specific instructions on the reporting of in-donor refugee costs were first introduced in the Development Assistance Committee (DAC) statistical reporting directives in 1988. These instructions have changed little since then.

In-donor refugee costs:

- "A refugee is a person who is outside his/her home country because of a well-founded fear of persecution on account of his race, religion, nationality, social group or political opinion. Assistance to persons who have fled from their homes because of civil war or severe unrest may also be counted under this item.
- Official sector expenditures for the sustenance of refugees in donor countries can be counted as ODA during the first twelve months of their stay.[1] This includes payments for refugees' transport to the host country and temporary sustenance (food, shelter and training); these expenditures should not be allocated geographically. However, this item also includes expenditures for voluntary resettlement of refugees in a developing country; these are allocated geographically according to the country of resettlement. Expenditures on deportation or other forcible measures to repatriate refugees should not be counted as ODA. Amounts spent to promote the integration of refugees into the economy of the donor country, or resettle them elsewhere than in a developing country, are also excluded.[2]"

To improve transparency in members' reporting of in-donor refugee costs, the DAC is undertaking work to clarify the Reporting Directives pertaining to in-donor country refugee costs in order to enhance comparability, transparency and credibility of official development assistance spent on in-donor refugee costs. For further information see: *www.oecd.org/dac/refugees-migration-working-group.htm*.

1. Contributions by one donor to another donor to cover such expenditures should be recorded as ODA by the contributing country. The receiving country should reduce the expenditure reported under this item by the same amount.
2. Extract from DAC Statistical Reporting Directives (see: *www.oecd.org/dac/financing-sustainable-development/development-finance-standards/DCDDAC(2016)3FINAL.pdf*, paragraphs 92-93).

While European Union (EU) DAC member states spent USD 9.7 billion on some 1.2 million asylum seekers in 2015, they spent just USD 3.1 billion in ODA to the Syrian Arab Republic, Afghanistan, Somalia, South Sudan and Sudan, the top five countries from which those asylum seekers had fled.

Country programmable aid appears to be declining

About half of bilateral ODA in 2015 was country programmable aid (CPA), also known as "core" aid. CPA is the portion of aid that providers can programme for individual countries and regions, and over which partner countries could have a significant say. This measure provides an estimate of actual aid flows that go to partner countries.

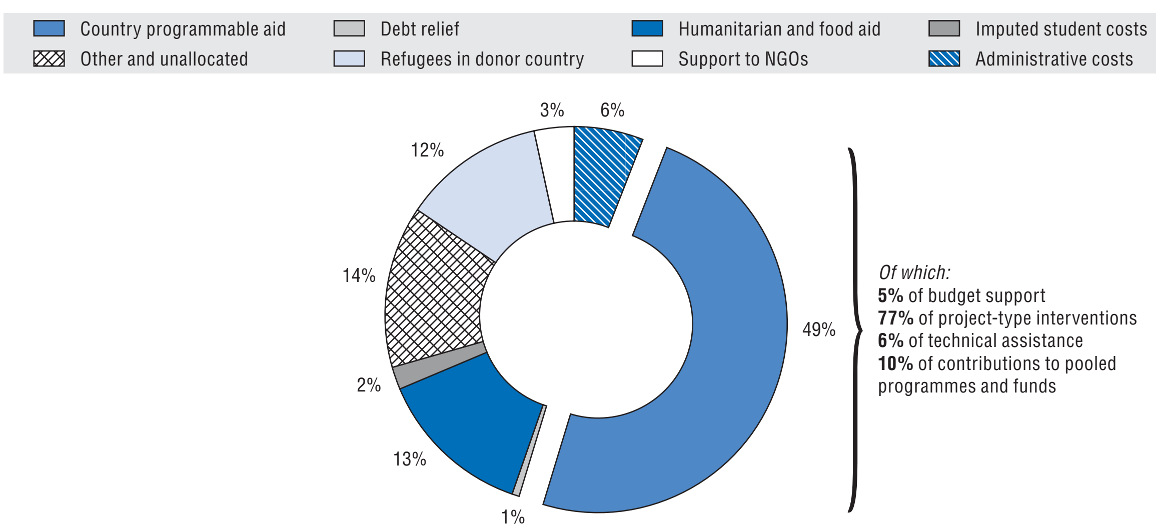
While DAC member countries' CPA has fluctuated between 53% and 55% of total gross bilateral ODA over the past five years, in 2015 it fell to 49%, representing USD 52 billion. However, the relatively stable percentage of total CPA disguises significant differences among DAC members.

Twenty-one DAC member countries reduced their volume of CPA between 2010 and 2015, with the biggest falls in the United States (USD 3.3 billion), Spain (USD 1.6 billion) and the Netherlands (USD 577 million).

These falls were offset by significant increases in CPA for Germany (USD 3.4 billion) and the United Kingdom (USD 1.2 billion), reflecting an overall scaling up of their ODA in recent years, as well as France, Korea, Japan and Switzerland. The ratio of CPA to bilateral ODA diverges markedly amongst DAC members, with Korea (83%), Portugal and Japan (76% each) having the highest share in 2015 and Austria (9%) and Greece (6%) the lowest. While Austria's CPA averaged 15% in the period 2010-15 as a result of large contributions to debt relief, it fell in 2015 as a result of high in-donor refugee costs.

DAC peer reviews since 2015 have flagged a number of changes in how DAC members are allocating their aid, which are likely to have a continuing impact on the share of CPA. For example, a significant reorientation of Dutch development co-operation has led to the use of centrally managed thematic budgets disbursed through global or regional partnerships and competitive grant mechanisms open to broad alliances of civil society, knowledge institutions, the private sector and multilateral agencies. As a result, 73% of gross bilateral ODA is now unspecified by region and 81% is unspecified by income group (OECD, 2017b). Reductions to CPA in Spain and Sweden result from cuts to the ODA budget. Similar cuts have been signalled for Denmark and Finland. On the other hand, diminishing CPA in the United States reflects the significant rise in humanitarian aid between 2013 and 2015 (which rose by nearly 22% in real terms to USD 6 billion in 2015) and greater use of multilateral channels in recent years.

Figure 7.4. **Composition of DAC countries' bilateral ODA, 2015, gross disbursements**



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Concessional lending is growing

Most DAC members provide ODA only in the form of grants; however, low interest rates and fiscal constraints have led to the share of concessional loans increasing over the past decade, from 10% of gross bilateral ODA in 2005 to 16% in 2015. While most DAC members provided their ODA in the form of grants, concessional loans represented a third or more of some providers' bilateral gross ODA in 2015 (France: 44%; Germany: 34%; Japan: 58%; Korea: 41%; Portugal: 38% and Poland: 33%).

While loans are a major feature of Japanese development co-operation, Japan has taken action to ensure its ODA portfolio meets the requirements of the *DAC Recommendation on the Terms and Conditions of Aid* (OECD, 1978) in which members agreed to raise the overall grant element of ODA to 86%. Japan's grant element of total ODA was 87.3% in 2014-15. France first failed to comply with the DAC recommendation in 2010 and with a grant element of 82.8% in 2014-15 France remains non-compliant as does Germany (85.6%). The peer review of Germany in 2015 noted that its portfolio of loans shows a disconnect between its stated focus on the poorest countries and the volume of German ODA going to middle-income countries. German loans accounted for 34% of gross bilateral ODA disbursements in 2015, largely to middle-income countries. The last peer review of France commented that it should ensure an appropriate balance between grants and loans. Korea's emphasis on highly concessional loans can be explained by its own positive experience as a recipient of this kind of aid in the past.

As part of the ODA measure, the DAC has moved towards recording the grant equivalent of concessional loans rather than recording the full amount of the loan and netting out repayments in future years (OECD, 2014b). This recognises a higher level of ODA for those loans with higher concessionality, and may incentivise more concessional lending for poorer countries (e.g. a loan provided to least developed or low-income countries will need to have a grant element of at least 45% compared to 15% and 10% for lower and upper-middle countries respectively). In turn, this allows these countries to reduce their average cost of borrowing.

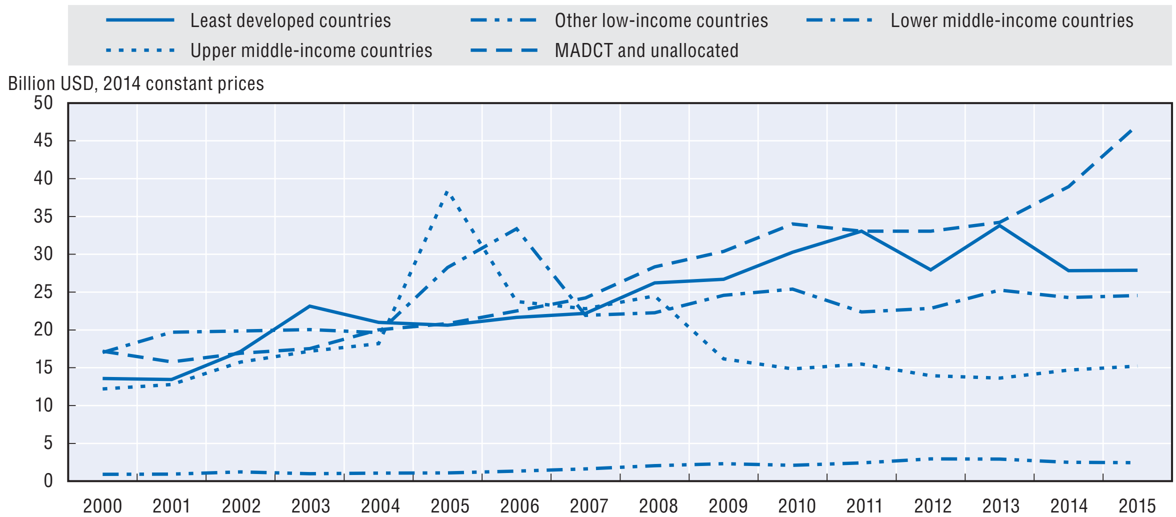
Such changes are seen as important in a post-financial crisis context. Looking ahead, gross public and private non-financial sector debt reached a record high in 2015 of USD 152 trillion (IMF, 2016). While the bulk of this increase is in advanced economies, debt levels across developing economies are also increasing, including in LDCs and SIDS (United Nations, 2017). The collaboration between provider and recipient countries has long been important in the upstream assurance of debt sustainability as well as in the downstream resolution of debt distress. Moreover, debt issues could affect both the public and private sectors. While concessional lending has not itself been driving debt accumulation, steps to modernise ODA recording is one way in which concessional lenders have been "playing their part" in mitigating these risks. Debt issues will be discussed further in the upcoming *Global Outlook on Financing for Development* (to be released in 2018).

Bilateral ODA to least developed countries is falling

The increase in ODA since the turn of the millennium benefitted countries in all income groups, especially least developed countries (Figure 7.5). However, since 2011 bilateral ODA flows to these countries have fallen (the increase in 2013 was due to debt relief for Myanmar), and between 2014 and 2015 they increased only slightly. Preliminary data for 2016 show that bilateral flows to the LDCs fell by 3.9% in real terms compared to 2015.

While 19 DAC members provided less ODA to LDCs in 2015 than in 2010, there were significant increases in gross bilateral ODA to LDCs from Poland (461%), Korea (62%), New Zealand (65%), Switzerland (61%) and the United Kingdom (38%). Austria's support to LDCs dropped from 25% of total ODA in 2014 to 6% in 2015 and budget projections for 2016 indicate further reductions ahead. DAC members with a low percentage of total ODA to LDCs in 2015 include Germany (14%), Greece (16%), the Netherlands (18%), Sweden (21%) and Italy (22%). The fact that just 15% of Slovenia's ODA goes to LDCs is explained by a focus on middle-income countries in its immediate neighbourhood of the Western Balkans. The Czech Republic (21%) and Slovak Republic (22%) are in a similar situation, with their support to LDCs being provided primarily through contributions to the European Union and multilateral agencies. While many DAC members use the multilateral system to reach out to LDCs, it

Figure 7.5. **Bilateral ODA by income group, 2000-15, gross disbursements**



MADCT: More advanced developing countries.

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is worth noting that imputed multilateral contributions to LDCs dropped from 45% in 2006 to 35% in 2015 largely as a result of reductions in the percentage provided by UN agencies and European Union institutions.

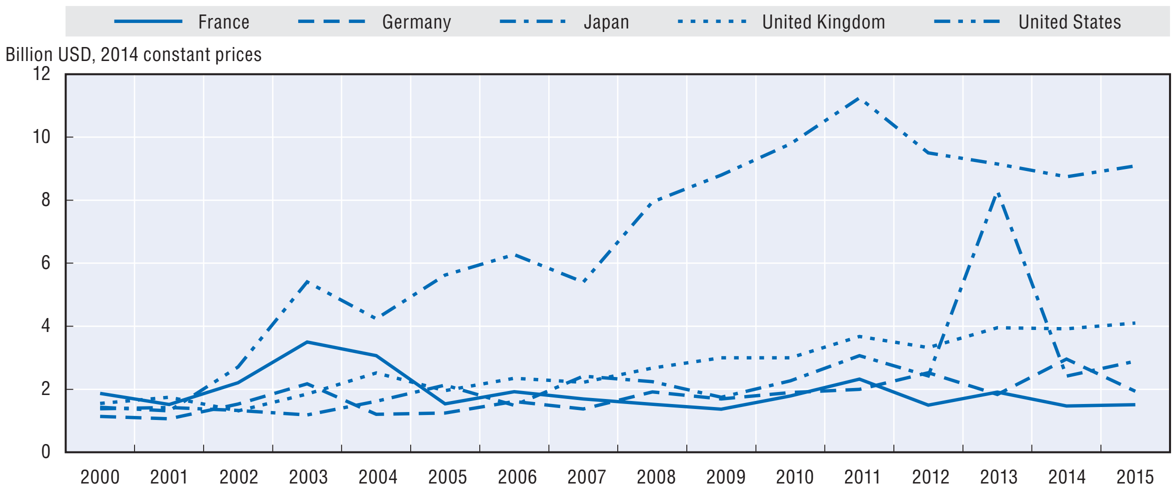
Peer reviews of DAC members highlight that stronger efforts will be needed if DAC members are to meet their December 2014 agreement to reverse the declining trend of ODA to LDCs (OECD, 2014b). Ireland and Belgium have exceeded their commitments to allocate at least 50% of ODA to LDCs, and the United Kingdom will allocate 50% of DFID spending to fragile states and regions, many of which are LDCs. Korea has set targets of allocating 50% of grants to LDCs and other low-income countries and 40% of ODA loan commitments from its Economic Development Co-operation Fund to LDCs.

The share of bilateral ODA that is not allocated by country has increased, from 31% in 2010 to 40% in 2015. Part of this increase is due to higher costs reported for in-donor refugees, which are not allocated by country. However, some donors report higher shares of aid that is not allocated by country due to regional programmes or, as suggested by the Netherlands in its recent peer review, by a lack of detailed reporting by DAC members of increased contributions to non-governmental organisations (NGOs). Some of the unallocated funding may be directed to LDCs, although the exact volume is not known.

On average, nearly half of the ODA flows to LDCs were directed to 7 out of the 48 LDCs in 2014 and 2015 (Afghanistan, Bangladesh, the Democratic Republic of the Congo, Ethiopia, Myanmar, South Sudan and the United Republic of Tanzania). Of these, Afghanistan accounted for about 15% of gross bilateral ODA flows to LDCs (with nearly 80% from Germany, Japan, the United Kingdom and the United States) and the four African countries accounted for about a quarter. The remaining 41 LDCs received half of the aid, although some of these are very small countries where smaller volumes may still translate into relatively high per capita levels. For example, in 2015 Afghanistan received around USD 130 per capita in aid, a significant amount which was dwarfed only by a number of SIDS such as Kiribati and Tonga which received some USD 600 per capita and Tuvalu USD 5 000 per capita.

In terms of volume, the United States has been the most generous donor since 2000, and its gross ODA to the group of LDCs has increased, even when its flows to Afghanistan, its largest recipient, are discounted. Aid to the LDCs from the United Kingdom also increased substantially, and although aid from Japan did not grow overall, it was redirected towards the LDCs.

Figure 7.6. **Bilateral ODA to the least developed countries from top DAC donors, 2000-15, gross disbursements**



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While the larger donors provide a greater volume of ODA, a number of medium-sized donors tend to provide a larger share of their country allocable ODA to LDCs. Over the period from 2013 to 2015, ten DAC donors provided more than half of their gross bilateral country allocable aid to LDCs. Peer reviews show that countries such as Finland, Ireland, Luxembourg and Sweden prioritise LDCs in their ODA policy.

Table 7.1. **Top ten providers of country allocable aid to least developed countries, gross disbursements**

		2013	2014	2015	3 year average	LDCs as a % of total country allocable ODA
		Million USD, 2014 constant prices				2013-15
1	Iceland	16	13	14	14	80
2	Ireland	325	309	297	311	78
3	Netherlands	702	593	556	617	67
4	Belgium	508	480	454	481	65
5	Finland	296	325	281	301	60
6	Sweden	1 049	995	1 053	1 032	60
7	Denmark	710	650	507	622	60
8	Luxembourg	121	135	140	132	57
9	United Kingdom	3 954	3 917	4 103	3 992	54
10	Canada	1 134	1 039	1 156	1 110	52

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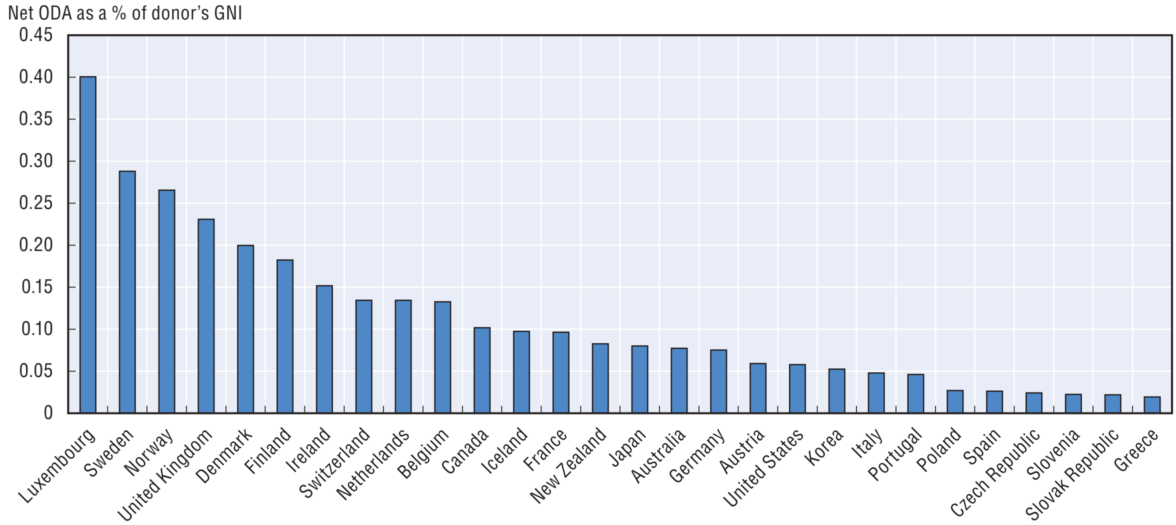
The majority of DAC countries still fall short of the United Nations target to allocate 0.15% of their gross national income as ODA to LDCs. Only seven countries attained this target in 2015 (Figure 7.7). That same year, DAC countries combined provided 0.08% of their GNI to LDCs, down from 0.09% in 2014 and 0.10% in 2013.

With respect to types of financing, in the period 2014-15, LDCs received 48% of country allocable grants extended by DAC donors; 29% went to lower middle-income countries (LMICs) and 19% to upper middle-income countries (UMICs). By contrast, just 9% of loans went to LDCs, with 47% to LMICs and 43% to UMICs. In 2014-15, the bulk of loans to LDCs came from France, Japan and Korea; almost half of Korea's support to LDCs was by way of loans followed by France (31%) and Japan (29%).

Figure 7.7. **Total net ODA to least developed countries as a percentage of the donor's gross national income, 2015**



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Over the last decade, the share of grants in gross ODA to the group of least developed countries fell slightly – from 96% of gross bilateral ODA flows from DAC donors in 2005 to 93% in 2015. However, there are some marked differences for some donors: the share of grants to LDCs from France fell from 94% to 71% between 2005 and 2015, from Japan from 82% to 66% , from Poland from 100% to 8%, and from Portugal from 100% to 74%. By contrast, some countries increased their grant share, like Italy (from 64% in 2005 to 98% in 2015) and Korea (from 32% to 53%), increased their grant share.

The share of loans to middle-income countries increased compared to grants, from an average of 15% in 2005 to 37% in 2015, with large increases from France, Germany, Japan and Korea. Peer reviews indicate that for some DAC members, the use of loans within overall portfolios is increasing (Germany) or likely to increase (France) as total ODA levels rise.

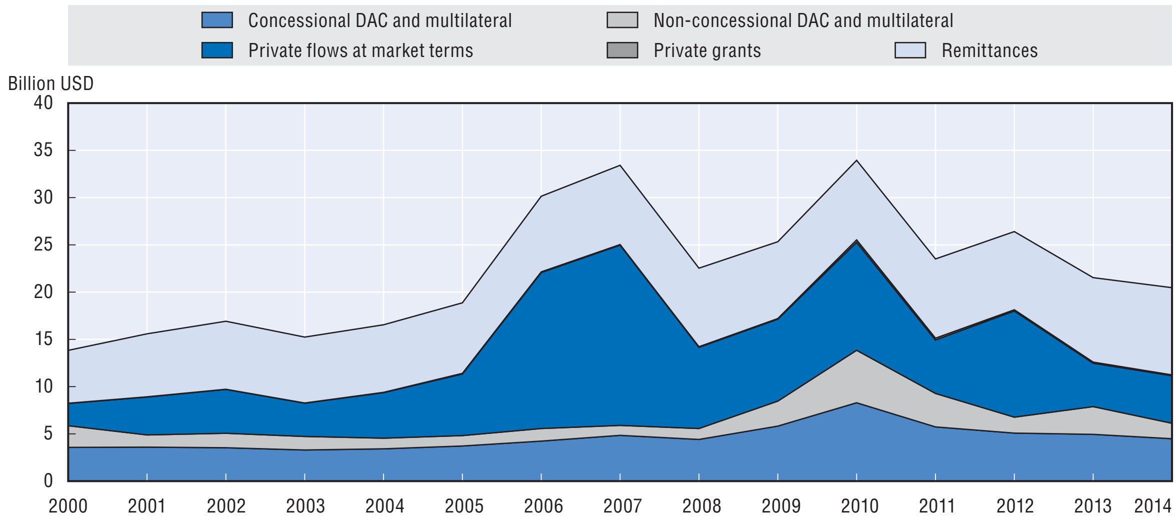
Declining volumes of bilateral ODA to small island developing states

Small island developing states face significant challenges in attracting external private finance as well as in accessing concessional finance.[2] Concessional finance to SIDS remained fairly constant between 2000 and 2009 and peaked in 2010, largely due to exceptional relief aid to Haiti after the earthquake. However, it started to decrease in 2011. In 2015, gross bilateral ODA to SIDS from DAC members amounted to USD 3.3 billion, representing a decrease of 17% in real terms since 2011. A recent study by the OECD and the World Bank noted that between 2011 and 2014, the volume of concessional finance in support of climate and disaster resilience to SIDS nearly doubled, reaching USD 1.01 billion in 2014. This represented 14% of the total concessional finance directed to SIDS during this period (OECD/The World Bank, 2016).

In 2015, the top DAC providers of gross bilateral ODA to SIDS were: Australia (USD 857 million), the United States (USD 636 million), EU institutions (USD 461 million) and France (USD 340 million). Together these donors provided more than two-thirds of gross bilateral ODA to SIDS in 2015. They are also the largest providers of climate and disaster resilience finance to SIDS along with Japan, Canada, Germany, New Zealand, Norway and Spain.

Australia is a top donor in most Pacific SIDS, where, along with New Zealand, it accounts for the bulk of the concessional finance that these countries receive. The United States is an important donor for Caribbean SIDS, while the EU is a top provider to SIDS.

Figure 7.8. **External finance in small island developing states**



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However, compared to other developing countries, SIDS do seem to have a greater reliance on one or two donors for the bulk of their concessional financing, which increases the vulnerability of these countries to changes in donor priorities. For some SIDS this is partly explained by their remoteness and limited geopolitical interest (e.g. for Pacific SIDS). For other SIDS the reasons are less clear.

The special development needs of SIDS have also been widely recognised internationally, most recently through the SIDS Accelerated Modalities of Action Pathway, the Sendai Framework for Disaster Risk Reduction, the Addis Ababa Action Agenda, the SDGs and the Paris Agreement.

Increased targeting of ODA to fragile contexts

Fragile contexts are more dependent on aid on average, but the extent of aid dependence varies significantly. While ODA remains an important source of finance for fragile contexts, some of it tends to be unevenly distributed and targeted at the symptoms rather than the real drivers of fragility (OECD, 2016c). In 2015, DAC members provided USD 41 billion in bilateral gross ODA to fragile contexts.

Table 7.2. **Gross official development assistance to fragile contexts from DAC members**

Current million USD

	2010	2011	2012	2013	2014	2015
Developing countries, total	116 005	127 561	119 646	127 582	126 724	121 070
Fragile states	45 863	49 982	45 024	52 679	44 773	40 541
% fragile states	40	39	38	41	35	33
Humanitarian ODA in fragile states	7 607	8 380	6 755	8 584	9 039	9 400
% humanitarian ODA in fragile states	17	17	15	16	20	23

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The top DAC providers of ODA to fragile contexts in 2015 were the United States (USD 12.7 billion), the United Kingdom (USD 5.7 billion) and the EU institutions (USD 5 billion). Together these donors provided more than half of gross bilateral ODA to fragile contexts.

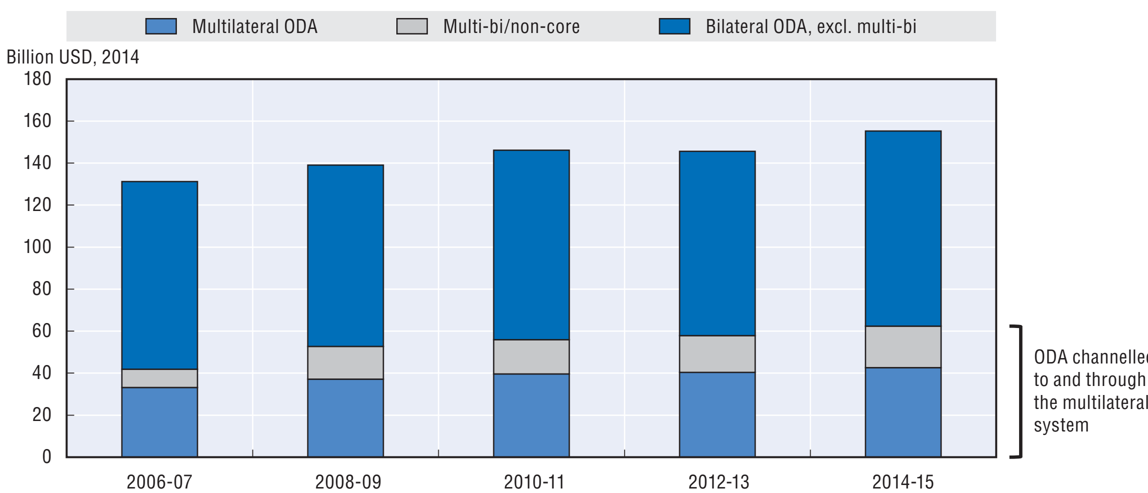
The total volume of gross bilateral ODA from DAC members to fragile states fell by nearly 7% in real terms between 2010 and 2015, due mainly to decreased spending from Belgium, Canada, France and the United States; some donors – Germany, Japan and the United Kingdom – increased their funding.

ODA allocated to and through the multilateral aid system has increased

On average for 2014 and 2015, DAC countries channelled 40% of their ODA to and through the multilateral aid system, a slight increase from the 2008-09 average of 38%. This increase was mainly due to larger ODA shares allocated to the multilateral system for specific themes, sectors or countries.

While the share of bilateral aid channelled through the multilateral system increased slightly from 11% in 2008-09 to 13% in 2014-15, the share of core contributions to multilateral organisations remained at 27%.

Figure 7.9. **ODA channelled to and through the multilateral system, two year averages, gross disbursements, DAC countries**



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Recent peer reviews of DAC members note that many lack a strategic approach to their engagement with multilateral organisations and that their financing of the UN system can be fragmented. A number of members have decreased their contributions with, for example, Denmark's share of core and non-core resources falling since 2010. The United States, which is the second-largest DAC contributor to the core budget of multilateral organisations after the United Kingdom, saw a sharp increase in its multilateral aid between 2011 and 2014. A significant portion of the United States' bilateral aid has also been channelled through multilateral organisations of late, notably to finance flash appeals through the World Food Programme, the United Nations High Commissioner for Refugees, the UN Office for the Coordination of Humanitarian Affairs and the International Organisation for Migration. Peer reviews have recommended that members concentrate resources on a few strategic multilateral partners and increase synergies with bilateral programmes. As earmarking of contributions increases, DAC members have been encouraged to focus on streamlining their monitoring and reporting procedures for multilateral organisations to increase efficiency, notably by reducing the number of similar accountability processes that the organisations should manage.

ODA allocated to and through civil society organisations remains stable

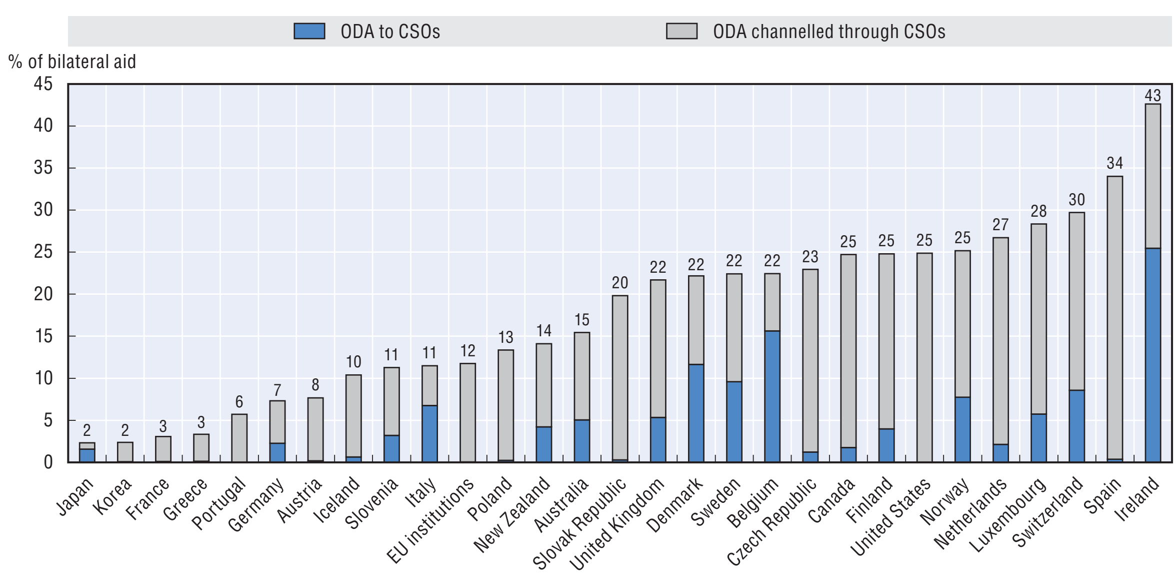
In 2015, DAC members channelled USD 22 billion in official development assistance to and through civil society organisations (CSOs). This represented 16% of total bilateral aid. While the share of bilateral aid allocated to and through CSOs differs widely among DAC members, the average share of total bilateral aid for all DAC countries over the last three years has been around 16%. In 2015, the top donors of bilateral ODA to and through CSOs were the United States (USD 7.1 billion), the United Kingdom (USD 2.7 billion), EU institutions (USD 2.1 billion), the Netherlands (USD 1.3 billion) and Germany (USD 1.2 billion).

Peer reviews of DAC members show that a number, including Finland and Slovenia, use funding to CSOs to broaden their geographical footprint, engage the domestic taxpayers and the broader public in development co-operation, and support activities promoting democracy and freedom of speech beyond their long-term partners. Luxembourg works with CSOs to support developing contexts where it cannot engage via government channels. The nature of relationships between the Netherlands and Dutch CSOs has changed significantly in recent years. While the Netherlands' 2013 strategy signalled reduced funding, it sought to preserve the independence of CSOs in relation to government spending and the need to strengthen CSOs in their role as watchdogs for global issues. CSOs are able to bid for thematic funding from the Netherlands alongside other development actors. Overall, there is need for greater clarity and understanding of how DAC members support and partner with developing country/southern NGOs.

Sector allocations are changing with more investment in economic sectors

The DAC Creditor Reporting System (CRS) collects data on individual aid activities. Each activity is assigned a sector code. These are organised by broad sector categories (social, economic, production, multisector) and non-sector aid (programme assistance, debt relief, humanitarian aid, administrative costs of donors, in-donor refugee costs and aid that is not allocated). Each broad sector has more granular sub-sectors. For example, the social sector comprises expenditure on education, health, population programmes and policies, water and sanitation, government and civil society, and other social sectors.

Figure 7.10. **Share of ODA to and through CSOs by DAC members, 2015**



Note: The value at each bar represents the share of aid to and through non-governmental organisations (%).

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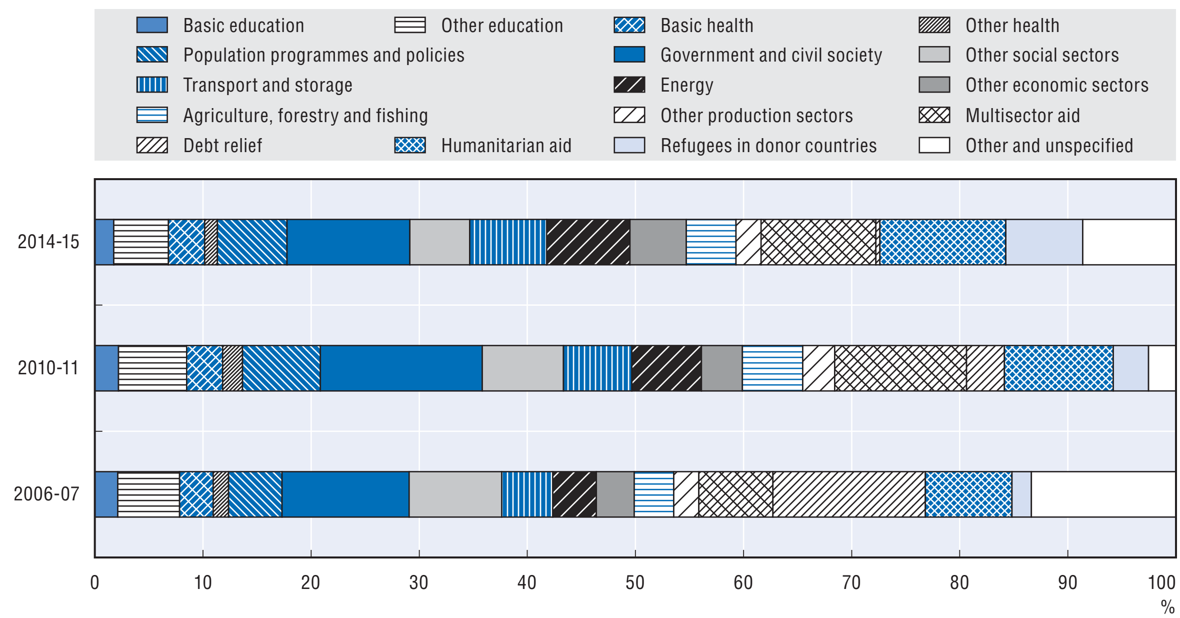
Figure 7.11 shows shifts in aid for particular sectors over the past decade as DAC members have responded to changes in the development co-operation landscape. Commitments to population, government and civil society, and other social sectors were larger in 2010-11 than in 2006-07, but had declined by 2014-15. Investments in transport and storage, energy, and other economic sectors have risen steadily as have multi sector aid, humanitarian aid and expenditure on refugees in donor countries. While debt relief was significant in 2005 and 2006 due to exceptional relief for Iraq and Nigeria, this has tapered off, and was insignificant in 2014-15.

Figure 7.11. **Trends in ODA commitments by sector**



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According to DAC peer reviews, DAC members' ODA mostly reflects their stated sector priorities. The United States' support for economic infrastructure and services remains important in volume even if it is proportionately less than its significant investments in health and good governance. The mainstay of Japanese ODA remains support to developing countries' economic infrastructure, for which it allocates more than 50% of its bilateral ODA, provided mostly as loans. New Zealand is meeting its target of 40% of sector allocable aid to the theme of sustainable economic development and 37% to human development. The United Kingdom more than doubled its investment in economic development following its 2014 Economic Development Strategic Framework.

Spain, on the other hand, has decreased ODA to the productive sector, which is in line with its strategy of focusing on social infrastructure and services, government and civil society, water and sanitation, and education. In line with its priority to water, food security, sexual and reproductive health and rights, and security and rule of law, one-third of the Netherlands' bilateral ODA went to social infrastructure and services and 12% to economic infrastructure and services. Denmark's ODA allocations have followed the four priority areas set out in its 2012 strategy: human rights and democracy, inclusive green growth, social progress, and stability and protection. Recent moves away from social sectors towards economic sectors are expected to continue in line with the government's new development co-operation priorities.

DAC members are increasingly developing partnerships with the private sector to leverage private capital, expertise, innovation and core business to benefit sustainable development. Box 7.2 lists good practice and key lessons for engaging with the private sector that emerged from an in-depth, thematic peer learning review on working with and through the private sector that was conducted in 2016..

Box 7.2. **Good practice and key lessons for engaging with the private sector**

Members of the Development Assistance Committee (DAC) are increasingly working with the private sector to realise sustainable development outcomes. A peer learning review on working with and through the private sector in development co-operation examined the politics, policies and institutions behind private sector engagement, the focus and delivery of private sector engagements, private sector engagement portfolios, effective partnership and thematic issues including risk, leverage and ensuring results. Drawing on the practical experiences of DAC members, the review highlighted good practice and outlined key lessons:

- Communicate the who, what, when, where and how.
- Engage the private sector as a means, not an end.
- Integrate aid effectiveness principles in private sector engagements.
- Ensure institutions are fit for purpose.
- Invest in the business-enabling environment.
- Develop a holistic, flexible portfolio of private sector engagement mechanisms that harness core business.
- Facilitate private sector engagements with a wide range of stakeholders.
- Make it easy to engage.
- See partnership as a relationship not a contract.
- Take risks if you want others to do so.
- Establish systems to ensure and measure additionality.
- Invest in results measurement and systems for monitoring and evaluation.

For further information see: OECD (2016d), *Private Sector Engagement for Sustainable Development: Lessons from the DAC*, *http://dx.doi.org/10.1787/9789264266889-en*.

Better co-ordination is needed amongst donors as humanitarian aid rises

From 2010 to 2015 DAC members' humanitarian aid rose from 9% to 13% of gross bilateral ODA, with significant differences among members (up to 22% for Canada and the United States). The overall amount of humanitarian aid rose at a slower pace than total ODA. The United States remains the largest donor by volume followed by the European Union and the United Kingdom, but members such as Germany, Japan, Korea and the Netherlands have more than doubled their humanitarian budgets since 2010.

While the top ten recipients of humanitarian aid were located in Africa, the Syrian crisis alone accounted for 36% of humanitarian aid in 2015, a sharp increase from 2014 (24%) and previous years.

Since 2015, peer reviews have found that DAC members are increasingly looking for greater coherence between humanitarian and development aid. Humanitarian aid is divided between the use of foreign policy tools such as resilience and integration and emergency response, which are regulated by humanitarian principles. While co-ordination amongst donors is generally weak, DAC members

Table 7.3. **Humanitarian aid, gross disbursements**

Current million USD

	2010	2011	2012	2013	2014	2015
DAC members, total	115 977	127 528	119 624	127 547	126 694	121 022
Humanitarian aid	10 795	11 374	10 124	12 547	15 392	15 143
% humanitarian aid	9	9	8	10	12	13

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have strengthened their whole-of-government co-ordination. The role of Ministries of Foreign Affairs is changing from that of sole humanitarian provider to a co-ordination role, ensuring a coherent whole-of-government approach to humanitarian aid. While relations between civilians and the military are now well regulated, this is not the case for new actors (e.g. border control, police) in the migration crisis. Most DAC members need to improve their monitoring of humanitarian responses.

Increasing focus on domestic resource mobilisation, but more aid is needed

The Addis Ababa Action Agenda recognised the importance of domestic resource mobilisation in financing for development. Over recent years there has been an increased focus on ODA being allocated to supporting tax systems development. This focus was most evident in the Addis Tax Initiative which 19 DAC members have joined. Signatory donors collectively agreed to double their spending on supporting domestic resource mobilisation by 2020.[3] To help monitor spending in this priority area, a new CRS purpose code was introduced for 2015, which shows that commitments on domestic resource mobilisation in 2015 were USD 190 million, representing just 0.14% of ODA.[4] Previous attempts to estimate ODA to tax, before introducing the new purpose code, had identified similar levels of spending.

The United Kingdom is by far the largest provider of ODA supporting partner countries' tax systems. Together with Germany, they provided nearly 50% of all funding (Table 7.4). The majority of the funding is targeted at LDCs (56%) and LMICs (24%). Afghanistan is the largest recipient (USD 41 million) followed by Pakistan (USD 13 million). Tax to GDP ratios in LDCs are increasing. Ratios have increased from under 10% in 2001 to 14.8% in 2015 on average and are approaching 15% which is generally thought to be the minimum level necessary to fund basic state functions. It is critical that donors deliver on their commitments to increase funding to tax in the coming years and improve efforts to monitor the impact of aid to tax, which is still in its infancy.

Table 7.4. **Top donors and top recipients of domestic resource mobilisation**

Donor	2015 commitments (million USD)	Recipient country	2015 commitments (million USD)
1 United Kingdom	61.0	Afghanistan	40.8
2 Germany	31.7	Pakistan	12.8
3 United States	26.9	Mozambique	9.2
4 Norway	14.1	Indonesia	7.2
5 Switzerland	7.8	Burundi	6.7
6 Australia	7.7	Tanzania	6.4
7 Finland	7.1	Zambia	5.2
8 Denmark	7.0	Guatemala	5.0
9 Belgium	6.7	Ghana	4.9
10 France	5.8	Somalia	4.6

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Political commitment to gender equality is not reflected well in aid allocations

Gender equality and women's empowerment is included in the 2030 Agenda as a stand-alone goal in its own right and a cross-cutting issue in achieving sustainable development. In the Nairobi Outcome Document, participants committed to accelerating efforts in this area (GPEDC, 2016). Adequate financing for gender equality and women's rights will be critical for making the gender equality commitments of the Busan Partnership Agreement a reality and accelerating progress towards gender equality and women's rights beyond 2015.

While DAC peer reviews find that DAC countries' political commitment to gender equality and women's empowerment is strong, implementation remains difficult. This is partly a result of the inability of DAC members to ensure mainstreaming of gender equality and women's empowerment across their development co-operation programmes. Recommendations focus on operationalising the political commitment, noting that DAC members need leadership, guidance, resources, capacity and a stronger focus on the results of investment in gender.

In 2014-15, DAC countries committed a total of USD 40 billion for gender equality and women's empowerment. The DAC country average for the share of development co-operation that had a gender equality and women's empowerment objective was 35% in 2014-15, with some DAC members well above the average – Sweden (86%), Iceland (83%) and Belgium (75%) – whereas others are well below the average: the Czech Republic (17%), France (16%), Switzerland (14%), Slovenia (13%), Poland (2%) and the Slovak Republic (1%).[5]

Development co-operation for the environment, including the Rio Conventions, is increasing

Since 1998, the DAC has monitored ODA commitments targeting the objectives of the Rio Conventions through the CRS using the "Rio markers". Every bilateral development co-operation activity reported to the CRS should be screened and marked as either: targeting the conventions as a "principal objective" or a "significant objective", or not targeting the objective. The Rio markers are descriptive and allow for an approximate quantification of financial flows targeting the objectives of the Rio Conventions. Finance reported to the United Nations Framework Convention on Climate Change and the Convention on Biological Diversity may be based on alternative definitions and measurement methodologies, and may not be comparable with Rio marker data.

In 2015, total commitments of bilateral ODA by OECD-DAC members in support of the environment, including the Rio Conventions, was USD 36 billion, representing 31% of total ODA. This represented a real increase of 19% over 2014. Of the various global environmental objectives, climate-related ODA totalled USD 28 billion, of which 47% addressed mitigation only; 31% addressed adaptation only; and 22% addressed both adaptation and mitigation.

As is the case with support for gender equality and women's empowerment, while DAC members allocate significant amounts of aid to the environment and climate change, peer reviews indicate that they continue to struggle with mainstreaming protection of the environment across their development co-operation programmes.

Development finance from providers beyond the DAC is becoming increasingly important

The development co-operation landscape has changed significantly over the past 50 years impacting the composition of providers of ODA flows.

The present 20 DAC-EU members have provided about half of net ODA flows over the past 25 years. The United States has been the largest single donor, except when it was surpassed by Japan for several years in the 1990s. Net ODA from Arab donors rose substantially in the 1970s until the early 1980s, due to the petrodollars gained from oil prices after the "oil shocks" in 1974 and 1979. Since then, their aid has fallen; however, aid by Saudi Arabia has been increasing and more recently from the United Arab Emirates (UAE) which surpassed the UN ODA/GNI target of 0.7% from 2013 and was the most generous donor that year, mostly due to a large concessional loan provided to Egypt. The UAE provided USD 4.4 billion in 2015, which represented 1.18% of its gross national income and in 2016 launched its development co-operation strategy for 2017-21.

Many providers beyond the DAC have long traditions of development co-operation and have played a key role that continues to grow. Development co-operation by countries beyond DAC membership amounted to about USD 18 billion in 2015.[6] Some donors have modest programmes, at around USD 10 million, while others spend over USD 300 million annually (e.g. Kuwait, Saudi Arabia and Turkey; see Benn and Luijkx, 2017). The characteristics of development co-operation differ from one donor to another in terms of priority sectors, partner countries and instruments. Moreover, according to preliminary figures for 2016, two non-DAC development providers, Turkey and the UAE, exceeded the 0.7% target, with net ODA as a percentage of GNI amounting to 0.79% and 1.12%, respectively.

Private philanthropy is also making an important contribution to the global development landscape. Since 2009, the Bill & Melinda Gates Foundation has been reporting to the OECD on its grants under its Global Health and Global Development Programs, and more recently has begun reporting its loans and equities under its programme-related investments. In 2015, with USD 3.3 billion of disbursements, the Bill & Melinda Gates Foundation was the third-largest provider in the health and reproductive health sectors.

Global concessional development finance exceeds USD 155 billion

Figure 7.13 provides an overview, in both volume and as a percentage of GNI, of concessional financing for development (grants and concessional loans) provided by the 30 countries – both DAC members and countries beyond the DAC membership – with the largest development co-operation programmes in 2015. In total, the OECD estimates that global net concessional development finance reached USD 156 billion in 2015, of which 15.8% was provided by countries that are not members of the DAC (Table 7.5). It should be stressed that for countries that do not report to the OECD, this number is based on an estimate of their development co-operation.

Figure 7.12. **Donor shares in net ODA**

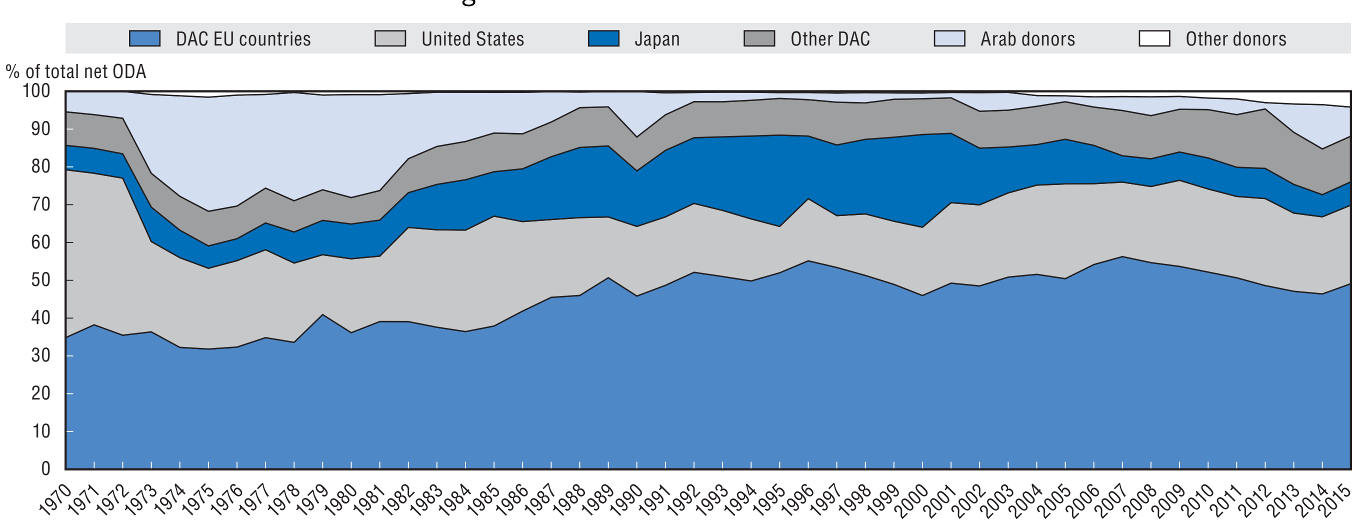

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Table 7.5. **Estimated global development co-operation flows, 2011-15**

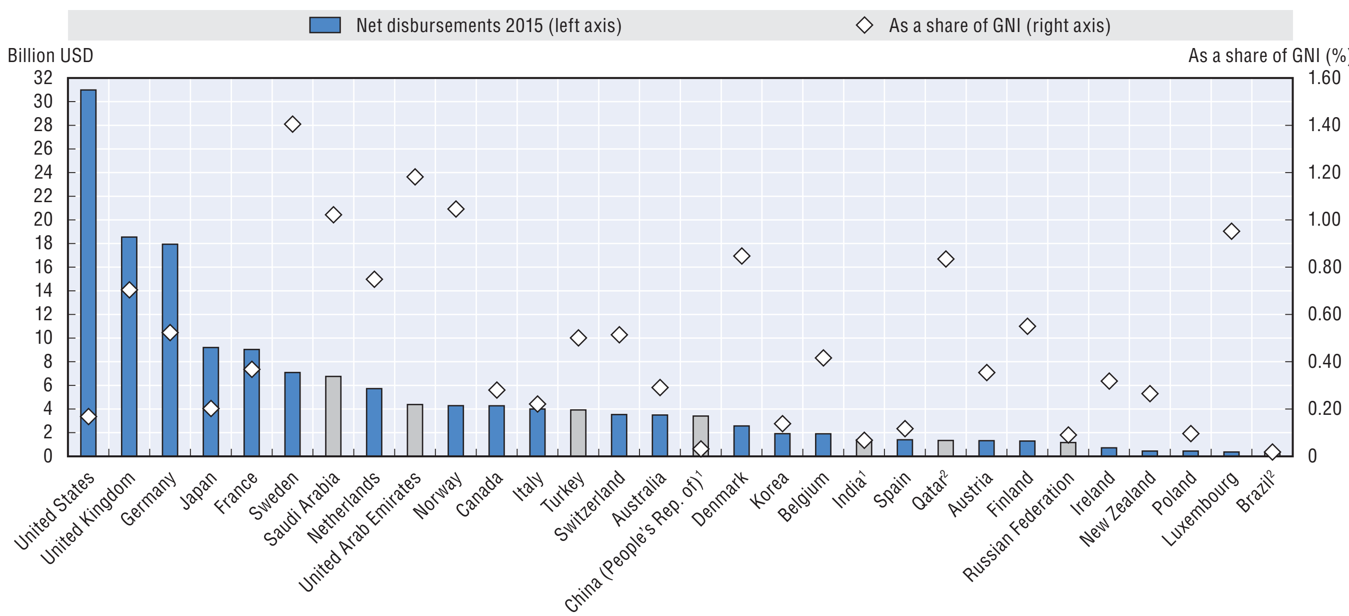
Billion USD

	2011	2012	2013	2014	2015	2015 (% of total)
ODA from 28 DAC countries	135.0	126.9	134.7	137.4	131.4	84.2
ODA from 20 reporting countries beyond the DAC	8.9	6.2	16.4	24.7	17.7	11.3
Estimated development co-operation flows from ten non-reporting countries beyond the DAC	5.2	5.6	6.8	7	6.9	4.4
Subtotal flows from non-DAC providers	14.1	11.8	23.2	31.7	24.6	15.8
Estimated global total	**149.1**	**138.7**	**157.9**	**169.1**	**156.0**	**100.0**

Notes: Hungary joined the DAC on 6 December 2016. Data for Hungary are included under "reporting countries beyond the DAC".

StatLink http://dx.doi.org/10.1787/888933491458

Figure 7.13. **Thirty largest providers of gross concessional financing for development, 2015**



Notes: Countries that are not members of the DAC are represented by grey bars.

1. Estimates based on available 2015 data.
2. Estimates based on latest data available.

StatLink http://dx.doi.org/10.1787/888933491353

Greater attention to triangular co-operation

Triangular co-operation brings together the best of different actors that support development – bilateral providers of development co-operation, partners in South-South co-operation and international organisations – to share knowledge and implement projects that support the common goal of reducing poverty and promoting development in developing countries. Triangular co-operation continues to be a highly relevant way to support development.

The OECD has been promoting dialogue on triangular co-operation over recent years while also building the evidence base of how and where it happens, notably through surveys conducted in 2012 and 2015.[7] Triangular co-operation is important for many Latin American and Caribbean donors, such as Brazil, Chile or Mexico, which work with some DAC members (e.g. Germany, Spain or the United States) to implement triangular co-operation. Other donors, such as Japan, engage in triangular co-operation, notably in southeast Asia. Some Arab donors, especially the Islamic Development Bank, have mainstreamed triangular co-operation within their activities. More data are now available on the activities and point to an increase in the number and length of projects as well as the size of the budgets. There is a great variety of triangular co-operation in terms of scale, scope, region, sector and project type. Moreover, respondents to the 2015 survey mentioned a more strategic use of triangular co-operation by pooling different actors' expertise and resources. In the long run, triangular co-operation can prove to be effective in achieving greater ownership of development results by the actors involved and has the potential to be scaled-up to reinforce joint action to achieve the Sustainable Development Goals.

Aid quality is improving but there is still some unfinished business

The Addis Ababa Action Agenda welcomed continued efforts to improve the quality, impact and effectiveness of development co-operation. While peer reviews of DAC members and the Global Partnership for Effective Development Co-operation's 2016 monitoring round, which was carried out in 81 partner countries, show important progress towards achieving the effectiveness principles agreed in Busan[8] there remains a long way to go.

Providers of development assistance have made particular progress in increasing the transparency of development co-operation and in aligning with partner countries' development priorities. While these gains are encouraging, they are coupled with an overall need for development co-operation to adapt to a dynamic and evolving development landscape. There are also specific areas where concerted effort is required to unlock bottlenecks to increasing the predictability of development co-operation, untying aid, and strengthening and using partner countries' own systems for implementing, monitoring and evaluating aid. Providing effective development co-operation is still unfinished business. While DAC members state that they remain committed to the four development effectiveness principles – ownership, results, inclusive partnerships, transparency and accountability – greater efforts are needed to achieve the behaviour change required by these principles.

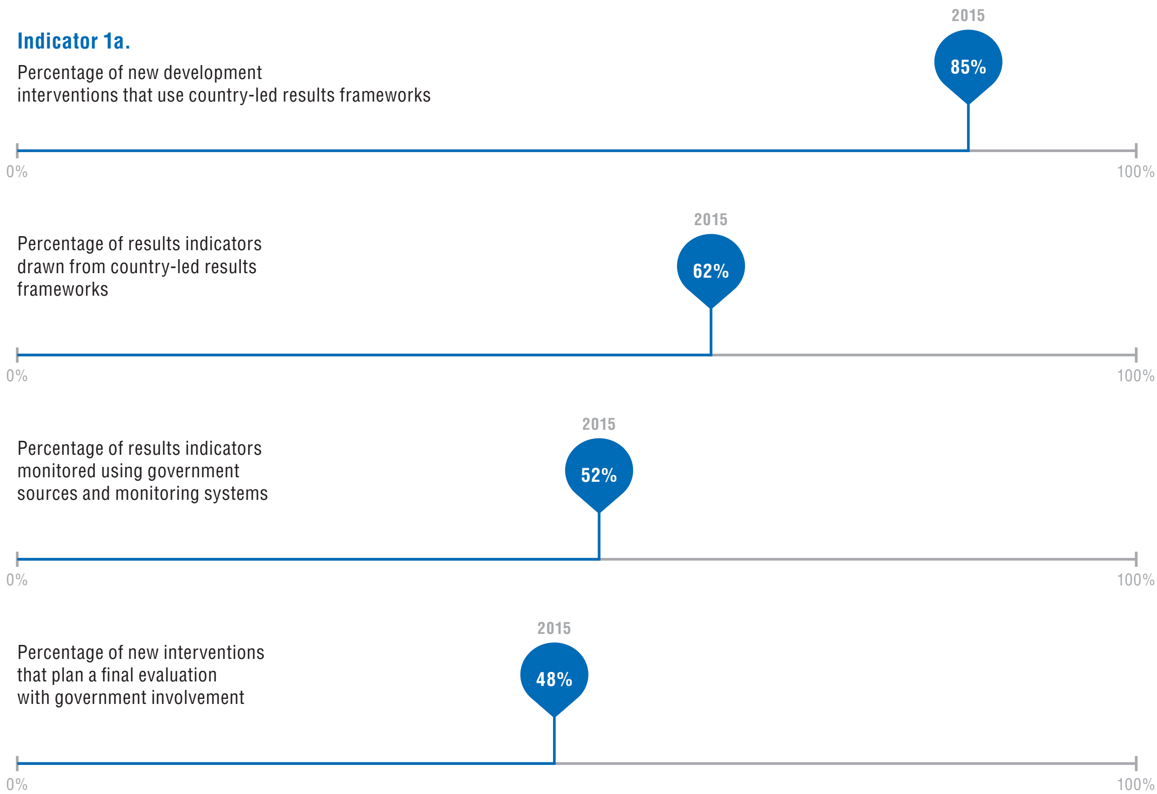
Donor alignment with partner countries' priorities and results can improve

Strengthening the results focus of development co-operation and responding to partner countries' defined priorities is critical for development co-operation to be effective. The Global Partnership monitoring process reveals that 85% of new aid interventions are aligned with partner countries' results frameworks and plans. However, providers only use government sources and systems to track results for 52% of interventions – meaning that broadly half continue to rely on project-specific sources of information. Similarly, while 77% of the new interventions incorporate some form of final evaluation, partner governments are engaged in the evaluation of results for only 49% of new projects and programmes – typically in defining the scope of the evaluation.

Peer reviews and the OECD-DAC workstream on results-based decision making indicate that managing for development results remains a priority of providers and partner countries and that results information is widely used for accountability and communication. However, using results information for strategic policy making and learning, including quality assurance, is more challenging. There is scope for providers of development assistance to improve how they use partner country results data and systems as part of their commitment to deliver the SDGs.

Figure 7.14. **State of play in focusing on results**

All countries reporting in the 2016 monitoring round



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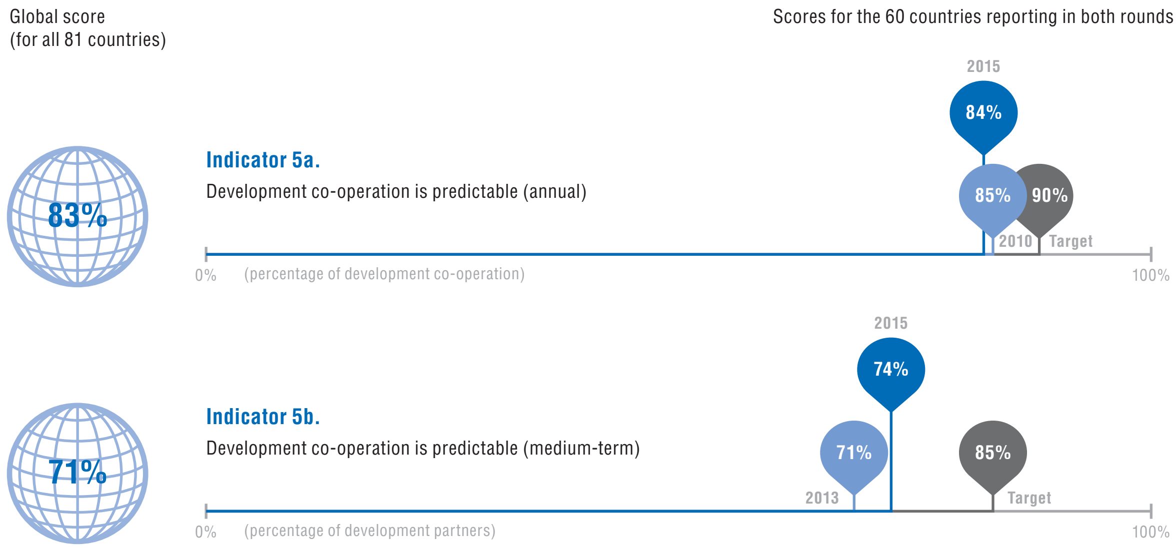
The predictability of development co-operation needs to increase

Partner countries need to manage diverse financing flows in a complementary and strategic manner. Yet development partners are making limited progress in increasing the predictability of development co-operation. Development co-operation flows to partner countries continue to be either below or above scheduled disbursements for the year, which undermines governments' capacity to plan public finance and manage external support. Annual predictability declined by 1% in 2015, to 84%. Similarly, the increase in medium-term predictability of development co-operation (i.e. three-year horizon) was moderate, reaching just 74% in 2016. While the latest spending plans of the bilateral and multilateral providers of development co-operation reveal a shift in aid allocations towards the poorest and most fragile countries (OECD, 2016b), a major institutional and cultural shift is needed to arrive at regular publication of real-time information that meets country needs for planning and managing development co-operation.

Peer reviews reveal that while some DAC members always include multi-year indicative budgets in their country strategy papers, several others do not do so consistently. The use of multi-year budgets is diminished by changes to scheduled disbursements or by lack of clear communication with partner countries.

Figure 7.15. **State of play in annual and medium-term predictability**



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The use of partner country systems and level of untied aid need to increase

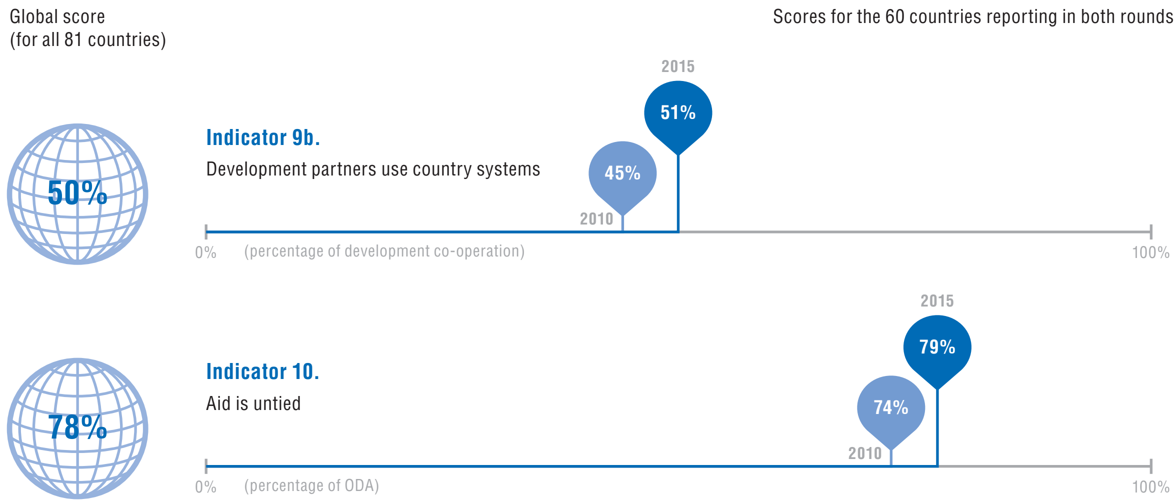
The use of partner countries' public financial management and procurement systems to channel development co-operation slightly increased from 45% in 2010 to 51% in 2015. Bilateral partners have driven this increase in the use of country systems – particularly those beyond the DAC, who increased their use from 4% to 40%. Providers are finding diverse ways to use specific systems by, for example, increasingly relying on countries' own budget execution procedures, financial reporting and auditing mechanisms. In contrast, the use of partner countries' procurement systems has decreased since 2010.

Peer reviews note a number of reasons for reduced use of country systems amongst DAC countries. These include the steady decline in the use of general budget support in recent years (down from 2% of bilateral ODA in 2004-05 to 0.6% in 2015) coupled with an increasing use of project aid (investment projects made up 13% of bilateral ODA in 2015) as well as the use of centrally managed funds addressing thematic issues and increased delivery of aid by the private sector and CSOs.

The DAC recommends that its members should untie their aid for greater effectiveness and value for money. Since 2010 the share of untied aid has marginally increased, with the global average hovering around the peak value of 78.6% which was achieved in 2014. In 2015, Australia, Canada, Denmark, Iceland, Ireland, Luxembourg, Norway and the United Kingdom maintained fully or almost fully untied aid; on the other hand, ten DAC members have not achieved the 2010 level of 74% untied development co-operation (OECD, 2015).

The DAC Chair recently expressed concern at the rise in the share of ODA that is tied to companies in donor countries, noting that it is like protectionism – "it may be a nice sell with some audiences at home… but we know it doesn't work".[9] Peer reviews consistently recommend to DAC members to meet the terms of the *DAC Recommendation on Untying ODA to the Least Developed Countries and Heavily Indebted Poor Countries* (OECD, 2014c) and to fully untie their development co-operation in line with the commitment made at Busan in 2011.

Figure 7.16. **Progress in using country systems to deliver development co-operation**



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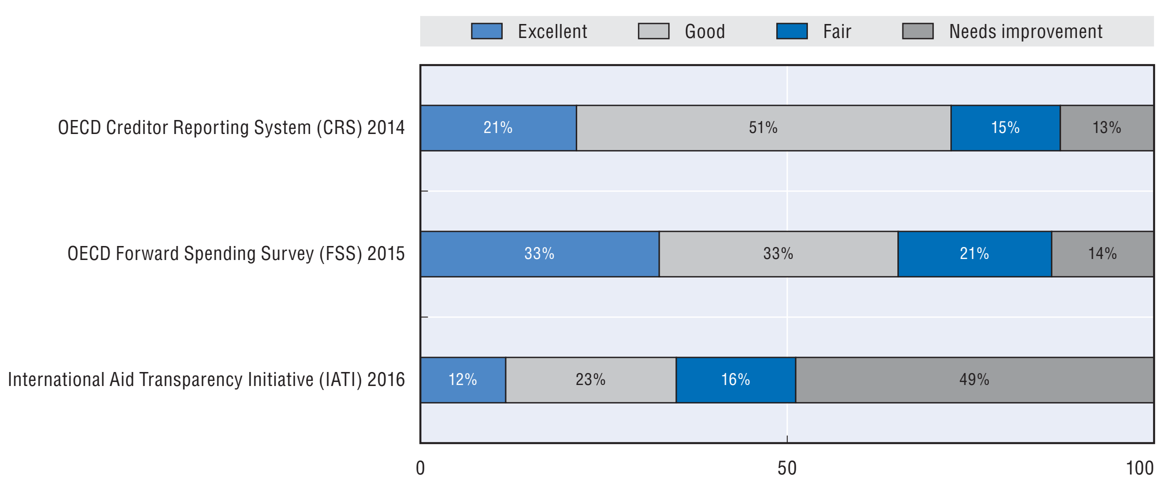
Improved transparency of development co-operation

Transparency is growing with more publicly available information on development co-operation than ever before: 72% of providers assessed for transparency achieved a "good" score in their reporting to at least one of the three international databases on development co-operation[10] and 39% achieved "excellent" in reporting to one or more systems. Progress was most notable on the timeliness and comprehensiveness of publicly available development co-operation data, while the publication of forward-looking information continues to be a challenge. Some providers experienced a trade-off between data timeliness and accuracy that needs to be managed.

Figure 7.17. **Transparency of providers' reporting to international databases on development co-operation**



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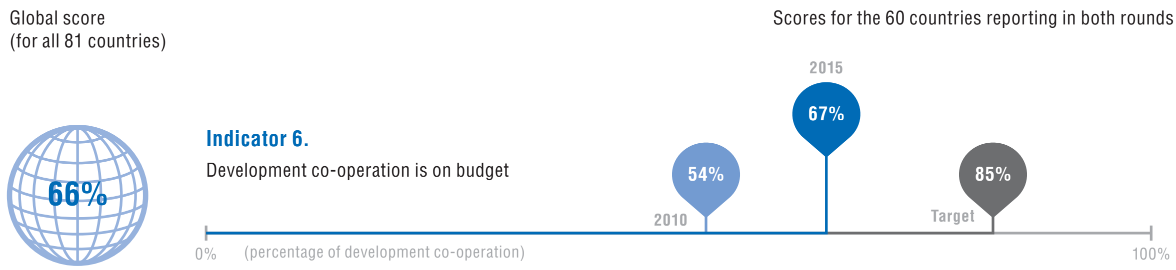
Peer reviews note that DAC members such as Belgium, Denmark and Switzerland are creating whole-of-government country strategies as a mechanism for greater transparency with partner countries. While improvements in transparency among DAC members has been aided by good use of open websites, much less information is published about the results and risks of development co-operation.

Providers and partner countries have taken joint strides to increase the recording of development co-operation finance in national budgets that are subject to the oversight of partner countries' parliaments, with an increase from 54% to 66% since 2010.

Figure 7.18. **Development co-operation recorded in national budgets**



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The 2016 Global Partnership monitoring evidence has shown that strong institutionalised partnerships at the country level can build mutual trust and underpin transparency and accountability. It also confirmed that there are countries, providers and non-state stakeholders that demonstrate the capacity to progress on agreed effectiveness principles and commitments. This indicates great potential for identifying success factors, sharing lessons and facilitating mutual learning to accelerate the global development community's efforts to deliver on the Sustainable Development Goals by 2030.

Notes

1. Remittances are not included in DAC statistics as they are primarily used to finance consumption rather than investment in developing countries. In 2015, remittances to developing countries are estimated to have been about USD 441 billion, (World Bank, 2016).
2. For more information see: *www.oecd.org/dac/financing-sustainable-development/Flyer%20-%202016%20-%20the%20case%20of%20SIDS.pdf*.
3. The spending in 2015 is to be used as the baseline against which the spending commitment will be measured.
4. The data for 2015 are based on CRS reporting against the purpose Code 15114 on "Domestic revenue mobilisation", except for: Australia, EU institutions, Ireland and Portugal, which provided the OECD with an aggregate figure on their spending.
5. See country profiles and the latest data at: *www.oecd.org/development/gender-development/Aid-to-Gender-Equality-Donor-Charts-2017.pdf*.
6. Many providers beyond the DAC report their flows for development co-operation to the DAC. For further details see Table 33: *www.oecd.org/dac/financing-sustainable-development/development-finance-data/statisticsonresourceflowstodevelopingcountries.htm*.
7. See: *www.oecd.org/dac/dac-global-relations/triangular-cooperation.htm*.
8. The Fourth High-Level Forum on Aid Effectiveness in Busan (OECD, 2011) agreed on four principles of effective development co-operation and tasked the Global Partnership for Effective Development Co-operation with measuring progress against each principle. The four principles are: ownership of development priorities by developing countries; focus on results; inclusive development partnerships; transparency and accountability to each other.
9. *www.indepthnews.net/index.php/opinion/1103-we-must-be-serious-about-untying-aid-for-the-sake-of-credibility-and-private-sector-engagement*.
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