



# BEYOND THE DAC

## THE WELCOME ROLE OF OTHER PROVIDERS OF DEVELOPMENT CO-OPERATION

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### Introduction

Alongside the members of the OECD Development Assistance Committee (DAC), many other countries have been important providers of development co-operation for decades. However, the past ten years have seen their numbers rise fast and, in some cases, their levels of development co-operation now surpass those of individual DAC members. This brief sheds light on who they are and how much they are giving. It highlights some of the principles that guide their co-operation and invites them to engage with the DAC.

### Who are the “other” countries providing development co-operation?

The literature has struggled to identify an appropriate term for providers of development co-operation who are not members of the DAC. This may be due to the fact that, aside from not being members of the Committee, they have little in common as a group. It is, however, possible to identify three sub-groups with some common features:

- **Emerging donors** are countries that have relatively new, or recently revived, aid programmes. Most are new member states of the European Union (EU), many of which were donors themselves during the Cold War, and then received aid as they made the transition to market economies. These countries have since begun putting in place laws and institutions to co-ordinate their own new assistance programs in developing countries. Some – the Czech Republic, Hungary, Poland and the Slovak Republic – are OECD members and participate actively in DAC work. Others, like Estonia and Slovenia, have applied for OECD membership and are seeking to deepen their engagement with the DAC. Some non-EU members, notably Israel, Russia and Turkey, share many characteristics of this group. Turkey is an OECD member, Israel has recently been granted membership and Russia has applied. All have longstanding aid programmes, and are pursuing a closer relationship with the DAC.
- **Providers of South-South Co-operation (SSC)** are developing countries, middle income countries and emerging economies that share expertise and financial support with other countries. Many remain recipients of Official Development Assistance (ODA), albeit with diminishing volumes.<sup>1</sup> The most prominent SSC providers are Brazil, China, India and South Africa, but countries such as Colombia, Egypt and Thailand can also be included. Underlining their solidarity with partner countries, they are often hesitant to use terms like “donor” and “aid” to describe their co-operation, and are selective in engaging with the OECD in general and the DAC in particular. Chile and Mexico share many characteristics of this group, but as OECD members, are comfortable engaging with the DAC.
- **Arab donors** like Kuwait, Saudi Arabia and the United Arab Emirates have been engaged in development co-operation for decades and appear comfortable with the donor label. Yet, like providers of South-South co-operation, they engage with the OECD and DAC selectively.

1. The concept of Official Development Assistance (ODA) has been used to measure donors' expenditures on aid since the 1960s. For a full definition and more information on which expenditures qualify as ODA, refer to the Fact Sheet “Is it ODA?” available at [www.oecd.org/dac/stats/methodology](http://www.oecd.org/dac/stats/methodology).

## How much development assistance do they provide?

On the basis of Table 1, the DAC estimates that total net development assistance flows from these other providers lay between USD 12 and 14 billion in 2008. Assuming that all of these flows were consistent with the definition of ODA, this would represent between 9 and 10 per cent of global ODA.

**Table 1: Estimate of development assistance flows from other countries**

USD millions

COUNTRY	LOWER ESTIMATE	UPPER ESTIMATE	YEAR	SOURCE
19 countries reporting to DAC (See Table 2)	8,679	8,679	2008	OECD/DAC Statistics
Brazil	437	437	2007	DAC Development Co-operation Report, estimates by Brazilian officials.
China	1,800	3,000	2008	Fiscal Yearbook, Ministry of Finance, China. Upper estimate D. Brautigam.
India	610	610	2008/9	Annual Reports, Ministry of Foreign Affairs, India.
Russia	200	200	2008	Russian Federation statement at DAC Senior Level Meeting, April 2010.
South Africa	109	109	2008/9	Estimates of Public Expenditures 2009, Foreign Affairs, National Treasury of South Africa.
<b>ESTIMATED TOTAL</b>	<b>11,834</b>	<b>13,034</b>		

Calculating an overall figure for aid volumes from other providers is fraught with difficulties. At present, nineteen countries – mostly emerging donors and Arab donors – voluntarily report their aid volumes to the DAC on an annual basis (see Table 2). Many others – including most major **providers of South-South Co-operation** – do not yet report their aid flows to the DAC. There are three main reasons:

- First, many countries do not have statistical systems in place to capture their development assistance flows – a particularly challenging task when, as is often the case, a large number of institutions are involved in providing development co-operation. Several countries are trying to strengthen their information platforms to begin reporting aid statistics. Mexico, for example, recently launched a *Reporting System for International Development Co-operation (SIMEXCID)*.
- Second, some governments are reluctant to publicise their efforts too widely. At home, publicising aid figures would require governments to explain why the money was not being spent on fighting domestic poverty. Internationally, being perceived as an “aid donor” could undermine these countries’ role in developing-country groupings such as the G77.
- Third, some countries are concerned that accepting the ODA definition – and reporting on its basis – would require them to adhere to DAC principles and recommendations. Others fear that reporting aid would make them ineligible to receive ODA. These are common misconceptions the DAC would like to dispel. ODA is a statistical concept that allows donors’ expenditures on aid to be calculated in a transparent and comparable manner – using it does not imply any additional obligations.

Table 2 details the aid flows from those countries that do report their ODA statistics to the DAC. It shows that most **emerging donors** have been scaling up their aid volumes considerably. Among **Arab donors**, the figures for Saudi Arabia are particularly striking. Its USD 5.56 billion in 2008 exceeds the ODA volumes of fifteen of the 23 DAC countries. Moreover, the levels of Arab aid in general may be understated. In the case of the United Arab Emirates, for example, the figures only represent disbursements from the Abu Dhabi Fund for Development, not other parts of the Government.

**Table 2: Net ODA disbursements: other providers of development co-operation**

Current USD millions

	2004	2005	2006	2007	2008
<b>EMERGING DONORS</b>					
<b>EU Members</b>					
Cyprus <sup>2</sup>	-	15.2	26.0	34.9	37.4
Czech Republic*	108.2	135.1	160.9	178.9	249.2
Estonia	4.9	9.5	14.1	16.2	22.0
Hungary*	70.1	100.3	149.5	103.5	106.9
Latvia	8.3	10.7	11.9	15.9	21.9
Lithuania	9.1	15.6	25.0	47.6	47.9
Poland*	117.5	204.8	296.8	362.8	372.4
Romania	-	-	-	-	122.9
Slovak Republic*	28.2	56.1	55.1	67.2	91.9
Slovenia	-	34.7	44.0	54.1	67.6
<b>Other Emerging Donors</b>					
Iceland*	21.2	27.2	41.5	48.2	48.4
Israel <sup>3</sup>	83.9	95.4	89.9	111.0	137.9
Liechtenstein	-	-	-	19.7	23.3
Turkey*	339.2	601.0	714.2	602.2	780.4
<b>PROVIDERS OF SOUTH-SOUTH CO-OPERATION</b>					
Chinese Taipei	421.3	483.0	513.0	514.0	435.2
Thailand	-	-	73.7	67.0	178.5
<b>ARAB DONORS</b>					
Kuwait	160.9	218.5	158.0	110.1	283.2
Saudi Arabia	1,734.1	1,004.8	2,094.7	2,078.7	5,564.1
United Arab Emirates	181.4	141.3	218.8	429.4	88.1
<b>TOTAL</b>	<b>3,288.4</b>	<b>3,153.2</b>	<b>4,687.1</b>	<b>4,861.4</b>	<b>8,679.0<sup>4</sup></b>

\*OECD Member

Source: DAC Statistics, OECD.

The estimates below of the aid volumes of countries that do not report to the DAC must be treated with caution. Official figures often omit important co-operation activities, such as contributions to international organisations focused on development, leading to *underestimates* of ODA. However, they also often include expenditures that would not qualify as ODA, such as security-related or culturally motivated spending, or insufficiently concessional loans; this leads to *overestimates* of ODA.

2. The following note is included at the request of Turkey: "The information in this document with reference to 'Cyprus' relates to the southern part of the island. There is no single authority representing both Turkish and Greek Cypriot people on the island. Turkey recognizes the Turkish Republic of Northern Cyprus (TRNC). Until a lasting and equitable solution is found within the context of the United Nations, Turkey shall reserve its position concerning the "Cyprus issue".

3. The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

4. Note that two thirds of the increase since 2007 is due to the large increase in Saudi Arabian aid.

**Brazilian** officials have estimated financial and technical co-operation at USD 437 million in 2007, up from USD 365 million in 2006. More than 90 per cent of this was delivered through multilateral channels. Technical co-operation, co-ordinated through the Brazilian Agency for Co-operation (ABC), amounted to USD 28 million in 2008, financing 236 projects in 46 countries.

**China's** Fiscal Yearbook released by the Ministry of Finance indicates that China disbursed nearly USD 2 billion in foreign assistance in 2008 (see Table 3). This includes grants, interest-free loans and subsidies for concessional loans, but excludes concessional loans and debt relief, which, if included, could lift Chinese assistance as high as USD 3 billion.<sup>5</sup> In 2009, China promised aid to Africa in areas such as climate change, science and technology, agriculture, health and education. China provides assistance to more than 50 African countries, but most aid goes to Asia, with the largest single recipient being North Korea.

**India's** aid and loan programme, as reported by the Ministry of Foreign Affairs, increased to an estimated USD 609.5 million in the 2008/9 fiscal year, up from USD 392.6 million in 2007/8. Table 4 shows the primary destinations of India's aid for the last four years.

**Table 4: Principal Destination of India's Aid and Loan Programmes**  
(Excluding Lines of Credit; current USD millions\*)

COUNTRY/REGION	2005/6	2006/7	2007/8	2008/9
Bhutan	250.1	131.5	168.4	277.9
Bangladesh	11.5	4.9	13.8	116.3
Nepal	14.6	51.0	23.0	96.5
Sri Lanka	5.5	6.8	6.5	49.7
Myanmar	4.9	9.7	4.6	26.0
Maldives	2.9	1.5	4.5	21.9
African Countries	13.5	4.9	11.5	8.1
Afghanistan			100.0	6.9
Central Asia			4.6	4.3
Latin American Countries			0.4	1.4
Other Countries	111.5	108.1	55.3	0.5
<b>TOTAL</b>	<b>414.5</b>	<b>381.4</b>	<b>392.6</b>	<b>609.5</b>

\* Converted from Rupees into USD using the Average Annual Exchange Rates published by the United States Federal Reserve for 2006 (45.2 rupees to USD), 2007 (41.2 rupees to USD) and 2008 (43.4 rupees to USD).

Source: Ministry of Foreign Affairs, India, Annual Reports 2005-06, 2006-07, 2007-08, 2008-09 (<http://meaindia.nic.in>).

At the Moscow International Conference on New Partnerships in Global Development Finance (February 2010), Alexei Kudrin, Minister of Finance, announced that the **Russian Federation** had provided USD 800 million in ODA in 2009, a remarkable increase from just USD 210 million in 2007 and USD 50 million in 2004. Much of this aid is provided through multilateral channels. Russia, often cited as a "re-emerging donor" after providing aid for several decades during the Cold War, identifies DAC principles and practices as important guidelines for its growing aid programme. In line with the *2007 Concept of Russia's Participation in International Development Co-operation*, the Russian Federation has declared its intention of reporting ODA figures to the DAC from 2010 onwards.

**South Africa's** development assistance amounted to USD 109.4 million in the 2008/9 fiscal year, up from USD 62.6 million in 2007/8. This includes assistance from the *African Renaissance and International Co-operation Fund*, as well as ODA-eligible contributions to multilateral organisations. The figures in Table 5 are from the 2009 Public Expenditure on Foreign Affairs report published by the National Treasury of the Republic of South Africa.

5. D. Brautigam, "The Dragon's Gift: The Real Story of China in Africa", p.169.

**Table 3: China's Foreign Assistance Disbursements**

YEAR	CURRENT USD MILLIONS
2000	554.2
2001	569.5
2002	604.5
2003	631.0
2004	733.3
2005	911.9
2006	1,033.3
2007	1,466.9
2008	1,807.6

Source: Fiscal Yearbook, Ministry of Finance, China.

**Table 5: South African Foreign Assistance Programmes***Estimates of Public Expenditures 2009, International Transfers, Current USD millions*

	AUDITED OUTCOMES			ADJUSTED APPROPRIATION	MEDIUM-TERM EXPENDITURE ESTIMATES		
	2005/6	2006/7	2007/8	2008/9	2009/10	2010/11	2011/12
African Renaissance and International Co-operation Fund	14.8	21.3	36.4	83.1	75.1	51.2	73.2
African Union	15.5	12.1	13.4	14.6	18.2	18.9	18.1
New Partnership for Africa's Development	4.4	4.3	3.6	3.8	3.9	4.1	4.1
Other International Orgs.	0.1	0.6	0.0	0.1	0.1	0.1	0.1
Southern African Development Community	2.9	3.6	3.6	3.7	3.8	4.0	4.0
UN (12%)	1.0	1.1	1.3	1.1	1.3	1.3	1.2
Humanitarian Aid	2.7	2.5	4.1	2.9	3.0	3.1	3.1
UNDP in Southern Africa	0.1	0.9	0.2	0.1	0.1	0.1	0.1
UN Voluntary Fund for Disability	-	-	-	0.0	0.0	0.0	0.0
UNICEF	0.5	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL</b>	<b>42.0</b>	<b>46.3</b>	<b>62.6</b>	<b>109.4</b>	<b>105.5</b>	<b>82.9</b>	<b>103.9</b>

Source: Estimates of Public Expenditures 2009, Foreign Affairs, National Treasury of South Africa  
(<http://www.treasury.gov.za/documents/Estimates%20of%20Public%20Expenditure/2009/default.aspx>)

## Shared goals and diverse approaches to development co-operation

During the past decade, the international goals of development assistance have converged for DAC donors and other providers of development co-operation. The UN Millennium Development Goals, many of which were first captured in the 1996 DAC Report on “Shaping the 21st Century: The Contribution of Development Co-operation”, have become the guiding paradigm for development assistance. However, while the goals that motivate their development co-operation may be shared, their approaches to co-operation are diverse. This diversity is closely linked to the international obligations and principles that underpin their co-operation programmes.

Most **emerging donors**, having recently joined the European Union, are working to align their co-operation programmes with EU principles and commitments, which, in turn, are closely aligned with DAC principles. New EU members adhere to the 2005 European Consensus on Development, which commits them to increase their net ODA volumes to 0.17 per cent of GNI by 2010 and 0.33 per cent by 2015. Table 6 shows that EU donors are providing the bulk of their aid through multilateral channels – mainly through EU institutions.

**Table 6: Some Emerging Donors' 5-year Cumulative ODA Disbursements***Current USD millions*

	<b>TOTAL CUMULATIVE ODA (2004-8)</b>	<b>PERCENTAGE OF WHICH: MULTILATERAL</b>	<b>PERCENTAGE OF WHICH: BILATERAL</b>
<b>Cyprus</b>	<b>113.6</b>	<b>46%</b>	<b>54%</b>
<b>Czech Republic</b>	<b>832.3</b>	<b>51%</b>	<b>49%</b>
<b>Estonia</b>	<b>66.6</b>	<b>81%</b>	<b>19%</b>
<b>Hungary</b>	<b>530.4</b>	<b>61%</b>	<b>39%</b>
Iceland	186.6	26%	74%
Israel	518.0	14%	86%
<b>Latvia</b>	<b>68.6</b>	<b>88%</b>	<b>12%</b>
Liechtenstein	43.0	10%	90%
<b>Lithuania</b>	<b>145.1</b>	<b>66%</b>	<b>34%</b>
<b>Poland</b>	<b>1354.3</b>	<b>68%</b>	<b>32%</b>
<b>Romania</b>	<b>122.9</b>	<b>78%</b>	<b>22%</b>
<b>Slovak Republic</b>	<b>298.5</b>	<b>55%</b>	<b>45%</b>
<b>Slovenia</b>	<b>200.4</b>	<b>59%</b>	<b>41%</b>
Turkey	3037.0	10%	90%

The countries shown in **BOLD** are members of the European Union.

Source: DAC statistics, OECD.

**Providers of South-South Co-operation** often point to two declarations as foundations for their co-operation programmes: the Declaration on the Promotion of World Peace and Cooperation, agreed by 29 African and Asian countries at the Bandung Conference in 1955, and the Buenos Aires Plan of Action for Promoting and Implementing Technical Co-operation among Developing Countries (TCDC), adopted by the United Nations General Assembly in 1978.

Examining these documents helps explain how and why providers of South-South Co-operation distinguish their approaches from those taken by DAC donors. The fundamental difference, perhaps, is that SSC providers regard themselves as peers in mutually beneficial relationships with their partner countries. They reject the notion that some countries are “donors” and others “recipients”. As a result, one can identify three major differences in the way SSC providers structure their co-operation:

- First, it is the exchange of technical skills that lies at the heart of South-South Co-operation, not the unilateral provision of aid.<sup>6</sup> The foreign ministries of Brazil and India, for example, host highly specialised agencies for technical co-operation with global reach.
- Second, when financial co-operation does become part of a South-South relationship, commercial considerations can be an integral component of it. China and India, for example, provide aid in the form of “packages” that can include not only grants, preferential loans and debt relief, but also preferential trade and investment schemes. Providers of South-South Co-operation also generally tie the provision of development co-operation to the purchase of their own goods and services, a practice which DAC donors have limited in an effort to promote fair competition for aid contracts, and ensure value for money for aid recipients.<sup>7</sup>
- Third, providers of South-South Co-operation claim not to attach policy conditions to their co-operation. Doing so, they argue, would undermine the principle of “national sovereignty” and “solidarity”.

6. There remains a misconception that technical assistance and technical co-operation cannot be counted as ODA. In fact, the DAC considers them as important elements of ODA and defines them as “the provision of know-how in the form of personnel, training, research and associated costs”.

7. See, for example, the 2001 DAC Recommendation on Untying Official Development Assistance.



In international forums, the views of **Arab donors** are often aligned with those held by providers of South-South Co-operation. Indeed, Saudi Arabia was a prominent participant in the Bandung Conference. However, financial assistance has been a major feature of Arab aid since the petroleum boom of the 1970s. Aid has been an important instrument to promote solidarity among Arab countries, and religious obligations appear to be an important basis for co-operation. Arab donors have co-ordinated their efforts in a Co-ordination Group since 1975.<sup>8</sup>

## Opening Doors at the OECD Development Assistance Committee

Despite the diversity of their approaches, there are promising signs of convergence between all providers of co-operation on the principles of effective collaboration. The 2008 Accra Agenda for Action (AAA), endorsed by over 100 governments, explicitly recognises the importance of South-South Co-operation as a “valuable complement” to North-South Co-operation. The Bogota Statement, endorsed at the High Level Event on South-South Co-operation and Capacity Development in March 2010, goes further, promoting a greater role for, and increased effectiveness in, South-South co-operation.

The DAC welcomes the growing efforts of other providers of development co-operation and recognises that it has much to learn from them. They have unique expertise and recent development experiences to share with the international community. They have become essential partners in international forums on international co-operation, such as the G20.

By engaging in open dialogue, the DAC hopes to improve the quality and relevance of its policy guidance, and wishes to promote mutual understanding about the goals and principles of international development co-operation. The DAC also believes that, by engaging with the Committee and reporting aid flows, other providers of development co-operation will receive greater global recognition for their efforts. Engaging with other providers has thus become one of the DAC’s priorities. To learn about the DAC’s efforts in this area, please visit [www.oecd.org/dac/opendoors](http://www.oecd.org/dac/opendoors).

## Further Reading

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8. See <http://www.arabfund.org/Default.aspx?pagelD=472>.



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