THE FUTURE OF IN THE TIME OF PANDEMIC: WHAT DO GLOBAL AID TRENDS REVEAL?

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1. INTRODUCTION AND SUMMARY

The COVID-19 pandemic is laying bare long-standing global and national inequalities as well as the realities of chronic poverty and social vulnerabilities in the Global South. There is growing alarm about the political resolve of the international community to step up for countries that lack the capacities and/or resources to protect their citizens. The global pandemic raises important questions: Will aid and humanitarian providers rise to this challenge for urgent action? Is it possible to reform the aid system itself so that it responds to the unprecedented impact of the pandemic as well as the emerging climate and ecological emergencies? Significantly increased and effective aid, guided by public purposes, is needed now more than ever. Aid is an essential resource to catalyze support for vulnerable populations who are deeply affected by worsening structural conditions of social injustice, racism, poverty and inequality. Evidence of meaningful responses to these challenges to date is mixed and discouraging.

The pandemic continues to unfold in its various waves in developed and developing countries alike (January 2021), with dramatic loss of human life in these past months -- more than 2 million globally in 2020 The full extent of the pandemic's consequences for human life, livelihoods and peoples' rights is difficult to predict. Much remains uncertain. Nevertheless, certain dimensions of its impact in developing countries have been identified:

- The World Bank anticipates that as many as 150 million people may be pushed into extreme poverty by 2021 as a result of the pandemic. With 1.9 billion people, or 30% of the population of developing countries, living below the $3.20 social poverty line (and close to 50% of people in Sub-Saharan Africa), vulnerability to the economic and social shocks of the pandemic remain very high. Many people are already living on the margin of extreme poverty.[1]

- The situation for women highlights the gendered impacts of the pandemic. These includes not only its direct health, economic and social effects, but also its lasting consequences in "exposing and reinforcing entrenched gender norms and inequalities" that could last for generations. Female health and care workers, who are often on the frontlines, are highly susceptible to infections, at three times the rate of their male colleagues. Nearly 740 million girls have been out of school due to lockdowns in 2020 and many may not return. Women's access to sexual and reproductive health services have been curtailed in many countries. In both developed and developing countries, there is evidence that pandemic lockdowns have accentuated levels of sexual and physical violence by male partners.[2]

- The International Labour Organization (ILO) calculates that over two billion people earn their living in the informal economy, representing 90% of employment in low-income countries and 67% in middle-income countries. Of this number the ILO estimates that the livelihoods of 1.6 billion informal workers, often considered the working poor, have been seriously jeopardized because of measures to shut down economies. With no safety nets and no means to earn income, many are suffering from lack of food, or at best poor food, as well as limited or no access to health care. Women are significantly over-represented in this sector and have been the hardest hit by the consequences of the pandemic.[3]

- The Food and Agriculture Organization (FAO) has predicted that the number of undernourished people could grow by close to 20% before the end of 2020, from an estimated 690 million at the end of 2019 to up to 820 million. While an upward trend in food insecurity has been evident since 2017, the pandemic has only worsened this crisis. As well, millions of agricultural workers, have been forced to continue to work in unsafe conditions, exposing themselves and their families to additional risk.[4]

- The pandemic has also had a significant impact on civil society as it has limited its political space to work in challenging health and socio-economic conditions. According to CIVICUS' Civil Society Monitor, conditions for civic space deteriorated in 2020 with 87% of the world's population now living in countries rated as 'repressed', 'obstructed' or 'closed' in 2020. Only 12.7% of the world's population was identified as living in countries with 'open' or 'narrowed' spaces compared to 17.6% in 2019.[5]

- Responses to COVID on the part of illiberal governments have intensified measures to criminalize dissent, restrict freedom of information, expression and assembly.[6] The impact will be profound for longer term development. A comparison between the CIVICUS Monitor and the 2020 UN report on progress for the Sustainable Development Goals (SDGs) demonstrates that nine of the 10 countries that have made the most progress on the SDGs have a civic space rating as 'open.'[7]

In March 2020 OECD Secretary-General Angel Gurría, called for "a modern global effort akin to the last century [post-World War II] Marshall

Plan and New Deal [U.S. measures for recovery from the Great Depression] -- combined." Official Development Assistance (ODA), as well as debt cancellation, can play crucial roles in efforts to "focus especially on those who were already in physical, economic and social precarity, and strengthen the foundation for our common future."[8]

Since the beginning of the pandemic many countries in the North have devoted over 10% of their Gross National Income (GNI) to protect their economies and provide health and livelihoods assistance for their citizens. They have invested more than $800 billion in pandemic related social protection programs, compared to $3 billion by governments in the South.[9] This huge disparity in levels of support ignores an important fact - the pandemic cannot be stopped until its impact has been overcome throughout the world. But "vaccine nationalism," whereby developed countries have commandeered almost all vaccines approved and produced in early 2021 for their own populations, deeply undermines a global and equitable approach to protecting the most vulnerable everywhere. The Economist predicts that African populations may only start mass vaccinations sometime during the first half of 2022, with a significant proportion of the population vaccinated not until early 2024.[10]

If there ever was a time to address these inequalities, donor countries urgently need to ramp up ODA to the UN target of 0.7% of donors' GNI. Achieving this target in 2019 would have resulted in $356 billion in aid. Largely flat-lined since 2017, there is a long way to travel. In 2019 Real ODA from the OECD's Development Assistance Committee (DAC) donors at $135 billion, represented only 0.28% of their collective GNI.

The pandemic is likely to have a major impact on patterns of aid and its delivery in 2020 and subsequent years.[11] It is also difficult to predict how it will affect the availability of investments needed to achieve the goals of UN's Decade for Action to realize the SDGs by 2030 Major goals for poverty eradication, food security and women's empowerment have already been set back and the fear is that this will only continue.

Unfortunately, little aid data for 2020 is available in early 2021 to assess the actual impacts of the pandemic on aid trends. As a result, this chapter primarily focuses on pre-pandemic trends in aid and development cooperation from 2010 to 2019, which provide a backdrop for understanding future directions in the aid regime for critical goals in reducing poverty and inequality, meeting the ongoing challenges of the pandemic, addressing the climate emergency through climate finance, and responding to related conditions of conflict and fragility in the Global South.[12]

The main findings from this aid trends analysis are:

1. **Aid levels for most DAC members have atrophied or stagnated**. At current levels ($135 billion for Real ODA in 2019), the DAC is in a weak position to catalyze investments to achieve the SDGs in this Decade of Action for Agenda 2030, or to respond effectively to the immediate and longer-term impact of the pandemic in the Global South.

2. **Aid is highly concentrated and affected by five large donors.** What happens with the top five aid providers (France, Germany, Japan, the United Kingdom and the United States) has a tremendous impact on both the quantity and quality of aid and international cooperation. These donors provided 67% of all aid in 2019. They have been responsible for most of the growth in ODA since 2010, compared to all other DAC donors. But at 0.26% of their combined GNI, this performance ratio is 50% less than the next five donors. The impact of these donors is further accentuated by the scale of aid from European Union (a closely related multilateral donor) with its $15 billion in aid in 2019.

3. **Projections for ODA levels in 2020 and 2021 are uncertain**. Despite the urgent need for concessional development finance, which is driven by Agenda 2030, the climate emergency and an unprecedented pandemic, donors have only been able to affirm a weak commitment to protect or step-up aid "to the extent possible." The massive pandemic expenditures in donor countries make it hard to predict present and near future aid levels. The dramatic reductions in UK aid, with the United Kingdom government abandoning its legislated mandate of a 0.7% target, has been a major blow. Other countries, such as Canada, have indicated that they are only able to provide pandemic-related one-off increases. Other donor aid projections for 2021 do show some positive markers, but ODA remains uncertain in its overall levels and sustainability.

4. **Responses to the pandemic are falling short.** So far, contributions to alleviate the pandemic's impact in the Global South have been primarily through multilateral financial institutions or the UN system. These organizations have channeled approximately $110 billion in concessional and non-concessional resources (December 2020). At the end of April 2020, DAC members reported approximately $10 billion in aid to be committed to the pandemic response, an amount likely much larger by the end of December, but unequal to the challenges facing many of the poorest countries.

   The global coordinating mechanism, COVID-19 Tools (ACT) Accelerator, which includes the COVAX partnership to enable equitable access to vaccines in the Global South, has reported that $5.8 billion had been pledged, but an additional $3.7 billion is urgently needed. A further $23.7 billion in 2021 is required, if COVID tools are to be deployed around the world.

5. **Current levels of humanitarian assistance do not meet the unprecedented and complex consequences of conflict, pandemic and climate change impacts**. Despite a record 1 in 33 persons projected to require humanitarian assistance in 2021, the international community provided not even half (44%) of the UN humanitarian appeals and the Global Humanitarian Response Plan for COVID-19 in 2020 (November data). More than 1 billion people are living in countries affected by long-term humanitarian crises, with more than half the population of these countries living in poverty.

6. **Although DAC donor humanitarian assistance has grown over the past decade, there is still minimal investment in disaster preparedness**. The slow growth in ODA coupled with increases in humanitarian needs, has meant that the share of DAC humanitarian assistance in ODA has grown over the past decade. Its share of Real Bilateral ODA rose from 12% in 2010 to 18% by 2018.

   Three of the largest donors (the United States, Germany and the United Kingdom) were responsible for 71% of DAC donor bilateral humanitarian assistance in 2018. There has been a greater emphasis on support for coordinated efforts and post-emergency reconstruction (25% of humanitarian aid in 2018). But there is still little investment in disaster preparedness (largely stagnant at 3% of humanitarian assistance), despite widespread warnings of increased weather-related events resulting from the growing climatic effects of global warming.

7. **Fragile country contexts are important priorities for DAC donors, with possibilities for improving the aid-related humanitarian/development nexus**. Over the past decade thirty (30) countries with the most fragile contexts received 37% of Real ODA disbursements and 57% of humanitarian assistance, although these resources were unevenly distributed. There is a good opportunity to improve

the humanitarian/development nexus in these fragile contexts, in all but the most conflict affected situations. With 75% of aid to these thirty countries allocated for long-term development purposes, and 25% to humanitarian needs, the possibilities for improved synergies in the nexus are present. CSOs are important development actors in fragile situations – they are currently responsible for the delivery of 26% of the aid dispersed in these 30 countries.

8. **Donors are failing to address the impact of the climate emergency or to meet their commitment to provide $100 billion in international climate finance by 2020**. Developed countries were to be providing $100 billion in annual climate finance by 2020 in order to ensure a fair and effective implementation of the 2015 Paris Agreement. However, donors' actual commitments to international climate finance are far off this mark. When DAC donor bilateral climate finance is compared to 2014 and adjusted for mainstreamed climate finance and grant equivalency in loans, the total real bilateral climate finance by these donors has actually fallen by $2.9 billion by 2018. At $11.6 billion this performance is far from their $37.3 billion target contribution to the $100 billion commitment.

   While bearing little or no responsibility for the climate emergency, the majority of climate finance for developing countries is being delivered as loan finance, not grants. Climate finance indicators indicate that there is only a modest improvement in directing climate finance to the poorest countries for adaptation and addressing the rights of women and girls in climate impacts.

9. **Social protection measures that are being implemented in donor countries to address the impact of the COVID-19 pandemic and related lockdowns are not generally available to governments in the Global South**. Pervasive conditions of poverty, inequality, informal labour markets, and very limited government revenue creates a vicious circle for many millions of people without access to social protection and basic services. This situation has only worsened with the pandemic. Twenty-eight of the world's rich countries have spent an additional $695 per person for special protection measures while 42 low- and middle-income countries have only been able to spend from a low of $4 to $28 per person.

   Based on a proxy indicator for the poverty-focus of DAC ODA, less than half, or about 40%, of DAC donor and multilateral ODA has been directed to sectors that are highly relevant to poverty reduction. These sectors include small/medium enterprise development, basic education, health, human rights and agriculture. Over 60% of aid delivered through CSOs focus on these poverty-oriented sectors.

   Long-term development aid to Sub-Saharan Africa has been declining over the past decade, falling by 10% in 2018 from a high of $24 billion in 2011. While humanitarian assistance for African countries affected by conflict, climate events and insecurity is critical, ODA for long-term development aims is essential for catalyzing progress to meet the SDGs in a region with the highest levels of poverty.

10. **Over the past decade the quality of DAC ODA has been undermined by donor incoherence**. Some of the factors that have contributed to diminished quality are: 1) a reluctance to respect developing country ownership of their development priorities; 2) a growing but mixed emphasis on the private sector; 3) increasing use of loans in ODA; and 4) the imposition of migration and security sector aid conditionality.

    The Global Partnership for Effective Development Cooperation's 2019 monitoring of development effectiveness principles found little progress in donor respect for country ownership, pointing to a decline in some indicators for donor practices consistent with support for country ownership. Budget support, an important resource for developing country priorities, has declined by 25% from a high of $12 billion in 2009 to $8.6 billion in 2018. There has been little progress in reducing tied bilateral aid, which does not include technical assistance and does not take account high levels of informal tying by DAC donors in their procurement practices.

As ODA has flat lined, donors have looked to the private sector to fill the SDG finance gap that may increase by up to 70% due to the pandemic. Indicators show a modest growth of ODA allocations related to the mobilization of private sector resources. Sectors oriented to engaging the private sector attracted 25% of aid for bilateral donors and 28% for multilateral donors in 2018, up from 22% and 23% respectively since 2010. Since 2018, DAC members included ODA invested in donor Private Sector Instruments (PSIs) such as Development Finance Institutions (DFIs). While it is likely that more will be reported in subsequent years, in 2018 only $2.7 billion was recorded for PSIs, which represented 2.5% of DAC donors' Real Gross Bilateral Aid.

There are major concerns about growing and unsustainable debt, which are compounded by the current pandemic. These concerns are accentuated by increases in the share of loans in the multilateral system and bilateral aid over the past decade. Loans have increased significantly in multilateral aid which have been one of the main channels for pandemic support in developing countries. Loans also play a major role in the bilateral ODA of Japan, France and Germany, with the share for Japan and France over 60% in 2018.

Conditioning of aid projects, particularly by European Union Institutions, to promote foreign policy objectives to limit the movement of irregular refugees to Europe is a growing concern for the quality of European aid.

In coming to these conclusions, the analysis develops five inter-related aspects of aid that will affect its allocations going forward in the aftermath of the pandemic:

a. An overview of current patterns of global poverty and their implications for the allocation of aid, whose goal should be the reduction of poverty and inequalities.

b. Trends in the value of ODA over the decade 2010 to 2019, including projections for aid in 2020 and 2021. The analysis points to important distinctions when these trends are disaggregated for the top five donors, and the next five donors (by amount of their aid).

c. Taking account growing poverty and vulnerability arising from endemic conflict, weak governance and increasing impacts of climate change, there is a detailed examination of trends in humanitarian assistance, fragile contexts and the allocation of donor climate finance.

d. The analysis then assesses the degree to which current allocations of ODA focus i) on sectors with an impact on poverty, ii) on allocations to countries with large numbers of poor and vulnerable people and to Sub-Saharan Africa, and iii) on trends for aid and gender equality.

e. Finally, the analysis examines aspects of aid that are tending towards undermining aid's focus on poverty and inequality and strengthening its roles in promoting donor interests and foreign policies. These include trends that indicate diminished progress on developing country ownership, the potential use of aid as a subsidy for the private sector, and increased conditionality of aid relating to migration and security interests of the donor countries.

The conclusion points to the urgency for international leadership to ramp up aid with a renewed commitment to the 0.7% UN target and the effective deployment of these resources based on solidarity and the human rights of those most affected by systemic poverty and increasing global crises.

2. LEVELS OF GLOBAL POVERTY: PANDEMIC SET-BACK AND HEIGHTENED VULNERABILITY

Poverty remains pervasive across the Global South, with 1.6 billion people or 26% of the population of developing countries living below the World Bank's poverty lines. These poverty levels are highly concentrated in Low-Income (LICs) and Lower Middle-Income Countries (LMICs), mainly in Sub-Saharan Africa and South Asia.

Hundreds of millions more people are living precariously, just above the edge of poverty. They are considered highly jeopardized, with marginal access to a livelihood, shelter, health care and education. These people are particularly vulnerable to the health and socio-economic impacts of the pandemic. There is a grave danger – and realistic possibility – that many from this population will slip below the poverty lines and into extreme poverty, in 2020 and 2021.

For most developing countries, domestic public revenue is limited by high levels of poverty and inequality, accompanied by tax evasion and avoidance. In the absence of ODA grants and other forms of external finance, governments in LICs and LMICs have very limited fiscal space to provide emergency or long-term social protection for hundreds of millions of vulnerable people, whose livelihoods are now jeopardized by far-reaching impacts of the pandemic.

Progress in poverty reduction has proven to be very fragile in most countries in the Global South. The pandemic's short- and medium-term economic and social fallout risks creating a new era of global poverty, particularly in Africa and South Asia, potentially pushing back years of progress on extreme poverty.[13] UNCTAD predicts an overall global economic contraction of 4.3% in 2020, sending an additional 130 million people into extreme poverty.[14] The OECD estimates that the Indian economy, the home of many millions of people living in extreme poverty, is set to shrink by 9.9% in 2020 and not fully recover until 2022.[15]

The UNCTAD report finds that the pandemic's impact has been asymmetric and tilting towards the most vulnerable, both within and across countries, disproportionately affecting low-income households, migrants, informal workers and women. School closures, particularly in in Low-Income and Lower Middle-Income Countries threaten the difficult progress that has been made in girl's education. Before COVID-19 reports indicated that almost 18% of women worldwide reported having experienced physical or sexual violence by an intimate partner. UN Women predicts a "shadow pandemic" with an additional 15 million women affected by violence for every three months lockdowns continue.[16]

Mass famine, particularly in fragile and conflict situations, is likely to return. The UN Office for Coordination of Humanitarian Affairs (OCHA) predicts that the number of acutely food insecure people may rise to 270 million for 2020, an 82% increase in the number of hungry people globally compared to the pre-pandemic situation.[17]

With economic prospects for 2021 unpredictable for many developing countries,

CHART 1: SHARE OF POPULATION LIVING IN POVERTY BY INCOME GROUP

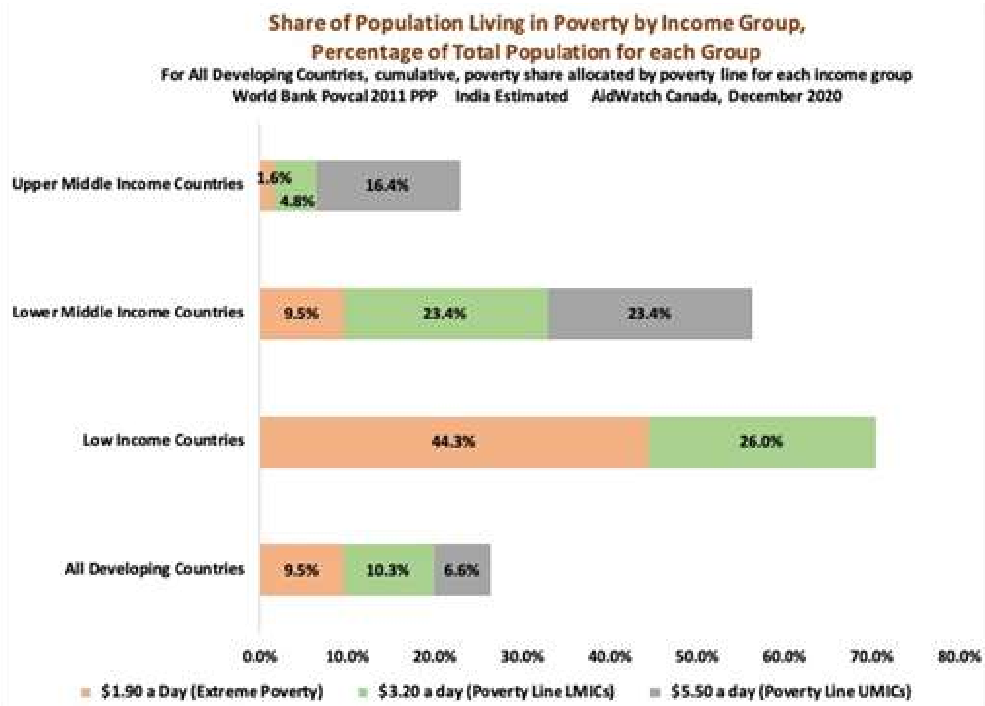
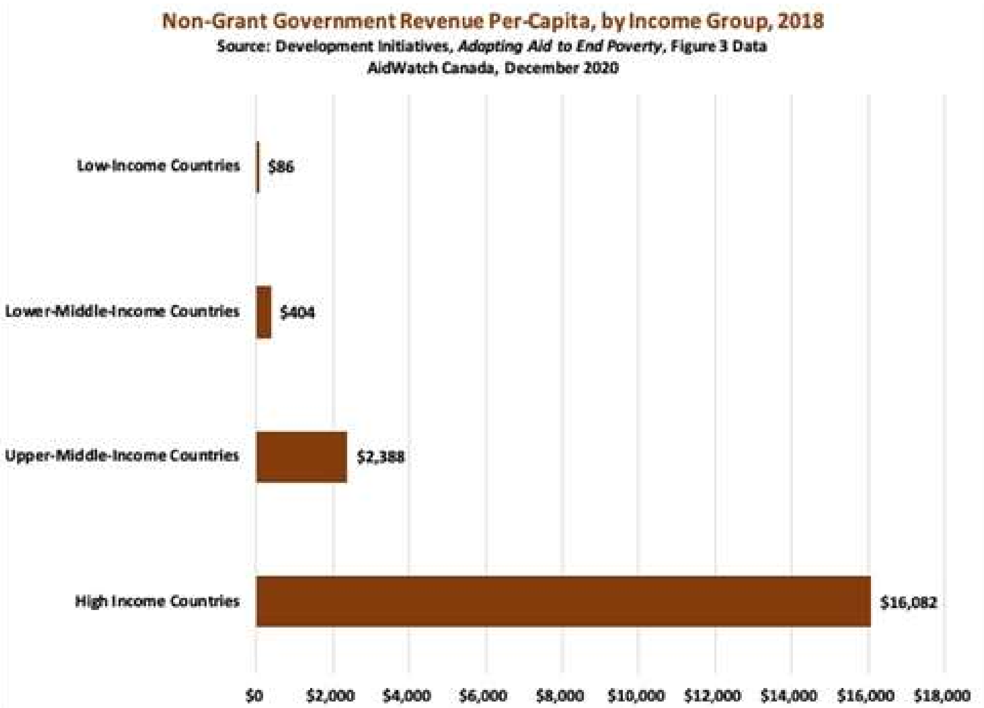


CHART 2: NON-GRANT GOVERNMENT REVENUE PER-CAPITA, BY INCOME GROUP, 2018



all forms of poverty are expected to continue to increase in 2021.

Prior to the pandemic, the World Bank estimated that approximately 690 million people were living in extreme poverty in 2017.[18] Extreme poverty is defined as access to the very minimum basics needed to sustain life, people living on under $1.90 a day (purchasing power parity between countries at 2011 prices). People living in extreme poverty are concentrated in low-income countries (LICs), including the Least Developed Countries (LDCs) with 44% of the population of LICs living on less than $1.90 a day.[19] (See **Chart 1**) Sub-Saharan Africa (40.2%) and South Asia (10.5%) have the highest concentration of the extremely poor, most of whom are living in rural areas, with women and children over-represented among these numbers.[20]

Although there has been significant progress in the reduction of extreme poverty over the past two decades, many millions of people are still living in conditions of great vulnerability, just above this line.[21] Approximately 26% of the population in LICs live on less than $3.20 a day, a poverty line where living conditions are considered to be highly jeopardized. This population has very limited and uneven access to a livelihood, shelter, nutritious food, health care and education. Many of these vulnerable people are likely to be greatly affected by the economic impacts of the pandemic with the real possibility that they may slip into extreme poverty.

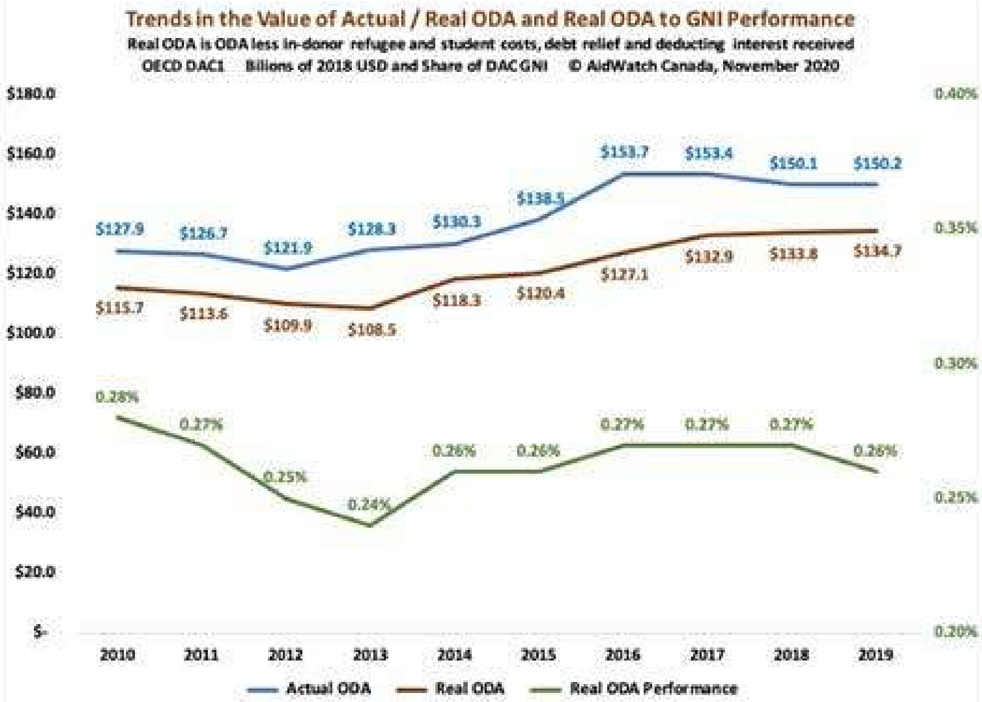
The World Bank has determined three different poverty lines according to the economic status of the country: Low-Income Countries (LICs) at $1.90 a day, Lower-Middle-Income countries (LMICs) at $3.20 a day, and Upper-Middle Income countries (UMICs) at $5.50 a day. As **Chart 1** demonstrates, levels of poverty and vulnerability are very pronounced for 37 LMICs with 33% of the population or 925 million people living in poverty and a further 23% (420 million) highly vulnerable to poverty, living on less than $5.50 a day in these countries.

Taken together, and allocated according to the different poverty lines, 1.7 billion people, representing over a quarter of the population of developing countries (26.4%), are living under the poverty line. A further 9%, or 600 million people, in LICs and LMICs are living at an income level that leaves little room for economic shocks or health emergencies.

Developing country governments have limited resources to address conditions of poverty. Despite some limited success in increasing domestic revenue for governments, domestic public revenue (excluding ODA receipts) for all purposes, including sustainable development, is limited by high levels of poverty and inequality, accompanied by tax evasion and avoidance. According to Development Initiatives, only 40% of developing countries (mainly in UMICs) have been able to increase their ratio of tax revenues to the country's Gross Domestic Product (GDP) over the past five years.[22]

Chart 2, based on Development Initiatives data, describes the government non-grant revenue per capita between countries in the Global South, including UMICs, and High-Income Countries. This chart shows the huge disparities, with high-Income donor countries enjoying close to 40 times the revenue capacity of LMICs and seven times the capacities of UMICs. Revenue for all countries have been severely affected by the pandemic and are likely to be even more so in the future. But in the absence of ODA grants and other forms of external finance, governments in LICs and LMICs will have very limited capacity to address the social/economic shocks from the pandemic and be able to provide emergency or long-term social safety nets for their populations.

CHART 3: TRENDS IN THE VALUE OF ACTUAL AND REAL ODA, 2010 TO 2019



3. MEETING THE UN TARGET: TRENDS IN THE VALUE OF ODA

3.1 Overall trends in ODA, 2010 to 2019

DAC donors have made commitments to maximize aid resources. However, since 2015, they have reduced ODA's capacity as a critical resource for achieving the SDGs. The value of both actual ODA and Real ODA has flat lined since 2017, standing at $150 billion (ODA) and $135 billion (Real ODA) in 2019.[a] Real ODA was more than $220 billion short of the $356 billion required to meet donors' long-standing commitment to the UN Target of 0.7% of their combined GNI. Real ODA performance in 2019 remains largely unchanged since 2015 at 0.26% of DAC members' GNI.

ODA enters the Decade of Action for the SDGs as a weakened resource to effectively catalyze progress. This situation has only worsened with the impacts of the COVID pandemic.

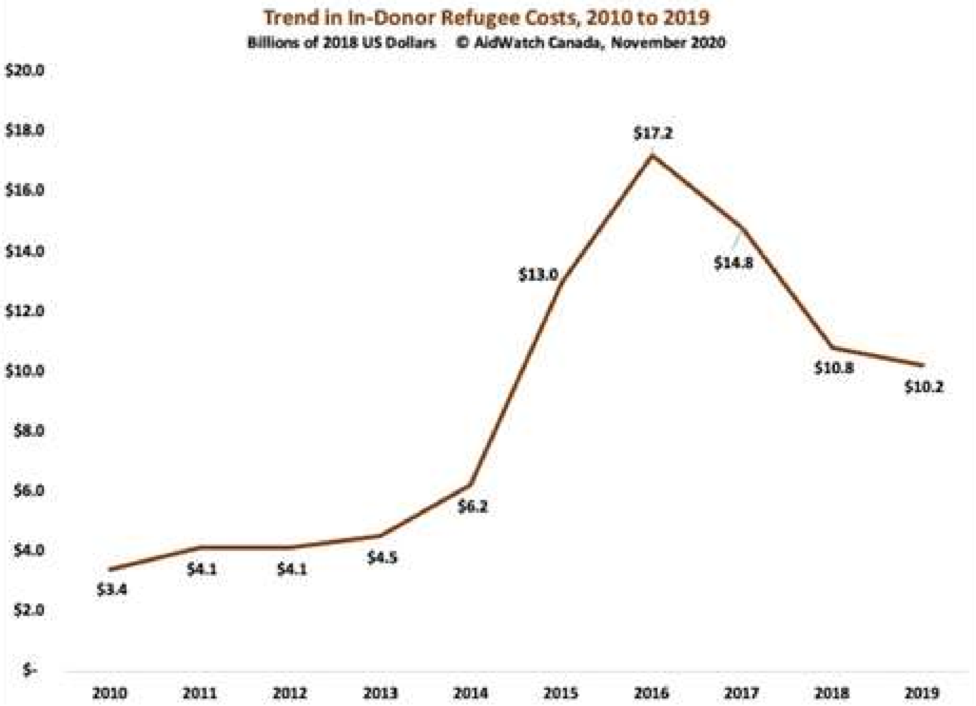
In 2019 DAC donors provided US $150.2 billion (2018 dollars) in ODA (**Chart 3**). While the value of ODA (in constant 2018 dollars) has increased by 17% since 2010, it has declined over the past four years (since 2016) by 2.3%.

In recent years there has been a significant ebb and flow in levels of DAC ODA. This has largely been caused by the fact that DAC donors can include in-donor country expenditures for refugees as part of their ODA.[23]

From the view of many in civil society, DAC members have adjusted rules on ODA in ways that artificially inflate the true value of their aid to developing countries. These inflationary

a Real ODA is Actual ODA less in-donor refugee and imputed student expenditures, debt relief, and taking account interest received on ODA loans, which is excluded in the calculation of net Actual ODA.

CHART 4: TREND IN IN-DONOR REFUGEE EXPENDITURES, 2010 TO 2019



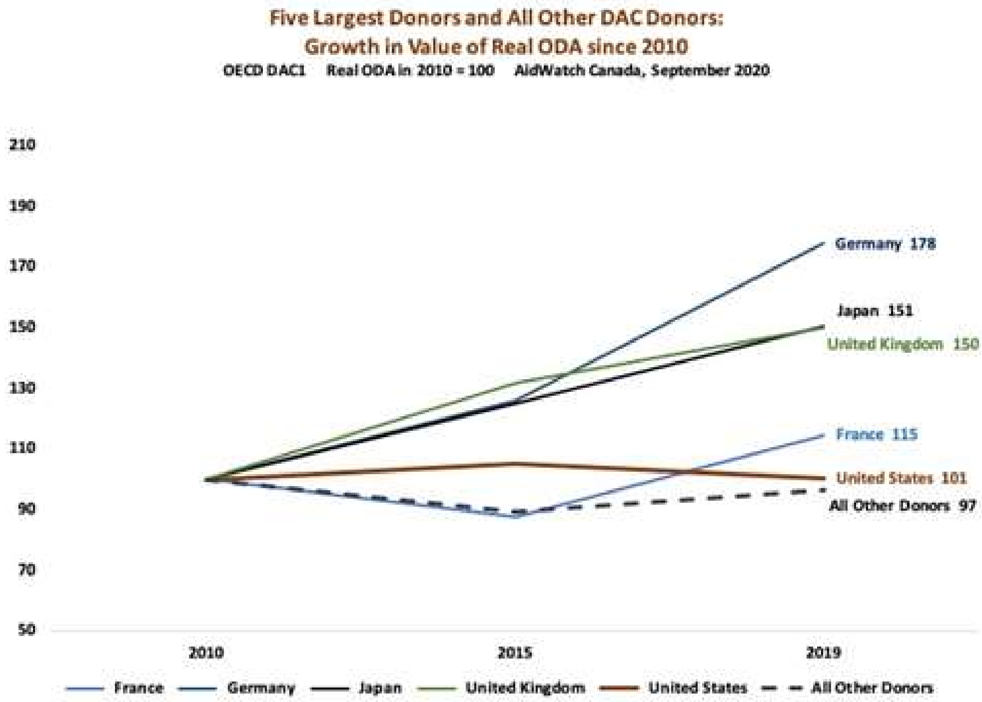
elements include: 1) expenditures made in donor countries for refugees for their first-year settlement; 2) imputed costs for developing country students studying in donor countries; 3) debt cancellation whose benefit is spread over many years or is double counted, and 4) the exclusion of interest received by donors for ODA loans. For several donors (e.g. Belgium, Finland, France, Germany, Italy and Spain), these expenditures and exclusions made the donor itself the largest country recipient of their own aid in 2019! 'Real ODA' is a metric that adjusts Actual ODA to take account of this aid inflation by subtracting these amounts.

Chart 3 confirms that Real ODA increased by 16% over the past decade. But unlike Actual ODA, it rose by 6% since 2016, once in-donor costs were removed. After 2017, Real ODA has remained largely unchanged, standing at $135 billion in 2019. **Chart 4** provides additional information on donor refugee costs. As noted above, the changing value in ODA has been affected by the large expenditures by European donors to accommodate the massive influx of refugees in 2016, which has gradually declined since then. Nevertheless, in 2019 in-donor refugee costs were still 65% higher than in 2014.

In 2016 aid inflation elements accounted for 17% of ODA and approximately 25% of bilateral ODA. By 2019, these main determinants of aid inflation had declined to 10% of ODA and 15% of bilateral aid. While these changes are moving in a positive direction, aid inflation continues to be a major concern as underlying aid has been flat lined since 2017 (**Chart 3**).

Donor aid performance, which measures ODA as a share of their Gross National Income, has been equally disappointing. As indicated in **Chart 3** above, Real ODA performance stood at 0.26% in 2015 and remains unchanged in 2019. If the long-standing UN target of 0.7% had been achieved in 2019, DAC donors would have provided $356 billion, or $220 billion in additional aid resources. These aid resources could have provided a substantial investment in social infrastructure and livelihoods, which

CHART 5: GROWTH IN NET ODA SINCE 2010 – TOP FIVE DONORS AND ALL OTHER DONORS



are currently under great threat because of the 2020 pandemic. At current atrophied levels, DAC ODA is in a weak position to catalyze investments (from government and other sectors) in achieving the SDGs in this Decade of Action or to effectively respond to the immediate and longer terms impact of the pandemic in the Global South.

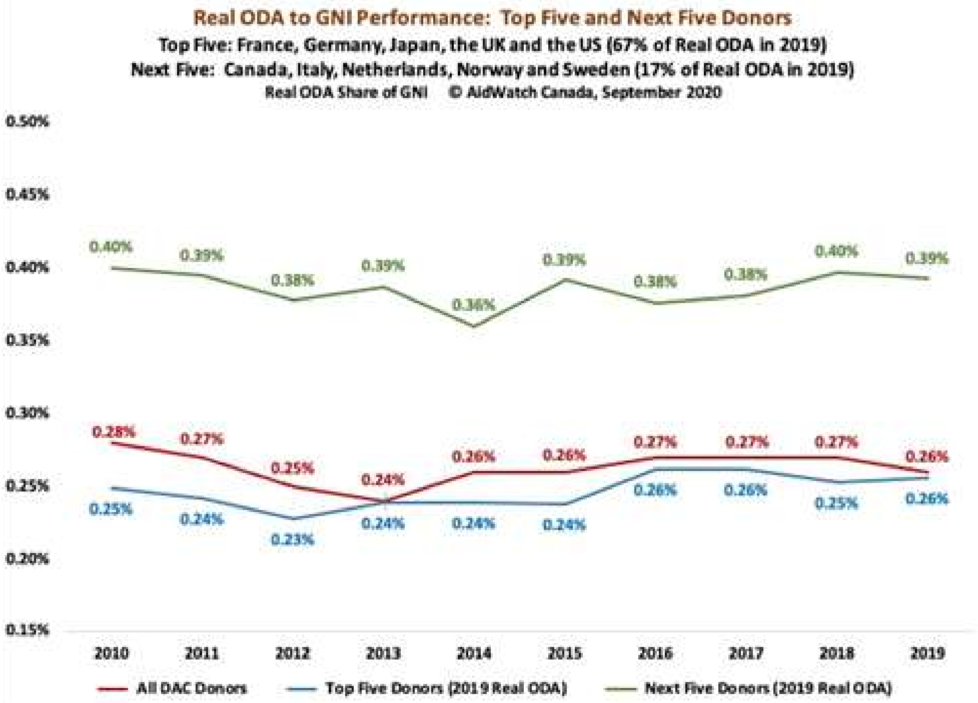
3.2 The Concentration of Aid among the Top Ten Donors

Aid is highly concentrated among a few donors. The vast majority of aid is provided by a relatively small number of donor countries, with the top ten donors providing 84% of DAC ODA in 2019. The five largest donors (the United States, Germany, the United Kingdom, Japan and France) provided 67% of the total and have been responsible for much of the growth in aid since 2010. The trends and priorities set by these top five donors have a major impact on the quantity and quality of aid (see later sections). But as a share of their GNI they have performed very poorly in 2019 (0.26%) when measured against the performance of the next five donors (0.39%), whose ODA/GNI joint ratio is 50% higher.

Among the 30 DAC donors, the majority of aid is provided by a relatively small number of DAC donor countries. The top five, making up 67% of DAC ODA, include the United States, Germany, the United Kingdom, Japan and France. The next five donors ranked by quantity, (Sweden, the Netherlands, Norway, Canada and Italy) make up an additional 17%. The trends among these major donors, and particularly the top five, have a very significant impact on the quantity and quality of aid.

Since 2010 the top five donors have been responsible for most of the growth in ODA, compared to all other DAC donors (**Chart 5**). Measured against 2010 levels, Germany's aid increased by 78% and Japan's by 51%. Aid provided by the United Kingdom increased by a substantial 50% during the same period. For all other donors, ODA fell by 3% in this decade

CHART 6: TOP FIVE AND NEXT FIVE DONORS: REAL ODA TO GNI PERFORMANCE



(although aid from these donors did increase slightly after 2015).

However, when these amounts are measured against their Gross National Income, these top five donors did not perform well, when compared to the next five donors ranked by quantity (**Chart 6**). The top five donors' Real ODA measured 0.26% of their combined GNI in 2019, similar to the performance for DAC donors as a whole. But over the past decade their annual performance has been somewhat less than all donors together. What is remarkable is the difference with the next five donors. The performance of this group's Real ODA was 0.39% of their GNI in 2019, down slightly from 0.40% in 2018, making their performance more than 50% stronger than the top five donors.

Only three of the top ten donors (the United Kingdom, Sweden and Norway) reached the 0.7% of GNI target in 2019. Real ODA performance for both the United Kingdom (0.68%) and Denmark (0.69%) was slightly below the 0.7% target when significant aid inflation is taken into account. Two other DAC countries - Denmark and Luxembourg - also achieved the 0.7% target.

3.3 Responding to the Pandemic: Uncertain Projections for ODA in 2020

Agenda 2030, the climate emergency and an unprecedented pandemic affirm the urgent need for concessional development finance. However, donors have only made a commitment to protect or step-up aid "to the extent possible." In the wake of donors' massive expenditures to respond to the pandemic in their countries the prognosis for aid levels in 2020 is a cause for great concern. The bleakest change is the dramatic reduction in UK ODA as the British government has now abandoned its legislated mandate for the 0.7% target. DAC donor aid projections for 2021 have some positive markers but the overall level is uncertain.

In the lead-up to the November 2020 DAC High Level Meeting (HLM) CSOs called for DAC members to "commit to provide timely support for partner countries to face the unparalleled crises in the wake of COVID-19," with aid resources that "match the severity of the crises and … additional to standing international commitments."[24]

The scale of resources required is huge and unprecedented. The UN and its partners launched an unprecedented $35 billion appeal for 2021, which has integrated a Global Humanitarian Response Plan for COVD-19.[25] The Access to COVID-19 Tools Accelerator (ACT-A), including the COVAX Facility, is coordinated by the WHO and GAVI, the Vaccine Alliance. In February 2021 announced a funding gap for 2021 of $23.2 billion, in the context of where nearly 130 poor countries had yet to administer a single vaccine.[26]

In November the G20 countries called for:

> *"immediate and exceptional measures to address the COVID-19 pandemic and its intertwined health, social and economic impacts, including through the implementation of unprecedented fiscal, monetary and financial stability actions, consistent with governments' and central banks' respective mandates, while ensuring that the international financial institutions and relevant international organizations continue to provide critical support to emerging, developing and low-income countries."*[27]

Much of the global response to date has been through multilateral organizations, particularly the IMF, the World Bank, and Regional Development Banks. Their response has focused on both the health emergency and the pandemic-induced global recession. The Center for Disaster Protection has tracked $115 billion in multilateral investments up to January 2021. Most of this finance is non-concessional loans ($101 billion) and includes agreed G20 bilateral debt relief estimated at $10 billion.[28]

DAC member ODA is also a critical resource in the pandemic response for low- and middle-income countries. But despite urgent appeals for support, the DAC HLM November 2020 Communiqué only reaffirmed "the important contribution of ODA to the immediate health and economic crises and longer-term sustainable development, particularly in Least Developed Countries (LDCs)." At the HLM, DAC members reiterated an April 2020 statement that "official development assistance, should, to every extent possible, be protected and stepped up, while expanding support to global public goods."[29] According to (incomplete) IATI data for 2020, their COVID-19 activity tracking tool reported only $3.7 billion in COVID-19 related investments by DAC donors (February 2021).[30]

Yet in the wake of the pandemic the prognosis for DAC donor aid levels in 2020 remains uncertain at best. The bleakest change is the dramatic reduction in UK ODA. In July 2020, the government announced a £2.9 billion (US$3.7 billion) cut for 2020, matching an expected significant reduction in UK's GNI for that year. Together these cuts have reduced UK's aid budget in 2020 by up to 20%, This disappointment was followed by another in November as the UK abandoned its commitment and legislated mandate for its ODA levels to reach the 0.7% target. Aid levels for 2021 will be reduced to 0.5% of UK's GNI, resulting in an estimated cut of £4.2 (US$5.4 billion) billion. The UK government predicts that aid levels for 2021 will be approximately $13 billion (compared to $19.8 billion in 2019).[31]

UNCTAD's 2020 Least Developed Countries Report states: "The GDP per capita of least developed countries (LDCs) is projected to contract by 2.6% in 2020 from already low levels, as these countries are forecast to experience their worst economic performance in 30 years"[32] In a recent overview of development finance, it warns that "as the pandemic response puts additional pressure on government budgets in developed countries, there is a risk that ODA flows will fall or

TABLE 1: TOP TEN DONORS: ODA PROGNOSIS FOR 2020 AND 2021

Donor	ODA in 2019 (Current US$ Billions)	Prognosis for 2020 / 2021 (US$ billions, Current Prices)
United States	$33.9	No change for 2020; 2021 to be determined
Germany	$24.1	$1.8 billion increase for 2020, and $1.8 for 2021 Likely achieves 0.7% target in 2020
United Kingdom	$19.3	$3.7 billion cut for 2020 and $5.4 billion cut for 2021
France	$12.0	$14.2 billion projected and 0.52% of GNI in 2020; Increases to reach 0.55% of GNI by 2022 (reaching 0.7% when debt relief is included).
Japan	$11.6	Japan's total ODA in fiscal year (FY) 2020 (April 2020 to March 2021) is estimated to increase by 3% compared to FY2019, including 1.2% in Foreign Ministry ODA Budget.
Netherlands	$5.3	A small increase of $354 million expected for 2020 due to Covid-19 additions. US$608 added for 2021 for Covid additions. But expect budget to be lower in 2022 onwards.
Sweden	$5.2	A small increase at $5.5 billion for 2020 despite decline in GNI; Committed to 1%, but in 2021 likely to follow GNI – estimated at $5.5 billion.
Italy	$4.7	Mixed; Small decline in 2020 of $365 million (ActionAid Italy) or small increase (Italian Treasury, February 2020)
Canada	$4.5	Expect about $1 billion in one-off increase for pandemic related aid in 2020/21. ODA base budget increases by Cdn$100 million in 2021/22.
Norway	$4.3	$4.4 billion in 2020 and $4.3 billion in 2021

Source: Donor Tracker (https://donortracker.org/, February 2021; Devex, various articles.

stagnate at a time when the financial needs of the poorest countries to meet the Goals are increasing."[33] Development Initiatives provides an estimate of possible trends, based on 13 donors reporting to IATI aid data, indicating that bilateral aid fell by 26% for the period January to November 2020.[34]

A close examination of recent individual donor aid plans for 2020 and 2021 reveals a mixed prognosis for ODA going forward. **Table 1** sets out what is known as of December 2020 about the likely outcome for ODA in 2020 and 2021 for the ten largest donors that made up 84% of aid in 2019.[35] Whether sufficient to off-set the large decline in UK aid, all other large donors indicate either increases, Germany being the largest in volume, or no change from 2020. Other donors that have indicated aid increases in 2020 include Spain, Korea, New Zealand, Switzerland, Finland, Luxembourg and Ireland.[36]

How much of the stated plans for the ten largest donors will be eligible as ODA in 2020 is an important question. In May, the DAC made a preliminary ruling that "research for a vaccine / tests / treatment for COVID-19 would not count as ODA, as it contributes to addressing a global challenge and not a disease disproportionately affecting people in developing countries."[37] This determination is consistent with DAC eligibility criteria for research, which must have "the specific aim of promoting the economic growth or welfare of developing countries."[38]

However, DAC aid investments in 2020 and 2021 for the purchase and distribution of vaccines targeting populations in ODA-eligible countries would continue to count as donor ODA (see below). Some donors have objected to the DAC's interpretation of its guidelines on research, and further adjustments may be made in what can be reported as ODA in 2020. In a DAC survey conducted at the end of April 2020, members reported approximately $10 billion in aid to be committed to the pandemic response that year, an amount which was likely much higher by the end of 2020.[39]

In April 2020 a global coordinating mechanism, the Access to COVID-19 Tools (ACT) Accelerator, was launched by the WHO, France, the European Commission, the Bill and Melinda Gates Foundation, the Global Fund, the World Bank and Gavi. The purpose of this Accelerator is to draw together significant official and private sector finance around four pillars of work -- diagnostics, treatment, vaccines and health system strengthening – with a focus on the needs of low- and middle-income countries.[40]

COVAX is organized within the Accelerator to ensure the purchase, equal access and effective delivery of more than two billion vaccines to vulnerable people and health care workers in low- and middle-income countries by the end of 2021. It is coordinated by GAVI, the Vaccine Alliance, CEPI and the WHO. GAVI also supports the COVAX Advanced Market Commitment (AMC) focusing on vaccine access for least developed and low-income countries. The AMC will be supported by ODA, the private sector and philanthropy.[41]

As of January 2021, $6.2 billion was pledged in 2020 and an additional $23.2 billion for 2021 required, if COVID tools are to be deployed around the world.[42] The new Biden Administration in the United States make a $2 billion investment in COVAX in February 2021 with a further $2 billion forthcoming over the next two years.

How donors allocate their pandemic international response funds and the way that the DAC interprets its Reporting Guidelines will determine the share of these dedicated COVID-related funds that will be included in total ODA for 2020 and 2021. The DAC has been developing a COVID purpose code and marker for donor ODA reporting which will be implemented in 2021 for 2020 aid data.[43] This will enable tracking of ODA resources for bilateral and multilateral pandemic responses. Other data bases, such as IATI and the Center for Disaster Protection, are tracking all global investments irrespective of their concessionality.[44]

4. RESPONDING TO A TRIPLE CRISIS: A HUMANITARIAN, DEVELOPMENT AND CLIMATE EMERGENCY

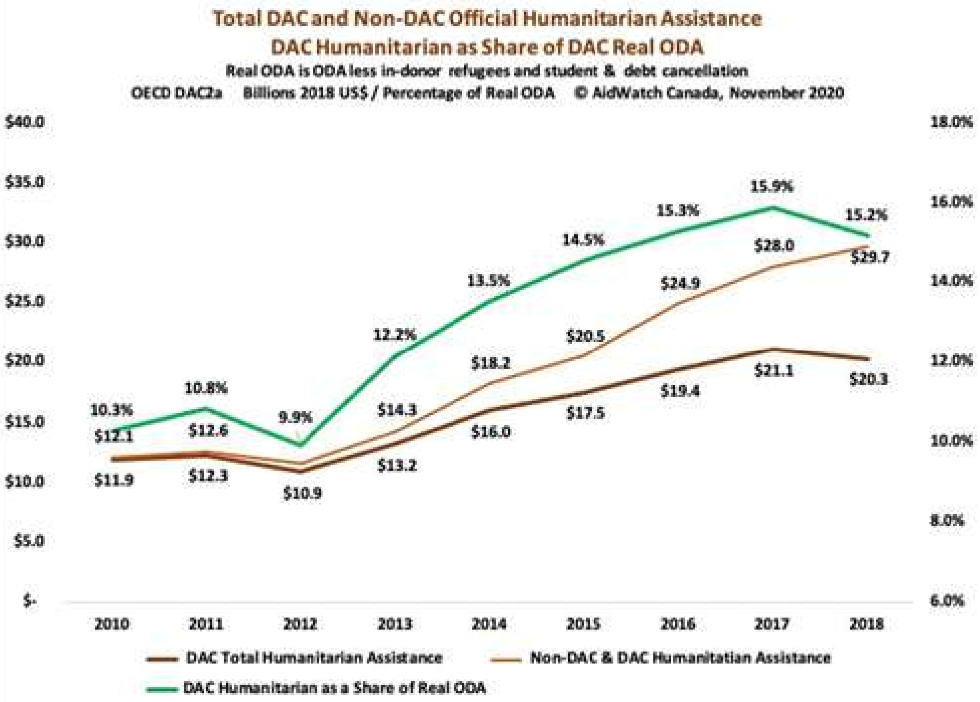
4.1 Trends in Humanitarian Assistance

There are currently over one billion people living in countries affected by long-term humanitarian crises, with more than half that population living in poverty. UN projections for the humanitarian situation for 2021 are stark. A record 235 million people are expected to need humanitarian assistance, with an appeal goal of $35 billion. The 2019 UN combined appeal goal was $30.4 billion, of which only $19.3 billion (63%) was committed.

In 2018, DAC donor humanitarian assistance declined slightly from $21.1 billion in 2017 to $20.3 billion. However, as a share of Real ODA, this assistance has been growing rapidly, increasing from 10.3% in 2010 to 15.2% in 2018. The three largest donors in 2018 - the United States, Germany and the United Kingdom - were responsible for 71% of DAC donor humanitarian assistance.

Over the past decade multilateral organizations have been the principal and

CHART 7: TRENDS IN HUMANITARIAN ASSISTANCE



growing channel for humanitarian assistance. Almost two-thirds (63%) of humanitarian aid was provided through these organizations in 2018, up from 52% in 2010. In this same time period civil society organizations, primarily those based in donor countries, have been a channel for humanitarian assistance, accounting for about 30% of donor humanitarian resources annually.

Investments in disaster preparedness accounted for only 3% of humanitarian aid in 2018. Surprisingly this was slightly less than its share (3.2 %) in 2010, despite widespread weather-related events resulting from the growing climatic effects of global warming.

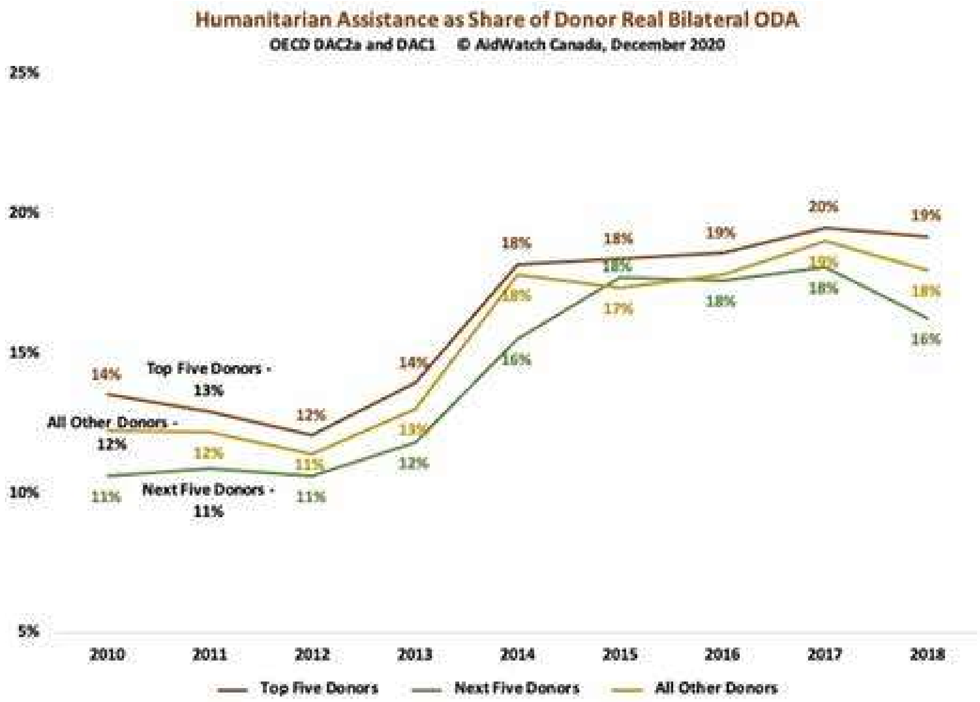
At the launch of the UN's *Global Humanitarian Outlook 2021*, UN Secretary-General António Guterres warned the international community that

> *"conflict, climate change and COVID-19 have created the greatest humanitarian challenge since the Second World War...[and] together, we must mobilize resources and stand in solidarity with people in their darkest hour of need."*[45]

The *Outlook* report is indeed bleak. The number of people in the world who will need humanitarian assistance is estimated to reach a record 235 million in 2021, increasing from one in 45 persons in 2019 to an unprecedented one in 33 persons in 2021. The financial appeal for humanitarian assistance delivered through the UN for those most in need is estimated to be $35 billion.[46]

The UN reports that the international community provided $17 billion for humanitarian assistance from January to November 2020. This represents less than half (44%) the record-setting $39 billion in resources sought during that year for a combined UN humanitarian appeals and the Global Humanitarian Response Plan for COVID-19.[47] The 2019 UN combined appeal goal was $30.4 billion, of which $19.3 billion (63%) was committed.[48] The donor community is failing

CHART 8: DAC DONORS' HUMANITARIAN ASSISTANCE: SHARE OF REAL BILATERAL ODA



millions of people affected by conflict and humanitarian emergencies.

According to Development Initiatives' *2020 Global Humanitarian Report*, more than one billion people are living in countries affected by long-term humanitarian crises. The number of countries experiencing protracted crises (five or more years of UN appeals) has more than doubled over the past 15 years, from 13 to 31 countries. Within these countries of protracted crises more than half the population (53%) are living in poverty (below $3.20 a day).[49]

A critical question is whether the humanitarian system is equipped to handle increasing and more complex challenges. Humanitarian assistance has been growing significantly over the past decade, with DAC member contributions increasing by more than 70% from 2010 to 2018. In 2018, both DAC members and non-DAC countries (reporting to the DAC) recorded a total of $29.7 billion in humanitarian assistance, of which $20.3 billion was provided by DAC members. This was down from 2017 levels which stood at $21.1 billion for DAC members. (**Chart 7**) Since 2015 growth in humanitarian assistance has slowed, with only an 16% increase in DAC humanitarian assistance. As a share of Real ODA, DAC member contributions for humanitarian assistance has grown more rapidly than overall aid, with its share of aid increasing from 10.3% in 2010 to 15.2% in 2018.

In the past three years most of the growth in non-DAC member humanitarian aid has been provided by Middle Eastern donors. These donors have mainly focused on the humanitarian crisis in Syria (Turkey, $7.4 billion in 2018; United Arab Emirates, $1.2 billion; and Saudi Arabia, $0.8 billion).

Development Initiatives tracks public and private sources of humanitarian assistance from UN and OECD DAC sources. According to their 2020 *Report*, total humanitarian assistance (all sources) fell in 2019 by $1.6 billion from a high of $31.2 billion in 2018 to $29.6 billion in 2019.[50] This decline is the

TABLE 2: TOP 20 RECIPIENTS FOR HUMANITARIAN ASSISTANCE, 2016 TO 2018 ANNUAL AVERAGE

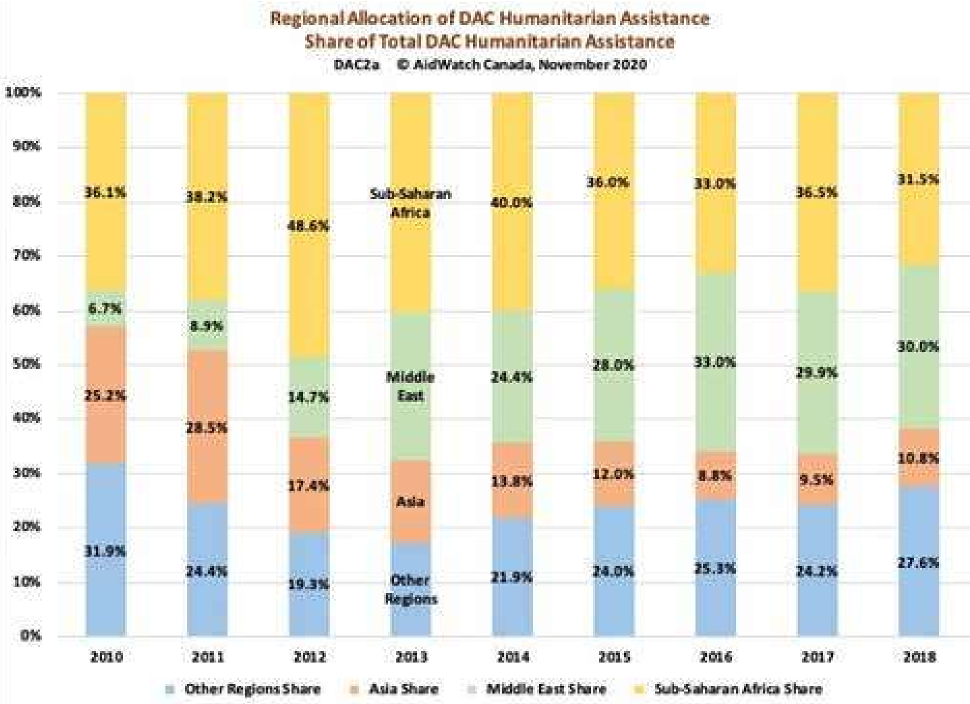
Recipient (million of US$)	Three Year Average (2016 to 2018)	Share of Total Humanitarian Assistance
Syria	$2,034	12.8%
Iraq	$1,067	6.7%
Yemen	$957	6.0%
South Sudan	$899	5.6%
Somalia	$625	3.9%
Ethiopia	$594	3.7%
Nigeria	$474	3.0%
Turkey	$465	2.9%
Lebanon	$423	2.7%
Democratic Republic of Congo	$370	2.3%
West Bank & Gaza Strip	$346	2.2%
Afghanistan	$327	2.1%
Jordan	$327	2.0%
Sudan	$290	1.8%
Bangladesh	$224	1.4%
Central Africa Republic	$194	1.2%
Kenya	$179	1.1%
Myanmar	$162	1.0%
Uganda	$157	1.0%
Ukraine	$134	0.8%
Top 20 Recipients	$10,411	65%

result of a reduction in official humanitarian assistance in that year, particularly on the part of the UAE and EU. For humanitarian aid from private sources, Development Initiatives reported an increase over the past three years, from $5.5 billion in 2016 to $6.4 billion in 2019. These donors consistently make up about a fifth of total humanitarian aid from all sources. Development Initiatives estimates that individual donors contributed $4.1 billion in 2019 (14% of total humanitarian assistance, all sources).[51]

The share of humanitarian assistance in aid reported by different DAC donors varies considerably. Overall, this share has increased from 12% in 2010 to 18% in 2018. But among donors there are significant differences as indicated in **Chart 8** below. It provides an overview of humanitarian assistance's share of Real Bilateral Aid for both the top five donors (the United States, the United Kingdom, Germany, Japan and France) and the next five donors (Canada, Italy, the Netherlands, Norway and Sweden).

The priorities for humanitarian assistance are very dependent upon how this aid is concentrated among DAC donors. The three largest humanitarian donors - the United States, Germany and the United Kingdom - were responsible for just under three-quarters (71%) of DAC donor humanitarian assistance in 2018 (76% if France and Japan are included). On average these top five DAC donors provided the largest share of their Real Bilateral Aid

CHART 9: REGIONAL ALLOCATION OF DAC HUMANITARIAN ASSISTANCE



(19%) as humanitarian assistance in that year. Germany (at 20%) and the United States (at 24%) delivered more than a fifth of their bilateral assistance as humanitarian aid. The next five donors were responsible for only 14% of humanitarian assistance in 2018, which represented 16% of their bilateral assistance, slightly down from 18% in the previous year. The other 20 DAC donors delivered the remaining 10% of humanitarian assistance.

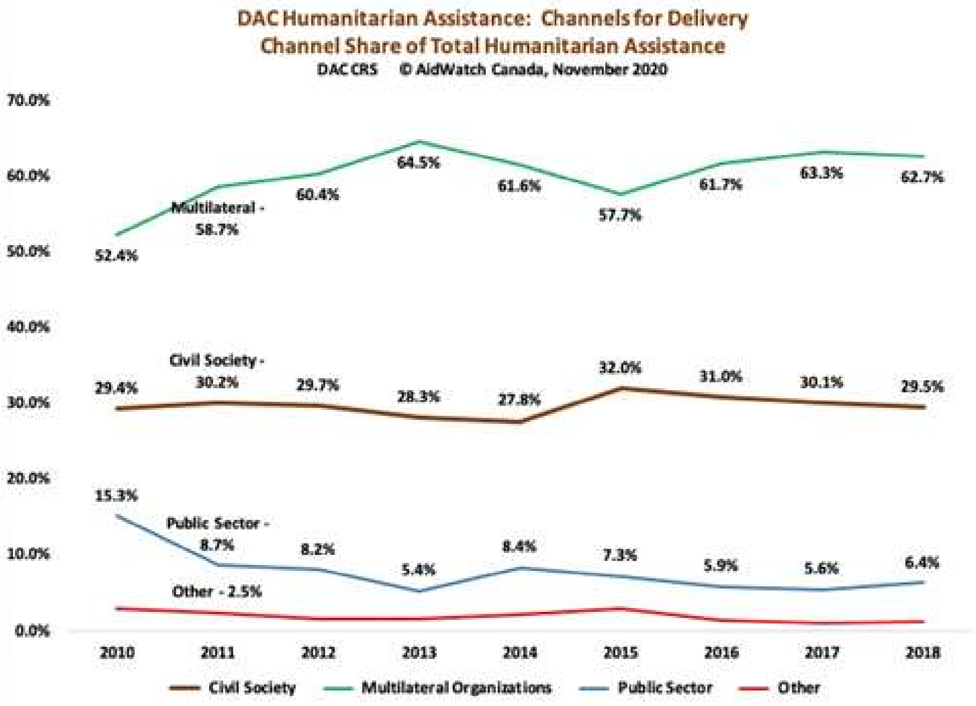
A second question is how humanitarian assistance has been allocated. Table 2 sets out the top 20 humanitarian recipients (with three-year annual average receipts for 2016 to 2018). As indicated, five of the top 10 recipients are located in the Middle East, including Turkey.

Table 2 provides an overview on allocation trends in humanitarian assistance from 2016 to 2018. From 2016 to 2018 the top 20 recipients for DAC humanitarian assistance accounted for 65% of this aid. During that time there has been a concentration on war-affected countries in the Middle East, although humanitarian assistance to some African countries, with long-standing humanitarian needs, also continue to be a priority. Nine of the top 20 recipient countries are African.

Since 2015, Sub-Saharan Africa has accounted for about a third of humanitarian assistance, down from 40% in 2014. (**Chart 9**) The Middle East's share grew from 25% in 2014 to 30% in 2018. However, when regional non-DAC donors such as UAE, Saudi Arabia and Turkey are taken into account the total humanitarian aid provided to Middle East countries is more than double - $11.3 billion in 2018 with only $5.5 billion of this amount provided by DAC donors.[52] Other regions beyond the Middle East and Africa, including Europe (e.g. Ukraine), received over 25% of DAC humanitarian assistance. Asia's share of this assistance (Afghanistan, Myanmar and Bangladesh) declined sharply from 29% in 2011 to only 11% in 2018.

DAC donors have devoted increasing amounts of their humanitarian assistance to both the

CHART 10: MAIN CHANNELS FOR DELIVERY OF HUMANITARIAN ASSISTANCE



coordination of their efforts and responding to post-emergency reconstruction needs, with this assistance almost doubling from 13.3% of humanitarian aid in 2010 to 24.9% in 2018. But disaster preparedness continues to be a low priority, remaining at 3% of humanitarian aid in 2018, equal to its share in 2010 at 3.2%. Donors continue to ignore the need for preparedness in the face of widespread warnings of increased weather-related events resulting from the climatic effects of global warming.

Chart 10 identifies the main channels for the delivery of DAC humanitarian assistance, demonstrating that multilateral organizations have been the principal and growing channel over the past decade. Almost two-thirds (63%) of humanitarian aid was provided through multilateral organizations in 2018, up from 52% in 2010. No doubt this is due to the fact that DAC donors have responded to various UN appeals. However, it is also a result of the use of ear-marked finance by donors in particular humanitarian situations, ones which have been managed by multilateral organizations. According to Development Initiatives, unearmarked funding through UN agencies, which provides flexibility to respond to "forgotten" emergencies, accounted for only 14% of donor contributions to these organizations in 2019.[53]

Civil society organizations, mainly based in donor countries, have been a consistent channel for humanitarian assistance, at about 30% of donor resources annually, over the decade. The largest INGOS frequently combine donor funds with money raised from the public in their home countries. The role of public sector institutions as a conduit for humanitarian assistance has declined significantly over the past decade, from 15% in 2010 to 6% in 2018. Both these trends raise concerns about the lack of progress for the 2016 Grand Bargain, which committed signatories to channel at least 25% of humanitarian assistance to local and national actors as directly as possible. Development Initiative's analysis suggests that direct funding to local actors declined from 3.5% in 2018 to 2.1% in 2019.[54]

4.2 Aid to Fragile Contexts

The DAC has identified 57 countries as having fragile contexts. This broad sweep of countries sometimes makes it difficult to differentiate an analysis of donor measures addressing fragility from those addressing social, economic and political conditions of extreme poverty.

This section focuses on 30 of the most affected countries as identified in the Fragile State Index (2020) produced by the Fund for Peace. These 30 countries were seen to be aid priorities in the 2016 to 2018 period, with 37% of Real Aid disbursements and 57% of humanitarian assistance directed to them, though unevenly. Of the $47 billion allocated annually between 2016 and 2018, the top five fragile countries received 39%, with the next five receiving 25%. Seven countries, the mostly severely war-affected, received more than 40% of their country assistance as humanitarian assistance for emergency relief (Syria, Iraq, South Sudan, Yemen, Somalia, Sudan, Central Africa Republic).

From 2014 to 2018 aid in fragile contexts focused on long-term development goals (net of humanitarian assistance) represented about 75% of country aid. Health, including reproductive health, and support for governance have been key sectoral priorities. But support for agriculture (5%) and education (6%) was limited in countries where the majority of poor and vulnerable people live in rural settings and education infrastructure is weak. Only 4% of aid was directed to "conflict, peace and security".

CSOs are more important as development actors in fragile situations (delivering 26% of this aid) compared to bilateral aid for all countries (18% in 2018).

This mix of humanitarian and development resources demonstrates the potential for greater synergies in fragile contexts, as set out in the DAC Recommendation for the humanitarian, development and peace nexus.

A large portion of humanitarian assistance focuses on countries with considerable challenges relating to conflict and/or severe governance capacities to protect the rights of their citizens. These have been described as "fragile context". While an important focus, it has been hampered by no agreed upon definition of what constitutes a fragile context.

The OECD DAC uses a broad definition of "fragile contexts," which is based on a measure of violence, injustice, poor governance, health, poverty and inequality. It has established a set of indicators that form a multi-dimensional fragility framework, measuring "fragility on a spectrum of intensity across five dimensions: economic, environmental, political, security and societal."[55] In 2020, the DAC identified 57 countries that fit this criteria, or 40% of all ODA-eligible developing countries.[56] With the exception of five countries (Venezuela, Iran, Equatorial Guinea, Iraq and Libya), the remaining 52 countries make up 60% of all Least Developed, Low-Income and Lower Middle-Income Countries. The DAC list includes 36 of the 46 countries in Sub-Saharan Africa and 36 of the 48 Least Developed and Low-Income Countries. Given this rather broad sweep, it can sometimes be difficult to distinguish an analysis of donor measures addressing fragility from those addressing social, economic and political conditions affected by extreme poverty. While a factor in fragility, the latter conditions are common across many of the poorest developing countries.

The World Bank has a narrower definition of fragile and conflict affected situations.[57] Its analysis focuses on three conditions: 1) Low-income countries eligible to receive support through their International Development Association (IDA) window of finance with a low

TABLE 3: 30 FRAGILE AND CONFLICT AFFECTED COUNTRIES

1. Yemen	11. Burundi	21. Myanmar
2. Somalia	12. Cameroon	22. Guinea Bissau
3. South Sudan	13. Haiti	23. Uganda
4. Syria	14. Nigeria	24. Pakistan
5. Congo, Democratic Republic	15. Mali	25. Congo, Republic
6. Central African Republic	16. Iraq	26. Mozambique
7. Chad	17. Eritrea	27. Venezuela
8. Sudan	18. Niger	28. Kenya
9. Afghanistan	19. Libya	29. Liberia
10. Zimbabwe	20. Ethiopia	30. Mauritania

score (3.0 or less) on their Country Policy and Institutional Assessment (CPIA) index; and/or 2) The presence of a United Nations or regional peace-keeping/building operation in the country during the previous three years; and/or 3) The flight across borders of at least 2,000 refugees or more per 100,000 population. The World Bank lists 32 countries for 2021 of which four are considered "high-intensity conflict," 13 are "medium-intensity conflict," and 15 countries are considered situations of "high institutional and social fragility."[58]

The Fund for Peace is a US-based not-for-profit focusing on issues of violent conflict, state fragility, security and human rights. It produces an annual multi-dimensional assessment in its *Fragile States Index Report*.[59] This Index ranks 178 countries against more than 100 indicators for social cohesion, economic conditions, political processes and rights, and social and cross-cutting conditions. Their analysis of these conditions assesses trends for all countries over time, rather than ranking countries as "fragile" per se. With respect to conditions affecting fragility, the 2020 *Report* lists four countries as warranting a "very high alert," five countries a "high alert," and 22 countries designated as "alert," for a total of 31 countries.[60]

In order to analyze the most serious fragile contexts this chapter is based on the 30 most seriously affected countries derived from the Fragile States Index for 2020. All of these countries appear on the OECD DAC list (all but 4 countries ranking below 29) and all but 5 appear on the World Bank's recent list of 32 countries experiencing fragility. This list of 30 fragile and conflict affected countries is set out in **Table 3**.

Of these 30 countries, the vast majority (22) are designated as being Least Developed or Low-Income. Twenty-one are located in Sub-Saharan Africa. Seventeen countries are currently experiencing high or medium intensity conflict. Approximately 1.1 billion people live in these 30 countries with many being highly vulnerable – 38% are living in poverty, requiring urgent attention from the international community.

How much aid have these countries received in recent years? Net of debt cancellation, annual ODA to these 30 countries totalled $47 billion (annual three-year average, 2016 to 2018). (See **Table 4**). Over this period these top 30 fragile situations received 32% on average of DAC Real ODA, and 57% of total humanitarian assistance.

But this aid is unevenly disbursed. The top five fragile situations received 39% of the $47 billion; the next five only 25%. Seven countries, primarily those that are severely war-affected, received more than 40% of their country assistance as humanitarian assistance for emergency relief (Syria, Iraq, South Sudan, Yemen, Somalia, Sudan, Central Africa Republic). In these 30 fragile situations as a whole, humanitarian assistance comprised 25% of their aid.

TABLE 4: ODA TO TOP 30 FRAGILE SITUATIONS IN 2018, AVERAGE COUNTRY RECEIPTS, 2016 TO 2018

Country	Total ODA, Three Year Average, 2016 to 2018	Country	Humanitarian Assistance, Share of Total Country ODA
Ethiopia	$ 4,646.2	Syrian Arab Republic	73%
Afghanistan	$ 4,006.1	Yemen	63%
Nigeria	$ 3,297.6	South Sudan	58%
Pakistan	$ 3,182.6	Somalia	52%
Syrian Arab Republic	$ 3,124.9	Iraq	51%
Kenya	$ 2,905.5	Sudan	44%
DRC	$ 2,537.2	Central African Republic	42%
Iraq	$ 2,402.8	Burundi	32%
Uganda	$ 2,018.8	Libya	29%
Mozambique	$ 1,948.9	Chad	23%
South Sudan	$1,854.7	Venezuela	21%
Yemen	$ 1,743.6	DRC	19%
Myanmar	$ 1,664.5	Nigeria	18%
Mali	$ 1,465.9	Ethiopia	17%
Somalia	$ 1,446.6	Niger	15%
Niger	$ 1,190.1	Haiti	15%
Cameroon	$ 1,177.7	Zimbabwe	12%
Haiti	$ 1,069.3	Myanmar	12%
Sudan	$ 827.2	Mauritania	11%
Zimbabwe	$ 782.2	Uganda	11%
Chad	$ 756.1	Mali	11%
Liberia	$ 692.8	Afghanistan	11%
Central African Republic	$ 594.9	Eritrea	9%
Burundi	$ 594.5	Kenya	8%
Mauritania	$ 372.8	Congo	8%
Libya	$ 289.0	Cameroon	8%
Guinea-Bissau	$ 165.3	Liberia	8%
Congo	$ 144.5	Pakistan	7%
Venezuela	$ 97.2	Mozambique	2%
Eritrea	$ 71.6	Guinea-Bissau	1%
Total 30 Countries	$47,071.1	Total 30 Countries	25%

Source: DAC CRS; Millions of US$

CHART 11: ANNUAL (GROSS) ODA DISBURSEMENTS TO 30 COUNTRIES WITH FRAGILE CONTEXTS

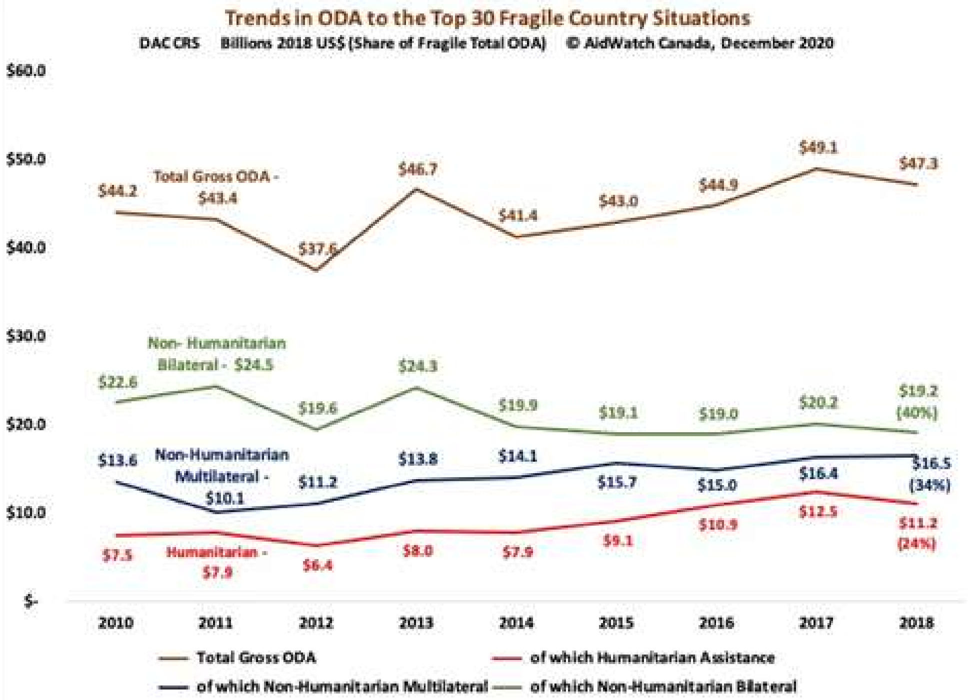


CHART 12: HUMANITARIAN / LONG TERM DEVELOPMENT SHARE IN ODA TO FRAGILE SITUATIONS

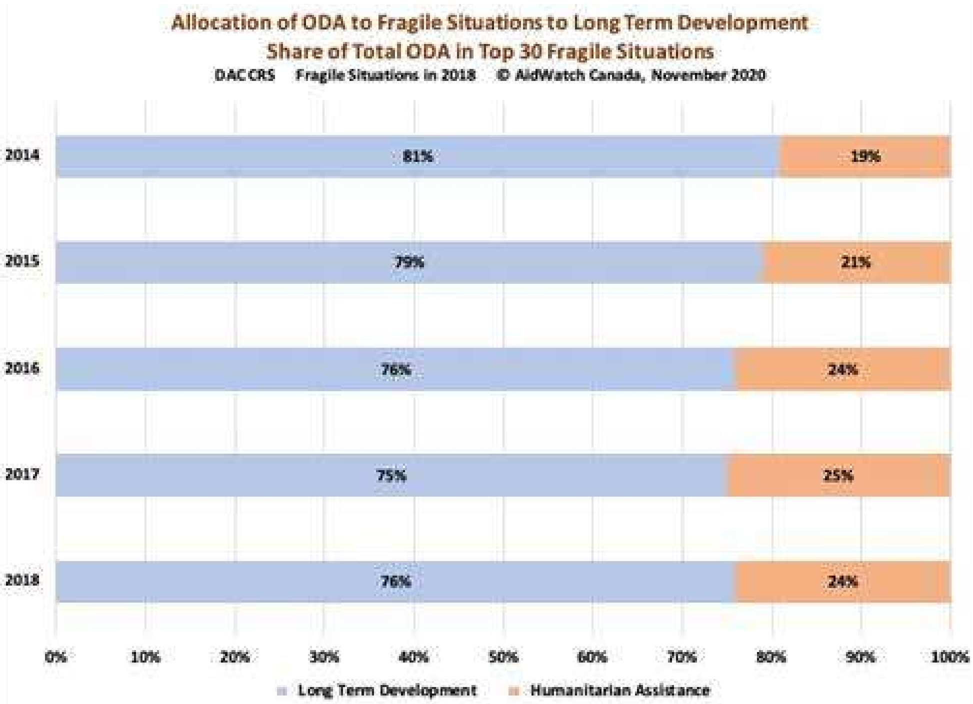


CHART 13: SECTOR ALLOCATIONS OF AID TO 30 FRAGILE COUNTRY SITUATIONS, 2018

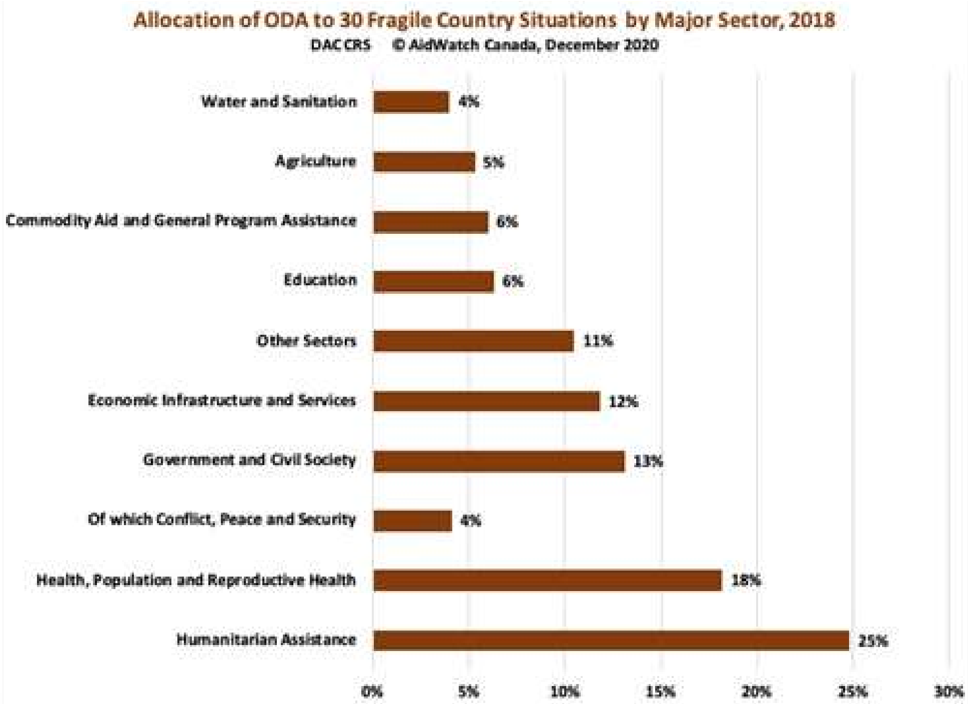
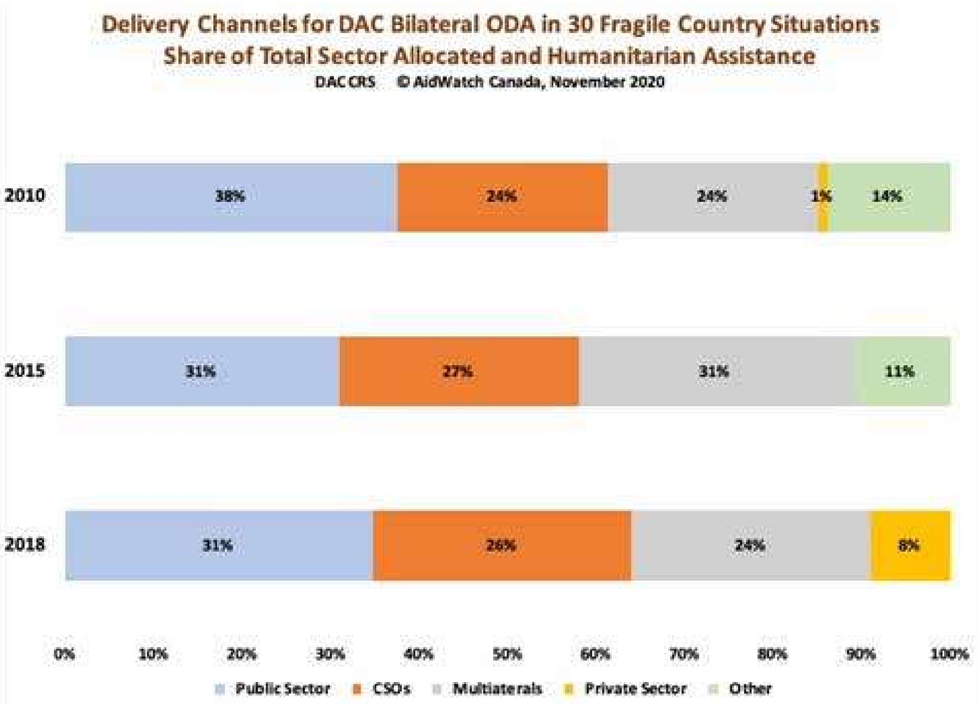


CHART 14: MAIN CHANNELS OF DELIVERY FOR BILATERAL AID IN 30 FRAGILE COUNTRY SITUATIONS



DAC aid to these 30 countries has remained fairly constant over the past decade. Significantly, this aid has increased by 14% since 2014, from $41 billion in 2014 to $47 billion in 2018. (**Chart 11**) In 2018 24% of this aid was provided as humanitarian assistance, up from 19% in 2014. This was mainly the consequence of emergency humanitarian responses to conflicts in the Middle East. Aid oriented to long-term development goals (net of humanitarian assistance) has been delivered by both multilateral organizations (34% of total ODA to these countries) and through bilateral channels (40%). This division between humanitarian and long-term development goals in aid to fragile contexts has been relatively constant over the past five years (2014 to 2018). (**Chart 12**)

Chart 13 provides an overview of the share of development-oriented aid delivered in 2018 to different sectors in the 30 fragile countries. Health (18%), including reproductive health services, and support for governance (13%) are key sectoral priorities. Aid to informal economic and financial institutions has also been a significant priority (12%). Under governance only 4% of aid is directed to "conflict, peace and security" concerns. Support for agriculture (5%) and education (6%) is limited in countries where the majority of poor and vulnerable people live in rural settings or the education infrastructure is weak.

It is important to identify and examine the delivery channels for (bilateral) assistance to the 30 fragile countries. The public sector (at 31% of sector allocated and humanitarian aid in 2018) has been carried the primary responsibility for delivering bilateral aid to these countries over the past decade. (**Chart 14**) Civil society organizations have also played a major role (26% in 2018) as have multilateral organizations (24% in 2018). CSOs are more important development actors in fragile situations than for bilateral aid to all countries (18% in 2018). In the past decade, the private sector has been a minor aid actor in the 30 countries.

4.3 Addressing the Climate Emergency: Trends in Climate Finance

Developed countries are likely to miss their goal to commit $100 billion in annual climate finance by 2020. Comprehensive comparable data on these commitments is still not accessible. As well, ten years after this goal setting (2009) the rules as to what counts as climate finance have still not been established.

Donors are expected to report about $63 billion in official climate flows (both concessional and non-concessional). However, Oxfam has estimated that in 2018 a more accurate amount for developing country recipients is $19 billion to $22.5 billion in total concessional flows for climate finance.

If bilateral climate finance is adjusted for mainstreamed climate finance and grant equivalency in loans, compared to 2014, total real bilateral climate finance by DAC donors 2018 has actually fallen by $2.9 billion. At $11.6 billion this performance is far from the $37.3 billion target inside the $100 billion commitment.

The fact that Germany, Japan and France, alongside the MDBs are the largest climate donors ensures that the majority of this finance is delivered as loan finance, rather than as grants.

The year 2020 has been one of compounding climatic and pandemic emergencies.[61] UN Secretary General Guterres has issued an urgent call to action, warning that

> *"humanity is at war with nature. … We are facing a devastating pandemic, new heights of global heating, new lows of ecological degradation and new setbacks in our work towards global goals for more equitable, inclusive and sustainable development."*[62]

By the end of 2020 developed countries were supposed to be providing $100 billion in annual climate finance to ensure a fair and effective implementation of the 2015 Paris Agreement. While up-to-date estimates for 2020 are not yet available, analysis based on 2018 donor reports to the UN Framework Convention on Climate Change (UNFCCC) and the OECD DAC suggest that donors' actual commitments to international climate finance are far off this mark.[63]

In 2016 the OECD DAC produced a roadmap to achieve the $100 billion 2020 commitment, one that included both private sector and official public sources. The expected breakdown for 2020 estimated the following:

1. $37.3 billion from bilateral developed country donors;

2. $29.4 billion from multilateral Development Banks and climate funds that can be attributed to donor countries through their core contributions to these institutions; and

3. $33.2 billion from private sector investments.[64]

As agreed at the UNFCCC, public finance towards the $100 billion target includes both concessionary (i.e. grants and loans at below market rate that count as ODA) and non-concessionary resources (e.g. loans at market terms). Multilateral Development Banks provide additional climate finance from internal resources generated through their activities that are not directly attributable to donor countries.[65]

The OECD DAC reported that developed country donors reached $63 billion in public climate finance in 2018, up from $57 billion in 2017.[66] This amount comes close to the 2020 target of $66.7 billion for bilateral and multilateral public resources predicted in the OECD roadmap for the $100 billion commitment. However, CSOs have raised major concerns about the inclusion of large amounts of non-concessional finance in this target and reported performance, as well as the ways in which donor concessional climate finance is calculated. Oxfam estimates that a more accurate picture of total concessional climate finance is considerably lower than this reported performance, ranging from $19 billion to $22.5 billion in 2018.[67]

What are the differences?

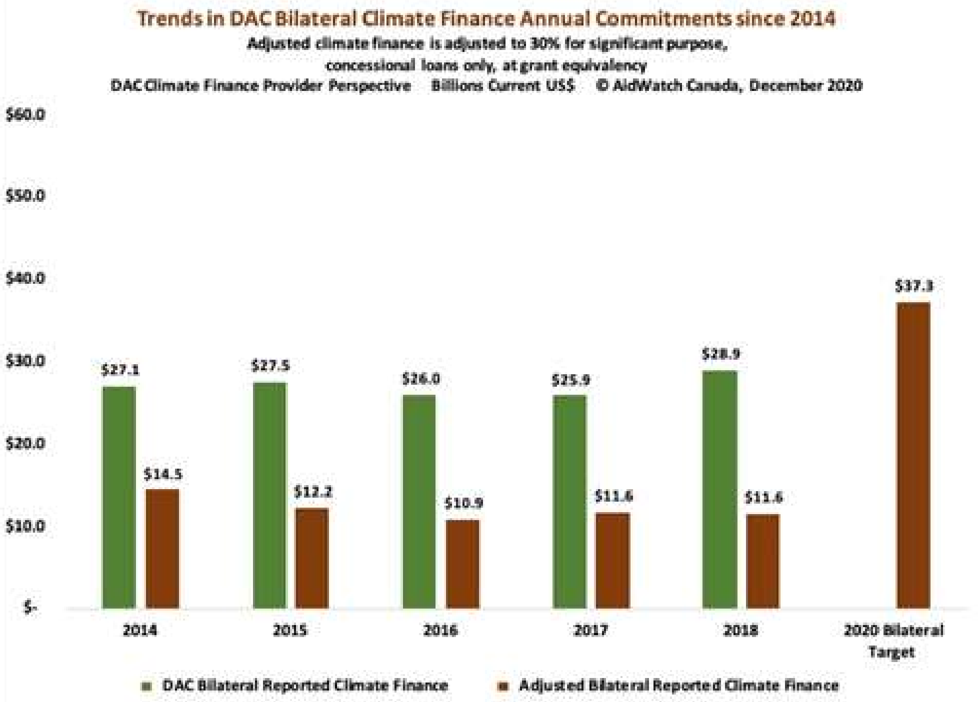
i) Bilateral Climate Finance

The DAC reported $32.7 billion in bilateral climate finance in 2018. There are two aspect of bilateral climate finance that overstate this level of donors' bilateral annual commitments to address the climate emergency.

First, a growing portion of bilateral climate finance is being integrated into projects where climate objectives complement but are not the main goals. In fact, projects where climate finance was the principal aim represented only a third of climate finance in 2018 as opposed to 67% where climate finance was integrated into projects which had other main objectives. Mainstreaming of climate objectives can be an important part of effective partnerships with developing countries as it contributes to an increase in their resilience in the consequences of a rapidly changing climate. What is at question is not just the degree to which this mainstreaming is a reality in these projects, but also how much of a project's total budget/ disbursements should be included as relevant to the $100 billion climate commitment.

Unfortunately, there are no agreed upon rules for how donors calculate the rate of inclusion of climate finance in mainstreamed projects. Donors have the discretion to adopt their rules with the result that counting amounts ranging from 100% of a project budget to as low as 20%. While acknowledging the importance of mainstreaming, both this chapter and Oxfam's recent Shadow Report assess the inclusion of mainstreamed climate finance projects at an average rate of 30% of their budget/ disbursements and apply this ratio for all donors. Now at $18.4 billion instead of $32.7

CHART 15: TRENDS IN ADJUSTED BILATERAL CLIMATE FINANCE



billion, this adjustment lowered donor bilateral climate finance by 49% in 2018.

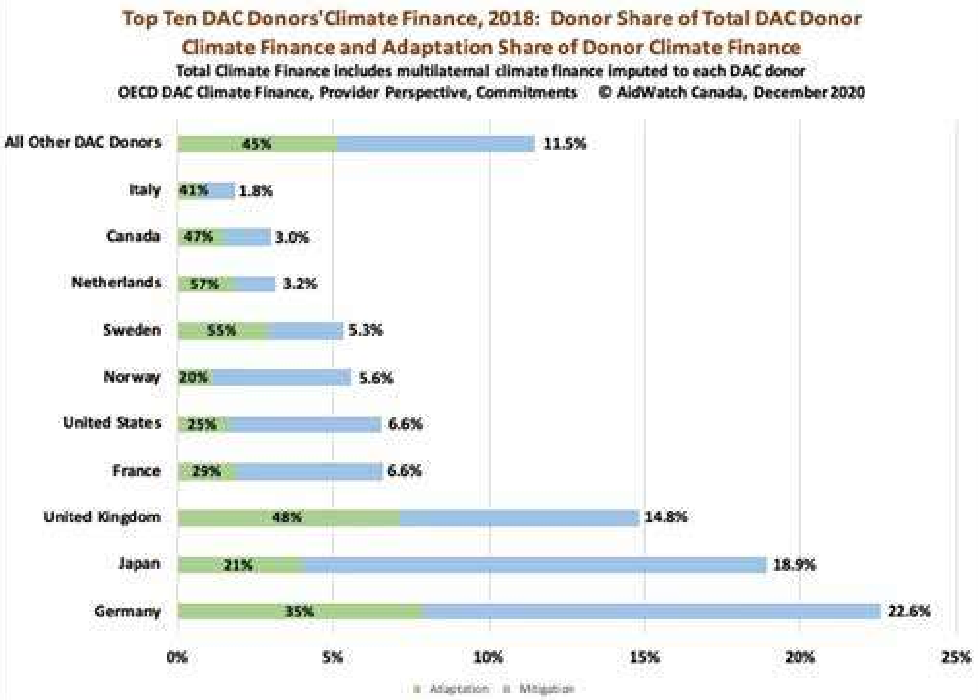
A second concern related to concessional loans. These make up a large share of bilateral climate finance, accounting for more than 33% of this climate finance (adjusted for mainstreaming) in 2018 (and 44% of donor adjusted mitigation projects). Given that developing countries bear little historical responsibility for carbon emissions, they should not be put in a position of paying donor countries for loan financing for urgently needed adaptation and mitigation measures in their countries. Instead, all bilateral concessional loans should be included in the $100 billion target at their grant equivalency (i.e. the degree to which lower than market terms for loans is a net benefit to the partner country). This adjustment, as well as excluding $1.1 billion in non-concessional loans, reduces DAC-reported bilateral climate finance in 2018 by a further $3.9 billion to $14.5 billion.[68]

Chart 15 describes the resulting trends for DAC-reported and real (fully adjusted) bilateral climate finance. The DAC climate finance data suggests that donors, with at total of $28.9 billion in bilateral climate finance in 2018, are approaching the $37.3 billion 2020 target. However, if the adjustments described above are taken into account, the picture is considerably less optimistic. By this reckoning the total adjusted or real bilateral climate finance by DAC donors in 2018 actually fell by $2.9 billion from the 2014 level, the year prior to the Paris Agreement. At $11.6 billion this performance is far from the $37.3 billion target.

ii) Multilateral Climate Finance Attributable to DAC Donor Countries

Despite an annual *Joint Report* by the Multilateral Development Banks (MDBs) (referenced above), much less is known about the actual details of climate finance originating from Development Banks and the amounts that can be attributable to DAC donors. The DAC suggests that the MDBs and other multilateral

CHART 16: TOP TEN DAC DONORS FOR CLIMATE FINANCE



funds have already devoted approximately $30 billion in finance attributable to the DAC donors towards the $100 billion target ($29.4 billion target for this component).[69] But the annual *Joint Report* provides no access to databases or methodologies used by the MDBs that would allow confirmation of these amounts, what projects are included, or on what terms.

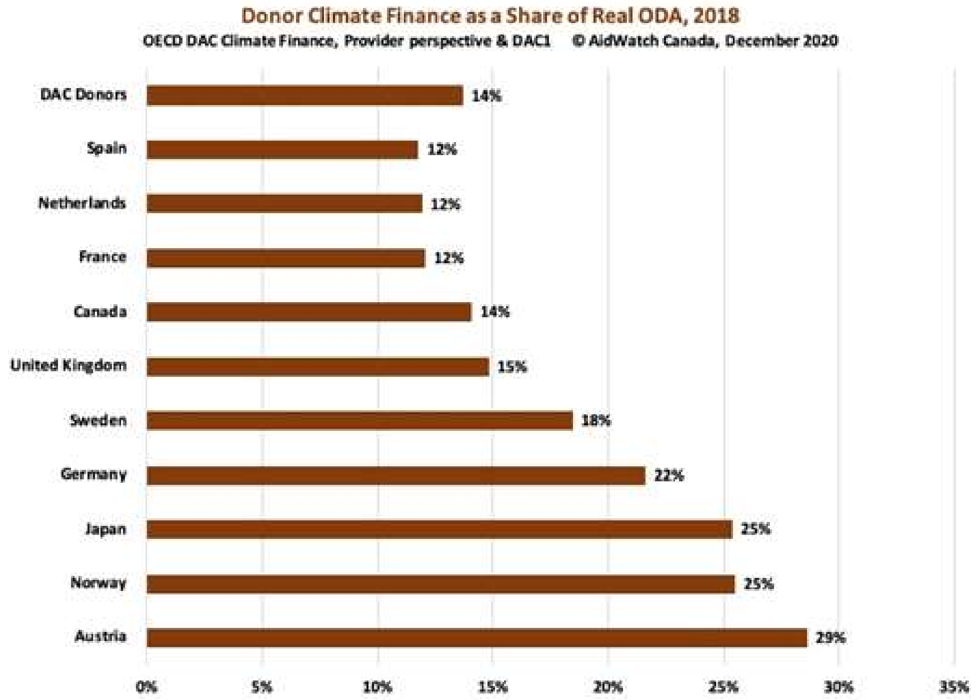
According to the MDBs most recent Joint Report, $61.6 billion was provided by MDBs in climate finance for 2019 (including finance not attributable to DAC donor countries). This represents a substantial increase from the $43.1 billion contributed in 2018.[70] Much of this finance was on non-concessionary loan terms. Oxfam estimates that fully 40% of climate finance reported by the DAC to the UNFCCC, which includes multilateral attributed finance, was provided to partner countries as non-concessionary loans (at market terms), a substantial increase since 2015/16 (30%). Most non-concessionary loans (70%) were provided by the MDBs.[71]

Developing countries are currently making loan payments for activities in their country that address the consequences of climate change for which they bear little responsibility. In doing so, they are also providing substantial returns on market rated loans to the MDBs and private creditors in international markets, from which the latter borrow these funds. As noted above, attributable MDB non-concessional loans should not be included in the donors' 2020 $100 billion target and any new post-2020 target going forward.

The increasing role of MDBs in climate finance is a key reason why loans have become the main modality for delivering this finance, particularly for mitigation finance. Oxfam estimates that almost 77% of total climate finance in 2017/2018 was in the form of loans and more than half were non-concessional. The latter have almost doubled in value since 2015/2016.[72]

As a major multilateral donor, European Union institutions, increased their climate finance

CHART 17: SHARE OF CLIMATE FINANCE IN DONOR REAL ODA, 2018



from $800 million in 2014 to $2.9 billion in 2018, a significant increase from 5% to 18% of EU Real ODA. The EU contributed 55% of its climate finance in 2018 towards adaptation purposes. Importantly, all EU climate finance in 2018 was in the form of grants.

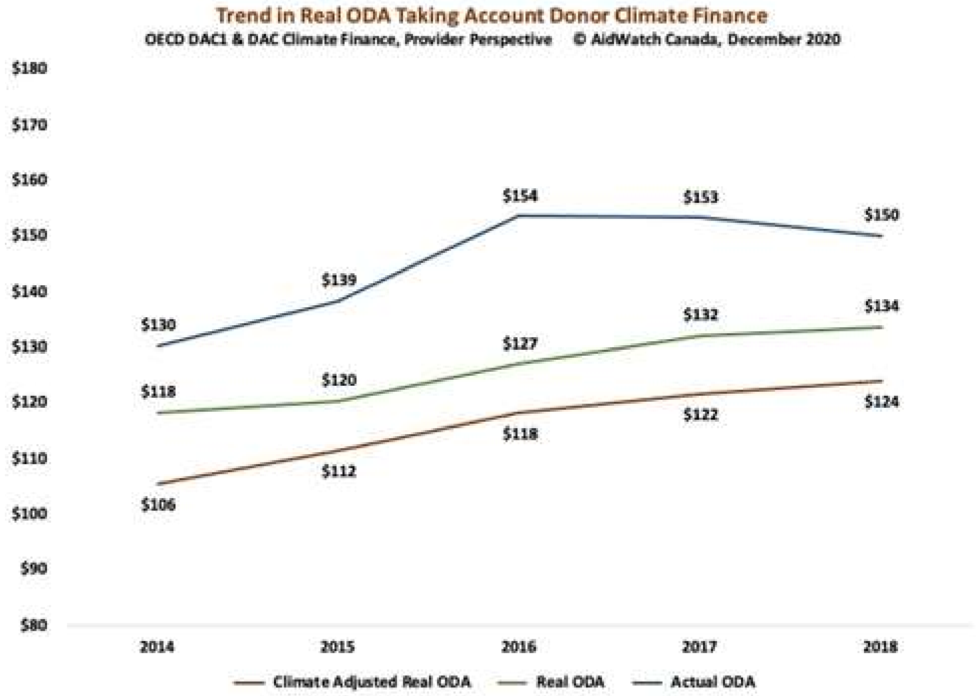
The Green Climate Fund (GCF) is the key multilateral climate funding mechanism within the UNFCCC. A detailed review of 128 projects approved by the Board (as of March 2020), reveals that US$6.1 billion has been committed since the launch of the Fund in 2015. According to the GCF Dashboard, US$4.4 billion in project commitments are currently being implemented and US$1.2 billion has been disbursed. The GCF completed its first replenishment in 2020, with 29 countries pledging $9.7 billion, including Indonesia, but not the United States and Australia. It is expected that the US will rejoin the Paris Agreement in 2021 and will again pledge financing for the GCF. In 2015, the US pledged $3 billion in the launch of the GCF of which only $1 billion was paid into the Fund.

iii) DAC Donor contributions to climate finance very uneven

Climate finance is highly concentrated among the five main donors for ODA – Germany, Japan, the United Kingdom, France and the United States. (**Chart 16**) Together they make up 69.5% of total DAC climate finance, which is slightly higher than their total share of Real ODA (67%). Germany, Japan and the United Kingdom are by far the largest donors, contributing more than half (56%) of climate finance.

As with ODA, the policies and practices of major contributing donor countries have an overwhelming influence on bilateral donor climate finance. Largely due to the direction set by Germany, Japan and France, as well as the role of the MDBs in climate finance, the majority of this finance is delivered as loan finance, not grants.

CHART 18: IMPACT OF CONCESSIONAL CLIMATE FINANCE ON REAL ODA



) Real ODA is Actual ODA less in-donor refugee and student costs, debt cancellation and account interest received on ODA loans; 2) Climate finance is the total principal purpose climate finance with loans adjusted for grant equivalency (see footnote 46 above for methodology); 3) The estimate of climate adjusted Real ODA is an approximation as Real ODA is not based on grant equivalency.

iv) Impact of Climate Finance on ODA

Donors are allocating increasing amounts of ODA towards principal purpose climate finance. This is despite a long-standing commitment that such allocations be new and additional to their ODA for other purposes.

Climate-adjusted Real ODA by DAC donors was approximately $124 billion in 2018, excluding principal purpose climate finance projects and donor aid inflation. This amount was about 17% less than reported ODA for that year ($150.1 billion). Given that this climate finance is counted as bilateral aid, the impact on donor bilateral funding priorities is profound. In 2018, about 25% of bilateral finance was the result of donor inflation (in-donor costs etc.) and climate finance (falling from a reported $105 billion to $79 billion).

Although they provide more than two-third of climate finance, the top five donors for climate finance are not necessarily those that give the greatest priority to climate issues within their ODA. **Chart 17** identifies four donors that provided more than 20% of their Real ODA in 2018 to climate finance (Austria, Norway, Japan and Germany). Another two donors, the United Kingdom and Sweden, provide more than 15% of their Real ODA for climate purposes. These shares include large proportions devoted to mainstreaming climate finance. When the latter is removed, only Portugal, Finland and Luxembourg devoted more than 10% of Real ODA to principal purpose bilateral climate finance.

When the $100 billion target for 2020 was set at the 2009 UNFCCC Conference of Parties (COP15) in Copenhagen, donors promised to scale up "new and additional, predictable and adequate funding."[73] Unfortunately, this has not been the case. Instead, almost all climate finance has been included in ODA if these resources are concessional and target ODA-eligible countries.

Determining whether climate-related finance is "new and additional" for most donors is not possible as it requires a prediction of donor intentions for ODA separate from climate finance. But the impact on ODA levels of donor climate finance, where mitigation or adaptation is the principal goal of the project, is possible (mainstreamed climate finance is excluded as these are not climate related projects in their main intent).

Chart 18 highlights climate-adjusted Real ODA for DAC donors. Real ODA (excluding aid inflation) is further adjusted to exclude concessional principal purpose climate finance projects. In 2018 climate-adjusted Real ODA amount to approximately $124 billion. This is 17% less than reported ODA for that year ($150.1 billion). The fact that this climate finance comes from bilateral aid makes the impact on the level of donor bilateral funding for other priorities even more profound. When other donor aid inflation (in-donor costs etc.) are taken into account, about 25% of bilateral finance was the result of donor aid inflation and climate finance in 2018. Bilateral aid was thus reduced from a reported $105 billion to $79 billion in that year.

v) Is Climate Finance Addressing the Needs of the Most Vulnerable?

The quality of climate finance is weak. Targeting those countries most affected by climate change reveals only modest improvements since 2015 and requires much more focused attention.

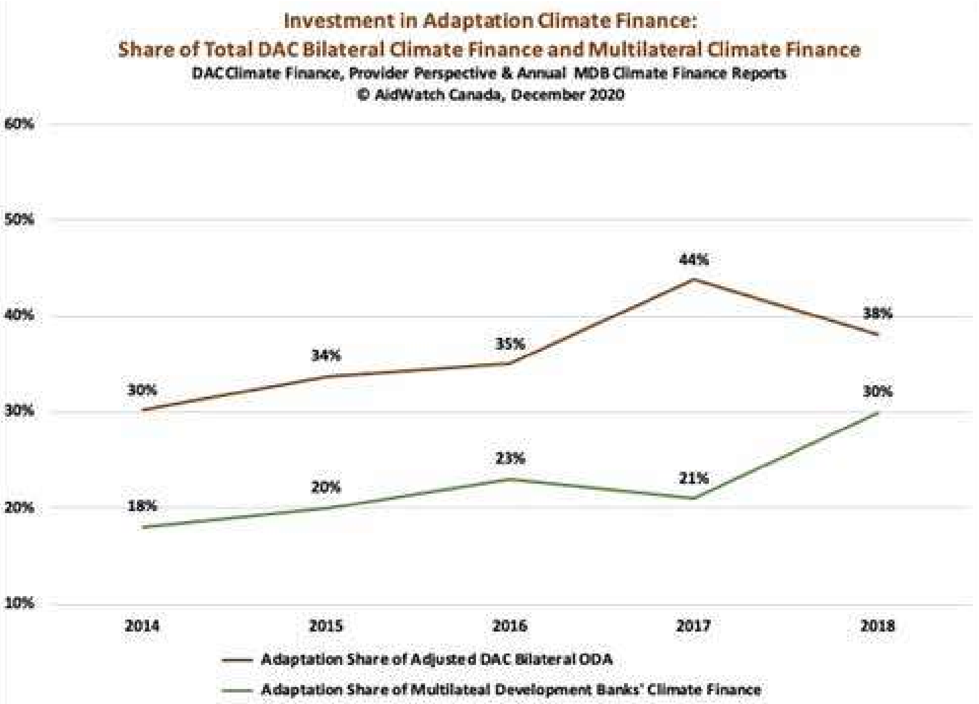
1. **CSOs have called for at least 50% in adaptation climate finance. In 2018, bilateral donors contributed approximately 38%% of their climate finance to adaptation purposes (up from 30% in 2014) while the MDBs contributed 30% (up from 18%).**
2. **The Paris Agreement commits donors to prioritize Low Income Countries (LICs), Least Developed Countries (LDCs) and Small Island Developing States (SIDS). Since 2015, bilateral donors provide at best 25% of climate finance to LDCs and LICs. MDBs provide less than 20% of their finance to LDCs and SIDS.**
3. **Mainstreaming gender equality has the potential for inclusive and potentially transformative impacts for both adaptation and mitigation. Yet only 1.5% of DAC-reported climate finance projects had gender equality as their principal purpose in 2017/2018. Less than a third (34%) had at least one gender equality objective, which was not the principal objective of the project.**

In June 2019, Philip Alston, the UN Special Rapporteur on Poverty and Human Rights, affirmed that the climate crisis has multiple implications for the rights of poor and vulnerable people: "We risk a 'climate apartheid' scenario where the wealthy pay to escape overheating, hunger and conflict, while the rest of the world is left to suffer."[74] He noted the potential for profound inequality, where developing countries would bear an estimated 75% of the cost of the climate crisis, despite the fact that the poorest half of the world's population, who mainly reside in these countries, are responsible for just 10% of historical carbon emissions.

How well do current allocations of climate finance address the interests and needs of the poor and most vulnerable? Targeting those most affected by climate change has shown some modest improvements since 2015. Focusing on the most vulnerable requires more focused attention, according to three broad indicators:

1. A minimum of 50% of climate concessional resources allocated to adaptation;

CHART 19: ADAPTATION AS SHARE OF CLIMATE FINANCE



2. Concessional climate resources targeting low income, LDCs and small island developing states (SIDs); and

3. Concessional climate resources targeting impacts on women's rights and gender equality.

1. Concessional resources allocated to adaptation

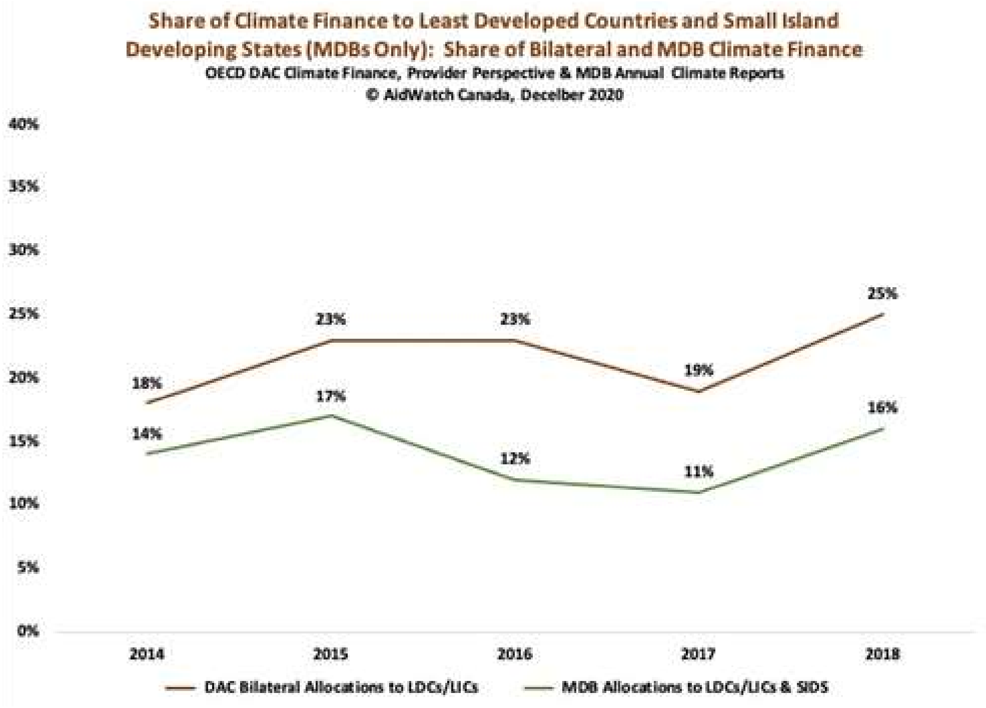
Chart 19 indicates that there has been a modest improvement for both bilateral finance and MDB finance in the share of adaptation in climate finance since the Paris Agreement in 2015. Given the importance of addressing immediate and future impacts of climate change for the livelihoods and well-being of vulnerable populations, CSOs have called on donors to invest at least 50% of climate finance in adaptation.

In 2018, bilateral donors contributed approximately 38% of their climate finance for adaptation purposes (up from 30% in 2014). MDBs contributed 30% (up from 18%), although it is impossible to verify the actual projects included by the Banks. A review by the author of projects financed by the UNFCCC Green Climate Fund reveals a slight decline in support for adaptation by the Fund, from 42% of all commitments in the period 2015 to 2017 to 38% in the period 2018 to 2020.[75]

Chart 16 above demonstrates that among the top ten climate bilateral donors support for adaptation is very uneven. Among these donors, only Sweden and the Netherlands contributed more than 50% of their climate finance to adaptation in 2018. Three of the largest donors were under 30% (Japan, France and the United States), while the United Kingdom achieved 48% and Germany 35%.[76]

Taking all climate finance into account (including non-concessional public finance), Oxfam and the OECD DAC report a significant

CHART 20: SHARE OF LEAST DEVELOPED AND SIDS IN DONOR CLIMATE FINANCE



increase in adaptation finance in 2018 over 2016. Adaptation represented about 33% of climate finance in 2018 (when cross cutting finance is allocated at 50% to adaptation).[77] Nevertheless, a very large adaptation financing gap – about $15 billion – exists and is set to grow. According to the UN Environment Program adaptation requirements are estimated to rise to $140 to $300 billion annually by 2030, and to $280 to $500 billion by 2050.[78]

2. Resources targeting Low Income, LDCs and Small Island Developing States (SIDs)

Targeting concessional climate finance with partners in Low Income (LICs), Least Developed (LDCs) and Small Island Developing States (SIDS), is cortical. These are among the most vulnerable countries, least able to respond to climate shocks and longer-term impacts. The Paris Agreement commits donors to give priority to the needs of these countries. The degree to which current climate finance addresses the needs of these countries is an indicator of provider coherence with the Paris Agreement.

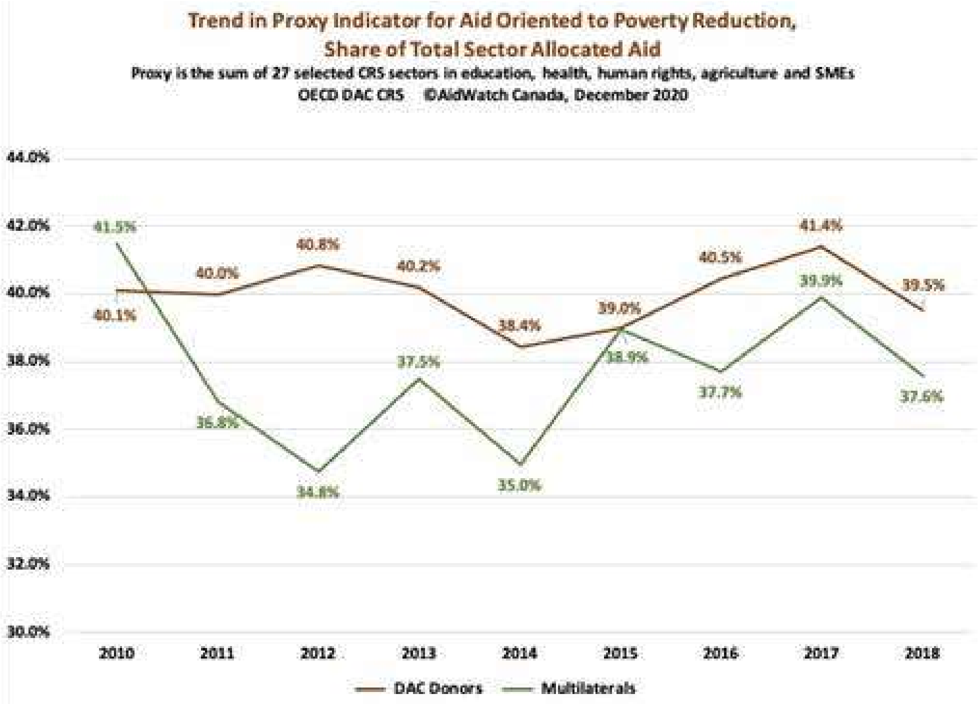
Unfortunately, the evidence since 2015 (**Chart 20**) suggests that bilateral donors have provided at best 25% of their climate finance to LDCs and LICs. For MDBs the amount is even less - under 20% of their climate finance was targeted to LDCs and SIDS in 2018.

According to Oxfam, major donor countries such as Japan, Germany, France, Norway and Canada have provided less than 20% of their climate finance to LDCs. They point out that the majority of all climate finance aid to LDCs, and nearly half to SIDS, has been in the form of loans and other non-grant instruments (with 9% of loans to LDCs and just over 20% to SIDS, non-concessional).[79]

3. Concessional climate resources targeting impacts on women's rights and gender equality.

Mainstreaming gender equality in climate finance is critically important in order ensure

CHART 21: A POVERTY-PROXY INDICATOR



inclusive and potentially transformative impacts for both adaptation and mitigation. Women play crucial roles in the adoption of resilient agricultural practices for example. In relation to mitigation, current climate projects tend to ignore small-scale projects supporting clean development mechanisms of greater benefit to women's roles in the household, and women are often disproportionately affected by unintended consequences of large-scale energy infrastructure development, all crucial areas for mitigation efforts.[80]

Attention to gender equality and empowerment in climate finance is weak. The DAC's gender equality purpose marker provides the only basis for assessing the degree to which climate finance is gender sensitive. According to this gauge, only 1.5% of DAC-reported climate finance projects had gender equality as their principal purpose in 2017/2018. A further 34% of project finance had at least one gender equality objective, although it was not the project's principal objective.[81]

A commitment to gender equality policies in climate finance is essential in order to gain an understanding of success factors for gender transformative climate adaptation and mitigation. Such policies are a necessary foundation if climate finance is to address the major vulnerabilities for women and girls in climate change impacts.

Some progress on this front is seen in the UNFCCC's Green Climate Fund. In November 2019 the Board adopted a comprehensive Policy on Gender Equality and a Gender Action Plan for the period 2020 to 2023. The Gender Policy commits GCF to: 1) Enhance gender equality within its governing structure and day-to-day operations; and 2) Promote the goals of gender equality and women's empowerment through its decisions on the allocation of funds, operations and overall impact as outlined in the Gender Action Plan."[82] All GCF projects approved since January 2019 have included a "Gender Analysis" and "Gender Action Plan", which are published alongside other documentation related to the project.

CHART 22: POVERTY-ORIENTED PROXY: TOP FIVE DAC DONORS AND OTHER DAC DONORS

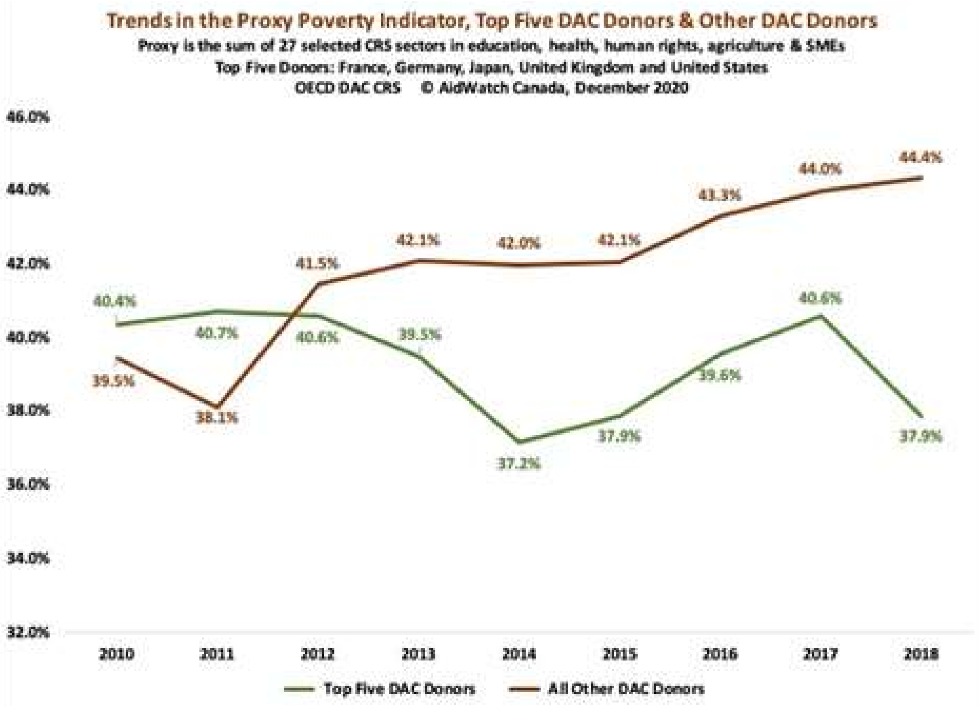
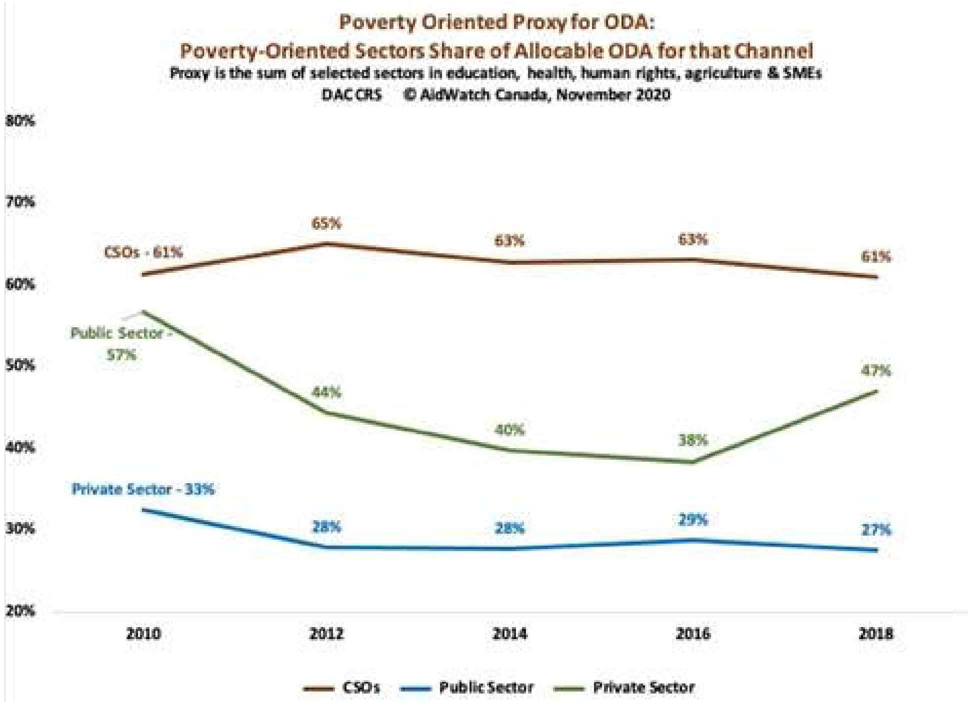


CHART 23: SHARE OF POVERTY-ORIENTED SECTORS FOR MAIN CHANNELS OF AID DELIVERY



5. THE QUALITY OF ODA: TRENDS IN ITS FOCUS ON POVERTY AND INEQUALITIES

5.1 Is ODA truly focused on the needs of poor and vulnerable people?

(i) An ODA Poverty-Reduction Proxy Indicator

According to a selection of DAC sector purpose codes, less than half of DAC donor and multilateral ODA (about 40%) has been directed to sectors linked to poverty reduction. These sectors include basic education and health, human rights, agriculture and small/ medium enterprise development.

The poverty-oriented priorities set by the top five DAC donors, has diverged significantly from that of all other DAC since 2012. For these top five donors, the share of the poverty-oriented proxy declined from 40% to 38%, while for all other donors it increased steadily, from 40% to 44%. The poverty-oriented sectors accounted for over 60% of all aid delivered through CSOs.

The DAC does not explicitly measure the degree to which aid is focused on the priorities of poor and vulnerable people. However, it is possible to create a proxy indicator for trends in the poverty orientation of ODA by focusing on 27 poverty-oriented sectors.[83]

Over the past decade, less than half of sector-allocated ODA has consistently been directed to sectors with a high relevance to poverty eradication. These sectors include basic health and education, human rights, agriculture and small/medium enterprise development, among others. (See **Chart 21**) For DAC donors the share has consistently hovered around 40%, while for multilateral organizations, including development banks, the share declined from 42% in 2010 to 38% in 2018.

There are notable divergences between donors. As indicated in **Chart 22**, priorities set by the top five DAC donors and all the other DAC donor show different patterns after 2012. While the share for the poverty-oriented proxy declined from 40% to 38% for the top five donors, it increased steadily from 40% to 44% for all other donors. Without the priorities of these other donors, the poverty orientation of DAC members' and Multilateral organizations' aid would have noticeably declined since 2015 and the launch of Agenda 2030, and its commitment to leave no one behind.

The public sector (at 40%) and civil society organizations (24%) were the primary channels for aid to poverty-oriented sectors in 2018. This trend has remained more or less consistent throughout the decade. Multilateral organizations delivered 22% of their aid to these sectors and the private sector 10%. More worrying for a rights-based delivery of public services, the private sector's share is a significant increase from 1% in 2014.

The poverty-oriented sectors make up over 60% of all aid delivered through CSOs. (**Chart 23**) With respect to the public sector, this share has varied over the decade. However, in 2018, 47% of aid delivered through this channel was directed to poverty-oriented sectors.

(ii) Trends in measures for social protection

While social protection has become a crucial tool for many governments in the Global North in addressing pandemic impacts on livelihoods, governments in the Global South are not able to respond with similar support. The OECD calculates that developing countries would need an additional $800 billion to $1 trillion in new resources to do so. Allocations of social protection in many developing countries is affected by limited access due to widespread informal employment.

DAC members invested only $750 million annually in strengthening social protection support between 2016 and 2017.

Social protection has been a crucial tool for many governments in addressing the impacts of the pandemic and related lockdowns on their citizens. It is seen as a central component of national development strategies to strengthen resilience in developing countries. They are particularly effective when these programs are grounded in human rights and reach vulnerable communities such as the disabled, migrants, informal workers and indigenous peoples.[84]

High income countries have organized significant social protection and health measures to respond to the pandemic. These programs are beyond the reach of most developing economies. Poverty, inequality, informal labour conditions and limited government revenue creates a vicious circle, resulting in many millions of people living with no government social protection at the best of times. Oxfam estimates that 28 rich countries have spent $695 per person to respond to the COVID pandemic. In contrast, 42 low- and middle-income countries have spent from a high of $28 to low of $4 per person to provide additional social protection measures.[85] The OECD calculates that developing countries would need an additional $800 billion to $1 trillion in new resources, including $100 billion in Low Income Countries to respond to the crisis with packages similar to those that have been provided by developed countries.[86]

There are significant structural obstacles that stand in the way of people accessing the limited social protection measures that do exist. Oxfam estimates that 2.7 billion people have received no assistance. Due to the high levels of informal employment close to 80% of workers in Sub-Saharan Africa and 85% in LDCs have no access to social protection programs.[87] These shares rise to 90% of women workers in Africa. UN Women calculates that the income of women working in the informal sector fell by 60% during the first months of the pandemic.[88]

In the absence of major investments in social protection with access for the most vulnerable, the long-term consequences of the pandemic could lead to sharp increases in already extreme inequalities in most developing countries.

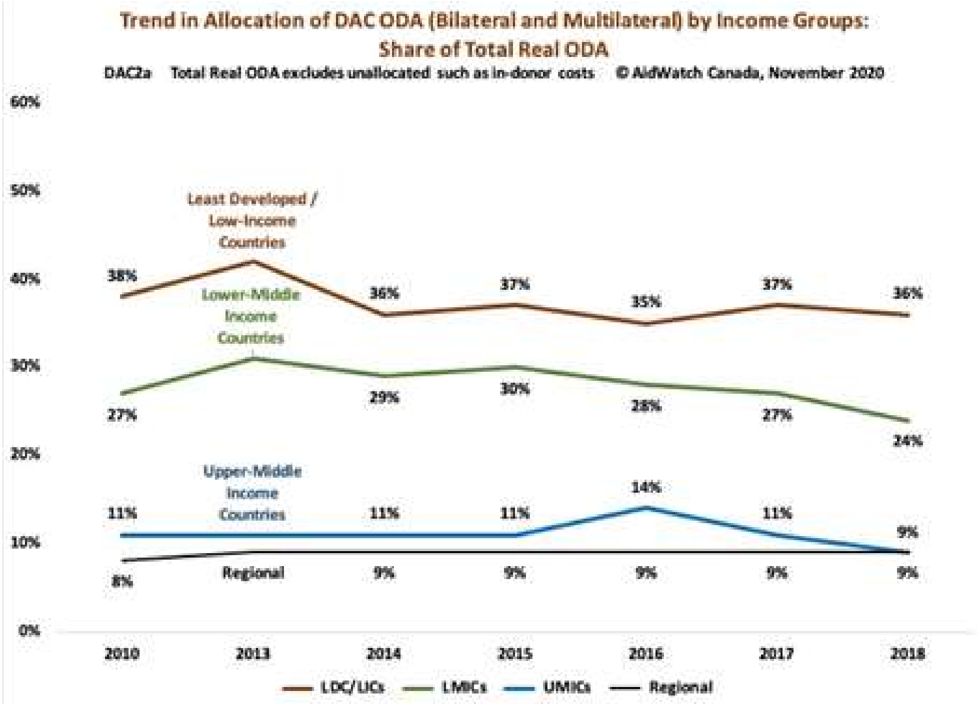
According to the OECD DAC CRS data, DAC members invested only $750 million annually in strengthening social protection support between 2016 and 2017. Multilateral donors committed an additional $1,770 million. The December 2020 Oxfam report points out that the World Bank has been a major investor in social protection programs that often failed. These initiatives are usually based on 19th century European models of poverty-means-testing and the stigmatization of the "poor" with explicit conditioning aimed at behaviour change on the part of recipients. Lacking universality, these programs are dramatically insufficient and unable to address the unequal impacts of the pandemic.[89]

For some donors, social protection through direct cash transfers have become a key feature of their humanitarian assistance. In 2018, for example, approximately 18% of humanitarian assistance was paid out in cash. The largest program were the EU funded allowances for refugees arriving in Turkey. While these direct transfers may become a significant part of the humanitarian system in the future, some critics have suggested they are ill suited to support refugees who are on the move; those living on the fringes of society or those in societies where internal conflicts are endemic such as the recent crisis in Ethiopia/Tigray.[90]

(iii) ODA allocated to poor countries and regions

Over the past decade more than 60% of Real ODA went to the poorest countries (LICs and LMICs). Of this amount about 36% was targeted to Low-Income Countries. But at 60% in 2018, this share has declined significantly and was the smallest share since 2013, when 73% of Real ODA was allocated to these two country income groupings.

CHART 24: ALLOCATION OF DAC ODA BY INCOME GROUPS



In 2018, $48.7 billion in aid went to Low Income (LICs) and Least Developed Countries (LDCs). An additional $32.7 billion was allocated to Lower Middle-Income Countries (LMICs). Poverty and vulnerability is endemic in these countries. However, in 2018 only a third (32.4%) of nominal ODA ($150.1 billion) was spent in LICs and LDCs and Lower Middle-Income Countries received just 21.8%. In total just over half (54%) of aid was spent in these countries, which had the highest concentrations of poverty.

An examination of the allocation of Real ODA (i.e. excluding in-donor costs which cannot be allocated by country)[91] reveals that donors are increasingly focussing on LICs, LDCs, and LMICs. Over the past decade more than 60% of Real ODA went to LICs/LDCs and LMICs, of which approximately 36% targeted LICs/LDCs. But at 60% in 2018, this share was the smallest since 2013, when 73% of Real ODA was allocated to these two country income groupings. (See **Chart 24**)

The trends over the decade are common among donors, whether one examines the top 5 donors, the next largest donors, or the European Union – since 2010 LDCs and LICs have received a somewhat smaller share in donor Real Bilateral ODA dedicated to long term development (i.e., excluding humanitarian assistance).

Yet there are some differences. (See **Chart 25**) An examination of funding for LDCs/LICs and LMICs indicates that the top five donors provide the majority of their Bilateral ODA (59% in 2018) directly to these countries. This performance compares to the next five donors, where the level was only 38%. This latter group of donors, collectively, have a much larger share of their Real Bilateral ODA allocated to regional programming that cannot be allocated by country. The European Union, as a multilateral donor, has a large share of its Real ODA going to UMICs (18%), although the share going to UMICs by the top five donors has slowly increased over the decade.

CHART 25: BILATERAL ODA ALLOCATIONS TO RECIPIENT INCOME GROUPS BY DONOR GROUPS

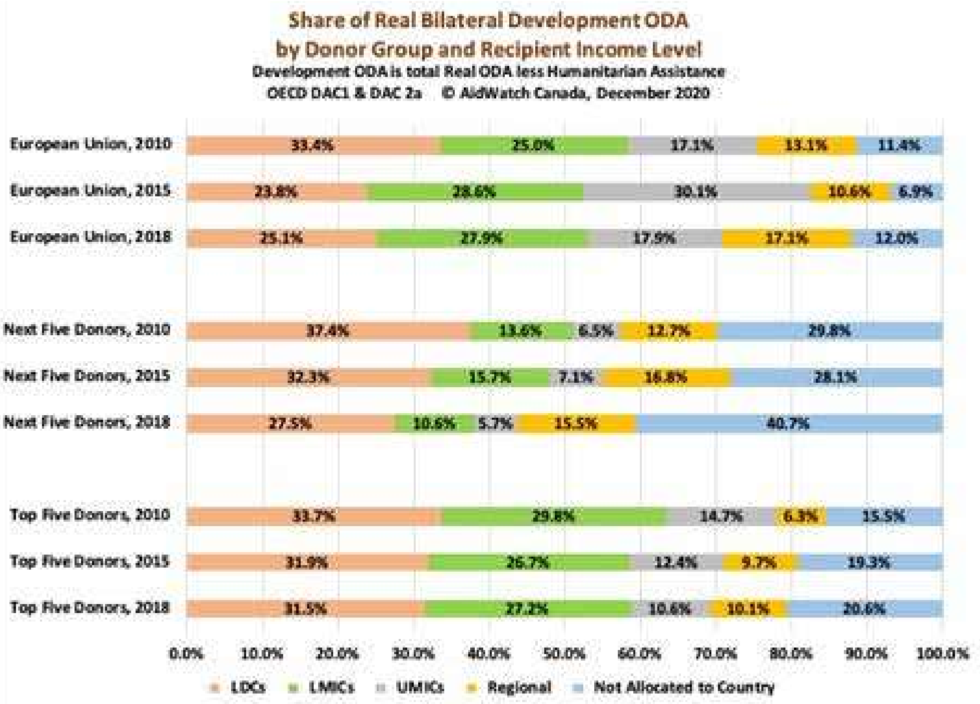


CHART 26: SHARE OF REAL ODA TO SUB-SAHARAN AFRICA

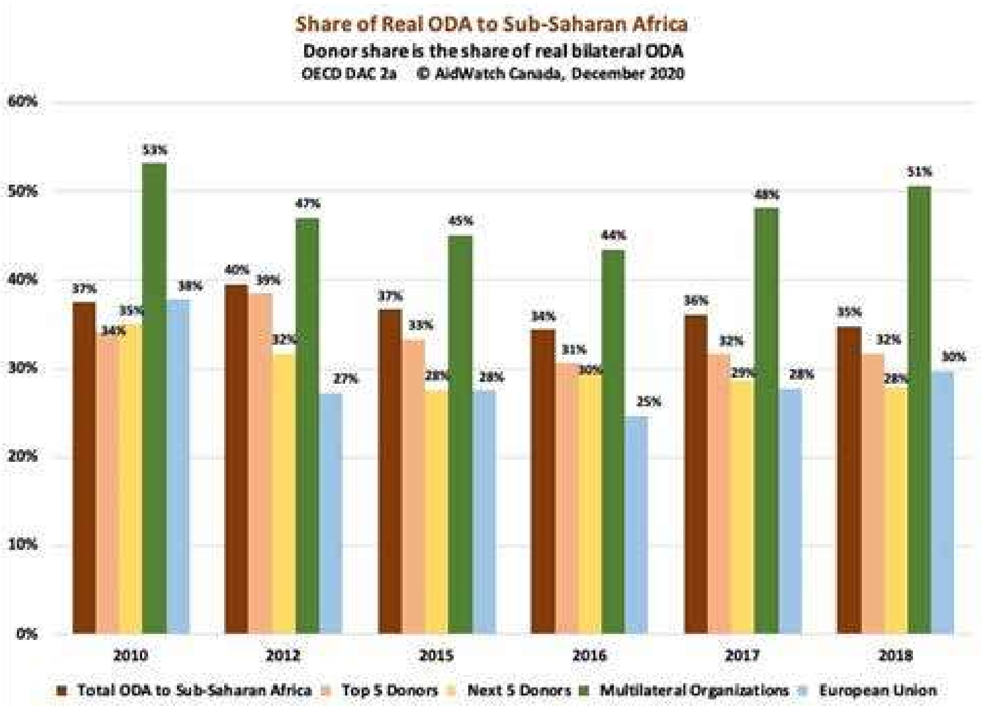
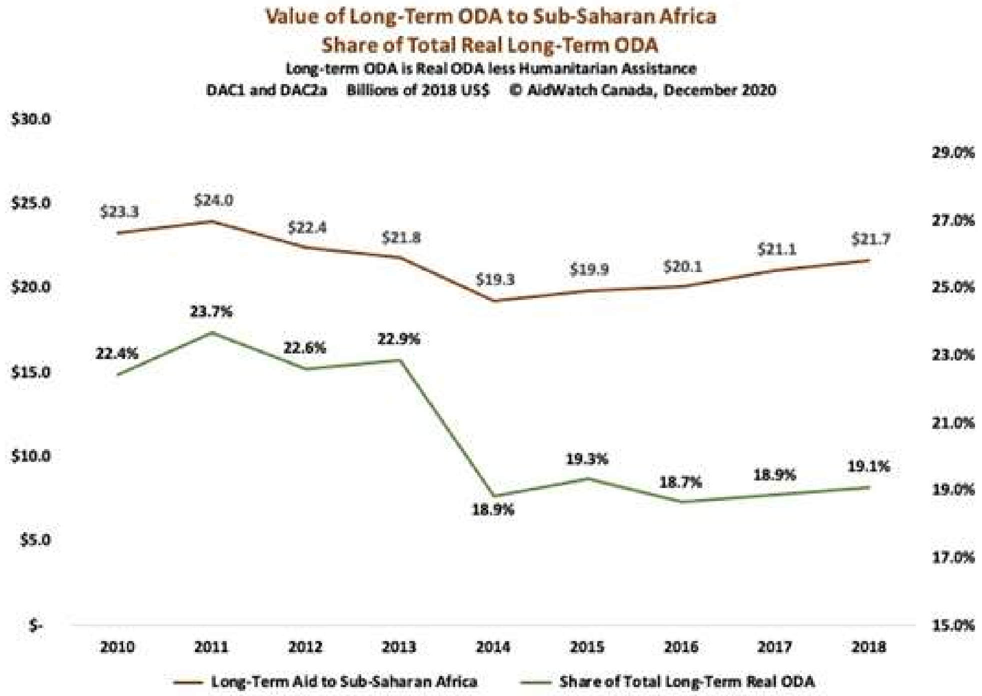


CHART 27: LONG-TERM DEVELOPMENT ODA TO SUB-SAHARAN AFRICA



(iv) ODA allocated to Sub-Saharan Africa

The multilateral system provides the largest share of its aid to Sub-Saharan Africa (51% in 2018). In contrast, DAC donors have slightly reduced the share of their Real ODA to the region, from 37% in 2015 to 35% in 2018. Despite being the region with the highest levels of poverty DAC donor commitment to long-term development in Sub-Saharan Africa (less humanitarian assistance) remains flat lined at about 19% of their total Real ODA.

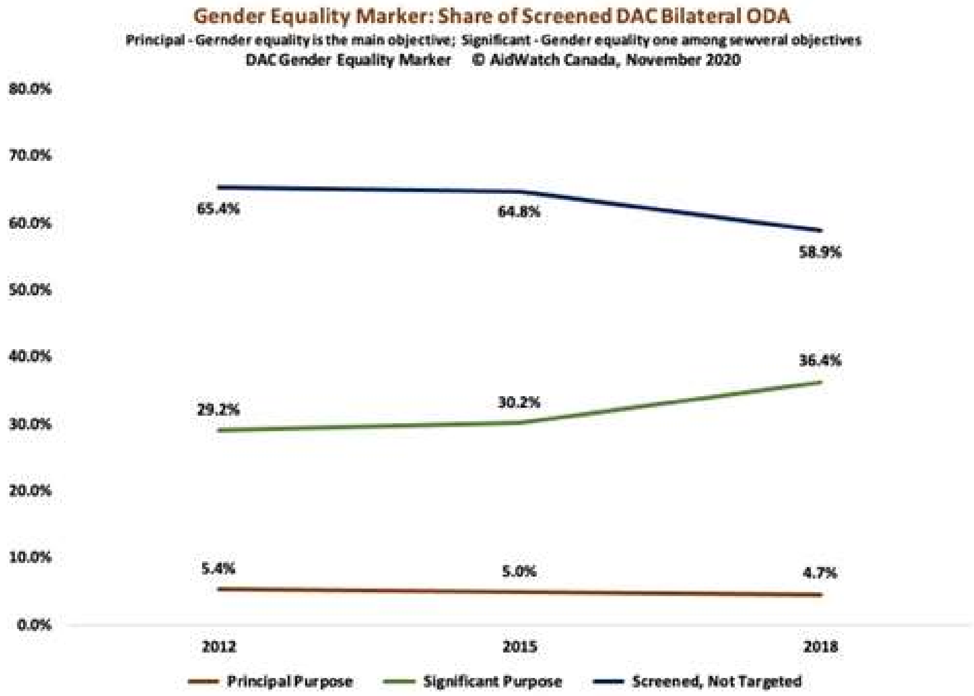
Sub-Saharan Africa has the highest share of the population living in extreme poverty (40%). There has been limited progress in reducing these levels over the past two decades. Since 2015, the share of Real ODA to this sub-region has declined slightly, going from 37% to 35% in 2018. (See **Chart 26**) This decline has been largely driven by bilateral donors and the European Union.

Multilateral donors, including the United Nations and the Development Banks, increased the share of their aid going to Sub-Saharan Africa from 45% in 2015 to 51% in 2018.

As noted above (**Chart 9**), humanitarian assistance makes up a significant portion of DAC aid to Sub-Saharan Africa. While this assistance is critical for meeting immediate needs of populations affected by conflict, climate events and insecurity, ODA devoted to long-term development aims is essential to catalyze progress to meet the SDGs in this region.

Long-term development aid to Sub-Saharan Africa has clearly declined over the past decade. (**Chart 27**) In 2018 the value of this aid fell by 10% since its high of $24 billion in 2011. As a share of total Real ODA dedicated to long-term development, aid to the Sub-Saharan region has flat lined at 19% since 2014 and declined from 23% in the early years of the decade.

CHART 28: TRENDS IN THE GENDER EQUALITY MARKER AS A SHARE OF BILATERAL ODA



(v) Gender Equality and Women's Empowerment

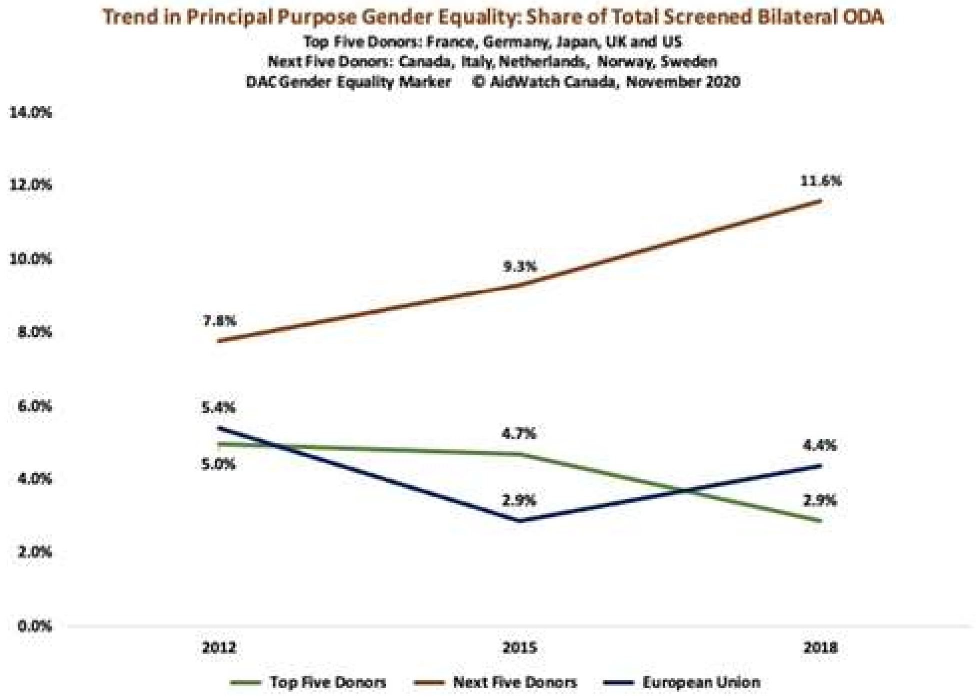
Donor performance on gender equality is worsening. Only 41% of bilateral project had any objective relating to gender equality and women's empowerment in 2018. Gender mainstreaming is improving, but projects where gender equality is the principal purpose have declined from 5% to 4.7% of bilateral aid from 2015 to 2018. Women's rights organizations received less than 1% of this bilateral aid in 2018.

Setting gender equality and women's empowerment as a priority for DAC donors and the multilateral system is a key condition for making progress in reducing poverty and inequalities. It is essential if SDGs focusing on health, education or climate adaptation are to be achieved.

Unfortunately, there is no overarching measure of actual ODA devoted to these purposes. Instead, the international community relies on a DAC purpose marker for gender equality to monitor DAC members intentions and commitments to gender equality and women's empowerment. Donors screen and score their projects according to three criteria: 1) Gender equality is the *principal* objective of the project (gender equality is the stated primary goal); 2) Gender equality is a *significant* objective (gender equality is one of several objectives of the activity); or 3) There are no gender equality objectives in the activity. The DAC produces an annual report on progress using this marker as its reference point.[92]

A study of this gender marker indicates an improvement in a focus on gender equality by DAC donors since 2015, rising from 32% of bilateral aid to 41% in 2018. (**Chart 28**) However, this improvement can largely be accounted for by greater allocations through "significant purpose" projects. Projects where gender equality is the principal purpose have declined slightly, from 5% to 4.7% in the same period (and from 5.4% in 2010). In 2018 almost 60% of bilateral projects still did not have gender equality among their objectives.

CHART 29: GENDER EQUALITY MARKER: TOP DONORS' PERFORMANCE



Having gender equality as a principal purpose is a critical indicator of the degree to which donors are focusing on women's empowerment. Overall, all DAC donors have failed to explicitly address major barriers to women's empowerment or to commit to progress in gender equality. Saying, this, it is also true that there are major differences among donors. (**Chart 29**) The lack of commitment to gender equality is most evident with the five largest donors, whose principal purpose performance declined from 5.0% of their bilateral aid in 2012 to 2.9% in 2018. In contrast, the performance of the next largest donors (Canada, Italy, the Netherlands, Norway and Sweden) shows considerable improvement since 2012, with an increase in principal purpose projects from 7.8% of their bilateral programs to 11.6% in 2018. These improvements for this group of donors are likely to advance even further as the impact of Canada's Feminist International Assistance Policy comes into play. (commitments to increase Canada's principal purpose projects from 5.6% of bilateral aid in 2018 to 8.6% in 2019).

Donor support for women's rights organizations and government institutions promoting women's rights is a key indicator for assessing progress in gender equality and women's rights. The results since 2012 have been disappointing. In 2018 DAC donors disbursed $407 million to these organizations, down from $429 million in 2015 (2018 constant dollar value). Multilateral organizations did provide an additional $110.2 million in 2018.

As a share of overall bilateral aid, women's rights organizations have attracted a declining proportion of DAC support, falling from 1.3% in 2015 to less than 1% in 2018. DAC support has also been a declining as a share of its principal purpose gender projects (from 9.5% in 2015 to 8.2% in 2018). But civil society organizations are continuing to support this work and have consistently channelled 45% of this bilateral support for women's rights organizations since 2015.

6. UNDERMINING THE QUALITY OF ODA: PROMOTING DONOR PRIVATE AND FOREIGN INTERESTS?

6.1 Declining coherence in donor practices respecting country ownership

The Global Partnership's 2019 monitoring of development effectiveness principles found little progress in donor respect for country ownership, pointing to a decline in some indicators of donor practices consistent with support for country ownership.

In 2018 less than half (49%) of gross bilateral aid reached developing countries as a programmable resource (Country Programmable Aid), down from 55% in 2010. In theory, this aid should be available for partner country priorities.

Aid to developing countries as budget support is an important mechanism to advance a country's ownership of its development priorities. But this support has declined by 25%, going from a high of $12 billion in 2009 to $8.6 billion in 2018.

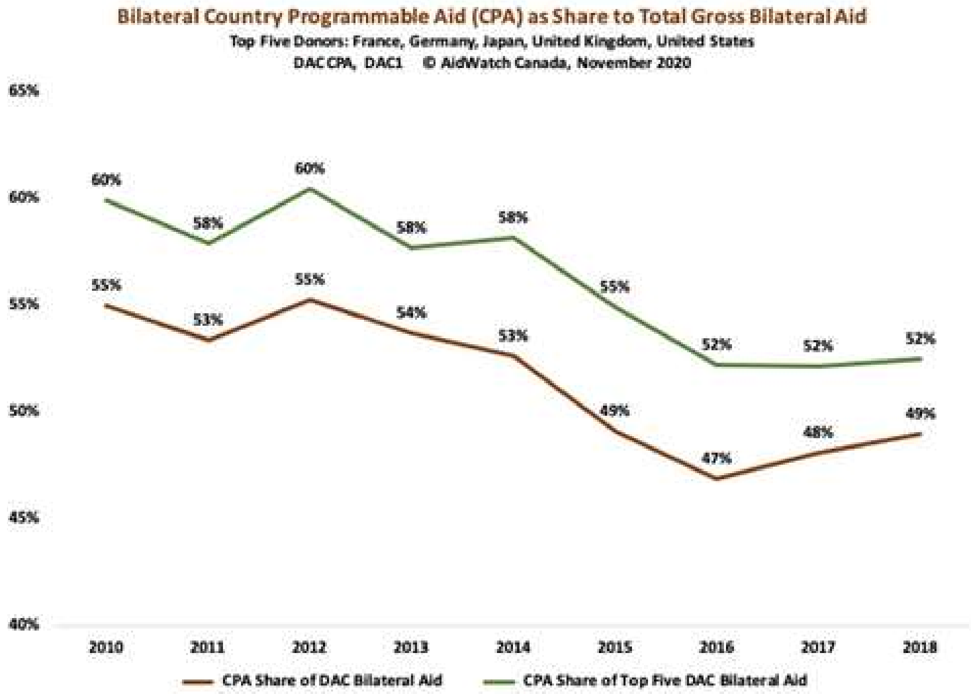
The continued donor practice of tying aid disbursements to commercial purchases in donor countries diminishes opportunities for country ownership and the strengthening of recipient country suppliers. In 2018 more than a fifth (22%) of DAC bilateral aid was tied to donor country purchases, down only 4% since 2010, and up from 2017 (19%). This share does not include technical assistance, which accounted for a further 18% of Real Bilateral Aid in 2018. Aid contract procurement through suppliers in donor countries represents about 65% of these bilateral contracts by value, with only 26% procured in recipient countries.

Four development effectiveness principles – democratic country ownership, focus on country-determined results, inclusive partnerships, accountability and transparency – have been affirmed by the international community, including CSOs, in the Busan Partnership for Effective Development Co-operation (2011). These principles have been identified as playing a central role in development cooperation's contributions to achieving the SDGs. DAC donors have repeatedly committed to orienting their ODA in ways that strengthens developing country capacities in "owning" their own development priorities.

Since their adoption, the implementation of the Busan principles has been subject to biennial monitoring by the Global Partnership for Effective Development Cooperation (GPEDC). In 2019, the third monitoring round was conducted, involving a country-led multi-stakeholder process in more than 80 partner countries. Evidence from this round demonstrated mixed progress in donor practices to strengthen democratic country ownership.[93] Some of the findings are as follows:

- Donor project alignment with partner Country Results Frameworks declined since the second monitoring round in 2016. "While alignment at the level of project objectives is fair, only 59% of results indicators outlined in individual projects are drawn from the CRFs." (*Progress Report*, pages 101 – 103)
- "National development planning is becoming more inclusive, but more systematic and meaningful engagement of diverse stakeholders throughout the development processes is needed." Only 17% of Governments confirmed that they allowed CSOs to engage in a participatory process to shape the national development strategy. (*Progress Report*, page 58)
- Fewer than half of the 86 countries were found to have quality mutual accountability mechanisms in place and functioning. (*Progress Report*, page 83) These mechanisms are central to government policy dialogue

CHART 30: TRENDS IN COUNTRY PROGRAMMABLE BILATERAL AID



with donors and other country-based stakeholders and for orienting donor policy and behaviour change at the country level. In a 2018 survey of mutual accountability the UN Development Cooperation Forum (DCF) found that a third of the countries in its survey had no involvement of CSOs and another 20% reported minimum involvement.[94]

- Improvements in developing country financial management systems have not translated into significant increases in donor use of these systems in their development cooperation. No correlation was found between quality financial systems and provider use of these systems. (*Progress Report*, page 115) There has been only limited progress in public access to fiscal information, transparent procurement methods, and access to findings of external audits (Progress Report, page 48). The proportion of development cooperation subject to parliamentary review has decreased. (*Progress Report*, page 50)

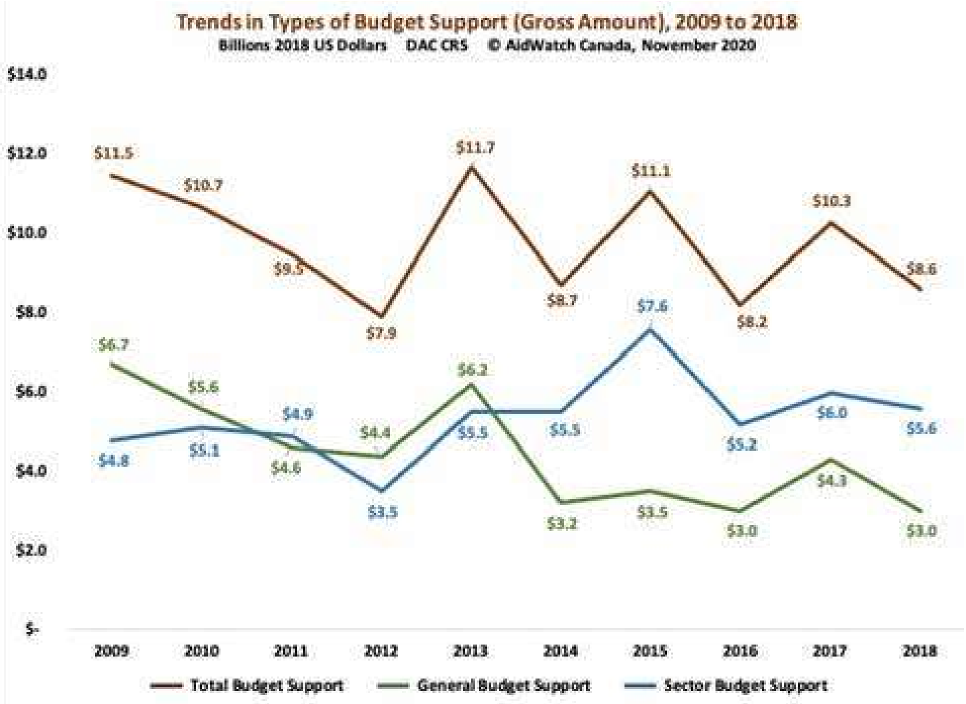
Trends in the level of DAC bilateral aid that reaches developing countries, the degree to which DAC donors continue to support different forms of budget support and the levels of aid tied to donor country suppliers are also indications of donor support for country ownership. Findings in these areas are as follows:

i) Diminishing Country Programmable Aid

The DAC has a measurement for the extent to which ODA is available for programming at the country level. Country Programmable Aid (CPA) is the proportion of bilateral aid disbursements where partner countries **may** in principle have a significant say in defining the priorities for its use. As a concept it goes beyond the notion of 'Real Aid' and excluded donor administration, humanitarian assistance, and other forms of aid that is unavailable for programming at the country level.[95]

In 2018 less bilateral aid reached developing countries as a programmable resource than earlier in the decade (as a share of gross

CHART 31: TRENDS IN BUDGET SUPPORT



bilateral aid, i.e. including loans at full face value). (**Chart 30**) While rising from a low of 47% in 2016 to 49% in 2018, the latter is 6% lower than the high of 55% in 2010. This is the share that is available to developing country priorities but makes no assumption about whether the donors are programming this aid according to their own priorities and interests.

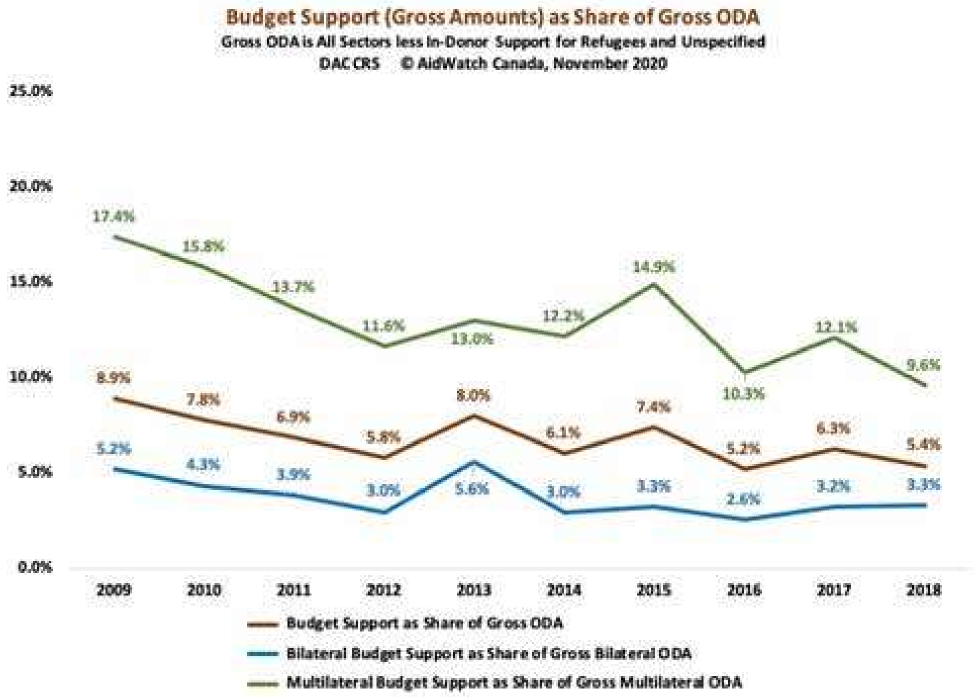
The top five donors performed somewhat better in CPA, at 52% of their gross bilateral aid in 2018. But this share is 8% lower than the 60% realized in 2010, at the start of the decade. On a more positive note, DAC donor bilateral aid to the 30 countries with fragile contexts (see **Table 3 above**) allocated more than 57% as CPA in 2018. When humanitarian assistance is taken into account, almost 90% of gross bilateral aid to these countries is included.

ii) Declining donor resources for budget support mechanisms

The provision of aid to developing countries as direct budget support or sector-wide programming (SWAPs) is an important mechanism for advancing a country's ownership of its development priorities. With budget support, a developing country government has the authority to establish its budgetary framework for development initiatives within its national or sector/ministerial budget. Donors then agree, in the context of policy dialogue and capacity development, to support these budgetary priorities with either general budget support or assistance to line ministries.

Unfortunately, budget support has declined by 25% in the past decade, from a high of $12 billion in 2009 to $8.6 billion in 2018. (**Chart 31**) This decline was largely due to a major reduction in General Budget Support, which collapsed by 55%. In contrast Sector Budget Support increased by 17% over the same period, from $4.9 bullion in 2009 to $5.6 billion in 2018. Issues of fundability have plagued general budget support, particularly where the recipient government has been able to use general budget support intended for one area to offset higher expenditures in another. Sector-wide programs were understood to be

CHART 32: BUDGET SUPPORT AS A SHARE OF GROSS BILATERAL AND MULTILATERAL AID



more effective, as it promoted collaboration with line ministries to build capacity and strengthen poverty-oriented expenditures.[96]

Chart 32 indicates that budget support has been an important delivery mechanism for multilateral organizations (including the European Union). But this modality for assistance in multilateral aid has also declined significantly in recent years moving from 17% of gross multilateral aid in 2009 to only 9.6% in 2018. However, its share of multilateral aid is still much higher than with gross bilateral assistance. The share of bilateral budget support in gross bilateral aid has been much lower than multilateral aid, and has also fallen, but at a lesser rate from 5.2% in 2009 to 3.3% in 2018.

iii) Little Progress in Reducing Formal and Informal Aid Tying

The continued donor practice of tying aid disbursements to commercial purchases in donor countries reduces aid effectiveness and diminishes opportunities for country ownership through strengthening recipient country suppliers and aligning with country requirements. In many cases these purchases, which often are not aligned to a recipient country's priorities and needs, have raised project costs by as much as 30%.

In 2001 the DAC agreed to fully untie aid to Least Developed Countries (LDCs). In 2008 this was extended to Highly Indebted Poor Countries (HIPC), with progress reports to be issued each year. At the 2011 Busan High Level Forum, providers agreed to develop a plan for accelerating the untying of aid by 2012. At the Global Partnership's 2016 High Level Meeting in Nairobi, all providers of aid agreed to "accelerate untying of aid and promote development cooperation that supports local businesses throughout the supply chain" [Nairobi Outcome, §42(g). Despite these multiple commitments, only very modest progress has been made over this past decade.

While some progress has been made since 2010, more than a fifth (22%) of DAC bilateral aid continued to be tied to donor country

CHART 33: THE SHARE OF DAC BILATERAL AID THAT IS TIED TO DONOR COUNTRY PURCHASES

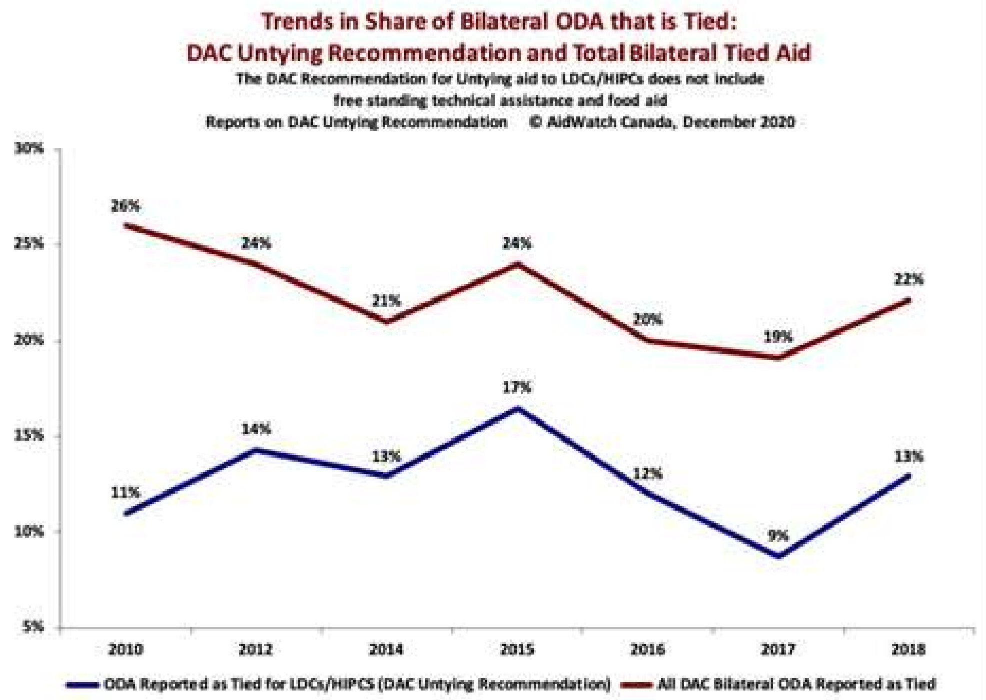
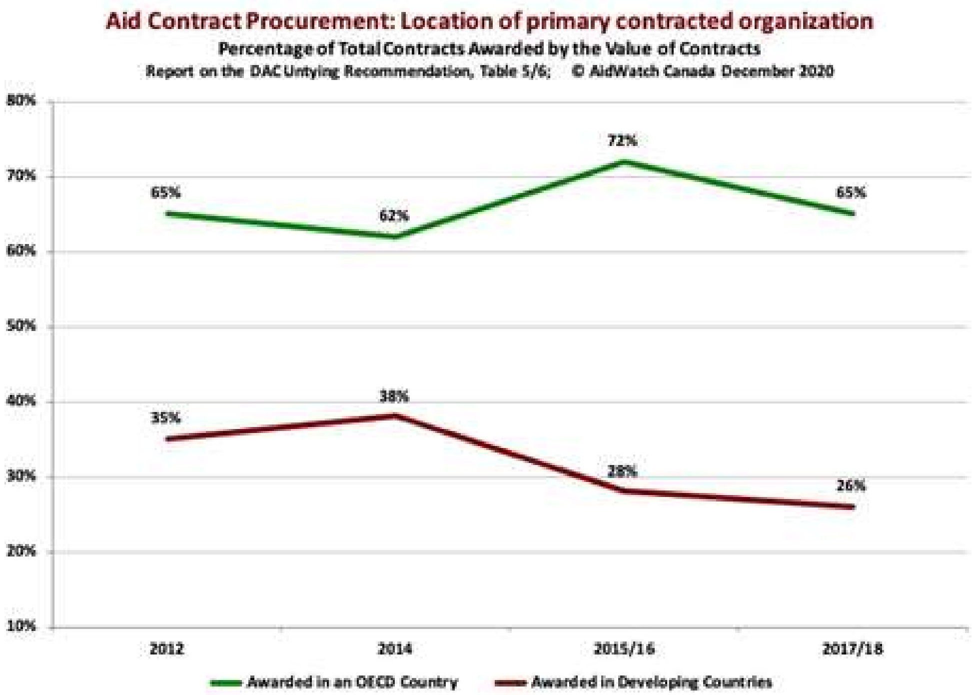


CHART 34: PROCUREMENTS FOR AID CONTRACTS IN DONOR AND RECIPIENT COUNTRIES



purchases in 2018, down only 4% since 2010, and up from 2017 (19%). (Chart 33) The downward trend in tying of aid for LDCs was also reversed in 2018, up from 9% in 2017 to 13% in 2018. For several donors much of this aid tying has been linked to programs for interest rate subsidization as well as loans in support of infrastructure development involving donor country firms.[97]

Donor technical assistance is not included in the determination of tied aid, which compounds this lack of progress in formally tied aid. Technical assistance accounted for 18% of Real Bilateral Aid in 2018, much of which was contracted to donor-country based consultants.

Donors report the legal status of their aid contracts to the DAC to determine the above official trends. But the actual donor practices of aid procurement paint a more dire picture for country ownership. (**Chart 34**) The proportion of aid contracts awarded to firms/ suppliers in OECD donor countries, rather than in a developing country, has varied from year to year. But on average about 65% of these contracts have been awarded in donor countries since 2010. The share awarded in a developing country has actually declined from a high of 38% in 2014 to just over a quarter (26%) in 2018.

6.2 Aid as a Subsidy for the Private Sector?

In this Decade of Action for the SDGs ODA has flat lined. Donors are looking to the private sector to fill an SDG finance gap, one that is likely to increase substantially due to the pandemic. However, responding to the highly unequal impacts of the pandemic require a strengthened public sector in developing countries, for which private sector resources are ill suited.

Despite an often-repeated donor narrative focusing on the mobilization of private sector resources with ODA, current indicators show only modest use of ODA to date along these lines.

Using a private sector proxy indicator, based on select DAC sector codes oriented to private sector investments, ODA for these sectors have had only modest growth in the past decade, leveling off at around 25% for bilateral donors and 28% for multilateral donors, up from 22% and 23% respectively since 2010.

Starting 2018 DAC members have been able to include as ODA official investments through Private Sector Instruments (PSIs) such as Development Finance Institutions (DFIs). Only $2.7 billion in ODA was recorded for PSIs in this first year of reporting, which represented 2.5% of DAC donors' Real Gross Bilateral Aid.

Since the adoption of *Agenda 2030*, donors are relentlessly promoting a narrative that aid resources will only be effective if they act as catalyst for filling a funding gap of $2.5 trillion for the SDGs by attracting major private sector investments. Accordingly, the international community must move from billions in aid to trillions in SDG investments.[98]

The OECD has estimated that this funding gap could increase by up to 70% due to the pandemic. In practice, this means that the international community is potentially facing a $4.2 trillion gap going into the Decade of Action for the SDGs.[99] This seminal OECD report in November 2020 posits the need for transformative policies to shift the trillions of private resources in the system that are currently contributing to inequalities and unsustainable practices towards investments that can build a sustainable post-pandemic sustainable recovery. To do so, these policies must move private investment to take account of equality, leaving no one behand, and sustainability, avoiding 'SDG-washing' of business as usual, in their investment decisions. But policy shifts of this order, affecting not only the incentives for investment but also its profit orientation, are very challenging and highly unlikely.

As ODA is now flat lined, with diminished prospects for substantial increases in concessional public finance for developing country recovery (see Section 2.3), donors are shifting attention to aid mobilization of private sector finance for tackling the deep socio-economic impacts of the pandemic:

> *"The leveraging capacity of official development finance should be used to "stop the bleeding" (i.e. avoid a collapse of development finance) and "build back better" (i.e. increase the quality and SDG alignment of development finance). Development co-operation providers should: Leverage official development finance better to remedy market failures and attract new sources of financing (e.g. blending, de-risking instruments and increasing risk appetite), with a focus on building effective partnerships across public, private and civil society stakeholders, geared towards development results and leaving no-one behind."*[100]

Over this past decade, both bilateral and multilateral aid actors have focused on instrumentalizing ODA to leverage private sector capital. This has often been to the detriment of cost-effective public solutions or alternative finance directed at reducing poverty and inequalities. The World Bank, for example, has been implementing a new private sector-centric approach to development finance, 'Maximizing Finance for Development' (MFD). Through MFD, the Bank now intends to:

> *"consistently [be] testing—and advising clients on—whether a project is best delivered through sustainable private sector solutions (private finance and/or private delivery) while limiting public liabilities, and if not, whether WBG [World Bank Group] support for an improved investment environment or risk mitigation could help achieve such solutions."*[101]

MFD is based on an assessment approach in which public funding is the last option when all private sector options are determined to be not feasible.[102] With this Bank orientation, alongside a similar growth of private sector instruments by bilateral donors, aid-dependent developing countries may be facing 1990s-style aid conditionality, with donors uncritically pushing broad privatization across essential development areas.

As noted above, major impacts of the pandemic are being experienced unequally, disproportionately affecting poor and marginalized people. These include women and girls, workers, the elderly, persons with disabilities, and Indigenous Communities. In this context, it is vital to strengthen public sector responses to the pandemic in the poorest countries, many of whose public institutions have been weakened by decades of imposed austerity measures. The pandemic has accentuated the essential importance of a strong state and public sector capacities to govern and manage short term lockdowns, health systems' capacities and longer-term recoveries.[103]

Private finance in the first instance is allocated by investors guided by the need for profit maximization, not development effectiveness. These investments are assessed with principles and criteria that are different, and cannot be assumed to serve the public interest, particularly in areas where the need for profit generation skews resources away from vulnerable poor populations. The DAC and the Global Partnership (GPEDC) have acknowledged these issues and have been bringing considerable attention to aid and development effectiveness principles to guide donor Private Sector Instruments and blended finance initiatives with the private sector.[104] Despite this attention, there is little evidence that these principles and frameworks are being meaningfully applied in practice.[105]

For example, WEMOS, a Dutch CSO, has examined the experience of an initiative

CHART 35: PRIVATE SECTOR PROXY INDICATOR

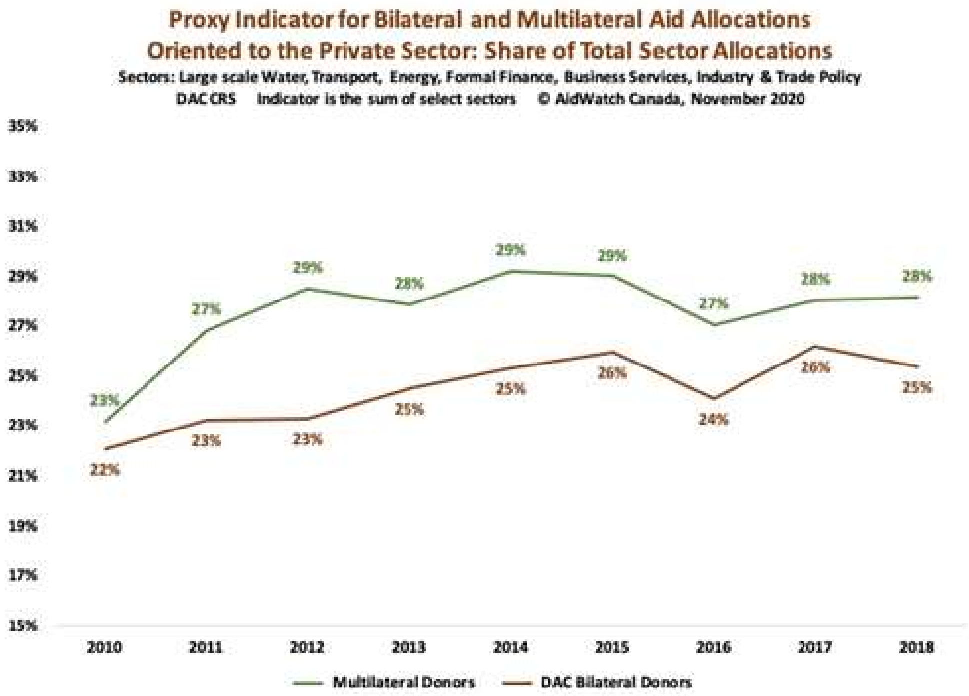
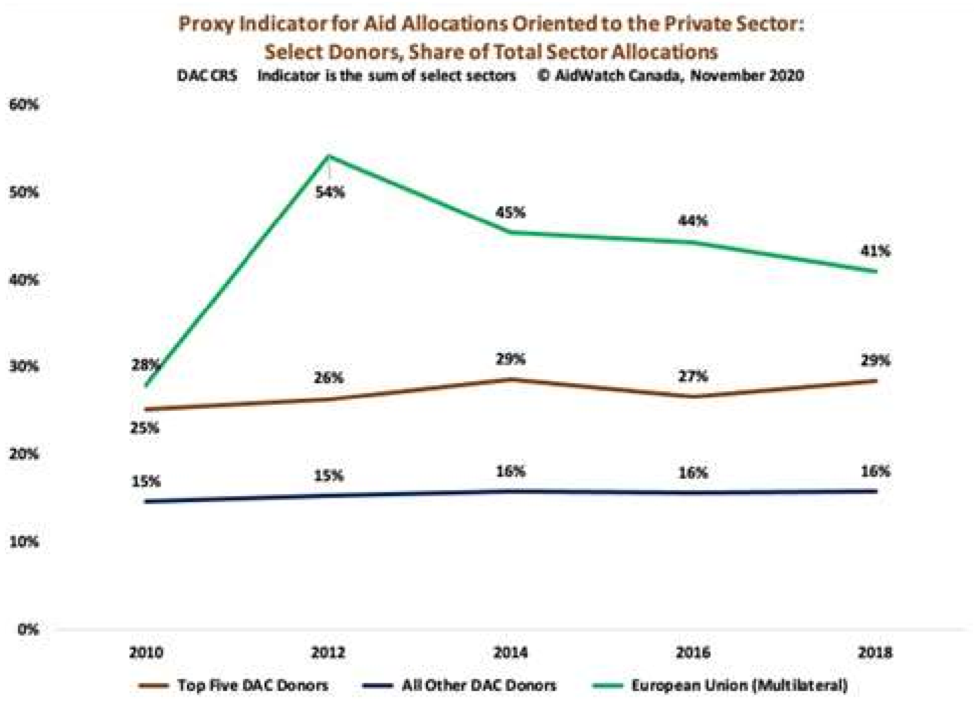


CHART 36: SELECT DONORS AND THE PRIVATE SECTOR PROXY SECTOR INDICATOR



for healthcare through the Dutch 'Aid and Trade' Agenda in Sub-Saharan Africa. WEMOS concluded that the most important objectives became the strengthening of private healthcare and health insurance and/or the enhancement of commercial actors' role in healthcare. They found little or no assessment of the effect these approaches had on poor and vulnerable people's access to health care.[106] They also documented evidence from other parts of Africa where health-oriented public/private partnerships have been highly problematic for vulnerable populations in low- and lower middle-income countries.

To date, the growth in ODA finance dedicated to the mobilization of private sector resources has seemingly been modest. Two indications of this deployment of ODA have been examined: i) a private sector proxy indicator based on trends in specific DAC sector codes, and ii) DAC donor official financing for bilateral Private Sector Instruments (i.e. Development Finance Institutions), which the DAC members agreed to count towards ODA starting in 2018.

These relatively modest trends could change sharply in the near future as a result of major aid reforms in the United Kingdom.[107] DIFID, a highly respected aid agency, has been folded into the Foreign Office in 2020 and major shifts in UK aid priorities are expected. Aid is expected to become geared to the United Kingdom's economic and diplomatic interests, particularly in the wake of the BREXIT agreement and the UK's pursuit of its particular interests abroad. UK aid strategy is to focus on countries where the UK's "development, security, and economic interests align." There will be increased attention on the private sector through the UK development finance institution, the CDC Group.

i) A Private Sector Proxy Indicator

The OECD DAC does not track different private sector partnerships in the implementation of ODA. Therefore, in order to estimate trends in the engagement of the private sector in aid, the author has developed a "private sector proxy indicator." This proxy aggregates ODA in a number of DAC sectors in which the private sector plays a major role and/or aligns with private sector interests in development. These sectors include ODA investments in large scale water and sanitation projects, transportation, energy, formal financial institutions, business services, industry, mining and construction and trade policies.[108]

The proxy indicator shows a modest growth in bilateral and multilateral donors' attention to these sectors since 2010. (**Chart 35**) These aid investments have levelled off since 2015 to about 25% of all sector allocated aid for bilateral donors, and 28% for multilateral donors, up from 22% and 23% respectively since 2010.

Convergence, an organization which tracks blended finance investments (combining official flows with private flows) for the SDGs, noted a growth in blended finance in the early part of the decade, But this rise has been declining since 2017, averaging at about $11 billion in public finance. These transactions include both ODA and non-concessional Other Official Flows (OOFs). In the last three years, 69% of blended investments went to the energy, financial services, infrastructure, industry and trade sectors (similar to those in the private sector proxy above). They also confirm that 77% of blended investments in the last three years went to middle-income countries, while the proportion for low-income countries has been reducing since earlier in the decade.[109]

Chart 36 indicates differences among DAC donors in their emphasis on private sector-oriented ODA, as measured by the proxy. While the European Union Institutions (considered a multilateral organization) allocated more than 40% of their ODA to these sectors in 2018, the top five DAC donors (by total ODA) allocated a modest 29%. All other DAC donors allocated only 16%, up slightly from 15% in 2010.
This finding corresponds with the stronger

emphasis on poverty-oriented sectors by these latter donors (see **Chart 22**).

ii) Private Sector Instruments

DAC members agreed to track and include in their ODA public sector investments in Private Sector Instruments (PSIs) starting in 2018. These investments focus primarily on Development Finance Institutions. Unfortunately, they could not agree on the rules for reporting these investments. Accordingly, they have been reported either on an instrumental basis (according to the ODA eligibility of each transaction) or on an institutional basis (an estimate of the share of ODA eligibility for the total official investment in the financial Institution). The number of bilateral Development Finance Institutions for blended finance has grown exponentially since the 2000s, with more than 160 counted by the OECD DAC.[110] But the level of reported investment of ODA resources in PSIs was modest in this first year of reporting (2018).

In 2018, the DAC Creditor Reporting System (CRS) documented $2.7 billion in official investments in Private Sector Instruments, which represented 2.5% of DAC donors' Real Gross Bilateral Aid. Of the $2.7 billion, 55% was reported using the institutional method. ODA eligibility is less clear using this method as it is often an estimate of **future** allocations by the PSI for projects that the donor **might** deem as being ODA-eligible. Reported ODA through PSIs is highly concentrated among five donors (85% of reported PSI ODA) – United Kingdom with 37% of reported PSI aid, France at 20%, Germany at 11%, Canada at 9% and Norway at 8%.

In the years to come, it is expected that PSIs will increase in line with a wide range of donors that have indicated ambitions to allocate additional resources through these Instruments.[111] Currently there is very little information available to properly assess the financial and development additionality of PSI mobilized private sector investments (See **Box One** for some of these issues).[112]

According to the DAC analysis of the CRS data, PSI investments in 2018 are concentrated in Lower Middle-Income Countries (59%), with Least Developed and Low-Income Countries receiving 24% of PSI investments and Upper Middle-Income Countries receiving 14%.

6.3 Increasing Use of Loans in ODA

The impact of the pandemic on low-income, debt -distressed countries is a major concern for CSOs as well as the IMF. To date the response of the G20 has been weak. Debt cancellation for the most distressed should be urgently negotiated.

Trends in the share of loans in the multilateral system as well as in bilateral aid over the decade are worrying. Loans have increased significantly in multilateral aid, one of the main channels for pandemic support in developing countries. Loans also play a major role in the bilateral ODA of Japan, France and Germany. The share of loans in bilateral aid for Japan and France reached over 60% in 2018.

In the fall of 2020, the IMF warned that "the COVID-19 pandemic has greatly lengthened the list of developing and emerging market economies in debt distress."[113] The response of the G20 countries, which was to extend the period for the suspension of debt service payments into 2021, is seen to be too little too late.[114] The IMF reports that almost half the countries eligible for G20 debt relief (73 low-income countries with access to the World Bank's International Development Association (IDA) concessional window) were in debt distress at the beginning of 2020, prior to the pandemic.[115] With urgent financing for pandemic-related support in developing countries coming mainly from the IMF and the Development Banks, CSOs are projecting another lost decade for development as

Box One: DFIs and Development Effectiveness

While CSOs involved in development cooperation have been critical of Development Finance Institutions, they acknowledge that certain carefully targeted private sector initiatives may benefit poor and marginalized populations. Their concerns revolve around the following issues:

- The OECD DAC is clear that only private finance that is **additional** "to what would have been available without blending" is considered mobilized finance. But the methodology for determining **whether such finance is additional or a mere subsidy for the private sector** is not spelled out, nor is it clearly a yes/no answer. Public support may be useful but not essential. A project may go ahead with adjustments without these public resources, thus confusing what is "additional". Eurodad's former analyst, Polly Meeks, quotes a 2016 European Union evaluation of blended finance programs noting that half the cases from 2007 to 2014 had no clear added value.

- **Development additionality** is equally important in determining the fit with Agenda 2030. With few evaluations, there is little evidence about the impact of blended finance on development outcomes. The EU evaluation, noted above, found that "the projects selected for blending did not emphasize the pro-poor dimension" and "gender was rarely targeted." DFIs often have scant policy guidance on labour or social and environmental standards. There is also little evidence that DFIs are supporting projects **consistent with development effectiveness principles**, such as those that strengthen country ownership or inclusive partnerships at the country level.

- **Concessionality** of finance is not a DFI condition for blending, but it is a crucial condition for Low-Income Countries and those facing a growing potential debt crisis, now compounded by the pandemic.

- **Weak transparency** plagues any assessment of projects supported through blended finance. Improving aid accountability is a challenge where these resources cannot be traced in the multiple layers of DFI financial transactions with intermediaries.

- Activities funded through PSIs have the potential to erode finances available for developing country governments, as they can be a factor in introducing unsustainable levels of public and private **debt**, or through **tax avoidance** by the corporations involved.

- There are **major confusions and a lack of agreement on the rules** in reporting DFI-related ODA to the OECD DAC. There are many questions that need to be addressed: How will the DAC determine whether such activities are sufficiently 'development oriented' to count as ODA? How will the DAC resolve the anomalous treatment of guarantees under the institutional approach, which currently risks inflating ODA? How far will the final reporting rules deviate from the concessionality principles applied to public sector loans?

- There is a strong risk that donors will **increase tied aid** through the engagement of donor private sector companies in DFI initiatives. This outcome has been documented for U.S. PPPs.

Extracted From: Brian Tomlinson, "Trends in the Reality of Aid, 2018: Growing diversions of ODA and a diminished resource for the SDGs," in *The Reality of Aid 2018*, pages 261-262 , accessible at https://www.realityofaid.org/wp-content/uploads/2018/12/Full-Version-RoA-Report-2018-min.pdf. For references see the original.

CHART 37: SHARE OF LOANS IN GROSS ODA

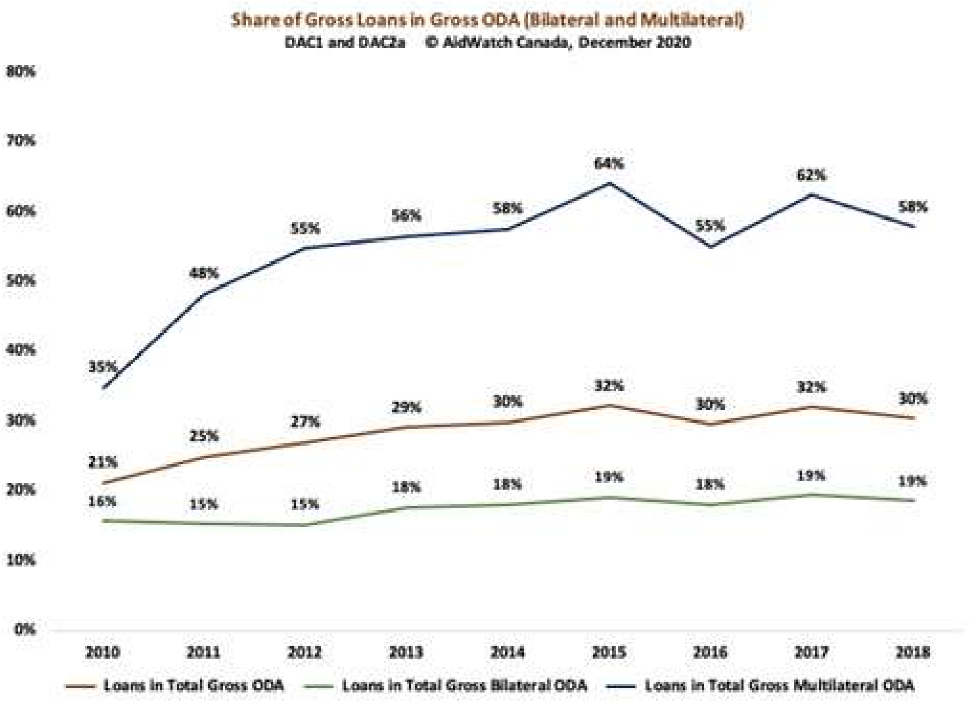


CHART 38: LOANS IN DONOR BILATERAL REAL ODA

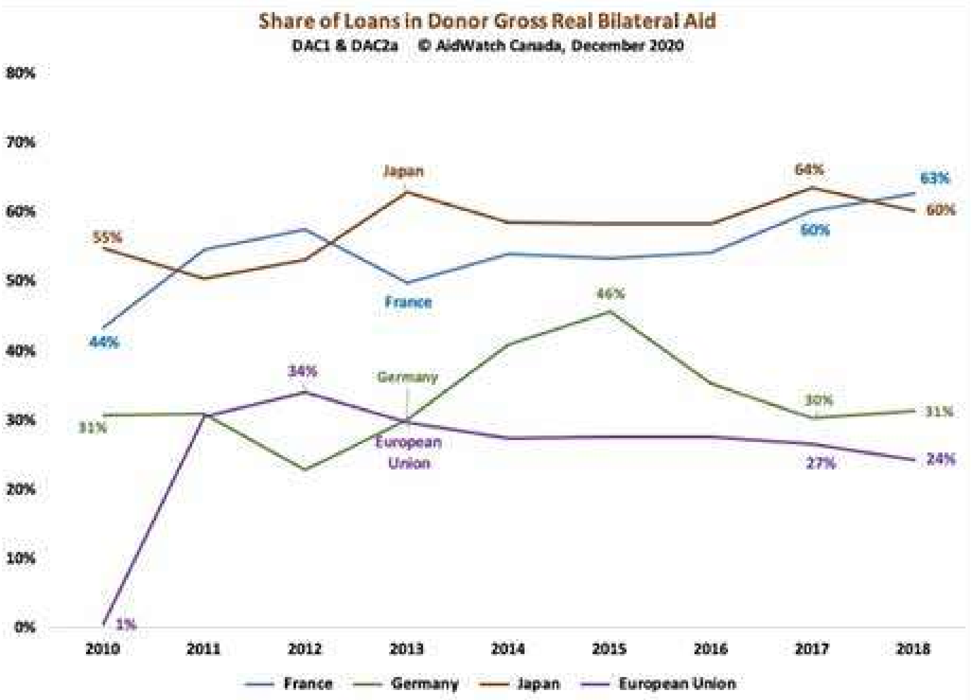
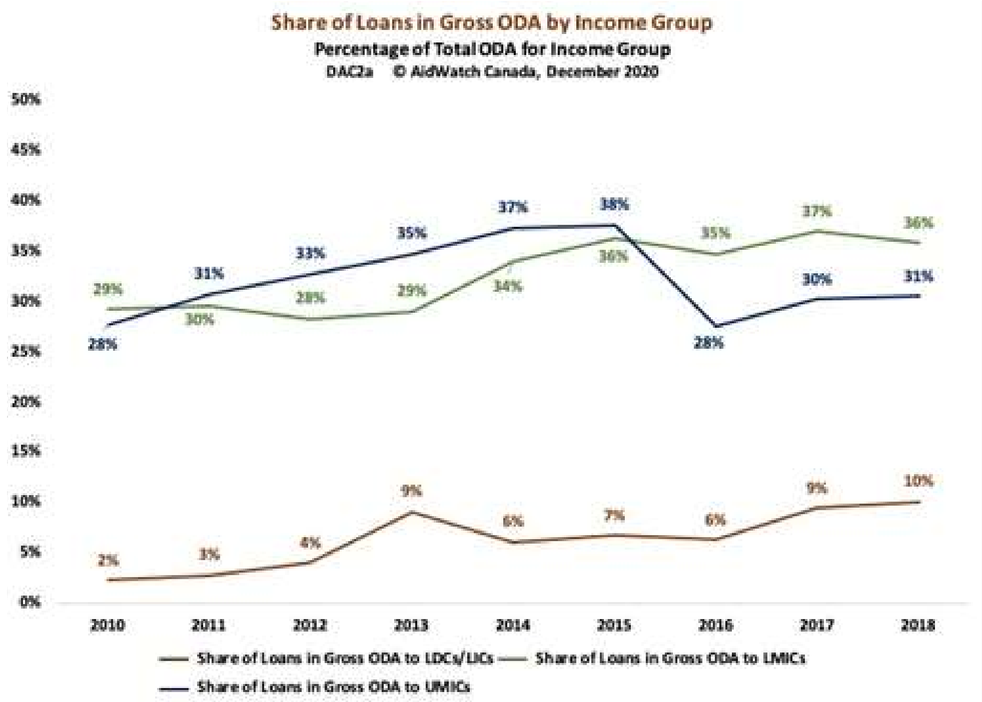


CHART 39: LOANS AS A SHARE OF ODA BY INCOME GROUP



creditors impose conditionalities that will result in more austerity in debt stressed countries.[116]

Fears that a renewed debt crisis is likely are reinforced by the profile of loans in the delivery of ODA. **Chart 37** reveals that the share of loans in ODA has increased over the past decade. This trend is driven primarily by multilateral assistance where 58% was delivered as loans in 2018, up from 35% in 2010 (mainly from the World Bank and Regional Development Banks). Overall, loans in DAC ODA rose from 21% in 2010 to 30% in 2018. Loans in bilateral programming have remained relatively constant over the decade at about 18%.

More than 93% of bilateral loans are from the top five donors (by quantity of ODA) with Germany, France and Japan making up 92% of total bilateral loans in 2018. The European Union accounted for 18% of multilateral loans in the same year. As indicated in **Chart 38**, loans account for a significant share of these donors' bilateral ODA, particularly France and Japan.

In 2010, loans made up only 2% of ODA to LDCs/LICs. This has grown to 10% by 2018. (**Chart 39**) In Lower/Middle-Income Countries loans comprise 36% of ODA, a share that has grown from 29% in 2010. The latter have large numbers of poor and vulnerable people and low levels of per capita government revenue. These conditions make it difficult to meet the demands for finance for SDG commitments, repay loans and to support the needs of the pandemic and its recovery. Loans in ODA to Upper/Middle-Income Countries have remained relatively constant since the 2010, standing at 31% in 2018.

6.4 Migration and Security: A new conditionality?

The conditioning of aid projects, particularly in the European Union, as a strategy for foreign policy objectives to limit the movement of irregular refugees to Europe, is a growing concern in the quality of European aid.

The DAC has implemented a new purpose code on the facilitation of orderly, safe, regular and responsible migration and mobility to which donors reported in 2018. The DAC will be reviewing the content of projects reported to this code in 2021 to ensure their consistency with the December 2018 Global Compact for Safe, Orderly and Regular Migration.

A focus on security sector reform is a significant priority for the European Union, the United States, the United Kingdom, Germany, and Korea.

i) Facilitating Migration

At the end of 2020, the European Union announced that a compromise had been reached for approval of the new EU development budget from 2021 to 2027. The compromise focused on the role of EU aid in tackling the root causes of migration and EU aid conditionality to leverage border and other measures to prevent irregular migration to Europe. Equally important was the need to put agreements in place on the return of migrant nationals to partner countries. These are key foreign policy goals for the European Union and its member states. The agreement is vague (in early January 2021) as it seems to allow for EU conditionality for projects only related to facilitating orderly migration, but other EU members interpret the wording to imply full conditionality of all EU projects in support of these foreign policy objectives.

For a number of years, CSOs have been observing a worrying trend, particularly in Europe following the large influx of refugees in 2015 and 2016, to consider aid as foreign policy tool to leverage restrictive measures in partner countries. These measures could limit the protection and promotion of rights of people on the move, illegalize or stigmatize irregular migration, in countries where human rights violations are already endemic.[117] Donor migration objectives should be coherent with the December 2018 Global Compact for Safe, Orderly and Regular Migration, with all relevant agreements made public.[118]

In 2018 the DAC members adopted a new purpose code to track aid for the purposes of "facilitation of orderly, safe, regular and responsible migration and mobility," a measure that was actively promoted by the EU. While welcoming greater transparency, CSOs working with the DAC CSO Reference Group called upon the DAC to review the eligibility of activities reported to this new code and their consistency with the Global Compact referenced above.[119] This review is now underway through a DAC Temporary Working Group on ODA and Migration (TWG) that was set up in late 2020.

As yet there has not been an independent review of migration-related projects that were reported to the CRS by DAC donors in 2018 and 2019. Oxfam has published a review of project proposals for the 'EU Emergency Trust Fund for stability and addressing root causes of irregular migration and displaced persons in Africa, which was established in 2015. This study concluded that "the design and adoption of projects has been directly linked to the political migration dialogue between the EU and African countries."[120] The authors were unable to apply their analysis to all projects approved over the life of this Trust Fund. However, they did document a strong correlation between the design and objectives of many projects and the European domestic political priorities on managing irregular migration.

A review of CRS data for 2018 and 2019, the first two years in which DAC donors reported activities to the new purpose code, reveals some of the basic parameters of these projects. More information and analysis into the content of these projects is required. It should also be noted that donors may be continuing to report activities related to this new purpose code under other existing codes such as security systems management or legal and juridical development.

TABLE 5: LARGEST DONORS FOR FACILITATING MIGRATION, 2018 AND 2019 (DAC CRS CODE 15190)

DAC Donors Millions of US$ Commitments	**Amount 2018**	**Amount 2019**	**Share of Total Migration Code** (Two Year Average)	**Share of Donor Real Bilateral Aid** (Two Year Average)
European Union Institutions	$311.8	$290.9	31.2%	1.7%
Netherlands	$17.9	$463.1	24.9%	7.8%
Switzerland	$87.6	$147.5	12.2%	5.7%
Germany	$65.0	$138.9	10.5%	0.7%
United Kingdom	$76.3	$100.7	9.1%	0.7%
Sweden	$46.6	$20.1	3.4%	1.0%
Italy	$17.6	$26.7	2.3%	2.2%
Norway	$18.0	$29.2	1.9%	0.6%
Total, Purpose Code 15190	**$650.2**	**$1,155.5**	**Eight Donors: 93.5%**	**Total Real ODA: 0.7%**

TABLE 6: REGIONAL DISTRIBUTION OF FACILITATING MIGRATION, 2018 AND 2019 (DAC CRS CODE 15190)

DAC Donors and EU (Two Year Total)	**Regional Share of Facilitating Migration**	**Regional Share of Facilitating Migration Excluding Unspecified**
Africa Regional	10%	18%
Sub Saharan Africa	10%	18%
North Africa	6%	10%
Middle East	8%	15%
Asia	11%	19%
Europe	11%	18%
Other Regions	2%	4%
Bilateral Unspecified	42%	

DAC donors reported a total of 650.2 million under this code in 2018, increasing by 78% in 2019 to $1.2 billion. (**Table 5**) Eight donors, including the European Union, accounted for 94% of project commitments under this code over these two years. Two donors (the EU and Sweden) reduced their commitments in 2019. But one donor, the Netherlands, made up 88% of the increase between 2018 and 2019 with its commitment to one project, the Prospects Partnership. Prospects is a joint project with the World Bank, UNICEF, UNHCR, and ILO, which is intended to shift the paradigm from a humanitarian to a development approach in responding to forced displacement crises and the dependency of refugees on humanitarian assistance.[121]

Table 5 demonstrates the predominance of the European Union Institutions in directing ODA to these purposes, but these activities represent only 1.7% of the EU's development assistance for that year. Only Netherlands, Switzerland and Italy devoted a relatively large proportion of their Real Bilateral Assistance, at 7.8%, 5.7% and 2.2% respectively.

TABLE 7: COUNTRIES OF FOCUS FOR FACILITATING MIGRATION, 2018 AND 2019 (DAC CRS CODE 15190)

DAC Donors (Two Year Totals)	Country Share of DAC Facilitating Migration*	EU (Two Year Totals)	Country Share of EU Facilitating Migration*
Bangladesh	5.6%	Iraq	6.4%
Afghanistan	5.4%	Bosnia	6.3%
Uganda	5.0%	Serbia	4.0%
Lebanon	4.0%	Bangladesh	3.3%
Turkey	2.9%	Central Africa Republic	3.2%
Niger	2.6%	Montenegro	2.6%
Colombia	2.4%	Africa Regional	24.7%
Africa Regional	20.3%	Europe Regional	9.9%
Sub-Saharan Africa Regional	8.9%	Middle East Regional	6.7%
South Asia Regional	2.3%	South Asia Regional	5.5%
Europe Regional	2.3%	Sub-Saharan Africa Regional	3.5%
Other	32.1%	Others	12%

* Excluding Bilateral Unspecified

Almost half (42%) of the commitments for these two years have not been allocated by region. Taking account only commitments allocated to regions, with more than 60% of these commitments, Africa and the Middle East are the primary regions in which DAC donors and EU Institutions concentrate their assistance for this purpose. (See **Table 6**) Asia (19%) and Europe (18%) are also significant regions of interest.

Table 7 provides a breakdown of the key countries of interest, although it is important to recognize the significant regional allocations and the degree to which DAC donor aid is classified as "bilateral unspecified" (See **Table 6**). Country allocations by DAC donors are much more dispersed than by EU Institutions. The latter is much more concentrated in the Balkans and Europe (23%). Both DAC donors and the EU focus on Afghanistan and Bangladesh.

ii) Security Sector Reform

Select DAC donors and the EU have been directing aid resources to prevent extremism and terrorism or to control insurgency through measures in security sector reform. Since 2010 approximately $840 million has been regularly dedicated to security sector reform (DAC CRS 15210). The United States provided 38% of this assistance in 2018, with the European Union a close second at 30%. These donors are followed by the United Kingdom (11%), Germany (6%) and Korea (4%). Together the top five accounted for 89% of all finance in security sector reform in that year.

More than half (56%) of these investments in 2018 focused on Central America and Caribbean Regional activities (19%), Afghanistan (9%), Niger (7%), Ukraine (6%), Somalia (3%), Caribbean Regional activities (3%), Sub-Saharan Africa Regional activities (3%), West Bank and Gaza (3%) and Libya (3%).

7. CONCLUSIONS

It has become a cliché to say we are living in unprecedented times. But with the pandemic's capacity to spread throughout the world (early 2021) an unprecedented response by the international community is indeed urgently necessary. The pandemic has put into sharp relief the profound inequalities that structure the lives and prospects of millions of people at both global and country levels. Vulnerable populations in the Global South are experiencing the economic, health and social consequences of the pandemic where few, if any, special social protection measures are available.

A graphic example is "vaccine nationalism". Overwhelming economic and political power have directed the first batches of vaccine to vulnerable populations in developed countries, while millions of similarly vulnerable people throughout the Global South continue to wait for access through COVAX or South South Cooperation measures on the part of China, India and Russia.[122]

The pandemic, sharp declines in economic activity at all levels, and the relentless impacts of the climate emergency, make for a daunting picture. They have great potential to create an international environment which undermines rather than strengthens international cooperation. ODA may not provide the largest pool of financial resources to meet these challenges. But it is a key strategic resource to establish measures that favour cooperation and promote the interests of vulnerable people in the Global South. The aid system itself will be deeply affected by the nature of the global recovery and the ways in which the international community responds to these challenges in the next few years will be critical.

This chapter has described a challenging starting point for aid and development cooperation in facilitating a just recovery for the Global South. Recent trends reveal a system that has largely atrophied in meeting commitments to expand aid resources; is failing to catalyze development initiatives that prioritize reducing poverty, inequalities and exclusion; and is moving away from strengthening democratic ownership of development priorities in the Global South.

International leadership is urgently needed to stimulate donors to work together to transform development cooperation and reform the role and modalities for aid. Aid is a unique resource that can be ramped up, with a renewed commitment to the 0.7% UN target, to

1. Address the wider complexities of poverty, near-poverty and exclusion across all developing countries, consistent with the SDGs, beyond a focus on meeting the essential obligation to eradicate extreme poverty.

2. Reinforce public sector responses, not as stop gap measures or promotion of private/public partnerships, but in ways that strengthen the role of state institutions to meet their obligations and human rights standards for universal social protection, health protection and education opportunities for all. Just as important are measures for effective adaptation to the inevitable local impacts of the climate emergency.

3. Catalyze and enable all levels of civil society to maximize its contributions to development by addressing factors that are shrinking civic spaces in many countries (North and South). This includes localizing aid resources for development at the country level and ensuring opportunities for meaningful policy dialogue on the difficult paths forward in the post-pandemic world.

4. Be an integral part of donor foreign policies in ways that 1) build policy coherence with human rights-based standards, 2) creates checks on the roles of private sector

actors in the Global South (consistent with development effectiveness principles), 3) respects international obligations to the growing number of migrants, refugees and asylum seekers, and 4) promotes more equitable global governance in the UN system and multilateral development banks.

It is now more important than ever to shift the narrative for development cooperation towards one of solidarity and obligations to the global common good, while acknowledging responsibility for deep inequalities. In the words of Jonathan Glennie, let us move from "the commonly-used language of the aid sector [that is] outdated and colonial, misleading the public, patronising recipients and entrenching an embarrassing saviour complex."

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68. OECD, "Climate Finance Provided and Mobilised by Developed Countries in 2013-18,", *op. cit.*, page 7.

69. Joint Report, *op, cit*., for 2019 and 2018 fiscal years.

70. Carty et al (Oxfam International), *op. cit.*, page 14.

71. *Ibid.*, page 14.

72. See UNFCCC, "Decision -/CP.15," paragraph 8 of the Copenhagen Accord, accessed December 2020 at https://unfccc.int/files/meetings/cop_15/application/pdf/cop15_cph_auv.pdf.

73. Philip Alston, "Climate change and poverty: Report of the Special Rapporteur on extreme poverty and human rights", A/HRC/41/39, June 25, 2019, page 14, accessed August 2019 at https://www.ohchr.org/Documents/Issues/Poverty/A_HRC_41_39.pdf.

74. Brian Tomlinson, "The Reality of Canada's International Climate Finance, Annex Five: The Green Climate Fund: An Update," August 2020, accessible at http://aidwatchcanada.ca/wp-content/uploads/2020/08/Annex-Five.pdf. Projects allocated to both adaptation and mitigation have been split 50/50.

75. The actual performance of donors' in allocating funds to adaptation is very difficult to determine from DAC statistics. While Canada reports 49% of its climate finance as adaptation in the CRS, a more detailed examination of some of its reported finance for special funds at the MDBs indicates a much lower share, closer to 30%.

76. Carty et al (Oxfam International), *op. cit.*, page 17.

77. UN Environment Program (UNEP), *The Adaptation Gap Report, 2020*, accessible at https://www.unenvironment.org/resources/adaptation-gap-report-2020.

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80. *Ibid.*, page 23.

81. See https://www.greenclimate.fund/sites/default/files/document/gcf-gender-policy.pdf

82. These sectors are derived from the DAC CRS: Basic Education (112: I.1.b); Vocational training (11330); Basic Health (122: I.2.b); Non-communicable diseases (NCDs) (123: I.2.c.); Population Policies/Programmes & Reproductive Health (130: I.3) Basic drinking water supply and basic sanitation (14030); Basic drinking water supply (14031); Basic sanitation (14032); Democratic participation and civil society (15150); Human rights (15160); Women's rights organisations and movements, and government institutions (15170); Ending violence against women and girls (15180); Civilian peace-building, conflict prevention and resolution (15220); Child soldiers (prevention and demobilisation) (15261); Social Protection (16010); Housing policy and administrative management (16030); Low-cost housing (16040); Multisector aid for basic social services (16050); Social mitigation of HIV/AIDS (16064); Labour rights (16070); Social dialogue (16080); Informal/semi-formal financial intermediaries (24040); Agriculture, Forestry, Fishing, (310: III.1); Small and medium-sized enterprises (SME) development (32130); Cottage industries and handicraft (32140); Disaster Risk Reduction (43060); and Development Food Assistance (520: VI.2).

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87. *Ibid.*, page 31.

88. Marcos Barba, et. al., op cit., page 4.

89. Ben Parker, "Aid Policy Trends to Watch in 2021," The New Humanitarian, January 4, 2021, accessed January 2021 at https://www.thenewhumanitarian.org/analysis/2021/01/04/humanitarian-aid-policy-trends-2021.

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