# Introduction

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At first glance, the overarching topic of this publication, graduation from Official Development Assistance (ODA)[1], describes a quite simple technical procedure, defined through the criteria set out by the Organisation for Economic Co-operation and Development's (OECD) Development Assistance Committee (DAC): when a country passes the threshold of approximately 12,000 USD income per capita and is therefore listed in the high-income category for three consecutive years, it is no longer eligible to receive ODA-financing. This 'ODA graduation' does not mean that any form of cooperation with these countries must cease, but that it cannot be counted as ODA anymore and does not contribute to reaching the 0.7% ODA/GNI target.[2]

However, a closer examination reveals that ODA graduation relates to a variety of political and economic questions. These connect with different topics, such as identities and alignments of countries in transition, policy implications for both graduating countries and DAC donors, financing tools for development, innovative modes and instruments of cooperation and the role of private actors and civil society. In that way, graduation links with some current major debates in international cooperation, embracing both a macro and a micro level, a global, regional and national scale, as well as a northern and a southern perspective.

A list published by the OECD in 2014[3] expected 29 countries and territories with a total population of 2 billion people to graduate from ODA by 2030. The list included China and other G20 countries such as Brazil, Mexico and Turkey, medium-sized and small countries such as Malaysia, Gabon and Uruguay, as well as a range of small island countries. Economic circumstances have changed and not all the countries listed have continued their growth, so ODA

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1    ODA is defined as "official government resources that promote and specifically target the economic development and welfare of developing countries under concessional financial terms". See contribution by Ida Mc Donnell in this publication.
2    Most DAC members (with the exception of the United States and Switzerland) commit to the target of raising ODA spending to 0.7% of their national income. See OECD 2019.
3    OECD 2014.

graduation is not easy to predict. Therefore, and for other reasons, several countries and scholars have criticised the criteria for ODA graduation as too narrow.[4]

Within the current changes in the international system, emerging countries, many of which appear on lists for ODA graduation, play an outstanding role. Global world orders and relations of power are shifting. The number of important players in the multipolar international landscape is increasing. The transition in the global system has created feelings of insecurity, and the multilateral system is being challenged from various sides. At the same time – with the 2030 Agenda for Sustainable Development – the international community has agreed on an ambitious set of goals and principles that address sustainable development from at least three different angles, economic, social and ecological, which affects the responsibilities of several policy areas and poses substantial questions relating to policy coherence. There is broad consensus that emerging countries are crucial for achieving the Sustainable Development Goals (SDGs) and for protecting and providing global public goods. ODA still has an important place within the 2030 Agenda, especially regarding support for Least Developed Countries (LDCs). However, under the new paradigm of universality enshrined in the 2030 Agenda, every country must tread its own path towards sustainable development, regardless of national income levels. This contrasts with the traditional donor-recipient logic which ODA stands for. The Agenda also emphasises the importance of partnerships on an equal footing and new forms of collaboration, such as South-South and triangular cooperation[5], which have been repeatedly underlined since then, e.g. at the Second High-level United Nations Conference on South-South Cooperation ('BAPA+40 Conference') in 2019.[6]

In this context, several questions arise with regard to the implications of an increasing number of countries reaching high-income status and graduation from ODA: How do these implications differ in relation to a transitioning country's size, economic structure and political weight? How is the process of transition related to reflections on identity and affiliation, different needs and expectations, and priorities and strategies? What will happen with respect to developmental challenges that persist even post-graduation, such as high levels of social inequality and high exposure to external shocks? How do countries in transition prepare and position themselves for the process of graduating from ODA, and how does that connect with the South-South cooperation many countries increasingly provide?

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4    See, for example, Ravaillon 2013 or Vignolo/Van Rompaey 2020.
5    South-South cooperation is defined by the UN as "a broad framework of collaboration among countries of the South in the political, economic, social, cultural, environmental and technical domains". Triangular cooperation "is collaboration in which traditional donor countries and multilateral organisations facilitate South-South initiatives through the provision of funding, training, management and technological systems as well as other forms of support". See UNOSSC 2018.
6    See UNGA 2019.

Questions have also come up about how the graduation process of a country affects its international partners. Do they develop exit strategies that help to preserve development successes, established networks and links of trust? How will they sustain long-term relations with the countries in transition and foster value-based partnerships in a strategic manner, for instance to address global challenges together also beyond ODA? How do they learn from emerging countries' experiences regarding development challenges, like internal social and economic inequalities, environmental threats, etc., which are increasingly affecting them as well? Should they rethink their priorities and initiate structural changes in order to adapt to these new situations?

All these questions link ODA graduation to the changes and innovations that are currently taking place in the international (development) cooperation system, with regard to both systemic and technical issues. In terms of modalities, these include the rise of multi-stakeholder partnerships, global funds and networks or triangular cooperation. Next to international organisations and governmental institutions, this involves non-state actors like private companies, civil society, multilateral development banks and transnational networks. Implementing new knowledge sharing approaches – that are developed both within and without the current development cooperation system – also requires additional sources of and tools for financing sustainable development. These discussions are driven by the need to find new ways of achieving sustainable development between an ever-closer North and South and exchanging solutions regardless of a country's developmental status, and they become even more urgent when ODA-based relations are coming to an end.

The points mentioned underline the relevance of ODA graduation from both an academic and a political perspective and explain the motivation which lies behind this publication. In 2018, the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) launched an internal research-oriented project which aimed to analyse ODA graduation processes, their implications for countries in transition and international partners, as well as the effects on the future of the development cooperation system. As a first component of this project, GIZ supported the Overseas Development Institute (ODI) in conducting case studies in four countries at different stages of graduation from ODA: Botswana, Mexico, Chile and the Republic of Korea. Based on semi-structured interviews with representatives from governments, non-governmental organisations (NGO) and academia, the researchers explored the experiences and needs of these countries and made recommendations for managing transition processes, cooperation with development partners and cooperation beyond ODA.[7]

This publication is the result of the second component of the project, which draws on the findings of the first part. Based on the insights of the country studies, it aims to broaden the discussion on ODA graduation and highlight its

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7    The key results of the studies are outlined in the contribution by Annalisa Prizzon in this publication.

systemic and political implications, in order to enhance current debates on international cooperation and discuss a variety of analytical and practice-related questions.

This is done through moderated dialogues[8] on key topics in which the experts invited share personal views on graduation and the transition in international (development) cooperation. Following only a few guiding key questions, the purpose was to create space for a fruitful dialogue and an open exchange of ideas – to experience and mirror the "beauty of the imperfect", as one of the contributors remarked. In total, seven discussions were recorded and transcribed in January and February 2020. Complementary "spotlights" zoom in to specific (sub-)topics related to the focus of the dialogues by emphasising a critical or particular aspect of the respective theme, or by presenting an exemplary initiative or programme.

The selection of the discussants and authors emphasises diversity. Among the contributors are 18 women and 13 men, living and working in 15 different countries (and 9 different time zones) in Africa, Asia, Europe, and North and South America. They are academics, analysts, practitioners, development bankers, social entrepreneurs and representatives of ministries, implementing agencies and international organisations. This opens the stage to a broad scope of perspectives that shed light on the topic from various angles and mutually enrich each other, in order to reflect the multiple facets that ODA graduation can entail.

The first spotlight text by Ida Mc Donnell defines Official Development Assistance and provides a brief history and some key statistics that underline ODA's economic and political relevance. She discusses the role of ODA in adapting to the 21st century's challenges and contributing to the SDGs.

In the second spotlight, Annalisa Prizzon, who was the principal researcher at ODI to conduct the four case studies mentioned above, outlines their key findings. She identifies common trends and lessons in the transition from aid, which are a reference point for the following sections.

In the first dialogue, Imme Scholz and Elizabeth Sidiropoulos assess the global 'status quo' and embed ODA graduation into the shifting global system.[9] They examine roles and settings in international relations, highlight ongoing changes in world politics, such as the contestations of multilateralism, address the major challenges that both northern and southern countries are facing and draw conclusions for international development cooperation.

The second dialogue focuses on the implications, challenges and opportunities of ODA graduation for countries in transition.[10] Noel Gonzalez, Xiaojing

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8    Each discussion was held in a virtual format, co-moderated by an expert and the project manager. The latter also gave a general introduction to the topic of graduation – similar to the messages given in this introduction.

9    Dialogue 1 was facilitated by Andreas Proksch and Juliane Kolsdorf.

10   Dialogue 2 was facilitated by Carolina de la Lastra and Juliane Kolsdorf.

Mao and Karen van Rompaey look at graduation processes from the perspective of countries approaching graduation or having graduated. They underpin the different implications that ODA graduation can have for a country depending on its size and political relevance. The discussants debate the consequences of graduation for national and global developmental challenges, potential shifts in identities and affiliations and the transition from being a recipient towards being a provider of development cooperation.

Two additional spotlights complement this section. Thorsten Giehler discusses the case of China from his German development cooperation perspective. He argues that (former) donors have difficulty justifying the provision of development assistance to China, but due to strategic considerations still have a substantial interest in remaining engaged with the country and seeking new forms of cooperation.

Rachel Hayman highlights the role that civil society plays in achieving sustainable development and analyses the effects of ODA graduation on this particular group of actors. She also provides some suggestions as to how international cooperation actors can strengthen civil society, and civic space more generally, in countries in transition.

The third dialogue takes the perspective of DAC donors.[11] Corinna Küsel, Ivan Pavletic, Annalisa Prizzon, Anna Rahm and Markus Schrader share their tools and experiences in practice and research on managing transition processes and exiting from partner countries. They further discuss the strategic and political implications of ODA graduation for 'donor' countries' governments and implementing agencies, debating how long-term relations with graduating countries can be sustained after withdrawing and which modes of cooperation can be pursued beyond ODA.

The fourth dialogue emphasises the systemic aspects of ODA graduation and focuses on global goals and strategic partnerships.[12] Joseph D'Cruz, Yuefen Li, Stephan Klingebiel and Philani Mthembu identify persisting patterns and recent trends in the international landscape. They analyse the role of ODA and transition processes in the 2030 Agenda, taking southern perspectives and the principle of universality into account. Thereupon, they discuss how the system of international (development) cooperation could be transformed and what forms of cooperation are needed to achieve the SDGs in and through graduating countries.

The fifth dialogue links ODA graduation to questions of financing for development.[13] Fanwell Bokosi and Shari Spiegel embed processes of transition from aid into international and domestic financial systems and discuss current trends and challenges in that respect. They highlight the Addis Ababa Action Agenda as the central framework for financing sustainable development and indicate ODA's catalytic role in the international financial architecture. The

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11  Dialogue 3 was facilitated by David Nguyen-Thanh and Juliane Kolsdorf.
12  Dialogue 4 was facilitated by Luiz Ramalho and Juliane Kolsdorf.
13  Dialogue 5 was facilitated by Ana Kemlein and Juliane Kolsdorf.

discussants also point out possible new sources of financing beyond ODA and suggest systemic reforms needed to achieve sustainable development.

This debate is complemented by a spotlight on transition finance by Olivier Cattaneo and Cecilia Piemonte. The authors outline OECD's recent work on this issue, which intends to support DAC members in managing transition in partner countries better by finding adequate financial support.

In the sixth dialogue, Riad Ragueb Ahmed, Citlali Ayala, Semih Boyaci and Ulrich Wehnert debate modes of, ideas for and innovations in cooperation beyond ODA.[14] The discussants emphasise the necessity of new visions and perspectives that break with the traditional donor-recipient logic and move towards partnerships on an equal footing. Thereby they reflect the role of different actors and explore new tools and instruments to exchange knowledge on and find solutions to sustainable development.

Two additional spotlights illustrate the experiences of global networks and the incorporation of the private sector in this regard. Nora Sieverding presents the Global Alliances for Social Protection, a global project of German development cooperation that aims at fostering international dialogue and technical exchange on social protection, with a special focus on middle- and upper-middle-income countries.

Semi Boyaci introduces the Impact Hub, a network with 102 representations around the world, which builds communities of social entrepreneurs, empowering private actors especially from the South and facilitating and scaling innovations for sustainable development.

The seventh dialogue finally resumes a topic that has been mentioned in various occasions when it comes to new forms of international cooperation: the role of South-South and triangular cooperation.[15] Orria Goni, Nadine Piefer-Söyler, Martín Rivero and Rita Walraf discuss prospects and challenges for South-South and triangular cooperation, referring to different regional and institutional contexts. They argue how these modalities could be further promoted and improved in relation to transition processes and in a setting beyond ODA.

This is exemplified in a spotlight by Shams Banihani that briefly presents the UN South-South Galaxy, a global knowledge sharing platform set up by the UN Office for South-South Cooperation (UNOSSC) which aims to scale up South-South and triangular cooperation through digital technologies.

In their conclusions and outlook the editors, together with Carolina de la Lastra, reflect the different sections and identify key topics that can be found in all dialogues and connect with each other in multiple ways. Drawing on these, this publication gives an outlook on the pathways to a possible future beyond ODA and discusses parameters of change with the vision of a new universal partnership based on global goals and knowledge sharing.

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14  Dialogue 6 was facilitated by Ulrich Müller and Juliane Kolsdorf.
15  Dialogue 7 was facilitated by Christof Kersting and Juliane Kolsdorf.