

# DEVELOPMENT CO-OPERATION REPORT 2023

## Debating the Aid System

The 60th edition of the Development Co-operation Report 2023: Debating the Aid System does just that. Using a political economy lens, it crystalizes the debates around the international development system and official development assistance (ODA), unpacking the problem, policies, and politics, and proposing ways to move forward.

### The Problem

The international development architecture is outdated. Official development assistance (ODA) has existed as a concept and practice for over 60 years. For just as long, there has been debate over its purpose, efficiency, effectiveness and impact. While ODA has value in supporting countries on their development paths, it has been allocated in a scattered and uncoordinated manner that did not target the root causes of underdevelopment. By failing to focus on structural transformation and people's agency, ODA had diminishing returns and runs the risk of falling into irrelevance. It is high time to revisit and reinvent the way ODA is conceived and delivered.

Today's challenges have a level of complexity that was not envisioned in the 1960s. Protracted crises aggravate global instability, hunger, extreme poverty and fragility, while new humanitarian, social and ecological crises are emerging across the globe. In face of such daunting challenges, the collective capability and effectiveness of ODA, the providers of which find themselves under intense fiscal pressures, are under question, yet failures are insufficiently acknowledged.

Today's global majority in Africa, Asia, Latin America, and the Pacific calls to upend colonial legacies, strives to devise and implement home-grown solutions to local needs, and challenges the structures that perpetuate inequalities, including the international financial architecture.



## The Policies

In terms of both quantity and quality, the international cooperation architecture is inadequate to cover the economic and social needs of growing youth population in the global majority.

The quantity, stability and relative value of official development assistance (ODA) are shaped by the financing landscape in both provider and recipient countries. ODA budgets are being stretched to respond to shocks and meet growing financing commitments. At its point of origin, ODA represents a very small portion of DAC members' government spending (less than 1%). However, at its destination, ODA is one of three major sources of external financing for developing countries, alongside remittances and foreign direct investment (FDI).

While ODA has been the most stable resource over the last two decades, the majority of DAC countries failed to ever reach the 0.7% target adopted in 1970. Aggregate levels of ODA from OECD-DAC countries in recent years have been relatively stagnant, going from 0.30% of the total GNI in 2010-2012 to 0.32% in 2019-21. In the same period, the share of ODA disbursed to and through multilateral system went from 38 to 43.4% while the share going to and through developing country CSOs increased from 1.0 to 1.2%.

This is just one indication of the fundamental power imbalance besetting the aid sector. To address this imbalance, resources and decision-making power must be transferred to local communities and organisations, which are too often branded "high risk".

Denying local communities a voice in decisions that affect them leads to inappropriate funding decisions and forced dependency rather than sustainable empowerment.

Like power asymmetry and limited country ownership, lack of coordination undermines development effectiveness. The development, humanitarian and peace communities have recognised the need to work together in new ways. This is reflected in the Grand Bargain agreed upon at the World Humanitarian Summit in 2016 and the DAC Recommendation on the Humanitarian-Development-Peace Nexus. However, progress is uneven across DAC countries and siloed funding and practices remain the norm. ipsum. Nulla metus metus, ullamcorper vel, tincidunt sed, euismod in, nibh. Quisque volutpat condimentum velit.

## The Politics

Geopolitical shifts raise new challenges for development co-operation and its main instrument ODA. Poorly timed and communicated cutbacks, reallocations, and programme closures are opening traditional development co-operation providers to criticism, undermining trust, leaving countries to build new relationships that meet their pressing needs. Though new forms of partnerships may not be fairer, they signal recipient countries' appetite for other types of co-operation outside the traditional North-to-South paradigm.

The growing trend towards South-South and triangular co-operation illustrates that appetite to leverage different expertise and new resources, even though Global South leaders do not view development



partners through an either-or lens. Rather, different providers are seen as offering a range of comparative advantages, be it through the New Marshall Plan, the Asia-Africa Growth Corridor, or the Belt and Road Initiative.

The Eurocentric institutions established in the wake of World War II are under strain and scrutiny. DAC members went from providing aid to 15 recipient countries in 1960 to 97 in 2021. Overall, the 142 countries currently eligible to receive ODA are highly diverse. Tailoring support to each context is key to achieving high-quality ODA and this requires a solid political economy analysis.

A political economy lens allows understanding why development co-operation often fails to achieve its aims in extremely fragile contexts. It allows identifying where political power resides and estimating formal and informal local capacity in the country. Such type of analysis may disrupt grand visions of aid programs but discarding it would lead to misuse of scarce resources.

## **The Way Forward**

Development co-operation cannot be successful if it tries to apply old methods to the complex current challenges and demands of today global majority in Africa, Asia, Latin America, and the Pacific. The 2023 report proposes four areas of action to improve the global solidarity system:

- 1. Deliver existing commitments and unlock progress**
- 2. Support locally-led transformation in partner countries**
- 3. Modernise business models and financial management practices to align strategies, budgets and delivery**
- 4. Rebalance power relations and find common ground for partnerships.**

**Reshaping the international cooperation system is critical to contributing to the implementation of the 2030 Agenda and to a future in which no country will depend on aid.**



# CONTACT

## About Cooperation Canada

Cooperation Canada brings together Canada's international development and humanitarian organizations and advocates for them by convening sector leaders, influencing policy and building capacity. Together, we work with partners both inside and outside Canada to build a world that's fair, safe and sustainable for all.

## Land Acknowledgement

Cooperation Canada acknowledges the historical and ongoing oppression and colonization of all Indigenous Peoples, cultures, and lands in what we now know as Canada. The land on which we gather is the traditional unseeded territory of the Algonquin Anishnaabe People. We believe that social justice in Canada and globally depends on reconciliation with all Indigenous peoples, including the First Nations, Métis, and Inuit peoples, who are the original guardians of the land we are grateful to be sharing.

All rights reserved. © Cooperation Canada 2023

---

**Carelle Mang-Benza**  
[cmangbenza@cooperation.ca](mailto:cmangbenza@cooperation.ca)  
Policy Lead  
[Cooperation.ca](https://www.cooperation.ca)



**COOPÉRATION  
CANADA**