



A REVIEW OF THE ROLES AND ACTIVITIES OF NEW DEVELOPMENT PARTNERS



Penny Davies

January 2010

CFP Working Paper Series No. 4

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The findings, interpretations, and conclusions expressed in this paper are entirely those of the author(s). They do not necessarily represent the views of the World Bank Group, its Executive Directors, or the countries that they represent and should not be attributed to them.

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Abstract

This report presents an overview of the diverse roles and activities of new sovereign development partners as providers of development assistance. It was prepared as a background study to the international conference on “New Partnerships in Global Development Finance,” hosted by the Russian Federation with support from the World Bank and the OECD, on February 17-18, 2010. While it is difficult to categorize which countries count as “new development partners,” and the paper outlines methodological challenges, there has been a substantial increase in the number and engagement of countries providing various types of development assistance outside traditional Development Assistance Committee (DAC) members. Their principles and approaches vary. Assessing their aid volumes is challenging due to lack of systematic reporting. Aid volumes from these new sources are estimated at around \$12 to \$15 billion in 2008, equivalent to 10-12 per cent of official development assistance (ODA) provided by traditional DAC donors. The paper includes detailed figures on new development partners’ assistance channelled through the World Bank (IDA and trust funds). It shows that contributions to IDA from new development partners have been increasing rapidly, albeit from a small base. The increased engagement of development partners brings both opportunities and challenges. Suggestions are put forward in the report on how to make best use of the new dynamic in development assistance to enhance development results on the ground.

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Abbreviations and Acronyms

AAA	Accra Agenda for Action
AfDB	African Development Bank
AsDB	Asian Development Bank
BASIC	Brazil, South Africa, India, and China
BRIC	Brazil, Russia, India, and China
BRICS	Brazil, Russia, India, China, and South Africa
CFMT	Concessional Finance Monitoring Tool
CIS	Commonwealth of Independent States
DAC	Development Assistance Committee
DIE	German Development Institute
DRC	Democratic Republic of the Congo
EU NMS	European Union New Member States
EU	European Union
EXIM Bank	Export-Import Bank
FIF	Federal International Finance
FOCAC	Forum on China Africa Co-operation
FY	Fiscal Year
GEF	Global Environment Facility
GFATM	Global Fund to Fight AIDS, Tuberculosis and Malaria
GHA	Global Humanitarian Assistance
GNI	Gross National Income
HIPC CBP	Heavily Indebted Poor Countries Capacity Building Programme
HPG	Humanitarian Policy Group
IADB	Inter-American Development Bank
IBSA	India, Brazil, South Africa
IBSA	India-Brazil-South Africa
IDA	International Development Association
IDRC	International Development Research Centre
IFAD	International Fund for Agricultural Development
MDGs	Millennium Development Goals
MDRI	Multilateral Debt Relief Initiative
NAM	Non-Aligned Movement
ODA	Official Development Assistance
ODI	Overseas Development Institute
OECD	Organisation for Economic Co-operation and Development
OPEC	Organization of the Petroleum Exporting Countries
PPI	Private Participation in Infrastructure
PPIAF	Public-Private Infrastructure Advisory Facility
SADC	South African Development Community
SSC	South-South Cooperation
TF	Trust Fund
UAE	United Arab Emirates
UN ECOSOC	United Nations Economic and Social Council
UNDP	United Nations Development Programme

UNFPA	United Nations Population Fund
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UNIFEM	United Nations Development Fund for Women
UNRWA	United Nations Relief and Works Agency for Palestine Refugees in the Near East
WFP	United Nations World Food Programme

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Executive Summary

- i. This report presents an overview of the diverse roles and activities of new sovereign development partners¹ as providers of development assistance. It was prepared as a background study to the international conference on “New Partnerships in Global Development Finance”, hosted by the Russian Federation with support from the World Bank and the OECD, on February 17-18, 2010.
- ii. In recent years there has been a substantial increase in the number and engagement of actors providing various types of development assistance, which is reflecting and generating a new dynamic in global development finance.
- iii. Although some of the principles of the new development partners (and in particular Southern providers of assistance) and those of DAC donors differ from each other, there is a shared interest in ensuring that aid is effective and that it contributes to the achievement of partner country development objectives, including the Millennium Development Goals (MDGs).
- iv. Assessing aid volumes of new development partners is challenging, as several do not systematically collect or report their assistance in comparable formats and there is no globally agreed definition of development assistance.
- v. Several new development partners have scaled up their assistance and have set targets for further increases. Based on reported official development assistance (ODA) by non-DAC donors and on a compilation of the latest available estimates of contributions by the BRICS countries, **the total assistance from new development partners is estimated to around \$12 to \$15 billion in 2008**, equivalent to 10-15 per cent of ODA provided by traditional DAC donors.
- vi. The proportion of assistance channelled multilaterally varies among individual new development partners. On average, new development partners channel about 18 per cent through multilaterals, which is lower than the average (30 per cent) for traditional DAC donors. Those providing smaller volumes, such as the EU New Member States (EU NMS), provide a high share, while those with larger volumes channel less through multilateral channels.
- vii. Aid channelled through the World Bank’s International Development Association (IDA) has been growing, albeit from a small base. In relative terms, contributions to World Bank-administered trust funds are about half those for IDA and are mainly directed to global programs for which the Bank may have no operational role.
- viii. Geographical proximity is an important factor in determining the direction of bilateral assistance of new development partners, and that of Southern bilateral cooperation in particular. However, overall aid programs demonstrate a wide geographical reach and the focus on Africa in

¹ The terminology “new development partners” is used in the report while recognizing its limitations. As a category it not only refers to new and emerging donors, but also includes countries who may have already a long history of providing development aid, but are not members of the OECD/DAC or have been over the years both providers and recipients of development aid.

particular is increasing. As for many DAC donors, political considerations also influence the geographical direction of development assistance flows of new development partners, as does the promotion of trade and investments.

ix. New development partners, like DAC donors, tend to focus assistance on the poorer countries, and to a large extent, recipients converge. There are also examples of assistance being provided to countries which DAC donors do not support to the same extent.

x. In general, all development partners focus their assistance in sectors where they have specific competencies based on their own development experiences. Southern providers tend to focus their assistance on infrastructure development and productive sector investments. The financing is to a large extent complementary to that of DAC donors. Infrastructure financing in Sub-Saharan Africa has grown substantially. Several new partners show similarities to DAC donors in terms of sector prioritization, and assistance is directed to a diversity of sectors, including social sectors.

xi. New partners provide diverse types of assistance though the mainstays are project assistance and technical cooperation. In contrast to assistance from DAC donors, program and budget support is not frequent. Project assistance from non-DAC, including Southern providers, is almost always tied to the purchase of goods and services. Different forms of assistance are frequently mixed and delivered in so-called package deals which include other financial flows beyond aid.

xii. With regard to concessionality, on a general level Southern contributors offer highly concessional loans to the poorest countries, and to a lesser extent, to middle and higher income level countries. Whilst levels of concessionality suggest that there is little evidence of lending constituting a risk for debt sustainability, lack of data on terms of loans poses a challenge to the appraisal of the impact of new borrowing on developing countries.

xiii. The increased engagement of development partners brings both opportunities and challenges. New development partners make increased resources available for partner countries to support development goals, in a way that may be complementary to resources from other donors. Moreover, they bring their own relevant experiences and lessons to share in addressing poverty and managing assistance and may have comparative advantages in establishing strong partnerships with partner countries given regional, cultural, linguistic and historical similarities. These factors can enrich the dialogues and broaden the approach to aid effectiveness on a global as well as partner country levels.

xiv. But there are challenges as well. There is at times a lack of information on volumes and terms of assistance, which poses difficulties to assess resources availability and inhibits accountability. In some instances, concerns have been raised about adherence to aid effectiveness principles and social and environmental standards, which also are challenges for all development partners. The diversity in development partners also poses challenges for national aid management systems in partner countries. The new development partners may themselves need to build institutional and human capacities for delivering assistance, including systematic reporting.

xv. Suggestions are put forward in the report on how to make best use of the new dynamic in development assistance to enhance cooperation and development results.

- **Establish inclusive dialogues and processes for mutual learning:** Dialogues on development finance and aid effectiveness need to become more inclusive so as to better incorporate the diverse experiences of new development partners beyond those already involved. All partners can learn from each other.
- **Strengthen collaboration to draw on the comparative advantages of different development assistance providers:** Ensuring complementarity of assistance to avoid duplication, and harmonising aid while retaining the diversity of options available for partner countries are keys. Triangular cooperation has been identified as one way forward for enhancing collaboration.
- **Enhancing transparency and exchange of information between development partners:** Transparency of aid volumes, how aid is targeted and priorities set, is essential for mutual learning on how to best achieve development results, for increasing complementarity of providers of assistance and for fostering accountability. Agreement is needed on definitions and methodologies for how to measure volumes and impact of different types of development assistance in a joint process,
- **Strengthening partner country ownership to maximise development results:** Supporting national ownership is a key guiding principle shared by different development assistance providers; all providers of development assistance should align their assistance to partner country priorities and partner countries should in turn exercise strong leadership in managing the diversity in assistance.
- **Joint commitment to ensure effectiveness and long term sustainability of assistance:** It would be desirable that all development assistance providers commit to common principles aimed at enhancing the effectiveness of aid as well as to nationally and internationally agreed social and environmental safeguards.

A. Introduction

1. In recent years there has been a rapid increase in the number of actors providing various types of development assistance. In particular, there has been a rapid growth in funding from a diverse set of bilateral development assistance providers who are often referred to as “non-DAC donors”, “new” or “emerging donors”, for lack of better definitions.
2. This group includes countries with no obvious common agenda or characteristics, ranging from richer middle income countries to poorer developing countries, with different development experiences and approaches for providing development assistance. Some have long histories of providing assistance, while others are newcomers or are re-engaging after a period of intermission. Some are both providers and recipients of aid, or were so until recently. Some are using DAC standards and definitions as a reference point and some are providing development assistance within the framework of South-South co-operation.
3. The increased engagement of “new development partners” reflects a new dynamic in the global development aid landscape. This new dynamic creates both opportunities and challenges for developing countries in pursuing their national development goals and in forging new strategic partnerships to tackle global development challenges, including poverty.

Purpose, Methodology and Constraints²

4. This report was prepared as a background study to the international conference on “New Partnerships in Global Development Finance”, hosted by the Russian Federation with support from the World Bank and the OECD, on February 17-18, 2010. The report focuses on the development assistance/aid from new bilateral development partners. The purpose is to give a broad picture of the diverse roles and activities of the new development partners and some of the opportunities and challenges related to the increased diversity in and engagement of different development assistance providers. Suggestions of ways forward are made for how to make best use of this new dynamic to further enhance cooperation and development results.
5. The terminology “new development partners” is used in the report while recognizing its limitations as many are not new at all.
6. The report is a desk study that summarises existing information from a growing body of literature on the roles, policies, and practices of new development partners. It looks at six different key areas: the guiding principles for providing assistance, recent trends in the volumes of assistance, channels of assistance, the regional and sector focuses, and finally, the different types of assistance. The activities of eleven countries have been studied in some details (based on available information) and are used as examples to illustrate these areas.³ Data availability is a challenge due to uneven reporting and lack of systematic and comparable data, and hence the report does not claim to be comprehensive.

² See Appendix 1 for further reflections on methodology and constraints.

³ The eleven countries that have in particular been looked into are: four of the new EU member states – the Czech Republic, Hungary, Poland and the Slovak Republic, the Republic of South Korea and Turkey, and the five so-called BRICS countries – Brazil, Russia, India, China, and South Africa. Together they represent a large part of the assistance from new development partners and include a wide range of practices beyond the North-South or DAC – non-DAC divisions. South Korea is a member of the DAC as of 1 January 2010.

B. Guiding Principles and Approaches

7. Guiding principles of new development partners vary to a great extent given their heterogeneity and their different experiences in delivering development assistance. Likewise, the extent to which the guiding principles are similar or different to those of DAC donors also varies.

8. **For non-DAC OECD members and EU New Member States (EU NMS) not members of the OECD, DAC principles and standards are a relevant reference point.**⁴ As such, countries like the Czech Republic, Hungary, Poland, and the Slovak Republic all aim to define and implement their aid policies in conformity with the principles and practices laid out by the OECD and the EU, including the European Consensus on Development Cooperation. They also adhere to the Paris Declaration on Aid Effectiveness. Similarly, Turkey also adheres to the Paris Declaration principles as does South Korea (which became a DAC member as of 1 January of 2010). As for many DAC donors, even if these principles are accepted, fulfilling them is a continued challenge.

9. **For Southern providers of development assistance⁵, the principles and approaches are to some extent distinct from those of DAC donors.** Assistance is provided under the broader framework of South-South cooperation which often includes other financial flows beyond aid as defined by the DAC.⁶ Southern development assistance providers, including China, Brazil, India, and South Africa, are reluctant to describe themselves as donors or to use the terminology of donor-recipients.⁷ Key guiding principles are southern solidarity, mutual benefit/cooperation, often arising from a long and shared history with partner countries. The latter reflects that benefits of the provider of assistance are explicitly seen as important in the partnerships.

10. **Southern providers put emphasis on equality of states, self-determination and non-interference in the internal affairs of another state.** The non-interference principle is part of the Bandung Principles, which was adopted in 1955 and remain important guidelines for the so-called Non-Aligned Movement (NAM) and South-South Cooperation (SSC).⁸ Accordingly, countries like China, Brazil, and India claim not to attach policy conditions to their assistance.⁹ There is an ongoing debate on the advantages and disadvantages of non-interference, as well as the practice of conditionality.¹⁰ Key recognition has been given to the non-interference principle in the context of South-South cooperation by the international community in the *Accra Agenda*

⁴ Manning (2006) p.373.

⁵The term “Southern providers of assistance” is used in a study to describe various sovereign bilateral and multilateral providers of assistance. UN ECOSOC (2008).

⁶ UN ECOSOC (2009) p. Iii.

⁷ UN ECOSOC (2009) p. Iii and Braude et.al. (2008) p.6.

⁸ Chahoud (2008) p.2.

⁹ Ibid. It can be argued that tied aid is a form of condition albeit different from the types of conditions that push for reforms to take place in domestic political or economic processes. In the case of China, the one political condition it does apply and which, for example, is enshrined in its African Policy is the “one China principle”. It means that China expects the countries with which it develops state to state relationships not to give formal recognition to Taiwan. Aid is, however, channelled to African countries that do not recognise the one China principle. P. Davies (2007) p.57.

¹⁰ While the non-interference principle is appreciated for being non-intrusive and less bureaucratic in comparison with the conditionality of traditional donors, concerns have also been raised that there is a risk that non-interference might weaken social and environmental standards or efforts to promote good governance.

for Action (AAA), the outcome document of the 2008 Third High Level Forum on Aid Effectiveness.¹¹

11. **While some of the principles and approaches of the new development partners and those of DAC donors may be different, there is a shared interest in ensuring that aid is effective and that contributes to the achievement of partner country development objectives, including the Millennium Development Goals (MDGs).** The international discussions on aid effectiveness, including those on the Paris Declaration endorsed in 2005, have until recently been dominated by DAC donors with limited opportunities of non-DAC members to play an active part. This has resulted in a lack of ownership of the declaration. Nevertheless, there is an emerging consensus that the declaration's principles are relevant for enhancing aid effectiveness. For instance, many new partners in development apply or are committed to similar principles, including partner country ownership.¹² It has been stressed that rather than focusing on the differences between the principles of development partners, "efforts should focus on identifying how each approach can benefit from the distinct advantages of the other".¹³ Learning and experience sharing among all partners is important for being able to identify and replicate best practices that have generated sustainable development results.

C. Volumes of Development Assistance

Data Constraints

12. **Assessing aid volumes from new development partners is challenging as several do not systematically collect (or report) their development assistance in comparable formats.** Lack of coordination among ministries in donor countries, the absence of a central aid agency, and limited development of aid reporting and monitoring systems, are some factors explaining the lack of systematic data.

13. **Another challenge is the fact that there is no globally agreed definition of development assistance,**¹⁴ and that the DAC definition is not necessarily applicable or used. For many new partners, much of their assistance is provided in the form of South-South and/or triangular cooperation, and data to measure these modalities is particularly scarce.¹⁵

14. **There are differences among categorisations of what counts as "aid".** Some new partners do not include debt cancellations and refugee and students costs in their aid figures as DAC donors do. Aid is at times given in kind which is difficult to quantify in monetary terms. Assistance is often delivered in package deals, consisting of both ODA-eligible loans, according to DAC criteria, and those that are not. The mix between concessional and non-concessional funding makes it difficult to get a clear picture of the scale of aid from some countries in the near term.¹⁶

¹¹ *Accra Agenda for Action*, Paragraph 19e.

¹² OECD (2007) and Davies (2008).

¹³ Remark made by Talaat Abdel-Malek Co-chair of the Working Party on Aid Effectiveness at the Policy Dialogue on Development Co-operation Mexico City, 28-29 September 2009.

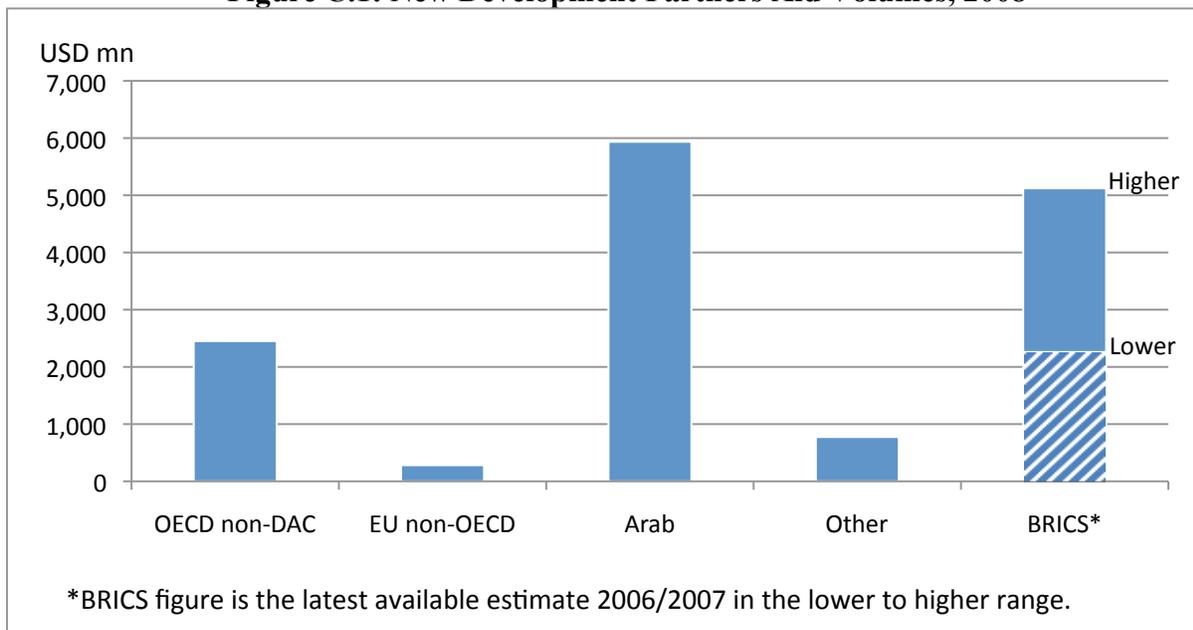
¹⁴ UN ECOSOC (2008).

¹⁵ In preparation for the 2010 Development Cooperation Forum, work is underway to define and improve data on South-South and triangular cooperation. UN ECOSOC (2009).

¹⁶ Manning (2006) p.377.

15. According to available data for 25 new development partners, total development assistance from these sources amounted to some US\$12-15 billion in 2008. This would account roughly for 10-12 per cent of overall DAC official development assistance (ODA) in that year. The figure includes US\$9.5 billion of ODA flows reported to the DAC by 20 countries plus US\$2.3-5.1 billion estimated for the so-called BRICS countries (Brazil, Russia, India, China, and South Africa),¹⁷ for which official data are not available. However, it excludes flows from important providers from Latin America (such as Venezuela) for which estimates are available, but are less reliable. (If these latter flows were added, development assistance flows would be close to US\$17 billion).¹⁸

Figure C.1: New Development Partners Aid Volumes, 2008



Source: OECD DAC except for data on BRICS.

16. Total ODA from the bilateral non-DAC donors that reported to the DAC amounted to US\$9.5 billion in 2008. This amount consists of:

- US\$5.9 billion from Arab countries (Saudi Arabia, Kuwait, United Arab Emirates);
- US\$2.4 billion from OECD non-DAC countries (Poland, Hungary, South Korea, Turkey, Czech Republic, Slovak Republic, Iceland);
- US\$283 million from EU non-OECD members (Estonia, Lithuania, Slovenia, Latvia, Lithuania, Romania); and
- US\$775 million from others (Chinese Taipei, Israel, Thailand, Liechtenstein).

¹⁷ For notes on the BRICS country grouping, see Annex 1.

¹⁸ Based on available figures from UN ECOSOC (2008), according to which Argentina, Chile, Venezuela, and Malaysia altogether in 2006 provided between \$1.2-2.5 billion in development assistance.

17. **There has been a sharp increase in total ODA from these country groupings since 2003, when the figure was US\$3.4 billion.**¹⁹ Although some of the increase can be explained by a rise in the number of countries reporting to the DAC, the bulk of the increase reflects growing aid volumes from individual donors, particularly Saudi Arabia, Turkey, and South Korea.²⁰ (See Annex 2 for more details.)

18. **Several new development partners have scaled up their assistance, and others have set targets for further increases.** Some are already providing assistance comparable to that of individual DAC donors.

19. **Arab donors²¹ have delivered substantial assistance for over three decades.** Around one-third of all ODA during the 1970s was from Arab donors. Between 1973 and 2007 their total ODA reached around \$115 billion (current prices), averaging 1.5 per cent of **combined GNI** during the same period. Although levels have dropped, Arab donors still provide high levels of ODA as per cent of GNI; 0.54 per cent for Saudi Arabia in 2007 which is above the DAC average (0.38 per cent of GNI). Saudi Arabia is by far the largest of the non-DAC donors that report their aid to the DAC, reaching around \$5.6 billion in 2008.²²

20. **The OECD countries that are not members of the DAC²³ have plans to scale up their aid.** The Czech Republic, Hungary, Poland, and the Slovak Republic have as EU members committed to increase ODA to 0.17 per cent of GNI by 2010 and to 0.33 per cent by 2015. The picture is somewhat mixed, with some increases as well as decreases in real terms and as percentage of GNI during the past years. South Korea and Turkey have both increased their aid levels, reaching \$802 million²⁴ and \$780 million respectively in 2008. Turkey has committed to the same ODA/GNI targets as the EU NMS in the framework of the country's negotiations for membership. South Korea has set its own ODA targets of 0.118 per cent of GNI by 2009 and 0.25 per cent by 2015, which would represent a six-fold increase in seven years.²⁵

21. **EU NMS that are not members of the OECD²⁶ have continued to increase their aid budgets although they provide less aid volumes.** The 2008 ODA figures represent an increase since the year before despite the impact of the crisis on their economies.²⁷ They have also committed to the EU ODA targets.

22. **Assistance from the BRICS countries is estimated to range from US\$2.3-5.1 billion in 2006/2007.**²⁸ These calculations reflect estimates of US\$1.4-3 billion for China, and US\$0.5-1

¹⁹ Table 33: "ODA from Non-DAC Donors" in the OECD *Development Co-operation Reports* for 2009 and 2010.

²⁰ In 2008, 19 non-DAC donors reported their aid to the DAC (Annex 2: Table 1).

²¹ The three main Arab donors are Arabia, Kuwait and United Arab Emirates. Together they account for over 90 per cent of total Arab ODA during the period 1973-1989, for which data are available for a large group of countries. World Bank (2009). All three report their ODA levels to the DAC.

²² World Bank (2009) pp.i-ii.

²³ This grouping includes four of the EU NMS (the Czech Republic, Hungary, Poland, and the Slovak Republic), Iceland, Mexico, Turkey, and South Korea in most studies. South Korea has, however, become a member of the DAC as of January 2010. All apart from Mexico report their aid to the DAC.

²⁴ South Korea's reported ODA does not include aid to North Korea, around \$558 million in 2007. OECD-DAC (2009a).

²⁵ The target was set by the previous government and is being reviewed. OECD-DAC (2008).

²⁶ Estonia, Latvia, Lithuania, Slovenia and Romania are part of this grouping. Romania reported its ODA to the DAC for the first time in 2008.

²⁷ OECD-DAC (2010).

²⁸ See Annex 2 for sources of the estimates.

billion for India. For Brazil estimates vary from US\$85-437 million, and for South Africa from US\$61-475 million, while aid from the Russian Federation is estimated at around US\$210 million. Estimates vary, but further increases are expected. (See Annex 3.)

D. Channels for Development Assistance

Bilateral vs. Multilateral Aid

23. **The proportion of assistance channelled multilaterally varies among individual new development partners, just as among donors at large.**²⁹ EU NMS, especially those with smaller ODA volumes, channel the majority of their aid multilaterally (53-86 per cent), notably through the European Commission, while Arab donors distribute most of their aid bilaterally. Among the BRICS countries, the smaller assistance providers in terms of volume, Brazil (90 per cent) and South Africa (77 per cent), channel a large proportion of the aid via multilateral institutions according to available estimates. (Annex 4: Table 1).

24. **On average, new development partners make less use of multilateral channels than traditional DAC countries.**³⁰ The proportion of ODA provided to multilaterals by non-DAC donors that report their aid to the DAC is 18 per cent, which is below the DAC average (around 30 per cent).³¹ Likewise, Southern contributors on average provide 18 per cent of their assistance to multilateral and regional organisations.³²

25. **Multilateral organisations are playing a larger role in channelling increases in assistance from new development partners.**³³ For instance, data on humanitarian aid shows that multilateral organisations in the humanitarian aid sector are seeing an increase in the number of, and funding from, non-DAC contributors.³⁴ (Annex 4: Table 2 shows the contributions of nineteen new development partners to various multilateral organizations in 2008.)

ODA Channelled through the World Bank

26. **World Bank data for 22 new development partners shows that their contributions to the World Bank's International Development Association (IDA) have been growing rapidly albeit from a small base.** Contributions have almost tripled from US\$381 million in IDA13 (FY03-05) to US\$926 million in IDA15 (FY09-11). In terms of country grouping, OECD non-DAC countries and BRICS countries each accounted for around 40 per cent of the contributions to IDA over the period, followed by Arab countries (15 per cent). The share of EU non-OECD countries is still small, given that several of them (e.g., Estonia, Lithuania, and Latvia) became IDA donors only in IDA15. It is also note worthy that China became an IDA contributor in IDA15. In terms of countries, the five largest contributors of the new development partners to

²⁹ UN ECOSOC (2008) p.25 and Kragelund (2008) p.579.

³⁰ Studies point out that new development partners traditionally have had little interest or incentive in engaging in multilateral frameworks and in providing aid within the established aid architecture as they have had little influence over it. Woods (2008) and Hammad and Morton (2009).

³¹ OECD-DAC (2009b) p.31. The data is based on a three year average (2004–06) for the countries that reported their ODA to the DAC.

³² UN ECOSOC (April 2008), p.35.

³³ OECD-DAC (2009b) p.23.

³⁴ Harmer and Cotterrell (2005) p.3 and GHA (2009) p.48.

IDA13 and IDA14 were South Korea, Brazil, Saudi Arabia, Russia, and Kuwait. Under the 15th IDA replenishment Russia had become the third largest contributor.

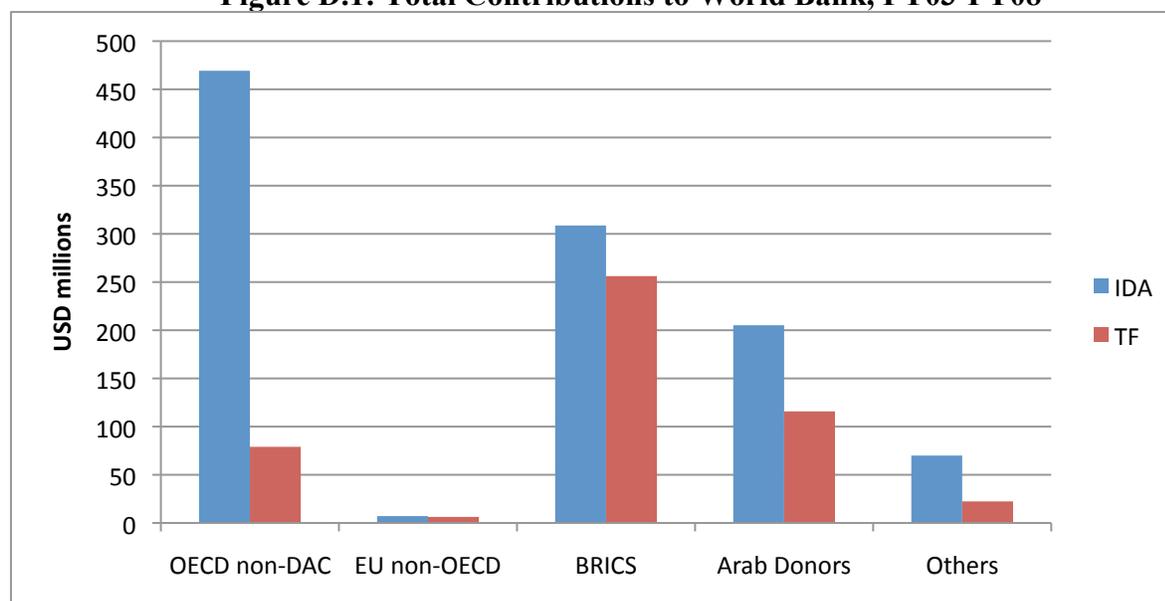
Table D.1: Contributions to IDA13-15³⁵, US\$mn

	IDA13 FY03-05	IDA14 FY06-08	IDA15 FY09-11	Cumulative
OECD non-DAC	153	239	349	742
EU non-OECD	0	6	15	21
BRICS	119	201	363	683
Arab Donors	71	79	129	279
Others	37	44	70	151
Total	381	569	926	1,875

Source: World Bank

27. **Contributions to World Bank-administered trust funds amounted to US\$407 million during FY03-08, which is less than half the amount given to IDA in the same period.** A significant share (70 per cent) of these flows from new development partners is provided to global or regional funds for which the Bank provides a financial platform but may have no direct operational role. The largest shares are going to the Global Fund to Fight AIDS, Tuberculosis and Malaria (GFATM).³⁶ The five largest contributors to the trust funds over FY03-08 were Russia, South Korea, Saudi Arabia, China, and India. (Annex 5: Tables 1, 2, and 3).

Figure D.1: Total Contributions to World Bank, FY03-FY08



Source: World Bank – reflects paid-in contributions.

³⁵ OECD non-DAC: Czech Republic, Hungary, Korea, Poland, Slovak Republic, Turkey, Iceland (no data for Iceland on IDA). EU non-OECD: Estonia, Latvia, Romania, Slovenia (no IDA data for Romania, no data for Lithuania). BRICS: Brazil, Russian Federation, India, China, South Africa (no IDA data for India). Arab Donors: Kuwait, Saudi Arabia, United Arab Emirates. Others: Argentina, Mexico, Singapore, Cyprus, Israel.

³⁶ World Bank's Concessional Finance Monitoring Tool (CFMT). The figures refer to FY03-09. Poland and Kuwait are exceptions as they contribute more to country and sub-national trust funds rather than global and regional funds.

28. **In terms of the breakdown between IDA and trust funds, OECD non-DAC and Arab donors provide most of their contributions to IDA.** In the case of BRICS, the contributions to IDA are somewhat lower than those to trust funds during FY03-08.

South-South and Triangular Cooperation

29. **The diversity of partners engaged in development assistance has brought to the fore innovative cooperation modalities playing a complementary role to traditional bilateral and multilateral aid.** In particular, South-South Cooperation (SSC) and triangular cooperation have been identified as important aid modalities of new development partners and have gained increased support.³⁷

30. **There is growing recognition of the value of SSC from which all development partners can learn from.**³⁸ SSC is, among other things, appreciated by partner countries for being less bureaucratic and less donor-driven, more responsive to country priorities with fewer or no conditionalities attached.³⁹ According to a UN Secretary General Report, the deterioration of the global economy has resulted in renewed opportunities for SSC as developing countries look to one another and to innovative cooperation mechanisms to respond to the crisis.⁴⁰

31. **Triangular cooperation is recognised as an entry point to enhance cooperation between all development partners and to build on their respective strengths to increase aid effectiveness.**⁴¹ North-South-South cooperation has the potential of combining the relevant know-how of Southern providers of assistance with the financial support and experiences of Northern donors.⁴² South-South-South triangular cooperation is also advancing. In most cases, this takes place between partners within the same region, but there are examples of projects across continents contributing to the strengthening of relations among Southern partners.⁴³

32. **Lack of standard definitions and limited information make it difficult to measure the scope, volume, and impact of both SSC and triangular cooperation.**⁴⁴ In triangular partnerships there are challenges of avoiding higher transaction costs due to added co-ordination and of ensuring partner country leaderships. Further work is needed to find ways of maximizing the benefits.⁴⁵

E. Regional Focus of Bilateral Assistance

33. **Geographical proximity seems to be an important factor in determining the direction of bilateral assistance of new development partners.** From the perspective of the contributors, focusing on countries in the neighbouring countries and regions makes sense as

³⁷ UN General Assembly (2009) and UN ECOSOC (2009) give an overview of SSC and triangular cooperation.

³⁸ Paragraph 19, *Accra Agenda for Action*, September 2008.

³⁹ This was expressed by partner countries in the consultations ahead of the Third High Level Forum on Aid Effectiveness, P. Davies (2008).

⁴⁰ United Nations General Assembly (2009).

⁴¹ Joint G8 and G5 Communiqué, L'Aquila G8 2009 Summit, Paragraph 19 of the *Accra Agenda for Action*, and Policy Dialogue on Development Co-operation, Mexico City, 28-29 September 2009.

⁴² UN ECOSOC (2009) and Yamashiro Fordelone (2009).

⁴³ Yamashiro Fordelone (2009). One example is the IBSA initiative between India-Brazil-South Africa.

⁴⁴ UN ECOSOC (2009) which contains suggestions of how to provide information and data.

⁴⁵ Yamashiro Fordelone (2009) p.4.

there is a greater likelihood of a better understanding of the partner countries' needs, given similarities in culture and language, but also from the perspective of strengthening regional ties. Proximity is also likely to be more cost effective in comparison to delivering assistance at a further distance.⁴⁶ From a partner country perspective, the similarities in regional, cultural, linguistic, and historical experiences, in addition to the fact that many new development partners have relevant experiences to share from their own development, are seen as a comparative advantage.⁴⁷

34. A regional and neighbour country focus is to a large extent determining the direction of assistance from the BRICS countries with some variances. South Africa's aid is almost all directed towards the African continent. Brazil's aid is primarily directed towards Latin American countries, but also to Portuguese speaking African countries and East Timor, benefitting from the language link.⁴⁸ Russia is directing its aid to the Commonwealth of Independent States (CIS). China and India have both provided the largest share of assistance to Asia. Similarly, the EU NMS also to a large extent direct their aid and give special priority to sharing expertise with neighbouring countries. Turkish aid is largely directed towards Asian countries with the main bulk of aid going to the Caucasus, Central Asia as well as Balkan and Eastern European countries. Likewise, the majority of South Korean aid is directed to Asia (Annex 1: Table 1).

35. The regional focus is by no means exclusive and most of the bilateral aid programs demonstrate a wide geographical reach. There is also a trend to increase assistance to Africa, similar to DAC donors. China, India, South Korea, and Turkey have increased or are planning to increase assistance to Africa, and African countries are also part of the four EU NMS top priority destinations. The increased focus on Africa could thus play an important role in filling some of the finance gaps African countries are facing in development goals.⁴⁹

36. Political considerations also influence the geographical direction of development assistance flows of new development partners, as does the promotion of trade and investments. This is not a unique feature, as this is also the case of many traditional donors.⁵⁰ For example, South Africa's assistance to its regional proximity is linked to the political objective of regional stability and peace. India's assistance to its Asian neighbours is carried out in sectors which also benefit India's access to markets.⁵¹ The example of China is often mentioned, and that it appears that in African countries, aid is allocated to countries based on need, diplomatic, and economic considerations.⁵² In general, it can be concluded that the aid programs of several of the Southern assistance providers are reinforced by or come together with other types of cooperation, which also influences the direction of aid.⁵³

37. New development partners, like DAC donors, tend to focus assistance on the poorer countries and to a large extent recipients converge. According to a UN ECOSOC report, the

⁴⁶ UN ECOSOC (2008).

⁴⁷ P. Davies (2008).

⁴⁸ UN ECOSOC (2008) p.18.

⁴⁹ Additional financing (grants and concessional loans) to Sub-Saharan Africa could increase up to as much as \$15-\$25 billion by 2010 and twice that amount by 2015, according to the G24 Secretariat. (2008) p.14.

⁵⁰ UN ECOSOC (2008) p.20, and Kragelund (2008) p. 577.

⁵¹ IDRC (2008), pp. 7-8.

⁵² M.Davies et.al (2008) pp.5-6.

⁵³ Rowlands (2008) p. 8.

largest beneficiaries of assistance from a number of Southern contributors also feature among the top ten recipients of aid from DAC countries.⁵⁴ Similarly, evidence suggests that there is an overlap of “donor darlings” of DAC and non-DAC donors in African countries and that this trend is likely to continue as assistance increases.⁵⁵ While increased assistance to the poorer countries is welcomed, this could pose challenges for ensuring aid effectiveness if coordination is lacking on a country level.

38. At the same time, several new development partners also provide aid to other countries in Africa which DAC donors do not to the same extent, including fragile and failed states. As a result, the increased engagement of non-DAC donors also expands the number of countries that receive aid.⁵⁶

39. Some differences can be observed among new development partners regarding the number of partner countries to which the assistance is provided. Like several DAC donors, South Korea (also a DAC member) and the Czech Republic are taking steps to concentrate aid by reducing the number of partner countries.⁵⁷ In contrast, China’s policy in its assistance to Africa is to maximize the spread, giving assistance to all African states, reflecting sensitivity against favouritism.⁵⁸ In general, Southern multilateral institutions aim to maximise the spread of financing across various constituency groups.⁵⁹ However, studies also show that there is strong country concentration in the financial assistance provided to the infrastructure sector. China, being the largest contributor to this sector, directs 70 per cent of its finance to four countries, and India’s financing has been concentrated to three countries accounting for the main bulk.⁶⁰

F. Sector Focus of Assistance

40. Making comparisons among donor’s choices of sectors is difficult due to lack of clear definitions of different sectors;⁶¹ however, some key tendencies are noticeable for new development partners.

41. The focus on support for infrastructure development and productive sector investments distinguishes in particular Southern providers of assistance from DAC donors.⁶² Southern multilateral contributors provide half, or more than half, of their assistance to transport and communications, energy, and other infrastructure development. Southern bilateral providers also finance high visibility projects such as sports stadiums, presidential and conference facilities, which DAC donors generally do not.⁶³

42. In particular, infrastructure finance in Sub-Saharan Africa has grown substantially. According to a World Bank study, growth has especially taken place since 2004 when volumes jumped to US\$2 billion “with the emergence of China”, which was doubled in 2005 to US\$4

⁵⁴ UN ECOSOC (2008) p. 20.

⁵⁵ Kragelund (2008) p. 577.

⁵⁶ Ibid.p.577.

⁵⁷ OECD-DAC (2008) p.16.

⁵⁸ Davies (2007) p. 56.

⁵⁹ UN ECOSOC (2008) p.21.

⁶⁰ Foster et.al. (2008) p.19, and G24 Secretariat (2008), p.23.

⁶¹ Kragelund (2008) p. 579.

⁶² UN ECOSOC (2008), G24 Secretariat (2008) and Kragelund (2008).

⁶³ UN ECOSOC (2008) p. 26.

billion due to major investments by India. It peaked at around US\$8 billion in 2006 as a result of the Chinese “Year of Africa,” tailing back to around US\$5 billion in 2007. The combined flows from the non-OECD financiers are comparable in size to traditional ODA from OECD countries and to commitments through private participation in infrastructure (PPI). In 2006 PPI and non-OECD financing commitments amounted to just over \$8 billion each, and ODA commitments to around \$5 billion. China is by far the largest financier of infrastructure projects in the region followed by India and Arab donors.⁶⁴

43. **The increased infrastructure financing of new development partners is to a large extent complementary to that of DAC donors which are predominantly directing their funding to social sectors. The complementarity is reinforced within infrastructure financing; non-OECD financiers focus on power generation (hydropower) and transport (mainly rail) while the private sector is the dominant source of financing for information and communication technology, and ODA is spread among transport (mainly roads), power (encompassing transmission and distribution), and water supply and sanitation. As a result, these sectors receive a different mix of the three sources of finance.⁶⁵ How much of the new financing could be classified as aid according to the DAC criteria is difficult to establish due to gaps in information on levels of concessionality.**

44. **The infrastructure focus is welcomed particularly in Sub-Saharan Africa which lags behind other developing regions on most standard indicators of infrastructure development.⁶⁶ While grants and highly concessional loans to finance development needs in Sub-Saharan Africa are preferred, the semi-concessional funding from “non-traditional partners could help close the gap as they have done in the recent past.”⁶⁷ On the other hand, concern has been raised in terms of the environmental and social impacts of large scale infrastructure projects, including by local populations. The long term development impacts have at times been overshadowed by a short term focus on timely completion of projects. For the finance to have the intended positive effects, it is essential that projects abide by environmental and social standards, a challenge also for many “traditional donors”.⁶⁸**

45. **The contributions of new development partners are not solely focussed on the infrastructure and productive sectors. About one fifth of development assistance from Southern contributors, who provide half of their funding to infrastructure sectors, has been allocated to the health and education sectors. China and India, often referred to as the two “heavy-weights” in infrastructure, also support health and education spending. Other Southern bilateral contributors are active in providing teachers and doctors to developing countries.⁶⁹**

46. **Several new partners show similarities to DAC donors in terms of sector prioritisation. Notably, Turkey and South Korea are directing more than half of their aid towards social infrastructure sectors, including education and health.⁷⁰ Russia has increased its aid to the**

⁶⁴ Foster et.al (2008) pp. 51-52 and Foster (2008). Chinese funding to African infrastructure was \$4.5 billion in 2007, down from \$7 billion in 2006. India has committed funding at a value of around \$2.6 billion over the period 2003–07. Arab donors have played a substantial role in financing African infrastructure with estimated total commitments of \$3.6 billion in 2001–07.

⁶⁵ Foster (2008) and Foster et.al.(2008) p.53.

⁶⁶ Foster et.al.(2008) p. 23.

⁶⁷ G24 Secretariat (2008) p. 15.

⁶⁸ UN ECOSOC (2008). For a discussion on new financiers and the environment, see International Rivers (2008) and Bosshard (2009).

⁶⁹ UN ECOSOC (2008) p.26.

⁷⁰ UN ECOSOC (2008), TIKa (2009).

health sector which accounts for half of bilateral aid. Similar to several other DAC donors, South Korea and the Czech Republic are increasing the sector concentration of aid and reducing the number of partner countries as part of efforts to divide labour and increase aid effectiveness.⁷¹

47. **New development partners focus their assistance in sectors where they have specific competencies based on their own development experiences.**⁷² This is noteworthy for the EU NMS which engage in assistance based on their comparative advantage in the field of economic and political transition, the development of democratic institutions, and the promotion of democracy, good governance and civil society building.⁷³ Likewise, Southern providers of assistance engage with the objective of sharing experiences from their own development models.

G. Types of Development Assistance

48. **Similar to the sector focus, there is diversity in terms of the types of assistance new partners provide to developing countries.** Assistance typically includes grant aid, aid in kind, zero-interest and/or concessional loans, debt relief as well as humanitarian assistance. The praxis of co-financing with state institutions in partner countries is practiced within South-South cooperation. While it is difficult to get an overview of and compare types of assistance, some features are prominent.

49. **The main types of bilateral assistance from Southern providers are project assistance and technical cooperation.** Technical cooperation is almost all provided in the form of grants while program and project assistance is primarily provided as loans. Technical cooperation has been particularly the focus of many of the smaller Southern providers of assistance, but the larger providers, including China, India, South Korea, and Turkey also have significant technical cooperation programs.⁷⁴ Likewise, technical cooperation is frequent among the EU NMS.⁷⁵

50. **In contrast to assistance from DAC donors, program and budget support is not frequent.** This is the case among Southern providers with a few exceptions, including budget support provided by India and Arab donors. A shift towards more program based assistance is projected for those providers that are signatories to the Paris Declaration.⁷⁶ Project funding is also the norm amongst the four new EU member states, the Czech Republic, Hungary, Poland and the Slovak Republic.⁷⁷

51. **Project assistance from non-DAC, including Southern providers, is almost always tied to the purchase of goods and services.** The exception to this is aid from Arab providers/Middle East and OPEC countries and funds.⁷⁸ South Korea has, as part of its recent DAC membership, introduced a roadmap to untie its aid.⁷⁹ Partner countries have called on all

⁷¹ OECD-DAC (2008) and Ministry of Foreign Affairs of the Czech Republic (2009).

⁷² Kragelund (2008) p.579.

⁷³ OECD-DAC (2009a).

⁷⁴ UN ECOSOC (2008), pp.14 and 22.

⁷⁵ OECD-DAC (2009a).

⁷⁶ UN ECOSOC (2008), pp.12 and 36.

⁷⁷ Kragelund (2008) p. 559.

⁷⁸ Manning (2006), Kragelund (2008) UN ECOSOC(2008).

⁷⁹ OECD-DAC (2008) pp.7-8.

assistance providers to untie their aid; however, this is still a challenge for several DAC donors.⁸⁰ In this context studies mention that some of the drawbacks of tied aid are not necessarily applicable to assistance from Southern providers as projects tend to be cost effective, and appropriate skills are transferred. However, there are also examples of the opposite; for so-called Turnkey projects, there is little transfer of technology if local contractors and labour are bypassed.⁸¹

52. Different forms of assistance are frequently mixed and delivered in so-called package deals which include other financial flows beyond aid. This is illustrated by Chinese and India's assistance to Africa which consist of grants, interest free and concessional loans depending on sectors and recipients, although concessional loans through the respective Exim Banks have increased and according to some estimates constitute the main bulk of assistance.⁸² China also makes use of, what is generally referred to as "the Angola mode", whereby a repayment of a loan for infrastructure development from the Exim Bank is made in natural resources, such as oil.⁸³

53. Like DAC donors, several Southern contributors provide a very high proportion of grants, and some even grants entirely: South Africa 100 per cent, India 80.2 per cent, South Korea 74.3 per cent and Turkey 93 per cent.⁸⁴

54. Much interest has been shown in the level of concessionality of loans of new development partners given recent increases. Concern has been raised that in particular semi- and non-concessional lending could undermine debt sustainability in borrowing countries who have benefitted from debt relief.⁸⁵ Attention has in particular been paid to Chinese lending to African countries due to its rapid increase.

55. On a general level, Southern contributors offer highly concessional loans to the poorest countries and to a lesser extent to middle and higher income level countries, according to an UN ECOSOC study. The study concludes that Southern development assistance is not necessarily less concessional than that of Northern donors. Measures have been taken to ensure that loans are in line with concessionality ceilings in IMF programs, and that there are no increased risks in terms of debt sustainability.⁸⁶ Similar conclusions are made in a World Bank study looking into Chinese lending to Sub-Saharan Africa, which states that the overall grant element of Chinese loans qualifies as concessional according to official definitions. On average, the grant element is more favourable than private sector lending but less so than official creditors. The study shows that the largest beneficiaries of Chinese lending are resource rich countries which have not been beneficiaries of recent debt relief. Only a few countries have contracted loans which represent a high share of the value of recent debt relief.⁸⁷

⁸⁰ P. Davies (2008).

⁸¹ UN ECOSOC (2008), pp. 29-31 and G24 Secretariat (2008) p.18.

⁸² G24 Secretariat (21 July 2008) , p.11.

⁸³ This mode is not unique for China and has been used by western corporations. Foster et.al. (2008) pp.42-43.

⁸⁴ UN ECOSOC (2008) pp.22 and 24.

⁸⁵ This is raised in several studies, including Manning (2006) and Kragelund (2008).

⁸⁶ UN ECOSOC (April 2008) pp.22-24.

⁸⁷ Foster et.al. (2008) pp. 47-48. New borrowing is a significant share of recent debt relief for Guinea, Nigeria, and Mauritania. Reisen and Ndoye (2008) also concludes that there is little evidence of imprudent lending or of China "free-riding" on recent debt relief initiatives.

56. **In the context of rapid increases in new lending, lack of data on terms of loans poses a challenge for the appraisal of the impact of new borrowing on developing countries.** As noted by a G24 Secretariat study, information gaps exist due to lack of reporting on both the creditor and debtor sides, which can lead to excessive lending/borrowing. Systematic efforts to improve debt recording are called for.⁸⁸ Other factors, such as weak governance or vulnerability to external shocks, could still mean that debt sustainability is a concern particularly in countries heavily engaged in the export of raw material.⁸⁹ Transparency as well as a holistic approach are needed to be able to analyze the impacts of new as well as old lending on development goals.

H. Opportunities and Challenges

57. The increase in development assistance from a diverse set of providers brings many opportunities and challenges. While recognising the diversity of new development partners, some general observations have been made by different stakeholders engaged in development processes.⁹⁰

Opportunities

58. **Increased resources for partner countries.** The increased assistance from new development partners means that more resources are available for partner countries to support the achievement of their national development strategies as well as global development targets. The additional resources can thus make an important contribution to faster progress on the Millennium Development Goals, which currently suffer from a financing gap as well as with addressing the adverse effects of the financial crisis in developing countries. This is important at times when aid resources from DAC donors are shrinking and when they have failed to live up to their aid commitments. The increased engagement of new development partners is also leveraging additional resources beyond the concept of ODA as defined by the DAC.

59. **More diverse resources for partner countries.** The assistance from “non-traditional sources” is to a large extent complementary to that of DAC-donors and multilateral institutions particularly in terms of sector focus. While not excluding social sectors, the main focus is on infrastructure (power and transport) and productive sectors, resulting in the availability of more options and diverse resources for partner countries.

60. **Relevant development experiences and lessons to share.** New development partners have relevant lessons to share based on their own poverty reduction and development experiences as they often face similar development challenges to those of partner countries. Given that new development partners are often both receivers and providers of assistance or until recently received assistance, they are also well placed to draw on their own experiences of good and bad practices of assistance strategies and to share experiences on “exit strategies” from aid dependency.

⁸⁸ G24 Secretariat (2008).

⁸⁹ Reisen and Ndoye (2008).

⁹⁰ In addition to summarising the findings of the main body of the report, unless stated otherwise, the opportunities and challenges were identified by partner countries and non-DAC providers of assistance themselves in the lead up to the Third High Level Forum on Aid Effectiveness in 2008, see Davies (2008).

61. **Comparative advantages in establishing strong partnerships.** Regional, cultural, linguistic, and historical similarities and ties with partner countries contribute to their unique comparative advantage of understanding and relating better to partner countries' concerns and priorities.

62. **Innovative development assistance modalities and new partnerships.** South-South and triangular cooperation (North-South-South as well as South-South-South) is a growing dimension of international development cooperation which is contributing to innovative approaches, new partnership models, and mutual learning between stakeholders. South-South Cooperation (SSC) is, by partner countries, considered to be less bureaucratic and donor-driven with few or no conditions attached, comparing to "Northern" donor approaches, from which all donors could learn. Triangular cooperation has the potential of combining the respective strengths and experiences of South-South cooperation and those of DAC donors.

63. **Enriching the dialogues and broadening the approach to aid effectiveness.** The increased engagement of a more diverse set of providers beyond those that "traditionally" or, to a larger extent, have engaged in development assistance is further enriching the dialogues on aid effectiveness on global, regional, and partner country levels.⁹¹ New perspectives have been inserted into the debates opening up for joint rethinking on development processes and ways forward to enhance results. For example, "new partners" tend to view their assistance efforts as achieving "development effectiveness" which goes beyond the concept of "aid effectiveness". While a discussion on aid effectiveness is needed, the development effectiveness perspective allows for a holistic approach inserting aid into a bigger picture of development challenges at large.

Challenges

Lack of information on volumes and terms of assistance

64. Lack of information on assistance volumes in the part of some providers has been identified as a challenge by partner countries, other donors, and civil society organisations engaged in development processes. The lack of information makes it difficult to assess the resources available on a global level as well as on a partner country level for identified needs and targets, and it inhibits accountability of governments to citizens. Furthermore, it generates speculation which could be avoided if volumes were disclosed. While aid from new development partners is appreciated for its flexibility and limited conditionality, partner countries have expressed the concern that the terms of agreements are not always transparent, which hinders a full assessment of the assistance.

Challenges in adhering to aid effectiveness principles and social and environmental standards

65. Three concerns are often raised in relation to the financing of new development partners:

⁹¹ This was the case ahead of the Third High Level Forum on Aid Effectiveness (HLF-3) and is notable within the Working Party on Aid Effectiveness (WP-EFF). In 2011 South Korea will host HLF-4 which is expected to further increase the focus on and inclusiveness of a diversity of development assistance providers.

- Assistance does not always adhere to aid effectiveness principles, including those agreed upon in the Paris Declaration on Aid Effectiveness.⁹² On a general level, evidence suggests that many new development partners perform well on some aid effectiveness principles and targets and less well on others, just like DAC donors, and that there is room for improvements.⁹³
- Insufficient adherence to international social and environmental standards and safeguards. While speedy and cost effective implementation of projects is applauded, there is concern that this takes place at the cost of due diligence and respect for environmental standards. On a project level, cases have been put forward foremost in relation to the extraction of natural resources and infrastructure projects. While several new financiers have made important progress in strengthening environmental regulations for overseas projects, problems persist on the ground which calls for further measures.⁹⁴
- Financing may undermine governance when support is extended to countries that are lacking adequate governance or accountability frameworks, thus postponing necessary reform or undermining international and national efforts to combat corruption.⁹⁵

66. These are not just challenges for new assistance providers but for all development partners, including partner countries. All can learn lessons from each other's best and worst practices.

The diversity of development partners poses challenges for national aid management systems in partner countries and calls for capacity to assess financing options

67. While the increase in the number of actors and the subsequent increase in resources available to partner countries are positive, they also pose challenges for partner countries' capacities to manage the increasing diversity. This is particularly the case for already weak national aid management systems. The extent to which the proliferation of assistance providers leads to higher transaction costs and aid fragmentation depends on how aid is channelled and if coordination takes place on a country level. Evidence suggests that, with some exceptions, Southern providers rarely participate in national coordination meetings with DAC donors.⁹⁶ Regardless of donor performance, more choice of financing options calls for increased resources and capacity to negotiate and assess the impacts of the various options available and how they can contribute to long term sustainable development, including the effects on debt levels and social and environmental targets and plans.⁹⁷

Challenges faced by new development partners when providing assistance

68. Building institutional and human capacities to effectively manage development assistance has been identified as a key challenge by new development partners themselves. It should be

⁹² Over 100 countries and institutions adhere to the *Paris Declaration on Aid Effectiveness* (2005), and its five principles are: ownership, alignment, harmonisation, managing for results, and mutual accountability.

⁹³ UN ECOSOC (April 2008), pp 37-38 and HIPC CBP and FPC CBP (2007) p.5.

⁹⁴ UN ECOSOC (2008) p.38. *International Rivers* (2008) presents case studies and suggested ways forward.

⁹⁵ G24 Secretariat (2008) and Manning (2006).

⁹⁶ Kragelund (2008), Kharas (2007) and UN ECOSOC (2008) p.34.

⁹⁷ G24Secretariat (2008) p.17.

noted that initiatives are being undertaken to address these challenges, and that several of the DAC donors, who often have longer experiences in providing aid, face similar challenges.⁹⁸

- Many are in the process of developing national systems for providing assistance, including setting up aid agencies, adjusting legal frameworks, and establishing budget processes and monitoring and evaluation systems. In particular, capacity constraints at the field level have been identified as a challenge for providing effective aid.
- Enhancing coordination between headquarters and the country level and coordination among different ministries and agencies is at times a challenge.
- Collecting data and developing aid statistics are the challenges which pose difficulties for measuring impacts. While work is underway to develop a common methodology for measuring the impact of South-South Cooperation, this is still lacking.⁹⁹
- On another level, mobilizing domestic support for providing assistance can be challenging as several of the new partners themselves are developing countries with high levels of poverty.

I. Conclusion and Suggestions for Ways Forward

69. Recent years have seen a substantial growth in development assistance from a heterogeneous group of countries, who already are playing and will increasingly play a central role in delivering assistance to and forging new partnerships with development countries. As a result, a new dynamic has arisen. This calls for the need to rethink and restructure international aid and other types of cooperation and dialogues so that they are better suited to this new dynamic. Making the most of the opportunities and addressing the challenges are the concerns of all stakeholders engaged in aid and international cooperation in order to ensure a common strategy for achieving a fair and sustainable development. In particular, building bridges between development partners is essential for making effective use of development finance in responding to shared global challenges. Following below are some suggestions for ways forward, providing input to further reflections and initiatives.

Establish inclusive dialogues and processes for mutual learning

70. The diversity in development partnerships reflects and builds on an abundance of lessons learned, practical experience, and know-how of what approaches deliver the expected results. All stakeholders have important lessons to share:

- “Traditional” DAC donors could, in accordance with the *Accra Agenda for Action*,¹⁰⁰ learn from the experiences and positive aspects of South-South Cooperation which are appreciated by partner countries.
- New development partners could in turn learn from multilateral and bilateral agencies with longer experiences of providing assistance, which can provide support to address some of the challenges they face in developing aid management systems, statistical capacities, and methods for monitoring and evaluating assistance.

⁹⁸ OECD (2007) and Davies (2008).

⁹⁹ UN ECOSOC (2009).

¹⁰⁰ *Accra Agenda for Action*, Paragraph 19b: “We recognise the importance and particularities of South-South Cooperation and acknowledge that we can learn from the experience of developing countries.”

- Dialogues to enhance mutual learning can take place on an international level and to a greater extent at country level in processes led by partner countries. There is an emerging consensus that dialogues on aid effectiveness and development finance need to become more inclusive so as to better incorporate the diverse experiences of new development partners beyond those already involved.¹⁰¹

Strengthen collaboration to draw on the comparative advantages of different development assistance providers

71. The increase in development partners and subsequent increase in complexity calls for further efforts to ensure complementarity of assistance to avoid duplication and to harmonise aid at the national level. At the same time, the diversity of options available for partner countries should be retained as well as the diversity of different approaches of development assistance providers. Triangular cooperation has been identified as one way forward to build on the respective comparative advantages of development partners to maximise development results. Such partnerships could be explored further.¹⁰² Partner countries should be key drivers in such cooperation modalities.

Enhancing transparency and exchange of information between development partners

72. There is a lack of available data on disaggregated aid volumes from several providers of assistance. This poses challenges for being able to assess what resources are available to meet identified needs and targets both at partner country and global levels. Transparency of aid volumes and how aid is targeted and priorities set is essential for mutual learning on how to best achieve development results as well as for increasing complementarity of providers of assistance and for fostering accountability. Information on who does what at country level needs to be shared by all providers of assistance and by recipient countries. Partner countries have in particular called on all development partners to provide information in a transparent manner on the types of financing they provide, including the terms of loans.¹⁰³

73. Part of the challenge of assessing assistance volumes is explained by the fact that there is no globally agreed definition of development assistance or way of comparing data. In particular, there is a lack of definitions and data to measure assistance within the framework of South-South cooperation.¹⁰⁴ Agreement is needed on definitions and methodologies for how to measure volumes and impact of different types of development assistance.¹⁰⁵ This calls for innovative definitions beyond those already existing, allowing for a joint creative process.

Strengthening partner country ownership to maximise development results

¹⁰¹ Already existing fora include the Working Party on Aid Effectiveness and the UN Development Cooperation Forum as well as multilateral institutions and partner country driven regional bodies and initiatives. The mandate of the Paris Declaration will come to an end in 2010, and there is a need to define a process for discussing aid and development effectiveness at a global level beyond this date.

¹⁰² Triangular cooperation is, for example, encouraged in the *Accra Agenda for Action*.

¹⁰³ This request was expressed by partner countries at the regional consultations ahead of HLF-3. Davies (2008), and G24 Secretariat. (2008) p. 17.

¹⁰⁴ UN ECOSOC (2008).

¹⁰⁵ Work is underway to improve the information and data on South-South and triangular cooperation. UN ECOSOC (2009).

74. Supporting national ownership is a key guiding principle shared by different development assistance providers. There is widespread agreement based on experience that strong ownership of development policies and processes by partner countries is essential for achieving results, improving accountability of aid, and enhancing local participation.

- To support the ownership, all providers of development assistance should align their assistance to partner country priorities. In the context of the increased diversity in assistance, partner countries have called on all providers to make use of partner countries' national systems to facilitate the management and enhance the accountability of assistance.¹⁰⁶
- Partner countries should in turn exercise strong leadership in managing the diversity in assistance and in broad based processes, engaging with parliaments, local governments, and civil society to determine their development policies and goals. Capacity to assess the various financing options and their long term development effects is crucial for making the best use of the increased diversity.

Joint commitment to improve aid effectiveness and long term sustainability of assistance

75. It would be desirable that all development assistance providers commit to common principles aimed enhancing the effectiveness of aid as well as to nationally and internationally agreed social and environmental safeguards in order to ensure that the assistance benefits poor people and contributes to a long-term sustainable development.¹⁰⁷ The Paris Declaration on Aid Effectiveness is a relevant reference point while recognising that all assistance providers face challenges in improving the effectiveness of aid and that the ways in which aid effectiveness is put into practice varies. The aid effectiveness agenda should to a larger extent incorporate the experiences as well as aid modalities of new development partners, building on the progress made in this respect at the Third High Level Forum on Aid Effectiveness in September 2008.¹⁰⁸

Coherent policies to increase the impacts of development assistance

76. Development partners engage in many different types of cooperation beyond development assistance. Often the aid partnerships are intrinsically interlinked with other types of financial flows, including trade and investments. To maximise development results, all policies should strive to be coherent with the objectives of development assistance.

Innovative thinking on categorisation of development partners

77. The increased engagement of new development partners has brought new dynamic to discussions on development assistance and development finance. Their engagement has focused attention on the need of new ways to categorise different development assistance providers beyond those currently in place. The different terms that are frequently used to describe the very heterogeneous group of countries who have increased their assistance do not adequately capture

¹⁰⁶ This was put forward by partner countries in the regional consultations ahead of the HLF-3. Davies (2008)

¹⁰⁷ See suggestions in, for example, International Rivers (May 2008).

¹⁰⁸ *Accra Agenda for Action*, Paragraph 19b.

their diversity of roles and activities. Further reflections are needed on how to best capture the increased diversity in development assistance and what categorisations are useful to increase understanding of the different roles and activities of the different providers. This could bring new energy into the discussions on what the various development partners have in common and how mutual learning can be enhanced.

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Annex 1: Notes on terminology, categorisation and data collection

This note summarises some of the reflections on challenges that have arisen when writing this report.

Challenges related to terminology

The terms “non-DAC donors” or “new” or “emerging donors” are often used to describe the very diverse group of bilateral sovereign donors who have increased their engagement in development assistance. In this report “new development partners” is used, unless referring to a report with another terminology. These labels are unsatisfactory:

- By using DAC as a reference point the group is defined by what they are not, rather than by what they are. Furthermore, some are using DAC standards as a reference point, whilst not being members. South Korea has joined the DAC as of 1 January 2010, but is still referred to as a non-DAC donor in statistics.
- Many are not new but have a long-standing history of providing development assistance and are either scaling up and/or re-engaging in providing assistance.
- Many do not refer to themselves as donors or describe their cooperation in terms of donor-recipient relationships, but prefer to consider themselves as engaging in “partnerships” in a South-South context, based on mutual benefit and often through the cost sharing of resources.

Challenges related to categorisation

The heterogeneity of the new development partners raises the question whether it is fruitful to refer to them as a group and how best to divide different providers into categories which enhance the understanding of their roles and activities. Often new development partners are referred to as one group, in spite of their heterogeneity. There are different ways of dividing them:

- 1) OECD Non-DAC, 2) Arab countries and 3) Other donors, with another sub-category of Other donors. (OECD/DAC *Development Cooperation* Reports which include data on all non-DAC donors reporting to the DAC).
- 1) OECD Non-DAC 2) EU-members not members of the OECD, 3) Arab or Arab/OPEC countries 4) Others, which include a large group of countries, not members of the OECD which fall outside the second and third groups. (E.g. Manning, 2006).
- In this report the BRICS countries have been looked into and are separated from the broad group of “Other donors”. Brazil, Russia, India, China and South Africa all have in common that they are increasing their assistance and operate outside of the DAC. However, it should be noted that they do not refer to themselves as a “BRICS grouping” and that this is an external definition. Cooperation on various matters takes place among them within different constellations: BRIC (Brazil, Russia, India, China), IBSA (India, Brazil, South Africa) and BASIC (Brazil, South Africa, India, and China).

The categorizations and in particular the very broad group of “Others” brings to attention the need to find better categorizations of new development partners.

Challenges related to information and comparable data

In general, finding information is a challenge and the report does in no way claim to capture all the particularities of the roles and practices of new development partners.

- There is at times a lack of systematic and transparent reporting on the part of some of the new development partners, which makes it difficult to assess and compare assistance volumes and practices.
- Development assistance is often intrinsically linked to and therefore difficult to separate from other types of assistance and financial flows in South-South cooperation.
- There is no globally agreed definition of development assistance which captures the different forms of assistance of new development partners.
- Studies on this subject make use of different approaches to assess data on volumes of assistance which are not comparable, and there is at times a lack of information on what the estimates are based on.

Suggestions

These challenges reflect the need to move beyond traditional terminology and categorisation to find appropriate ways of describing the increasingly diverse forms of, and partners engaged in, development cooperation. There is also a need to agree on international definitions of development assistance which capture and give recognition to different form of assistance, and which could enhance understanding and facilitate comparability. Further research is needed into the roles and activities of new development partners, in particular in individual partner countries.

Annex 2: ODA of Non-DAC donors

Table 1: Non-DAC donor's net disbursements (Current prices) 2003 - 2008

Reported in USD million

	2003		2004		2005		2006		2007		2008	
	ODA	% GNI										
OECD non-DAC												
Czech Republic	90.6	0.11	108.2	0.11	135.1	0.11	160.9	0.12	178.9	0.11	249.2	0.12
Hungary	21.2	0.03	70.1	0.07	100.3	0.11	149.5	0.13	103.5	0.08	106.9	0.08
Iceland	17.7	0.17	21.2	0.18	27.2	0.18	41.5	0.27	48.2	0.27	48.4	0.47
South Korea*	365.9	0.06	423.3	0.06	752.3	0.10	455.3	0.05	696.1	0.07	802.3	0.09
Poland	27.2	0.01	117.5	0.05	204.8	0.07	296.8	0.09	362.8	0.10	372.4	0.08
Slovak Republic	15.1	0.05	28.2	0.07	56.1	0.12	55.1	0.10	67.2	0.09	91.9	0.10
Turkey	66.6	0.04	339.2	0.11	601	0.17	714.2	0.18	602.2	0.09	780.4	0.11
EU non-OECD												
Estonia	1.1	Na	4.9	0.05	9.5	0.08	14.1	0.09	16.2	0.08	22.0	0.10
Latvia	0.9	0.01	8.3	0.06	10.7	0.07	11.9	0.06	15.9	0.06	21.9	0.07
Lithuania	1.9	0.01	9.1	0.04	15.6	0.06	25	0.08	47.6	0.11	47.9	0.11
Romania	Na	Na	122.9	0.09								
Slovenia	Na	Na	na	Na	34.7	0.11	44	0.12	54.1	0.12	67.6	0.13
Arab countries												
Kuwait	137.8	..	160.9	..	218.5	..	158	..	110.1	..	283.2	..
Saudi Arabia	2390.9	..	1734.1	..	1004.8	..	2094.7	..	2078.7	..	5564.1	..
UAE	197.5	..	181.4	..	141.3	..	218.8	..	429.4	..	88.1	..
Other donors												
Chinese Taipei	Na	Na	421.3	0.13	483	0.14	513	0.14	514	0.13	435.2	0.11
Israel	111.8	0.10	83.9	0.07	95.4	0.07	89.9	0.06	111	0.07	137.9	0.07
Lichtenstein	Na	na	na	Na	na	na	Na	na	19.7	..	23.3	..
Thailand	Na	na	na	Na	na	na	73.7	0.04	67	0.04	178.5	..
TOTAL	3446.2		3711.6		3890.3		5116.4		5522.6		9444.1	

.. Data not reported.

* South Korea is a member of the DAC as of January 2010.

Source: OECD/DAC statistics available at:

http://www.oecd.org/LongAbstract/0,3425,en_2649_34447_44376756_119656_1_1_1,00.html

The table includes all non-DAC donors who report their ODA to the DAC. Chinese Taipei first reported their ODA for 2004, Slovenia 2005, Thailand 2006, Lichtenstein 2007 and Romania 2008.

The categorisations of non-DAC donors partly follows the same logic as that of Table 33 of the OECD/DAC *Development Co-operation Reports*, with the exception of the EU non-OECD category which in Table 33 of the DCR reports fall under the category "Other donors", and are referred to in the "Notes on other providers of development assistance". EU non-OECD are categorised as one group in other reports (e.g. Manning, 2006).

Annex 3: Notes on assistance volumes of the BRICS countries – Brazil, Russia, India, China and South Africa

Box 1: Sources for development assistance from the BRICS countries

	UN ECOSOC for 2006	OECD DAC for 2007	Other sources	Lower/Upper 2006/2007 US\$ million		Planned increases
Brazil	\$356 million	\$437 million	\$85 million 2007 (1)	\$85	\$437	Yes/Likely
China	\$1500-\$2000	\$1400 million	\$3000 million 2007 (2) \$1400 million 2007 (3)	\$1400	\$3000	Yes
India	\$504-\$1000 million	\$609.5*-\$1000 million	\$1000million 2007(4) \$524-\$1000 million 2006*** (5)	\$504	\$1000	Yes
Russia	not included	\$210 million	na	\$210 million		Yes
South Africa	\$194 million	\$61 million**	\$363 - \$475 million in 2006 (6)	\$61	\$475	Yes
TOTAL				\$2260	\$5122	

(1) Costa Vaz and Aoki Inoue (2007)

(2) Brautigam (2009)

(3) Qi (2007)

(4) Chaturvedi (2008) and Agrawal (2007)

(5) HIPC CBP Guide to donors (2008)

(6) Braude et.al. (2008)

* Fiscal year 2008/9.

** Fiscal year 2006/7.

*** Fiscal year 2005/2006

Sources: UN ECOSOC (2008) and OECD-DAC Development Co-operation Reports for 2009 and 2010 and the above. Sources have been selected which contain information on latest available figures (2006/2007)

China: China's aid budget was around \$1.4 billion in 2007, according to several estimates.¹⁰⁹ This figure is not confirmed by the Chinese government. A somewhat higher estimate is put forward in a UN ECOSOC study: \$1.5 to \$2 billion in 2006, the equivalent of 0.06 – 0.08 per cent of GNI.¹¹⁰ A thorough analyses by Brautigam, comes to the conclusion that Chinese development assistance was as high as \$3 billion in 2007, by adding a breakdown of debt relief and concessional lending to the figure aid figure of \$1.466 billion.¹¹¹ Estimates of Chinese assistance are frequently exaggerated as they tend to mix different sources of finance beyond aid. Whilst China does not disclose annual aggregate figures¹¹², the Chinese government in 2008 stated that \$27.1 billion has been provided in development assistance since 1950, including \$11.9 billion in the form of grants, a statement which is said to be a sign of a shift towards greater transparency.¹¹³

China's aid has expanded over the past ten years, from around 410 million per year to \$3 billion based on Brautigam's calculations.¹¹⁴ A large part of this increase is explained by China's

¹⁰⁹ OECD-DAC (2010), Qi (2007) and Brautigam (2007).

¹¹⁰ UN ECOSOC (2008), p. 11.

¹¹¹ Brautigam (2009), p.169. In June 2008, China had written off debts at a value of \$3.6 billion.

¹¹² For reasons why not, see Brautigam (2009), p. 165-166. Some figures are published in the annual *China Statistical Yearbook*, and while they include grants and interest free loans, they also include other activities and exclude concessional loans from the Chinese Exim Bank and which make a comparison with ODA, as defined by the DAC, difficult.

¹¹³ OECD-DAC (2010) and Brautigam (2009), p. 167.

¹¹⁴ Brautigam (2009), "Appendix 6:Chinese Aid".

engagement in Africa. In 2006 China committed to double its aid to Africa by 2009 and provide \$1 billion in concessional loans per year for three years as part of the Forum on China Africa Cooperation (FOCAC). Development assistance (including debt relief) to Africa alone reached \$1.4 billion in 2007 and \$2.5 billion by 2009, according to Brautigam.¹¹⁵ Further pledges of scaling up aid, including US\$10 billion in preferential loans to Africa, were made at the 2009 FOCAC meeting.¹¹⁶

India: In 2007 India announced an annual expenditure for development cooperation of about \$1 billion, a figure quoted in several studies.¹¹⁷ However, Indian government reports suggest that its annual aid and loan program was \$609.5 billion in 2008/09.¹¹⁸ A UN ECOSOC study puts India's development cooperation in 2006 between \$504 million and \$1 billion, the equivalent of 0.06–0.11 per cent of GNI.¹¹⁹ It is unclear if the figure includes all concessional loans, or just the resources made available to the Indian EXIM Bank for interest equalization and subsidy.¹²⁰ Like China, India has also written off debts which are not part of the annual aid budget figures.¹²¹

India's aid shows a substantial increase. The aid budget for 2005-2006 had doubled compared with 2001-2002. Whilst the majority of India's assistance goes to Asia, aid to Africa is one explanatory factor of the rise. India has increased its concessional flows to Africa via the EXIM Bank.¹²² As part of the first India-Africa summit held in 2008 a pledge was made to double the existing levels of credit (however not necessarily ODA eligible) and provide \$5.4 billion in the next five years, as well as provide \$500 million in development grants to Africa.¹²³

Brazil: According to the estimates of Brazilian officials, its assistance was \$437 million in 2007.¹²⁴ In 2006 assistance constituted 0.04 per cent of GNI, based on the figure \$356 million, excluding humanitarian assistance.¹²⁵ Volumes are difficult to assess as its technical cooperation is difficult to quantify in monetary terms. While Brazil has channelled \$55 million for capacity building in developing countries in the last five years, this figure should according to the government be multiplied by fifteen as it does not take into account the value of the training or of the knowledge transferred. For 2008, \$30 million were earmarked for the implementation such projects.¹²⁶ No information on future quantity intent is available according to the ECOSOC.¹²⁷ Given that Brazilian South-South cooperation plays an important role and plays an important role for Brazil's foreign policy, it could be assumed that Brazilian engagement in development assistance will increase.¹²⁸

¹¹⁵ Brautigam (2009), p. 168.

¹¹⁶ Forum on China-Africa Cooperation (FOCAC) 2009-11-12.

¹¹⁷ OECD-DAC (2009a), Chaturvedi (2008), p.28. Rowlands (2008) p.12.

¹¹⁸ OECD-DAC (2010).

¹¹⁹ UN ECOSOC (2008) p. 11.

¹²⁰ As of March 31 2008, the total lines of credit commitment by the EXIM Bank was \$2.3 billion covering 73 LOCs in 83 countries in Africa, Asia, CIS, Europe and Latin America. HIPC CBP (2008) and Chaturvedi (2008).

¹²¹ According to HIPC CBP (2008), India had committed to relieve the debts of 5 HIPCs at a total value of \$38 million as of end 2007.

¹²² HIPC-CBP (2008) Guide to donors, India Profile.

¹²³ Katti et.al, (2009)

¹²⁴ OECD-DAC (2009a)

¹²⁵ OECD-DAC (2010) and UN ECOSOC (2008).

¹²⁶ Brazil statement, High Level Symposium, Cairo 2008

¹²⁷ UN ECOSOC (2008)

¹²⁸ Brazil statement at High Level Symposium, Cairo (2008).

Russia: The Russian Federation estimated its annual aid budget to be \$900 million in 2009, compared with \$220 million in 2008.¹²⁹ According to the government of Russia it could pursue a more active policy in international development assistance, including an increase in government spending for these purposes. Russia has mostly contributed by writing off debts, including within the HIPC Initiative and it is currently focusing on assistance in the form of grants to international funds and programs.¹³⁰

South Africa: Development assistance estimates vary due to the absence of systematically collected aid data: from \$61 million for 2006/2007¹³¹ to \$194 million for 2007/08 (0.07 per cent of GNI).¹³² Exact figures are available for South Africa's aid channelled through the African Renaissance and International Co-operation Fund. The assistance through the fund has grown considerably, from \$7 million in 2003 to \$40 million approved in 2008/2009.¹³³ South Africa's activities as a development partner are expected to increase, and there is a proposal to increase aid to 0.2 to 0.5 per cent.¹³⁴

¹²⁹ OECD/DAC 2009 Development Co-operation Report 2010 (forthcoming) and estimates from Ministry of Finance, Russia.

¹³⁰ Concept note Russian Federation (2007).

¹³¹ OECD-DAC(2010).

¹³² UN ECOSOC (2008)

¹³³ OECD-DAC(2009a).

¹³⁴ Braude et.al (2008) and UN ECOSOC (2008).

Annex 4: Multilateral contributions of new development partners

Table 1: Non-DAC donor's net disbursements (Current prices) 2008

Bilateral and multilateral ODA				
US\$ million 2008*		Bilateral	Multilateral	% to multilateral
OECD non-DAC	Czech Republic	117.14	132.07	53
	Hungary	15.43	91.50	86
	Iceland	36.06	12.33	25
	South Korea*	539.22	263.12	33
	Poland	83.83	288.54	77
	Slovak Republic	40.82	51.04	56
	Turkey	735.74	44.62	6
	Mexico	na	na	
EU non-OECD	Bulgaria	na	na	
	Cyprus	na	na	
	Estonia	5.86	16.15	73
	Latvia	4.28	17.57	80
	Lithuania	14.88	32.97	69
	Malta	na	na	
	Romania	26.68	96.18	78
	Slovenia	29.30	38.30	57
Arab	Kuwait	282.19	0.99	0.3
	Saudi Arabia	5543.63	20.49	0.4
	UAE	88.09	..	
Other	Chinese Taipei	407.40	27.80	6.4
	Israel	118.70	19.16	14
	Lichtenstein	20.55	2.79	12
	Thailand	166.38	12.07	7
BRICS	<i>Estimates</i>			
	Brazil	na	na	90%(1)
	China	na	na	na (2)
	India	na	Na	7% (3)
	Russia	na	Na	na (4)
	South Africa	na	Na	77% (5)

* All figures for 2008, except for BRICS countries which are estimates for 2006/2007.

.. Data not reported. Total ODA UAE same as bilateral: 88.09

(1) Source: OECD-DAC (2010)

(2) Most of Chinese assistance is believed to be bilateral.

(3) Source: UN ECOSOC (2008)

(4) Much/most of Russia's assistance is bilateral. Sources: OECD-DAC (2010) and Russian Federation Concept note (2007)

(5) Source: UN ECOSOC (2008)

Sources: OECD-DAC statistics, except for BRICS countries (see above).

Available at: http://www.oecd.org/LongAbstract/0,3425,en_2649_34447_44376756_119656_1_1_1.00.html

The table includes all non-DAC donors who report their ODA to the DAC.

Note: New EU members Bulgaria and Malta do not report their ODA to the DAC, nor does Mexico for which there is no available data. Other new development partners, not included in the table are Argentina, Chile, Malaysia and Venezuela, for which there are only estimates. These have not been looked into in this report.

Table 2: Snap Shot of Non-DAC Donors' Multilateral Contributions in 2008

Donor	UNDP	UNICEF	UNRWA	WFP	UNHCR	UNFPA ¹	UNIFEM
Argentina	595,238	10,000		100,000	30,000	5,000	10,000
Brazil	549,694	3,012,050	200,000	1,440,694		11,000	25,000
Chile	678,928	77,000	15,000		100,000	5,000	2,000
China	3,816,569	1,289,715	80,000	9,575,850	651,906	900,000	30,000
CzechRepublic	506,041	737,934	197,447	816,725	986,369	121,454	
Hungary	15,000	146,573		65,000	2,078,075	8,000	
India	4,553,213	2,800,128	20,000	17,130,140	9,958	222,222	20,194
Indonesia	410,997	100,000	10,000	2,000,000		35,766	100,000
SouthKorea	4,000,000		350,000	2,601,010	3,016,519	130,000	20,000
Kuwait	570,000	200,000	2,499,958		2,000,000	50,301	20,000
Mexico			5,000	50,000	101,905	50,301	60,000
Poland	89,879	420,096	141,194	1,163,668	857,269	10,000	
Russia	774,027	1,000,000		15,000,000	2,000,000	300,000	
SaudiArabia	4,000,000	2,500,000	39,569	503,752,713	112,000	300,000	100,000
SlovakRepublic		12,937		71,995	14,577	6,579	
SouthAfrica	1,564,487	24,615	147,965	315,364	145,985	23,143	
Turkey	1,057,988	750,000	750,000	4,100,000	450,000	140,000	50,000
UnitedArabEmirates	324,000	13,937,627	5,336,981	50,000	54,000		50,000
Venezuela	487,932			750,000	5,000	10,000	
Donor	IFAD ²	GFATM	IADB ³	AfDB ⁴	AsDB ⁵	WB/IDA ⁶	Total
Argentina			10,858,900				11,609,138
Brazil	2,639,000		10,858,900			42,050,665	60,787,003
Chile			2,981,600				3,859,528
China	5,000,000	2,000,000		40,613,000	7,500,000		71,457,040
CzechRepublic						3,449,335	6,815,305
Hungary		20,000				4,190,918	6,523,566
India							24,755,855
Indonesia	3,000,000						5,656,763
SouthKorea	1,000,000	3,000,000		16,506,339	30,506,746	62,732,039	123,862,653
Kuwait	2,800,000	1,000,000		3,383,536		9,650,332	22,174,128
Mexico	1,000,000		6,980,300			3,449,335	11,696,841
Poland		100,000				2,088,141	4,870,247
Russia		78,405,042				19,515,333	116,994,402
SaudiArabia	3,500,000	6,000,000				16,666,095	536,970,377
SlovakRepublic						917,221	1,023,309
SouthAfrica		145,985		3,632,554		5,513,082	11,513,180
Turkey	400,000				1,375,000	6,205,876	15,278,864
UnitedArabEmirates	650,000						20,402,608
Venezuela	7,500,000		5,817,800			2,068,625	16,639,357

¹ Figures represent payments made in 2007

² Figures represent cash payments or promissory note encashments received.

³ IADB-8: Eighth General Increase in IADB's resources. Figures relate to the total paid-in and callable capital stock in 2007.

⁴ AfDB-11: Eleventh replenishment, average annual contribution.

⁵ AsDB-9: Ninth replenishment, average annual contribution.

⁶ IDA-14: Fourteenth replenishment, average annual contribution.

For information:

UNDP: includes income received by UNDP from contributions to regular resources, local office costs (GLOC) and/or in-kind contributions.

UNICEF: includes regular and other (regular + emergency) resources

UNWRA: includes contributions to the regular and non-regular budget

WFP: allocations from common funding mechanisms

UNHCR: includes contributions to the annual, supplemental and JPO budgets

UNIFEM: regular resources received

GFATM: reflects actual contributions and not pledges made

Annex 5: Contributions of new development partners to World Bank IDA and World Bank administered Trust Funds (TFs)¹³⁵

Table 1: TF and IDA Contributions (total vs. new development partner share) – Fiscal Years 2003 to 2008, plus 2009 and IDA15

in USD millions		FY03	FY04	FY05	FY06	FY07	FY08	TOTAL	FY09
Total TF Contributions		3,899.0	4,932.0	6,993.0	5,506.0	8,223.0	9,060.0	38,613.0	8,755.0
	of which FIFs	2,603.0	2,994.0	4,906.0	3,059.0	4,559.0	5,014.0	23,135.0	5,216.0
TF Contributions from Emerging Donors		52.1	57.2	44.3	56.3	61.2	135.6	406.5	248.9
	of which FIFs (GFATM, GEF)	18.2	24.7	23.4	30.5	39.0	105.9	241.8	109.2
in USD millions		IDA13 (FY03-FY05)			IDA14 (FY06-FY08)			TOTAL	IDA15*
Total IDA Donor Contributions		12,675.5			20,681.0			33,356.5	30,402.7
IDA Contributions from Emerging Donors		380.8			568.8			949.6	925.6

* not including MDRI

The majority of new development partners are so-called IDA Part II members, with total contributions of \$783.54 million (FY 2003- 2008), accounting for 2.35 per cent of all IDA contributions in IDA13 and IDA14. Seven are IDA Part I members (Estonia, Kuwait, Latvia, Russia, Slovenia, South Africa, United Arab Emirates), with total contributions to IDA over this timeframe of \$166.03 million, or 0.50 per cent of all donor contributions. The absolute contributions of these donors have increased over the last IDA replenishments, and the share of Part I new development partners has increased as well, especially due to significant increases from the Russian Federation in IDA15, whereas the share of Part II new development partners has remained largely flat.

Table 2: The five largest new development partner contributors to IDA13 and IDA14 – Fiscal Years 2003 to 2008, plus IDA15 pledges

in USD millions		IDA13 (FY03-FY05)	IDA14 (FY06-FY08)	TOTAL	IDA 15
Korea		121.4	193.3	314.7	285.2
Brazil		81.4	126.1	207.5	191.2
Saudi Arabia		52.6	50.0	102.6	75.2
Russia		26.6	58.6	85.2	108.9
Kuwait		18.7	29.0	47.7	53.4

Together the five contributed with \$757.7 million, the equivalent of 80 per cent of all contributions by new development partners and 2.27 per cent of the total donor contributions during these IDA replenishments.

Table 3: The five largest new development partner contributors to World Bank administered Trust Funds – Fiscal Years 2003 to 2008, plus 2009

in USD millions		FY03	FY04	FY05	FY06	FY07	FY08	TOTAL	FY09
Russia		8.0	9.5	5.0	27.5	16.5	101.9	168.4	107.0
Korea		5.7	9.1	11.5	2.2	2.2	10.8	41.5	26.7
Saudi Arabia		12.1	12.5	2.9	4.6	5.0	0.9	37.9	9.0
China		3.5	5.1	5.2	5.2	7.2	5.6	31.8	5.9
India		2.7	5.0	2.6	6.1	3.6	4.5	24.5	2.4

¹³⁵ The data for the Tables on TF and IDA contributions is from the World Bank's Concessional Finance Monitoring Tool (CFMT). The 22 countries for which data was available were: BRICS countries: Brazil, Russia, India, China and South Africa, the EU New Member States (EU NMS): Czech Republic, Estonia, Hungary, Poland, the Slovak Republic and Slovenia and ten other countries: Argentina, Chile, Israel, Korea, Kuwait, Mexico, Saudi Arabia, Singapore, Thailand, Turkey.

Together the five contributed a total of \$304.2 million, accounting for 75 per cent of all contributions from new development partners during this time frame and a share of 0.79 per cent of TF contributions from all donors to the World Bank.

Table 4: Contributions by EU NMS to IDA and World Bank administered Trust Funds – Fiscal Years 2003 to 2008, plus 2009 and IDA15 pledges

IDA		in USD millions		IDA13 (FY03-FY05)	IDA14 (FY06-FY08)	TOTAL	IDA15				
Czech Republic			7.22		10.34	17.56	17.37				
Estonia						0.00	3.09				
Hungary			7.92		12.92	20.84	18.92				
Poland			3.80		6.26	10.06	9.30				
Slovak Republic			1.76		2.75	4.51	3.09				
Slovenia					6.00	6.00	8.73				
TOTAL			20.70		38.27	58.97	60.5				
TF		in USD millions		FY03	FY04	FY05	FY06	FY07	FY08	TOTAL	FY09
Czech Republic		1.32	1.42	1.52	1.42	6.80	0.00			12.49	0.70
Estonia										0.00	0.26
Hungary			0.01	0.01	0.01	0.03	0.01			0.07	0.01
Poland		0.03	0.03	0.03	0.03	0.32	0.29			0.73	1.79
Slovak Republic						0.03				0.03	0.00
Slovenia		0.35	0.43	0.39	0.43	1.90	1.86			5.36	1.71
TOTAL		1.70	1.89	1.95	1.90	9.07	2.16			18.67	4.47
of which FIFs (GFATM, GEF)		1.68	1.81	1.93	1.82	8.35	1.81			17.40	1.76
TOTAL w/o GFATM, GEF		0.02	0.08	0.02	0.08	0.75	0.35			1.30	2.71
% GFATM, GEF of TOTAL BRIC		99%	96%	99%	96%	92%	84%			93%	39%

Table 5: Contributions by BRICS to IDA and World Bank administered Trust Funds – Fiscal Years 2003 to 2008, plus 2009 and IDA15 pledges

IDA		in USD millions		IDA13 (FY03-FY05)	IDA14 (FY06-FY08)	TOTAL	IDA15				
Brazil			81.36		126.14	207.50	191.17				
Russia			26.62		58.55	85.17	108.87				
India						0.00					
China						0.00	30.61				
South Africa			10.67		16.55	27.22	32.13				
TOTAL			118.65		201.24	319.89	362.78				
TF		in USD millions		FY03	FY04	FY05	FY06	FY07	FY08	TOTAL	FY09
Brazil		0.36	1.13	0.40	2.18	2.43	0.38			6.88	1.03
Russia		8.00	9.50	5.00	27.50	16.50	101.94			168.44	107.03
India		2.69	5.04	2.57	6.15	3.57	4.53			24.54	2.37
China		3.54	5.12	5.18	5.18	7.18	5.58			31.76	5.88
South Africa		0.50	2.90	4.38	0.63	7.78	4.72			20.91	5.40
TOTAL		15.09	23.68	17.52	41.64	37.45	117.14			252.53	121.70
of which FIFs (GFATM, GEF)		7.94	14.38	14.10	21.08	23.61	95.93			177.05	85.72
TOTAL w/o GFATM, GEF		7.15	9.30	3.43	20.56	13.84	21.21			75.49	35.98
% GFATM, GEF of TOTAL BRIC		53%	61%	80%	51%	63%	82%			70%	70%

Annex 6: Regional focus of bilateral development assistance¹³⁶

	Regional focus	Top recipients	Comment
BRICS			
Brazil	Largest share to Latin American neighbors plus Haiti, East Timor and the Portuguese-speaking nations of Africa.	Top 3: Haiti, Cape Verde, East Timor in 2006.	
China	Largest share to Asia.	Largest recipient is North South Korea. Historically, Mongolia, Laos, Cambodia and Pakistan have been other important partners in Asia. In Africa, Ethiopia, Sudan, Tanzania, Zambia, Mali, Egypt and Algeria have been major aid recipients.	Africa was receiving 44% of aid in 2006 and the largest increases of aid will go to Africa. Increases have been pledged within the Forum on China Africa Co-operation (FOCAC)
India	Largest share to Asia. (85%)	Top 3: Bhutan 36%, Afghanistan 25%, Nepal 13% in 2006.	Aid to Africa is on the rise. Further increases have been pledged at the 2008 India-Africa Summit.
Russia	Mixed - primary recipients are countries of the Commonwealth of Independent States (CIS), the Asia-Pacific Region and Sub-Saharan Africa.	Countries of the Commonwealth of Independent States (CIS).	
South Africa	Almost all aid to Africa.	Members of the South African Development Community (SADC).	ANC 2007 congress confirmed that focus of assistance should be regional - SADC and support to Liberia and DRC.
EU NMS			
Czech Republic	Mixed - but some focus on neighbouring countries	In 2007 eight priority countries (Angola, Bosnia Herzegovina, Moldova, Mongolia, Serbia, Viet Nam, Yemen and Zambia) and two medium-term priority partners (Iraq and Afghanistan).	Decision in 2005 to reduce fragmentation by reducing the number of countries and focusing on no more than three sectors in each country.
Hungary	Most aid channelled to the Western Balkans and Commonwealth of Independent States (CIS)	Main partners in 2008: Bosnia and Herzegovina, Former Yugoslav Republic of Macedonia, the Kyrgyz	Neighbour countries are priority, but aid programs have been extended to include Asian and African

¹³⁶ Summary of data on four EU NMS (the Czech Republic, Hungary, Poland and the Slovak Republic), South Korea, Turkey and the five BRICS countries (Brazil, Russia, India, China and South Africa)

	countries.	Republic, Moldova, Montenegro, Serbia and Ukraine.	partners.
Poland	Mixed - but some focus on neighbouring countries.	In 2008 priority countries: Afghanistan, Angola, Belarus, Georgia, Moldova, Palestinian Administered Areas, Tanzania and Ukraine. In 2007 focus on transition economies including Belarus (USD 14.93 million), Montenegro (USD 13.29 million), Ukraine (USD 12.58 million).	
Slovak Republic	Focus on neighbouring countries but some spread.	In 2007: 2.9 million bilateral aid to Serbia and Montenegro and a total of 2.9 billion for 14 priority countries including Afghanistan, Albania, Belarus, Bosnia and Herzegovina, Former Yugoslavia, Macedonia, Kazakhstan, Kenya, Kyrgyzstan, Mongolia, Mozambique, Sudan, Tajikistan, Ukraine, Uzbekistan.	
South Korea	Largest share to Asia (61%).	Top 3 in 2006: Iraq (15.2%), Sri Lanka (6.0%), Bangladesh (5.9%). (1) but North South Korea probably got more than any of the mentioned.	The share to Africa has been increasing from 3% in 2002 to 14% in 2007. (2) Policy of future concentration on fewer partners to make aid more effective.
Turkey	Largest share to Asia (83%) in 2006. Caucasus and Central Asia (56.3%), Balkans and Eastern Europe (26.8%) Middle East and Africa (12.9%) in 2007.	Top 3 in 2007: Afghanistan (USD 71.6 million) the Krgyz Republic (USD 69.9 million), Iraq (USD 46.7 million). Top 3 in 2006: Kyrgyz Rep (17.6%), Afghanistan (9.0%), Pakistan (8.8%).	Planning to increase its assistance to other regions, especially to Africa.

Sources: UN ECOSOC (2008), OECD-DAC (2009a), Rowlands (2008), HIPC CBP (2008)

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