



**Global Forum on Development**  
***Towards Better Division of Labour: Concentration and  
Fragmentation of Aid***

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**11 December 2007**



# Objective

- To provide a baseline to examine donors' concentration and fragmentation
- To provide background for decisions on future aid allocations and division of labour
- *Note on measurement:*
  - Fragmentation measured for country programmable aid (CPA) which excludes debt relief, humanitarian aid, imputed student and administrative costs, etc.
  - Excludes small bilateral programmes of under \$250,000, as not imposing the same coordination burdens as larger projects and programmes.



# Aid Fragmentation

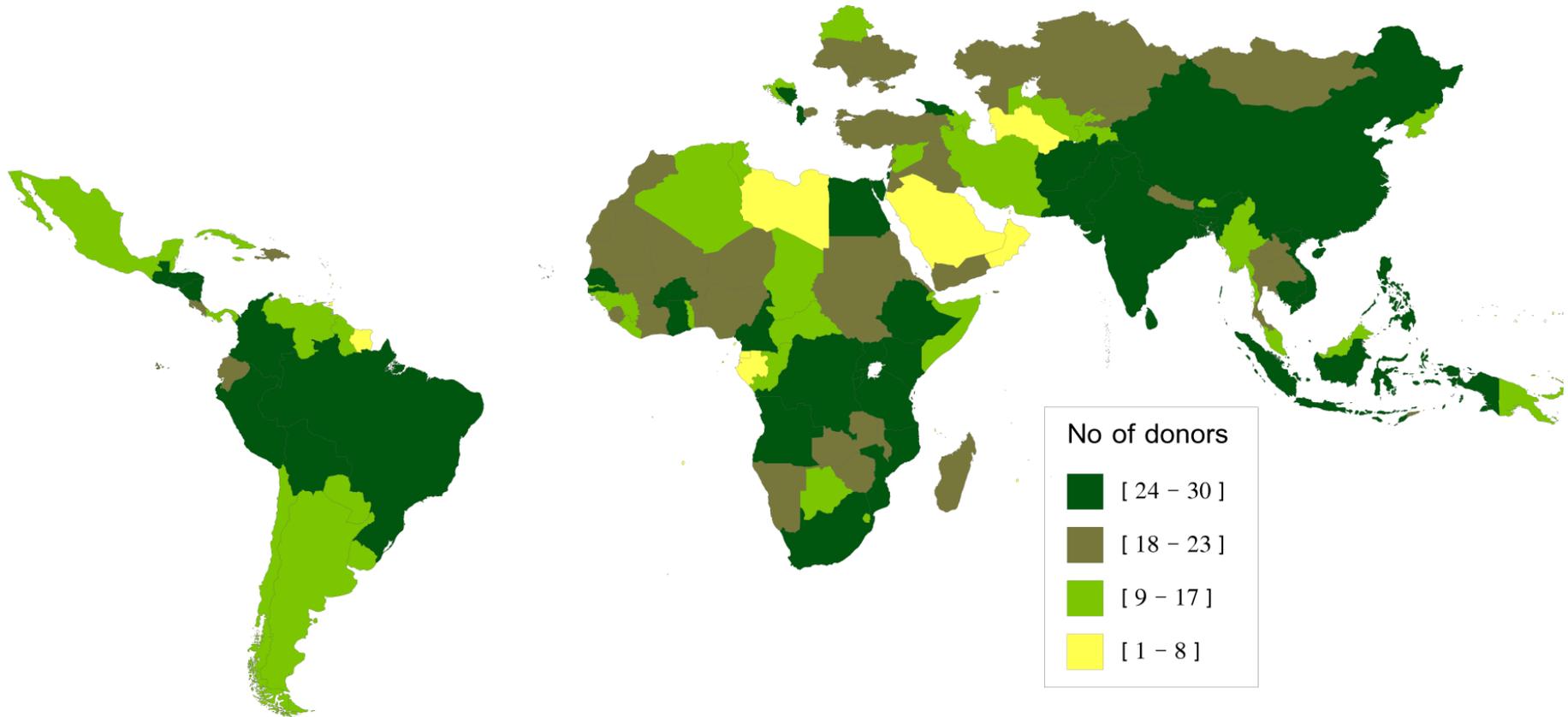
- Fragmentation is an issue for both donors and partners
  - For **donors** - managing programmes in many countries (Canada, EC, France, Germany, Japan, and US give aid to over 100 countries; Portugal in just 19 and New Zealand in just 21.)
  - For **partners**– having to deal with a large number of small donors (37 countries have more than 24 DAC and major multilateral donors; in two thirds of these more than 15 of those donors account for just 10% of their aid.)



# Fragmentation – Donors' perspective

- Table 1 in paper provides approximation of donor concentration or fragmentation:
  - For ten donors the majority of their partners receive below that donor's share of global aid, yet
  - Among \$1bn + donors, EC, Germany and Netherlands 54% to 60% of their recipients receive above average shares
  - Austria (67%), Greece (61%), Luxembourg (63%) and New Zealand (81%) have achieved greater concentration
  - Global multilateral donors achieve between 57% (GEF) and 76 % (IFAD) concentration

# Fragmentation – Partners' perspective



Quartile distribution of number of DAC and major multilateral donors by country

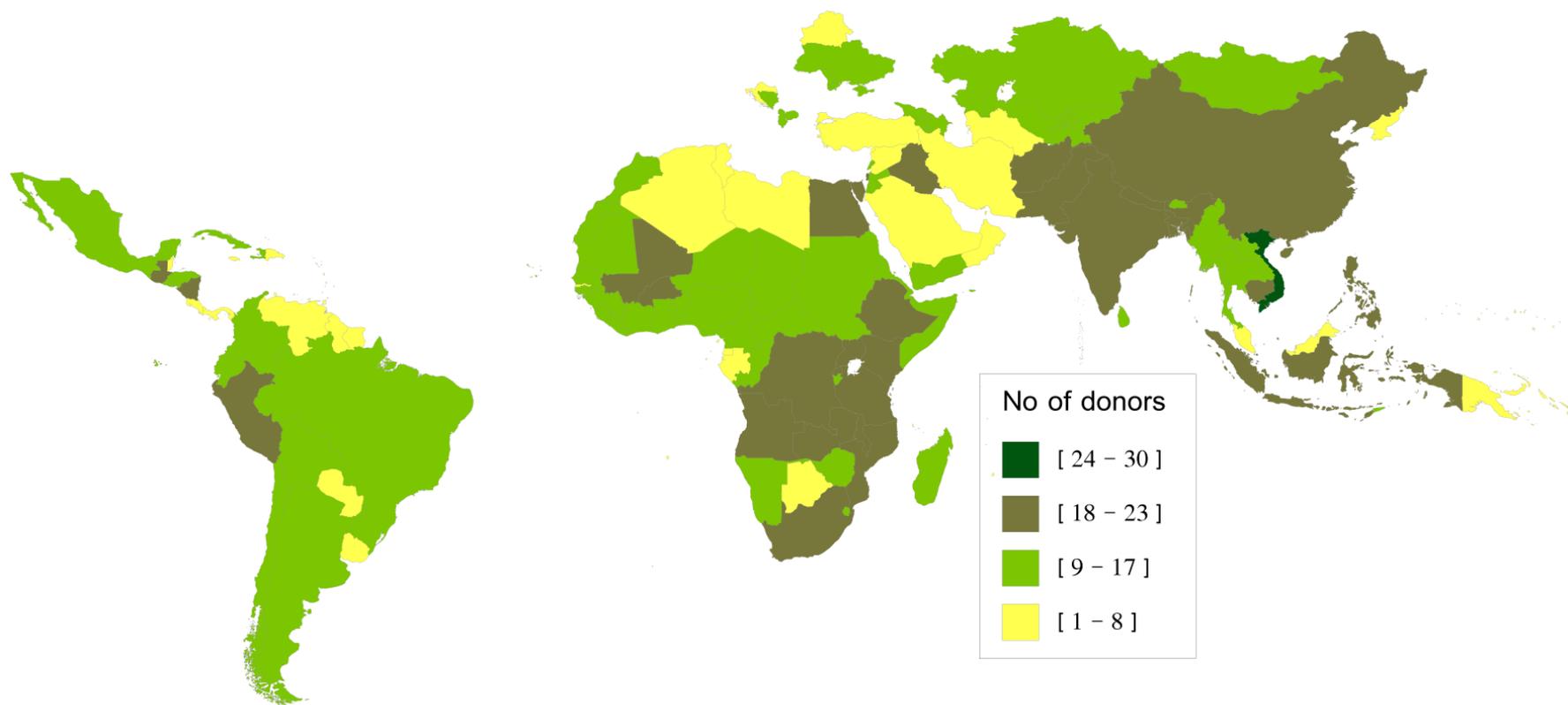




# Sectoral analysis

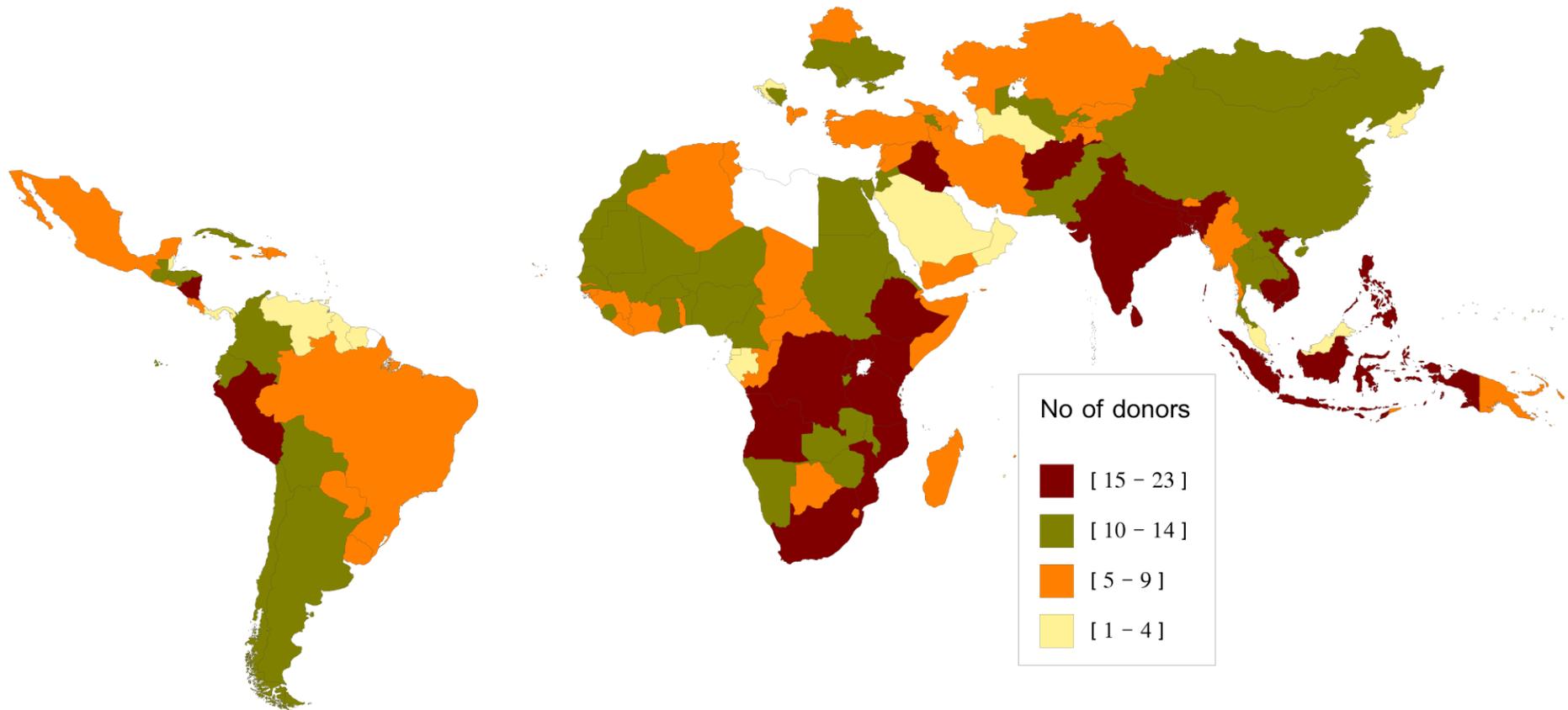
- If donors concentrate their aid at the sectoral level, the effect of fragmentation can be reduced, while still allowing space for smaller donors
- Analysis of fragmentation in two sectors: Health and Economic Infrastructure

# Number of donors in the Health sector



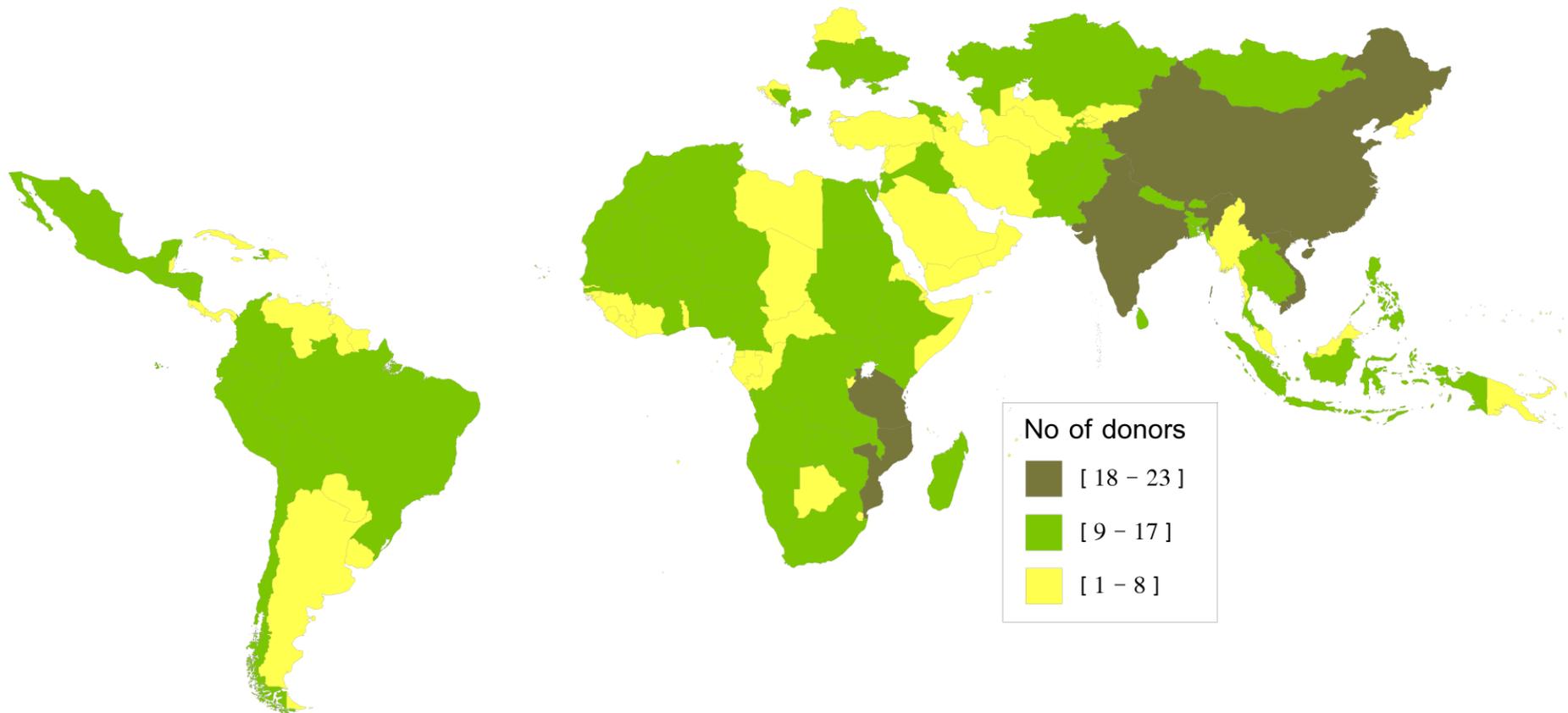
Viet Nam has 25 donors in the health sector; 29 countries have 18 to 23 donors active in the health sector

# Significant fragmentation in the Health sector



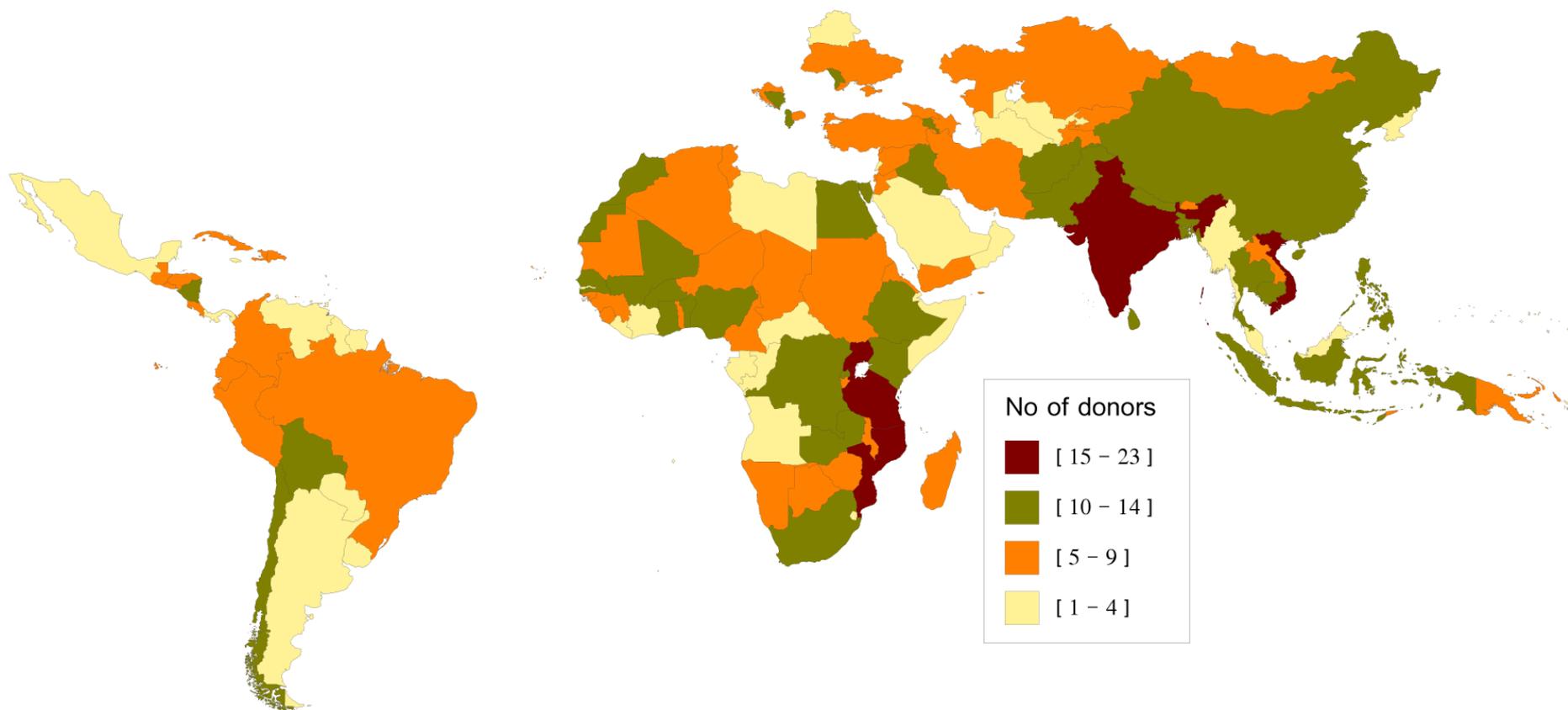
In 21 countries fragmentation in the health sector is a major issue, with more than 15 donors combined providing just 10% of their health CPA

# Number of donors in the Economic Infrastructure sector



Only 5 countries have 18 to 23 donors active in infrastructure

# Less fragmentation in the Economic infrastructure sector



In only 5 countries is fragmentation in infrastructure a major issue, with more than 15 donors providing just 10% of their infrastructure CPA



# Country case studies

- Review of Cambodia, Rwanda, Tanzania and Vietnam shows:
  - At country level just 9 to 12 donors provide 90% of their CPA
  - That figure is 4 to 8 donors in health and 2 to 4 in infrastructure
  - Yet two small donors , Austria (with 0.2% of global CPA) and Finland (0.4%) can manage fifth (8.0% share) and sixth (2.8%) position in aid to health in Viet Nam
- So there is scope for greater concentration at sectoral, country and global level



# Questions for the Workshop

- Partners: Useful for improving donor coordination and selectivity?
- Donors: Useful for aid allocation purposes?
- All: Suggestions for improvements and further work.

Thank you