



Shaping policy for development

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Partner country management of complex financial flows

Preliminary results

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Why 'complex' flows?

Global Partnership for Effective Development Cooperation

includes

engagement of new actors





Why complex flows?

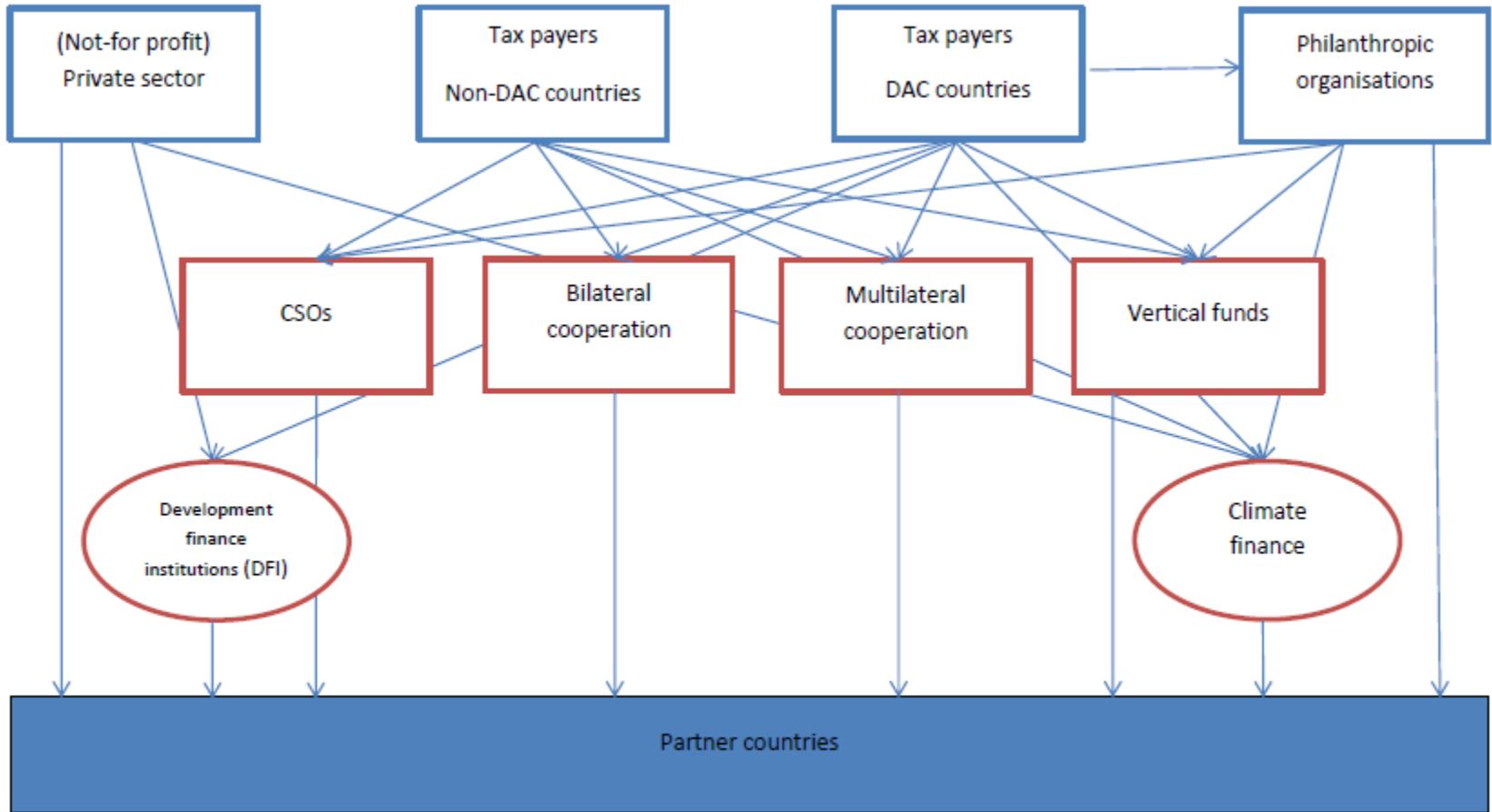
- **Focus on country perspective and priorities**
 - Many studies focus on the global level without considering the priorities of countries
 - Neutral starting point vis-à-vis **the aid effectiveness agenda**
- Literature shows clear need for further research on partner country experiences in managing complex flows



Define 'complex flows'?

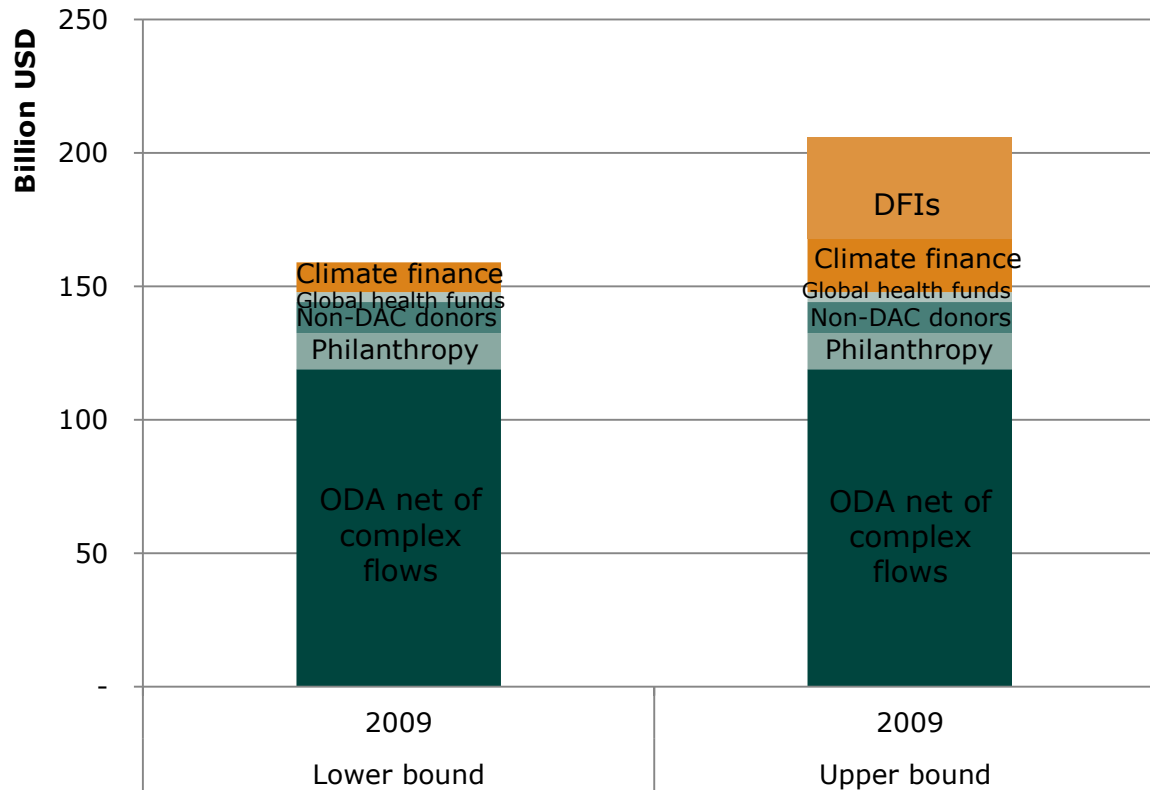
- **Non-DAC and new DAC members** official assistance on concessional terms
- **Philanthropy**
- **Social impact investment**
- **Global health funds** (e.g. GFATM and GAVI) outside of the UN and World Bank, not directly participating in country coordination mechanisms
- **Climate change funds**
- **DFI assistance** (e.g. EIB, IFC, national DFI equivalents) on semi-concessional terms

Mapping 'Complex flows'





Complex flows vis-à-vis ODA





Case studies: Cambodia, Ethiopia and Zambia

- **Why these countries?**

- Preliminary data analysis suggested reasonably typical volume of ODA & complex flows
- Mixture in terms of fragility/income classifications; regions and resource endowment

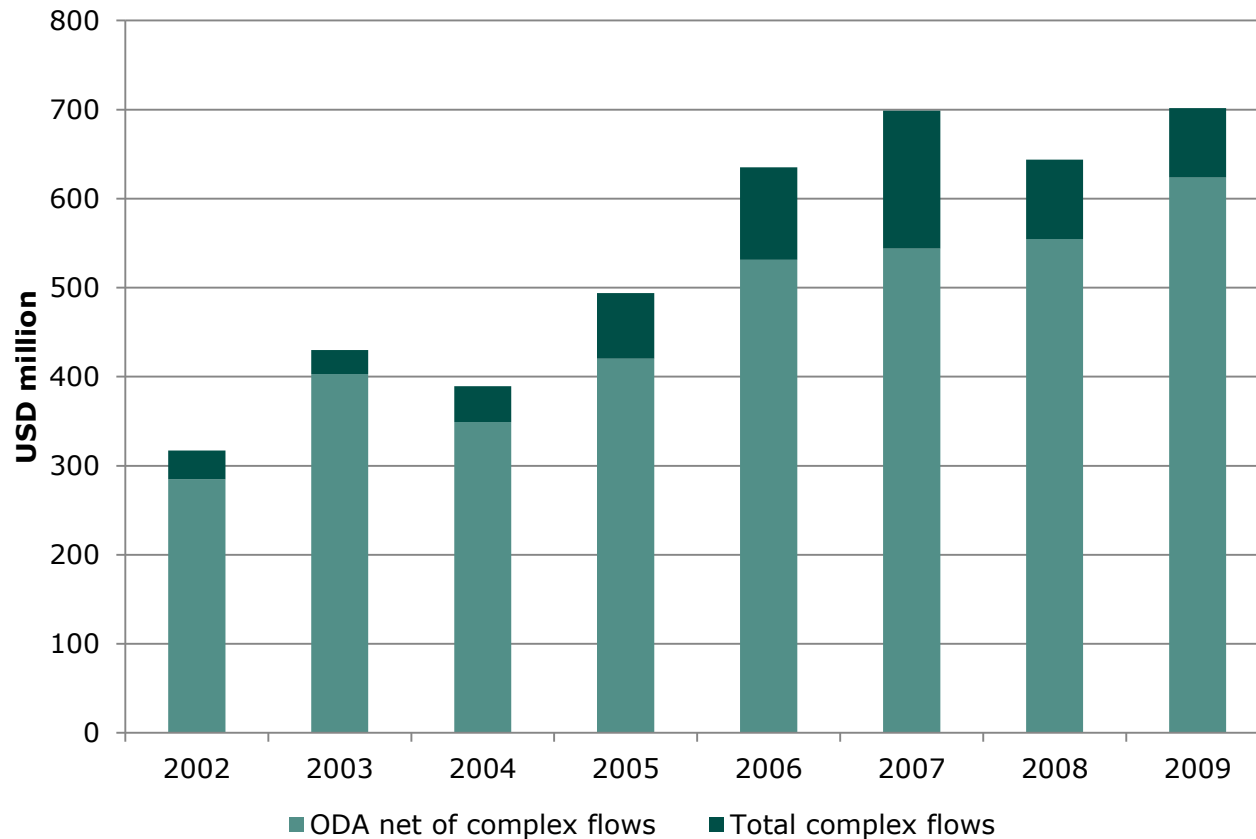
- **Methodology**

- Fraser and Whitfield (2008) on negotiating strategies
 - Ostrom *et al.* Institutional Analysis and Development (IAD) framework
 - Desk-based review and qualitative interviews with approximately 30/35 stakeholders for each case study (government officials, DAC country representatives, providers of 'complex flows')
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Complex flows vis-à-vis ODA

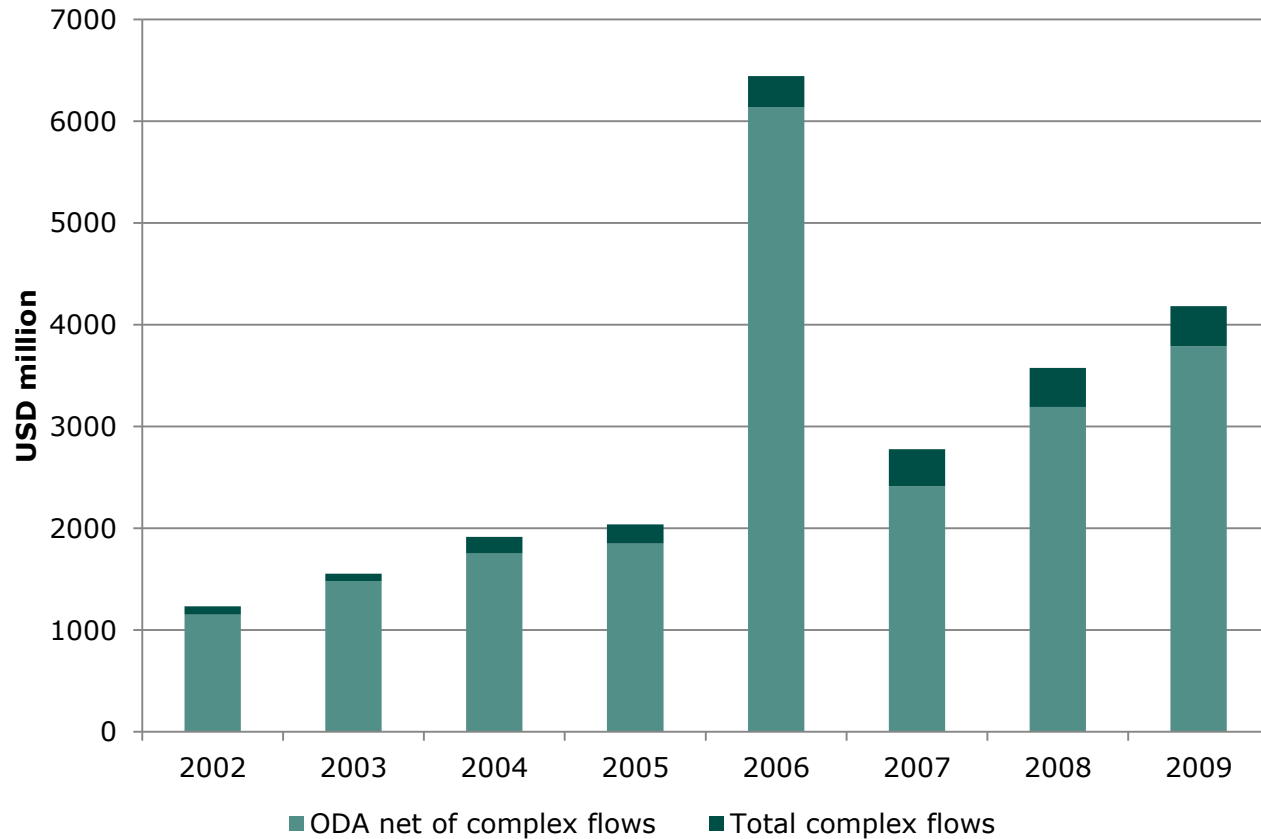
Cambodia





Complex flows vis-à-vis ODA

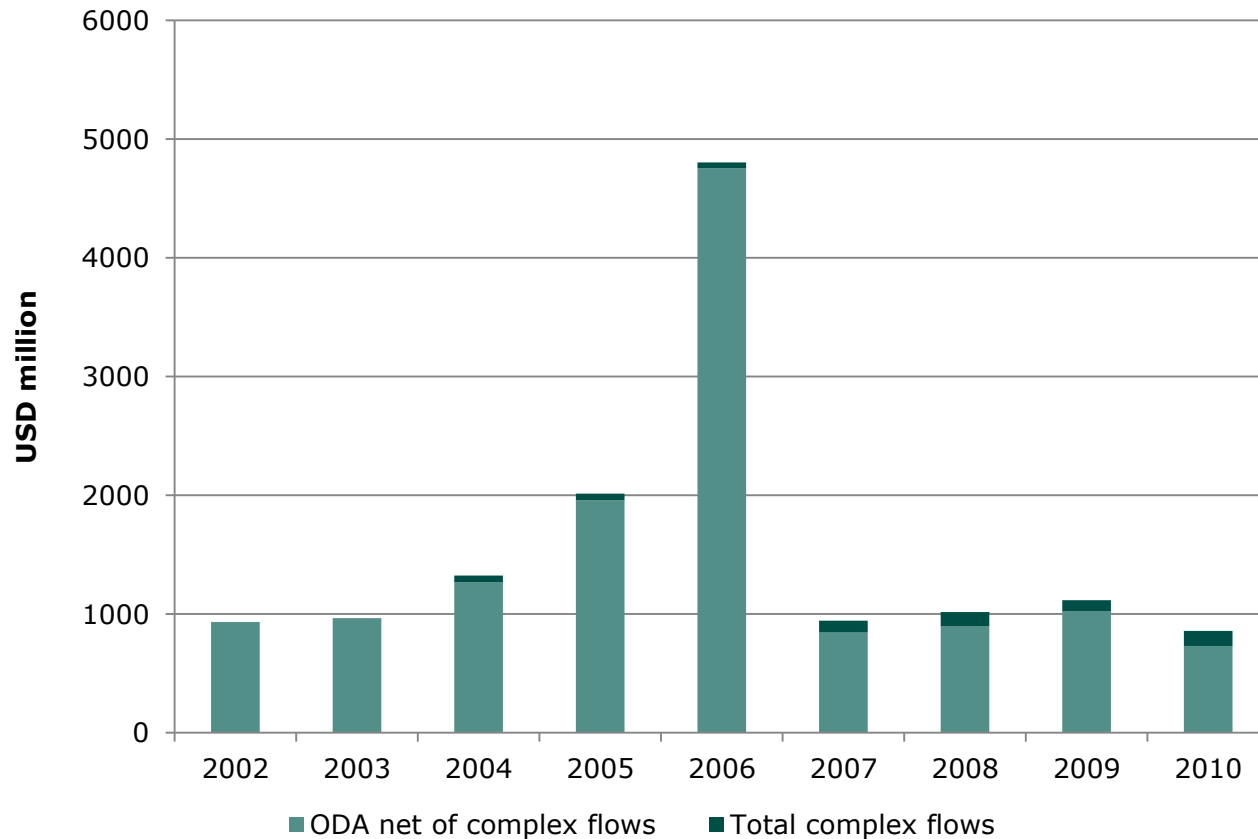
Ethiopia





Complex flows vis-à-vis ODA

Zambia





Preliminary case study findings

- More finance and more choice welcome
- Non-DACs score well in terms of ownership, alignment and speed of delivery
- Countries are taking a strategic approach
- Philanthropic and social impact investment flows small and not changing the landscape significantly
- Cambodia & Ethiopia: limited interest from government and new actors in engaging in aid co-ordination structures



More finance, more choice welcome

- All countries highlight need for additional resources as key priority
- Limited concerns about fragmentation
- Cambodia: newer actors able to finance projects with lower rates of return
- Limited concern on debt sustainability in Ethiopia and Cambodia– implications?



Ownership, alignment and speed

- Limited conditionality from new actors welcomed
- Non-DACs score well on alignment due to contribution to infrastructure, under-funded by DAC donors
- Speed highlighted as key priority, and non-DACs score well against this criteria too.
- Some examples of challenges with alignment of Global Funds and philanthropic funds



Countries taking strategic approach

- Cambodia: some evidence that funds from China bolstering government confidence in dealing with traditional donors
- Ethiopia: preference for concessional, budget support type funding but other sources of funding accepted where necessary. Funds channelled to sectors in line with understanding of donor priorities



Philanthropic/private flows small

- Small volume philanthropic flows in all countries
- Interviewees did not identify that philanthropic funding substantially differs from other funding sources
- Social impact investment was poorly understood and seen as more akin to private flows than ODA



Aid co-ordination

- Limited participation from new actors in aid co-ordination mechanisms
- Ethiopia/Cambodia: limited interest from government in including new actors in those mechanisms – why?
- Zambia different story: more active engagement



- 'Complex flows' are sizeable in relation to ODA – though further work needed to confirm figures
 - Countries welcoming choice and being strategic about how they manage new flows: more positives than negatives
 - Traditional donors may find their aid less popular and/or conditionality less effective in future
 - Potential challenge to the standard aid effectiveness agenda
 - Exclusion of non-DACs from aid co-ordination mechanisms may weaken those mechanisms – but stronger ownership is positive.
 - Further case study research would help to confirm these findings
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