

The State of Governance Funding

Exploring the latest official development assistance figures



Since the start of the COVID-19 pandemic, many have been speculating on how international funding for political, economic, and social development may be changing. In 2020, the Organization for Economic Co-operation and Development (OECD), which collects data on financing for development, [discussed](#) how developing economies and tax revenues were being hit hard, leaving external development finance as an important source of support. At that time, it was not yet clear how external finance was responding to the pandemic beyond what could be gathered from news announcements.

In the interrelated fields of governance, support to civil society, and transparency, participation, and accountability (TPA), activists and funders have also been worried. For example, [Civicus](#) raised three funding concerns for civil society during the pandemic. These included risks to sustainability of civil society organizations (CSOs) and jobs due to economic crisis and lockdown, relief funding bypassing critical issues that affect the most vulnerable, and less funding and opportunities for youth activists and those working on other social causes.

TAI has also been watching this space—TAI and its members see that funding for civil society and governance is absolutely critical during these times of crises. Inclusive governance is valuable in its own right and underpins outcomes in many other sectors. Therefore, last year, we published a [brief](#) summarizing perspectives on the possible trajectory of international funding in light of the pandemic and other shifting priorities. At that time, the data on external funding for 2020 was not yet available from the main data source held by the Development Assistance Committee (DAC) of the OECD¹. Thus, we drew on the viewpoints of 16 funders and experts, as well as announcements and news releases.

This past April, the OECD DAC released the data on 2020 funding. Its data set is the most comprehensive repository on international public funding for development, covering major bilateral and multilateral funders, as well as many major philanthropic foundations. For details on the data, see Box 1. Although its

¹At that time, we also could not use the data reported to the International Aid Transparency Initiative (IATI) due to obvious data errors.

standards have been criticized for overvaluing debt relief and loans², among other issues, it still offers the best way to gauge funding changes.

In this brief, we share some answers about what happened in the first year of the pandemic to funding flows for government and civil society. We cover the overall increase in funding, what types of funding increased the most, and which development partners had the largest changes. We also cover changes in important sub-sectors and some big changes across countries intended to benefit from the funding. Finally, we look at what kinds of organizations received funding.

Alongside this brief, TAI created a dashboard of this data. We invite readers to take a look, explore the data, and conduct their own analyses. The introduction to the dashboard is available [here](#). The data can be viewed by region, country, funder, purpose, and other key dimensions.

Box 1. Background on the data

This profile is based on data from the Creditor Reporting System (CRS) Aid Activity database managed by the OECD. The OECD CRS was originally set up to track the official development assistance (ODA) contributions of OECD-member governments. The standard for ODA is set by the OECD DAC, and it “is defined as government aid that promotes and specifically targets the economic development and welfare of developing countries.” ODA may be disbursed in the form of grants or loans, and there are important exclusions, such as for military aid. In 2019, the OECD DAC implemented a new way to measure the “[grant equivalent](#)” of loans and debt relief from 2018 data onward, so earlier data is not fully comparable.

Beyond ODA from bilateral donors, the Aid Activity database also captures contributions from many multilaterals, some non-OECD countries, and charitable foundations. It also contains reporting on flows other than ODA. Other official flows (OOFs) are provided by public providers (i.e., governments and multilaterals) for development purposes but do not meet the definition of ODA. They may be non-concessional flows, such as loans. They may also be made to facilitate commercial transactions, such as grants to support commercial exchange.

² See, for example, Stephen Cutts, “Overseas aid statistics are not credible,” *The Financial Times*, June 15, 2022.

Private funders, such as charitable and philanthropic foundations, have their own designated flow: private development finance. Note that private finance that is non-concessional is not reported in this data.

The CRS collects data across a number of fields, including sector, purpose, intended recipient country or region, and channel (meaning the entity receiving the funds). This profile is based on the sector code “1.5.a. Government & Civil Society-general.” Within this sector are a variety of purposes. Some are core governmental functions, such as public finance management (PFM). Others include areas that governments and civil society both work on, such as anti-corruption. TAI members work on many of these purposes, including media and free flow of information, human rights, and democratic participation and civil society. The other Government and Civil Society sector (1.5.b) pertains to conflict, peace, and security and is not included here.

Note that when funders report on a “recipient” country or region, they are giving the intended beneficiary, but it does not necessarily mean that the recipient government or an organization based in that country received the funds. Rather, the type of recipient is given in the “channel” field, which covers government entities, multilateral organizations, non-government organizations, private sector entities and more. In fact, donor governments and donor-based organizations can receive funding intended to benefit recipients under the CRS guidelines. The “channel” field is thus very helpful in determining where the funds went.

What happened to funding in 2020?

Overall, international funding to government and civil society as a sector increased significantly from 2019 to 2020, from over \$25 billion to over \$34 billion³. This figure includes all the kinds of financing reported to the DAC: equity, official development assistance (ODA) grants and loans, other official flows (OOFs), and private development finance, which is provided by private providers but has a development purpose.

OOFs, which are not necessarily concessional, accounted for about half of the increase in funding disbursed in 2020, over \$4.6 billion. See Table 1 for the details.

³ Note that nominal dollars are used here. An accompanying analysis was also done to account for inflation, and even when 2019 numbers are adjusted for this, these broad findings still hold. Thus, nominal is used for ease of understanding.

This figure tracks to the announcements of major loans during 2020 in response to the pandemic from multilateral financial institutions (MFIs). These announcements and the increased importance of MFIs were reported in last year's [brief](#).

Diving into the data, almost \$3.5 billion in these OOFs were from the Asian Infrastructure Investment Bank (AIIB), which did not report anything to the government and civil society sector in 2019. In addition, other MFIs reported large sums of OOFs to the sector: the Asian Development Bank (AsDB) at \$3.5 billion, the International Bank for Reconstruction and Development (IBRD), which is the World Bank's lender to creditworthy countries, at \$3.3 billion; and the Inter-American Development Bank (IADB) at \$2.1 billion.

Table 1. International Funding Disbursed to the Government and Civil Society Sub-Sector (I.5.a) Reported to the OECD by Flow Modality in 2019 and 2020 (United States Dollars (USD) Millions)

Type of Funding Flow	2019	2020	Change from 2019 to 2020
Equity Investment	11.20	10.12	(1.08)
ODA Grants	14,118.71	15,563.62	1,444.91
ODA Loans	2,145.83	5,365.70	3,219.88
OOFs	8,044.76	12,687.93	4,643.16
Private Development Finance	839.77	786.33	(53.44)
TOTAL	25,160.26	34,413.70	9,253.44

A large share of the overall increase for government and civil society could be viewed as responsive to the pandemic. In 2020, the DAC added the ability to add COVID-19 as a keyword, and over \$9.8 billion in the sector was marked with COVID-19. Of that amount, about \$7.5 billion were OOFs from the AIIB, AsDB, IADB, and African Development Bank mainly for public finance management (PFM), public sector policy and administrative management, and macroeconomic policy. These appear to be for loans made during the pandemic, and the main recipients were governments (more below).

What about ODA grants and loans, which are concessional and come from public development partners? There were significant increases in funding through both modalities: over \$1.4 billion more in ODA grants and over \$3.2 billion more in ODA loans.

In terms of ODA grants, five donors increased their distributions by well over \$100 million to the government and civil society general sector. See Table 2. The EU increased its grants by almost \$970 million. These grants were made across many of the purpose areas, including public sector policy, PFM, and democratic participation, and this also includes \$593 million in grants to “facilitation of orderly safe, regular and responsible migration and mobility.”

In addition, MFIs and many governments, including Canada, Switzerland, France, Finland, and Sweden, increased their grants. Similarly, the increases were across a wide range of issues. Overall, many funders kept up funding to the sector and were not forced to delay funding due to logistical issues or re-programming.

Table 2. Funders with the Greatest Increases of ODA Grants to Government and Civil Society-general

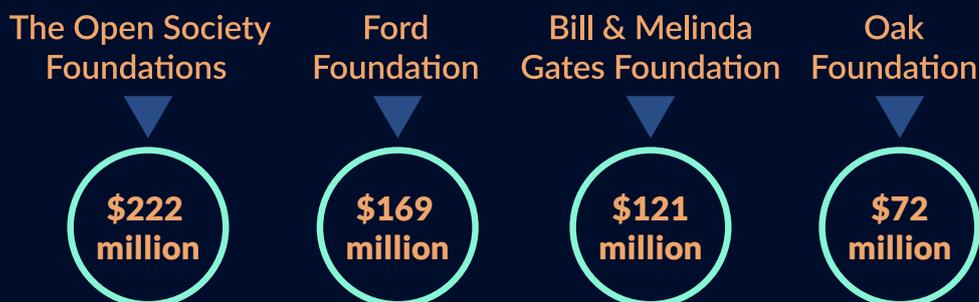
FUNDER NAME	AMOUNT OF INCREASE IN ODA GRANTS (USD)
EU Institutions	\$969.4 million
International Development Association	\$643.8 million
African Development Fund	\$286.5 million
Canada	\$248.1 million
Asian Development Bank	\$134.0 million

At the same time, some donors saw large decreases in ODA grants. As announced last year, the United Kingdom (UK) cut its ODA grants to the sector substantially, and the cut to disbursements in 2020 totaled \$236 million. Every purpose under government and civil society saw a cut from the UK, with the greatest amount cut from public sector policy and administrative management at almost \$50 million.

However, the largest reduction in ODA grants disbursements was not from the UK: it was actually from the US. The US reduced ODA grant disbursements by almost \$363 million. This reflects a \$314 million cut in disbursements to Afghanistan and almost \$27 million to Pakistan. After the US and UK, the third largest cut was from Japan at \$75 million less to the sector.

In terms of ODA loans, the concessional arm of the World Bank (the International Development Association (IDA)), increased its ODA loan funding by over \$824 million, reaching \$2.5 billion. In addition, and not foreseen in last year’s brief, France (\$908 million total) and Germany (\$1.1 billion total) both contributed substantially to the increase in these loans.

In terms of private development finance, the largest private development finance providers were mostly philanthropic foundations and included



Looking across all of the sectors, private development finance was up by \$678 million in 2020 compared to 2019. However, private development finance to the general government and civil society sector was down by over \$50 million compared to 2019. This was in spite of increases by many TAI members. These increases only partially balanced out a large cut of over \$90 million by one larger foundation: the Howard G. Buffett Foundation. In 2021, this direction may have changed: its 2021 Annual Report suggests that its overall distributions may have increased significantly in 2021 compared to 2020.

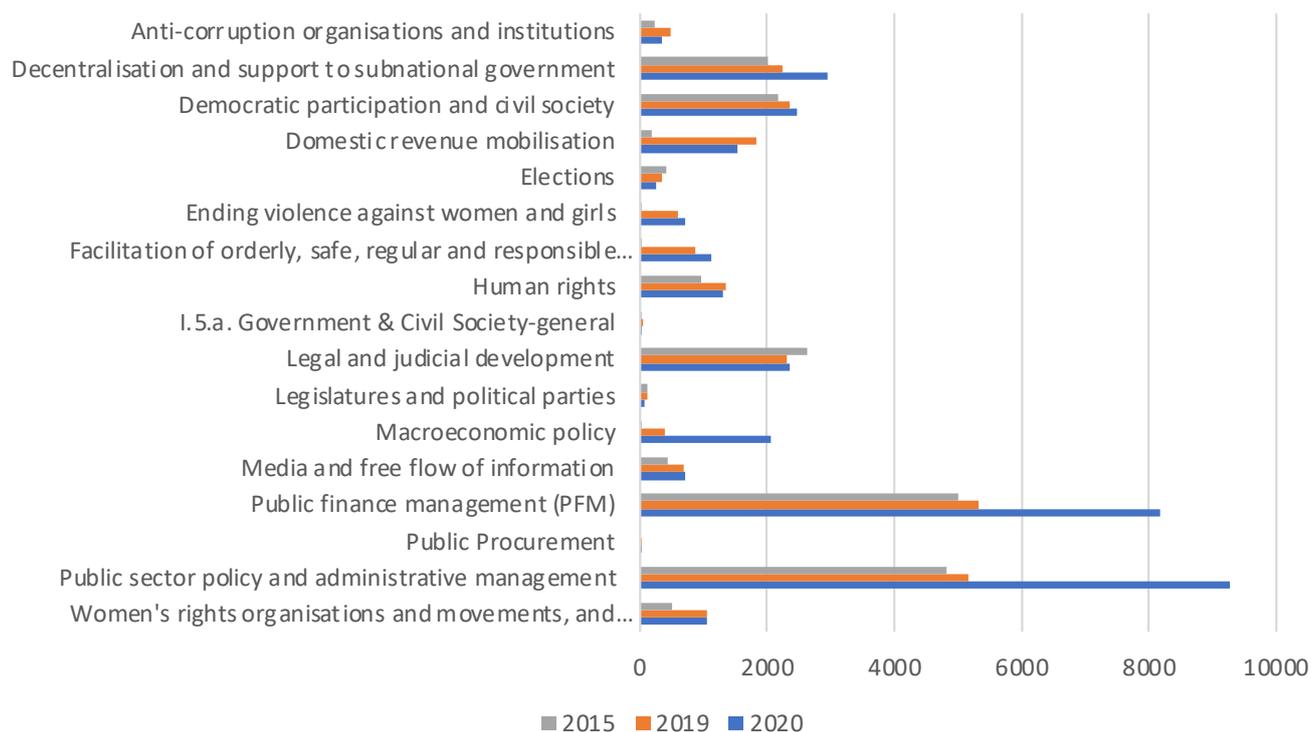
Interviewees for the 2021 brief speculated that private development finance may be shifting to health or climate. Although we don't have full information from all philanthropies, the 2020 data do show large increases to basic health (\$883 million) and general environment (\$114 million), which is aligned with these expectations.

What were the changes across the sub-sectors?

In the OECD DAC's reporting standard, the government and civil society sector includes many different purposes, from public procurement and PFM to human rights and "women's rights organizations and movements, and government institutions." By far, the largest increases were seen in the purpose areas that were used for loans to governments via both OOFs and ODA loans: PFM, public sector policy, macroeconomic policy, and decentralization and support to sub-national government. See Figure 1 below.

As discussed above, these OOFs and ODA loans also account for the bulk of funding tagged to COVID-19, providing evidence that MFIs were responding to governments' requests for lending to support these areas during the crisis. Of the purpose areas outside of those listed above, the one with the highest proportion tagged to COVID-19 was women's rights organizations, with about 10% having the COVID-19 keyword (\$106 million out of \$1.05 billion).

Figure 1. International Funding Disbursed to Government and Civil Society (general) Purpose Areas in 2015, 2019, and 2020 in USD Millions



What about some of the sub-sectors that TAI members prioritize? Anti-corruption organizations saw funding disbursements drop by about \$144 million, support to domestic resource mobilization (DRM) was down by \$289 million, and human rights was down by about \$53 million. See Figure 2.

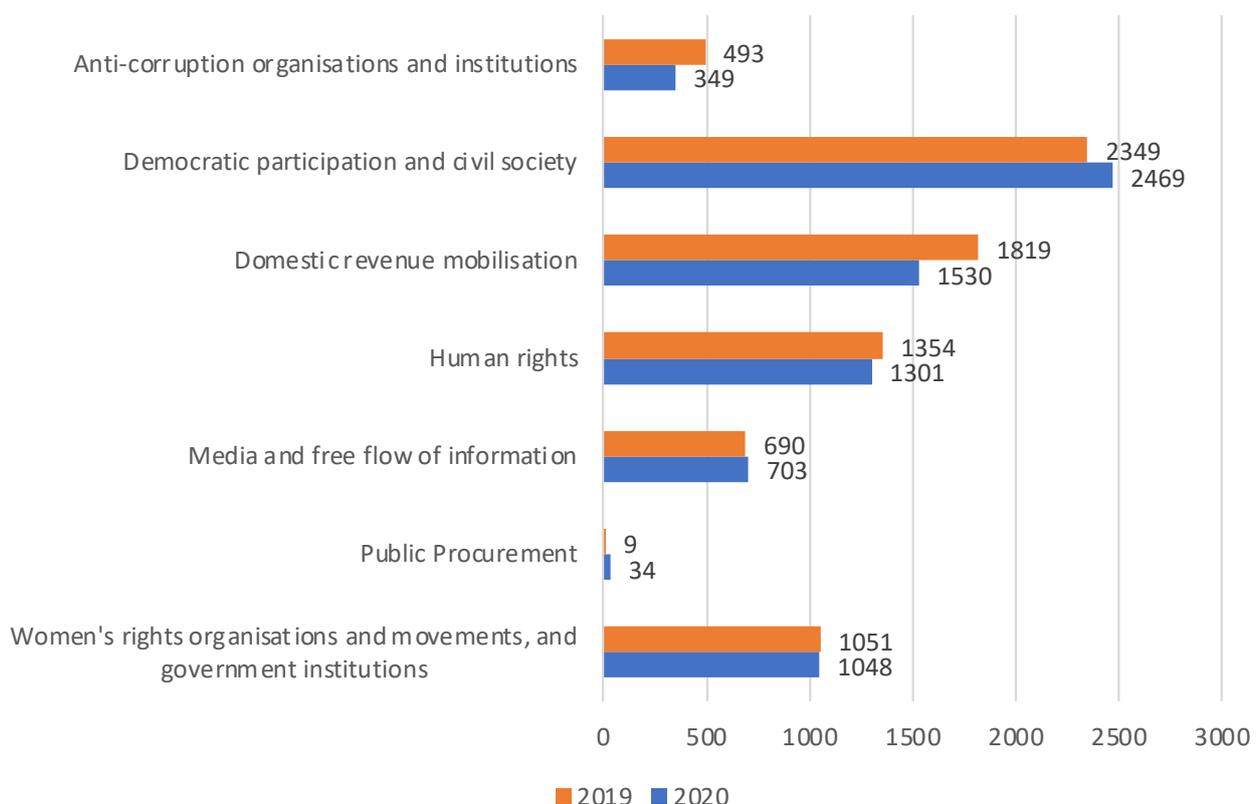
In some cases, these decreases reflect a change in disbursements from MFIs. The drop in disbursements to anti-corruption appears to arise from a substantial decrease of over \$100 million by the IADB. In 2019, \$200 million in its anti-corruption funding went to Argentina, and in 2020, these disbursements ended. For DRM, the decrease reflects a drop in disbursements from IBRD of about \$831 million. This more than offset the increases to DRM from IDA, France, Germany, and others.

The drop in disbursements to human rights was not due to MFIs but is mostly due to cuts from the US (over \$21 million) and the UK (over \$36 million). In the case of the UK, this was likely part of the overall cut to ODA. In the case of the US, there are many cuts (such as over \$15 million in fewer disbursements to Benin), but there are also increases across many countries and regions, such as \$15 million more to Costa Rica. We don't have sufficient information to say if this reflects changes due to COVID-19, other kinds of re-prioritization, past programs expiring, or other factors.

Some sub-sectors saw relatively little change, including media and free flow of information, legal and judicial development, and “women’s rights organizations, movements, and government institutions.” These areas saw disbursements change less than 2% from their 2019 benchmarks.

Some other sub-sectors saw increases in 2020. Democratic participation and civil society funding was up by \$119 million and public procurement by over \$25 million. For democratic participation, there wasn’t just a single funder increasing, rather many funders did so, including the US (over \$91 million), OSF (almost \$56 million), Germany (over \$31 million), EU institutions (over \$29 million), Switzerland (over \$16 million), Sweden (over \$12 million), and France (over \$11 million). Public procurement’s increase was due to more reporting from IBRD (almost \$13 million) and IDA (almost \$16 million). Bilateral donors still do not report much to this code. Last year, we speculated this may be an [error](#), which remains a question.

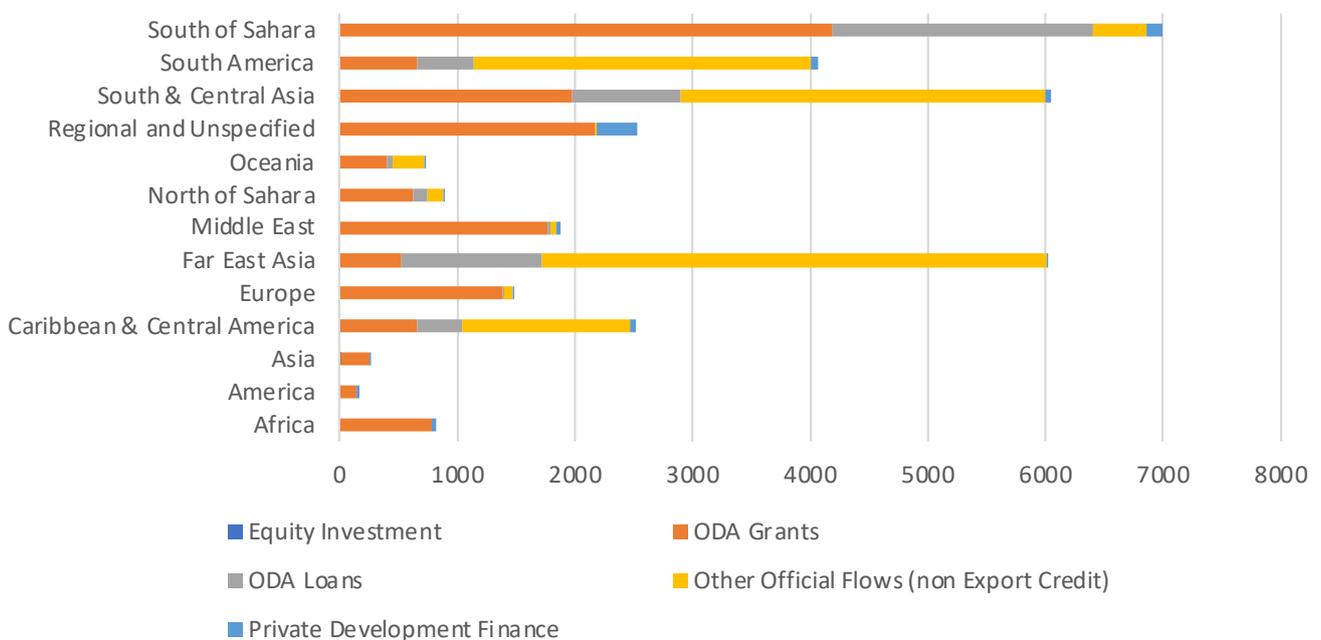
Figure 2. Detail on Funding Disbursed to Select Purpose Areas in 2019 and 2020 in USD Millions



Who were the intended beneficiary regions and countries for the funding?

In 2020, using the DAC region categories⁴, sub-Saharan Africa was the top region designated as benefitting from these funding flows. It also had the highest disbursements of ODA grants and loans, as well as the highest amount of private development finance after Regional and Unspecified. South and Central Asia and Far East Asia were second and third in terms of the overall flow amounts, with very high proportions of OOFs. See Figure 3.

Figure 3. Funding Disbursed to Government and Civil Society by Region and Type of Flow in USD Millions



What about specific countries?

Some of the largest increases were for middle income countries due to pandemic assistance loans: the Philippines (\$1.8 billion more in 2020), Peru (\$1.3 billion), Indonesia, (\$743 million), Paraguay (\$650 million), Pakistan (\$615 million), Nigeria (\$523 million), Dominican Republic (\$519 million), and India (\$517 million). At the same time, there were also large decreases in flows disbursed for government

⁴ In our dashboard, we've also created the ability to look at continents. On that basis, Asia was the top recipient.

and civil society to mostly middle-income countries: Mexico (down \$528 million), Argentina (\$508 million), Afghanistan (\$400 million), Costa Rica (\$339 million), and Egypt (\$304 million).

Looking at sub-Saharan Africa specifically, in addition to Nigeria's increase, Kenya, Ethiopia, and Uganda also saw disbursements increase over \$200 million each. On the other end, Gabon, Angola, Togo, Senegal, Cabo Verde, and Rwanda saw decreases of over \$10 million. These trends continued to concentrate funding in Nigeria, Kenya, Ethiopia, and Uganda—the top four recipient countries for governance-related funding in Africa. Looking at ODA grants alone and excluding loans, the top recipient in Africa is Somalia followed by Ethiopia.



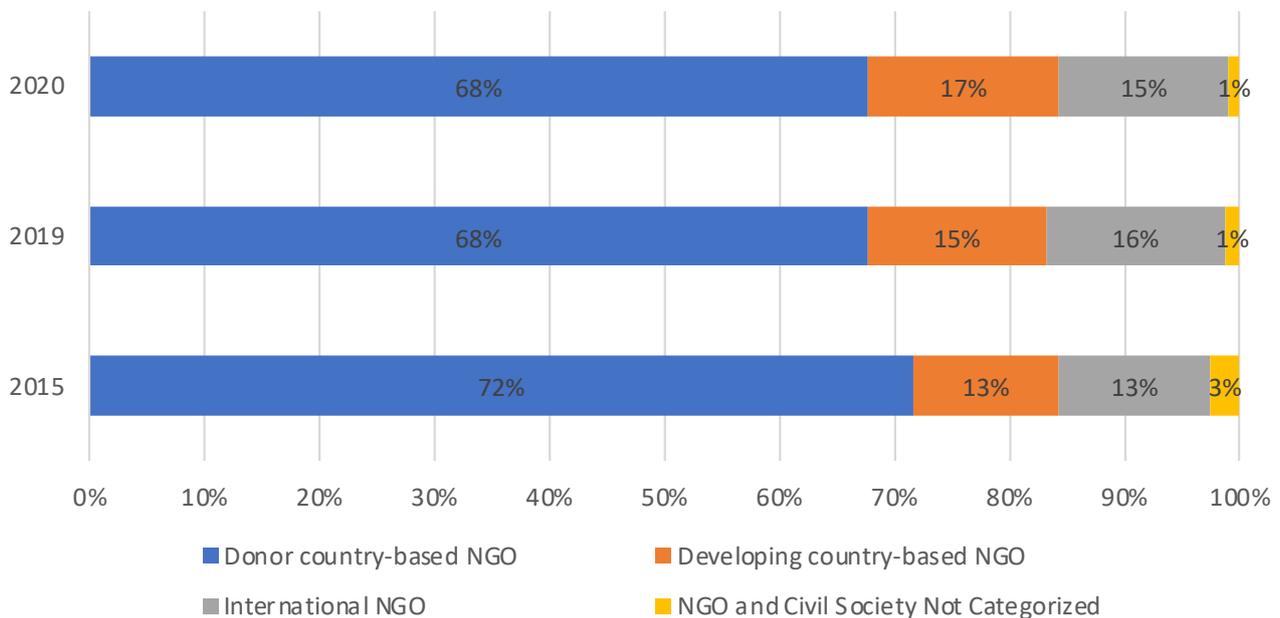
Who received the funding? The OECD DAC collects information on the “channel” for funding, recording what type of entity received it. The top “channel” by far was recipient government entities. Recipient governments in general and their central governments were disbursed over \$18 billion. As discussed above, governments were a principal recipient for ODA loans and OOFs.

More surprising, the next highest recipient was donor-country governments and government entities. They received at least \$2.5 billion⁵. This can reflect support technical assistance, communications, and other functions, but this funding obviously was not to developing country institutions.

Overall, non-government organizations (NGOs) received over \$4 billion in 2020, almost \$150 million more than in 2019. Thus, funders were not cutting funding to civil society overall in the first year of the pandemic. However, most of this increase, over \$101 million, went to donor-country based NGOs.

Last year, TAI took a look at the type of NGOs receiving funding for governance work and found that in 2019, 68% of funding was disbursed to donor-country NGOs. That trend continued in 2020. The absolute amount of funding to both donor and developing country NGOs was up, but the percentage through donor country NGOs remained at 68%. See figures 4 and 5⁶. We see that the localization agenda, at least in this sector, did not make much progress despite [calls](#) to support more organizations in countries directly.

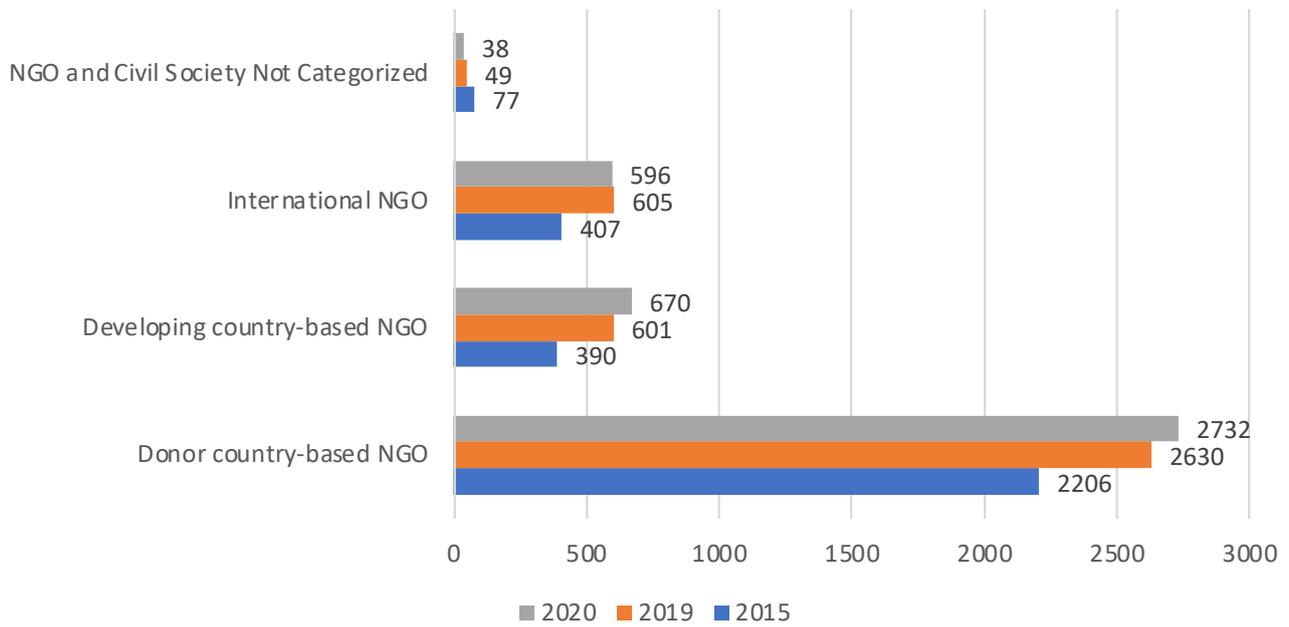
Figure 4. Percentage of Funding to Government and Civil Society Sector through Type of NGO in 2015, 2019, and 2020



⁵ The overall disbursements to donor country governments may have been substantially higher. There is a general code for public sector institutions that does not fully specify what kind of institution, and almost \$3.5 billion was reported to it.

⁶ This analysis uses the DAC's categories for NGOs, which separates international NGOs from other types and includes some NGOs without a country categorization.

Figure 5. Absolute Funding Disbursed to Government and Civil Society Sector by Type of NGO in 2015, 2019, and 2020 in USD Millions





Conclusion

International funding to government and civil society did increase during the first full year of the pandemic, and much of this increase was to governments through loans for essential government purposes, such as PFM. The heightened role of MFIs was proven out in the data, with billions flowing from them for pandemic and economic crisis response. Thus, ODA loans and OOFs increased much more than ODA grants. This also shows up in the changes in top recipient countries, with those receiving large loans showing substantial increases.

The EU stands out for its large increase in ODA grants to the sector. At the same time, some bilaterals decreased grant funding in 2020, especially the UK and the US.

Overall, private development finance from foundations was down to the sector in 2020. This kind of funding is often viewed as catalytic and especially valuable to civil society, so TAI hopes that this trend was reversed in more recent years.

In terms of who was receiving the funding, developing country governments were the top recipients, receiving billions in loans and also direct ODA grants. In addition, funding to NGOs was up by \$150 million. Even though, funding for civil society did not drop in 2020, there were also higher needs for funding. The increase was relatively minor when considering it was for all countries, and CSOs were also under pressure due to economic crisis and lock down.

Donor-country based NGOs still received the bulk of funding disbursed, 68% compared to 17% for developing-country based NGOs. Despite calls during the pandemic to increase direct funding to organizations in developing countries, this mostly did not happen.

TAI will continue to undertake this kind of funding analysis going forward. We see it as helping funders and partners see their own fits in the overall bigger picture, test assumptions about underlying trends, and inform advocacy. For example, funding data shows that despite calls during the pandemic to increase direct funding to organizations in developing countries, this mostly did not happen.

Next year, when data for 2021 is released, we will be looking to see if the overall level funding leveled off or decreased, if MDBs and other major donors maintained funding, and how the key purpose areas like human rights and anti-corruption

changed. We will also be looking at how private development finance changed. TAI's data suggests that there were fewer new grants made in 2021 compared to 2020⁷. Candid has already found that foundations may have dropped their funding in 2021 compared to 2020⁸, and TAI also sees this in its grants data. We will be looking at this in the context of larger funding trends.

⁷ See TAI's grants database, <https://www.transparency-initiative.org/blog/9545/tpa-funding-data/>.

⁸ Stephanie Beasley, "US foundations decrease global COVID-19 giving despite ongoing needs," Devex, June 3, 2022.