

Spotlight ii: Moving away from aid – trends from the experience of Botswana, Chile, Mexico and the Republic of Korea

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Several countries are expected to graduate from ODA and many others to transition from aid as they approach ODA graduation up to 2030. However, we know little about how countries that have completed the transition and graduation process from aid managed to do so while ensuring that development results are sustained when ODA declines or disappears. We also have scarce evidence about how development partners should support such countries to maximise the effectiveness of their resources, or how countries could engage in global dialogue when ODA falls or is no longer an option.

Calleja and Prizzon³⁰ addressed this gap in policy literature by analysing the experiences of four countries: Botswana, Chile, Mexico and the Republic of Korea. The economies of these countries reflect three different stages of the transition from aid and graduation from ODA: mid-way through the graduation from ODA but not yet there (Botswana and Mexico); a recent graduate from the list of countries eligible for ODA (Chile in January 2018); and the entire transition process, from recipient economy to fully fledged donor (Republic of Korea).

From the four selected countries' experiences, Calleja and Prizzon³¹ identified a series of common trends and valuable lessons in the transition from aid and for the new partnerships beyond ODA. We summarise these findings here across three dimensions.

Managing the transition from aid

How have these countries sustained development outcomes in managing the transition from aid?

- Management of the transition from aid was not treated as a separate issue but was implicit in national development plans, the main instrument for ensuring development results.

30 Calleja/Prizzon 2019a.

31 Ibid.

- Government officials from the case study countries did not express concerns about losing access to funding after graduation from the list of countries eligible for ODA, even at early stages of the transition from aid. Instead, the main concerns were about losing access to channels for policy dialogue and technical assistance that often accompany loan and grant assistance.
- Transition from aid disproportionately affected domestic non-governmental organisations (NGOs), which were often the first to feel the effects of a donor's exit.

Cooperation with development partners

What were the approaches development partners applied and what were the demands from recipient country governments when aid flows fell?

- Several countries continued to demand technical assistance from development partners, particularly for knowledge transfer and skills development, including technical vocational education and training.
- Donors continued to work with countries in transition to support the development of international cooperation agencies and strategies for outward assistance and partnerships.
- Countries have found particular tools useful for transitioning from donor-recipient relationships to development partnerships – namely, joint funds for development cooperation and innovative financing mechanisms.

Cooperation beyond official development assistance

Finally, what were graduating and graduated countries' expectations for future bilateral and multilateral cooperation as they moved away from aid and after their graduation from the list of countries eligible for ODA?

- Triangular cooperation is often considered an important modality for maintaining relationships with development partners during the transition from ODA and beyond, although this importance decreases as the country becomes a more established donor. Regional cooperation was also viewed as an approach for cooperation beyond ODA, particularly when bilateral relations are being phased out.
- Countries in transition expect beyond-aid relations to include economic engagement, scientific and technical cooperation, and support for global and regional public goods.

- Multilateral spaces – including the OECD, G20, Pacific Alliance and SADC – were considered key forums for dialogue and technical change post-ODA.

