

## **The Age of Choice: How are developing countries managing the new aid landscape?**

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The development finance landscape is changing. There are both demand and supply side pressures which suggest that 'traditional' aid (from OECD-DAC donors) will become less important in the years to come. On the demand side, partner countries are increasingly expressing their desire to exit from aid. On the supply side, financial pressures due to the global economic crisis mean that traditional aid is likely to decline significantly over the next few years.

At the same time, the vast proliferation of new actors and sources of finance mean that developing countries now have a much larger range of financing options. But the implications of these new choices for partner countries' approaches to aid management as well as the aspects that go into their assessment of financing options have remained unclear.

The report draws on three case studies (Cambodia, Ethiopia and Zambia). These case studies provide a provisional taxonomy and quantification of the various forms of development assistance and less traditional finance flows, both at the global level and country level. They also explore the new challenges and opportunities countries face in managing finance flows from both traditional and non-traditional actors. The analysis found that (i) all countries are receiving flows from non-traditional providers (NTPs) and the volume has increased significantly over the past decade; (ii) partner countries welcome more choice and more finance; (iii) ownership, alignment and speed of project delivery have been identified as key priorities by countries; and (iv) countries such as Cambodia and Ethiopia are taking a strategic approach to the division of labour between traditional (DAC donors) and non-traditional providers (emerging donors and philanthropic organisations).

The presentation will also include a comparative analysis with case studies of Ghana, Papua New Guinea, Senegal, Timor-Leste, Fiji and Vanuatu that will be published by October 2014.