One key source of financing for development, especially for low-income countries, is concessional official development assistance or “aid”. Though it is not necessarily as significant as private capital flows or in some countries as non-concessional public finance, it remains a crucial support for low-income countries’ budgets and public expenditure on growth-related infrastructure and poverty reduction through the Millennium Development goals.

Aid comes from three main sources: multilateral organisations, governments (which may be OECD or non-OECD countries) and civil society organisations.

One vital aspect of designing an external financing strategy is to have a clear aid mobilisation and management policy, in order to ensure that aid effectiveness is maximised for development results in each country. DFI has therefore developed extensive training materials, and produced many analytical and research publications and reports on this issue. The pages leading on from here provide details of these materials and documents.

Latest work DFI carried out in this area:

27 February 2017 - Spotlight on Blended Finance

In a report co-published with Oxfam International, Eurodad focuses its new piece of research on blended finance. Combining official development assistance (ODA) with other private or public resources, in order to ‘leverage’ additional funds from other actors, “blended” finance has become a common development finance term over the last few years.
However, there is a level of confusion around the way this development finance mechanism operates, coupled with a relative lack of data from blending projects. With an aim to shed light on this concept, the report clarifies what blending is, how it works and how it is used. It identifies areas that are crucial to maximize the development impact of blending projects, while providing an assessment of the associated quantitative and qualitative risks.

23-27 February 2015 - GCE Commissions Education Aid Watch and Domestic Finance Toolkit

DFI participated in the Global Campaign for Education General Assembly in Johannesburg, following which GCE commissioned DFI to coordinate and be lead author on the preparation of two key tools for their future advocacy. The Education Aid Watch report 2015 will assess the performance of donors in providing education-related aid, and their readiness to fund the post-2015 Sustainable Development Goals. A Domestic Finance Toolkit will help GCE members worldwide to analyse national budget revenue and education spending, and design national advocacy programmes to increase progressive revenue and spending.

16 April 2012 – Strong Framework for Monitoring Aid Results

DFI was commissioned by a consortium of major NGOs (Actionaid, Concord, Oxfam, Save the Children and the UK Aid Network) to analyse whether a strong global monitoring framework is essential to make progress on increasing the results of aid. The study has been presented at meetings in Addis Ababa, Paris and Washington. Thanks to major lobbying and negotiation by
developing countries and NGOs, it looks as though the post-Busan negotiations will produce a reasonably strong global framework to monitor progress on increasing aid results.

14-15 May 2012 – Development Cooperation for Sustainable Development

DFI supplied a resource person for the UN Development Cooperation Forum symposium in Brisbane. Participants discussed the need for the post-2015 Development Agenda to be based on economically, socially and environmentally sustainable development, and what this would mean for delivery of aid, financing and partnership mechanisms, mutual accountability and the international architecture.

10 May 2012 – Mutual Accountability in Afghanistan

DFI has been commissioned to support the Government of the Islamic Republic of Afghanistan in building a Mutual Accountability Framework to hold the government and its development partners responsible for delivery of aid results, after the international conference in Tokyo scheduled for July 2012.
25 November 2011 - Water Aid Study Shows Aid, Spending Off Track for MDGs

Earlier this year DFI prepared a background study for WaterAid analysing central government allocations to the water, sanitation and hygiene sector (WASH). The final report, Off-track, off-target, which draws of the findings of the background studies of DFI and others is available here.

18-19 October 2011 - DCF Luxembourg Symposium Discusses Mutual Accountability, Catalytic Role of Aid

DFI participated at the Development Cooperation Forum meeting in Luxembourg, speaking on the need for strong global mutual accountability mechanisms on development cooperation, without which developing countries cannot hold donors accountable. DFI’s presentation is available here. For the conference programme and other papers (mainly on the role of aid in catalysing microfinance, investment and tax revenue) click here.

July - September 2011 - Final Aid & Auditing Missions in Guinea
Two DFI experts have conducted their final two missions in Guinea in keeping with the national capacity building programme in aid management, and audit and control. After launching a training programme for Ministry of Finance executives and public investment experts, the consultants are now finalising a national manual of procedures for the management and control of public investment projects.

12 September 2011 – Real Aid 3 Report - Aid dependency is going down

DFI co-wrote a report with Action Aid on REAL AID which argues that Developing countries are getting less dependent on aid and that real Aid is transforming lives. The report also argues that the key to reduce aid dependence is strong leadership by recipient country rather than by the donors. It also discusses what is and is not REAL AID, recommendations to Busan and beyond.

5-11 September 2011 – Targets Designed to Improve Partnership in Uganda

DFI conducted the final mission of the Uganda Partnership Policy project funded by DfID. The mission achieved its three aims: to draft targets for development partners to improve their aid to Uganda; to redraft a MoU to be signed by Uganda and its partners to implement the policy; and to make recommendations for capacity-building support to be provided to government, parliament and civil society in order to ensure the policy is successfully implemented. The policy is currently being approved by Cabinet and will begin to be implemented in 2012.

5-6 May 2011 - Development Cooperation Forum High-Level Symposium in Bamako

DFI helped to facilitate this symposium, preparing a background paper and chairing a panel on developing a comprehensive accountability framework for development cooperation for LDCs, and preparing a presentation on national-level mutual accountability. The symposium also covered issues of development effectiveness and results, ownership and conditionality, and accountability in aid for education. The presentations and conclusions of the symposium are available at www.un.org/en.

26-29 April 2011 - Uganda Partnership Policy Monitoring Framework

DFI conducted a mission to support Government of Uganda in finalizing a monitoring framework for its Partnership Policy covering aid and beyond aid issues, as well as a memorandum of understanding for GoU and its development partners to sign. The mission conducted a successful workshop in which GoU and DPs discussed the draft framework and principles for the MoU, as well as extensive briefing of officials in the Ministry of Finance, which will be responsible for the detailed monitoring of the policy. The next steps will be full training sessions on the policy, followed by a baseline survey of DP and GoU performance, and agreement on future targets.

18 April 2011 - Oxfam Aid Summit

DFI participated in a meeting of all 14 Oxfam International affiliates to formulate policies on aid issues, in Washington DC, making a presentation on international and developing country-level initiatives to increase accountability and transparency for aid results, and how Oxfam should participate in and contribute to them. These will result in updated Oxfam policies on aid issues in mid-year, as well as policy papers to lead into the Busan High-Level Forum on Aid Effectiveness in November.

11 February 2011 - Second Guinea Aid/Auditing Mission

The second mission of the national capacity building programme in aid management, and audit and control is currently taking place in Conakry. After the first evaluation mission which reviewed the Guinean regulatory, legal, institutional and operational framework, two DFI consultants are now implementing the agreed schedule by launching a training programme for Ministry of Finance executives and public investment experts.

25-26 January 2011 - UNDCF-OECD Cooperation Planning Meetings

DFI attended highly productive meetings between the UN Development Cooperation Forum secretariat and the OECD Development Cooperation Directorate to plan cooperation over the next two year cycle of the DCF. Meetings were also held with Better Aid and UNESCO to discuss cooperation on DCF events.