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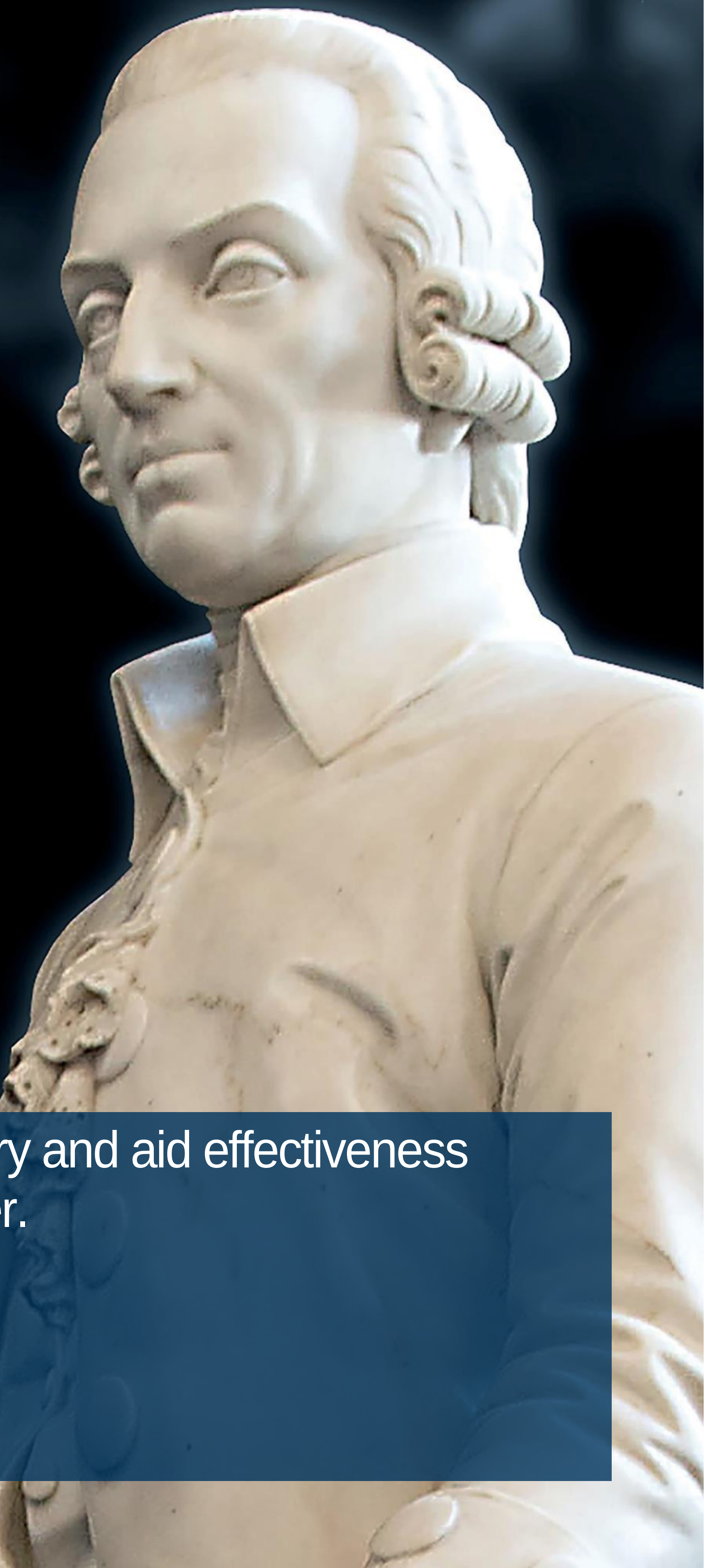

Evolution in the aid delivery and aid effectiveness debate – A Working Paper.

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Abstract

The paper aims to some of the principal changes in the structure of aid delivery since the 1960s. A significant part of the discussion is based on statistics which illustrate many of these changes in terms of the various sources of aid (OECD DAC countries, Non-DAC countries, Multilateral Agencies, and private donors). The main data sources are the OECD QWIDS webpage (OECD 2023 and 2024b) and the World Bank's World Development Indicators (World Bank 2024). It also discusses changes in the allocation of ODA (Official Development Assistance) between directly productive, economic infrastructure, social infrastructure, humanitarian, security and 'emergency' sectors over these years. A distinction is made between different categories of 'development finance' including ODA, Official Development Finance (ODF), Other Official Finance (OOF) and lending on more commercial terms. The term 'emerging donors' is discussed, and the various dimensions of these donors are explored.

Within a somewhat shorter time period (mainly 2000-2020) the changing institutional complexity of the 'aid sector' is described and the implications of this are explored, together with the changing priorities and objectives of 'traditional donors'. In part the changing structure and priorities of the aid sector reflect international socio-economic events including natural and man-made disasters, international migration of various types, and changing perceptions of how aid 'works'. The debate relating to 'aid effectiveness' is reviewed critically, and the issues relating to the 'decolonisation' of aid are explored briefly.

One of the principal conclusions is that the 'aid sector' has changed enormously from the character which it had just after the Second World War when the need to address the problems of 'less developed countries' was first officially articulated. This change has been continuous, so that more recent significant changes follow on within the evolution of the sector.

JEL Classification Codes:

O1 – Economic Development;
O19 – International Linkages to Development, Role of International Organizations;
O2 – Development Planning and Policy;
O23 – Fiscal and Monetary Policy in Development;
P45 – International Trade, Finance, Investment, and Aid

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1 Introduction

The title of this paper refers to 'evolutions', and the period covered in the discussion extends backward to the 1960s, although part of the critical review of 'aid architecture' focusses on the period since 2000. The data presented in Appendix A show that there have been significant changes to the sectoral composition of ODA over this period, and that if the longer period is considered the changes would be seen to have been event very considerable both in terms of the real value of total ODA (aggregate aid disbursements) and in terms of its composition.

The structure of aid delivery has also changed considerably in terms of the main 'actors' with emerging donors becoming more important in numbers and in the volume of development assistance coming from that source. The People's Republic of China is particularly notable among the emerging donors, and significant attention will be devoted to its contributions. There has been an enlargement of the European Union (a major source of multilateral ODA – Official Development Assistance) within this period, as well as an enlargement of the Development Assistance Committee of the OECD (DAC) which oversees the 'aid community'.

There are differences of opinion about the meaning of 'aid effectiveness'. Economists have tended to interpret it as meaning the contribution of ODA to the economic growth of recipient countries. There has been a long-running debate about the extent to which ODA has made a positive contribution to economic growth which is reviewed in Section 7 of this paper. An alternative understanding of 'aid effectiveness' relates to a 'micro' approach, including the use of variants of 'results based management' (RBM) and randomised control trials (RCTs). Section 7 and Appendix A discuss these issues in more detail.

One of the most important considerations in the analysis and understanding of ODA, of 'foreign aid' and – more broadly – development finance, is the nature of the statistics on which we depend. The first issue is the range of definitions which are involved, so that not only are there several significant categories of 'aid', but individual countries and organisations may use these definitions in different ways. A second issue is the fact that individual countries and organisations use different national currencies in reporting their statistics, and the conversion of these into international standard currencies depends upon foreign exchange rates which vary over time. A third issue is simply that of whether statistics relating to the value of aid are in current prices or in constant prices – and, of course, the generation of reliable deflators for the conversion of current price data into constant price data is itself an 'art form'. A fourth issue is whether the data for aid flows is given in terms of commitments or disbursements.[2] There are other definitional issues in addition to these, and there will be further discussion of them within this paper. This means that the statistics used in this paper need to be interpreted with these caveats in mind.

Following this introduction, the paper will focus more finely on the issues identified in its title – the evolution of aid delivery (what is known as 'aid architecture'). Section 2 provides an overview of changes in the ODA 'landscape' since the 1960s, referring briefly to earlier years. Section 3 relates to 'emerging donors', but of these most attention is devoted to China, which is the most significant. Section 4 considers changes in the priorities and objectives of 'traditional' donors, followed by Section 5 which reviews the recent increased complexity of ODA delivery. Section 6 then turns to the 'decolonisation of aid' which has been a major concern of recipient countries and non-government organisations in recent years. Aid effectiveness is the main issue discussed in Section 7, and then Section 8 provides some conclusions. Two appendices review a) the data for ODA and other financial flows from developed to developing countries, and b) the nature of the European Union contribution to global ODA.

2 Setting the Scene

This second section provides a background to the main changes which have occurred within the 'aid sector' in recent years. Appendix A presents some further detailed information and data about the basic characteristics of the 'aid sector' over the period since the 1960s and 1970s. Details relating to individual donors are limited principally to the UK, the United States and the European Union, because extending the range was not feasible for a paper of this type. The principal data sources used for the paper are the OECD's Query Wizard for International Development Statistics (QWIDS – OECD 2023 and 2024b) and the World Bank's World Development Indicators (World Bank 2024).

Table 1 – Total Aid – (disbursements – US$ million – constant 2022 prices)

Year	From DAC countries (total)	From Non-DAC countries (total)	From Multilateral Agencies (total)	From Private Donors (total)	Total Aid	Index of Total Aid (1960 = 100)
1960	35,595.93	2,170.53 (1966)	737.16	-	36,333.09	100.00
1970	44,788.00	2,572.95	5,569.71	-	52,930.66	145.68
1980	65,798.70	25,453.47	17,867.02	-	109,119.20	300.33
1990	86,793.46	11,897.82	18,727.85	-	117,419.10	323.17
2000	81,225.99	1,636.87	20,083.12	3,102.05 (2009)	102,946.00	283.34
2010	137,514.70	6,248.25	35,553.34	2,436.91	181,753.20	500.24
2020	172975.20	16,106.83	70,280.84	10,418.75	269,781.10	742.52

Source: Columns 2, 3, 4, 5 – OECD 2024b; Columns 6, 7 – Calculated from Columns 2, 3, 4, 5.

Note: Despite the fact that the DAC is the source for the almost universally accepted definitions of Official Development Assistance (ODA), Official Development Finance (ODF) and Other Official Flows (OOF) the QWIDS is not entirely clear about the definition of "Total Aid", except that it appears to consist of "ODA+OOF+Private" (refer to endnote 1).

Table 1 presents data for “Total Aid” disbursements over the period 1960 to 2020, with separation of series for aid from DAC (OECD Development Assistance Committee) countries, from non-DAC countries, from multilateral agencies and from private donors. “Total Aid” increased by a factor of 7.38 over this period in real terms (i.e. constant price US$ of 2022). However, aid from DAC countries increased by a factor of only 5.19, reflecting the significant increase in multilateral aid in more recent years, the increased role of ‘private donors’ since the beginning of the 21st century, and the role of country donors which are not members of the DAC. Between the years 2000 and 2020 “Total Aid” increased by 168 per cent, aid from DAC countries increased by 128 per cent, that from non-DAC countries increased very substantially but for several reasons the ratio of 2000 to 2020 aid is not meaningful (as will be discussed below and in endnote 2), that from multilateral agencies increased by 253 per cent, and aid from private donors increased by 235 per cent. This requires some explanation.

Aid statistics for emerging donors are only very partially available from the OECD QWIDS data and this will become clearer in Section 2 below. However, Table 1 shows that the amount of aid from non-DAC members has been increasing, with several of these countries joining the DAC over the years[3] – at the time of writing (May 2024) there are 32 members of the DAC. Non-DAC members reporting to the DAC include two particularly significant contributors to international development finance – China and India (OECD 2024c). The very substantial increase in aid from ‘Private Donors’ particularly reflects the role of charitable organisations in supporting international vaccination, health-related campaigns and humanitarian assistance. A list of the private bodies which report to the DAC is referred to in endnote 2 below and can be found on the OECD website (OECD 2024c).

Table 2 – The Status of alternative sources of development finance relative to ODA

	Status relative to ODA	Types of Development Finance
1	Mostly ODA	Grants
2	Probably largely ODA	Scholarships and Training in Donor Country
3	Possibly largely ODA	Technical Assistance
4	Some might be ODA	Loans
5	Mostly not ODA	Export Buyer’s Credit, Supplier’s Credit/Export Seller’s Credit and Debt Rescheduling
6	Possibly ODA	Debt Forgiveness

Source: Custer et al. 2021: 39-40

A methodological description of procedures adopted for the assembly of data about Chinese ‘Aid’ is provided by Custer et al. (2021: 39-40). Custer’s paper includes a very useful distinction between different types of financial flows which might, or might not, qualify as ‘Aid’. This categorisation is important for the interpretation of aid statistics from several of the emerging donors. The categories identified in this source are shown in Table 2 above.

Appendix A to this working paper sets out a range of characteristics of development finance flows to developing countries over the last 50 to 60 years. In this longer period there have been very considerable changes so that, for example, personal remittance flows to developing countries which qualify for the receipt of ODA have risen considerably relative to ODA. Some observers have viewed this increase in personal remittances as a reason for downgrading the significance of the need for ODA. However, personal remittances cannot have the same broad impact on economic growth and poverty reduction (defining 'poverty' in a broad 'standard of living' sense) as ODA focussed on supporting investment in economic and social infrastructure development. A similar judgement applies to the role of 'cash transfers' (either conditional or unconditional) because these transfers focus on individual household income poverty rather than on societal standards of living (including life expectancy, maternal mortality, literacy, and women's empowerment for example).

In addition to the change in the balance between ODA and personal remittances, Appendix A shows how the composition of ODA has changed with a substantially higher proportion of ODA being allocated to humanitarian and emergency categories in more recent years. This is an example of the way in which the role of ODA (and of development finance more broadly) in contributing to economic growth and development has moved away from the simple supplementation of recipient savings and foreign exchange resources which was embodied in the 'two-gap' approach (viz. Chenery and Strout 1966 and Easterly 1999) and towards a considerably widened role in the context of economic growth and development (viz. Clemens et al. 2011 and 2012; Arndt et al. 2015, 2016) – more in the context of a homogenous growth approach than the previous 'model' based simply on a capital coefficient (the so-called 'Harrod-Domar' model).

3 Role of emerging donors in 'aid delivery'

Emerging donors fall into several distinct categories. Some of them started providing 'aid' to 'developing countries' in the comparatively recent past, and their contributions have been increasing. The most significant 'emerging donor' in this sense is China, which has adopted relatively commercial criteria for much of its 'development finance' (see for example Besada and O'Bright 2017; Dole et al. 2021, Weerakoon 2023). This means that China's contribution to ODA (official development assistance) as defined by the OECD's Development Assistance Committee (DAC) is much smaller than its contribution to 'development finance' (which includes ODF – Official Development Finance – and OOF – Other Official Flows – OECD 2024a). Much of the literature also includes South Korea, India, Brazil and South Africa as 'emerging donors' (see for example Vieira and Alden 2011, ECDPM 2014).

Another issue associated with any review of the role of emerging donors is that the information available is affected by constantly changing international circumstances. Some countries have changed from being net recipients to being net donors, but other countries are added to the OECD DAC list of countries qualifying for the receipt of ODA. Some of the relevant literature, although of a high quality, is now somewhat outdated. For example, despite probably still being the major reliable 'text' specialising on foreign aid, Riddell (2007: Chapter 4) discusses the "growing web of bilateral donors" in an authoritative manner, but the content has obviously been overtaken by events. Manning's (2006) article on emerging donors is of particular interest, having been written by a former Chairman of the OECD DAC. Two books, by Mawdsley (2012) and Chaturvedi et al. (eds. 2012) are quite comprehensive in their coverage of emerging donors in the first decade of the 21st century.

A basic source for statistics on development assistance is the OECD DAC's QWIDS (Query Wizard for International Development Statistics) (OECD 2024b). However, a major limitation is that the QWIDS statistics do not extend systematically beyond the limits of financial flows from DAC member countries. For example, the QWIDS does not include any data on development assistance from China even though China has a "cooperating" status with the DAC (OECD 2024d). This means that ODA data is not available for the most significant 'emerging donors' (apart from South Korea which has been a DAC member since 2010) on a comparable basis with more established donors. The World Bank's World Development Indicators (WDI) have ODA data for a range of countries – but do not include OOF data (Other Official Flows) and other financial flows which might 'capture' some of the funding provided by 'emerging donors' to developing countries (World Bank 2024).

For 2021 the OECD recorded "ODA DAC member countries" as providing US$ 184.9 billion, and "ODA non-DAC countries" as providing US$ 19.0 billion, a 'global total" of US$ 203.9 billion (OECD 2024b).

Table 3 presents some data for ODA received by some of these emerging donors. To outline some of the main points from the table, Brazil received 1.24 per cent of Gross National Income (GNI) as ODA in 1966 and 0.33 per cent in 1970, but since then the proportion has not been higher than 0.04 per cent of GNI. It can be seen from column 5 in Table 3 that in constant price 2022 US$ the inflows of official ODA (disbursements) to Brazil peaked at US$ 785 million in 1970 and fell to US$ 647 million in 2020. China received its highest level of ODA as a proportion of GNI in 1990 at 0.56 per cent, but in other years since 1979 has received considerably less, with the proportion in 2020 being less than 0.1 per cent. The data in Table 3 show that in constant price 2022 US$ the inflows of official ODA (disbursements) to China peaked at US$ 2.982 billion in 1970 and had become negative by 2020 at US$ -519.62 million. India received 1.98 per cent of GNI as ODA in 1960 with the percentage declining steadily, reaching 0.07 per cent in 2000. Indian net receipts of ODA from official donors in 2000 were US$1.888 billion in 2022 US$, and by 2020 this volume was US$ 1,843 billion – but this reached US$ 3.427 billion in 2022 (OECD 2024b). South Korea received 6.28 per cent of GNI as ODA in 1960, 3.00 per cent in 1970, 0.22 per cent in 1980 and 0.02 per cent in 1990. By the year 2000 South Korea was a net donor of ODA (refer to Table 3). Finally, South Africa received 0.19 per cent of GNI as ODA in 1993 (the first year as a recipient of ODA) with the percentage rising to over 0.30 per cent for most of the period to 2020. South Africa's net receipts of ODA from official donors in constant 2022 US$ rose from 448 million in 1993 to 1,269 million in 2020.

Table 3 – ODA received by 'Emerging Donors' (Disbursements)

		Net bilateral ODA flows from DAC donors, Total (constant 2015 US$ millions)	Net ODA received (% of GNI)	Bilateral Aid from Official Donors Total (constant 2022 US$ millions)
Brazil	1960	256.44	1.24 (1966)	283.88
	1970	632.59	0.33	785.29
	1980	144.35	0.04	181.08
	1990	241.17	0.04	250.93
	2000	321.36	0.04	312.50
	2010	458.17	0.02	511.54
	2020	435.97	0.04	647.41
China	1960	-	-	-
	1970	4.31 (1979)*	0.01 (1979)	-
	1980	36.59	0.03	159.33
	1990	2,495.86	0.56	2,982.02
	2000	1,741.93	0.15	2,291.48
	2010	860.91	0.01	762.09
	2020	-236.98	<0.01	-519.14
India	1960	4,686.01	1.98	5,868.69
	1970	3,656.68	1.33	5,318.97
	1980	1,781.45	1.17	5,451.96
	1990	1,333.11	0.44	2,217.38
	2000	952.85	0.3	1,887.97
	2010	2,525.07	0.17	2,809.93
	2020	2,071.39	0.07	1,842.88
South Africa	1960	-	-	-
	1970	-	-	-
	1980	-	-	-
	1990	approx 450.00 (1993)	0.19 (1993)	447.87 (1993)
	2000	637.72	0.37	814.76
	2010	1,057.21	0.25	1,182.82
	2020	972.98	0.36	1,269.22
South Korea	1960	1,593.76	6.28	1,803.03
	1970	1,295.42	3.00	1,694.38
	1980	290.68	0.21	328.37
	1990	90.31	0.02	55.79
	2000	-263.76	-	-56.33 (1999)
	2010	-	-	-
	2020	-	-	-

Sources: Columns 3 and 4 – World Bank 2024; Column 5 – OECD 2024b.

Notes: For Column 3 constant price values have been calculated using the ratio of US$ values at current prices to constant price (2015) values derived from World Bank (2024) data. * this figure for 1979 is in current 1979 prices.

The data for net bilateral ODA received includes not only inflows of ODA but also outflows, which may partly consist of repayments and interest payments relating to past inflows of ODA. In addition, these flows reflect the fact that these countries now have their own external assistance programmes.

Statistics for ODA, or for development finance more broadly, provided to developing countries by emerging donors are considerably more difficult to track down than statistics for ODA/development finance received. Both the World Bank WDI and the OECD's QWIDS have a limited number of statistics for the ODA/development finance provision by these countries, which are widely regarded as important innovators in international development. The exceptions are South Korea, which joined the OECD DAC as a full member in 2010, and Turkey (which is an OECD member but not a member of the DAC). It will be seen that Turkey is a rather special case. Data is given in Table 4 for these two countries.

Table 4 – South Korean and Turkey ODA outflows (Disbursements)

	South Korea			Turkey (Türkiye)		
Year	Net ODA provided (constant 2020 US$mn)	Net ODA provided (% GNI)	Total Bilateral Aid (US$mn – constant 2022 prices)	Net ODA provided (constant 2020 US$mn)	Net ODA provided (% GNI)	Total Bilateral Aid (US$mn – constant 2022 prices)
1980	48.99 (1987)		51.91 (1987)			
1990	87.44	0.02	92.65	2,94	0.08 (1991)	3.00
2000	296.48	0.04	314.13	87.38	0.04	89.21
2010	1.304.57	0.12	1,382.24	540.35	0.13	551.66
2020	2,292.78	0.14 (2017)	2,423.30	8,123.52	0.95 (2017)	8,294.44

Source: Column 2 – World Bank 2024; Column 4 – OECD 2024b.

Table 4 shows how ODA flows from both South Korea and Turkey have increased considerably since 2000, particularly in the case of Turkey. Since around 2010 Turkey has increased its provision of ODA considerably until by the early 2020s its ODA ranked among the top 10 global donors – in the region of US$ 6 to 8 billion per annum (World Bank 2024; OECD 2024b). Turkey was a founding member of the OECD, is an observing member of the DAC and plays an active part in the organisation (OECD 2024c; 2024o). In recent years about 70 per cent of Turkey's ODA has been allocated to Syria in the form of humanitarian aid – with less than 10 per cent committed to social and economic infrastructure (OECD 2024b). Although Turkey has a very high number of refugees living in the country (about 4 million in recent years – European Commission 2021) it was only in 2022 that in-donor ODA allocations to cover the public expenditure costs of refugees and asylum seekers reached a notable level (16.9 per cent – OECD 2024b). In contrast to Turkey's experience, Korean ODA has overwhelming been committed to the social and economic infrastructure sectors, not falling below 70 per cent in any year since 2000 (OECD 2024b).

A very useful overview of Asian 'emerging aid donors' is by Dole et al. (2021), which provides a summary of the historical experience of Japan, Korea, China, India, and Thailand as aid recipients and then as aid donors. Some statements in this article are rather 'contestable' – for example:

> " … Western donors tend to view aid as altruism or charity cooperation (Opeskin, 1996; Saidi and Wolf, 2011). In contrast, Asian donors tend to align their foreign aid policies with their commercial and economic policies. In this perspective, both the donor and recipient seek to mutually benefit from ODA." (Dole et al. 2021: 60)

Recently, several 'Western donors' would, surely, be regarded as falling within a 'self-interest' category rather than as 'altruistic' (e.g. for the UK see UK Cabinet Office, 2021a and 2021b; UK Government, 2022, and for the USA see McBride, 2018). However, an important issue is the emphasis of the Dole et al. (2021) article on the regional (or sub-regional) focus of some Asian donors' aid programmes. So, the Dole et al. article is notable in providing some 'correction' to a perhaps over-Eurocentric and North American focus within the aid donor community – particularly in providing a brief history of ODA flows from Japan, China, India and Thailand.

2.1 – China's Development Finance

The OECD Council adopted a resolution on 16 May 2007 which strengthened cooperation with China, as well as with Brazil, India, Indonesia and South Africa (OECD 2024e, 2024f). Because China is so significant within contemporary international economic and political structures, there has been considerable attention devoted to its role as an emerging donor in the literature, and in analysing the implications of its interventions. This sub-section of the paper will therefore devote most attention to the case of China rather than to other 'emerging donors'. The sources shown in Table 5 below demonstrate that a considerable amount of the data referred to in the literature is somewhat dated. It is also apparent that a high proportion of Chinese 'international development finance' is commercially driven, so although some falls into a category equivalent to the OECD DAC definition of ODA, much of it falls into the OOF category (i.e. it does not satisfy the DAC 'grant element' and other conditions associated with ODA (OECD 2024a)). A recent article by Kern and Reinsberg (2022) elaborates many of the important issues relating to an understanding of Chinese development finance.

Much of the research work on Chinese 'development finance is undertaken in the USA. For example, a research project at the William and Mary College in Virginia funded by USAID has been assembling data about Chinese Aid and other financial flows to developing countries (AidData 2023). The AidData work has included "an effort to capture all Chinese ODA and OOF" and it records "a wide range of projects and activities that benefit from transfers ('flows') of goods, services, or funding from official sector institutions in China" (Custer et al. 2021: 40). The OECD records "China's total concessional finance for development" as US$ 3.1 billion in 2015, compared to USD 3.4 billion in 2014 (OECD 2024d).

The World Bank has also been active in publishing statistics and detailed information about Chinese development finance. A particularly important source is a World Bank blog article by Khokhar (2017) which summarises some of the main results from the William and Mary College research project. This article provides some important qualifying information relating to the interpretation of the AidData statistics. One of the main conclusions in this World Bank blog is that "It looks like more Chinese finance is classed as OOF ($216bn in the period above) than ODA ($81bn), and that 2009 is a bit of an outlier." The 2009 'outlier' is then explained thus: "It looks like part of the jump can be explained by two large projects involving Russian energy firms Transneft and Rosneft - they're also referenced in [a] 2009 Reuters article about China loaning Russia $25 billion to access to 20 years of oil." Note that the 2009 Reuters article referred to in the Khokhar article is not accessible (but see Reuters 2008 and 2018).

Russia, of course, is not on the OECD DAC list of countries qualifying to receive ODA – so lending to Russia should not be included in Chinese 'development' financing. The effect of excluding the 2009 Russian loans reduces the amount of Chinese OOF over the years 2000 to 2014 from US$216 billion to US$179.4 billion, a 16.9 per cent reduction. From the graphs included in the Khokhar article, it appears that for 2012 to 2015 Chinese 'ODA' was about US$8 billion annually, which would place China in about 5th place in a global rank ordering of donor countries. It can also be seen from Khokhar's graphs that a very high proportion of both Chinese ODA and OOF funding falls into the category of 'economic infrastructure', even after the US$36.6 lending of OOF to Russia is excluded.

A research programme at Johns Hopkins University, also in the USA, has been tracking economic and financial relations between China and the African continent (possibly principally sub-Saharan Africa) (China-Africa Research Initiative 2022). The data generated by the project suggest that Chinese Global ODA was slightly below US$ 3 billion in 2020 after rising steadily from about US$ 600 million in 2003. The project has also compared US and Chinese FDI to Africa over the period 2003 to 2020 – showing that Chinese FDI has been higher than US FDI since 2012, and that it is running at about US$ 4 billion in 2020 after peaking at just under US$ 6 billion in 2008. An ODA level of US$3 billion per annum would place China in 11th place in the rank ordering of providers of global ODA, but only if the Chinese flows qualify as ODA under the OECD DAC's rules'.

The Washington-based thinktank, Center for Global Development, has been monitoring Chinese aid for a considerable period. Strange et al. (2013) summarise a range of estimates for the order of magnitude and basic characteristics of Chinese aid, and the main elements of the summary are reproduced in Table 5. The volumes of Chinese aid have been standardised as annual values in this study, and it can be seen that a 'best estimate' of the annual amount of Chinese ODA in the first decade of the 21st century is in the order of US$ 1.4 to 1.8 billion. Strange et al. (2013) are very clear in distinguishing between Chinese development finance which is equivalent to ODA (as defined by the OECD DAC) and other forms of 'aid' and development finance (defined more broadly). The estimates for non-ODA data in the table are so varied that their reliability is extremely questionable – certainly in comparison with published data for other countries which provide development finance. The table gives clear estimates for EXIM bank loans, which would be equivalent to suppliers' credits or contractor finance, and which would be on more commercial terms than development finance which might be regarded as being 'aid' (as widely understood). Brautigam's chapter in a book published in 2011 sets out most of the important issues relating to Chinese aid to Africa (Brautigam, 2011). The Japanese Institute of Developing Economies has also contributed to this literature (Executive Research Agency (2009).

The article by Besada and O’Bright (2017) reproduced Table 5 (below) in its entirety from the original source, highlighting the commercial nature of much of Chinese development finance:

> “For more than a decade, China has sought access to Africa’s rich energy and raw materials to fuel its surging economy. The country’s booming domestic energy demand, coupled with insufficient coal output and falling domestic crude oil production, prompted China to look overseas for stable supply sources. ……. By 2014, China imported 23 per cent of its crude oil from Africa, with its largest supplier states being Angola, Equatorial Guinea, Nigeria, the Republic of Congo, and Sudan/South Sudan” (Besada and O’Bright, 2017: 660).

Table 5 – Estimates of Chinese Development Finance to Africa

Source ****	Year	Amount per year (USD)	Flow type *
Brautigam (2011a)	2007	1.4 bn	ODA
Wang (2007)	2004-2005	1 - 1.5 bn	ODA
The Economist (2004)	2002	1.8 bn	ODA
Lum et al. (2009)	2007	17.96 bn	Aid and related activities
Christensen (2010)	2009	2.1 bn	Aid
Lancaster (2007)	2007	582 - 875 mn **	Aid
He (2006)	1956-2006	5.7 bn ***	Aid
Kurlantzick (2006)	2004	2.7 bn	Aid
Fitch Ratings (2011)	2001-2010	67.2 bn	EXIM bank loans
Aiden and Alves (2009)	2006	12- 15 bn	EXIM bank loans
Harman (2007)	2006	12.5 bn	EXIM bank loans
Christensen (2010)	2009	375 mn	Debt relief

Source: Strange et al. (2013): 15 – also reproduced in Besada and O’Bright (2017: 664).

Notes: * "Overseas Development Assistance"; EXIM - "Export-Import"
** Authors' calculations based on mid-point of the range of total Chinese aid ($1.5 - 2 bn), and the estimated range of Africa financing (33-50%)
*** Authors' estimation for the entire 50-year time period
**** Note that the citations in this table refer to the 2013 source (Strange et al.).

One of the important factors affecting the accessibility of Chinese aid information and statistics is the complex institutional structures which handle what can broadly be described as ‘aid’. Nowak (2015: 205) provides an interesting summary relating to ‘Chinese Development Aid Strategies’:

> “In China, there is no one independent agency that manages its development assistance. Instead, different institutions are involved in providing and controlling aid. The State Council chaired by the Chinese premier has power to make decisions on foreign assistance but the details are handled by various institutions.”

Table 6 is reproduced from Nowak (2015: 206) and shows, in yuan (renminbi), the level and distribution of grants, interest-free loans and concessional loans up to the end of 2012 (the exchange rate at the end of 2012 was about 6 yuan to the dollar (Macrotrends, 2023)). It was not possible to access Nowak's sources directly. The reason for this is probably the lack of transparency which she describes in her article, so that the complexities of the search for reliable data cannot be replicated even by an informed reader. Over the entire period covered by Table 6 between 36 and 42 per cent of Chinese aid was provided in the form of grants. However, the proportion of Chinese aid provided on an interest-free basis fell from an average of about 30 per cent in the years up to 2009 to just over 8 per cent in 2010-2012. Concessional loans increased from just below 29 per cent before 2009 to nearly 56 per cent in the years 2010-2012.

Table 6 – China's Aid to Developing Countries by the end of 2012 (Billion Yuan)

Form of Aid	By the end of 2009		2010-2012	
	Aid Volume	% of Total Aid	Aid Volume	% of Total Aid
Grants	106.2	41.4	32.32	36.2
Interest-free Loans	76.54	29.9	7.26	8.1
Concessional Loans	73.55	28.7	49.76	55.7

Source: Nowak, 2015: 206 – original sources http://english.gov/cn/official/2011-04/21/content_1849913.htm and http://english.gov/cn/archive/white_paper/2014/08/23/content_261474982986592.htm (note that the first of these two web sources leads to a home page without any indication of a particular webpage which was the original source and the second was not available in August 2023)

Complementing Besada and O'Bright's (2017) remarks about the commercial nature of much of China's development finance and development assistance, Weerakoon (2023) provides a more recent commentary on the role of Chinese aid to developing countries. She remarks that:

> "While the scale of Chinese financing globally is not entirely clear, what is apparent is that it escalated rapidly to countries across Africa, South America and Asia, driven largely in part by China's desire to secure natural resources as well as extend its geo-political and economic influence" (Weerakoon, 2023: 294).

This desire to link the provision of Chinese development finance to the securing of 'natural resources' is also apparent in the case of Ghana (Huq and Tribe, 2018: 257-263; Odoom, 2017) and the same would also apply to other sub-Saharan African countries. Weerakoon continues:

> "China has also put in considerable efforts to establish and fund new multilateral lending agencies such as the New Development Bank (formerly the BRICS Bank) and the Asian Infrastructure Investment Bank (AIIB). The AIIB in particular – which comprises of a 70-strong membership includes every G7 country except Japan and the US – is expected to change the

international development finance architecture further" (Weerakoon, 2023: 294).

The expansion of Chinese development finance to developing countries is explained by Weerakoon, at least in part, by the desire of recipient countries to avoid lengthy negotiations with more traditional 'donors'. She writes:

> "The surge [in Chinese development finance] is easily explained as China made swift inroads into overlooked areas like infrastructure (Lee and Gonzalez, 2022). For many countries, the alternative was to depend on protracted negotiations with multilateral funding institutions (MFIs) for limited amounts or higher interest costs from international capital market funds." (Weerakoon, 2023: 295).

A recent review of Chinese aid is by Johnston and Rudyak (2016). In this contribution, the authors discuss the nature of the institutional framework within which Chinese development finance is provided, as well as estimates for its value and structure. Another set of estimates relating to Chinese aid was published by Kitano (2018), based on research at the JICA Research Institute (Japan International Cooperation Agency). Other recent papers giving further clarification of Chinese official development finance are by Lu (2018), Rudyak (2019) and Yuan et al. (2022). The papers referred to in this paragraph elaborate on the volume, structure and motivations of Chinese aid.

The website of the OECD DAC has a page entitled "Development Cooperation of the People's Republic of China" (OECD 2024d) from which the following quotation is taken:

> "China's total concessional finance for development reached USD 3.1 billion in 2015, compared to USD 3.4 billion in 2014 (OECD estimates based on Government of China, 2015; and websites of multilateral organisations). In 2015, China channelled USD 233 million through multilateral organisations."

The 2021 Chinese Government White Paper provides a comprehensive summary of China's development finance policy (State Council Information Office 2021) and a commentary on recent Chinese aid policy can be found in an article by Cordell on the Carnegie Foundation for International Peace (Cordell 2021).

An interesting, and important, article on China's overseas lending was published by Horn et al. (2021). The abstract for this article states that:

> "Using the loan-level lending data we estimate outstanding debt stocks owed to China for more than 100 developing and emerging economies since 2000. As of 2017, China had become the world's largest official creditor, surpassing the World Bank and the IMF. The terms of China's state-driven international loans typically resemble commercial rather than official lending. We also find that 50% of China's official lending to developing countries is not reported in the most widely used official debt statistics. These "hidden" debts have important implications for debt sustainability."

Three further contributions to the very large body of publications providing both data and discussion about Chinese aid and development finance more broadly are by Lew and Arvin (2015), by Lum (2009) and by (van Dijk, 2009). It is not possible to review all of this literature in a paper of this length.

Table 7 – Member Countries of the OECD Development Assistance Committee, August 2023; Date of Countries joining the DAC; Percentage of GNI committed to ODA by each country in 2022; and Net ODA provided in 2021 (2020 US$ constant prices)

Country	Joined DAC	ODA / GNI ratio 2022 (%)	Net ODA provided 2021 (total – constant 2020 US$)	Country	Joined DAC	ODA / GNI ratio 2022 (%)	Net ODA provided 2021 (total – constant 2020 US$)
Luxembourg	1992	1.00	496.4	Czech Republic	2013	0.36	322.5
Sweden	1965	0.90	5,354.9	Iceland	2013	0.34	64.7
Norway	1962	0.86	3,707.8	Italy	1960	0.32	5,811.4
Germany	1960	0.83	29,450.3	Spain	1991	0.30	3,085.4
Denmark	1963	0.70	2,717.6	Lithuania	2022	0.29	191.3 (d)
Netherlands	1960	0.67	4,975.4	Hungary	2016	0.28	417.5
Ireland	1985	0.64	1,133.5	Slovenia	2013	0.27	108.0
Finland	1975	0.58	1,401.2	New Zealand	1973	0.23	602.8
Switzerland	1968	0.56	3,775.6	Portugal (b)	1960 & 1991	0.23	418.1
France	1960	0.56	15,972.3	United States	1961	0.22	40,265.0
Estonia	2023	0.54	49.3 (c)	Australia	1966	0.19	2,996.7
Poland	2013	0.51	895.8	Korea, Rep	2010	0.17	2,840.8
United Kingdom	1961	0.51	15,150.6	Greece	1999	0.14	247.7
Belgium	1960	0.45	2,400.0	Slovak Republic	2013	0.15	142.1
Austria	1965	0.39	1,408.7				
Japan	1960	0.39	16,292.7	European Union (a)	1961	-	-
Canada	1960	0.37	5,417.0				

Sources: Columns 2,3,6 and 7 – OECD 2024c; columns 4 and 8 – World Bank 2024 except for Estonia and Lithuania.
Notes: (a) The European Union is a full member of the DAC but because it derives its funds from the multilateral ODA commitments of EU member countries these funds are included in the ODA allocations of the member countries individually.
(b) Portugal withdrew from the DAC in 1974 and rejoined in 1991
(c) For Estonia the source is OECD (2023g) and the value is for 2020 disbursements in US$ 2018 constant prices (notes continued on next page)
(d) For Lithuania the source is OECD (2024b) and the value is for 2022 (preliminary) disbursements in US$ 2021 constant prices

2.2 – Other 'Emerging Donors'

An important category of 'emerging donor' consists of countries which became members of the OECD DAC recently, and which provide a relatively low proportion of GNI as ODA. Table 7 shows a list of the members of the OECD DAC as at September 2023, together with the year in which each became of member of the committee.

For example, Estonia became a member of the DAC in 2023 and Lithuania in 2022 – these being the most recent additions to the 32 current members. Basic aid data is available for these countries from the World Bank's WDI as well as from the OECD DAC. Several of the 32 countries could be described as 'emerging donors' – but not in the same sense as China, India or Korea. For example, the 'smaller' donors (either in terms of the value of ODA provided or in terms of percentage of GNI) include the following members of the DAC: Czech Republic, Estonia, Greece, Hungary, Iceland, Lithuania, Luxembourg, New Zealand, Poland, Portugal, Slovak Republic, Slovenia and Thailand.

There are also countries which are not members of the DAC which provide ODA, and which report regularly to the DAC. These are Turkey (0.79% of GNI in 2022), Saudi Arabia (0.74%), Qatar (0.46%), the United Arab Emirates (0.33%), Latvia (0.25%), Croatia (0.17%), Kuwait (0.15%), Romania (0.14%), Israel (0.10), Azerbaijan (0.09%), Cyprus (0.07%), Thailand (0.01%), Kazakhstan (US$ 44 million) and Monaco (US$ 24 million). In addition, there are countries which report to the DAC, but which appear to have a less robust corresponding status including Malta (0.28% of GNI in 2022), Bulgaria (0.27%), China Taipei (as identified by the OECD) (0.05%) and Liechtenstein (US$ 33 million). All of the information in this paragraph was sourced from (OECD 2024c). It is apparent that the concept of 'emerging donors' can realistically be stretched to include a significant number of mid-European, Eurasian, Middle Eastern and other countries, although the aggregate amount of ODA involved will amount to a relatively small proportion of total recorded global ODA commitments.

Table 8 – Development Finance from Brazil, India and South Africa

	Brazil	India	South Africa
Development Cooperation (OECD definition) (US$ m)	411 (2012)	1,400 (2014)	148 (2014)
	316 (2013)	1,800 (2015)	100 (2015)
	n.a.	1,300 (2018)	111 (2018)
	n.a.	1,600 (2019)	106 (2019)
Development Cooperation through multilateral organisations (OECD definition) (US$ m)	208 (2013)	141 (2014)	n.a.
	96 (2015)	106 (2015)	80.4 (2015)

Sources: Brazil – OECD 2024h; India – OECD 2024i; South Africa – OECD 2024j.
Note: By implication the $ values are in current prices.

Table 8 summarises the limited range of statistics available from the OECD website for the development finance contributions by Brazil, India and South Africa, three of the emerging donors which also qualify to receive ODA. Although this information is now a little dated (i.e. as of May 2024) it does indicate orders of magnitude, with

India clearly assuming a very significant role. The OECD sources given for the data in Table 8 also provide some clarifying commentary.

Burges (2012) has some further information about Brazilian aid:

> "An officially sponsored study into Brazilian resources directed towards development cooperation found a total expenditure of US$1.426 billion between 2005 and 2009. Those funds were directed to four primary activities, with international organizations receiving US$1,082.2 million, scholarship programs US$138.8 million, humanitarian relief US$79.1 million and technical cooperation US$125.6 million." (Burges 2012: 237).

For Indian aid a very useful US-funded research centre based in Hawaii reports:

> "The foreign aid budget increased from around US$500 million in 2010 to a peak of US$1.5 billion in 2015, following which foreign aid allocation slumped for three years then rose again. For India's 2019- 2020 financial year, the government allocated US$1.32 billion (about 0.3% of the budget) to foreign aid." (CFE-DM 2022: 27).

Burges (2012) also has some clarifying information about Indian foreign aid:

> "Where the money is coming from within the Indian government and exactly how much is being spent remains a bit unclear. Indeed, turf wars between different departments conspired in 2010 to finally kill efforts to create an India International Development Cooperation Agency (MITRA, 2010). The bulk of Indian development cooperation activities are run through the established channels of the Ministry of External Affairs, which declared a $420 million spend in 2007-2008, and the Ministry of Finance, which announced a 2007-2008 spend of about $1 billion through loans and credits." (Burges 2012: 240).

On South African foreign aid Burges is again a useful source:

> "In 2006 the estimated ODA spend by South Africa was between US$363 and US$475 million, which was part of a total transfer to African countries estimated at US$2.79 billion." (Burges 2012: 242).

This information about the development finance contribution to recipient countries by emerging donors which are themselves regarded as 'developing countries' illustrates the levels and fluctuations of this form of South-South cooperation.

Smaller EU member states are in another group of 'emerging donors' which has been making an increasing contribution to international development finance, some countries being are more recent additions to EU membership. Further details relating to this group may be found in a book published in the EADI (European Association of Development Training and Research Institutions) Global Development Series (Horký-Huch and Lightfoot 2015). A slightly earlier publication in one of the EADI series has a section devoted to this issue (Hoebink 2010: Section III).

A final, and rather neglected aspect of the 'emerging donors' issue, is the number of 'sub-national' institutions in Europe which have been making a modest but consistent contribution in the form of ODA – and the Scottish Government is but one example of this (Scottish Government 2021). Reinsberg and Dellepiane (2021) found 195 sub-national European institutions which have "international development co-operation activities" with a total of about US$ 2 billion spent in 2015. This issue is also touched upon in Hoebink's edited volume on European Development Cooperation (Hoebink, 2010: Section IV).

4 Changes in the priorities and objectives of 'traditional' donors

The extent of changes in priorities and objectives of 'traditional donors', who inevitably contribute the major part of total ODA, is revealed by the changing structure of ODA allocations shown in Appendix A to this working paper. For example, Table A1 shows clearly the significant increase in aid to social infrastructure and services (from just over 20 per cent of total ODA in 1990 to just over 40 per cent in 2020) and also the increased commitment to humanitarian aid and to emergency response aid (from just below 1.5 per cent of total ODA in 1990 to 27.5 per cent in 2020).

These changes reflect two factors relating to international development. First is the increased focus on ODA committed to social infrastructure investment in recipient countries which relates to a shift from a primary emphasis on economic growth to one on broad poverty reduction. However, the contribution of investment in education and health (social infrastructure) to a reduction in multidimensional poverty is accompanied by changes in the human condition (i.e. literacy, the quality of the labour force and improved health) which also contribute to long-term economic growth (Arndt et al. 2015 and 2016) as opposed to short-term economic growth. The second is an increased focus on the commitment of ODA to security issues, as well as an increase in the number of 'emergencies' (i.e. international and domestic warfare and natural disasters such as earthquakes, tsunamis and floods). In the longer term, there is a perceived need to commit ODA to preventive programmes (relating for example to the reduction of the causes of international and domestic conflict as well as climate change) rather than simply to the effects of disasters (see for example US Department of State, 2018; Price, 2019). This means that the observed changes in the balance of ODA between 'sectors' are likely to be permanent.

4.1 – The focus on national interest

Another significant change in the character of ODA commitments by donors has been an increased focus on national self-interest rather than on a more altruistic approach (Berthélemy, 2006; Sumner and Tribe, 2011). This change varies between different donor countries, and over time. It is not reflected so much in the ODA statistics but is clearer in terms of policy statements and institutional changes. A clear example of the increased emphasis on national interest is provided by President Trump's 'America First' approach (Lacatus, 2021; Bustinduy, 2022). Careful analysis has suggested that the political statements emanating from the White House during the Trump presidency were not effectively converted into policy applications in terms of the volume of aid due to the influence of Congress in expenditure allocations. However, there were a number of 'micro' allocations affected by US government actions during this period. Examples were cuts in aid to Pakistan, to UNWRA (Palestine) and aid relating to family planning (the 'Mexico City Policy') (Beletskaya, 2022; Congressional Research Service, 2021; McBride, 2018).

Another example of increased donor self-interest is provided by the stance of the UK government, particularly since 2015. Indeed, the aid policy statement which was released in that year was entitled: "UK aid: tackling global challenges in the national interest" (HM Treasury, 2015). The Bilateral Aid Review published in 2016 emphasised the link between the focus on security issues within UK foreign policy and on the "national interest" in the context of ODA:

> "Our leadership on development is an important part of the Government's international vision for a secure and prosperous United Kingdom with global reach and influence. The Strategic Defence and Security Review (SDSR) and the UK Aid Strategy ("UK aid: tackling global challenges in the national interest") set out how the Government will work towards that vision (DFID, 2016: 17).

Although 'poverty' is clearly identified in the title of the Bilateral Review ("Rising to the challenge of ending poverty") there is little emphasis on poverty reduction as a principal objective of UK aid policy within this policy statement.

In 2021 the UK government published a major 'integrated review' on the global role of the UK (UK Cabinet Office 2021a: 46). Discussion of UK aid policy in this review is mainly limited to one page in the 100-page document, with a considerable part of the statement being devoted to security and military matters. On UK ODA this review states:

> "As one of the world's largest providers of ODA – well above Organisation for Economic Co-operation and Development (OECD) averages – we will focus our aid work on those areas which are important to a globally-focused UK and where we can have the greatest life-changing impact in the long term (UK Cabinet Office 2021a: 46)."

This places UK aid policy squarely as but one aspect of foreign policy as a whole, with national interest at the forefront, rather than focussing primarily on Britain's role in contributing to international socio-economic development.

The 2022 aid policy statement (UK Government 2022) essentially repeats the same priorities as those expressed in the other policy outlines published over the period from 2015. The re-badging and re-focussing of the former Commonwealth Development Corporation (CDC) into the global British International Investment (BII) can be seen as more related to the expression of British national interest than as a significant contribution to the UK development programme. The BII Annual Review for 2022 states that: "As part of our Impact Score, we rank all the countries we invest in from 'Alpha' to 'Delta' according to their GDP per capita, fragility measures and poverty gap. Alpha is the most in need and Delta the least." The review states that 12.1 per cent of investment commitments in 2022 were to Alpha countries (those most in need), while 24 per cent were to Beta countries, 58 per cent to Gamma countries and 5.8 per cent to Delta countries.

The BII review also states that "We invest in line with all the SDGs, beginning with Goal 1 on poverty." The data presented by the 2022 review shows that 4.4 per cent of investment amounting to £2.86 billion was committed to SDG 1 on Poverty. However, the review adds a rider: "Please note that some individual commitments target multiple SDGs, which means the sum of the commitments shown on this chart is greater than our total 2022 commitment figure." (BII 2022). It can be seen that there is something of a mismatch between the stated objectives of the BII and the statistics relating to these objectives in the context of 'need' and poverty reduction, reflecting the high profile of the 'national interest' objective of the re-badged institution.

In late 2023 the UK Government published a White Paper which pointedly focussed on ‘International Development’ rather than principally on ‘aid’ (FCDO, 2023c). This document was produced following a much broader process of consultation than had occurred with other statements on ‘aid’ over the previous ten years. The substantial nature of the White Paper included a significant international contextualisation of UK aid policy, and of its other policies which bear upon aid recipients. In this sense many of the criticisms which had been directed at the Conservative Government’s aid policy and ‘international development policy were at least partially addressed. However, it remains to be seen what the impact of the commitments made in the White Paper are converted into substantial changes in the nature of UK development policy.

Another dimension of ‘national interest’ has been the ‘tied aid’ principle (Global Partnership for Effective Development Co-operation, 2020). This means that particular categories of ODA can only be spent on goods and services supplied by the donor. In the past, evidence has suggested that ‘tied aid’ leads to goods and services being available to recipients at prices significantly higher than if purchased in ‘open competition’. Riddell (2007: 100-101) cites an OECD study which found that costs associated with tied aid were typically 15 to 30 per cent higher than with ‘untied aid’, and this is also the figure given in the official evaluation of the Paris Declaration (DIIS 2009: 1). However, even after ending the formal tying of ODA the ‘aid system’ continues to maintain an informal tying of aid which has quite a considerable effect. An OECD report published in 2017 includes a table indicating the extent of formal tying of ODA (Development Cooperation Directorate 2017).

Finally, the issue of ‘national interest’ of donors is also related to the extent of adherence to the use of ‘budget support’ in ODA commitments. Table A1 shows that General Budget Support has steadily increased as a proportion of ODA since it was first adopted in the 1990s. By 2020 it had reached just over 7 per cent of ODA commitments, just over twice the level of 2010. ODA classified as General Budget Support is provided to recipient governments without any ‘earmarking’ for particular sectors, programmes or projects. The implication of this is that the donors need to be satisfied that the ‘governance’ of public expenditure in the recipient country/ countries is effective so that the ODA will be used in broad alignment with the intentions of the donor. This ‘satisfaction’ can be tested through a) effective public expenditure monitoring and evaluation in the recipient country, and b) through lighter touch evaluations conducted by the donor community (preferably joint evaluations undertaken with collaboration between donors). One of the significant advantages of General Budget Support is that it has the potential to considerably reduce both donor and recipient transactions costs – in terms of the costs associated with the appraisal of projects and programmes, as well as implementation, monitoring and evaluation.

In addition to General Budget Support there is also Sector Budget Support, which means that the donors specify the particular sector or sectors to which ODA will be committed, but the appraisal, implementation, monitoring and evaluation of expenditure under Sector Budget Support is the responsibility of the recipient government (with a lighter touch overview by the donor community). Data for Sector Budget Support was not available from the OECD QWIDS (OECD 2024b) at the time when Table A1 was prepared.

Despite the advantages of the Budget Support system some donors have been reluctant to use it, or have decided not to use it. For example, The QWIDS (OECD

2024b) includes data for General Budget Support (but not for Sector Budget Support). For the UK GBS varied considerably over the period 1990 to 2015, with a maximum proportion of UK ODA in 1999 of 24.37% (2.96% of Total Bilateral Aid to All Sectors). Apart from one outlier year, for the USA GBS did not become a regular feature of its ODA until the late 1990s, but since then has varied considerably between around 1.5% and 13.7% of US ODA (0.5 and 1.5% of Total Bilateral Aid to All Sectors).

GBS has been controversial, particularly in the UK, where the UK Government stated that it would "end all traditional general budget support – so we can better target spending" (HM Treasury 2015: 4) – an indication of the primacy of national interest. Indeed, the UK's 2014 operational plan for aid to Tanzania over the period 2011-2016 stated that:

> "DfID Tanzania will reduce and eventually cease to use General Budget Support (GBS) during the period covered by this plan, as the 2010 independent Country Programme Evaluation suggested that GBS was not the most effective way to deliver results in the current circumstances" (DFID 2014: 7).

This 2014 statement is, in fact, a significant misrepresentation of the findings of not only the Country Programme Evaluation which is referred to in this DFID operational plan, but also of the findings of evaluations of GBS undertaken by the UK Independent Commission for Aid Impact, as is made clear in Tribe's chapter on Tanzanian aid in a book published in 2019 (Tribe 2019: 228-230).

4.2 – Increased international diversity of delivery of ODA

The increased diversity of ODA has several dimensions, but each of these is significant in the context of the management of international development assistance. Important, and mould-breaking, contributions to the discourse around this diversity were by Severino and Ray (2009 and 2010) and by Severino (2011) relating to what is referred to as 'aid architecture'. The three principal elements of increased diversity have been: a) an increased number of individual donor countries (referred to in Table 6 as well as in Section 3 of this paper); b) an increased number of institutions delivering ODA within individual donor countries (the UK being a good example of this – HM Treasury 2015 and UK Government 2022); and c) an increase in the amount of development assistance with similar characteristics to ODA channelled through multi-donor and multilateral aid institutions (such a GAVI – The Vaccine Alliance – GAVI 2023a). To these three, a fourth can be added. Within the ODA handled by multilateral aid institutions (MAIs) (such as the World Bank's IDA and the UNDP for example) there is an increasingly important distinction between funds which are allocated to recipients by the MAIs according to its own criteria, and those which are 'earmarked' by the bilateral donor providing the funds to the MAIs for particular types of programmes (limiting the freedom of decision making by the MAIs. This was discussed in some statistical detail by Manning in a UNU WIDER Working Paper (Manning 2014) and was termed as "multi-bi" aid in a significant chapter by Reinsberg et al. (2015) in a major handbook on the 'Economics of Foreign Aid'.

Of these four, the third is particularly interesting because The Vaccine Alliance has contributed billions of dollars since its establishment in 2000, with funds sourced from bilateral donors, from multilateral donors (e.g. the UN family, the World Bank and the European Union), from the pharmaceutical industry and from private donors (e.g. the Bill and Melinda Gates Foundation and Comic Relief). For the period 2021 to 2025 a total of over US$ 21 billion was pledged by bilateral and multilateral donors together with private donors (GAVI 2023b). The element of ‘blending’ of financial contributions to development programmes is evident in this third aspect of diversity, but so also are two other aspects of the official aid scenario. One of these aspects is the extent to which external funding for recipient country development programmes is provided by aid consortia which bring together several different bilateral and multilateral agencies for specific areas of investment (for example in primary education or health sector programmes). The other aspect is the combination of public sector and private sector funding (e.g. in the form of ODA, international bank lending and funding from the private sector bond market) for investment in the economic infrastructure sector – particularly the energy sector. To illustrate these trends with a robust set of statistics would represent a major research project, and so is not possible for this paper.

The information available for The Vaccine Alliance highlights the need to take care in avoiding double counting of ODA, in both bilateral and multilateral donors, but also in the ‘coalitions’ of which The Vaccine Alliance is a very good example. This problem of potential double-counting also applies where bilateral donors contribute funds to multilateral donors, which then contribute ODA to a variety of individual recipient countries and to other bodies (such as regional Development Banks – the African Development Bank, the Asian Development Bank and the Inter-American Development Bank). The potential for double counting is particularly associated with this type of ‘cascading’ of ODA funds.

The increased diversity in the delivery of development finance places further pressure on the transactions costs imposed on recipient countries. One element of these transactions costs is the management of the funding from multiple sources, with some of the sources being conditional upon successful negotiations with other sources (‘blending’). Another element of these transactions costs applies to the management of the implementation of development projects and programmes. A third element is represented by the management of project and programme evaluation, particularly if each individual source of funding requires individual evaluation studies.

The OECD DAC Profiles webpages include information not only concerning bilateral and multilateral official donors, but also concerning private sector donors. These webpages list 37 “Private Philanthropic Organisations” which contributed (in 2021 constant price US$) $2.4 billion in 2010, $3.9 billion in 2015 and $10.4 billion in 2021 (OECD 2024b and 2024c). This type of funding has terms which are almost equivalent to ODA.

4.3 – Increased national diversity of delivery of ODA

The United States has had a very diverse range of institutions delivering ODA, and development finance more broadly, for many years. For example, in 2022 there were four institutions each delivering more than US$ 2 billion (US AID – 41.5 billion, Department of State – 12.7 billion, Department of the Treasury – 3.8 billion and Department of Health and Human Services – 2.2 billion) (Foreignassistance.gov 2023).

The UK Government has been aiming to diversify the delivery of ODA through the creation of new institutions within government and also channelling a higher proportion of ODA through government departments other than the primary UK Aid institution (DFID to 2020 and FCDO subsequently). This has been particularly evident since the mid-2010s (HM Treasury 2015; DFID, 2016; UK Government 2022). Table 9 shows changes in the proportion of UK ODA accounted for by the FCDO, other government departments and other contributors of ODA.

The UK Government's 2015 aid policy statement (HM Treasury 2015: 4) made the emphasis on institutions other than the then DFID very clear. It stated that the UK aid policy approach would be related to:

a) Using "an expanded cross-government Conflict, Stability and Security Fund (CSSF) to underpin our security objectives by supporting the international work of the National Security Council (NSC);
b) Setting up "a £500 million ODA crisis reserve to allow still greater flexibility to respond to emerging crises such as the displacement of Syrian refugees;
c) Funding "a new £1 billion commitment to global public health (the "Ross Fund") which will fund work to tackle the most dangerous infectious diseases, including malaria. The fund will also support work to fight diseases of epidemic potential, such as Ebola, neglected tropical diseases, and drug resistant infections; and
d) Using "a new cross-government Prosperity Fund, led by the NSC, to drive forward our aim of promoting global prosperity."

Table 9 – Proportion of UK ODA accounted for by FCDO/DFID, Other Government Departments and Other Contributors of ODA (per cent)

Year	FCDO/DFID	Other Government Departments	Other contributors of ODA
2015	80.5	13.2	6.3
2016	73.8	18.3	7.9
2018	79.3	16.0	4.8
2020	73.7	19.0	7.3
2021	71.6	24.7	3.7
2020	59.7	37.8	2.6

Source: 2015 and 2016 – UK National Statistics 2017; 2018 to 2021 – FCDO 2023a: Table 2 p.19; and FCDO 2023b: Table 2 p. 16.
Note: It was not possible to readily access data for 2017 and 2019.

This proliferation of institutions involves potential duplication of effort between the existing roles of DFID departments and those of the new institutions (particularly the Ross Fund), as well as making the link between security and development objectives very clear (CSSF and Prosperity Fund). However, the Prosperity Fund was closed in 2021, with the functions transferred to the FCDO (FCDO 2022), suggesting that perhaps the main objective had been to by-pass former DFID management through setting up an institution which fitted the NSC objectives more closely. After the merging of the DFID into the FCDO this by-passing might no longer have been necessary from the UK government viewpoint.

4.4 – Increased pressures through ODA being used in support of asylum-seekers

In 2017 the OECD DAC issued five “clarifications” concerning the definition of “in donor refugee costs” qualifying as ODA (OECD 2024k). Previously these costs had not systematically been included as part of member country ODA, being regarded as part of domestic government expenditure unrelated to ODA. The clarifications consisted of:

1) Underlining “that refugee protection is a legal obligation and that assistance to refugees may be considered a form of humanitarian assistance.”
2) Stating that eligible categories of refugees “must be based on international legal definitions. Asylum seekers and recognised refugees are covered.”
3) Reaffirming “that beyond 12 months, expenditures are outside the scope of statistics on international aid flows.”
4) Explaining which “cost items may or not be included in reporting, e.g. temporary sustenance (food, shelter, training) is eligible but not costs for integrating refugees into the economy of the donor country.” and
5) Emphasising “the need for a conservative approach.” (OECD 2024k)

This approach was reviewed in 2021 and changes were made to the definitions due to the particular impact of refugees from the conflict between Russia and Ukraine on public expenditure in ‘receiving’ states. This change mainly affected countries within Europe which were experiencing significant inflows of Ukrainian refugees. This means that, for example, the United States aid allocations were not affected as much by the 2021 changes in definitions as the United Kingdom and other European countries.

The changes in the definition of ODA within public expenditure had a major effect on ODA allocations in the UK. UK ODA had already been reduced as a proportion of GNI from 0.7 per cent to 0.5 per cent in 2020 pending recovery of the economy following the impact of the Covid-19 pandemic (UK Parliament 2021). From the lower level of UK ODA a larger proportion was allocated to domestic asylum and refugee costs, but this rose even higher as a result of the pressures of increases in the numbers of refugees and asylum seekers. In 2018 UK ODA expenditure on ‘In-donor Refugee Costs’ was £370 million (2.5 per cent of total ODA), in 2019 it was £477 million (3.1 per cent of total ODA), in 2020 it was £628 million (4.3 per cent of total ODA), in 2021 it was £1.052 million (9.2 per cent of total ODA) and in 2022 it was £3,686 million (28.9 per cent of total ODA) (UK National Statistics 2023).

It can be seen from Table 10 that in-donor refugee costs have increased substantially for DAC member countries as a whole since 2010. There was a peak in 2016, after which these costs fell for DAC countries as a whole. However, they rose strongly in 2021 before more than doubling in 2022 – but still not exceeding the proportion of ODA committed to this issue by the UK. The OECD DAC has been tracking the evolution of in-donor refugee costs carefully (OECD 2024k; OECD 2024l). In May 2023 the Chair of the OECD DAC issued a statement clarifying the position with reporting of in-donor refugee costs in the light of the substantial increase in these costs following the Russian invasion of Ukraine (Staur, 2023). This statement included the information that.

> “… if reporting in-donor refugee costs as ODA, DAC members still have the option to decide that such costs are *additional* [emphasis in original] to their

planned development budgets. This is what for example Austria and Germany have done in their preliminary 2022 ODA reporting – meaning that these costs *did not have* [emphasis in original] a negative effect on already budgeted ODA programmes and contributions." (Staur, 2023)

Table 10 – ODA Disbursements for Refugee/asylum seeker costs in donor countries – 2022 constant price US$ million and percentage of total DAC bilateral ODA

Year	US$ million (2022 constant prices)	Per cent of total DAC members' ODA
2002	782.68	1.28
2010	3,840.83	3.59
2012	4,546.32	4.51
2014	6,504.97	6.01
2016	18,116.98	14.28
2018	11,167.81	8.99
2020	9,038.37	6.87
2021	12,750.28	9.16
2022	31,008.79	17.51

Source: OECD 2024b and calculations

5 Increased complexity of ODA and 'development finance' delivery

Earlier in this paper it was explained that the increased complexity of ODA delivery outlined by Severino and Ray (2009, 2010) has included a larger number of donor countries and more institutions within donor countries. The way in which these donors and institutions interact has also increased the complexity. One aspect of this complexity has been the joining together of donors into 'aid consortia' so that multi-donor and multi-agency coalitions commit to the external funding of recipient country development projects and programmes. One aspect of the blending dimension of ODA relates to organisations such as the Vaccine Alliance, which was discussed in an earlier section of this paper (4.2).

Another aspect of the complexity has involved the joining together of bilateral, multilateral and private sector funding institutions in committing to the funding of recipient development projects and programmes. This has been referred to as 'blending':

> "'Blending' is an umbrella term covering a vast array of instruments that mix concessional finance (grants, or loans with a grant element) with debt finance and other investment flows. While specific arrangements are often enormously complex, they typically combine interest rate subsidies that reduce the debt burden on borrowers, including governments; technical assistance to cover preparatory work and project supervision; direct grants to finance project components that have social and environmental benefits over and above their commercial returns; and insurance premiums to share risk." (Africa Progress Panel, 2014: 129)

As this 2014 report makes clear, 'blending' has been particularly employed for large infrastructure projects, and involves elements of 'conditionality' of a different type to that relating to ‘traditional’ policy conditions associated with external finance. This conditionality concerns the dependence of some sources of finance on the securing of other sources. For example, funding from a private sector bank through the bond market may be dependent upon part of the overall capital funding of a project being sourced from bilateral or multilateral ODA.

This ‘blended’ funding can involve delicate and time-consuming negotiations which require considerable skills and experience. In this sense, the ‘opportunity cost’ of the time of officials taking part in the negotiations might be quite considerable. It is this that Weerakoon (2023) refers to in her chapter cited earlier in this paper (sub-section 3 .1), and Huq (2023 and Huq et al. forthcoming) also refers to this aspect of funding in his discussion of the Padma Bridge project in Bangladesh.

5.1 – EU Development Finance and Brexit

The complexity of the delivery of ODA is an important dimension of EU development finance. There are two issues associated with this. The first is simply the distinctive ‘aid architecture’ associated with the delivery of ODA by the EU institutions. The second is the changes to the EU delivery of ODA relating to the withdrawal of the United Kingdom from the EU (Brexit). Mold’s (2007) edited collection provides a, now somewhat dated, description and discussion of EU Development Policy.

The EU’s ODA is delivered through two channels, which are separately funded, and which are within a ‘Multiannual Financial Framework’ (MFF). The first is the EDF – the European Development Fund, and the second is the Development Share of the Budget. There are also contributions, again separately administered, through the European Investment Bank (OECD 2024m; Donor Tracker 2023). Statistics on EU ODA are not easy to access within EU websites (EU 2023a), however, the OECD QWIDS (OECD 2024b) does include data for both the total flows flowing through the EU ODA channels as well as the individual contributions from each EU member country to the three channels (the EDF, the EU budget, and the EIB). Some detailed data for the period 2000 to 2021 is shown in Appendix B to this paper, and a summary of some of the main issues is included below.

It is important to emphasise that because the EU’s aid programme is multilateral in nature, it is funded from within the ODA programmes of individual member states. This means that funds disbursed as EU ODA are included in the overall ODA programmes of member states and are not in addition to the ODA of member states. If the EU ODA were to be represented as being additional to member states’ ODA programmes this would be a form of double counting.

Table 11 shows some aggregate data for the volume of ODA disbursed by the EU Institutions, and comparative data for the USA, UK and German governments’ ODA – all in current prices, and – by implication all disbursements rather than commitments. In this table the values from the EU source are in Euros, and those from the national governments are expressed in US dollars. A large part of the significant increase in ODA after 2020 is due to the support for the Ukrainian government following the invasion of that country by Russia, as well as supporting the large number of Ukrainian refugees who fled from the war zone (OECD 2024m, Donor Tracker 2023).

Table 11 – Disbursements of ODA from EU Institutions and from the Governments of the USA, United Kingdom and Germany – 2020 to 2022 (current prices)

	2020	2021	2022
From the EU Commission (€ billion)[a]	16.4	17.0	25.5
From the European Investment Bank (€ billion)[a]	2.33	2.10	2.67
From EU Institutions ($ billion)[b]	21.1	20.6	27.6
From the US Government ($ billion)[b]	35.4	47.5	55.0
From the UK Government ($ billion)[b]	19.3	16.3	15.7
From the German Government ($ billion)[b]	29.3	32.5	35.3

Sources: a) EU 2023a; b) OECD 2024b.

Each EU MFF covers a period of seven years, and the current MFF is for the years 2020 to 2027, having been approved in late 2020 before the UK withdrew formally from the EU. This means that the UK is committed to contributing to the EU's ODA funding until 2027 and the contributions will gradually reduce over the period up to 2027 (European Commission 2023; OECD 2024m; Donor Tracker 2023; EU 2023b). One of the distinctive features of the MFF is that it involves preliminary commitments of ODA to particular recipient countries, and in outline terms to particular development programmes within those countries, before any detailed programme or project preparation has been undertaken, and before any economic or financial appraisal has been undertaken. This procedure is rather different to that followed by most other donors.

In order to clarify the distinction between the European Development Fund and the Development Share of the Budget some statistics from the UK Government can be presented. This clarifies some issues associated with the implications of the UK's withdrawal from the EU on UK ODA. Table 12 sets out some basic data from the FCDO annual financial report, for which a provisional 2023 version became available as this working paper was being drafted. This table shows a declining contribution to the EU aid programme, even though the 2021 contribution to the European Development Fund was much higher than that in 2020 there was a fall in the UK contribution in 2022. These continuing UK contributions to the EU development programme illustrate the long-term contractual nature of commitments to provide ODA funds to multilateral organisations.

Table 12 – UK ODA Contributions to the European Union 2020-2022

	Development Share of the Budget		European Development Fund	
	£m	per cent	£m	per cent
2020	1,149	23.2	368	7.4
2021	684	16.0	635	15.2
2022	532	16.9	304	9.6

Source: FCDO 2023a and 2023b. Note: £m values are in current prices, and 'per cent' refers to the annual proportion of UK ODA.

Table 13 provides some data which clarifies the relationship between UK ODA commitments and the financial structure of the EU Development Expenditure.

Table 13 – UK Contributions to EU Development Expenditure as Proportion of EU Development Expenditure (US$ million – constant 2021 prices)

	UK ODA to EU				
	Development Share of the Budget (1)	European Development Fund (2)	Total UK ODA to EU Development Expenditure (3) = (1 + 2)	Total EU Development Expenditure (4)	UK Contribution to EU Development Expenditure (per cent) (5) = (3/4)
2017	1,391	677	1,168	16,812	6.94
2018	1,424	651	2,075	17,360	11.95
2019	1,443	1,246	2,689	16,405	16.39
2020	1,593	510	2,103	20,730	10.14
2021	941	874	1,815	19,054	9.97

Source: Donor Tracker 2023 and author's calculations.

Table 14 summarises some of the data from Appendix B for member countries' contributions to the EU development assistance programme. In 2021 four countries (France, Germany, Italy, Spain and the UK) contributed slightly less than 70 per cent of the total ODA contributions to the EU's programme, while 23 countries contributed slightly more than 30 per cent of the total (no individual member contributing more than 4 per cent of the total).

Table 14 – Funding sources for the EU's development assistance programme (Disbursements) – Percentage of Total and Total (Constant Prices - 2021 US$ Millions)

	2000	2005	2010	2015	2020	2021
Countries	% of Total	% of Total	% of Total	% of Total	% of Total	% of Total
France	16.12	10.66	18.56	16.10	16.76	17.13
Germany	25.54	24.18	22.10	21.35	21.47	21.89
Italy	13.73	13.25	10.88	11.65	11.73	12.16
UK	16.48	11.11	15.34	15.11	11.71	10.08
Total Bilateral ODA flow to EU	8,463.39	11,187.20	14,426.17	13,840.68	17,876.68	17,996.59

Source: Calculated from data sourced from OECD 2023

The longer-term impact of the withdrawal of the UK from the EU, and from contributing to the funding of EU ODA, has four elements to it. A detailed projection of the long-term financial implications of the withdrawal on global ODA is not possible because of the large number of unknowns. However, the four elements are: a) the elimination of the obligation of UK ODA to contribute to the EU, which could amount to about 10 to 12 per cent of UK ODA; b) a reduction in the funds available for EU ODA, which could amount to between about 8 to 12 per cent of EU ODA; c) a re-allocation of UK ODA within the total ODA budget transferring about 10 to 12 per cent to other bilateral or multilateral commitments; and d) a revision to EU ODA commitments in order to adjust to the reduction of about 8 to 12 per cent in the funds available.

5.2 – Other aspects of 'development finance'

Earlier in this paper the rising significance of recipient countries receiving funding, particularly for large infrastructure projects, through borrowing from the private sector bond market and on the 'blending' of several sources of capital finance has been remarked upon. Table 2 (above – Section 2) sets out categories of development finance which range from ODA which is fully in the form of a grant, to export credits and supplier finance which are fully commercial in character. The more commercial forms of 'development finance' include what has been referred to as 'contractor finance' in the past (see for example Cohen and Tribe 1972) and which in more contemporary times match financing approaches similar to the PPP (Public-Private Partnership) form found in higher income countries (Bayliss et al. 2020; Fine 2020; Gideon 2023; Gondard et al. 2018). The significant difference between the PPP type of capital financing model in more advanced economies and in developing countries is that while the source of funding in the former can largely be from domestic sources (not involving foreign exchange receipts and commitments), in developing countries the PPP contracts are principally entered into with external funding sources, and which therefore involve significant foreign exchange commitments.

The increase in debt-based borrowing (Mbu 2016; Presbitero 2016) has led to considerable international debt servicing problems for developing countries (UN 2020). The published data on the debt of developing countries often misses the main point about the burden of debt-servicing on development programmes. The ratio of total debt to GDP, for example, gives little indication of this burden. However, the ratios of annual debt-service payments to export earnings, and to government expenditure, do give a clear indication of this burden. The United Nations recently published a report which contains some important indicators in this respect (UN 2023a). For example, between 2010 and 2020 the net interest payments on public debt in developing countries (both internal and external debt) relative to government revenues increased from 4.2 per cent to 6.9 per cent, and as a proportion of GDP they increased from 0.9 per cent to 1.5 per cent. Although the percentage figures may appear low this represents increases of 64 and 67 per cent respectively. The external public debt service as a share of export revenue increased from 3.9 to 7.4 per cent over the same period (an increase of 90 per cent) (UN 2023a: pages 9 and 11). A brief comment on the 'debt problem' for emerging economies was published by the Chatham House thinktank in 2020 (Lubin 2020).

This increase in debt obligations of developing countries has given rise to fresh calls for debt relief. However, the financial and economic circumstances of the early 2020s are very different to those which prevailed in the period 2005-2010 (particularly in terms of the balance between different types of debt) when a major debt relief programme was undertaken through the HIPC (Heavily Indebted Poor Countries) Initiative and MDRI (Multilateral Debt Relief Initiative (IMF 2023).

6 Decolonisation of aid

A considerable amount of the discourse on the 'decolonisation' of aid (and of 'development' more broadly) has related to racial and gender issues, reflecting the concerns of political groupings and of the non-governmental (NGO) movement (Gender and Development Network 2021; Horton 2021; Leon-Himmelstine 2020; Narayanaswamy 2021; ODI 2022). However, there are other issues which impinge more directly on the governance of development finance and of the aid community. The imbalance of power between the donors and recipients of ODA[4] is very evident to any observer of the 'aid relationship' (de Haan 2023: 195). This imbalance of power is itself summarised in the conceptualisation of the persistence of a 'colonial' approach to the management of ODA by some donors. This is encapsulated in the concept of 'donor driven' aid (Riddell 2007: 87).

The DAC's Paris Declaration of 2005 (OECD 2005) targeted this imbalance of power between donors and recipients The Paris Declaration outlines the following five fundamental principles for making aid more effective:

1. Ownership: Developing countries set their own strategies for poverty reduction, improve their institutions and tackle corruption.
2. Alignment: Donor countries align behind these objectives and use local systems.
3. Harmonisation: Donor countries coordinate, simplify procedures and share information to avoid duplication.
4. Results: Developing countries and donors shift focus to development results and results get measured.
5. Mutual accountability: Donors and partners are accountable for development results.

Together these principles address the issues which lie at the centre of effective aid management and in securing a re-balancing of the relative power of donors and recipients. They place the onus for ensuring that the position of recipient countries is respected on the donors, and the onus for ensuring that aid is well-managed on both donors and recipients. These issues are fundamental to the 'decolonisation of aid'. Despite the fact that 137 countries endorsed the Paris Declaration (together with the Accra Agenda for Action) (OECD 2024n), 18 years later it is barely mentioned anywhere in the documentation relating to aid management. A Danish Institute for International Studies briefing paper (Lundsgaarde and Engberg-Pedersen 2019) drew the following conclusions about the effectiveness of the Paris Declaration:

> "Although the Paris Declaration enjoyed political support up to the High-Level Meetings in Accra in 2008 and in Busan in 2011, its role in framing donor action has declined. A review of the current development strategies of ten donor countries (Belgium, Canada, Denmark, the EU, France, Germany, Netherlands, Norway, Sweden and the United Kingdom) reveals that effectiveness principles are scarcely mentioned, though some donors, such as the EU and Sweden, still emphasize core elements of the agenda. Many donors engage selectively with the prescriptions of the Paris Declaration."

The Paris Declaration was subjected to a major evaluation study in the early 2010s (Wood et al. 2011) which was the subject of an academic review article published two years later (Wood and Betts 2013). The 'continuation' of the evaluation of the Paris Declaration and its extension to a series of (perhaps over-bureaucratic) international meetings is evident in the Global Partnership for Effective Development Co-operation (2023) which is discussed in a recent article by Taggart (2022).

One of the objectives of the Paris Declaration was to limit the extent of corruption within aid management. At the recipient level this has two aspects, which can be referred to as micro-corruption and macro-corruption. Micro-corruption relates, for example, to the phenomenon of 'gatekeepers' who restrict access to benefits for people who are entitled to receive them – with the 'gatekeepers' extracting bribes from those who are entitled to unrestricted access to the benefits. Macro-corruption relates, for example, to the biasing of tendering and contracting systems (particularly for large contracts) so that the contracts are awarded to individuals or firms who do not come out of systematic assessment of tenders with the most preferred bid. A significant part of 'policing' management systems is the effective implementation of a monitoring and evaluation system, including proper auditing of financial transactions – which is related to the 'results-based management' (RBM) approach (embodied in the fourth of the principles of the Paris Declaration).

A key article on the issues associated with corruption in developing countries is by Bardhan (1997), although, surprisingly, a significant DFID/ODI/U4 review of the literature on corruption in developing countries does not mention it (DFID 2015). As with many other concerns in the analysis of socio-economic development, key articles such as Bardhan's are timeless, and our understanding of the fundamentals is often not much progressed by subsequent publications. On the empirical side of analysis, updates are, of course, very pertinent, and Tribe (2019: 230-232) explored recent developments in a Tanzanian case study of aid and development which has broader relevance. The UK Independent Commission on Aid Impact produced a study on DFID's approach to anti-corruption measures relating to "the poor" (ICAI 2014) recommending further study and mentioning the Overseas Development Institute as an appropriate organisation to undertake this. The DFID's report on corruption (DFID 2015) was prepared by a team led by researchers at the ODI and at the U4 Resource Centre in the Christian Michelsen Institute in Bergen, Norway. The UK National Audit Office published a report in 2017 on DFID's experience in tackling fraud (NAO 2017). It can be noted that both the ICAI and the NAO are not responsible to the UK government – the ICAI reports to the House of Commons International Development Committee (ICAI 2023) and the NAO to Parliament (NAO 2023) – maintaining an 'arms-length' approach to the Government. Another significant move occurred in the UK in 2010 with the entry of the Bribery Act into the statute book, consolidating a wide range of disparate legislation (Legislation.gov.uk, 2010).

There is, of course, also corruption within donor countries – which may interact with macro-corruption in recipient countries. Transparency International (TI) has a 'Corruption Perception Index' (CPI) which now covers 180 countries (TI 2024). A major limitation of the CPI is that it relates particularly to corruption in the public sector: "The CPI ranks 180 countries and territories around the globe by their perceived levels of public sector corruption, scoring on a scale of 0 (highly corrupt) to 100 (very clean)" (TI 2024). The approach taken with the preparation of the CPI is to survey institutions and individuals interacting with the public sector about their views on the level of corruption in the public sector. There does not appear to be an equivalent international review which assesses perceptions of corruption within the private sector – which is a major gap in the information base on corruption. There are at least two sides to any instance of corruption or bribery, so if the public sector is viewed as being corrupt in some of its dealings with the private sector this implies that the private sector is complicit (if not the active 'partner) in such dealings. There is also an issue relating to corruption/bribery between private sector institutions, which is not covered by the TI's CPI. The emphasis on the illicit 'extraction' of public funds for private sector benefit reflects the World Bank definition of 'corruption': "Corruption—the abuse of public office for private gain—covers a wide range of behavior, from bribery to theft of public funds" (World Bank 2023). However, where corruption exists there is no doubt that it will have an impact on the effectiveness of ODA, which is the reason for its inclusion in the concerns of the Paris Declaration.

7 Aid Effectiveness

Aid effectiveness has been a very controversial issue over the years, with different camps taking diametrically opposed views and claiming to be able to provide evidence in support of their views. The discussion will start with the economists' view of aid effectiveness which focusses on the aid-growth issue. This can be sub-divided into three distinct stages.

In the early period of the literature (up until the late-1990s – Stage 1) there was a focus on a two-gap approach (Chenery and Strout 1966) with ODA regarded as contributing savings and foreign exchange as a means of raising the rates of investment and economic growth in recipient countries. There were differences of opinion, and of results from empirical research, about whether savings in recipient countries were actually enhanced by ODA (the 'fungibility' issue[5]) and whether ODA actually contributed to higher rates of economic growth. In 1997 a major World Bank study based on multiple regression analysis (Burnside and Dollar 1997 and 2000) reached more positive results relating to the impact of ODA on economic growth – ushering in Stage 2. The Burnside and Dollar study was highlighted in the World Bank's *Assessing Aid* report in 1998 (World Bank 1998 – passim and Appendix 1). These findings were followed by a lively series of studies which drew mixed results and conclusions. Then Stage 3 in the evolution of the aid-growth literature started in 2012 with an article in the UK's *Economic Journal* (Clemens et al. 2012) which changed the context of the 'aid-growth' debate completely, with a firm conclusion that ODA had made a positive long-term contribution to the economic growth of recipient countries. This conclusion has subsequently been confirmed by a series of studies based in the United Nations University's World Institute for Development Economics Research (UNU WIDER), notably by Arndt et al. (2015 and 2016). Appendix A of this working paper enlarges upon the debate.

While the two-gap approach to the analysis of the aid-growth relationship does have at least some, however limited, link to an economic theory of growth, regression analysis does not directly link into any economic growth theory. Regression analysis aims to test the statistical connections between variables – which may, or may not, reflect logical connections. Stage 2 in the aid-growth literature used variants of regression analysis to assess the extent to which aid had impacted economic growth in recipient countries, ushering out the focus on 'two-gap analysis' based on the Chenery and Strout (1966) approach. Burnside and Dollar focussed particularly on the extent to which any favourable impact on growth was dependent upon “good policies” (2000), and Collier and Dollar (2002) extended the analysis to include the impact of aid on poverty levels, using a different data set and different definitions of ‘policy’. Broadly, both of these studies arrived at positive conclusions about the impact of aid on economic growth, although the impact was found not to be very large.

In Stage 3, Clemens et al. (2011 and 2012) changed the context of the aid-growth debate, distinguishing between aid which had a ‘growth objective’ and that which did not – coming to firmer positive conclusions about the impact of aid on economic growth. Another innovation in the Clemens et al. study was to emphasise that because a significant amount of aid supports the development of social and economic infrastructure, the substantial investment involved would be expected to lead to a positive impact only after a long time lag. This second innovation implied that studies based on analysis of relatively short-term impacts of aid on economic growth were faulty (i.e. the model used in these studies was mis-specified).

The approach of Clemens et al. (at the Center for Global Development in Washington) was taken further by a team of economists at the World Institute for Development Economics Research in Helsinki (part of the United Nations University). Arndt et al. (2015 and 2016) found that if sophisticated regression analysis was extended to include a 30-year time period then the outcome led to the conclusion that not only did aid have a positive impact on economic growth, but that the impact was quite substantial. At the time of writing (May 2024) it appears that the ‘aid sceptics school’ has not provided a response to these (and other associated) more recent studies.

The assessment of aid effectiveness can be undertaken on a ‘macro’ basis or on a ‘micro’ basis. The ‘macro’ test can be regarded as relating to the overall impact of aid on the economic performance of recipient countries, and the ‘micro’ test as relating to the success with which individual projects and programmes have achieved their objectives, and whether aid has ‘made a difference to living standards at a household level. To compound the issue still further, at the ‘macro’ level there has been significant attention to the impact of aid on poverty reduction (i.e. overall based on country head counts rather than focusing on individual household poverty) in recent years, while going further back into the history of development economics the emphasis was almost exclusively on the impact of aid on economic growth, Griffin and Enos (1970) exploring some of these issues in an ‘early’ article. Two of the most implacable aid sceptics are Moyo (2009), whose arguments may be considered to be adversarial rather than academic, and Easterly (2004 with Levine and Roodman for example). In his academic articles Easterly takes a more measured tone than is to be found in his more polemical works (e.g. "…the West spent $2.3 trillion on foreign aid over the last five decades and still had not managed to get twelve-cent medicines to children to prevent half of all malaria deaths." 2007: 4).

In the 1980s Paul Mosley raised the issue of a ‘paradox’ between assessments of the impact of aid based on ‘micro’ and ‘macro’ analysis. The problem was defined in terms of the very favourable estimates contained within ex-ante appraisal of development projects in feasibility studies, before the approval and implementation stages of the project cycle, while ex post macro-economic estimates concluded that the impact of aid was very small or negligible (Mosley 1986). Mosley himself discusses a number of reasons why this paradox occurred. However, work at the

World Bank in the early 1990s (Pohl and Mihaljek 1992) re-appraised about 1,000 projects at the point of commissioning (i.e. after the completion of implementation but before project operations had started) and found that ex ante estimates of project performance in feasibility studies were systematically over-optimistic, thus considerably (if not completely) explaining the 'paradox'. More recently, Arndt et al. (2015 and 2016) found that careful statistical analysis led to the conclusion that the ex post macro-economic impact of aid on economic growth was significantly positive in the long-term (referred to in the previous paragraph). When combined, these studies may be regarded as eliminating the potential paradox, although there will always be some doubt about the accuracy of data used in these types of analysis.

Another element of the 'macro' aspect of the design of aid programmes, but in a non-economic context, is the 'drivers of change' approach, which is an example of an instrumental approach adopted by some donor organisations, particularly the UK DFID (Warrener 2004). However, this approach raises questions about the appropriate nature of donor policy interventions in recipient countries and so may be indicative of a need for decolonising donor aid management.

At the 'micro' level the test of aid effectiveness is perhaps less problematic, and the main issue is whether projects and programmes have achieved their objectives. However, sight must not be lost of the fact that individual projects and programmes may address the interests of some groups in recipient (and donor) countries, more than others. The 'stakeholder' question suggests itself. However, in terms of techniques and methods used for the test of aid effectiveness there is less controversy, and the 'results-based approach' which has been referred to earlier is widely accepted. This approach is associated with the long-standing 'Logical Framework' (for example see Kusek and Rist 2004) which has been adapted and developed by many organisations. The German ZOPP (Forster 1996) framework (Objectives Oriented Project Planning – MIT 2023) is an adaptation of the logical framework. Included within the logical framework approach is the essential element of the 'counterfactual', which emphasises the importance of basing 'incremental analysis' on a 'with and without' approach rather than a 'before and after' approach (Sumner and Tribe 2008: Chapter 6).

One aspect of project and programme planning which provides challenges for the assessment of aid effectiveness is the distinction between 'blueprint' and 'process' projects (Hulme and Limcaoco 1991; Dearden and Kowalski 2003; Gilbraith 2014). Although this distinction is not by any means a recent innovation it has been included here due to its interesting nature. 'Blueprint' projects are those where implementation follows a pre-set plan with pre-determined start and finish dates – an example might be the building of a bridge or of a primary school. On the other hand 'process' projects have an experimental approach with considerable flexibility in terms of the time scale and details of the project characteristics. However, 'process' projects require careful monitoring and well-managed adaptations during implementation. This means that while 'blueprint' projects can be relatively mechanistically evaluated, the implementation of 'process' projects starts without a clear idea of what the 'final' project will look like, making ex-post evaluation more of an art than a science. Examples of 'process' projects could be rural credit schemes or community development programmes.

At a very 'micro' level randomised control trials (RCTs) have been used in comparatively recent years in order to assess the effectiveness of specific aid projects in achieving objectives (Banerjee and Duflo 2011). RCTs are used in a medical context as a means of assessing the effectiveness of particular drugs or treatments. They consist of setting up, at the simplest level, an experimental group and a control group – the experimental group consisting of people who have received the 'input' and the control group of people who have not received the 'input'. For example, the effectiveness of literacy programmes, or of clean water supply, at a local community level could be assessed in this way. However, RCTs do not really address the 'big picture' issues such as national life expectancy in response to vaccination and other disease control measures. In this respect RCTs have a very limited role to play in the assessment of aid effectiveness, suffering from the same types of shortcomings as cash transfer programmes within the wider picture of socio-economic development.

The issues associated with this view of RCTs and with cash transfer programmes raise questions relating to the definition of 'development'. In their book which has been referred to above, Sumner and Tribe (2008 Chapter 1) distinguish three definitions or interpretations of 'development' which are very relevant to the issue of 'aid effectiveness'. The three definitions are:

1. Development' as a long-term process of structural societal transformation;
2. 'Development' as a short-to-medium-term outcome of desirable targets;
3. 'Development' as a dominant 'discourse' of western modernity.

The first of these is largely related to the analysis of 'development' in a 'disinterested' or 'unbiased' way. A good example of this approach is perhaps Kuznets's major study of economic growth, published in the 1960s, which was based on the analysis of long-term structural change (Syrquin 2012; Kuznets 1966 and associated articles in *Economic Development and Cultural Change* 1956-1967).

The second is largely based on the achievement of 'development targets' – such as the Sustainable Development Goals (UN 2023b; 2023c; 2023d) – and involves judgement about the extent to which these targets have been achieved, in a quantitative manner. However, this approach does not lend itself to the ex-post analysis of structural change, which is at the heart of socio-economic development.

The third is very much concerned with a comparison between some of the major characteristics of developing countries (aid recipients) and of advanced economies (aid donors). This essentially compares the characteristics of the most 'highly developed' economies – largely the 'Western' powers – with those of developing countries. To a considerable extent this third 'definition' can be regarded as being culturally biased and 'ethnocentric'. Perhaps Dore's autobiographical essay 'Human Progress' captures the sense of this notion of 'development' (Dore 2022). Another way of conceptualising this third definition is to view Rostow's emphasis on automobile ownership critically as an indicator of 'development' (Rostow 1990: Chapter 6 and Appendix A) when it could be argued that private automobile ownership is a better indicator of economic inequality in society.

This brief discussion of the concept of development perhaps suggests that for the purposes of judging aid effectiveness, using a 'development' criterion is fraught with problems.

8 Concluding remarks

This is a long paper[6] which covers a multiplicity of issues relating to Official Development Assistance and 'development finance' more broadly. Over the years since the end of the Second World War international efforts to improve the socio-economic position of low-income countries relative to the more advanced economies have moved through distinct stages in the institutional nature of 'development assistance', in the range of objectives which it aims to address, and in the analysis of its impact. In the earlier years the focus was particularly on economic growth, but successively the evolution has encompassed closer attention to 'structural adjustment', to poverty reduction and to humanitarian issues. Along the way international and national security have been important parts of aid objectives, and disaster relief and recovery have always had a place in the priorities of both aid donors and aid recipients.

In the very long term, the nature of the relationship between donors and recipients has changed, with the political independence of former colonies from the colonial powers being achieved mainly over the years from 1947 to 1970. More recently the issues of the 'decolonisation of aid' and the 'decolonisation of development' have become major issues. In the context of civil and international warfare changes in international communications and transport infrastructure have led to a larger number of asylum-seeking and illegal migrants (two separate categories) becoming a major feature of the global society and economy, and this has had a major impact on the development assistance system.

There has been a significant increase in the number of countries which have official 'development assistance' programmes. This has involved the enlargement of the OECD's Development Assistance Committee, as well as a rising number of 'emerging donors'. Especially notable amongst the emerging donors has been China, which now has one of the world's largest economies. However other countries, such as India and Brazil, also have important roles as emerging donors.

The role of development assistance in providing debt relief has been a major issue in the last two decades. Recently this has been related to a considerable increase in developing countries resorting to international borrowing from the private sector bond market, but the importance of commercial-style lending from some of the emerging donors (China in particular) has also been a cause for concern.

Appendix A – Structural Characteristics of Development Assistance since 1960

This Appendix provides statistics which track changes in the characteristics and priorities of development assistance since 1960. The principal sources for the data are the OECD's QWIDS (Query Wizard for International Development Statistics) (OECD 2024b) and the World Bank's World Development Indicators (World Bank 2024). The versions of both of these sources accessed in preparing this appendix were those current in or after August 2023. Both sources provide some data for the year 1960, but many of the data series do not start until some years after that. However, for some series institutional and economic changes over the years explain the absence of data (for example some countries only started providing aid several years into the 1960 to 2020 period – and other countries did not exist as independent states in years which have no data). These, and other, characteristics of the data sets, mean that any quantitative analysis has to take explicit cognisance of these ‘imperfections’.

Table A1 shows ‘Total Official Aid’ to all sectors over the period from 1967 to 2020 in constant 2022 US$ in terms of ‘commitments’, from the OECD QWIDS source. Although the growth which is evident in this series is less substantial than that shown in Table 1 from the OECD source (which shows ‘disbursements’ of ODA), it shows total aid in 2020 as 9.4 times the level of 1967 in real terms, and as having almost tripled in size over the period 2000 to 2020.

However, the most noticeable feature of the table is the extent of the changes in the sectoral composition of aid allocations. In 1970 the proportion of aid allocated to Social Infrastructure and Services was slightly less than 12 per cent of the total, rising to about 24 per cent in 1980 and by 2020 nearly 39 per cent of aid was allocated to this sector. The Economic Infrastructure and Services sector allocations has remained at about 15 to 18 per cent of the total between 1970 and 2020.

Other major sectors show significant changes over the years, with considerably greater allocations in recent years to Humanitarian Aid. In 1990 less than 1.5 per cent of the total was allocated to the broad Humanitarian Aid sector, rising to 12.5 per cent by 2020. However, of the aid committed to the Humanitarian sector between 2000 and 2020 most was accounted for by the Emergency Response sub-sector.

Together with the higher allocations of ‘Total Aid’ to economic and social infrastructure, the greater emphasis on humanitarian aid, and on emergency response, is indicative of a very important change to international perceptions of the role of Aid in ‘Development’. In the early years of the international focus on the need for ‘Aid’ to ‘developing countries’ there was great attention to the need to accelerate the rate of economic growth of recipient countries and to ‘close the gap’ in per capita income levels between ‘developed’ and ‘developing countries’.

This earlier focus on the role of Aid in increasing the rate of economic growth in recipient countries is demonstrated by the contribution of Chenery and Strout (1966) and, for example, by book edited by Barbara Ward et al. entitled *The Widening Gap* (Ward et al. 1971), as well as the ‘international commissions’ chaired by Lester Pearson (Commission on International Development Pearson 1969) and Willi Brandt (Independent Commission on International Development Issues 1980). It was not until the introduction of the World Bank’s “Comprehensive Development Framework’ in 1999 (World Bank 2000) under the influence of the President, James Wolfensohn, that the priority contribution of Aid to ‘Development’ shifted from an economic growth orientation to one based on poverty reduction and more direct contributions to ‘welfare’. The fact that the aid statistics in Table A1 show more recent greater attention to ‘humanitarian’ and ‘emergency’ concerns – shifting the priority further away from regarding Aid as being primarily focused on increasing the rate of economic growth in recipient countries – demonstrates the contemporary limited relevance of the ‘Chenery and Strout’ two-gap approach to the analysis of the impact of development assistance.

Table A1 – Total Official Aid to All Sectors and to Selected Sectors (Commitments – constant 2022 US$ millions and percentage of total)

	1967	1970	1980	1990	2000	2010	2020
Total Official Aid to All Sectors (Commitments – constant 2022 US$mn)	27,822.05	23,683.04	59,488.73	125,795.60	90,855.88	169,115.90	261.264.10
Social Infrastructure and Services	8.13	11.99	23.82	24.09	34.85	39.87	38.63
Economic Infrastructure and Services	26.49	16.22	17.15	17.85	15.07	17.14	18.27
Production Sectors	34.61	19.20	25.17	14.73	7.60	7.45	7.48
Multi-Sector / Cross Cutting	nil	1.50	2.06	2.52	7.89	12.06	7.46
General Budget Support	10.64	36.97	11.56	13.52	9.08	4.27	6.92
Action Relating to Debt	7.63	4.77	5.56	19.48	5.40	2.95	0.66
Humanitarian Aid	nil	nil	1.85	1.41	5.62	8.79	12.51
Emergency Response	nil	nil	nil	nil	4.92	7.30	11.46
Unallocated / Unspecified	12.50	9.34	12.82	6.40	14.49	7.48	8.08

Source: OECD (2024b)

Note: Data is not available from the Query Wizard for International Development Statistics for an equivalent tabulation of disbursements statistics.

The literature which analyses the impact of Aid reflects the earlier emphasis on the achievement of higher rates of economic growth in recipient countries and economic rates of return (for example Chenery and Strout 1966; Mosley 1980 and 1986). Most of the discussion relating to the two-gap approach (savings and foreign exchange) which was introduced by Chenery and Strout does not distinguish between aggregate, sectoral and incremental capital-output ratios (ICORs). It is not easy to find systematic data for these issues, but there is a literature, which is reviewed by Kamarck (1971). An overview of the theoretical and empirical issues associated with the concept of the capital-output ratio can be found in Myrdal's *Asian Drama* (1968). The ICOR for infrastructure investment is significantly higher than those for manufacturing and agriculture (although plantation and irrigated agriculture will have higher ratios than smallholder agriculture). With the proportion of development assistance allocated to social and economic infrastructure increasing, it would be expected that the capital-output ratio associated with aid would be higher than the aggregate capital-output ratio for recipient countries. This issue has not been touched upon in the robust controversy, extending over decades, about whether foreign aid has had a positive effect on the economic growth of recipient countries.

To elaborate briefly on the range of values for the ICOR, a 1981 article in the respected Indian publication 'Economic and Political Weekly' gave some details for the values used in the preparation of the 6th Indian five-year plan (Gupta et al. 1981). These values are shown in Table A2. This range of values for the ICOR provides considerable 'food for thought' in the context of the 'two-gap' approach to the analysis of the economic impact of aid.

Table A2 – Sectoral and Aggregate Incremental Capital-Output Ratios used in the 6th Indian Five-Year Plan

Sector	ICOR	Sector	ICOR
Agriculture	3.6093	Railways	6.1566
Forestry and logging	0.9652	Other transport	8.2730
Fishing	8.8324	Communication	6.4119
Mining and Quarrying	4.8220	Trade, etc	1.1992
Manufacturing	4.2921	Banking and insurance	0.0482
Construction	0.2046	Real Estate	5.4600
Electricity, gas and water supply	25.9969	Other services	1.3009
Aggregate		4.1772	

Source: Gupta et al. 1981

There is no space within this paper, or this appendix, to explore the controversy in depth. However, two broad conclusions based on the most recent literature on the aid-growth relationship are both important and relevant. First, recent analysis concludes that there has been a significant positive long-term impact of foreign aid on recipient countries. Second, the long-term impact of foreign aid on economic growth in recipient countries has not been principally associated with the two-gap approach (savings and foreign exchange) or to the contribution of foreign aid to directly productive investment. The principal impact of foreign aid on economic growth has been associated with the enhancement of the skill levels of the labour force (investment in education including a focus on improving literacy and the education of women), with the enhancement of living conditions (investment in water and sanitation), with improvements in health (investment in medical services and expenditure on vaccination programmes) and with improvements to economic infrastructure. The literature which supports these conclusions consists of a) the prize-winning Economic Journal article by Clemens et al. (2012) and the series of studies based in the UN University's World Institute for Development Economics Research (WIDER) and associated particularly with Finn Tarp (see especially Arndt et al. 2015 and 2016).

These conclusions imply that in terms of the theoretical framework within which the economic role of foreign aid should be placed, the two-gap approach (the Harrod-Domar 'model') is highly inappropriate (Chenery and Strout 1966) and the Solow neo-classical model is equally inappropriate (Solow 1956; Todaro and Smith 2020: Chapter 3). The conclusion that the development of economic and social infrastructure in recipient countries has been critical in contributing to long-term economic growth places the discourse firmly in the context of endogenous growth (Romer, 1994). Nissanke's recent review of the aid-growth literature is particularly enlightening (Nissanke 2019: 507-551).

Further doubt about the emphasis on the impact of foreign aid on the economic growth of recipient countries is confirmed by one of the main features of the Clemens et al. (2012) article. [7] The starting point for the analysis associated with this study is based on two propositions. First, the role of foreign aid in contributing to economic growth cannot be viewed in terms of short-term impacts, so a longer-term view of its role is needed. Second, an increasing proportion of foreign aid has been associated with objectives which do not relate to economic growth (emergency aid and humanitarian aid) or which can only be expected to contribute to economic growth in the long term (education, health and research for example). This suggests that much of the previous discourse about the relationship between foreign aid and the economic growth of recipient countries is essentially 'bad science'. Unfortunately, the emphasis on the short-term impact of foreign aid rather than on the long-term impact has persisted in much of the literature as well as in political discourse about foreign aid.

This contemporary approach still includes a role for capital investment. First, in providing replacement investment covering economic, rather than financial, depreciation. Second, increasing the extent to which the capital stock complements changes in the size and characteristics of the labour force. And third, complementing and enabling technological change. Of course, in this context there is still a need for foreign exchange, to cover the cost of imported capital goods, and to provide for outflows of fees, profits etc associated with the use of imported technology and private foreign investment. However, this foreign exchange is not provided through inflows of ODA to recipient countries.

Table A3 – Sources of Aid – ODA – (disbursements – US$ million – constant 2022 prices)

Year	ODA (DAC countries)	ODA (Non-DAC countries)	ODA Multilateral Agencies	Total ODA from these sources
1960	35,595.93	..	737.16	36,333.09
1970	44,788.00	2,572.95	5,569.71	52,930.66
1980	65,798.70	25,453.47	17,867.02	109,119.20
1990	86,793.46	11,897.82	18,727.85	117,419.10
2000	81,225.99	1,636.87	20,083.12	102,946.00
2010	137,514.70	6,248.25	35,553.34	181,753.20
2020	172,975.20	16,106.83	70,280.34	269,781.10

Source: OECD (2024b) Note: A significant part of aid from multilateral sources is originally sourced from individual country donors, so the possibility of double-counting occurs.

Table A3 shows the broad sources of foreign aid (ODA) distinguishing between aid from DAC member countries, aid from non-DAC member countries and aid from multilateral agencies. Because the data is given in terms of disbursements and is in constant prices of 2022 this gives a good indication of changes in the levels of ODA which actually arrive in recipient countries, as opposed to being promised (with the prospect of not materialising – i.e. commitments). Comparing ODA for the year 1970 (for which data is available for all three groups) the level of ODA from DAC members in 2020 had increased by a factor of 3.86, ODA from non-DAC members had increased by a factor of 6.26 and ODA from multilateral agencies had increased by a factor of 12.62. The particularly large increase in ODA from multilateral agencies might be accounted for in part by the increased role of the European Union in the aid community over the years. However, the comparison of the level of ODA from DAC members and DAC non-members is made difficult to interpret by the changing composition of the DAC over the years, with non-members joining an enlarged DAC.

If the increased level of ODA is considered only for the period between 2000 and 2020, there has still been a very significant increase (in 'real' terms i.e. in constant price terms) – which is notable. ODA from DAC members increased by a factor of 2.13, ODA from DAC non-members increased by a factor of 9.84 (although comparing 1990 with 2020 the increase was less at 1.35, and the level in 1980 was substantially higher than that in 2020 – clearly relating to DAC non-members becoming members of the committee in a 'churning' process). ODA from multilateral agencies increased by a factor of 3.5 between 2000 and 2020. Between 1960 and 2020 total ODA from these three sources increased by a factor of 7.43, and between 2000 and 2020 total ODA increased by a factor of 2.62.

The OECD QWIDS does not include data for flows of Official Development Finance (ODF), which may be significant for some emerging donors. However, this source does provide data for Other Official Flows (OOF), as is shown in Table A4. However, the nature of the data in this table does not really permit any robust conclusions, except perhaps a view that based on the literature on emerging donors the recorded data from the OECD source for OOF from non-DAC countries appears to be a considerable underestimate.

Table A4 – Type of Aid – OOF – (disbursements – US$ million – constant 2022 prices)

Year	OOF (DAC countries)	OOF (Non-DAC countries)	OOF Multilateral Agencies
1960	2813.30	..	..
1970	8,108.217	..	81.02
1980	6,263.88	..	698.18
1990	13,918.65	..	442.03
2000	-2,463.52	64.54	767.06
2010	7,401.22	151.64	5,792.54
2020	5,181.74	-429.15	-232.05

Source: OECD (2024b)

Table A5 – Type of Aid – Private Flows – (disbursements – US$ million – constant 2022 prices)

Year	Private Flows (DAC countries)	Private Flows (Non-DAC countries)
1960	26,260.30	..
1970	32,834.74	..
1980	72,103.42	..
1990	15,144.23	..
2000	122,705.13	..
2010	356,112.15	382.23
2020	-2,054.28	286.59

Source: OECD (2024b)

Unfortunately, a similar judgement arises from the data in Table A5 for Private Flows of what the OECD DAC defines as ‘Aid’. The level of these private flows for DAC countries rises strongly after the year 2000, but then becomes negative for 2020. Referring to the annual data for the period 2011 to 2021 (in the original source) it can be seen that the volume of these private flows varied considerably with a high of US$436 billion in 2014 and a low of US$105 billion in 2018, and then a recovery from the 2020 level in 2021 to US$253 billion. This suggests that the Covid19 pandemic had a particularly significant impact on these Private Flows in 2020. There is no data for Private Flows from non-DAC countries for 1960 to 2000, with data only appearing in the original source from 2006. This suggests that data was not assembled for non-DAC country Private Flows before 2006 rather than that there were no Private Flows from non-DAC countries before 2006.

The other tables in this appendix include data sourced from the World Bank’s World Development Indicators (from a version downloaded in August 2023). Although the data in Tables A6 to A8 are not strictly comparable with the data sourced from the OECD DAC’s QWIDS, they have been converted from current price US$ values to constant price US$ of 2025 using the implicit GDP deflator derived from the same World Bank source.

Discussion about the role of foreign aid in international development is conventionally tempered by reference to the relative significance of flows of ODA, of personal remittances and of foreign direct investment. Tables A6, A7 and A8 make it possible to reach some conclusions.

First, Table A6 shows the World Bank data for net ODA and official aid received for the Least Developed Countries (UN classification), for low- and middle-income countries and for low-income countries. The table shows that ODA has been rising strongly in constant price (i.e. ‘real’) terms, confirming the OECD DAC data. By subtracting the data for low-income countries from the data for low- and middle-income countries it is possible to derive the relative levels of ODA to low-, and to middle-income, countries separately. It is clear that a high proportion of ODA is received by middle-income countries, although in more recent years the total flowing to the least developed and low-income countries combined has become closer to that flowing to middle-income countries. There has been strong growth of ODA to all of these income groups in the more recent years – i.e. post-2000.

Table A6 – Net official development assistance and official aid received (constant 2015 US$ millions)

	Least developed countries: UN classification	Low- and Middle-income	Low-income	Derived data for Middle-income countries
1960		23,722	1,642	22,080
1970	5,326	28,739	2,730	26,009
1980	41,212	78,667	16,908	61,759
1990	39,714	90,143	18,128	72,015
2000	19,750	69,182	9,775	59,407
2010	58,355	138,917	33,362	105,555
2020	70,168	177,307	50,344	126,963

Source and Notes for Tables A6, A7 and A8: World Bank (2024); Constant 2015 price values calculated from Current price values adjusted by the application of the ratio of Current price US GDP statistics to Constant 2015 price US GDP statistics from World Bank (2024)

Table A7 – Personal remittances, received (constant 2015 US$ millions)

	Least developed countries: UN classification	Low & middle income	Low income	Derived data for Middle-income countries
1960				
1970		1,377		n.a.
1980	7,210	43,860	2,037	43,823
1990	9,959	48,387	999	47,388
2000	10,150	99,439	2,694	96,795
2010	35,383	327,152	9,257	317,895
2020	59,037	463,280	10,050	453,230

Table A7 shows the level of personal remittances to the same global income groups as those identified for Table A6 and, again, data for middle-income countries has been derived from other data in the table. It is clear from this data that a) personal remittances have been growing strongly in real terms, particularly since 2000, and b) for these groups of developing countries the middle-income countries benefit considerably from these financial flows by comparison with low-income and the least developed countries. Thus, while remittance flows are, in total, higher than ODA flows, they are lower than ODA flows in the 2000-2020 period for low-income and the least developed countries.

Other issues are significant for these personal remittances. First, there have been significant changes in recent years in the institutional arrangements through which these remittances can be made by private individuals residing in the countries from which these remittances flow, making these payments is now considerably easier than it was some years ago (Quartey and Nyarko 2023). Second, the reliability of the data for personal remittance flows can be questioned. Huq and Tribe (2018: 269-272) found that for several years the Ghanaian data published in the World Bank's World Development Indicators showed flows which were very much lower than those in the data published by the Bank of Ghana. The explanation for this discrepancy was that the World Bank data was based on IMF Balance of Payments statistics, while the Bank of Ghana data was based on statistics from the Ghanaian commercial bank sector (personal communication from Professor Peter Quartey, University of Ghana). The Bank of Ghana data was, in effect, more reliably representative than the World Bank/IMF data – reflecting the changing institutional arrangements for sending these remittances. If this is true for Ghana, it is, by implication, true for other developing countries. These personal remittances are therefore likely to be more significant than the international financial statistics show – particularly for more recent years.

Table A8 – Foreign direct investment, net inflows (BoP, constant 2015 US$ millions)

	Least developed countries: UN classification	Low- and Middle income	Low income	Derived data for Middle-income countries
1960				
1970	28.48	639.21	22.15	617.06
1980	201.23	3,011.59	128.39	2,883.20
1990	240.80	12,339.74	171.63	12,168.11
2000	2,818.42	104,692.90	1,284.75	103,408.14
2010	16,536.85	570,277.34	13,100.26	557,177.08
2020	24,226.46	581,381.49	12,622.94	568,532.13
2021	28,932.22	875,132.23	18,758.33	856,373.89

Table A8 shows the final piece in this particular jigsaw – data for Foreign Direct Investment (net inflows) to Least Developed Countries, Low- and Middle-income countries, and to Low-income countries. The final column of the table shows the implied and derived data for Middle-income countries only. This data shows that for Foreign Direct Investment the Middle-income countries benefit considerably more than the Least Developed and Low Income countries – repeating the pattern which has been seen for ODA and for Personal Remittances.

Appendix B – European Union Development Assistance

The European Union is one of the largest multilateral sources of ODA, providing US$ 20.64 billion in 2021. This can be compared with the total level of ODA from the International Development Association (World Bank) in that year of US$13.56 billion and from the Global Fund (to Fight AIDS, Tuberculosis and Malaria) of US$5.03 billion (all data in constant 2021 US$ sourced from OECD 2023).

As has been made clear in the presentation of statistics for ODA provided by multilateral institutions elsewhere in this paper, there is a danger of double-counting ODA provided a) by bilateral donors to multilateral institutions and b) by multilateral institutions to recipient countries. In the case of the EU it has been difficult to locate contributions by member countries to the EU's development finance programme from within the EU's website. However, thanks to clarification by the OECD's DAC (Development Assistance Committee) 'helpline', it has been possible to locate the relevant statistics from the OECD's QWIDS (Query Wizard for International Development Statistics) (OECD 2024b).

Table B.1 shows the percentages of total ODA contributions to EU Institutions by member countries over the years 2000 to 2021. During this period the EU has grown, so that in the year 2000 there were 15 member countries, and in 2021 there were 27, with the UK having left the EU in 2020. Of those EU members which are not members of the OECD's DAC only Romania contributed more than 1 per cent of the total contributions to the EU development assistance programme in 2021. Of the

20 EU members which are also members of the DAC five contributed less than 1 per cent of the total contributions, eleven contributed between 1 and 5 per cent of the total, Spain contributing 8.29 per cent, the UK (a non-member of the EU in 2021) contributing 10.08 per cent, Italy 12.16 per cent, France 17.13 per cent and Germany 21.89 per cent.

This means that more than 50 per cent of the 2021 contributions to the EU development assistance programme was provided by only three countries, Italy, France and Germany – with the UK providing just over 10 per cent under the Withdrawal Agreement (European Commission 2023). With the addition of Spain these five countries provided slightly less than 70 per cent of the funding of the EU's development assistance programme in 2021. The other 23 countries together provided slightly more than 30 per cent of the total, none more than 4 per cent of the total.

In a recent article Bougrea et al. (2022) provide a guide to the complexities of the EU development finance architecture, remarking that "Except for the most seasoned observers and experienced stakeholders, the new picture seems endlessly complex." (page 338).

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Table B1 – Total Bilateral Aid To All Sectors (Disbursements) Percentage of Total (based on Constant Prices – 2021 US$ Millions)

	2000	2005	2010	2015	2020	2021
Countries	% of Total	% of Total	% of Total	% of Total	% of Total	% of Total
Austria	2.01	2.51	2.46	2.29	2.48	2.31
Belgium	4.15	4.11	4.07	3.99	3.94	3.93
Czech Republic	0.00	0.82	0.84	1.03	1.20	1.35
Denmark	2.04	2.16	1.80	2.00	2.06	2.03
Finland	1.08	1.58	1.51	1.43	1.59	1.61
France	16.12	10.66	18.56	16.10	16.76	17.13
Germany	25.54	24.18	22.10	21.35	21.47	21.89
Greece	1.88	1.49	1.67	1.23	1.32	1.25
Hungary	0.00	0.00	0.48	0.73	0.99	0.82
Ireland	1.00	1.34	1.00	1.14	1.48	1.72
Italy	13.73	13.25	10.88	11.65	11.73	12.16
Lithuania	0.00	0.19	0.16	0.30	0.33	0.32
Luxembourg	0.30	0.34	0.29	0.25	0.30	0.28
Netherlands	5.09	4.64	4.41	4.69	3.76	3.53
Poland	0.00	1.57	1.82	2.43	3.25	3.51
Portugal	1.35	1.38	1.32	1.23	1.36	1.44
Slovak Republic	0.00	0.30	0.34	0.45	0.54	0.56
Slovenia	0.00	0.00	0.20	0.27	0.31	0.32
Spain	7.80	7.99	6.80	7.55	8.08	8.29
Sweden	1.53	2.10	2.81	3.32	3.00	2.94
DAC-EU Countries (excl UK)	83.52	88.56	83.53	83.44	85.94	87.39
UK (to 2019)	16.48	11.11	15.34	15.11		
UK (from 2020))					11.71	10.08
EU Members not in the DAC						
Bulgaria	0.00		0.20	0.28	0.37	0.40
Croatia	0.00				0.30	0.33
Cyprus	0.00	0.10	0.10	0.11	0.04	0.03
Estonia	0.00	0.10	0.10	0.13	0.17	0.16
Latvia	0.00	0.13	0.11	0.03	0.19	0.20
Malta	0.00			0.06	0.01	0.01
Romania	0.00		0.62	0.85	1.27	1.40
Total for EU members not in DAC	0.00	0.33	1.13	1.46	2.35	2.53

Table B1 – Continued

	2000	2005	2010	2015	2020	2021
EU Members Total US$ m (2021 prices)	8463.39	11187.20	14426.17	13840.68	15783.01	16181.90
UK from 2020 US$ m (2021 prices)					2093.67	1814.69
Total Bilateral ODA flow to EU US$ m (2021 prices)	8463.39	11187.20	14426.17	13840.68	17876.68	17996.59

Source: OECD 2023

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Endnotes

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[2] Commitments are essentially 'statements of intent', i.e. indications of allocations of aid flows by donors to particular countries, programmes and, perhaps, projects. Many of the commitments to particular projects and programmes will be multi-year in nature. Disbursements relate to transfers of funds from budgeted commitments to specific programmes and projects – these transfers are implicitly expected to be converted into expenditure by the recipient country within a specific year. The OECD's QWIDS defines "Total Flows" [of 'Aid'] as "ODA+OOF+Private" (OECD 2024b) implicitly excluding ODF (Official Development Finance – i.e. which does not meet the terms of the stricter definition of ODA, which has to be "concessionary") (OECD 2024a).

[3] Table 6 shows membership of the DAC in August 2023. There are currently 32 members of the DAC and further information about countries reporting to the DAC and about private foundations which report to the DAC can be found in the OECD Profiles website (OECD 2024c). Countries which join the DAC will have the value of their aid added to that from DAC countries, and removed from that from non-DAC countries – however, for the new members the value of their aid in earlier years will continue to be included in the total for non-DAC members.

[4] Despite the emphasis which is given to the concept of 'partnership' in the policy statements of donors (refer for example to the quotations from UK government documentation in this working paper) this imbalance is very evident. Indeed, through the Paris Declaration and subsequent documentation, the OECD DAC now barely refers to 'donors' and 'recipients' although it is extremely difficult to enter into clear discourse on the respective roles of developed and developing countries without using these words.

[5] 'Fungibility' refers to the switching of resources between different categories. For example, an external inflow of ODA to a recipient country which is channelled into 'savings' may be matched by a reallocation and outflow of domestically generated savings into consumption expenditure so that aggregate savings (and investment) may not be increased by the inflow of ODA.

[6] This version of the working paper is in the nature of a first draft, which will require considerable editing down to fit the space available for the invited chapter in the edited book for which it is being prepared. In the first instance, a draft version of the chapter is being made available as a working paper.

[7] The Clemens et al. (2012) article was originally a working paper in a series produced by the Washington-based Center for Global Development (Clemens et al., 2011) the first version of which was produced in 2004. This is indicative of the gradual evolution of ideas, and of the long term nature of this type of research.