

UK Aid Quality Indicators

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Abstract

This paper discusses the United Kingdom's foreign aid quality based on an updated assessment of the Quality of Official Development Assistance (QuODA) published by the Center for Global Development. QuODA uses 24 quantitative indicators based on how aid is given, grouped into four themes: maximizing efficiency, fostering institutions, reducing the burden on recipient countries, and transparency and learning. These are based on principles which donor and recipient countries agreed to in a series of high-level meetings on aid effectiveness.

We find UK aid quality has decreased from 2012 to 2016 and now ranks 15th out of the 27 countries assessed. The quality of its multilateral aid is relatively strong with significant contributions to EU institutions who score in the top half of multilateral agencies, and well above the UK's bilateral aid.

We analyse the UK's bilateral aid in detail, identifying areas of relative strength but also four recommendations for the UK Government to improve aid effectiveness:

1. Greater alignment with recipient plans and evaluations
2. Improved predictability and reduced fragmentation
3. Renewed commitment to giving aid to the poorest countries
4. Continued support to multilaterals after Brexit

We also argue that all donors should revisit effective aid principles and agree to measures which take better account of today's challenges and contexts, including fragile states.

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Abbreviations

African Development Fund (AfDF)

Asian Development Fund (AsDF)

Creditor Reporting System (CRS)

European Development Fund and development funding from EU budget (EU institutions)

Department for International Development (DFID)

Foreign and Commonwealth Office (FCO)

Global Alliance for Vaccines and Immunisation (GAVI)

The Global Fund to Fight AIDS, Tuberculosis and Malaria (GFATM)

Global Partnership for Effective Development Cooperation (GPEDC)

International Aid Transparency Initiative (IATI)

International Development Association (IDA)

Inter-American Development Bank Fund for Special Operations (IDB Special)

International Fund for Agricultural Development (IFAD)

The Joint United Nations Programme on HIV/AIDS (UNAIDS)

Official Development Assistance (ODA)

Organisation for Economic Cooperation and Development – Development Assistance Committee (OECD DAC)

United Nations Development Programme (UNDP)

United Nations Population Fund (UNFPA)

United Nations Children's Fund (UNICEF)

World Food Programme (WFP)

Executive Summary

This paper discusses the United Kingdom's foreign aid quality based on an updated assessment of the Quality of Official Development Assistance (QuODA) published by the Center for Global Development earlier in 2018 and drawing on data from 2016.

QuODA is one of few measures of aid quality using quantitative indicators. These are based on principles which the UK, along with other donor and recipient countries, agreed to in a series of high-level meetings on aid effectiveness following the Paris Declaration in 2005, which produced a consensus on good practices for aid effectiveness. QuODA consists of 24 different measures based on how aid is given, which can be grouped into four themes: maximizing efficiency, fostering institutions, reducing the burden on recipient countries, and transparency and learning.

Not all the indicators and measures collected through QuODA reflect the challenges of aid today, such as fragile states or humanitarian aid. The detailed analysis below takes into account some of this, but the indicators we consider rely on the information collected and reported by donors. With US\$178 billion of ODA disbursed last year, **an overarching recommendation of this work is that donors, including the UK, should renew their focus on principles and measures of aid effectiveness and update them for the reality and complexity of today's development landscape.**

The aim of this paper, and of QuODA more generally, is to enable comparisons between different donors on common measures of aid effectiveness to identify areas of relative strength and encourage improvement through understanding. In summary, we find:

Overall assessment of UK aid quality

- The UK has met the target to give 0.7 percent of GNI for each of the past five years. However, the UK ranks 15th out of 27 donor countries according to our measure of aid quality, taking into account both bilateral and multilateral aid. This is a drop of 12 places over a four-year period from 2012–2016.
- UK multilateral aid quality ranks seventh, driven in part by its contributions to the International Development Association (part of the World Bank), which scores well among multilateral agencies.
- The European Union institutions, the UK's largest multilateral partner, score above the UK's bilateral programme on the aid indicators assessed (see below for further EU findings).
- UK bilateral aid quality ranks 15th. This is mostly driven by weak scores in revised indicators under fostering institutions and smaller drops in maximising efficiency indicators. Some of the UK's weaker scores relate to its commitment to supporting fragile states, and its shift to spending beyond the Department for International Development.

Performance of the UK's bilateral aid

- On bilateral aid in 2016, we group performance into four themes. Out of 27 countries, the UK ranks just above the average in the indicators of **maximising efficiency** (12th), **reducing burden on recipients** (10th) and **transparency and learning** (10th) while on **fostering institutions** it ranks second to last (26th).

This paper sets out in detail the performance of the UK on each of the 24 indicators under these themes. Several key findings emerge from this analysis:

- The **UK remains a global leader in several** areas: its support for global public goods, its avoidance of tied aid, and its use of recipients' own financial management and procurement systems (ME7, ME8, and FI5).
- The **UK's share of aid going to poor countries has fallen** (ME1) even though its last-place rank on giving to well-governed countries (ME2)—likely a reflection of its commitment to fragile states—is unchanged from 2012.
- There are several indicators where the UK's performance has declined, or is relatively weak:
 - *Alignment with recipients' plans.* The UK was weakest on a revised indicator on whether its projects align with recipient governments' objectives (FI4).
 - *Fragmentation and predictability.* The UK did not score well on fragmentation of aid across agencies, (RB2); and on short- and long-term aid predictability (FI7 and FI8).
- **Other donors have improved and overtaken the UK** in several areas. Examples include the proportion of aid that directly reaches partner countries (ME4, where the UK improved but dropped a rank); contributions to multilaterals (RB4); proportion of aid recorded in recipient budgets (FI3); and on the degree of geographic and sector specialisation (ME5 and ME6).
- On transparency and learning, the **UK's performance is in the top half of countries overall** but below average on making development funding publicly accessible (TL2) and with a low share of evaluations planned with the recipient (TL8).

These indicators highlight genuine concerns with UK bilateral aid quality, and we recommend that the UK government takes steps to understand how these indicators compare with internal management information, and to respond.

The UK compared with EU institutions and post-Brexit aid allocations

As the UK leaves the EU, it will need to determine how to allocate around £1.5bn, 11 percent of total UK aid that it disperses through its largest multilateral partner. It currently

intends to continue channelling funds through the EU, and QuODA indicators provide some information on how the UK and EU compare in aid quality measures, and on how they compare to other multilaterals.

- **UK bilateral aid quality scores well below EU institutions** aid quality, ranking 16th and 24th, respectively, out of 40 multilateral and bilateral donors assessed by QuODA. The UK scores better than five multilateral agencies and worse than eight.
- According to QuODA 2018, the strongest multilaterals are the **Asian Development Fund, African Development Fund, Inter-American Development Bank Fund** for Special Operations, and the World Bank's **International Development Association**.
- The evidence from QuODA suggests that **several multilateral institutions—including the EU institutions—confer significant advantages over bilateral UK aid** with several ranking better in all four themes.

In the remainder of this paper we set out how we assess UK aid quality, then briefly discuss multilateral aid quality. We then focus the bulk of the paper on the UK's bilateral aid quality, and then touch on a comparison of UK bilateral aid to EU institutions.

Table 1. QuODA 2018 indicators

	Indicator	Description	UK Rank of 27 Countries
Maximising Efficiency	ME1	Share of allocation to poor countries	10
	ME2	Share of allocation to well-governed countries	27
	ME4	High country programmable aid share	13
	ME5	Focus/specialization by recipient country	17
	ME6	Focus/specialization by sector	21
	ME7	Support of select global public good facilities	2
	ME8	Share of untied aid	1 [^]
	Fostering Institutions	FI1	Share of aid to recipients' top development priorities
FI3		Share of aid recorded in recipient budgets	11
FI4		Share of development interventions using objectives from recipient frameworks	24
FI5		Use of recipient country systems	4
FI7		Share of scheduled aid recorded as received by recipients	21
FI8		Coverage of forward spending plans/Aid predictability	18
Reducing Burden		RB1	Significance of aid relationships
	RB2	Fragmentation across donor agencies	15
	RB3	Median project size	11
	RB4	Contribution to multilaterals	14
Transparency and Learning	TL1	Membership in IATI	1 [^]
	TL2	Making information on development funding publicly accessible	13
	TL3	Recording of project title and descriptions	1 [^]
	TL4	Detail of project description	12
	TL5	Reporting of aid delivery channel	14
	TL6	Completeness of project-level commitment data	12
	TL8	Share of evaluations planned with recipient	17

Note: UK ranks from QuODA 2018 results, based on 2016 data. Shading is a visual aid to interpret the ranking, ranging from green being best to red being worst.

[^] Indicators where the UK is tied for first place: ME8 tied with four countries who report 100% untied aid; TL1 tied with 15 countries who are all members of IATI, TL3 tied with four countries who record 100% of project title and descriptions in CRS.

1. Assessing Aid Quality

The UK is a well-respected donor, recognised among its peers as a leader in shaping the global development agenda, working closely with other development partners, and driving donor coordination.¹ Since 2013, the UK has been one of a small handful of countries (including Sweden, Denmark, Norway, Luxembourg, Germany, and the Netherlands) to meet its commitment to give 0.7 percent of gross national income (GNI) as official development assistance (ODA).² Looking at a selection of 27 OECD DAC countries, the UK is among the top givers relative to national income—only Sweden, Denmark, Norway, and Luxembourg gave a greater proportion of national income as foreign aid in 2017. While this commitment is commendable, quantity is not the only aspect that matters in the provision of aid. How aid is provided can have a significant impact on achieving development results.

In this paper we focus on an assessment of the UK's aid quality based on measures of good practice in giving aid. The UK, other donor countries, and developing countries and multilateral agencies agreed to a set of principles known as the Paris Declaration in 2005, which represented a commitment to good practices for aid effectiveness. Since then, donors and recipient countries have come together for several High-Level Forums on Aid Effectiveness, at which donors have reaffirmed and built on these commitments.³

We reach an overall assessment of a donor country's aid quality by scoring its bilateral and multilateral aid separately, and then weighting those scores by the relative proportions disbursed to those channels. Both scores are based on an updated assessment of the Quality of Official Development Assistance (QuODA) produced by the Center for Global Development in 2018⁴ using latest data from 2016.⁵ For each indicator we calculate a

¹ OECD Development Co-operation, *Peer Review for the United Kingdom*, 2014

² Since 2013, only the UK, Luxembourg, Sweden, Norway, and Denmark have met the 0.7% target consistently each year. Germany met it only in 2016 and the Netherlands met it only in 2015.

³ The last high-level forum was held at Busan in 2011, which paved the way for the creation of the Global Partnership for Effective Development (GPEDC). The First High-Level Meeting (HLM) of the GPEDC was held in Mexico City in 2014 and the second HLM was held in Nairobi in 2016. See <http://www.oecd.org/dac/effectiveness/thehighlevelforaonaideffectivenessahistory.htm> and <http://effectivecooperation.org/events/2nd-high-level-meeting/>

⁴ This is the fourth edition of QuODA. Previous editions were released by The Center for Global Development and Brookings Institution in 2010, 2011, and 2014 using data from 2008, 2009, and 2012 respectively. Authors of the previous editions of QuODA were Homi Kharas of Brookings Institution and colleagues at the Center for Global Development, Nancy Birdsall and Rita Perakis. The 2018 edition of QuODA was produced by Caitlin McKee, Research Associate, with oversight from Ian Mitchell, Senior Policy Fellow with research assistance from Lee Robinson, Research Associate.

⁵ For discussion of methodology and changes in the 2018 edition, see QuODA methodology document. Accessible: <https://www.cgdev.org/sites/default/files/quoda-methodology-2018.pdf>.

normalised score across all 40 donors assessed by QuODA to make indicators on different scales comparable whilst maintaining relative positions on each indicator.⁶

The 2018 edition of QuODA consists of 24 indicators measured across 27 bilateral donors and 13 multilateral agencies that compare donor performance against the commitments they have made to improving aid quality. The indicators are grouped into four dimensions that reflect international best practices of aid effectiveness: maximizing efficiency, fostering institutions, reducing the burden on recipient countries, and transparency and learning. Primary data sources⁷ are the OECD's Creditor Reporting System (CRS) and Development Assistance Committee (DAC) tables from 2016, and the Global Partnership for Effective Development Cooperation (GPEDC) 2016 monitoring survey.⁸

Fifteen different government departments spend UK ODA and we assess them all together because of data availability. In 2016, DFID disbursed the greatest value of aid, followed by FCO, while the rest of the government departments each disbursed less than 5 percent of UK aid. While some QuODA indicators are based on the amount of aid, other are based on data for the number of projects reported to the OECD CRS database. This is important because, for example, the FCO accounted for 50 percent of projects in 2012 but 25 percent in 2016. DFID's share of ODA dropped from 79 percent to 75 percent from 2012 to 2016. Performance on some QuODA indicators may be influenced by this shift, although data disaggregated by department is not fully available. A list of the proportion of ODA spend and proportion of projects by all UK government departments in 2012 and 2016 is in Annex 2.

QuODA addresses the question, "How are donors doing on the commitments that they have made to improving aid quality?" QuODA is not a direct assessment of how effective aid has been; that depends on the combined efforts of both donors and partner countries. It is instead an assessment of donors' efforts to comply with their commitments to those dimensions of aid quality that evidence and experience suggest lead to effective aid. With QuODA, we focus only on factors over which donor agencies have control.

As shown in figure 1 below, the UK has a relatively high quantity of aid, but relatively low quality of aid when considering both bilateral and multilateral spending in comparison to other donor countries (Aid Quality is presented on the Y-axis using a relative scale where the

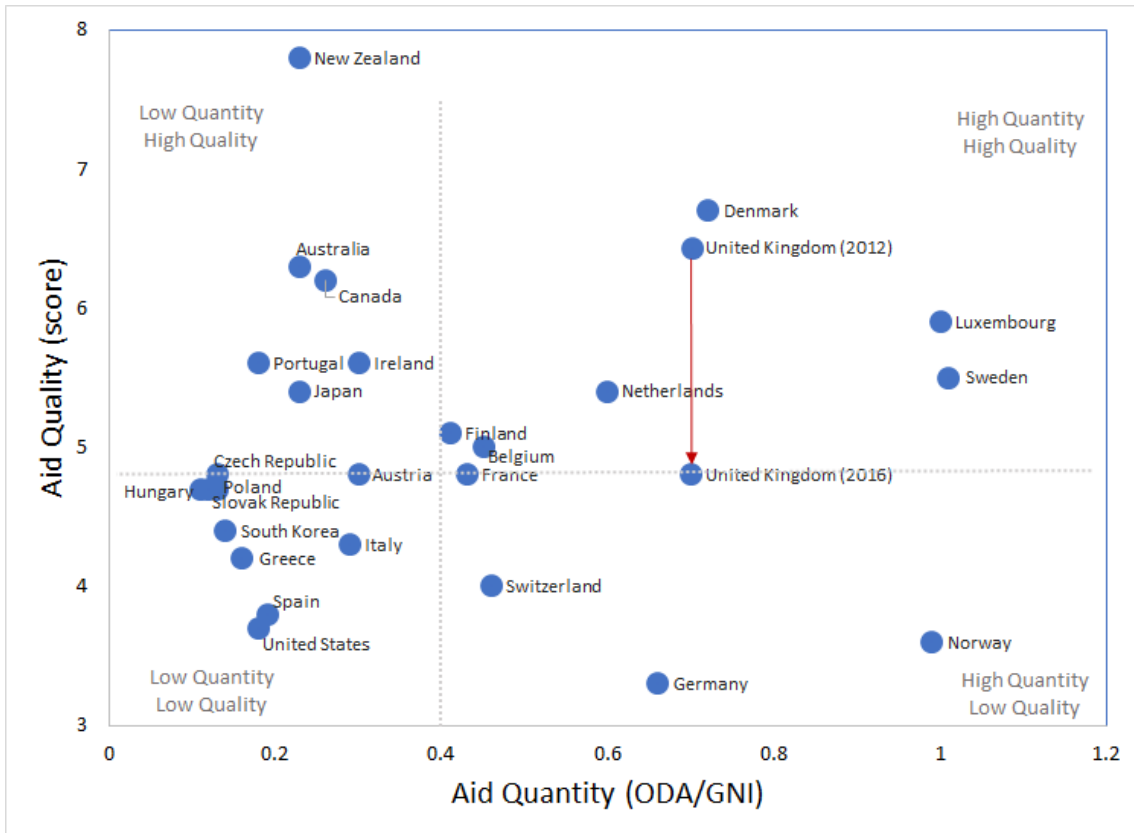
⁶ Z-scores make indicators comparable by rescaling them so that they all have an average of zero and standard deviation of one.

⁷ For listing of all data sources by indicator, see Annex 1.

⁸ For indicators that use the CRS as the data source, the UK's bilateral aid includes disbursements by up to 14 agencies and a miscellaneous category, even though DFID administers by far the most projects and proportion of aid spending. (These agencies include: Commonwealth Development Corporation (CDC); Department for Business, Innovation and Skills; Department for Culture, Media and Sports; Department for Environment Food and Rural Affairs; Department for International Development; Department of Energy and Climate Change; Department of Health; Department for Work and Pensions (DWP); Export Credit Guarantee Department; Foreign & Commonwealth Office; Home Office; Ministry of Defence; Scottish Government; Welsh Assembly Government.) For indicators that use GPEDC, this is reported at the UK country level (aggregated across UK agencies by GPEDC where relevant). All other sources are reported at UK country level.

average is 5). Using 2016 data, the UK ranks 15th out of 27 countries for overall quality of its aid.⁹ New Zealand comes in first for aid quality and Germany ranks at the bottom for quality, while they rank 16th and 6th respectively for quantity.

Figure 1. Aid quality and quantity, 2016



Note: Aid quality score relates to the combined performance of a country’s bilateral and multilateral aid and is scored using a “standardised” measure with a mean of 5 and a standard deviation of 1. All countries refer to the 2016 results (except the UK where noted in 2012 for comparison).

In the previous edition of QuODA, which was based on data from 2012, the UK ranked third overall for aid quality. However, this year it dropped 12 places, down to 15th.¹⁰ This is partly due to real changes in performance on some bilateral aid quality indicators on which the UK does worse; partly due to some donors improving more than the UK in some indicators; and partly due to new data that has become available, which show weaknesses

⁹ The UK score and rank of 15th overall represents a weighted combination of bilateral and multilateral scores. The UK’s bilateral aid ranked 15th and its multilateral ranked 7th. The multilateral aid scores exert a smaller influence on the overall rank because UK multilateral aid is just over a third of the total, but also because countries’ multilateral scores have a smaller variance than bilateral scores, so they exert a smaller pull on the overall ranking.

¹⁰ The UK was overtaken between 2012 and 2016 by: Australia, Austria, Belgium, Canada, Finland, France, Japan, Luxembourg, Netherlands, New Zealand, Portugal and Sweden.

with the UK's aid.¹¹ This edition of QuODA uses seven fewer indicators than the previous edition, which had 31. Of the indicators that were dropped for this edition, the UK's 2012 performance was quite varied and collectively around the average, meaning that the UK's drop in aid quality ranking between 2012–2016 data was not due to dropping indicators where the UK previously performed exceptionally well.¹²

The GPEDC has produced new data from its 2016 monitoring round which we employ as the data source for indicators that previously relied on Paris Monitoring Survey data. The GPEDC data collection process places a stronger emphasis on aid recipient country perspectives. Seven QuODA indicators rely on GPEDC monitoring data. On almost all of them, the UK performs relatively worse than before.¹³

2. UK Multilateral Aid Quality

The UK provided 36 percent of its aid multilaterally and 64 percent bilaterally in 2016.¹⁴ The UK's multilateral spending proportion is less than the EU average of 46 percent, but greater than the non-EU average of 24 percent for the 27 countries assessed by QuODA.

We assess the UK's multilateral aid contributions based on the QuODA scores of the multilateral agencies to which the UK gives aid.¹⁵ On multilateral aid, the UK scores well, ranking seventh among the 27 countries assessed. This is largely because the UK provides 24 percent of its multilateral aid through the International Development Association (IDA), which scores particularly highly for aid quality. The largest portion of the UK's multilateral aid—almost one-third—goes to EU institutions (the European Development Fund and development funding from EU budget).¹⁶ The EU institutions perform averagely among multilaterals (sixth out of 13 multilateral agencies assessed), but much better than many

¹¹ For details on methodological changes and data sources between editions of QuODA, please see the QuODA 2018 Methodology document. Accessible: <https://www.cgdev.org/sites/default/files/quoda-methodology-2018.pdf>

¹² UK ranked an average of 11th on the seven indicators not included for 2018 QuODA edition out of 31 total donors (23 countries and 8 multilateral agencies). The ranks were: 9th - Low administrative unit costs (ME3), 10th - Avoidance of Project Implementation Units (FI2), 25th - Coordination of technical cooperation (FI6), 6th - Coordinated missions (RB5), 13th - Coordinated analytical work (RB6), 7th - Use of programmatic aid (RB7), 5th - Quality of Evaluation policy (TL7).

¹³ The UK has ranks lower in 6 out of 7 indicators that now use GPEDC data: FI3, FI4, FI7, FI8, TL2, TL8.

¹⁴ See OECD DAC Table 1 - "Total flows by donor". The bilateral proportion includes funds disbursed by international organisations (known as "multi-bi"). Accessible: <https://stats.oecd.org/Index.aspx?DataSetCode=Table1>

¹⁵ QuODA scores are not available for all agencies through which countries spend their multilateral aid; there are over 250 in the DAC Creditor Reporting System. QuODA 2018 assesses 13 multilaterals which account for 71 percent of multilateral spending for the UK. Combined with bilateral spending, the QuODA assessment accounts for 90 percent of UK ODA disbursements.

¹⁶ EU development assistance is resourced from both the EU budget (around 70 percent) and the European Development Fund (EDF – around 30 percent). The EDF is an inter-governmental agreement of the EU Member States, based on their voluntary contributions. Consequently, the management of the EDF and its resources are not the same as for the EU budget, where the European Parliament has a co-decision role together with the Council. <https://www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/6238.pdf>

countries' bilateral aid (16th out of the 40 all countries and multilaterals assessed). The African Development Fund and GAVI receive about 4 percent each of the UK's multilateral spending and both score relatively well on QuODA indicators. The top scoring multilateral was the Asian Development Fund, which received 1 percent of the UK's multilateral spending.

This performance of multilaterals funded by the UK account for 36 percent of the UK overall aid quality assessment, as they make up 36 percent of UK aid spending. The rest of this paper will focus on the quality of the UK's bilateral aid, which makes up 64 percent of the UK's total foreign aid.

3. UK Bilateral Aid Quality

Overall, the UK's bilateral aid ranks 15th out of 27 bilateral aid programmes according to the indicators in QuODA. Across the 24 QuODA indicators, the UK's bilateral aid ranks above average on half and below average on half.¹⁷ Thematically, the UK's bilateral aid does best in indicators that assess transparency and learning, and how well donors reduce burden on recipient countries, ranking 10th in both these themes among the 27 countries assessed. UK aid ranks 12th for indicators that measure how donors maximise the efficiency of their aid. The UK's aid quality has most room for improvement in indicators that measure the degree to which the donor fosters institutions of the recipient country, ranking second to last.

¹⁷ Adding or averaging the QuODA indicators to give a combined score implicitly gives equal weight to each indicator. The indicators included arguably do not have equal importance in reflecting aid effectiveness. However, calculating a final score by averaging normalised scores across all indicators and ranking the results can draw attention to stimulate dialog to improve donor performance.

Table 2. Overview of UK bilateral aid quality 2016

Theme	Number of indicators	Score	Rank
Maximising Efficiency	7	-0.10	12
Fostering Institutions	6	-0.39	26
Reducing Burden	4	-0.05	10
Transparency & Learning	7	0.11	10
Overall	24	-0.10	15

Notes: Each indicator contributes equally to the overall score. Each indicator score is standardised across 40 institutions examined with a mean of 0 and standard deviation of 1, so scores greater than one are above average and scores less than one are below average. Rank is out of 27 countries.

Below we analyse each of the indicators under the four themes.

Maximizing Efficiency

“Maximizing efficiency” relates to how aid is disbursed across countries and sectors, and its availability for projects and programs in recipient countries. The indicators shed light on the choices made over aid allocations and the extent to which donors implement an efficient division of labor. The UK ranks 12th among 27 donor countries for indicators in this theme that assess how well donors maximise aid efficiency. This section discusses UK performance on the seven indicators in this theme and compares results from 2012 and 2016 data.

Table 3 shows the UK’s performance on maximising efficiency indicators, both in absolute terms (using real values where possible) and relative terms (rankings among 27 donor countries). The main data input for indicators in this theme is OECD Creditor Reporting System and DAC Tables.¹⁸

¹⁸ Full data for UK scores is available in the Appendix and data for all countries is available online <https://docs.google.com/spreadsheets/d/1JoZcSjf9ROiq5yumwn2MAbkqJRCkGty9aCcTj4joXuI/edit?usp=sharing>

Table 3. Maximising efficiency indicators

		Comparable to 2012		Value		Rank	
		Indicator	Data	2012	2016	2012	2016
ME1	Share to poor countries	yes	yes	*	*	3	10
ME2	Share to well-governed countries	yes	yes	*	*	27	27
ME4	High country programmable aid share	yes	yes	31%	54%	12	13
ME5	Focus/specialization by recipient country	yes	yes	86%	85%	11	17
ME6	Focus/specialization by sector	yes	yes	77%	76%	11	21
ME7	Support of select global public good facilities	yes	yes	*	*	6	2
ME8	Share of untied aid	yes	yes	100%	100%	1 [^]	1 [^]

Notes: *these indicators produce a relative score only—see annex for score. ME5 and ME6 measured as “the proportion of country programmable aid where the UK has a revealed comparative advantage.” Countries ranked out of 27 for all indicators and the shading is a visual aid to interpreting the ranking for each year.

[^] Indicates a tie for first place. Four countries rank first in 2016 for ME8 with 100 percent untied aid.

The first two indicators of maximising aid efficiency focus on allocation choices among different recipient countries. There is extensive literature that suggests that aid is more effective when it goes to poorer countries (ME1),¹⁹ and when it is given to better-governed countries²⁰ (ME2). The UK has shifted its emphasis away from the poorest countries and increased spending on poorly governed countries. Four out of the five largest recipients of UK aid score in the bottom 15 percent according to the World Bank Worldwide Governance Indicators.²¹ Using 2016 data, the UK ranks 10th among 27 countries assessed on allocation of aid to poor countries, a decline of seven places since 2012 data. The UK still spends most aid in poor countries, with just over half of ODA in 2016 allocated to least developed and low-income countries while the rest went to low- and upper-middle-income countries. However, between 2012 and 2016, the proportion of UK aid spent in least developed countries decreased by 6 percentage points and the proportion spent in upper-middle-income countries increased by 9 percentage points.²² The UK ranked at the bottom

¹⁹ Since the 1970s, many researchers have developed and tested models of donor aid allocations to gain an understanding of the determinants of donors’ decisions and to assess the marginal impact of aid on development based on certain factors. Few widely-accepted generalisations have emerged from these studies; however, most of them have found a significant positive impact of providing more funding to relatively poorer countries. See McGillivray (1989); Collier and Dollar (2001 and 2002); Hansen and Tarp (2001); Dalgaard and Hansen (2001); and Easterly, Levine and Roodman (2003).

²⁰ This indicator uses the World Bank’s Worldwide Governance Indicators to assess relatively how well-governed aid recipients are.

²¹ Pakistan, Syria, Nigeria and Afghanistan; but not Ethiopia (3rd largest recipient)

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/660062/SID-2017b.pdf#page=4

²² In 2012 total UK ODA was 55 percent in least developed countries and 8 percent in upper-middle-income countries. In 2016 this had shifted to 49 percent and 17 percent, respectively. In both years, 29 percent of ODA

for its share of allocation to well-governed countries in both 2012 and 2016. This result is a strategic choice given that fragile states are often the worst governed and the UK has an explicit strategy to dedicate at least 50 percent of DFID funding to fragile states and regions.²³ Still, other countries that score among the top donors such as Denmark and Ireland also spend at least 50 percent of their bilateral aid in UK-defined fragile states.²⁴

There is an inverse relationship between ME1 and ME2: poorer countries tend to be less well-governed. Few countries score well on both. However, the UK's performance on these indicators shows that whilst the UK is still spending aid in countries that are less well-governed, its spending is now less focussed on the poorest. Examples of countries that are relatively poor and relatively well-governed include Rwanda, Senegal, and Malawi. Several major recipients of British aid also fall into this category, including Ethiopia, Kenya, and Tanzania (currently the 3rd, 6th, and 12th biggest recipients of UK aid). However, the UK gives significant amounts of aid to countries that are assessed as poorly governed *and* less poor: Pakistan, Nigeria, and Lebanon (1st, 4th, and 15th UK aid recipients).

The reduced focus on the poorest countries is consistent with the Government's decision to spend more of its aid budget in departments other than DFID. In 2016, non-DFID departments and cross-government funds spent three-quarters of their bilateral aid in middle-income countries. By contrast, DFID's spending was more focused on low-income and least developed countries, with 41 percent of spending allocated to middle-income countries.²⁵ The UK's focus on fragility in the Middle East is also likely to have influenced this indicator; four upper-middle-income countries bordering Syria (Iraq, Jordan, Lebanon, and Turkey) saw their collective UK ODA receipts increase from less than £100 million in 2014 to over half a billion in 2016.²⁶

A substantial portion of what is termed "official development assistance" does not represent actual transfers of funds to partner countries. The DAC, recognising the need for a metric that reflects the amount of aid that is received and recorded by partner country governments, constructed a measure called country programmable aid (CPA).²⁷ For

went to low-middle-income countries. Source: Statistics for International Development. Accessible: <https://www.gov.uk/government/statistics/statistics-on-international-development-2016>

²³ As laid out in the UK aid strategy in 2015 "Tackling global challenges in the national interest". Accessible: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/478834/ODA_strategy_final_web_0905.pdf

²⁴ According to CGD calculations using DAC Table 2a, in 2016 the UK spent 64% of aid in countries on its 2015 list. In comparison, second-ranked Denmark spent 50% in these countries and third-ranked Ireland spent 57%. For DFID's list of fragile states, see DFID Methodology note: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/722389/Methodology-Note-Fragile-and-conflict-affected-states-and-regions.pdf

²⁵ The Institute for Fiscal Studies and the Center for Global Development, *How the UK spends its aid budget*, 2018, p. 270

²⁶ Ibid

²⁷ See Benn, Rogerson and Steensen (2010): <https://www.oecd.org/dac/aid-architecture/45564447.pdf>

indicator **ME4** we find the proportion of ODA that is considered “strict” CPA,²⁸ meaning that it excludes funding that does not flow to partner countries (e.g., donor administrative costs, imputed student costs, technical cooperation, and loan interest payments), unpredictable flows (e.g., humanitarian assistance), and transfers that are not discussed between donors and partner countries (e.g., food assistance). The UK increased its country programmable aid share from 31 percent in 2012 to 54 percent in 2016. However, other countries increased their share at a greater rate, so the UK fell one place in the ranking, despite an improvement in absolute terms.

Although partner countries have benefited from the growth of aid, donor proliferation has diluted the impact of development efforts. Concentration of support can help donors foster stronger expertise and strengthen donor accountability to partners. **ME5** measures the specialisation of donors by recipient country by calculating the proportion of aid spent in countries where the donor has a “revealed comparative advantage” (RCA).²⁹ The UK value for this indicator barely changed between 2012 and 2016 from 86 to 85 percent. However, the UK’s relative ranking went down from 11th to 17th, indicating that other countries became more geographically specialised than the UK. The UK dispersed bilateral aid to 124 countries in 2016. Portugal, which scores the best for indicator ME5, gave to 61 countries.

By the same logic of indicator ME5, indicator **ME6** measures a donor’s specialisation by sector to further examine donor fragmentation. Again, the UK’s value for this indicator barely changed between 2012 and 2016 but the country dropped 10 ranks during this period. About three-quarters of UK aid goes to sectors where the UK has a revealed comparative advantage, but currently 20 donor countries have better sector focus. There are 50 different sectors classified by CRS and the UK has projects in 37 of them.³⁰ Greece, which scores the best for indicator ME6, is specialised in only seven sectors.

Poverty-reducing global public goods are chronically underfunded. The UK does well on supporting global public goods overall and as a portion of total aid³¹ (**ME7**), moving up four spots since 2012 and is now second. The UK is the largest funder of global public goods in absolute terms, contributing \$420 million to the nine facilities that we include in the latest assessment.³²

²⁸ In addition to excluding everything that the DAC excludes in its definition of CPA, for this indicator we calculated “strict” CPA by also excluding interest received and technical cooperation from gross ODA.

²⁹ The concept of RCA is used in trade theory (Balassa 1965) to measure the relative advantages and disadvantages of trade partners with respect to traded goods and services. For further details of how this indicator is calculated, see QuODA methodology paper.

³⁰ Currently the UK’s biggest sectors are Government & Civil Society; Conflict, Peace & Security; and Social Infrastructure and Services.

³¹ The denominator for this indicator also includes contributions to UN peacekeeping. It’s not clear why this is the case, and we will review in advance of the next QuODA update

³² The 10 initiatives are: Advance Market Commitments (AMC), Consultative Group on International Agricultural Research (CGIAR), Extractive Industries Transparency Initiative (EITI), Global Environmental Facility (GEF), International Finance Facility for Immunisation (IFFIm), International Initiative for Impact Evaluation (3ie), Montreal Protocol Fund (MPF), the Clean Technology Fund (CTF) and Strategic Climate Fund

For five decades the international community has condemned the practice of tying aid, where aid resources are offered under the condition that the goods and services they fund be procured from suppliers based in the donor countries. The UK is one of six countries in our assessment who report 100 percent untied aid (ME8). However, it is worth noting that research suggests that although UK aid is not officially tied, over 80 percent of British aid contracts go to British companies³³ and some research funding is effectively only available to UK research institutions.³⁴

Summarising UK performance between 2012 and 2016 for indicators that assess how well donors maximise aid efficiency:

- Aid allocation has shifted away from poor countries (ME1) while there has been no improvement in redirecting to better-governed countries (ME2).
- The proportion of country programmable aid has improved, but remains average compared to other donors (ME4).
- Geographic specialisation (ME5) and sector specialisation (ME6) of aid has not changed in real terms, but other donors have improved.
- Good performance on contributions to global public goods (ME7) and proportion of reported untied aid (ME8), although wider evidence implies that de facto aid tying might merit further investigation.

Fostering Institutions

“Fostering institutions” is about building the institutional strength in recipient countries by using country systems, priorities, and approaches. The indicators assess donors’ willingness to make long-term investments in strengthening partners’ ability to develop and implement their own strategies. They point to the degree to which donors are genuinely prepared to put partners in the driver’s seat, as so often promised.

(SCF). We excluded multilateral donors from this indicator because they often manage but do not contribute to these facilities. Based on the available data, in some cases we used disbursement amounts, and in some cases, we were limited to using commitment amounts. For details on figures used for each GPG facility, see Annex 5 in [QuODA Methodology Document](#).

³³ According to 2017 “Report on the DAC Untying Recommendation.” The underlying data is from the “Contract Awards Database,” using 2014 data. Accessible: <https://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/2017-Report-DAC-Untying.pdf>

³⁴ “Between 2016 and 2021, GCRF will invest £1.5bn for collaborative research and innovation through UK universities and research organisations, delivered by the research councils, academies, funding bodies and UK Space Agency.” Department of Business Innovation and Skills, *Research and Innovation: Official Development Assistance (ODA). Statement of Intent*. https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/623850/bis-research-innovation-oda-statement.pdf

Overall the UK’s weakest performance and most decreased scores over time are in this theme. The 2014 OECD DAC Peer review of UK aid (based on 2012 data) identified this trend was already in motion, noting that “the UK’s enthusiasm for using country systems as the default approach has waned” as evidenced by a decrease in budget support.³⁵ This section discusses UK performance on the six indicators in the theme of fostering recipient country institutions and compares results from 2012 and 2016 data.

Table 4 shows the UK’s performance on fostering institutions indicators, both in absolute terms (using real values) and in relative terms (rankings among 27 donor countries). The main data input for indicators in this theme (except FI1) is GPEDC monitoring data, while the previous edition of QuODA relied primarily on Paris Monitoring Survey data. Note that the data source has changed for all indicators in this theme and two of the six indicators in this theme are not considered comparable to the previous edition.³⁶ The GPEDC data reveals some weakness in UK aid quality as the UK scores relatively worse on four of the five indicators in this theme that use this source. Full data for UK scores is available in the Appendix and data for all countries is available online.³⁷

Table 4. Fostering institutions indicators

		Comparable to 2012		Value		Rank	
		Indicator	Data	2012	2016	2012	2016
FI1	Aid to recipients' top development priorities	no	no		27%	7	9
FI3	Aid recorded in recipient budgets	yes	no	100%	78%	1	11
FI4	Interventions using objectives from recipients	no	no		46%	6	24
FI5	Use of recipient country systems	yes	no	57%	65%	8	4
FI7	Scheduled aid recorded as received by recipients	yes	no	100%	65%	1	21
FI8	Coverage of forward spending plans/ predictability	yes	no	54%	58%	11	18

Notes: Countries ranked out of 27 for FI1, and countries ranked out of 24 for FI3, FI4, FI5, FI7, and FI8 due to missing data for some countries. The shading is a visual aid to interpreting the ranking for each year.

³⁵ The 2014 DAC peer review of the UK is based on 2012 complete data and 2013 partial data. See <http://www.oecd.org/dac/peer-reviews/peer-review-unitedkingdom.htm>

³⁶ FI1 is not comparable between years because the source for citizens’ development priorities changed. The 2014 QuODA edition used regional Barometer survey responses matched to CRS sector codes and the 2018 QuODA edition used UN My World survey responses matched to CRS purpose codes which are more specific.

FI4 is not comparable because in the 2014 QuODA edition donors were rewarded for allocating more money to recipient *countries* with *high quality operational strategies* (as assessed by the World Bank). The 2018 QuODA edition rewards donors for the proportion of their *projects* that *align with country-led results frameworks*.

³⁷ All QuODA data accessible:

<https://docs.google.com/spreadsheets/d/1JoZcSjf9RQiq5yumwn2MABkqJRCkGty9aCcTj4joXuI/edit?usp=sharing>

Indicator **FI1** measures the share of aid given for the types of projects that citizens of poorer countries prioritise, as assessed by the United Nations My World 2015 survey.³⁸ The UK does reasonably well on this metric compared to other donors, with 27 percent of aid going to priority areas compared to the average among 40 donors assessed by QuODA of only 21 percent.

However, the UK does significantly worse than other donors on indicator **FI4**, which looks at alignment of aid funding to recipient government priorities. Indicator FI4 measures the share of development interventions using objectives from recipient frameworks based on GPEDC monitoring surveys. This means that when asked where the objectives of new large projects came from, British aid officials in recipient countries mentioned recipient country frameworks only 46 percent of the time. This value is the lowest of all donors³⁹ and significantly below donor average of 87 percent, which significantly pulls down the UK's performance in this theme.⁴⁰ This very low value could be due in part to UK strategy of giving to fragile states without national frameworks to align development interventions. It could also be due to differences in how the UK interpreted this question on the GPEDC monitoring survey, as the 2016 round was the first time this data point was collected. UK aid seems aligned with what citizens in poorer countries want but could work more closely with recipient country official frameworks.

Increased use of public financial management (PFM) systems enables donors to support the institutions critical for long-run development. **FI5** measures the share of programmes that use recipient country own financial management and procurement systems. The UK does well on this indicator as it channels 65 percent of aid through recipient countries' systems while the average value among other donors is only 41 percent. This is an improvement for the UK from 2012, increasing both by eight percentage points in the reported value and four ranks compared to other donors.

The effectiveness of aid is likely increased when a recipient country is able to anticipate and plan for it. Donors can better align their efforts with partner policies and systems by increasingly reporting aid commitments to partners for inclusion in their budgets. Indicator **FI3** measures the share of aid recorded in recipients' budgets, based on the scheduled funding that donors communicated to recipient governments at the outset of the year. The UK performs above average on this indicator, with 78 percent of its aid recorded in recipient countries budgets, compared to just 62 percent on average among other donors. While the

³⁸ The United Nations My World 2015 survey was conducted from 2013-2015 to gather the development priorities of citizens of countries in an effort to make the design of the Sustainable Development Goals an inclusive process. Therefore, it is a good source for measuring the development priorities of individuals citizens. My World 2015 does not use nationally representative samples. However, it received almost 10 million responses from 194 countries. See <http://data.myworld2015.org/>

³⁹ The UK has the worst value for this indicator but ranks 24th of 27 countries only because three donor countries (Greece, Hungary, Poland) do not have data available from GPEDC monitoring data.

⁴⁰ Because the UK performs much worse than other countries, this indicator has the strongest influence on the UK's bilateral aid quality ranking. If this indicator were excluded, the UK would rank 10th among 27 countries instead of 15th.

UK's value on this indicator has declined since 2012, the data source for this indicator has changed to GPEDC monitoring data and all donors reported lower values using the revised assessment. Relatively though, the UK has dropped ten ranks in this indicator compared to other country donors.

Aid disbursements can be delayed for political or administrative reasons, making it more difficult for recipient countries to plan. Donors should aim to disburse funds within the year they are scheduled and to inform partner countries of these disbursements. **FI7** assesses short-term predictability (12 months) of donor aid commitments by measuring the share of aid that is recorded as being received by recipient countries within the fiscal year for which it was scheduled by the donor. The new GPEDC survey source exposed a weakness in UK aid: in 2012 all aid was reported to be received, but using the 2016 GPEDC monitoring data, over one-third of aid was not reported as being received within the anticipated year.⁴¹ This corresponds with a drop of 20 ranks for this indicator.

The UK also has room for improvement on aid predictability in the longer term (three years in advance). Indicator **FI8** measures the estimated proportion of development cooperation covered by indicative forward expenditure and/or implementation plans for one, two, and three years ahead. Only 58 percent of UK aid spending was covered by sufficient indicative forward expenditure or implementation plans according to GPEDC monitoring data, just below donor average of 60 percent and dropping seven ranks since 2012.

Summarising UK performance between 2012 and 2016 on fostering institutions of recipient countries:

- UK aid seems to be in better alignment than other donors with what citizens in poorer countries want (FI1) but could work more closely with recipient country government frameworks (FI4).
- The UK does relatively well and has improved since 2012 for using recipient countries' own financial management and procurement systems for aid programmes (FI5). This score has returned to its 2010 level.
- The UK still performs above average for recording aid in recipient country budgets (FI3), although according to GPEDC monitoring data for 2016, real and relative performance on this indicator has gone down since 2012.

⁴¹ The 2012 data relies on the Paris monitoring survey (Indicator 7) where some donors had observations greater than 100 percent (average at 123 percent for 22 countries). The 2016 data relies on the GPEDC monitoring survey (Indicator 5b) where no donor had greater than 100 percent (average of 82 percent for the same 22 countries). Both data sources aim to measure "the share of aid that was disbursed within the fiscal year for which it was scheduled." However, the results suggest there were measurement differences between these two surveys. The UK was previously tied for ranking first in 2012 with all donors that had *at least* 100 percent, but then the UK dropped significantly in ranks for 2016 because it recorded only 65 percent.

- Short-term aid predictability (FI7) and long-term aid predictability (FI8) for UK aid has decreased both in real terms and relative performance since 2012.

Reducing Burden

“Reducing the burden” on partner countries assesses problems of overlap, waste, and fragmentation among donors. It rewards those who reduce fragmentation of the aid programmes in partner countries and coordinate with donors. The UK ranks 10th among 27 donor countries for indicators that assess how well donors reduce the aid coordination burden on recipient countries. This section discusses UK performance on the four indicators in this theme and compares results from 2012 and 2016 data.

Table 5 shows the UK’s performance on reducing burden indicators, both in absolute terms (using real values where possible) and relative terms (rankings among 27 donor countries). The main data input for indicators in this theme is OECD Creditor Reporting System and DAC Tables. Full data for UK scores is available in the Appendix and data for all countries is available online.⁴²

Table 5. Reducing burden indicators

		Comparable to 2012		Value		Rank	
		Indicator	Data	2012	2016	2012	2016
RB1	Significance of aid relationships	yes	yes	*	*	6	6
RB2	Fragmentation across donor agencies	yes	yes	*	*	10	15
RB3	Median project size	yes	yes	*	*	10	11
RB4	Contribution to multilaterals	yes	yes	37%	36%	11	14

Notes: *these indicators produce a relative score only—see annex for score. Countries ranked out of 27 for all indicators and the shading is a visual aid to interpreting the ranking for each year.

Indicators **RB1**, **RB2**, and **RB3** measure fragmentation in different aspects to assess the administrative and coordination burdens on recipient countries associated with donor relationships and aid project management. To represent the significance of aid relationships, for indicator **RB1** we use a measure which rewards donors with a high proportion of their aid in a partner country relative to other donors in that country.⁴³ The UK does relatively well on this indicator, ranking sixth in both 2012 and 2016, showing that the UK is a

⁴² All QuODA data accessible:

<https://docs.google.com/spreadsheets/d/1JoZcSjF9RQiq5yumwn2MAbkqJRCkGty9aCcTj4joXuI/edit?usp=sharing>

⁴³ Specifically, this indicator computes the marginal contribution of each donor to its partner countries, based on the concentration of donors in each recipient country using the Herfindahl-Hirschman Index (HHI). The Herfindahl-Hirschman Index (HHI) is used to measure competition by calculating the market share of firms within an industry.

significant aid partner in the countries where it disburses aid and is not contributing unduly to donor fragmentation. The UK does less well on indicator **RB2**, which measures fragmentation across donor agencies.⁴⁴ The UK uses 12 different agencies to disburse aid and dropped five ranks between 2012 and 2016. The four countries who score best on this indicator use primarily one agency (Ireland, Luxembourg, Hungary, and New Zealand).

The costs of many small aid projects can limit the value of aid to a partner country. Each aid project has fixed costs of identification, appraisal, negotiation, approval, implementation, and monitoring—and these weigh more heavily on small projects. Although there is no single optimal project size, fewer and larger projects reduce the administrative burden on recipients. Indicator **RB3** takes the log of median project size, for projects over \$250,000. The UK performed above average on this indicator in 2012 and 2016 with a median project size of just over \$1 million among the 565 projects assessed under these criteria.

By channelling more aid through multilateral agencies, country donors can reduce the transaction costs incurred by partner countries and support countries and sectors for which they have less expertise. Use of multilateral channels implies up-front harmonisation with other donors. Indicator **RB4** measures contributions to multilaterals by measuring the share of total gross ODA disbursements channelled through core support to multilateral agencies. The UK scores averagely on this indicator with 36 percent of ODA going to multilaterals in 2016, compared to an average of 39 percent for the 27 countries assessed. This has changed little since 2012.

Summarising UK performance between 2012 and 2016 for indicators that assess how well donors reduce the administrative and coordination burden on recipient countries:

- The UK does fairly well on not contributing to donor fragmentation: it has good performance over time on significance of aid relationships (RB1) and median project size (RB3) but could improve fragmentation of disbursing aid across various agencies (RB2).
- The UK has average support for multilateral agencies (RB4), which has changed little since 2012.

Transparency and Learning

“Transparency and learning” promotes the power of data and evaluation to generate evidence-based decisions that can improve aid effectiveness. The indicators shed light on whether donors themselves practice the kind of openness in their own activities that they often request of partners. The UK ranks 10th among 27 donor countries for indicators that assess how well donors promote transparency and learning of their aid. This section

⁴⁴ This indicator also uses the HHI to measure fragmentation.

discusses UK performance on the seven indicators in this theme and compares results from 2012 and 2016 data.

Table 6 shows the UK's performance on transparency and learning indicators, both in absolute terms (using real values where possible) and relative terms (rankings among 27 donor countries). The data for indicators in this theme come primarily from the OECD Creditor Reporting System and GPEDC monitoring data. Full data for UK scores is available in the Appendix and data for all countries is available online.⁴⁵

Table 6. Transparency and learning indicators

		Comparable to 2012		Value		Rank	
		Indicator	Data	2012	2016	2012	2016
TL1	Membership of IATI	yes	yes	1	1	1	1 [^]
TL2	Information on funding publicly accessible	no	no	*	*	1	13
TL3	Recording of project title and descriptions	yes	yes	99.9%	100%	11	1 [^]
TL4	Detail of project description	yes	yes	*	*	18	12
TL5	Reporting of aid delivery channel	yes	yes	92%	98%	22	14
TL6	Completeness of project-level commitments	yes	yes	65%	58%	18	12
TL8	Share of evaluations planned with recipient	no	no		29%	7	17

Notes: *These indicators produce a relative score only—see annex for score. Countries ranked out of 27 for all indicators except ranked out of 24 for TL2 and TL8 due to countries missing data; The shading is a visual aid to interpreting the ranking for each year.

[^] Indicates a tie for first place. 15 countries rank first for TL1, as they are all members of IATI; four countries rank first for TL3 as 100 percent of projects have recorded a project title and description in CRS.

The UK continues to be a member of the International Aid Transparency Initiative (IATI) (**TL1**), one of 15/27 countries assessed in QuODA which demonstrate their commitment to the common standard for making aid more transparent. Signing up to transparency initiatives signals good intention, but donors should follow through with these commitments to publicly publish their data for recipient countries to plan their budgets, for donors to see where their money is being spent, and for anyone to assess the impact of aid. The UK is less good at following through with making information on development funding publicly accessible (**TL2**), according to GPEDC's assessment.⁴⁶ This indicator is an average of

⁴⁵ All QuODA data accessible:

<https://docs.google.com/spreadsheets/d/1JoZcSjF9ROiq5yumwn2MABkqJRCkGty9aCcTj4joXuI/edit?usp=sharing>

⁴⁶ The UK's score in QuODA indicators is influenced by varying performance of different government agencies that disburse ODA. Annex 2 shows the distribution of projects and ODA across UK agencies where in 2016 DFID accounted for 75% of ODA and 44% of projects, while FCO accounted for 6% of ODA and 25% of projects. In other assessments of aid transparency for example, Publish What You Fund measures UK agencies separately: Out of 45 agencies assessed by their Aid Transparency Index, DFID is ranked #3 with a category of

GPEDC indicators of how well donors publish to three sources: the OECD-DAC's Creditor Reporting System (CRS) used for backward-looking accountability; and OECD-DAC's Forward-Spending Survey (FSS) used for forecasting purposes; and the International Aid Transparency Initiative (IATI) used for aid management and planning purposes. The UK ranks 13th on this indicator, with GPEDC's assessment of UK reporting to CRS as "needing improvement."

Indicators **TL3**, **TL4**, **TL5**, and **TL6** dig deeper into the quality of donor reporting to the CRS. The statistics collected by the DAC currently provide the most comprehensive information about aid disbursements available. Donors should strive to provide complete records of this information for the benefit of a range of stakeholders. We assess the completeness of entering information in project title and descriptions fields (TL3) and reporting aid delivery channel (TL5). The UK, along with most donors, does very well in completing this information with 100 percent of titles and descriptions provided and 98 percent of channels reported. TL4 assesses the level of detail of project descriptions using a character count to provide us with a sense of how much information is available for use by stakeholders. The UK does above average on providing detailed information and rose six ranks from 2012 to 2016. Indicator TL6 computes the share of total ODA commitments reported to the DAC that were accounted for in donor project-level reporting to the CRS in the same year. In 2016 the UK reported a commitment of \$11.1 billion in aid but provided information on projects that amounted to only \$4.7 billion in country programmable aid, meaning the 58 percent of commitments were not accounted for or not available for recipient country use. This is an improvement from 65 percent in 2012, resulting in a rise of four ranks.

This year the GPEDC has also produced new data which we use for indicator **TL8**: Share of evaluations planned with recipient. The UK ranks 17th on this indicator: only 29 percent of large UK projects⁴⁷ have an evaluation planned with a recipient, while on average almost half of evaluations for other donors have partner country involvement. As with indicator FI4, donors may be less inclined to plan project evaluations with the recipient country in fragile states (TL8).

Summarising UK performance between 2012 and 2016 for indicators that assess donor transparency and learning:

- The UK is committed to data transparency with membership in IATI (TL1) but could improve the quality of reporting to CRS (TL2).
- Specifically, the UK does well in providing information on project titles and descriptions (TL3), aid delivery channels (TL5), and going into detail for project

"Very good". FCO is ranked #40 with category of "poor". See <http://www.publishwhatyoufund.org/the-index/2018>

⁴⁷ GPEDC monitoring survey asks only about projects over \$1 million USD.

descriptions (TL4). However, it could improve alignment of commitment data with project reporting data (TL6).

- The UK lags behind its peers in involving recipient countries in aid project evaluations, according to GPEDC monitoring data (TL8).

4. The EU and UK in the Multilateral System

This section gives a brief comparison between the UK's QuODA score, and those of the multilateral system.

Table 7 sets out the overall rank out of 40 countries and multilateral agencies assessed by QuODA. It also sets out the rank in each of the four themes assessed. It is important to note that each theme has a different number of indicators and, as each indicator contributes equally to the overall score, the four themes have a different bearing on the overall rank.⁴⁸

Two indicators are not calculated for multilateral agencies since by definition they only apply to country donors: ME7 for support of select global public goods facilities and RB4 contribution to multilaterals. Due to missing data, some multilaterals are effectively ascribed the average score for some indicators, for example the IDA and UNAIDS for TL2.

⁴⁸ In the previous edition of QuODA, there were an equal number of indicators per theme.

Table 7. Multilateral aid institutions and the UK

Organisation	Overall Rank	Theme			
		Maximising Efficiency	Fostering Institutions	Reducing Burden	Transparency & Learning
AsDF	2	6	1	7	5
AfDF	3	1	8	4	2
IDB Special	4	7	2	13	3
IDA	5	10	3	1	7
GFATM	7	3	4	3	8
GAVI	9	2	7	8	4
EU institutions	16	13	5	5	1
IFAD	20	5	6	2	11
UNDP	22	9	10	10	6
UK bilateral	24	12	26	10	10
UNICEF	27	11	9	11	10
UNFPA	30	8	11	9	9
UNAIDS	39	4	13	12	12
WFP	40	12	12	6	13
<i>Indicators in theme (multilaterals)</i>		6	6	3	7
<i>Indicators in theme (all)</i>		7	6	4	7

Notes: each theme has a different number of indicators, each with an equal weight in the overall score. So, themes are not evenly weighted in this edition of QuODA. Organisations full names are listed in the glossary. This table displays the ranks of only multilateral agencies and UK bilateral aid. The bilateral aid ranks of the remaining 26 countries are not listed here but can be found in the [full QuODA data online](#).

The top score is for the Asian Development Fund (AsDF) because it scores particularly well on indicators of fostering institutions, where it is ranked first, but it also scores in the top 10 for the other themes.

In terms of the themes, multilaterals take top the spot in every category: the African Development Fund (AfDF) scoring best in maximising efficiency; IDA in reducing burden (though note this is based on only three indicators) and the EU institutions on Transparency and Learning.

UK bilateral aid ranks 24th out of 40 donors (as discussed above, in terms of countries, it ranks 15th out of 27). To the extent that the indicators assessed in QuODA are a guide to aid effectiveness then, several multilaterals offer a more effective route to support development.

The EU institutions are the UK's largest multilateral aid partner; the UK contributes around £1.5 billion of funding to EU development programmes every year, 11 percent of the UK's total ODA spend.⁴⁹ EU institutions rank 16th out of 40 donors overall on QuODA, and seventh out of 13 multilateral agencies. So overall, the EU ranks eight spots higher than the UK. In maximising efficiency, the UK ranks one place higher than the EU but in the other three themes, the EU is well above the UK.

IDA is the next biggest multilateral used by the UK, and it also scores relatively strongly in 5th overall and ranks higher than the UK's bilateral aid in all four themes.

In terms of the multilaterals more generally, five (the Asian Development Fund, the African Development Fund, the International Development Association, the Global Fund, and GAVI) score better in all four themes.

In conclusion, as the UK looks to its post-Brexit choices on aid, which include reallocating up to 11 percent of its aid budget which is currently spent through EU institutions, it should first consider maintaining that funding, or increasing contributions to other multilaterals which score substantially better than UK bilateral aid on several indicators and are likely to represent better value.

5. Conclusion

QuODA is a framework that provides summary information in a quantitative fashion on donor efforts to improve aid effectiveness. The indicators used are all those that donors, aid agencies, and academics have concluded are important for aid effectiveness. QuODA is not, however, a direct measure of aid effectiveness or impact. The results of aid depend on the combination of donor effort and the performance of recipient countries or other executors of aid programs, not just on the donor.

Take these results seriously, but not literally. QuODA is intended to allow donors to assess their performance against peers on multiple dimensions of aid quality to engage in a dialog. Care needs to be exercised in drawing conclusions.

According to QuODA, UK aid quality has decreased over time and now ranks 15th out of the 27 donors assessed. The quality of its multilateral aid is relatively strong with significant contributions to IDA and to EU institutions who score in the top half of multilaterals, and well-above the UK's bilateral aid.

The UK's bilateral aid performance, the main focus of this paper, is now 15 out of 27. The UK retains significant strengths, especially support for global public goods. There has been a deterioration in some indicators, in particular, an increase in fragmentation, the share going to poorer countries and a reduction in predictability. In others, other countries have overtaken the UK such as geographic and sector specialisation. The UK has made real

⁴⁹ The Institute for Fiscal Studies and the Center for Global Development, *How the UK spends its aid budget*, 2018, p275

improvement in some important indicators, including an increased share of country programmable aid that directly reaches partner governments, and the share of aid going through public finance systems where it is now amongst the best.

The UK's spending in fragile states may help explain some of its lower scores. In particular, the UK ranks last in its share of aid to well-governed countries (ME2). There may also be correlations in other areas which involve alignment or planning with the recipient (FI4 and TL8). However, these do not fully explain the UK's weaker scores. First, UK aid to fragile states has only increased slightly: from 2012 to 2016 it went up by only 3 percentage points.⁵⁰ Second, countries that score among the top donors, such as Denmark and Ireland, also spend at least half of their bilateral aid in UK-defined fragile states.⁵¹

Another important development is the international community's greater focus on aid recipients, with GPEDC monitoring efforts with the UK scoring particularly poorly on the extent to which initiatives align with recipients plans, and on whether evaluations are planned jointly. These are newer surveys with some brand-new indicators, so it will be interesting to see whether the UK's measured performance improves in future monitoring rounds.

We hope this analysis will contribute to a discussion of how UK aid can be improved. It seems there is **genuine room for improvement from the UK on:**

1. **Greater alignment in UK programmes with recipient plans and evaluation** since recipient buy-in is a widely recognised determinant of aid effectiveness. The OECD has also identified use of country systems as an area where the UK has got weaker since 2010.
2. **Improving predictability and assessing fragmentation.** With a relatively stable level of aid over the coming years, the UK should aim to improve its support to its development partners by improving the short and long-term predictability of its aid, and by considering the fragmentation of aid across agencies, where it is below average.

⁵⁰ The UK started producing its list of fragile states in 2015, so there isn't a comparable list to assess the proportion of spending in fragile states in 2012 according to the UK's definition. Therefore we use the World Bank's "Harmonized List of Fragile Situations" for FY2012 and FY2016. According to these lists, from 2012 to 2016, UK gross ODA to fragile states went from 31% to 34%.

⁵¹ According to CGD calculations using DAC Table 2a, in 2016 the UK spent 64% of aid in countries on its 2015 list. In comparison, second-ranked Denmark spent 50% in these countries, and third-ranked Ireland spent 57%. For DFID's list of fragile states, see DFID Methodology note: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/722389/Methodology-Note-Fragile-and-conflict-affected-states-and-regions.pdf

3. **A renewed commitment to giving aid to the poorest countries.** The UK has an explicit strategy of giving to fragile states, but it is no longer a leading giver to the poorest nations.
4. **UK support to multilaterals after Brexit.** The EU is the largest multilateral partner and performed stronger than UK bilateral aid. If EU collaboration is not possible, the UK should allocate this aid among high-performing multilaterals to increase the likelihood of effectiveness.

This work has also identified questions for further research. In particular:

- On tied aid, the UK does not record any, but UK institutions win a disproportionate share of contracts and some aid money is not available to overseas research institutions. A new measure of de facto aid tying may therefore be appropriate.
- Measuring the quality of evaluation is an important—it was not possible to update the 2012 QuODA indicator as no data existed. Understanding the degree of evaluation, and action based on that evaluation, would be a very worthwhile subject to explore the measurement.

The UK and all donors should revisit effective aid principles and agree measures which take better account of today's challenges and context. The aid effectiveness agenda upon which many of the QuODA indicators are drawn was defined in an earlier era following agreements in Paris (2005), Accra (2008), and Busan (2011), when most aid was government aid to governments of stable low-income countries. The principles that were adopted were sensible for aid in that context, but aid now is increasingly for different purposes, in different places, given through different channels and with different instruments. To improve measures of aid effectiveness, we are going to need principles that are differently calibrated for different kinds of aid.

Annex 1. Indicators and Data Sources for QuODA 2018

Theme	Indicator	Description	Data source	UK Z-score	UK Rank of 40 donors
Maximising Efficiency	ME1	Share of allocation to poor countries	DAC Table 2a; World Development Indicators	0.4	19
	ME2	Share of allocation to well-governed countries	DAC Table 2a; Worldwide Governance Indicators	-1.38	39
	ME4	High country programmable aid share	DAC Table 2a	-0.28	25
	ME5	Focus/specialization by recipient country	DAC Table 2a	0.05	23
	ME6	Focus/specialization by sector	CRS	-0.87	32
	ME7	Support of select global public good facilities	DAC Table 2a; Various reports	0.74	2
	ME8	Share of untied aid	CRS	0.62	1
	Fostering Institutions	FI1	Share of aid to recipients' top development priorities	CRS; United Nations My World 2015 survey	0.35
FI3		Share of aid recorded in recipient budgets	GPEDC Indicator 6	0.63	13
FI4		Share of development interventions using objectives from recipient frameworks	GPEDC Indicator 1a, first sub-indicator	-3.2	37
FI5		Use of recipient country systems	GPEDC Indicator 9b	1.05	6
FI7		Share of scheduled aid recorded as received by recipients	GPEDC Indicator 5a	-1.04	30
FI8		Coverage of forward spending plans/Aid predictability	GPEDC Indicator 5b	-0.1	24

Reducing Burden	RB1	Significance of aid relationships	DAC Table 2a	0.48	7
	RB2	Fragmentation across donor agencies	CRS	-0.23	26
	RB3	Median project size	CRS	-0.24	16
	RB4	Contribution to multilaterals	DAC Table 1	-0.2	14
Transparency and Learning	TL1	Membership in IATI	IATI	0.76	11
	TL2	Making information on development funding publicly accessible	GPEDC Indicator 4	-0.43	22
	TL3	Recording of project title and descriptions	CRS	0.49	1
	TL4	Detail of project description	CRS	0.44	12
	TL5	Reporting of aid delivery channel	CRS	0.48	21
	TL6	Completeness of project-level commitment data	CRS	-0.11	21
	TL8	Share of evaluations planned with recipient	GPEDC Indicator 1a, fourth sub-indicator	-0.84	30

Notes: Column UK rank shows the rank out of 40 bilateral donors and multilateral agencies. Shading is an aid to interpret ranking.

Key:

- CRS - The Creditor Reporting System.
- DAC - The OECD Development Assistance Committee.
- GPEDC - The Global Partnership on Economic Development and Cooperation.
- IATI - International Aid Transparency Initiative.

Annex 2. Allocation of UK Aid Across Government

Gross ODA disbursements by UK government departments and devolved administrations as a proportion of UK ODA disbursements.

Agency	Disbursements 2012	Disbursements 2016	Number of projects 2012	Number of projects 2016
Department for International Development (DFID)	79.12%	74.64%	36.31%	43.81%
Miscellaneous	3.79%	7.80%	5.97%	14.07%
Foreign and Commonwealth Office (FCO)	4.62%	5.56%	50.49%	25.10%
Department for Business Innovation and Skills (BIS)	0.82%	4.66%	2.65%	12.23%
Home Office	0.55%	4.16%	0.06%	0.26%
Department for Energy and Climate Change (DECC)	4.58%	1.75%	0.16%	0.19%
Department for Environment Food and Rural Affairs (DEFRA)	0.41%	0.61%	0.65%	2.77%
Department of Health (DoH)	n/a	0.39%	n/a	0.35%
Department for Work and Pensions (DWP)	n/a	0.18%	n/a	0.01%
Scottish Government	0.18%	0.14%	1.04%	0.90%
Ministry of Defense (MOD)	0.09%	0.06%	0.01%	0.22%
Export Credit Guarantee Department (ECGD)	0.52%	0.03%	0.17%	0.01%
Welsh Assembly Government	0.02%	0.01%	0.06%	0.04%
Department for Culture Media and Sport (DCMS)	0.04%	0.01%	0.09%	0.03%
Commonwealth Development Corporation (CDC)	5.26%	n/a	2.35%	n/a
Total	100.0%	100.0%	100.0%	100.0%

Source: CGD analysis of OECD Creditor Reporting System 2016 and 2012 data.

Note: organizations which had no non-zero disbursements in a given year are marked n/a.

Annex 3. Summary of QuODA Indicator Data Sources Changed Since Previous Edition

Indicator	Previous data source	Data source 2018	Notes
FI1 Share of aid to recipients' top development priorities	Various regional Barometer surveys from various years	United Nations My World 2015 survey	This is different because the Barometer and My World surveys ask about respondents' development priorities in different ways. Previously, priorities identified by Barometer surveys were matched to CRS sector codes. We now match My World priorities with CRS purpose codes which are more specific.
FI3 Share of aid recorded in recipient budgets	Paris Indicator 3 - Aid flows are aligned on national priorities: proportion of aid for the government sector recorded in the annual budgets of partner countries	GPEDC Indicator 6 - Do partner countries' legislatures have oversight over development funding? Measures the share of funding included in the partner country's budget	Comparable
FI4 Share of development interventions using objectives from recipient frameworks <i>(Previously: Share of aid to partners with good operational strategies)</i>	Paris Indicator 1 - Operational Development Strategies: measures the extent to which partner countries have national development strategies with clear strategic priorities.	GPEDC Indicator 1a, i : Do development partners use partner countries' own results frameworks? Measures the extent that objectives of new interventions are drawn from country-led results frameworks, plans and strategies.	This is different because previously donors were rewarded for allocating more money to recipient COUNTRIES with HIGH QUALITY operational strategies (as assessed by the World Bank). We now reward donors for the proportion of their PROJECTS that ALIGN WITH country-led results frameworks.
FI5 Use of recipient country systems	Paris Indicators 5a and 5b - Use of country public financial management and procurement systems: percentage of aid provided in a way that makes use of recipient country's own PFM and procurement systems.	GPEDC Indicator 9b - Are development partners using country systems? Measures the share of funding disbursed using the countries' own systems.	Comparable
FI7 Share of scheduled aid recorded as received by recipients	Paris Indicator 7 - Aid is more predictable: measures the extent to which aid was disbursed within the fiscal year for which it was scheduled.	GPEDC Indicator 5a - How reliable is the disbursement of funding by development partners? Measures the share of funding disbursed within scheduled fiscal year. GPEDC Indicator 5b - Are development partners sharing forward-looking information on planned funding? Measures the share of funding covered by development partners' forward expenditure plans.	Comparable
FI8 Coverage of forward spending plans/Aid predictability	DAC Report on Aid Predictability	GPEDC Indicator 4 - Are development partners making high-quality information on development funding publicly accessible? How robust are donors' activity-level records of funding (CRS)? How strong are donors' forward spending plans? (FSS) Are donors' reporting information in a timely, comprehensive and forward looking manner? (IATI)	Comparable
TL2 Making information on development funding publicly accessible <i>(Previously: Implementation of IATI data reporting standards)</i>	IATI website	GPEDC Indicator 4 - Are development partners making high-quality information on development funding publicly accessible? How robust are donors' activity-level records of funding (CRS)? How strong are donors' forward spending plans? (FSS) Are donors' reporting information in a timely, comprehensive and forward looking manner? (IATI)	This is different because previously donors were awarded either a 0 or 1 for publishing any data to the IATI website. Now that reporting has increased overall, we raise the bar for publishing information to demonstrate a donor's commitment to transparency. We now use GPEDC data which provides a qualitative assessment of reporting to three key sources of development data: CRS, FSS, and IATI. We then assign a score where 1-Needs improvement, 2-Fair, 3-Good, 4-Excellent and take the average of a country's performance across the three sub-indicators.
TL8 Share of evaluations planned with recipient <i>(Previously: Aid to partners with good M&E frameworks)</i>	Paris Indicator 11 - Results-oriented frameworks: measures the extent to which partner countries have established transparent and monitorable performance assessment frameworks.	GPEDC Indicator 1a, iv - Do development partners use partner countries' own evaluation processes? Measures the share of new interventions with a final evaluation that engages the partner country government in evaluating the results.	This is different because previously donors were rewarded for giving money to COUNTRIES with HIGH QUALITY M&E frameworks (as assessed by the World Bank). We now reward donors for evaluation ENGAGEMENT with recipients at the PROJECT level.

For further information on QuODA methodology, including summaries of QuODA changes and QuODA indicators dropped since the previous edition, please see full QuODA methodology document available: <https://www.cgdev.org/sites/default/files/quoda-methodology-2018.pdf>

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