

Comparative Aid-Giving Performance

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The principal source of information about the global level of ODA, the comparative performance of donors, and the distribution among recipients as well as of the qualitative aspects of ODA is the Annual Review prepared by the Development Assistance Committee of the OECD. The Review is published in November of each year and typically comprises a discursive section dealing with a topical development issue (e.g. the African food crisis is the theme in 1984); a description of trends in the flows of total financial resources (both official and private) to developing countries; sections on current trends and policy issues in ODA; and a lengthy statistical annex. The material below is drawn by the author from the 1983 and 1984 Annual Reviews.

Trends in World ODA

Over the decade 1973-83 total ODA from all sources to developing countries grew at an annual average rate of over 4% in real terms. In absolute terms, total ODA reached \$34 billion in 1983. Two notable features in qualitative terms over that period have been a growing concentration of ODA on low-income countries and on priority sectors such as agriculture, energy and human resource development.

The 1984 DAC Annual Review points out that of late however, "... under the pressure of world economic conditions and sustained efforts by many governments to compress public expenditure generally, aid expansion has come to a halt, the funding of multilateral programmes is constrained, and the tendency to seek direct national export and employment benefits for aid is being reinforced". (p. 71)

After a period of more or less uninterrupted growth over the previous 20-30 years, the level of total net ODA has fallen slightly in real terms since 1982. A small increase in DAC members' ODA since 1982 has been more than offset by a decline in aid from the OPEC countries.

Three major trends in the geographical concentration of ODA are apparent. The first is a sharp increase in the volume of ODA going to the least developed countries. Between 1977/78 and 1982/83 the total aid receipts of the thirty-six least developed countries grew at an annual average rate of 5.8% in real terms. Within this there has been a major increase in the share of total ODA going to the low-income countries of Sub-Saharan Africa. These increased their share of total aid from 16% in 1977/78 to 24% in 1982/83. There has been a fall in the proportion of aid allocated to other low-income countries. For example, the aid receipts and relative aid shares of both India and Pakistan have fallen.

Although their access to private flows is far greater than that of low income countries, and their share of total ODA receipts has been falling, upper middle income developing countries (i.e. those with per capital GNP greater than \$1,200 in 1980) are still significant recipients of ODA, receiving roughly one-quarter of total aid receipts in 1982/83. The scope for further reductions in their aid share is considered to be limited given the nature of the assistance which is predominantly politically-motivated assistance to the Middle East, aid to overseas dependencies, and technical assistance, including students' fellowships.

The Comparative Performance of the Major Donor Groups

The total ODA *receipts* of developing countries and multilateral agencies in 1983 amounted to \$36.36 billion. This was contributed by the three major donor groups in the following proportions:

	\$bn.	% of total
DAC countries	27.6	76
OPEC countries	5.51	15
CMEA and other countries	3.26	9

By comparison grants by private voluntary agencies amounted to \$2.21 billion, and non-concessional flows (such as bank lending, direct investments and official flows other than ODA) totalled \$63.23 billion.

The ODA performance of the three major donor groups is looked at in more detail below.

1. DAC countries

Seventeen industrialised countries are members of the Development Assistance Committee of the OECD. Their comparative ODA volume performance in recent years and their shares in DAC GNP and ODA are summarised in Table 1.

Over the period 1977/78 to 1982/83 ODA from the DAC member countries grew in real terms at an annual rate of 4.8%. This was faster than the growth in the combined GNPs of the members and as a result, the ODA/GNP ratio for the group grew from 0.34% in 1977/78 to 0.37% in 1982/83. The rate of growth is slowing down however. In the period 1976/77 to 1981/82 an annual rate of 5.3% was recorded.

**Table 1: Comparative ODA volume performance 1977/78 to 1982/83
Percentages**

	1977/78	1982/83	1977/78-1982/83	1982/83		
				Shares in DAC		
	ODA/GNP Ratios GNP	Ratios	Average annual growth in real terms	Contribution to DAC ODA growth	GNP	ODA
Australia	0.49	0.53	4.3	3.0	2.1	3.0
Austria	0.25	0.29	5.8	0.9	0.9	0.7
Belgium	0.51	0.59	4.0	1.7	1.1	1.8
Canada	0.51	0.43	-2.00	-2.5	4.1	4.8
Denmark	0.68	0.75	4.6	1.6	0.7	1.5
Finland	0.16	0.31	18.9	1.7	0.6	0.5
France						
(incl. DOM/TOM)	0.58	0.74	7.5	22.5		14.2
(excl. DOM/TOM)	0.33	0.48	10.0	18.8	7.1	9.2
Germany	0.35	0.48	8.1	19.5	8.8	11.5
Italy	0.13	0.24	8.1	8.3	4.7	3.0
Japan	0.22	0.31	11.3	25.9	15.0	12.3
Netherlands	0.84	1.00	4.9	5.5	1.8	4.8
New Zealand	0.36	0.28	-2.1	-0.1	0.3	0.2
Norway	0.86	1.03	6.5	3.0	0.8	2.1
Sweden	0.94	0.94	1.8	1.5	1.3	3.2
Switzerland	0.19	0.28	9.9	2.0	1.4	1.0
United Kingdom	0.45	0.36	-3.5	-6.5	6.4	6.1
United States	0.26	0.25	1.7	12.1	43.0	29.3
Total DAC	0.34	0.37	4.8	100.0	100.0	100.0

Source: *Development Co-operation, 1984 Review*, OECD, Paris 1984, p. 84

Table 1 illustrates a number of other features of the DAC group. The first is the remarkable performance of the "front runners" - Norway, the Netherlands, Sweden and Denmark. These four contributed 12% of the growth in DAC ODA over these years, although their combined GNPs amount to less than 5% of the total for DAC. They all achieved the UN target for ODA (0.7% of GNP) during the 1970s and have maintained aid above this level ever since. In addition, the Netherlands, Norway, and Sweden have reached domestically defined targets in the region of 1% of GNP.

Secondly, the bulk of the growth of DAC ODA over the years 1977/78 to 1982/83 was due to the performance of five countries - Japan, France, Germany, the United States and Italy, who between them accounted for 79% of total DAC GNP and provided 88% of the growth in ODA.

In terms of the share of individual donors in DAC GNP and DAC ODA the most glaring discrepancy is in the case of the United States which accounts for 43% of the combined GNP but only 29% of the combined ODA of the group.

Comparing 1983 with the previous year, nine DAC countries increased their disbursements in real terms and seven improved their ODA/GNP ratios. Increases of more than 10% were achieved by Switzerland, Japan, Finland and Canada. On the other hand declines of more than 5% in real terms took place in disbursements from Austria, the Netherlands, Sweden, Australia and the United States.

2. OPEC countries

Aid from members of OPEC to non-oil developing countries grew dramatically in the wake of the oil price rises in 1973/74. By 1975 the OPEC countries were providing almost 30% of total ODA, compared with less than 4% in 1970. More recently, declining oil revenues have led to reductions in this share so that by 1983 it had fallen to roughly 15%.

Although the net aid disbursements of the OPEC countries as a group fell by more than one-third between 1981 and 1983, to \$5,476m, the ratio of ODA to GNP is still over 1%. The Arab Gulf States continue to provide the bulk of OPEC aid, i.e. \$5034m or 92% of the total in 1983. Saudi Arabia and Kuwait had ODA/GNP ratios of 3.5%, or five times the UN target in 1983. Aid from the United Arab Emirates declined sharply from 1981 and was less than 0.5% of GNP in 1983, while Qatari aid became insignificant.

Aid from the other Arab countries (Algeria, Iraq and Libya) in 1983 was less than a quarter of the 1981 amount and equivalent to 0.12% of GNP. Non-Arab OPEC donors (Iran, Nigeria and Venezuela) increased their aid and had a combined ODA/GNP ratio of 0.13% in 1983.

The geographical allocation is disclosed for only two-thirds of OPEC bilateral aid. Of this Arab countries receive almost 85%. The share of the least developed countries in geographically allocated bilateral aid doubled between 1981 and 1983 to 29%. Multilateral OPEC aid which accounts for roughly 20% of total aid is much more geographically spread and more concentrated in the poorer developing countries. In 1983 multilateral institutions with broad membership received roughly 40% of total multilateral contributions, with IDA, IFAD and IBRD being the principal recipients. The remainder of the multilateral contributions went to Arab/OPEC institutions such as the OPEC Fund, the Arab Fund for Economic and Social Development and the Islamic Development Bank.

3. CMEA countries

The aid-giving members of the Council for Mutual Economic Assistance (USSR, German Democratic Republic, Czechoslovakia, Bulgaria, Poland, Rumania and Hungary) disbursed aid of \$2.9 billion or 0.17% of GNP in 1983. This was the same level as in the preceding year.

Of the total, the USSR provided \$2.5 billion, or 0.19% of GNP. Net disbursements from the six eastern European countries declined from \$530m in 1982 to \$490m in 1983, and from 0.13% to 0.12% of GNP. The bulk of this aid is provided by the GDR, Czechoslovakia and Bulgaria. Aid from Poland, Romania and Hungary is negligible.

The geographical distribution of this aid is largely determined by assistance to Cuba, Mongolia and Vietnam, who are full members of CMEA. Between them

they received 80% of total net aid in 1983. Other recipients included Afghanistan, Kampuchea, Laos, Mozambique and Nicaragua. Multilateral contributions have been declining since 1980 and amounted to only \$9m in 1983.

4. Other countries

Having declined steadily from 1976, aid from *China* stabilised at \$65m in 1983. This does not include nearly 2,000 students from developing countries who were studying in China in 1983. *India's* aid disbursements were \$104m in 1982/83. Three-quarters of this went to Bhutan and Nepal, the remainder to Vietnam, Tanzania, Zambia, Kenya and Zimbabwe, apart from \$7m contributed multilaterally, largely through UN organisations.

Israel's development assistance remained at its previous year's level of \$7m, of which \$1.4m was in the form of multilateral contributions. *South Africa's* aid declined from \$7.5m in 1982/83 to \$4m in 1983/84. Main recipients were Swaziland, Malawi, Uruguay, Paraguay and the Comoros.

Which countries get aid?

One of the major trends of the last ten years has been the increasing concentration of ODA on low-income countries with middle-income developing countries availing more of non-concessional resource flows such as bank loans, for their external financing.

Table 2 classifies developing countries according to the degree of reliance on ODA.

A three-way classification of these countries into:

“ODA reliant” (2/3 or more of external financing consisting of ODA)

“middle group” (using large proportions of both ODA and non-concessional finance)

“market terms” (2/3 or more of external financing consisting of non-concessional flows)

reveals a broadly logical distribution of resource flows. That is, the “ODA-reliant” countries have a low per capita income; the “middle group” has an average per capita income; and the “market terms” countries have an above average per capita income.

More precisely, the 102 “ODA reliant” and “middle group” countries, with 14% of developing countries GNP and 22% of population, receive 74% of all ODA. The 46 “market terms” countries with 67% of developing country GNP and 26% of population, absorb 79% of non-concessional flows.

Within each country category there are anomalies due to geographical, historical and strategic factors. For example, small countries, particularly island states and territories tend to receive a share of ODA disproportionate to their “need” in terms of relative level of GNP per capita, e.g. Turks and Caicos Islands, St Helena, as do states considered to be strategically important, e.g. Jordan, Honduras. India and China are excluded from the above classification. Their combined share of developing country GNP is 19% and of population 51%. Their use of external resource flows is much more limited than that of other low-income countries. Between them they absorb only 5% of the total.

Of Ireland's four priority countries for bilateral aid, one, Lesotho relies on ODA for more than 90% of its external financing; two, Tanzania and Sudan are more than 66% reliant on ODA; and the fourth, Zambia relies on ODA for between 33% and 66% of external receipts.

Table 2: Role of ODA in total finance resource receipts

Countries listed in descending order of ODA reliance

(1980/1981 averages - US\$)

	ODA per capita	GNP per capita		ODA per capita	GNP per capita
<i>More than 90 per cent ODA</i>					
Botswana	132	912	Sierra Leone	24	273
Vanuatu (N. Hebrides)	326	521	St. Helena	1 712	440
Solomon Islands (Br.)	166	461	Haiti	21	268
Tonga	179	484	Somalia	111	383
Lao P.D.R.	38	105	Maldives	145	256
Tokelau Islands	830	550	Yemen	77	463
Tuvalu	641	550	Uganda	10	284
Bhutan	7	83	Kiribati	292	729
Falkland Islands	1 132	3 800	India	4	237
Anguilla	352	629	Sudan	40	470
Niue Island	1 312	1 100	Bahrain	375	5 557
Sao Tome & Principe	44	489	Cuba	67	728
Kampuchea	54	114	Burma	9	178
Cape Verde	178	297	Tanzania	41	264
Western Samoa	164	854	Lebanon	132	1 887
Chad	12	118	Nicaragua	96	722
Rwanda	31	204	Pakistan	14	303
Lesotho	72	386	Malawi	25	234
Afghanistan	20	169	Gambia	101	249
Djibouti	195	481	Seyhelles	326	1 773
Turks & Caicos Islands	745	471	Guyana	76	693
Surinam	322	2 838	Jordan	335	1 008
Nepal	13	138	Dominica	202	616
Vietnam, Soc. Rep.	21	187	Bolivia	33	574
Mali	36	193	Ghana	16	421
St. Kitts-Nevis	104	918			
Burundi	30	203	<i>+ 33% to 66% ODA</i>		
Pacific Islands (US)	945	922	Swaziland	81	679
St. Vincent	89	523	Zimbabwe	27	628
Upper Volta	40	194	Belize	92	1 076
Syria	161	1 340	Senegal	60	451
Montserrat	297	1 908	El Salvador	30	592
Grenada	63	691	Israel	30	4 498
Ethiopia	8	137	Kenya	28	418
Bangladesh	16	124	Guinea	17	293
Antigua	98	1 272	Ycmcn, Dem.	66	426
Comoros	131	297	Oman	233	4 379
Cook Islands	587	1 089	Zambia	47	559
Mauritania	129	323	Mauritius	50	1 060
Equatorial Guinea	27	456	Niger	36	331
Guinea-Bissau	81	163	Dominican Rep.	23	1 141
			Macao	7	2 024
<i>More than 66% ODA</i>					
Central African Rcp.	47	298	Madagascar	23	348
Papua New Guinea	112	784	Malta	103	3 468
Sri Lanka	29	269	Barbados	65	3 041
St. Lucia	84	855	Morocco	34	864
			Egypt	37	582

	ODA per capita	GNP per capita		ODA per capita	GNP per capita
<i>+ 33% to 66% ODA (cont'd)</i>					
Togo	33	411	Virgin Islands (Br.)	328	2 100
Honduras	30	561	China	0	290
Fiji	63	1 848	Netherlands Antilles	348	4 290
Jamaica	65	1 030	Portugal	12	2 352
Paraguay	18	1 342	<i>Less than 10% ODA</i>		
Cyprus	80	3 578	Colombia	5	1 184
Zaire	15	224	Algeria	12	1 924
Turkey	23	1 457	Iraq	5	3 022
Tunisia	46	1 313	Trinidad & Tobago	5	4 372
Mozambique	15	268	Greece	4	4 552
Benin	28	305	Chile	4	2 160
Congo	58	730	Kuwait	7	22 841
Gibraltar	327	5 043	Brazil	2	2 050
<i>+ 10% to 33% ODA</i>					
Cameroon	29	670	Nigeria	1	1 009
Costa Rica	29	1 728	Panama	26	1 728
Guatemala	11	1 112	Argentina	3	2 395
Indonesia	8	422	Singapore	11	4 478
Thailand	9	670	Saudi Arabia	3	11 265
Philippines	8	717	Mexico	2	2 135
Peru	14	935	Libya	5	8 639
Gabon	84	4 437	Nauru	4	5 300
Ivory Coast	21	1 149	Venezuela	1	3 631
Angola	9	470	Qatar	4	26 077
Iran	4	1 937	Bahamas	9	3 301
Malaysia	12	1 688	Taiwan	1	2 183
Liberia	58	525	United Arab Emirates ...	5	30 066
Ecuador	8	1 224	Hong Kong	2	4 211
Korea, Rep.	9	1 523	Yugoslavia	0	2 623
Uruguay	5	2 820	Cayman Islands	75	2 888
			Bermuda	4	11 047
			Brunei	1	11 888

Source: *Development Cooperation, 1983 Review*, OECD, Paris, 1983, pp. 61.