

AID ARCHITECTURE: AN OVERVIEW OF THE MAIN TRENDS IN OFFICIAL DEVELOPMENT ASSISTANCE FLOWS

I. INTRODUCTION

1. **IDA Deputies have expressed interest in discussing IDA's role in the international aid architecture.** A number of topics would be included in a discussion, such as: (i) how to define IDA's role in the global aid architecture to best assist countries to achieve the MDGs; (ii) IDA's role in regional aid architectures, including the division of labor with other institutions in promoting regional integration and cooperation; and (iii) the implementation of the harmonization and alignment agenda, and how the Paris Declaration agenda could contribute to positive change in the global aid architecture.

2. **This paper provides background data and analysis to help inform upcoming discussions on aid architecture.** As such, the paper will focus on broad trends in Official Development Assistance (ODA) flows as well as on some of the main features of the existing global aid architecture.³ Therefore, it aims to provide a common basis for the ensuing in-depth discussions of how IDA fits in this architecture – a topic that will be taken up by subsequent papers to be presented for discussion during the IDA15 negotiations. The paper relies heavily on analysis of data from OECD's DAC database, as well as from the Creditor Reporting System (CRS).

3. **Aid architecture can be defined as the set of rules and institutions governing aid flows to developing countries.** While aid has an architecture, it has no single architect.⁴ It has evolved over time much of it without a pre-defined blueprint. Most of today's aid principles and institutions are the result of over half a century of debate and joint decision-making. Broadly speaking, two aid "architectures" can be distinguished: the "Cold War Architecture", which lasted from the end of World War II to the fall of the Berlin Wall in 1989; and the "Post Cold War Aid Architecture", which started in 1990 and is still prevalent today.

4. **This paper is organized as follows.** Section II provides an overview of the main trends in ODA, focusing on overall trends in ODA flows and the distribution of ODA across recipient countries. Sections III and IV discuss some of the key factors behind the growing complexity of the existing aid architecture: the proliferation of aid channels and the fragmentation of ODA. Section V concludes with a brief look into the main challenges facing the donor community going forward. A summary of the historical evolution of the international aid architecture is provided in Annex I. Lists of bilateral donors as well as of the main international organizations are respectively provided in Annexes II and III. Annex IV presents data on long-term DAC ODA trends, and Annex V shows donor-by-donor bilateral and multilateral contributions over the 2000-2005 period.

³ This paper, however, is not meant to provide a comprehensive survey of the fast-growing literature on aid architecture.

⁴ A discussion of possible roles for an aid "architect" can be found in Burall, S. and S. Maxwell, with A.R. Menocal (2006), "Reforming the International Aid Architecture: Options and Ways Forward". *Overseas Development Institute Working Paper 278*, October.