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Unmet commitments on tied aid

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Executive summary

Official development assistance (ODA) plays a fundamental role in an increasingly complex and expanding development finance landscape and is uniquely placed to support the needs of people experiencing the most extreme poverty and inequalities. The need for ODA has been thrown into even sharper relief in the midst of the current Covid-19 pandemic and interconnected crises, as these are pushing millions of people back into poverty and reversing the gains made towards achieving the Sustainable Development Goals (SDGs) in many countries in the global south. Today, it is more than ever crucial that scarce ODA resources are directed where they have most impact.

Procurement can be a powerful tool to maximise the impact of ODA. In the short term, it can secure the best value and the most locally suitable goods and services. In the long term, its scale and predictability can also offer the opportunity to shape whole markets and institutions. For example, by strengthening local supply chains in crucial sectors; redistributing resources to local economies and to producers who have experienced exclusion; incentivising value chains to raise their standards; and redistributing power to local people by channelling funds through locally accountable procurement systems. It is the case that many of these opportunities depend on the context, and there may be risks and trade-offs that should be considered too. This makes it essential for all ODA procurement decisions to be made in a way that gives precedence to the principle of democratic ownership by people in the global south, that maximises the potential for the realisation of human rights, equalities and environmental sustainability – and that never does harm.

In contrast, tying ODA – that is, requiring that such ODA be used to procure goods and services from suppliers in the country providing it – forecloses most of the opportunities to maximise the impact of ODA procurement before they have even been considered. It puts the narrowly defined commercial and political interests of countries in the global north ahead of the priorities of people experiencing poverty and inequalities in the global south. And it is particularly at odds with SDG12 that aims at promoting public procurement practices that are sustainable and in accordance with national policies and priorities.

ODA providers within the Organisation for Economic Cooperation and Development's Development Assistance Committee (OECD DAC) have been making commitments to limit or reduce tied ODA – also known as tied aid – for over 30 years. Yet in 2018, members of the OECD DAC reported some **US$26.9 billion** of tied aid. This means that 21 per cent, or more than **one in every five dollars**, of bilateral and EU ODA was reported as tied.

Yet this is just the most visible part of a wider problem. Even if DAC members do not formally tie their ODA, procurement processes can still create informal barriers that make it difficult for suppliers outside the DAC member country to access contract opportunities. A key way to detect informally tied aid is to follow where contracts are actually awarded in practice. Looking at data on the value of contracts awarded in 2018 (the most recent year for which this data is available), **52 per cent** of all untied contract awards reported to the DAC were awarded to suppliers in the DAC member's own country. For nine DAC members, the share was **over 80 per cent**. In contrast, only **11 per cent** of reported untied contract awards went to suppliers in Least Developed Countries and Heavily Indebted Poor Countries**.**

Drawing on this data, we estimate that the total level of formally and informally tied aid in 2018 was at a minimum **US$32.3 billion** (potentially up to **$37.9 billion** depending on the assumptions used).

Zooming out to look at trends over the last decade, the data offers little evidence that DAC members have made any sustained progress towards their longstanding commitments on untying ODA. And in the three years since our last report, the best available data suggests that the total value of formally and informally tied aid has at best remained roughly constant, and may actually have increased.

These findings translate into very real costs for people in the global south. The longer-term costs of tying are hard to quantify, but even focusing just on the direct short-term cost of not being free to shop around for the best price, we estimate that in 2018 alone, the direct short-term cost of tying was **at least US$2 billion** and potentially as much as **$7 billion.**

In the midst of the Covid-19 pandemic and the interrelated crises, the need to tackle tied aid is even more urgent than when we last reported, so that how scarce ODA is used is optimised. Going forward, we make the following recommendations.

Recommendations for DAC members

1. **Align all procurement with the principle of democratic ownership of development priorities by people in the global south**, including by favouring support to local budgets, and the use of local procurement systems for all aid modalities. If, in exceptional cases, local people identify a compelling human rights, environmental, or development effectiveness reason why local systems cannot be used, DAC members should see this as a temporary measure, and should support locally-led interventions to improve systems for the long term.

Where DAC members are unable or unwilling to use country systems as the default option in the short term, they should as a minimum:

2. **Untie all ODA to all countries and all sectors, both formally and informally**.
3. **Ensure that procurement activities uphold obligations and commitments on human rights, decent work, environmental sustainability and responsible tax behaviour**. They should design proportionate and context-appropriate ways to verify suppliers' compliance with human rights, labour and environmental standards, in consultation with local civil society groups and with local suppliers themselves. They should also ensure that their procurement activities are not contributing to international corporate tax avoidance, including by only procuring from large multinational companies if they have committed to complying with the Global Reporting Initiative standard for public reporting on tax,[1] including the commitment to publish country by country reports, or are in other ways bound to follow similar standards.
4. **Giving local suppliers in the global south, especially smaller suppliers, a fair chance of winning ODA procurement contracts**, including by tackling known barriers that prevent such suppliers in the global south having an equal chance of winning contracts, such as large tender sizes, a lack of information in local media, and a lack of communication in local languages (including minority languages).

Recommendations for international decision-making and norm-setting bodies

1. **United Nations Member States from both the global north and global south should put forward an ambitious proposal** for the steps that governments need to take to put an end to informally tied aid, with exacting timescales for action.
2. **Members of the DAC collectively should:**
   a. **Widen the scope of the Recommendation on Untying ODA**, to include all countries and all sectors, and to cover informal as well as formal tying.
   b. **Strengthen accountability over informal tying**.
   c. Revisit the DAC's approach to the reporting of private sector instruments (PSI) as ODA, paying attention – among many other important issues – to the specific tying risks associated with PSIs.[2]
3. The Global Partnership for Effective Development Cooperation (GPEDC) is currently reviewing its monitoring indicators. The GPEDC **should take this opportunity to expand its monitoring on untying ODA, to capture more information on informal, as well as formal, tying**. This should draw both on DAC members' data on contract awards, and on the experiences of governments in the global south. The GPEDC **should also take this opportunity to capture and monitor the impact on the agreed development effectiveness principles with the increasing role of private sector-oriented initiatives in development cooperation**.

Recommendation for Civil Society Organisations (CSOs)

1. CSOs have a fundamental role to play in making this agenda progress. CSOs should continue concerted pressure to persuade DAC members to take forward the untying agenda.

Introduction

Official development assistance (ODA) plays a fundamental role in an increasingly complex and expanding development finance landscape and is uniquely placed to support the needs of people experiencing the most extreme poverty and inequalities. The need for ODA has been thrown into even sharper relief in the midst of the current Covid-19 pandemic and interconnected crises, as these are pushing millions of people back into poverty and reversing the gains made towards achieving the Sustainable Development Goals (SDGs) in many countries in the global south. As recently stated by the World Bank,[3] today, for the first time in a generation, the quest to end poverty has suffered its worst setback, largely due to major challenges – Covid-19, conflict, and climate change – facing all countries, but in particular those with large poor populations. ODA is a vital resource for supporting those most in need to help counter the negative trends coming from the Covid-19 pandemic, compounded by the climate emergency and persisting conflicts and fragility. Thus, it is more than ever crucial that scarce ODA resources are directed where they have most impact.

Tying ODA – that is, requiring that such ODA be used to buy goods and services from suppliers in the country providing ODA – puts the narrowly defined commercial and political interests of countries in the global north ahead of the priorities of people experiencing poverty and inequalities in the global south. And it is at odds with SDG12 that aims at promoting public procurement practices that are sustainable and in accordance with national policies and priorities.

The results of tying can be disastrous. As our previous reports, drawing on the extensive literature on untying ODA,[4] have set out, tying can undermine the value for money of procurement in the short term, by removing the freedom to shop around for goods at the best price or with the best adaptation to the local context.[5] This is not just a technical matter, but one with a very real impact on the lives of people experiencing poverty and inequalities. For example, the larger reported tied aid projects in recent years included projects on food aid and on malaria control[6] – sectors where getting suboptimal value for money could have grave consequences.[7]

But the full consequences of tied aid potentially go far beyond short-term value for money considerations. The scale and predictability of ODA procurement can make it a powerful tool to shape whole markets and institutions. For instance, if ODA providers align their procurement policies with human rights, decent work and environmental sustainability standards, they are not only upholding their own obligations and commitments, but also have the potential to stimulate whole sectors to race towards higher standards, since "as mega-consumers, governments have the power … to shift markets".[8] Under the right circumstances, ODA procurement can also help strengthen entire supply chains, including in fields such as food security where sustainable local production can have potentially lifesaving impacts.[9] It can redistribute resources into local economies, and within those economies into the hands of suppliers who have experienced exclusion.[10] And it can redistribute power to local people by channelling funds through locally accountable procurement systems.[11] To be sure, many of these opportunities depend on the context, and there may be risks and trade-offs that should be considered too, in order to ensure that ODA maximises its potential for the realisation of human rights, equalities and environmental sustainability – and never does harm.[12]

But tying forecloses most of these opportunities before they have even been considered, instead capturing the benefits of procurement for a narrow set of interests in the DAC member country.[13]

ODA providers within the Organisation for Economic Cooperation and Development's Development Assistance Committee (OECD DAC) have been making commitments to limit or reduce tied aid since 1987. These commitments recur regularly across several normative forums, including the international multi-stakeholder development effectiveness process, and the UN financing for development process, as well as the DAC's own agreements (see Annex 7 for a more in-depth presentation of key commitments). The most detailed and extensive commitment is the DAC's Recommendation on Untying ODA (2001, updated in 2006, 2008 and 2018). The Recommendation commits that (subject to certain exceptions) ODA to Least Developed Countries (LDCs), Heavily Indebted Poor Countries (HIPCs), Other Low Income Countries, and "IDA-only countries and territories"[14] will be untied.[15]

Yet as Eurodad's previous research over the past decade has persistently found, tied aid levels remain worryingly high despite these longstanding commitments.[16] In addition, the current rules on reporting Private Sector Instruments (PSI) present additional risks that could be already leading to an increase of ODA tying, beyond the tying risks associated with other ODA types.[17]

In the midst of the Covid-19 pandemic and the interrelated crisis, this briefing provides an update on tied aid since Eurodad's last report published in 2018, using data for 2017 and 2018 that was released in 2020. It covers formally tied aid – ODA that is reported as tied to the OECD DAC. And informally tied aid – ODA that is not formally tied but where the DAC member puts in place procedural restrictions that give suppliers from its own country an unfair advantage in procurement processes.

As the following sections set out, the threat from both informal and formal tying is undiminished since we last reported, and may even be getting worse. The poorest countries and poorest people will pay the cost of this missed opportunity to make the best use of ODA.

ODA is a vital resource for supporting those most in need to help counter the negative trends coming from the Covid-19 pandemic, compounded by the climate emergency and persisting conflicts and fragility.

The latest data on tied aid

Trends in formal and informal tying

ODA reported as tied

In 2018, the most recent year for which data is available, around 21 per cent, or more than **one in every five US dollars**, of bilateral and EU ODA commitments were reported as tied. This amounts to some **US$22.1 billion** of tied aid.[18] Available data suggests that since 2016, the year on which our previous report was based, the share of ODA reported as tied has at best remained constant, and may well have increased slightly.[19] Overall, despite small fluctuations, the share of ODA reported as tied has remained roughly stable over the five most recent years' reporting.[20] There is no sustained evidence of an improvement, despite repeated DAC members' commitments to the contrary.

What is more, these overall trends can mask more worrying patterns within specific countries. For example, the most recent monitoring report by the Global Partnership for Effective Development Cooperation (GPEDC) highlights how in Guinea Bissau and Lao People's Democratic Republic (both LDCs that fall within the scope of the DAC Recommendation on Untying ODA), there was a drop of more than 10 per cent in the share of untied aid between 2015 and 2017.[21]

Contracts awarded to suppliers in DAC member countries

As we found in 2018, ODA reported as tied is just the most visible part of a wider problem. Even if DAC members do not formally restrict procurement opportunities to suppliers in their own countries, they may still informally tie their ODA through barriers that mean suppliers (particularly smaller and medium sized suppliers) from other countries do not have a fair chance to compete for contracts. Such barriers may include only advertising opportunities in their own language, requiring suppliers to have "a demonstrable knowledge of the donor government",[22] or setting a starting threshold to enter the competition, which can exclude all but the largest suppliers.[23]

A key way to detect informally tied aid is to follow where contracts are actually awarded in practice. In 2018, the most recent year for which data is available, **52 per cent** of all untied contract awards reported to the DAC were **awarded to suppliers in the DAC member's own country** (analysis by value of contract). Only **11 per cent** were **awarded to suppliers in LDCs and HIPCs** (analysis by value of contract). In 2016, the year on which our previous report was based, these figures were 51 per cent and 7 per cent respectively.[24]

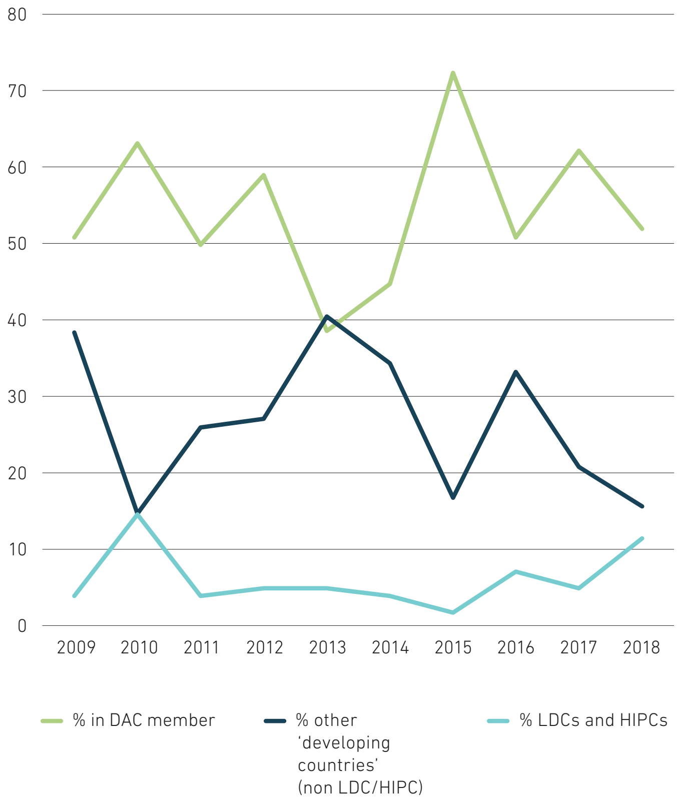
Year-on-year data on contract awards needs to be treated with particular caution, since there are substantial and fluctuating gaps in individual DAC members' reporting, and since patterns can be sensitive to small numbers of large contracts.[25] But broadly, in the 10 years from 2009 to 2018, while there are some possible signs of a modest improvement in the total value of contracts flowing to LDCs/HIPCs in recent years, overall the data does not suggest that there has been any major shift in the basic pattern that suppliers from the global south are losing out relative to suppliers in DAC members' own countries. Indeed, looking at the total share of 'untied' contracts awarded to suppliers in the global south (LDCs, HIPCs and 'other developing countries' combined), there appears to have been a steady deterioration since 2013 (see Figure 1).

The high volume of contracts flowing to suppliers in DAC members' own countries is even clearer from disaggregated data on individual DAC members (see Table 1). As Table 1 shows, 16 DAC members awarded more than 50 per cent of all formally untied contracts (by value) to suppliers in their own countries in 2017-18. **For nine DAC members, over 80 per cent of formally untied contracts (by value) flowed to suppliers in their own countries**. As we found in our 2018 report, some DAC members have been awarding very high levels of contracts to suppliers in their own countries while also reporting very low levels of formally tied aid. For example, looking at combined data for 2017 and 2018:

- Australia reported 100 per cent of its ODA as untied, but awarded 95 per cent of formally untied contracts (by value) to Australian suppliers.
- The UK reported 100 per cent of its ODA as untied, but awarded 89 per cent of formally untied contracts (by value) to UK suppliers.
- Finland reported 98 per cent of its ODA as untied, but awarded 93 per cent of formally untied contracts (by value) to Finnish suppliers.[26]

What is more, as we found in our 2018 report on tied aid, there remains the risk that even in the case of some contracts classified as flowing to suppliers in the global south, the main benefits of the supplier's operations may flow to individuals or companies based in the global north, through salaries, dividends or other transfers.[27] Digging into the beneficial ownership of companies in the global south can be a complex process, and it was outside the scope of this briefing, but we hope to return to it in more depth in future work.

Figure 1: Percentage of 'untied' contracts awarded to suppliers in the DAC member country vs. in the global south (analysis by value)



Source: Analysis of OECD DAC, 2020 Report on the DAC Recommendation on Untying ODA, Table A9. Totals do not sum to 100 per cent because, for the sake of simplicity, contracts to other donors have not been included in the chart. These represented 8 per cent of all reported contracts (by value) in 2018. Please refer to Annex 3 for more information on the data and methodology used.

Table 1: Share of bilateral ODA contracts reported to the DAC that were awarded to suppliers in the DAC member's own country in 2017 and 2018 (by value)

DAC member	Proportion of contract value awarded to suppliers in DAC member country
Greece	100%
Australia	95%
Finland	93%
United Kingdom	89%
United States	89%
Austria	88%
Sweden	85%
Hungary	83%
Poland	80%
Canada	62%
New Zealand	62%
France	61%
Denmark	60%
Japan	58%
Czech Republic	55%
Switzerland	51%
Slovenia	48%
EU Institutions	43%
Spain	31%
Korea	30%
Germany	19%
Belgium	18%
Portugal	16%
Iceland	15%
Italy	6%
Luxembourg	1%
Netherlands	Did not report
Norway	Did not report
Slovak Republic	Did not report

Source: Analysis of OECD DAC, 2020 Report on the DAC Recommendation on Untying ODA, Table A9. Please refer to Annex 3 for more details on the data and methodology used.

Estimated value of informally tied aid

Our approach to quantitative analysis on informally tied aid

It is impossible to know precisely how much ODA is informally tied: informal tying is, by its nature, a practice lacking in transparency. No official estimate of the amount of informal tying has been produced, and key data that could help to derive such an estimate (for example, the total value of DAC members' ODA spending through procurement, the sectors in which contract awards are made) is not publicly available.

But to present a quantitative analysis of tied ODA without including potential informal tying would give a very incomplete picture. It would also risk playing into the hands of those who engage in informal tying, by rewarding their lack of transparency with a corresponding lack of scrutiny and accountability.

For these reasons we have sought to present here those few relatively clear conclusions that can be drawn about informal tying from the available data, and then also to make some informed but necessarily speculative inferences about the full potential scale of the practice. We recognise that our approach requires us to make a series of assumptions, and that alternative assumptions could also have been made. That said, we would invite the DAC to invest in further data collection and analysis on these issues, to allow a more precise estimate to be produced in the future.

Estimates

Our full methodology for calculating these estimates is set out in Annex 4. The estimates are both derived from published data on the contracts that DAC members awarded in 2017-18.[28]

First, we sought to calculate a minimum threshold for the value of ODA that is very unlikely *not* to be informally tied. This estimate is based very closely on known contract data from the DAC's reports, with highly cautious assumptions applied (full details of these assumptions are given in Annex 4). This gave a **rock bottom estimate of the total level of informal tying in 2018: US$5.4 billion**. This is already a substantial figure in the context of overall ODA spending patterns: for example, it is considerably higher than the total of all bilateral and EU ODA to the "basic health" sector in 2018 (which came to just $4.0 billion).[29]

While this rock bottom estimate is very unlikely to suffer from overstatement, it is misleadingly low. It does not correct for the fact that the underlying contract spending data on which it is based is incomplete. To illustrate the potential full extent of informal tying if all relevant spending was taken into account, we drew on an alternative spending data source – the DAC's Creditor Reporting System database – and sought to isolate those transactions that are most likely to be affected by informal tying (see Annex 4 for further details on how we did this).[30] At the same time, because the minimum estimate calculated above is sensitive to a compounding series of highly cautious assumptions, we somewhat relaxed just one (but not all) of these assumptions to demonstrate how the true level of tying would be substantially higher if even one of our assumptions turned out to be unduly cautious. Using this approach, we arrived at an **illustrative estimate of the total potential level of informal tying in 2018, of US$10.9 billion**. This estimate is inevitably more conjectural than the minimum estimate above, and should be treated with a degree of care. Even so, we consider it a useful – and still relatively cautious – illustration of the potential scale of ODA spending that may actually be affected by informal tying.

Comparing the estimated level of tied aid in 2018 with data for 2016

If we replicated the same approach using data for 2016, this would give a minimum estimated level of informally tied ODA as US$5.7 billion. The corresponding illustrative estimate of the potential scale of informal tying would be $9.1 billion. In other words, the minimum estimate for 2018 is slightly lower than for 2016, but of the same order of magnitude. Meanwhile the illustrative estimate of the potential scale of informal tying in 2018 is somewhat higher than the estimate for 2016. While, as noted above, year-on-year variations in any estimates derived from contract award data need to be interpreted with caution, these results unfortunately provide little encouragement that DAC members have made progress in reducing their levels of informally tied ODA since we last reported – on the contrary, the situation may even have got worse.

Estimating the total level of formally and informally tied aid

According to the above estimates, the total level of *all* tied aid in 2018 – taking into account both formal and informal tying – would be **US$32.3 billion at the very minimum.** If, rather than using our estimate for the minimum level of informal tying, we use our illustrative estimate of the potential scale of the practice, then the total level of all kinds of tying would be **$37.9 billion**. In 2016, the comparable figure would be a minimum of $32.1 billion, and a higher illustrative estimate of $35.5 billion. In other words, the total value of tied aid in 2018 was at least as high as that in 2016, and – depending on the assumptions used – may have been materially higher. To set these figures in context, even our minimum estimate for 2018, $32.3 billion, would be considerably higher than all bilateral and EU ODA to the Middle East and North Africa that year.[31]

Costs of tying

Short-term direct costs – overview

As we argued in the introduction, the damage done by tied aid goes far beyond the short-term costs of not being free to shop around for the most competitive price. The wider opportunity costs of tying are so extensive that they are hard to quantify. But even just focusing on one narrow dimension – the short-term direct costs of restricting competition on price – illustrates how serious the repercussions of tying can be, as the following paragraphs set out.

The best available evidence suggests that, by removing the flexibility to shop around, tying can add between 15 and 30 per cent to the cost of goods and services procured.[32] To estimate the short-term direct costs of tying in 2018, we therefore applied the mid-point of this 15-30 per cent range (i.e. 22.5 per cent) to our estimates of the value of formally and informally tied aid in 2018. For the sake of caution, we calculated a range of estimates. For the higher estimates in the range, we assumed that cost minimisation would have been the priority in all ODA spending decisions if the ODA had not been tied, and hence that the 15-30 per cent mark-up would apply to all tied aid spending. For the lower estimates in the range, we made the cautious assumption that cost minimisation would only be the priority for around one in every three dollars of ODA spending, and hence that the 15-30 per cent mark-up would only be applicable to one-third of all tied aid.

Applying these differing assumptions across the range of estimates that we calculated for total tied aid in 2018 gives the following range of values for the direct, short-term costs of tying (Table 2).[33] Please note that, as set out in the section above on informal tying, the estimates in the first row are a fairly reliable minimum threshold. Those in the second row are for illustration but should be interpreted with a greater degree of caution, due to the assumptions that had to be made in the absence of more complete reporting.

Table 2: Estimated short-term direct costs of tying ODA in 2018

	Price would have been prioritised in 1/3 of spending	Price would have been prioritised in 100% of spending
Total tying (minimum) = US$27.5bn	US$2.0 billion	US$5.9 billion
Total tying (illustrative) = US$36.3bn	US$2.3 billion	US$7.0 billion

In other words, even with fairly cautious assumptions, we estimate that the direct short-term cost of tying in 2018 was **between US$2.0 billion and $5.9 billion,** and – depending on the assumptions used – could **potentially** even have been as high as **$7.0 billion**. For comparison, using the same methodology and range of assumptions, the equivalent figures in 2016 would have been $1.9 billion and $5.8 billion (rising to $6.2 billion if slightly less cautious assumptions are used).[34] To put this in context, even our very lowest estimate is greater than total bilateral and EU ODA to malaria control and social protection combined, which came to US$1.8 billion in 2018.[35]

Effect on loan concessionality

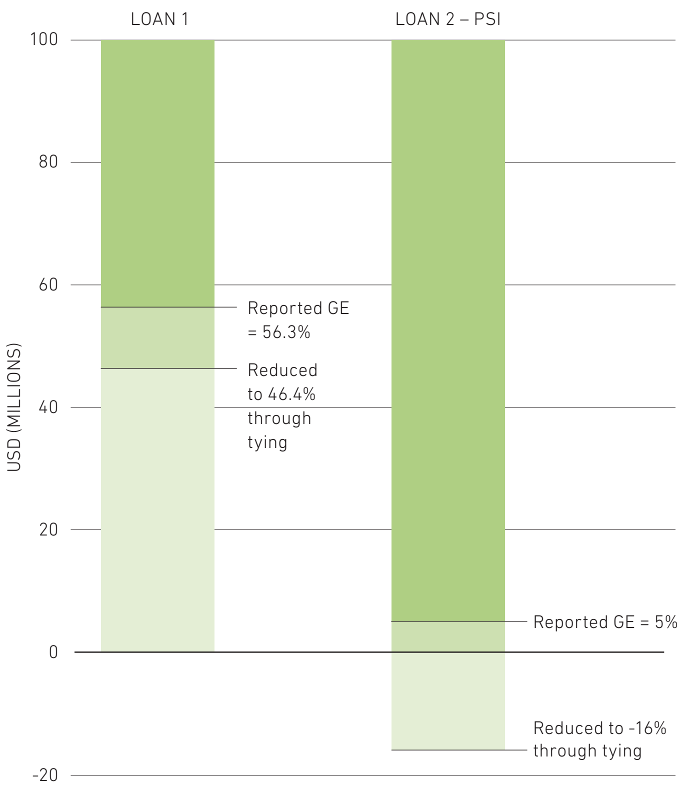
What is more, when ODA is offered as loans rather than grants, the costs of tying may partially cancel out the 'benefits' from the concessional terms of a loan. Drawing on a methodology developed by Yassin at the University of Gezira, Sudan,[36] we estimated how the direct short-term costs of tying would affect the terms of loans in 2018-19 (our full methodology is set out in Annex 6). In 2018-19, the average concessionality of a loan offered by 29 bilateral DAC members was 56.3 per cent.[37] However, we estimate that, in situations where the priority would otherwise have been to minimise procurement costs, tying could **reduce the effective concessionality of such a loan to 46.4 per cent – a reduction of over 17 per cent relative to the reported concessionality level** (see Figure 2).[38]

The above analysis relates to all loans under current reporting arrangements. However, in the long term it is possible that the situation for tied aid loans to private sector actors ('Private Sector Instrument loans'/'PSI loans') may be even more extreme. It is too early to say this with certainty: many questions about the DAC's long-term approach to reporting PSI loans have not yet been resolved (the rules currently in use[39] are a temporary measure). In particular, it is not yet clear how changes to the PSI reporting rules would interact with existing standards relating to tied aid, such as the OECD's Arrangement on Officially Supported Export Credits.[40] But there is at least a risk that the interplay of tied aid and PSI loans could have some perverse effects.

At its 2016 High Level Meeting, the DAC agreed in principle that PSI loans could qualify as ODA even if they had no or low concessionality.[41] This remains a very contentious issue, and it is not clear yet how it will be decided, but some earlier proposals, which gained significant traction among DAC members in previous rounds of negotiations, had suggested that in practice PSIs might be required to meet a minimum concessionality threshold of just a few per cent, or even zero – much lower than the 10-45 per cent threshold required for other ODA.[42] However, if the PSI loan was tied, the 'benefit' of this minimal concessional element would potentially be offset by the short-term direct costs of tying.

For illustration, using the methodology set out in Annex 6, we sought to illustrate the potential scale of this offsetting effect. We found that, if a tied PSI loan was used in a situation where the priority would otherwise have been to minimise procurement costs, and if the concessionality of the loan was set at 5 per cent,[43] then the loss of value through tying would result in an **effective concessionality level of minus 16 per cent** (see Figure 2). In other words, if all else was equal, **the entity that accepts the tied PSI loan would be considerably worse off than if it had used commercial finance instead**.[44]

Figure 2: How tying can influence the effective concessionality level of loans



"GE" = grant element / concessionality level. Source: Eurodad analysis of OECD DAC Statistics on resource flows to developing countries for 2019, **Table 20**, accessed 20 October 2021 and OECD DAC, 2016, High Level Meeting Communiqué, Annex I principle v.

The way forward: ideas for the role of civil society organisations in promoting aid untying

The data set out in preceding sections shows how – despite over 30 years of commitments to contain tied aid – decisive progress remains elusive. Concerted pressure will be needed to persuade DAC members to take forward the untying agenda. Civil society organisations (CSOs) have a fundamental role to play in this. Here we highlight three key opportunities – two for advocacy, and one for research.

Opportunity 1: keeping the spotlight on individual DAC members

CSOs have an opportunity to build up pressure on individual DAC members, through their bilateral dialogues, including the Peer Review processes. This could be through dialogue in capital cities in DAC member countries, through engagement with DAC members' missions in the global south, and also through the GPEDC monitoring process. Table 3 provides additional disaggregated data on individual DAC members' performance on untying, to use as a potential entry point for raising the issue.

Opportunity 2: engagement with procurement institutions and suppliers in the global south

We envisage a key role for CSOs in engaging not only with providers of ODA, but also with entities in the global south. Local CSOs, representing the diversity of their communities (including the most under-represented voices), have crucial expertise on whether local procurement systems meet required human rights, environmental, or development effectiveness thresholds, or whether suppliers are complying with human rights, labour and environmental standards. It is essential for ODA providers to use this CSO expertise as the basis for their decisions on engagement with local entities, as our recommendations below set out.

Opportunity 3: research on tied aid projects

This briefing has focused on providing analysis of aggregate quantitative data on tied aid, but it was outside its scope to generate new evidence on the impact that tied aid is currently having on people's lives. Some extremely interesting studies of specific tied aid projects have been undertaken by other CSOs, such as Wemos' research on Dutch ODA in the Tanzanian healthcare sector. [45] But such case studies remain rare. There is room for CSOs to document more examples of some of the tied aid projects currently being implemented, and their effects on the lives of people experiencing poverty and inequalities in the global south.

Table 3: Key data for individual DAC members

DAC member	% ODA reported untied (2017-2018)	% formally untied contract value awarded to suppliers in DAC member country (2017-18)
Australia	100	95
Austria	49.8	88
Belgium	96.8	18
Canada	95.3	62
Czech Republic	57.1	55
Denmark	98.7	60
European Union	72.9	43
Finland	98.2	93
France	97.1	61
Germany	85.8	19
Greece	89.3	100
Hungary	81.7	83
Iceland	76.2	15
Ireland	100	n/a (no relevant contracts)
Italy	91.6	6
Japan	74.9	58
Korea	51.2	30
Luxembourg	99.4	1
Netherlands	95.8	Did not report
New Zealand	77.55	62
Norway	100	Did not report
Poland	43.7	80
Portugal	72.6	16
Slovak Republic	66.6	Did not report
Slovenia	75.7	48
Spain	89.5	31
Sweden	91.2	85
Switzerland	96.8	51
United Kingdom	100	89
United States	62.0	89

Source: OECD DAC, 2020 Report on the DAC Recommendation on Untying ODA, Tables A7 and A9. "% ODA reported untied" includes ODA beyond the scope of the DAC Recommendation on Untying. Please see Annex 3 for more details on the data on contract awards.

Key messages and recommendations

Three years after our last report, DAC members' appetite for channelling ODA to suppliers in their own countries shows no sign of abating. Fifty-two per cent of all reported contract awards in 2018 flowed to suppliers in DAC member countries, while only 11 per cent flowed to suppliers in LDCs and HIPCs (analysis of formally untied awards, by value). Taking formal and informal tying together, we estimate that **at least US$32.3 billion were tied in 2018** (potentially up to $37.9 billion depending on the assumptions used). We conservatively estimate the added **short-term costs of tying to have been a minimum of US$2 billion, and potentially as much as $7 billion** – with the long-term harm from lost economic, social and environmental opportunities, and side-lined local systems, more damaging still.

These statistics show that it is urgent for the DAC and its members to honour their longstanding commitments on untying ODA. Many of the recommendations below pick up on recommendations from our previous report, which remain as relevant as ever.

Recommendations for DAC members[46]

We recommend that DAC members urgently take stock of how to realign their procurement practices to prioritise democratic ownership, human rights, environmental sustainability, and economic and social impact for countries in the global south. They should:

1. **Align all procurement with the principle of democratic ownership of development priorities by people in the global south**, including by favouring the use of local procurement systems for all aid modalities. If, in exceptional cases, local people identify a compelling human rights, environmental, or development effectiveness[47] reason why local systems cannot be used, DAC members should see this as a temporary measure, and should support locally-led interventions to improve systems for the long term.

Where DAC members are unable or unwilling to use country systems as the default option in the short term, and retain direct responsibility for procurement themselves, they should as a minimum:

2. **Untie all ODA to all countries and all sectors, both formally and informally**.
3. **Ensure that procurement activities uphold obligations and commitments on human rights, decent work, environmental sustainability and responsible tax behaviour**. DAC members should design proportionate and context-appropriate ways to verify suppliers' compliance with human rights, labour and environmental standards, in consultation with local civil society groups and with local suppliers themselves. They should also ensure that their procurement activities are not contributing to international corporate tax avoidance, including by only procuring from large multinational companies if they have committed to complying with the Global Reporting Initiative standard for public reporting on tax,[48] including the commitment to publish country by country reports, or are in other ways bound to follow similar standards.
4. **Giving local suppliers in the global south, especially smaller suppliers, a fair chance of winning ODA procurement contracts**, including by tackling known barriers that prevent such suppliers having an equal chance of winning contracts, such as large tender sizes, a lack of information in local media, and a lack of communication in local languages (including minority languages). More detailed analysis of the barriers that suppliers in the global south can face, and on how DAC members can dismantle them, is provided in our previous report, 'Development Untied'.[49]

Recommendations for international decision-making and norm-setting bodies

1. **United Nations Member States from the global north and global south should put forward an ambitious proposal** for the steps that governments need to take to put an end to informally tied aid, with exacting timescales for action.

2. **Members of DAC collectively should:**

   a. **Widen the scope of the Recommendation on Untying ODA**, to include all countries and all sectors, and to cover informal as well as formal tying.

   b. **Strengthen accountability over informal tying**, including through tightened transparency provisions (such as a requirement to provide a written justification for contracts awarded to suppliers in the DAC member country); through calculating annual estimates of informal tying for each DAC member; and through a greater emphasis on untying in the peer review process. Further detail on these recommendations can be found in our previous report, 'Development Untied'.[50]

   c. Revisit the DAC's approach to the reporting of private sector instruments (PSI) as ODA, paying attention – among many other important issues – to the specific tying risks associated with PSIs.[51]

3. **The Global Partnership for Effective Development Cooperation (GPEDC)** is currently reviewing its monitoring indicators. The GPEDC **should take this opportunity to expand its monitoring on untying ODA, to capture more information on informal, as well as formal, tying**. This should draw both on DAC members' data on contract awards, and on the experiences of governments in the global south. The GPEDC **should also take this opportunity to capture and monitor the impact on the agreed development effectiveness principles with the increasing role of private sector-oriented initiatives in development cooperation**.

Recommendation for CSOs

1. CSOs have a fundamental role to play in making this agenda progress. CSOs should continue concerted pressure to persuade DAC members to take forward the untying agenda.

> The threat from both informal and formal tying is undiminished since we last reported (back in 2018), and may even be getting worse. The poorest countries and poorest people will pay the cost of the missed opportunity to make the best use of ODA.

Annexes: methodology

Annex 1: Overall methodology

The findings in this briefing are based on two main methods:

- Analysis of quantitative data, primarily from the DAC's **2020 Report on the DAC Recommendation** on Untying ODA and the DAC's **Creditor Reporting System database**.
- Review of key standards on tied aid and its reporting – primarily those standards contained within the OECD DAC Statistical Reporting Directives and their addenda,[52] but also including key international agreements on effective development cooperation and on financing for development.

These methods were complemented by an interview with specialists from the secretariats of the DAC and of the Global Partnership for Effective Development Cooperation.

Annex 2: Analysis on ODA reported as tied

This annex relates to the analysis in the section on 'ODA reported as tied'.

The total was calculated using the data in Table A7 of the **DAC's Report on the Recommendation on Untying ODA**. The total bilateral ODA for each DAC member was multiplied by the percentage of ODA reported as tied (ie, 100 per cent minus the percentage untied).

This total was then adjusted downwards to allow for a small amount of ODA for which no tying status was reported. This data was sourced from the 2018 version of Table 24 in the DAC's 2018 edition of 'Statistics on Resource Flows to Developing Countries'. (The 2018 version of the table is no longer readily available online, but a copy was kindly shared by the DAC Secretariat).

These DAC-member-specific totals were then combined into a grand total.

To calculate a comparison for 2016, the same method was used, but based solely on publicly available data, so no adjustment was possible for ODA which had no reported tying status. Since in 2018 this only represented less than 2 per cent of total bilateral/EU ODA, it is relatively unlikely that this adjustment would affect the comparison materially.

Please note that the data presented on ODA reported as tied is **not directly comparable with that reported in Eurodad's 2018 report**, as the methodology has been enhanced to make use of more granular data.

Annex 3: Analysis on contract awards

This annex relates to the analysis in the section on 'Contracts awarded to suppliers in DAC member countries', including Figure 2 and Table 2.

The data used for the analysis comes primarily from **OECD DAC, 2020 Report on the DAC Recommendation on Untying ODA, Table A9**.

For analysis of aggregate patterns across the DAC membership as a whole, data was drawn directly from the percentages cited at the foot of Table A9.

For analysis on individual DAC members, percentages were calculated using the data in individual rows of Table A9.

To compare the level of contracts awarded to DAC member country suppliers, with the level of ODA reported as tied, data from Table A7 in the OECD DAC's **2020 Report on the DAC Recommendation on Untying ODA** was also used.

Detailed notes on the data:

The data does not include administrative costs and in-donor refugee costs, as these are outside the scope of DAC members' reporting on tying. These costs are, by their nature, very likely to be associated with spending in the DAC member country – so if they were included in the analysis, the pattern of contract awards flowing to suppliers in DAC member countries would probably be even more pronounced.

Contract award data relates exclusively to contracts that were reported as being untied. (ie, if contracts reported as formally tied were also included in the data, the share flowing to suppliers in DAC member countries would be higher still).

From publicly available data, it is not possible to assess precisely how much of a country's ODA was channelled through contracts, and hence how complete their contract reporting is. The analysis includes all DAC members, unless either they explicitly informed the DAC Secretariat that they did not allocate any contracts, or the DAC Report on the Untying Recommendation explicitly states that they did not report on any contract spending. This is a slightly different approach from that taken in the previous Eurodad report, and leads to the inclusion of more countries in the analysis. However, attention is drawn to known gaps in the data used for some of these countries. Known data gaps for 2017-18 are summarised below, but prior years' data should also be treated with at least an equal degree of caution.

In 2017-18:

- The Netherlands, Norway and the Slovak Republic did not report on any contract spending.
- Ireland informed the DAC that it did not award any contracts in 2017 or 2018, and hence had nothing to report. Greece and Slovenia reported that they did not award any contracts in 2018, so the analysis is based on 2017 data only.
- Data for the EU, Poland and Slovenia only cover contracts within the scope of the DAC's Recommendation. Austria and Germany only report on contracts outside the scope of the Recommendation when certain value thresholds are met. (See Table 6 for more details on the Recommendation's scope).
- As Slovenia reported a very low value of contracts, some nuances were lost in the rounding of Table A9 of the 2020 **Report on the DAC Recommendation on Untying ODA. Reference was therefore also made to the narrative sections of the report, specifically paragraphs 35, 36 and 25**.
- The 2020 **Report on the DAC Recommendation on Untying ODA** identifies that data for Hungary, Iceland, New Zealand and Sweden may not be complete in at least one of 2017 or 2018 (reference: paragraph 19, Table A8, Table A9).
- Data for Luxembourg does not include individual expert contracts (long-term working contracts).

When interpreting year-on-year trends in contract awards, readers should be aware that there was a small change in the DAC's reporting methodology in 2017, relating to the reporting of contracts to multilateral institutions. However, these represent a small share of total contract value so would not be likely materially to affect the overall pattern of distribution across DAC member suppliers, 'other developing country' suppliers, and LDC/HIPC suppliers.

Annex 4: Estimated level of informally tied aid

This annex relates to the analysis under 'estimated level of informally tied ODA'.

We derived a range of estimates for the level of informally tied ODA using the following basic formula:

Estimated value of informally tied ODA = share of informally tied aid (A) x total ODA contract spending at risk of tying (B)

A: Share of informally tied aid

To estimate A, the share of informally tied ODA, we used DAC members' reported data on the contracts that they awarded in 2017-18. We looked specifically at contracts that – while formally untied – were in fact awarded to suppliers in DAC members' own countries.

We then applied some very cautious adjustments to take into account that contracts can be awarded to suppliers in DAC members' own countries for a variety of reasons: not all such awards necessarily amount to informal tying. The adjustments were:

- First, wherever a DAC member had awarded less than 50 per cent of the total value of formally untied contracts to suppliers in their own country, we gave them the benefit of the doubt, and took it that since the majority of contracts were awarded outside the DAC member country, factors other than informal tying were the dominant force in that DAC member's procurement decisions. If, on the other hand, the share of formally untied contracts flowing to suppliers in a DAC member country was more than 50 per cent, we took the view that such a high share of in-DAC member awards was less likely to be explained by routine procurement factors alone, but rather that a more systematic force was at work – ie, informal tying.
- This is a very cautious approach. It is certainly arguable that, if 49 per cent or even 39 per cent of formally untied contract spending is flowing to DAC member country suppliers, this is unlikely to be the result of disinterested procurement decisions alone. Furthermore, our approach means attributing zero informal tying to three DAC members who failed to report any contract award data (the Netherlands, Norway and the Slovak Republic),[53] even though there is no concrete evidence to confirm that these DAC members' domestic contract award spending was indeed under 50 per cent of the total.

To obtain data on the share of formally untied ODA contracts flowing to suppliers in the DAC member country, we referred to Table 1 in the main text above. Overall, 16 DAC members reported that more than 50 per cent of their formally untied contracts flowed to suppliers in their own countries. These were: Greece, Australia, Finland, the UK, the USA, Austria, Sweden, Hungary, Poland, Canada, New Zealand, France, Denmark, Japan, the Czech Republic and Switzerland.

Second, for still greater caution, even for these 16 DAC members, we did not simply add up the total value of all contracts that flowed to suppliers in their own countries, but rather, we assumed that only some of the contracts flowing to domestic suppliers were informally tied, whereas others flowed to domestic suppliers for disinterested reasons. We varied the details of this assumption according to which estimate we were calculating. To calculate our **minimum** estimate of the value of informally tied aid, we assumed that just half of such contracts were informally tied – an interpretation that is very generous to the DAC members in question and is likely to yield an under-estimate of the true value of informally tied aid. For our **illustrative** estimate of the potential scale of informal tying, we assumed that three-quarters of such contracts were informally tied. So, for example in the case of Australia, which reported that 95 per cent of contracts were awarded to Australian suppliers, we assumed that between 47.5 per cent (minimum estimate) and 71.25 per cent (illustrative estimate) of these contracts were actually informally tied, and the rest were awarded to Australian suppliers for other non-self-interested reasons.

B: Total value of contract spending at risk of tying

To estimate B, the total value of contract spending at risk of tying, our approach varied for the minimum estimate and the higher illustrative estimate.

For the **minimum** estimate, we used the value of formally untied contract awards reported to the DAC by the 16 members selected in step A above.[54] (Since the data in Table A9 generally relates to 2017 and 2018 combined, we divided the totals by two to isolate 2018[55]). This assumption is likely to yield a substantial under-estimate, since DAC members' reporting is known to be quite incomplete, and since reporting on some elements of spending is optional.[56]

For the **higher illustrative estimate**, we used Creditor Reporting System data on the 16 DAC members' spending in 2018 (on a commitments basis, in current 2018 prices). Based on information in the DAC's statistical reporting directives[57] and on consultation with the DAC secretariat, we then analysed this spending data into three categories:

1. Types of ODA that are tied by their nature, but could plausibly be untied:
   - Technical cooperation from "donor country personnel" (DAC Type of Aid code D01); and
   - Scholarships/training in donor country (DAC Type of Aid code E01).

   For the 16 DAC members in question, we took these types of ODA **fully into account** in our higher illustrative estimate.[58]
2. Types of ODA that involve contracting and hence could be at risk of informal tying, though this will not always be the case. These types of ODA are:
   - Contributions to specific-purpose programmes and funds managed by implementing partners (Type of Aid code B03);
   - Basket funds/pooled funding (Type of Aid code B04);
   - Project-type interventions (Type of Aid code C01);
   - Other technical assistance (Type of Aid code D02); and
   - Debt swaps (Purpose code 60061 within Type of Aid code F01).

   For the 16 DAC members in question, we **took into account 50 per cent of the total value** of spending through these types of ODA. This is a cautious approach: the use of 50 per cent rather than 100 per cent is designed to allow for the fact that not all spending through these types of ODA would be in the form of contracts that could be tied (other modalities such as grants might have been used instead).
3. Types of ODA that are not relevant for an analysis of informal tying risks. These types of ODA are:
   - General budget support (code A01);
   - Sector budget support (code A02);
   - Core support to NGOs, other private bodies, PPPs and research institutes (code B01);
   - Core contributions to multilateral institutions (code B02);
   - Imputed student costs (code E02);
   - Debt relief other than debt swaps (code F01);
   - Administrative costs not included elsewhere (code G01);
   - Development awareness (code H01);
   - Refugees/asylum seekers in donor countries; Asylum-seekers ultimately accepted; Asylum-seekers ultimately rejected; Recognised refugees (codes H02-H05).

Some of these types of ODA are not relevant because they are likely to be untied by nature (for example, general budget support). Others (for example, in-donor refugee costs) are not relevant because although they are tied by nature, there is no realistic way for ODA providers to remove them from the tied aid category without wider changes in their spending priorities or reporting standards. While the legitimacy of including such spending within ODA is an important question in its own right, it goes beyond the scope of this briefing and its recommendations.

Finally, having added up the value of relevant types of ODA as listed at points (1) and (2) in the list above, we then deducted the value of spending that had been reported as formally tied in 2018.[59] This adjustment ensures that the estimate focuses on informal tying alone.

Summary of our estimates

Table 4 below summarises the differences in assumptions used to produce our two estimates, and the results.

Table 4: Summary of our two estimates for the value of informally tied aid in 2018

	A: Share of informally tied aid	B: Total value of contract spending at risk of tying	Resulting estimate for the value of informally tied aid in 2018
Minimum estimate	For the 16 DAC members selected as at risk of informal tying, **50 per cent** of their domestic contract awards are assumed to be informally tied	Based on value of contract spending reported to the OECD DAC	US$5.4 billion
Higher illustrative estimate	For the 16 DAC members selected as at risk of informal tying, **75 per cent** of their domestic contract awards are assumed to be informally tied	Based on Creditor Reporting System database	US$10.9 billion

Total value of formally and informally tied aid

Once we had calculated these estimated values for informally tied aid in 2018, we added them to data on the level of reported formally tied ODA, in order to arrive at an **estimate for the total level of formally and informally tied ODA in 2018**. Data on the level of reported formally tied aid came from Table A7 of the Report on the Recommendation on Untying ODA.[60] This data covered all 30 DAC members. **This gave a grand total of US$32.3 billion (minimum) to US$37.9 billion maximum.**

Comparator figures for 2016

In our previous report, we had similarly sought to calculate an estimate for the level of informally tied aid in 2016. However, the estimation methodology set out above includes several enhancements that were not part of our methodology for the previous report. In particular, the new methodology uses a more refined approach to identifying the possible value of spending that is at risk. It is also based on analysis of a higher number of countries (because we did not scope countries out of the analysis for lack of data this time – see Annex 3 above).[61]

Because of these differences, it does not make sense to make a direct comparison between the estimate presented in this briefing with that stated for 2016 in our previous report. Instead, we recalculated a new estimate for the level of formally and informally tied ODA in 2016. This used exactly the same methodology as set out above. The only added adjustments were that:

We applied a deflator to convert between 2016 and 2018 prices (the deflator was sourced from the DAC's deflator dataset: Deflators for resource flows from DAC donors (2018=100), accessed 25 September 2021).

We applied an adjustment to the figures on formally tied ODA, to allow for a minor data gap: as mentioned above, a small share of ODA spending has no tying status reported, but it is hard to obtain data to quantify this share in 2016. Instead we assumed that the share of spending with no tying status reported was 1.5 per cent of total commitments, as was the case in 2018, and we adjusted the total level of formal tied ODA in 2016 downwards accordingly.

This resulted in **an estimated total level of formally and informally tied ODA between US$32.1 billion and $35.5 billion**.

Annex 5: Short-term direct costs of tying

This annex relates to the section titled 'Short-term direct costs – overview'.

As set out in the main text, **our estimate for the short-term direct costs of tying in 2018 is based on the best available estimate of the mark-up associated with tying, ie, 15-30 per cent**.[62] We used the mid-point of this range, 22.5 per cent, for our calculations.

We first assumed that – if ODA was not tied – **the priority would have been to minimise costs in 100 per cent of procurement contracts**. Hence, by removing the option to shop around, tying would add a 22.5 per cent mark up to 100 per cent of tied aid spending. We then used algebra to work out the additional costs of tying based on our data from 2018.

The resulting estimates for the extra cost of tying were:

Minimum: **US$ 5.9 billion**.

Higher illustrative estimate: **US$7.0 billion**.

However, we recognise that in reality cost minimisation might not be the priority in all procurements. Other factors – for example, maximising quality, or supporting local producers from excluded populations – might take precedence over minimising costs on some procurement contracts. So **as an alternative assumption we modelled what would happen if the priority would only have been to minimise costs in one-third of procurement contracts, with other considerations taking priority in the remaining two-thirds**.

This produced an estimated extra cost of tying of:

Minimum: **US$2.0 billion**.

Higher illustrative estimate: **US$2.3 billion**.

Comparator figures for 2016

We also recalculated comparator figures for 2016, using the same methodology as above, and inputting the estimated total tied aid figures for 2016, of US$32.1 billion – 35.5 billion (as calculated in Annex 4 above).

We converted the results to 2018 prices using the DAC's deflator dataset: Deflators for resource flows from DAC donors (2018=100), accessed 25 September 2021.

Based on these steps, t**he estimated extra cost of tying in 2016 would be between US$2.0 billion and $5.9 billion** – or, if the higher illustrative estimate is used, potentially as high as $6.5 billion.

Annex 6: Effect on loan concessionality

This analysis relates to the analysis on how the effective concessionality of ODA loans may be reduced by tying.

This methodology is based on the work of Yassin.[63]

The basic principles are that:

- The grant element (concessional part) of a loan is equal to: its face value *less* the present value of future repayments, expressed as a percentage of the face value.
- However, in the case of a tied aid loan used in a situation where the priority would otherwise have been to minimise procurement costs, the face value needs to be discounted, to allow for the additional costs of tying.

All loans

Looking at all ODA loans made by the 29 bilateral DAC members in 2018-19:

- The average grant element reported by the DAC was 56.3 per cent (source: OECD DAC Statistics on resource flows to developing countries for 2019, **Table 20**, accessed 20 October 2021. Note: the data exclude debt reorganisation; they treat equities as having a grant element of 100%).
- So for a loan with a face value of $100 million, the present value of future repayments would be $43.7 million (ie, $100 million – $56.3 million)
- However, if that loan was tied, assuming that tying adds 22.5 per cent to the cost of goods and services, then the discounted face value would become $100 million/1.225, ie, $81.6 million.
- Then the grant element would be ($81.6 million – $43.7 million)/$81.6 million, ie, 46.4 per cent.

This is a reduction of around 17.6 per cent relative to the grant element of 56.3 per cent reported by the DAC.

PSI loans

These calculations look at what would happen to a tied PSI loan with a concessionality level of 5 per cent, in a situation where the priority (in the absence of tying) would have been to minimise procurement costs.

The 5 per cent concessionality level featured frequently in some of the DAC's proposals for how PSI grant elements could be calculated, during the active negotiations on this issue in 2017.[64]

If a loan has a grant element of 5 per cent and a face value of $100 million, then the present value of future repayments must be $95 million (ie, $100 million – $5 million).

However, if the loan was tied, assuming that tying adds 22.5 per cent to the cost of goods and services, then the discounted face value would become $100 million/1.225, ie, $81.6 million.

Then the grant element would be ($81.6 million – $95 million)/$81.6 million, ie, –16 per cent.

Please note this estimate cannot be directly compared with that in our 2018 report, due to changes in the DAC's rules on loan concessionality that affect the data from 2018 onward.

Annex 7: History of DAC members' commitments to limit or reduce tied aid

Table 6: DAC members' commitments to limit or reduce tied aid

Date	Forum	Commitment	Key points[65]
1978[66]	OECD Trade and Agriculture Directorate	Arrangement on Officially Supported Export Credits	The Arrangement sets constraints on the countries, project types (non-commercially viable projects) and concessionality levels that generally apply to tied aid (though there are some exceptions).[67]
1987	OECD DAC	Principles for Associated Financing and tied and partially untied Official Development Assistance	The principles introduce constraints on the use of tied aid (compliance with the Arrangement on Guidelines for Officially-Supported Export Credits; use for priority development projects only; tied aid to "stronger developing countries" should be restrained and that to Least Developed Countries should be on favourable terms). They also introduce additional transparency and scrutiny requirements.[68]
1992	OECD DAC	New measures in the field of tied aid	Procurement processes for most kinds of large[69] ODA projects with a concessionality level less than 80 per cent should be based on International Competitive Bidding,[70] but with a dispensation that "seriously resource constrained poor countries" can allocate the project to the second- or third-ranked bidder provided that "the price margin is reasonable", if this enables them to obtain concessional finance. For most other projects with concessionality less than 80 per cent, tied aid should not be used for projects that would be commercially viable if financed on non-ODA terms (except to Least Developed Countries), nor should it be used for countries above certain income thresholds.[71]
2001, 2006, 2008, 2018[72]	OECD DAC	Recommendation on Untying ODA	ODA to Least Developed Countries, Heavily Indebted Poor Countries, Other Low-Income Countries, and "IDA-only countries and territories"[73] will be untied. The Recommendation excludes freestanding technical co-operation, and leaves it to DAC members' discretion whether to untie food aid. The Recommendation also puts in place detailed transparency requirements.[74]
2002	UN	Monterrey Consensus on Financing for Development	The Consensus recognises the "need for multilateral and bilateral financial and development institutions to intensify efforts to … support and enhance recent efforts and initiatives, such as untying aid."[75]
2005	International multi-stakeholder development effectiveness process	Paris Declaration on Aid Effectiveness	The Declaration commits 'donors' to making progress against the DAC Recommendation on Untying ODA, and to "progressively rely on partner country systems for procurement".[76]
2008	International multi-stakeholder development effectiveness process	Accra Agenda for Action	The Agenda commits 'donors' to "elaborate individual plans to further untie their aid to the maximum extent", to "ensure that their procurement procedures are transparent and allow local and regional firms to compete". It also commits to renewed progress in the use of local procurement systems.[77]
2011	International multi-stakeholder development effectiveness process	Declaration of the Busan Partnership for Effective Development Cooperation	The Declaration commits ODA providers to "accelerate our efforts to untie aid" and to improve reporting on the tying status of aid. It also recommits to the use of country systems, including country procurement systems, as the default approach.[78] These commitments have been monitored through several indicators in the GPEDC's Monitoring Framework.[79]
2015	UN	Addis Ababa Action Agenda	The Agenda commits that "We will align activities with national priorities, including by … accelerating the untying of aid, particularly for least developed countries and countries most in need."[80]
2016	International multi-stakeholder development effectiveness process	Global Partnership for Effective Development Cooperation: Nairobi Outcome Document	Based on the monitoring evidence of little progress, the document commits 'partner countries' to "accelerate untying of aid, and promote development co-operation that supports local businesses throughout the supply chain" and to "support capacity development for national business sectors and civil society to fully participate in national and international procurement, while adhering to, and respecting international commitments, including those on the environment, labour and peaceful and inclusive societies". It also contains a commitment to "use country systems … and support the inclusion of the local business sector and civil society in procurement processes."[81]

Endnotes

1 See Global Reporting Initiative, 'GRI 207: Tax 2019', 2020, https://www.globalreporting.org/standards/media/2482/gri-207- tax-2019.pdf.
2 This point will be elaborated in a separate Eurodad briefing to be published in early 2022.
3 World Bank, 7 October 2021: 'Global Action Urgently Needed to Halt Historic Threats to Poverty Reduction': https://www.worldbank.org/en/news/feature/2020/10/07/global-action-urgently-needed-to-halt-historic-threats-to-poverty-reduction.
4 For example, a particularly important reference from the literature is Annamaria La Chimia, Tied Aid and Development Aid Procurement in the Framework of EU and WTO Law (Oxford: Hart, 2013).
5 See Polly Meeks, 2017, 'Unravelling tied aid: why aid must never be tied to donor country companies at the expense of women and men living in poverty', Eurodad, p.3: https://d3n8a8pro7vhmx.cloudfront.net/eurodad/pages/241/attachments/original/1588170701/Unravelling_Tied_Aid.pdf?1588170701.
6 Source: unpublished analysis by Brian Tomlinson of Aid Watch Canada. In both cases the DAC member in question was the USA. (Note: this analysis uses 2019 data, although much of the rest of this briefing uses 2018 data, since additional data is available for 2018 which has not yet been published for 2019).
7 For more detail on some of the potential negative consequences of tied food aid on cost, quality and timeliness, see for example, Clay, Geddes, and Natali, 'Untying Aid: Is It Working?', OECD, p.26 : https://www.oecd.org/development/evaluation/dcdndep/44375975.pdf; La Chimia, Tied Aid and Development Aid Procurement in the Framework of EU and WTO Law, p.70; Lentz, Barrett, and Gómez, 'The Impacts of Local and Regional Procurement of US Food Aid: Learning Alliance Synthesis Report, p.4: https://www.alnap.org/help-library/chapter-i-the-impacts-of-local-and-regional-procurement-of-us-food-aid-learning .
8 United Nations Forum in Sustainability Standards and others, 2020, 'Scaling up voluntary sustainability standards through sustainable public procurement and trade policy', p.26 : https://unctad.org/system/files/official-document/unfss_4th_2020_en.pdf. For example, by requiring that goods and services be accessible to persons with disabilities, ODA providers can incentivise suppliers to adopt accessibility standards throughout all their production processes, even beyond their ODA-funded contracts (reference: Meeks and Lockwood, 2021, 'Financing rights and social justice for persons with disabilities in the era of Covid-19 and beyond', p.13: https://www.internationaldisabilityalliance.org/financing-covid19-beyond).
9 Francesca Giubilo, 2012, 'Smart procurement for food security'. Eurodad.
10 See further discussion in Meeks, 2017, 'Unravelling tied aid: why aid must never be tied to donor country companies at the expense of women and men living in poverty', Eurodad, p.3: https://d3n8a8pro7vhmx.cloudfront.net/eurodad/pages/241/attachments/original/1588170701/Unravelling_Tied_Aid.pdf?1588170701; and Meeks, 2018: 'Development untied: unleashing the catalytic power of Official Development Assistance through renewed action on untying', Eurodad, p.5 : https://d3n8a8pro7vhmx.cloudfront.net/eurodad/pages/505/attachments/original/1590678519/Unleashing_the_catalytic_power_of_Official_Development_Assistance_through_renewed_action_on_untying.pdf?1590678519.
11 Bodo Ellmers, 2011, 'How to spend it: smart procurement for more effective aid', Eurodad, p.18: https://www.un.org/en/ecosoc/newfunct/pdf/luxembourg_eurodad-how_to_spend_it.pdf.
12 See Polly Meeks, 2018, 'Development untied: unleashing the catalytic power of Official Development Assistance through renewed action on untying', Eurodad, p.6: https://d3n8a8pro7vhmx.cloudfront.net/eurodad/pages/505/attachments/original/1590678519/Unleashing_the_catalytic_power_of_Official_Development_Assistance_through_renewed_action_on_untying.pdf?1590678519.
13 See Meeks, 2017, 'Unravelling tied aid: why aid must never be tied to donor country companies at the expense of women and men living in poverty', Eurodad, p.3: https://d3n8a8pro7vhmx.cloudfront.net/eurodad/pages/241/attachments/original/1588170701/Unravelling_Tied_Aid.pdf?1588170701; Meeks, 2018, 'Development untied: unleashing the catalytic power of Official Development Assistance through renewed action on untying', p.5: https://d3n8a8pro7vhmx.cloudfront.net/eurodad/pages/505/attachments/original/1590678519/Unleashing_the_catalytic_power_of_Official_Development_Assistance_through_renewed_action_on_untying.pdf?1590678519.
14 That is, those only eligible to borrow from the World Bank Group's International Development Association and not from other parts of the World Bank Group.
15 OECD DAC, 2018, 'Recommendation on untying ODA', particularly paragraphs 8, 17, 18, 19. (The Recommendation is included in Annex 17 to the OECD DAC's Statistical Reporting Directives, accessed 21 October 2021): https://one.oecd.org/document/DCD/DAC/STAT(2020)44/ADD2/FINAL/en/pdf. The Recommendation excludes free-standing technical co-operation, and leaves it to DAC members' discretion whether to untie food aid.
16 See for example, Ellmers, 2011, 'How to spend it: smart procurement for more effective aid', Eurodad, pp.13 and 15: https://www.un.org/en/ecosoc/newfunct/pdf/luxembourg_eurodad-how_to_spend_it.pdf, and Meeks, 2018, 'Development untied: unleashing the catalytic power of Official Development Assistance through renewed action on untying,' Eurodad, pp.7 and 9: https://d3n8a8pro7vhmx.cloudfront.net/eurodad/pages/505/attachments/original/1590678519/Unleashing_the_catalytic_power_of_Official_Development_Assistance_through_renewed_action_on_untying.pdf?1590678519.
17 Eurodad will examine these risks in more depth in a separate briefing to be published in early 2022
18 Source: OECD DAC, '2020 Report on the DAC Recommendation on Untying ODA' Table A7: https://one.oecd.org/document/DCD/DAC(2020)54/FINAL/en/pdf; 2018 version of Table 24 in the DAC's 2018 edition of 'Statistics on Resource Flows to Developing Countries'. Stated on a commitment's basis, in 2018 prices.
19 Strictly speaking, to calculate the value of ODA that was tied, it is necessary to supplement the data in the OECD DAC 'Report on the Recommendation on Untying' with some supplementary data on the small amount of ODA for which no tying status was reported. This data is not readily available for 2016, so a precise comparison with the total for 2018 is not possible. However, looking at the totals before any adjustment is made, the total for 2016 would be US$28.3 billion (stated in 2018 prices; this amounts to around 21 per cent of total bilateral/EU ODA), while the total for 2018 would be $28.9 billion (or around 22 per cent of total bilateral/EU ODA). This suggests a small increase. (Source: OECD DAC, '2020 Report on the DAC Recommendation on Untying ODA', Table A7: https://one.oecd.org/document/DCD/DAC(2020)54/FINAL/en/pdf. Please note that numbers stated in this briefing are not always like-for-like with those stated in Eurodad's 2018 report, as it was not always possible or suitable to use an identical methodology. Direct comparisons between the numbers in the two reports should therefore be avoided. For more details on this and other methodological details, please refer to Annex 2.
20 OECD DAC, '2020 Report on the DAC Recommendation on Untying ODA', Table 7: https://one.oecd.org/document/DCD/DAC(2020)54/FINAL/en/pdf.
21 Global Partnership for Effective Development Cooperation, 2019, 'Making development cooperation more effective: 2019 progress report', p.118: https://www.undp.org/publications/making-development-co-operation-more-effective-how-partner-countries-are-promoting.
22 Example cited by expert interviewee for the 2018 Eurodad report on untying (Meeks, 2018, 'Development untied: unleashing the catalytic power of Official Development Assistance through renewed action on untying', Eurodad, p.9: https://d3n8a8pro7vhmx.cloudfront.net/eurodad/pages/505/attachments/original/1590678519/Unleashing_the_catalytic_power_of_Official_Development_Assistance_through_renewed_action_on_untying.pdf?1590678519).
23 See Meeks, 2018, 'Development untied: unleashing the catalytic power of Official Development Assistance through renewed action on untying', Eurodad, p.9 and p.16: https://d3n8a8pro7vhmx.cloudfront.net/eurodad/pages/505/attachments/original/1590678519/Unleashing_the_catalytic_power_of_Official_Development_Assistance_through_renewed_action_on_untying.pdf?1590678519.
24 All data in this paragraph are derived from OECD DAC, '2020 Report on the DAC Recommendation on Untying ODA' Table A9: https://one.oecd.org/document/DCD/DAC(2020)54/FINAL/en/pdf. Please see Annex 3 for more details on the data used.
25 OECD DAC, '2020 Report on the DAC Recommendation on Untying ODA', paragraphs 19, 20, 23, 35: https://one.oecd.org/document/DCD/DAC(2020)54/FINAL/en/pdf.
26 Source: analysis of OECD DAC, '2020 Report on the DAC Recommendation on Untying ODA', Tables A7 and A9: https://one.oecd.org/document/DCD/DAC(2020)54/FINAL/en/pdf. Please refer to Annex 3 for more details of the data and methodology used.
27 Meeks, 2018, 'Development untied: unleashing the catalytic power of Official Development Assistance through renewed action on untying', Eurodad, p.12: https://d3n8a8pro7vhmx.cloudfront.net/eurodad/pages/505/attachments/original/1590678519/Unleashing_the_catalytic_power_of_Official_Development_Assistance_through_renewed_action_on_untying.pdf?1590678519.
28 OECD DAC, '2020 Report on the DAC Recommendation on Untying ODA', Table A9: https://one.oecd.org/document/DCD/DAC(2020)54/FINAL/en/pdf.
29 Source: analysis of downloads from the DAC's Creditor Reporting System database, covering (i) the 29 bilateral DAC members, and (ii) the EU. The downloads were on a commitment's basis, in current prices, and negative commitments were excluded.
30 Please note our estimate does not include some forms of ODA spending which are tied by nature, for example imputed student costs. This is because such spending cannot be removed from tied aid without wider changes to DAC members' spending priorities and reporting standards, so it is less relevant to the discussion and recommendations here which relate specifically to procurement. However, please note that if these spending types were included, the estimate would be higher still.
31 Source: analysis of downloads from the DAC's Creditor Reporting System database, covering (i) the 29 bilateral DAC members, and (ii) the EU. The downloads were on a commitment's basis, in current prices, and negative commitments were excluded. This analysis covered the regional categories "Middle East" and "North of Sahara"; allocations to "Africa" were not included in the analysis, as it was deemed more likely that these allocations would be allocated for countries South of the Sahara.
32 Clay, Geddes and Natali, 2009, 'Untying aid: is it working?', OECD, p.26: https://www.oecd.org/development/evaluation/dcdndep/44375975.pdf. For more background on the justification for using this estimate, see Meeks, 2018, 'Development untied:

unleashing the catalytic power of Official Development Assistance through renewed action on untying', Eurodad, p.14: https://d3n8a8pro7vhmx.cloudfront.net/eurodad/pages/505/attachments/original/1590678519/Unleashing_the_catalytic_power_of_Official_Development_Assistance_through_renewed_action_on_untying.pdf?1590678519.

33 Please see Annex 5 for our full methodology.

34 Please see Annex 5 for full methodology. Values have been converted into 2018 prices using the DAC's deflators (OECD DAC, 'Deflators for resource flows from DAC donors (2018=100)', accessed 25 September 2021): https://www.oecd.org/dac/financing-sustainable-development/development-finance-data/TAB36e.xls.

35 Source: analysis of downloads from the DAC's Creditor Reporting System database, covering (i) the 29 bilateral DAC members, and (ii) the EU. The downloads were on a commitment's basis, in current prices, and negative commitments were excluded. Malaria control and social protection spending was identified based on these two purpose codes.

36 Ibrahim Hassan Yassin, 'Aid-Tying and the Real Value of Foreign Assistance: The Case of Sudan', The Pakistan Development Review, 1991, http://www.pide.org.pk/pdf/PDR/1991/Volume2/189-206.pdf, pp.197-200.

37 OECD DAC Statistics on resource flows to developing countries for 2019, Table 20, accessed 20 October 2021: https://www.oecd.org/dac/financing-sustainable-development/development-finance-data/TAB20e.xls. Please see Annex 6 for further details.

38 Please note this estimate cannot be directly compared with that in our 2018 report, due to changes in the DAC's rules on loan concessionality that affect the data from 2018 onward.

39 OECD, 2018, 'Reporting Methods for Private Sector Instruments'. https://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=DCD/DAC(2018)47/FINAL&docLanguage=En.

40 OECD Trade and Agriculture Directorate, 2021, 'Arrangement on Officially Supported Export Credits': https://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?doclanguage=en&cote=tad/pg(2021)6. Informally tied aid, by its nature, would not fall formally within the tied aid provisions of the Arrangement, so the risk that we identify here would apply to informally tied PSI ODA loans in any case, irrespective of how DAC members finally interpret the Arrangement on Official Supported Export Credits in a PSI context.

41 OECD DAC, 2016, High Level Meeting Communiqué, Annex I principle v: https://www.oecd.org/dac/DAC-HLM-Communique-2016.pdf. Please see Eurodad's recent briefing, Caio and Craviotto, 2021, 'Time for action: how private sector instruments are undermining aid budgets', for more details on this point (especially pp.12-13): https://d3n8a8pro7vhmx.cloudfront.net/eurodad/pages/2008/attachments/original/1618914562/time-for-action-EN.pdf?1618914562.

42 OECD DAC, 2016, High Level Meeting Communiqué, Annex I principle v: https://www.oecd.org/dac/DAC-HLM-Communique-2016.pdf.

43 The 5 per cent proposal is referenced for example in this article (in the section titled 'thresholds'): Paddy Carter/CGD, 2017, 'Solving the private sector imbroglio' (accessed 20 October 2021): https://www.cgdev.org/publication/solving-private-sector-imbroglio.

44 A critic of this argument might object that PSIs are supposed to be additional (OECD DAC, 2016, High Level Meeting Communiqué, Annex I principle v: https://www.oecd.org/dac/DAC-HLM-Communique-2016.pdf) so it does not make sense to compare with a counterfactual where equivalent commercial finance is available. However, the extent to which PSIs to date have really been additional is highly uncertain (see for example Caio and Craviotto, 2021, 'Time for action: how private sector instruments are undermining aid budgets', Eurodad, p.21: https://d3n8a8pro7vhmx.cloudfront.net/eurodad/pages/2008/attachments/original/1618914562/time-for-action-EN.pdf?1618914562), so this objection is not – for the time being at least – well founded.

45 Wemos, 2019, 'Best value for public money? The case of match-funded multi-hospital infrastructure development in Tanzania'. https://www.wemos.nl/wp-content/uploads/2019/11/Wemos_discussion-paper_Aid-for-Trade_Best-Public-Value-for-Public-Money_Oct-2019.pdf.

46 The recommendations focus on actors in the global north, as that is where Eurodad's legitimacy and expertise is. However, we hope these recommendations will also be useful to governments, civil society members and other stakeholders in the global south, as they engage with northern governments to make the case for global south-led procurement.

47 Under development effectiveness, we include fiduciary controls against corruption. However, we emphasise that steps to assess and strengthen this and other aspects of procurement systems should be under the control of local people, given the risk that procurement reform can otherwise be captured by the priorities of external stakeholders. (For more on this point, see Ellmers, 2011, 'How to spend it: smart procurement for more effective aid', Eurodad, pp. 20, 21, 23: https://www.un.org/en/ecosoc/newfunct/pdf/luxembourg_eurodad-how_to_spend_it.pdf).

48 Global Reporting Initiative, 'GRI 207: Tax 2019', 2020, https://www.globalreporting.org/standards/media/2482/gri-207- tax-2019.pdf.

49 Meeks, 2018, 'Development untied: unleashing the catalytic power of Official Development Assistance through renewed action on untying', Eurodad, Section 4 and recommendation 4 on p.21: https://d3n8a8pro7vhmx.cloudfront.net/eurodad/pages/505/attachments/original/1590678519/Unleashing_the_catalytic_power_of_Official_Development_Assistance_through_renewed_action_on_untying.pdf?1590678519.

50 Ibid. 49, recommendation 6 on p.21.

51 This point will be elaborated in a separate Eurodad briefing to be published in early 2022.

52 OECD DAC, Converged Statistical Reporting Directives and addenda, included within OECD DAC, 'Data collection and resources for data reporters' (accessed 21 October 2021): https://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/data-collection-and-resources-for-data-reporters.htm.

53 OECD DAC, '2020 Report on the DAC Recommendation on Untying ODA', Table A9: https://one.oecd.org/document/DCD/DAC(2020)54/FINAL/en/pdf.

54 Ibid. 53.

55 Except for those few countries such as Greece and New Zealand that had only reported a single year's data.

56 '2020 Report on the DAC Recommendation', paras 19 and 35, Tables A8 and A9: https://one.oecd.org/document/DCD/DAC(2020)54/FINAL/en/pdf; OECD DAC Statistical Reporting Directives Annex 11: https://one.oecd.org/document/DCD/DAC/STAT(2020)44/ADD1/FINAL/en/pdf.

57 OECD DAC, 'Converged Statistical Reporting Directives' and addenda, included within OECD DAC, 'Data collection and resources for data reporters' (accessed 21 October 2021) – in particular pp.60-61 of the main document; and Annex 11 in Addendum 1; and Annex 17 in Addendum 2: https://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/data-collection-and-resources-for-data-reporters.htm.

58 In principle if ODA is tied by its nature, then it should be reported as tied and included in the total of formally tied aid, not in our estimate of informally tied aid. However, reporting on the tying status of these types of ODA is not mandatory, meaning some tied transactions may have slipped through undetected. Our methodology ensures any such transactions are still recognised as tied aid (whilst also avoiding double counting, as we deduct the total value of formal tying already reported to the DAC at a later point in the process).

59 Source: '2020 Report on the DAC Recommendation on Untying ODA', Table A7: https://one.oecd.org/document/DCD/DAC(2020)54/FINAL/en/pdf.

60 Ibid.59.

61 A further more technical difference is that the previous methodology capped the estimate for each country at the higher of their formal tying, and their estimated informal tying. This was an extremely cautious approach, since it is perfectly possible that a DAC member would have substantial levels of both formal and informal tying. In the estimates for the new Eurodad briefing, no such capping has taken place. (The risk of double counting between formal and informal tying is dealt with through adjustments to the total spend at risk, where relevant). No such capping has been applied in the estimates for this briefing.

62 Clay, Geddes and Natali, 2009, 'Untying aid: is it working?', p.26: https://www.oecd.org/development/evaluation/dcdndep/44375975.pdf. For more background on the justification for using this estimate, see Meeks, 2018, 'Development untied: unleashing the catalytic power of Official Development Assistance through renewed action on untying', Eurodad, p. 14: https://d3n8a8pro7vhmx.cloudfront.net/eurodad/pages/505/attachments/original/1590678519/Unleashing_the_catalytic_power_of_Official_Development_Assistance_through_renewed_action_on_untying.pdf?1590678519.

63 Ibrahim Hassan Yassin, 'Aid-Tying and the Real Value of Foreign Assistance: The Case of Sudan', The Pakistan Development Review, 1991, http://www.pide.org.pk/pdf/PDR/1991/Volume2/189-206.pdf.

64 It is referenced in this article, for instance (in the section titled 'thresholds'): Paddy Carter/CGD, 2017, 'Solving the private sector imbroglio' (accessed 20 October 2021): https://www.cgdev.org/publication/solving-private-sector-imbroglio.

65 These points are a summary only, and do not capture all the exceptions and nuances of the rules contained within the detailed texts.

66 The Arrangement has been regularly updated, so some of the provisions mentioned here were added or enhanced after 1978.

67 Organisation for Economic Cooperation and Development Trade and Agriculture Directorate, 2021 [latest update], Arrangement on officially supported export credits, pp.19-24: https://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?doclanguage=en&cote=tad/pg(2021)6.

68 OECD DAC, 1987, 'Guiding principles for Associated Financing and tied and partially untied Official Development Assistance', particularly paragraphs 9-13, 15, 17, 18. (The Guiding principles are reproduced as part of Annex 17 to the OECD DAC's Statistical Reporting Directives, accessed 21 October 2021): https://one.oecd.org/document/DCD/DAC/STAT(2020)44/ADD2/FINAL/en/pdf.

69 Broadly, those with a value of more than SDR 50 million.

70 Note, however, that while International Competitive Bidding is an alternative to

formal tying, it can still be a vehicle for informal tying, due to the barriers that it often presents to suppliers in the global south. This is discussed further in Ellmers, 2011, 'How to spend it: smart procurement for more effective aid', Eurodad, eg, p.15: https://www.un.org/en/ecosoc/newfunct/pdf/luxembourg_eurodad-how_to_spend_it.pdf.

71 OECD DAC, 1992, 'New measures in the field of tied aid', particularly paragraphs 2, 9, 10, 12. (The new measures are reproduced as part of Annex 17 to the OECD DAC's Statistical Reporting Directives, accessed 21 October 2021): https://one.oecd.org/document/DCD/DAC/STAT(2020)44/ADD2/FINAL/en/pdf.

72 Recommendation originally agreed in 2001, subsequently amended four times.

73 That is, those only eligible to borrow from the World Bank Group's International Development Association and not from other parts of the World Bank Group.

74 OECD DAC, 2018, 'Recommendation on untying ODA', particularly paragraphs 8, 17, 18, 19. (The Recommendation is included in Annex 17 to the OECD DAC's Statistical Reporting Directives, accessed 21 October 2021): https://one.oecd.org/document/DCD/DAC/STAT(2020)44/ADD2/FINAL/en/pdf.

75 UN, 2002, 'Monterrey Consensus on Financing for Development', paragraph 43, bullet 2: https://www.un.org/en/development/desa/population/migration/general-assembly/docs/globalcompact/A_CONF.198_11.pdf.

76 'Paris Declaration on Aid Effectiveness', 2005, paragraphs 30 and 31, and indicators 5b and 8: https://read.oecd-ilibrary.org/development/paris-declaration-on-aid-effectiveness_9789264098084-en#page1.

77 'Accra Agenda for Action', 2008, paragraphs 15 and 18: https://www.afdb.org/fileadmin/uploads/afdb/Documents/AccraAgendaAaction-4sept2008-FINAL-ENG_16h00.pdf.

78 'Declaration of the Busan Partnership for Effective Development Cooperation', 2011, paragraphs 18(e) and 19: https://www.oecd.org/dac/effectiveness/49650173.pdf.

79 See the GPEDC's Monitoring Dashboard at https://dashboard.effectivecooperation.org/viewer.

80 UN, 2015, 'Addis Ababa Action Agenda', paragraphe 58 : https://www.un.org/esa/ffd/wp-content/uploads/2015/08/AAAA_Outcome.pdf.

81 Global Partnership for Effective Development Cooperation, 2016, 'Nairobi Outcome Document', paragraphs 9(c), 43(g), 43(h): https://www.effectivecooperation.org/system/files/2020-05/Nairobi-Outcome-Document-English.pdf.

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