

Annex F – Comparative Study – Denmark and Peers – Trends in ODA and Management

The evaluation included a comparative study on Official Development Assistance (ODA) and ODA management, focusing on Denmark, Sweden, Norway, and the UK. In addition to providing an overview of trends in ODA priorities, commitments, and spending, the study presents a brief analysis of ODA management and practices in relation to Doing Development Different (DDD) and its key principles, as summarised below.

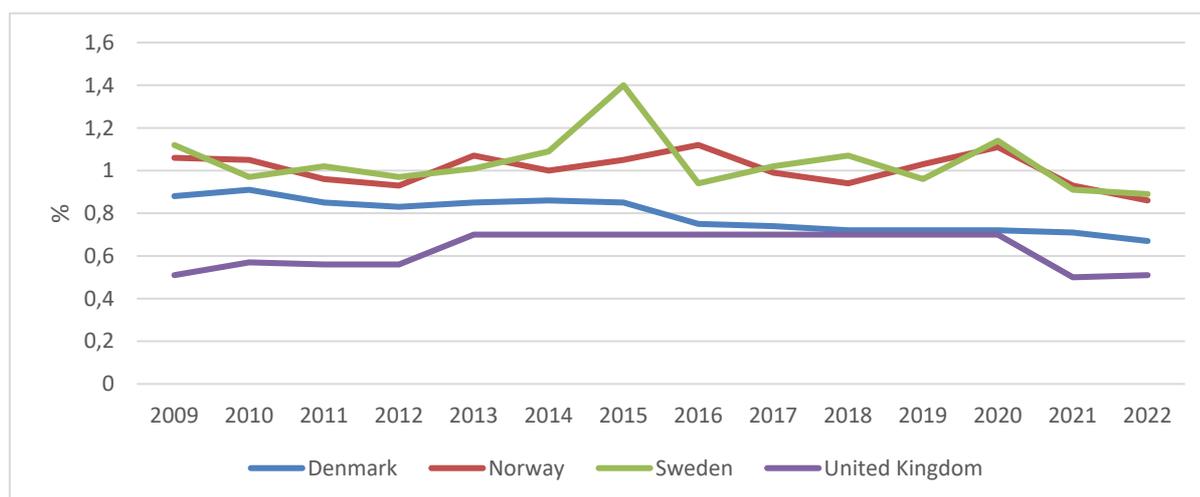
Policy and strategic priorities

Based on the findings of OECD DAC peer reviews and information obtained from the four countries' ODA policies and guidelines, some common trends can be identified in policy and strategies priorities. Firstly, evidence suggests that over the past decade, and especially during the last five to seven years, increased priority has been given to the environment and climate change agenda by all four countries. Secondly, development cooperation policies signal a stronger focus on fragile and conflict-affected states and contexts. Thirdly, multilateral organisations continue to be prioritised as channels for ODA in Denmark Norway and in particular Sweden. Finally, the four countries are giving more consideration to domestic policy coherence, i.e., the links between development cooperation, foreign policy, security policy, trade policy, climate policy, and migration policy.

ODA commitments and spending

The comparative study shows that the share of GNI allocated to ODA has dropped to historically low levels; in Sweden and Norway to 0.9%, in Denmark to 0.7%, and in the UK to 0.5%. In addition, domestic expenditures on refugees, which spiked in 2015/2016 and 2022, have resulted in less ODA for development cooperation. In fact, domestic refugee costs were by far the largest spending sector for the UK's ODA in 2022, the second-largest sector for Denmark's and Norway's ODA, and the third-largest sector for Sweden's ODA.

Figure 1: Share of GNI allocated to ODA: Comparison between Denmark, Norway, Sweden, and the United Kingdom



Sectoral and geographic distribution of ODA

A large share of the four countries' ODA continues to be spent on humanitarian development cooperation and the sector entitled government and civil society. In the case of Norway's ODA, energy and environment protection are other large spending sectors, while the UK invests a significant share of its ODA in the health sector. One clear trend over the evaluation period is the increase in spending on humanitarian development cooperation by Denmark, Norway, and the UK. Another, more recent, development is the surge in health sector spending by all four countries since 2020, presumably an effect of COVID-19. Interestingly, the stronger focus on environment and climate change in ODA policies is

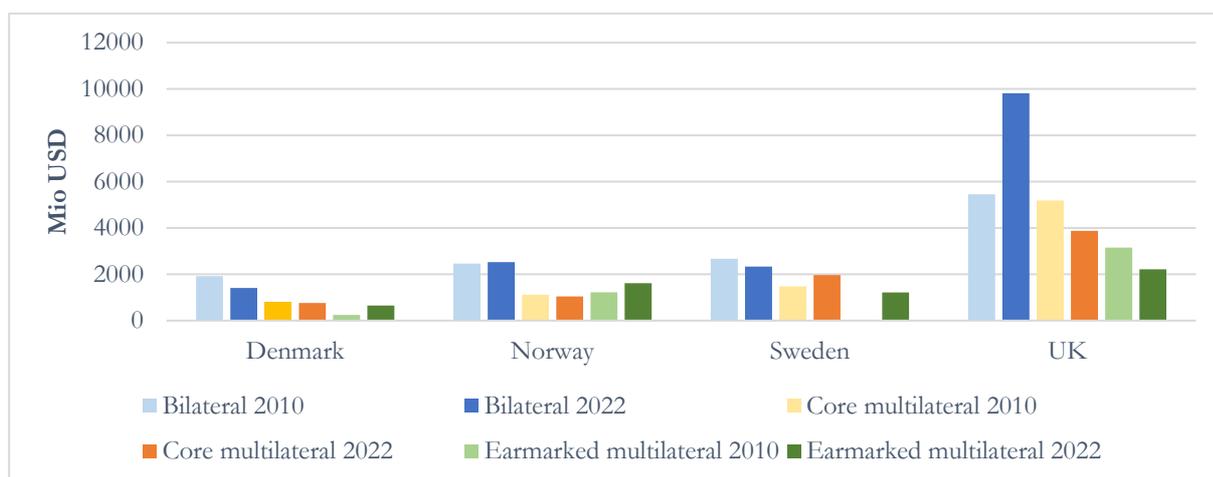
not clearly reflected in ODA flows, except for Denmark where funding has increased substantially for climate change (see Figure 4 in the main report).

With respect to geographic distribution, a large majority of the top ten recipients of ODA from Denmark, Sweden, Norway, and the UK during the period 2009–2022 are fragile countries, mainly in Africa but also in the Middle East and Central Asia. However, Brazil tops the list of recipients of Norway’s ODA, and in the case of the UK, India and Pakistan along with Bangladesh are among the top ten recipients. Since 2022, there has been a rapid increase in ODA to Ukraine from all four countries. Generally, ODA remains geographically fragmented. The share of unallocated ODA has also been growing over the years, partly due to the increase in centrally managed funds.

ODA by type and implementing partner

The share of bilateral development cooperation spent by Denmark, Sweden, and Norway has declined during the evaluation period. In contrast, the UK’s bilateral development cooperation has grown steadily and significantly. OECD DAC data furthermore indicate that Denmark, Sweden, and Norway have increasingly used earmarked multilateral development cooperation, while the share of core multilateral development cooperation has remained largely the same. The UK’s earmarked and core multilateral development cooperation have both decreased as a share of total ODA. Mirroring this trend, Denmark, Sweden, and Norway have increasingly used multilateral organisations and NGOs/civil society as implementing channels, while the UK has used British public sector organisations.

Figure 2: Comparison of ODA by type in 2010 and 2022 (million USD)



Source: OECD

Observations related to ODA management

Traditionally, all four countries have been operating based on a decentralised business model whereby the responsibility for strategic planning, coordination, and oversight of country-level engagements rests with embassies. However, as also described elsewhere in this report, a growing number of engagements and budgets are being managed centrally, especially by Denmark, Norway, and the UK. In all countries, as noted above, there has also been a shift towards more ODA spending domestically. Sweden stands out as a country having consistently strengthened decentralised development cooperation management during the evaluation period.

Local ownership and alignment

While evidence is mixed regarding to what extent the four countries promote local ownership and alignment in their ODA management, the link with partner government systems and budgets has become weaker over time. The evaluation case studies suggest that Danish partnerships are based on local demand and ownership, although there are also signs that alignment efforts in recent years have been mainly focused on Danish instruments. The same appears true for Sweden, which has been recommended by OECD DAC to incentivise government partnerships and focus more on strengthening country systems. While being criticised by OECD DAC for having an incentive structure that encourages working in parallel to country systems, the UK has made a renewed policy commitment

to country ownership in recent years. According to the Global Partnership for Effective Development Cooperation, all four countries were increasingly aligning with partner country strategies/plans from 2016 to 2018. However, the share of Denmark's, Norway's, and the UK's ODA recorded on partner countries' national budgets dropped significantly during the same period. This could possibly be explained by the growing engagement in fragile countries and contexts and the global trend towards shrinking democratic space, which has made collaboration with many governments more challenging.

Strategic cohesion and synergies

All four countries increasingly promote domestic policy coherence and have taken steps to improve synergies between ODA instruments. Ensuring linkages between bilateral and multilateral ODA continue to pose a significant challenge. OECD DAC identifies a particular need for greater synergies between Denmark's bilateral and global climate interventions, and, in this regard, the MFA has recently pledged to establish a 'greening' task force and strengthen the embassies' monitoring of multilateral interventions. In Sweden's case, synergies between the large number of geographic and thematic strategies have not been sufficiently exploited according to OECD DAC, resulting in difficulties to ensure consistent and coherent programming. In response, the Swedish guidelines for strategies have been updated and a dashboard created at Sida that visualises global activities in each partner country. Norway has developed a more comprehensive format for country strategies to address policy incoherences, especially between multilateral and bilateral ODA, and the UK has, through the merger of the Foreign & Commonwealth Office (FCO) and the Department for International Development (DFID), improved coordination by integrating development cooperation programmes onto a common platform. At the same time, as also remarked by OECD DAC, preserving and rebuilding FCDO's expertise on development will also be important to help achieve the objective of greater synergy between diplomacy and development cooperation.

Flexibility and adaptation in development cooperation management

All four countries have continued to ensure budget flexibility. Denmark, Sweden, and the UK, in particular, have also promoted adaptive programming, although the connection between adaptation and learning remains weak. As part of its DDD agenda, Denmark's MFA has in recent years issued adaptive management guidance, introduced new levels of delegated authority that give MFA staff more discretion to adapt, and included unallocated budgets (adaptability reserves) in its funding commitments. During the same period, Sida has endeavoured to create more conducive conditions for adaptive programming by reforming its results-based management (RBM) system, encouraging the use of Problem-Driven Iterative Adaptation and DDD principles, and providing guidance and training to staff and partners. The UK has for long been praised for its holistic and flexible programming and approach to learning but is also known for its complex and onerous process, which has created high transaction costs for partners. The Foreign, Commonwealth & Development Office (FCDO) has recently replaced the SMART rules, introduced by DFID to promote adaptive and context-specific programming, with a shorter and more pragmatic programme framework. Despite the efforts made, evidence indicates that learning-based adaptation in programming has been a challenge for all four countries and is far from being institutionalised.

Strategic influence on multilateral organisations

The four countries have used a mix of approaches to influence multilateral organisations and developed specific strategies and guidelines to this end. Evidence suggests that additional attention should be paid to informal influencing mechanisms and flexible funding instruments. Multilateral influencing is part of Denmark's DDD agenda. As observed by the evaluation team, Denmark has sharpened organisational strategies and created mechanisms to promote exchanges between thematic teams, embassies, and permanent missions that manage multilateral core funding. At the same time, there is currently a lack of feedback from multi-bi engagements that can be used for strategic influencing. Sweden's approaches to multilateral influencing are similarly formalised in guidelines and organisational strategies. A recent literature review suggests that Sweden has pursued a good mix of formal and informal influencing approaches, complemented by secondments and senior appointments within multilateral organisations, but that the shift from core funding to earmarked support may reduce its influence in formal governance. Norway has, like the other countries, more clearly defined

its role and interest in multilateral cooperation (in a White Paper) and is commended by OECD DAC for its active participation on the Executive Boards of multilateral organisations.

Learning loops and knowledge generation

Programming and M&E generate significant learning opportunities that are seized by all four countries, although to varying degrees. In particular Norway and the UK have invested significant resources in learning and knowledge management in recent years. As scrutinised in a separate note prepared by the evaluation team, there are several learning opportunities embedded in Denmark's programming process, and additional measures have been taken to promote the use of evaluations. At the same time, staff capacities that are essential to effective learning and knowledge management have been reduced. The linkages between monitoring and learning also appear weak, despite the concerted DDD approach and the merging of the previously independent Evaluation Office in the Danish MFA with the quality assurance and monitoring section and the former Technical Advisory Services. Sida has promoted learning through thematic and functional staff networks but also through thematic toolboxes as well as on-demand knowledge products and support delivered by thematic helpdesks. On the other hand, Sida's capacity for conducting strategic evaluations has been reduced. Norway has recently invested significantly in learning and knowledge management. A dedicated department for knowledge and innovation has been established in Norad, and a major initiative pursued to develop knowledge-based, theories of change for key project portfolios. The UK has similarly increased its use of research, including the uptake of evaluation findings, and over the years implemented a range of other learning-oriented initiatives. Nevertheless, bringing together political, contextual, and technical knowledge across programmes and portfolios remains a challenge.