

Case Study 6 – A development think tank – Overseas Development Institute (ODI)

ODI is a leading think tank on development issues and makes substantial use of aid data in the course of its research. This use case is based on a thematic study being carried out by ODI that was requested by the OECD Development Assistance Committee Network on Development Evaluation and the Working Party on Aid Effectiveness. The study fulfills the reporting requirement for the 2001 Recommendation on Untying Official Development Assistance to the Least Developed Countries and contributes to the evaluation of the Paris Declaration. As such, the study asks the following questions:

- To what extent has donor behaviour changed since the 2001 Recommendation?
- What has enhanced or impeded untying?
- Has untying resulted in increased effectiveness or efficiency?

Summary of improvements they would like to see in future

The study highlighted the need for data that are:

- Complete, accurate and consistent across donors;
- Timely;
- Includes information from non-DAC donors.

In addition, the first phase report recommended that donors:

- Report more comprehensively to the CRS
- Make their data as consistent as possible with the reporting directives

Background

What data sources were used for this study?

For the first phase of the study, ODI used statistics on aid untying from the DAC and CRS databases, supplemented by a literature review on aid untying practices, and a survey of five donors asking how they had responded to the 2001 DAC Recommendation. The second phase of the study was based on a set of 6 recipient country case studies comprising 21 individual project case studies to better understand how untying works, its impact, and whether it is contributing to aid effectiveness. Phase II also used the CRS but in combination with local databases e.g. DAD, recipient government budgets and local donor systems. These were also verified at the project level with contract and disbursement records.

What problems have they encountered with current data sources?

In attempting an analysis of aid untying, ODI encountered a number of problems:

1) Data on aid untying is incomplete

Since reporting on tying status is not mandatory for non-LDC ODA, Food Aid or Technical Cooperation, the data reported to the DAC by some donors is incomplete. While the report acknowledged improvements in the reporting of tied status, this in itself caused difficulties in attempting a trend analysis. Where it is

mandatory, this is not always adhered to and different donors have improved their reporting at different times making comparisons difficult. Particularly, reporting of Technical Cooperation components - a high percentage of TC projects by value do not report the tying status.

2) Inconsistent use of definitions caused problems

Different donors interpret the reporting directives differently. For example, whether aid channeled through NGOs is tied or untied or over the precise definition of budget support. This has also changed over time and is becoming more consistent

3) There were significant discrepancies between the data held by the CRS, donor HQs, in-country offices and local databases

- No consistency on how to record funding for multi-year projects on a yearly basis;
- HQs tended to focus on commitments while in-country offices looked at disbursements and the two are often different;
- Donors struggled with discrepancies across different agencies.

4) Lack of information on non-DAC donors was a serious omission

Non-DAC donors such as Arab states, India and China are increasingly important sources of funding, but since they do not report to the DAC, data on their spending is missing. It is increasingly important to have this data from non-DAC donors, and increasingly untenable for academic research to make statements on global aid on the basis of DAC data alone.

5) Lack of timely data was also a problem

The time-lag in publishing verified data from all of the databases used meant that the statistical data was often out of date especially when working at a recipient or project level and attempting to identify current flows to investigate.

6) Reporting of modalities is almost non-existent

There is almost no data on the modality of projects and this is linked to the lack of working definitions e.g. of pooled aid. In addition these newer aid modalities along with common practices such as framework contracts and multi-sectoral projects cause serious problems for a 'per project – per year' centered database.

7) The depth of reporting hides significant detail and fails to recognize the plurality of approaches common in almost all projects

Reporting of tying status only covers the 'head' or 'top-level' contracts. No database recognised the subsequent rule and entity changes associated with the inevitable subcontracting of these funds or, allowed for a plurality of responses to realistically represent the hybrid or mixed nature of the majority of projects

Full details of this case study will be available shortly on the aidinfo website at: <http://www.aidinfo.org/case-studies>