INVESTMENTS TO END POVERTY

Real money, real choices, real lives

Development Initiatives

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Foreword

If we agree on a set of global sustainable development goals as the centrepiece for a post-2015 agenda, we will surely also need to agree on how to finance them. How do we get better data to tell whether we are on track to achieve a broad range of material and non-material poverty indicators? How do we give member states the tools they need to define, own and implement the post-2015 agenda to really address the structural issues keeping their citizens in poverty and limiting sustainable development? How do we ensure they have the global knowledge and financial support that they need to address poverty on the ground? These are key questions to consider as the UN, its member states, civil society and the private sector build on the High Level-Panel report, *A New Global Partnership,* and on the Secretary-General's report, *A Life of Dignity for All.*

In the following pages and online, *Investments to End Poverty* starts to provide some of the data and analysis that can inform discussions and help everyone make evidence-based choices.

The report looks beyond rhetoric on whether aid works, and the right balance between promoting growth and direct assistance to the poor, and provides detailed information based on available facts and figures. In doing this, it also reveals areas where we need to know more – echoing the High-Level Panel call for a Data Revolution.

The authors have worked hard to get the data right, especially in terms of what is happening with aid flows – but as the post-2015 agenda moves beyond aid, there is a need for better information that can help us all move from a vision to a timetabled plan, with an adequate and realistic budget, to which every country and every company, every civil society organisation and community can contribute, so that we make a reality of ending poverty and sustained prosperity for all by 2030.

Homi Kharas
Senior Fellow and Deputy Director
Global Economy and Development Program
The Brookings Institution

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Preface

Dear Reader,

Welcome to the *Investments to End Poverty* report. We hope that you find it useful and illuminating.

Most of you reading the report will be working in one way or another on getting the most out of the resources that are available to reduce and then end poverty. You may be making decisions about how aid or other finance should be spent. You may be campaigning to end poverty. Or you may be considering whether the resources you control – as a company or private individual – could contribute more. We suspect that many of you, like us, could use better data. So, we have tried to gather together here and online the best available information on all resources, especially aid, that can contribute to ending poverty. We hope this detailed picture will help inform people's choices on how to allocate resources to end poverty.

When we set up Development Initiatives 20 years ago, ending poverty was discussed as a far-off aspiration – seen by some as naive or unrealistic. 1995 was the first time that global leaders made a commitment to ending absolute poverty. Now, in 2013, following years of real progress, 'getting to zero' is not only on the table, it is being discussed as a feasible, timetabled reality.

The end of poverty in all its forms is at the centre of discussions on global goals post-2015. So, it is essential to mobilise all resources and to focus on those, like aid, that can make the strongest contributions to the poorest people, so that they deliver as much poverty reduction as possible for every dollar.

In this report, and online, you will find an overview of flows – of governments' own spending in developing countries, of commercial flows like foreign direct investment and other lending, of private giving through remittances or non-governmental organisations as well as official money, and of official development assistance and other investments that governments make in developing countries and for global public goods. We have tracked where this money goes (and how much comes back), and we hope to contribute to productive discussion about how all resources can contribute most to ending poverty.

You will also find a very detailed unbundling of aid. Too often aid is discussed as though it is a transfer of cash from a donor to a recipient country. In fact, it is made up of lots of things (money, people, commodities), and only some of it is actually transferred. The bundle differs by donor, sector and recipient country – and part 3 breaks down all this data to reveal a much fuller picture of how aid is currently spent and its potential in the context of other resources.

You may have read a strap line on the cover of this report, "Real Money, Real Choices, Real Lives." Too much of the debate about effective use of resources to reduce poverty rests on weak data that is not clear about the finance available or who is in poverty and how their circumstances are changing. We believe that whether you are investing globally, locally or nationally, you have to know who is likely to benefit – not just at the country level, but sub-nationally and for different groups of people. You must also have a clear idea about when the benefit should be felt. To answer these questions, better data is needed both on people in poverty and on where resources are allocated. Without disaggregated data, ensuring that no one is left behind becomes a hollow notion.

The report contains lots of graphs and illustrations, which we have tried to render as clear and attractive as possible to make them easy to use. Online you will find many visualisations and opportunities to drill down into the information. Development Initiatives is always pleased to help, so if you would like more clarity on a particular point or to let us know how the data could be more useful, we would be really pleased to hear from you. Equally, if you have better or additional data or questions about methodology, we hope you will get in touch. We really welcome feedback, especially on how we can help people apply the data in their country or area of interest.

In writing the report, we have tried to keep at the front of our minds the way people in poverty invest their own resources and the opportunity for every dollar to contribute to a world without extreme poverty. We hope that some of the data here will help you support investments that can deliver the best returns.

With thanks for your interest.

Judith and Tony

Judith Randel and Tony German
Executive Directors
Development Initiatives

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Many people have contributed to the Investments to End Poverty programme and even more to the thinking behind it.

First of all, Development Initiatives would like to thank the Bill & Melinda Gates Foundation for their generous support, without which Investments to End Poverty would not have been possible.

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Investments to End Poverty 2013 was co-authored by Dan Coppard, Tony German and Judith Randel. Development Initiatives' team of analysts was responsible for research, analysis and writing of this report: Mariella Di Ciommo (Chapter 9), Sarah Hénon (cross chapters), Daniele Malerba (cross chapters), Tim Strawson (Chapter 2 and coordination of profile analysis), Rob Tew (Chapter 4), and Ian Townsend (Chapter 1). Significant additional research was provided by Marcus Manuel and Andrew Rogerson (Overseas Development Institute); Ana Toni (Gestão de Interesse Público, Pesquisa e Consultoria); Tilman Brück, Jakob Hallgren and Samuel Perlo-Freeman (Stockholm International Peace Research Institute); Alison Johnson (Development Finance International); and Olly Buston.

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Many people and many publications have influenced the thinking behind Investments to End Poverty, and, we hope, enriched the analysis. Some of them are listed below, but we would particularly like to mention Charles Lwanga-Ntale and Myles Wickstead (Development Initiatives), Yasmin Ahmad, Julia Benn and Simon Scott (Organisation for Economic Co-operation and Development), Ben Leo (Center for Global Development), Richard Manning and Asma Zubairi for their reviews of our work.

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Investments to End Poverty is an independent report. The analysis presented and views expressed are the responsibility of Development Initiatives and do not necessarily reflect those of the contributors or their organisations.

Abbreviations

AfDB	African Development Bank
AfDF	African Development Fund
AFESD	Arab Fund for Economic and Social Development
AsDB	Asian Development Bank
BADEA	Arab Bank for Economic Development in Africa
BCIE	Central American Bank for Economic Integration
CAF	Latin American Development Bank
CPA	country programmable aid
CSOs	civil society organisations
DAC	Development Assistance Committee of the Organisation for Economic Co-operation and Development
DBSA	Development Bank of Southern Africa
DEG	German Investment Corporation
DPKO	United Nations Department of Peacekeeping Operations
EBRD	European Bank for Reconstruction and Development
EIB	European Investment Bank
EITI	Extractive Industries Transparency Initiative
FAO	Food and Agricultural Organization
FDI	foreign direct investment
FMO	Netherlands Development Finance Company
GDP	gross domestic product
GEF	Global Environment Facility
Global Fund	Global Fund to Fight AIDS, Tuberculosis and Malaria
GNI	gross national income
GPGs	global public goods
IATI	International Aid Transparency Initiative
IBRD	International Bank for Reconstruction and Development
ICP	International Comparison Program
IDA	International Development Association
IDB	Inter-American Development Bank
IFAD	International Fund for Agricultural Development
IFC	International Finance Corporation
IFFIm	International Finance Facility for Immunisation
IMF	International Monetary Fund
IsDB	Islamic Development Bank
JBIC	Japan Bank for International Cooperation
KFAED	Kuwait Fund for Arab Economic Development
MDGs	Millennium Development Goals
Mercosul	Southern Common Market
NATO	North Atlantic Treaty Organization
NGOs	nongovernmental organisations
NNGOs	Northern non-governmental organisations
ODA	official development assistance
OECD	Organisation for Economic Co-operation and Development
OEEC	Organisation for European Economic Co-operation
OFID	OPEC Fund for International Development
OGP	Open Government Partnership
OPIC	US Overseas Private Investment Corporation
OSCE	Organization for Security and Co-operation in Europe
PPP	purchasing power parity
PRSP	Poverty Reduction Strategy Paper
REDD	Reducing Emissions from Deforestation and Forest Degradation
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFPA	United Nations Population Fund
UNHCR	Office of the United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UNPBF	United Nations Peacebuilding Fund
UNRWA	United Nations Relief and Works Agency for Palestinian Refugees in the Near East
WFP	World Food Programme
WHO	World Health Organization

Highlights

Ending poverty by 2030

Extreme poverty can be ended by 2030. The UN Secretary-General's High-Level Panel and subsequent reports have all called for eradicating extreme poverty from the face of the earth by 2030.

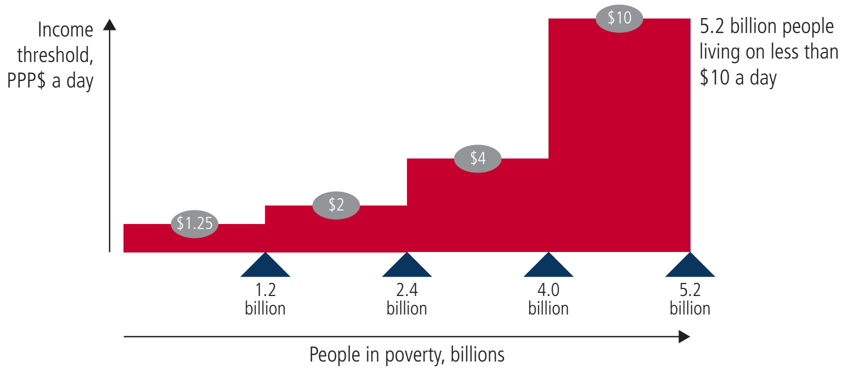
Poverty has many dimensions – it is not just about income. Ending poverty means ensuring that everyone has adequate nutrition, basic health, education and housing as well as the information and freedom from discrimination that enable them to take part in society.

No one should live on less than $1.25 a day in any country. This must be the first step towards achieving global well-being.

Economic growth alone is unlikely to get us to zero extreme poverty in time. Growth will be critical for reducing poverty but will not be fast and inclusive enough – current best-case scenarios leave more than 100 million people living in extreme poverty in 2030.

FIGURE 1

The extent of poverty depends on the income threshold

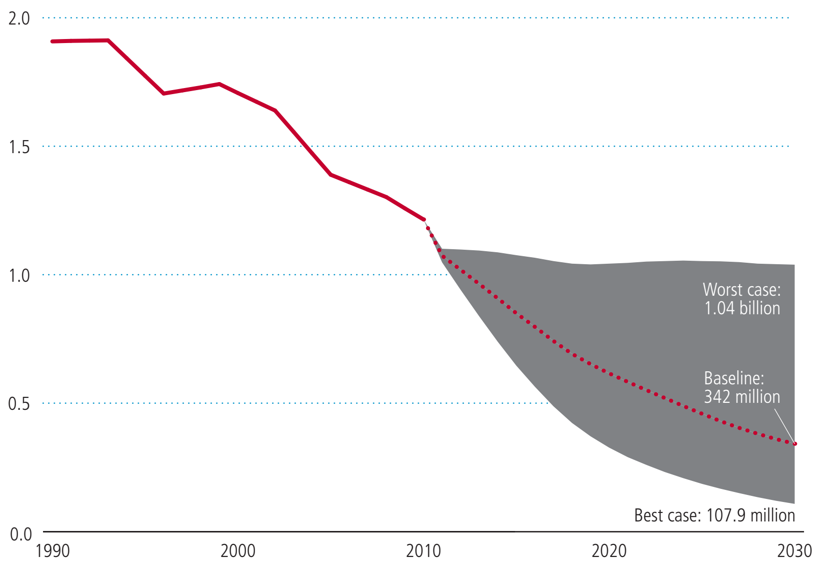


Source: Development Initiatives calculations based on data from World Bank Development Research Group's PovcalNet database (http://iresearch.worldbank.org/PovcalNet/).

FIGURE 2

The number of people in extreme poverty in 2030 could be anywhere between 100 million and more than 1 billion

People in extreme poverty, billions, 1990–2030



Source: Chandy, Ledlie and Penciakova, 2013, Unpublished update to "The Final Countdown: Prospects for Ending Extreme Poverty by 2030," The Brookings Institution, Washington, DC.

Targeted interventions are needed. More than 400 million people in sub-Saharan Africa were living in extreme poverty in 2010. Many of them are so deep in poverty that only interventions that go beyond the broader benefits of growth can overcome the risks and structural barriers they face.

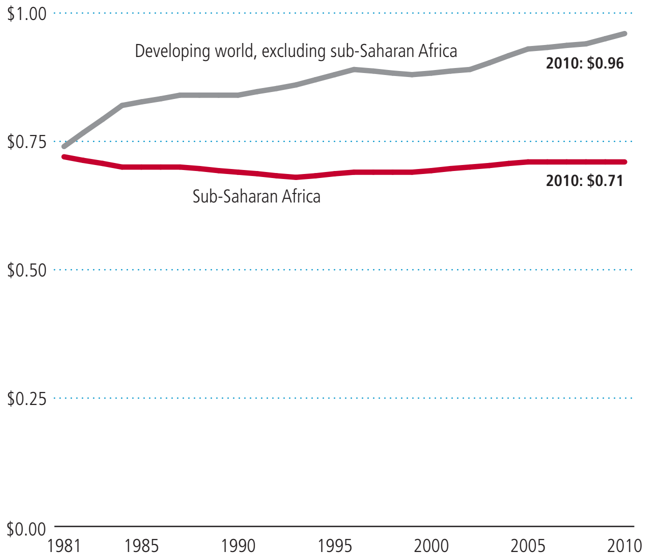
Poverty eradication demands an international backstop. To prevent people falling back into poverty, the international aid architecture must act as a backstop, providing a basic minimum when domestic governments cannot.

Aid must be used in the context of other resources. By focusing aid on people in poverty and leveraging other resource flows – such as investment and private giving alongside government spending – we can make progress towards ensuring that every person attains the most basic living standards by 2030.

FIGURE 3

Average incomes of the extreme poor in sub-Saharan Africa are often far below the $1.25 a day poverty line

Average daily consumption of individuals living on less than $1.25 a day, 2005 PPP$, 1981–2010

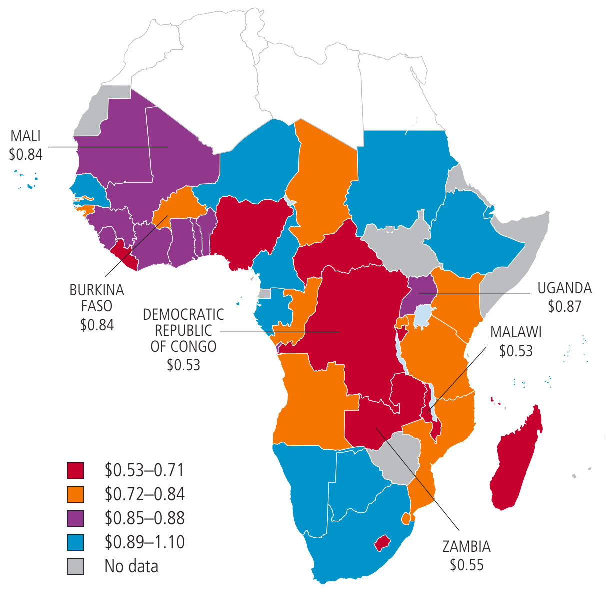


Source: World Bank, 2013, "The State of the Poor: Where Are the Poor and Where Are They Poorest?" Washington, DC.

MAP 1

Poverty is very deep in parts of Africa, with many people living a long way below the poverty line

Average daily consumption of individuals living on less than $1.25 a day, 2005 PPP$, 2010



Source: Chandy, Ledlie and Penciakova, 2013, Unpublished update to "The Final Countdown: Prospects for Ending Extreme Poverty by 2030," The Brookings Institution, Washington, DC.

All investments – domestic and international, public and private – can contribute to ending poverty. Some will deliver immediate returns, others longer term impact. Those by developing countries and poor people themselves will contribute the most.

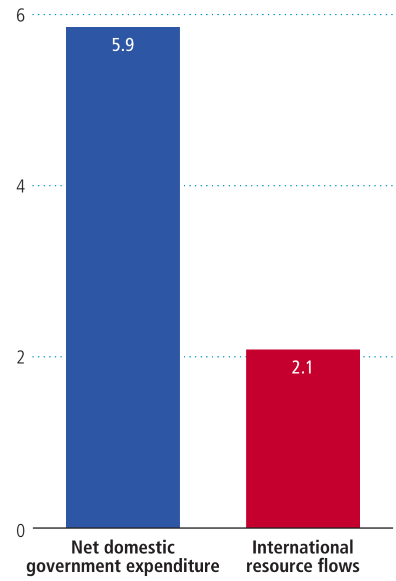
Government spending in developing countries is now US$5.9 trillion a year. More than half of all developing countries have seen government spending grow at an average of over 5% a year between 2000 and 2011. For the remainder, average annual growth in government spending has been 2.5%.

The scale and diversity of resource flows to developing countries have increased rapidly. The volume of international resources received by developing countries has more than doubled since 2000, reaching an estimated US$2.1 trillion in 2011.

FIGURE 4

Domestic resources outweigh international resources for most developing countries

2011 US$ trillions

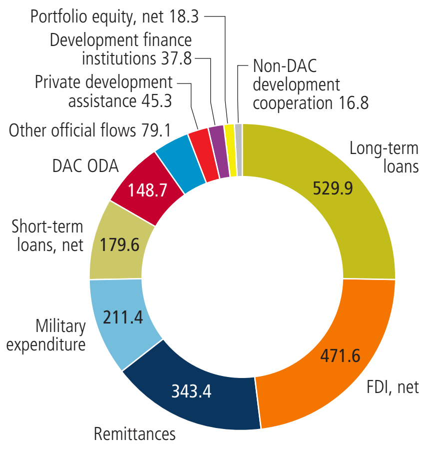


Source: Development Initiatives calculations based on data from a wide range of sources – see *Methodology.*

FIGURE 5

International flows include commercial, government and private resources

2011 US$ billions

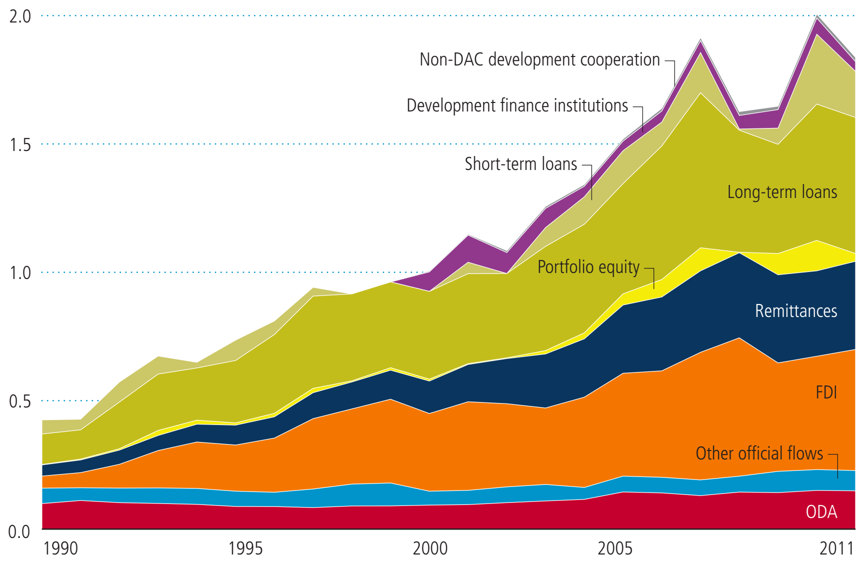


Note: All values are gross unless otherwise indicated.
Source: Development Initiatives calculations based on data from a wide range of sources – see *Methodology.*

FIGURE 6

International resource flows to developing countries have grown rapidly

2011 US$ trillions, 1990–2011



Note: Data for some flows does not cover the whole period – see *Methodology.* Excludes flows with no historic data, so headline figures are lower than the total US$2.1 trillion inflows in 2011.
Source: Based on data from a wide range of sources – see *Methodology.*

Resources also flow out of developing countries. Of the US$472 billion in foreign direct Investment into developing countries, US$420 billion flowed out as repatriated profits.

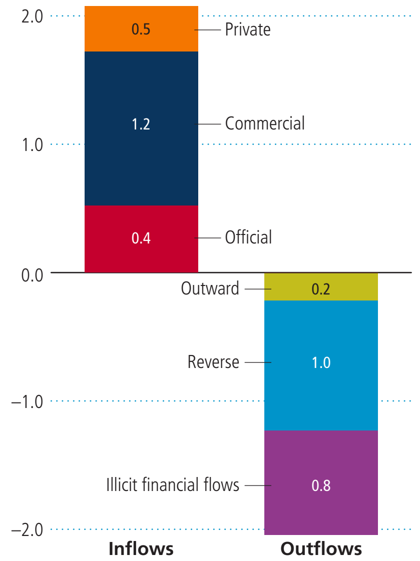
The poorest countries still face severe spending constraints that are likely to continue. 82% of the world's extreme poor live in countries where government spending is less than PPP$1,000 per person per year, compared with PPP$15,025 across DAC countries.

Low government spending and poverty go together. More than 100 million people in extreme poverty live in countries where government spending is less than PPP$200 per person per year (55 cents a day), and in those countries more than half the population lives below the $1.25 a day poverty line.

FIGURE 7

Resources flow both in and out of developing countries

Inflows and outflows of resources from all developing countries, US$ trillions, 2011

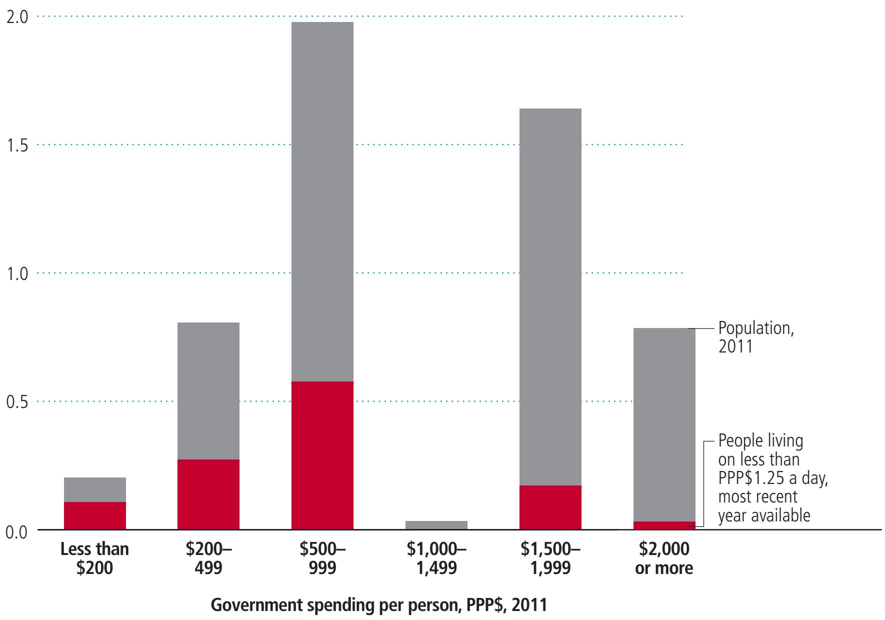


Source: Development Initiatives calculations based on data from a wide range of sources – see *Methodology.*

FIGURE 8

Some 82% of the world's poor live in countries with annual government spending of less than PPP$1,000 per person

Billions of people



Source: Development Initiatives calculations based on data from the IMF and World Bank.

Official development assistance remains important. ODA remains the main international resource for countries with government spending of less than PPP$500 per person per year.

Better information is needed to deliver better results. Harnessing all resources for poverty reduction will be easier when we know more accurately who provides them, who controls them, and where and on what they are spent.

Transparent data is needed. Greater transparency of international and domestic flows is essential for resource allocation and gives more control to people and governments in developing countries so they can actively address poverty.

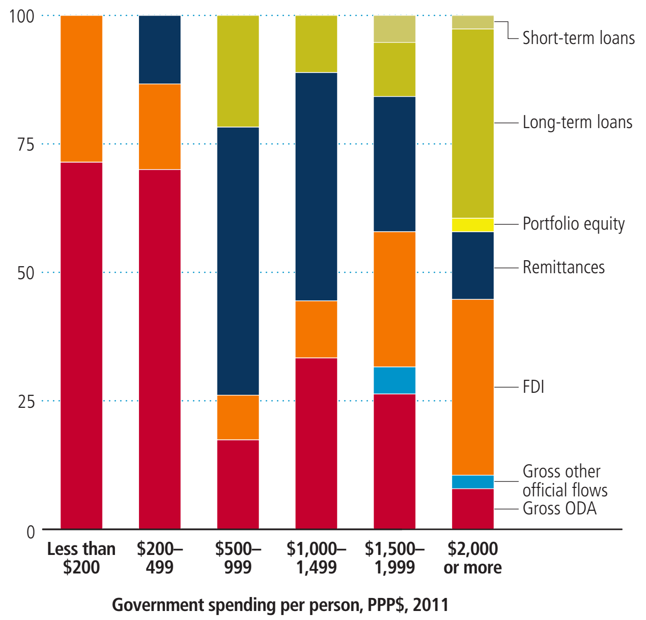
ODA is unique. It is the only official international resource flow aimed explicitly at the economic development and welfare of developing countries.

ODA has grown substantially since 2000. ODA from DAC donors totalled US$128 billion in 2012, having grown substantially in real terms since 2000. G8 countries provide two-thirds of ODA, with the USA accounting for a quarter of total ODA.

FIGURE 9

ODA dominates where government resources are lowest, while FDI is more important for countries with higher government resources

% of countries for which each resource flow is the largest they received in 2011



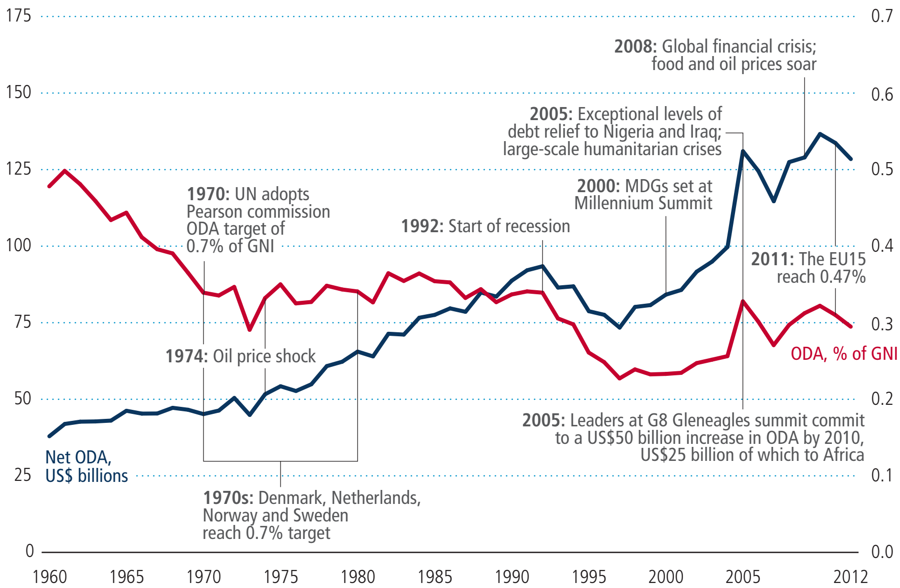
Source: Based on data from a wide range of sources – see *Methodology.*

FIGURE 10

ODA has grown to record highs since the 1970s – but the path has not always been smooth

Net ODA, 1960–2012

2011 US$ billions



Source: Development Initiatives calculations based on data from the DAC.

Sub-Saharan Africa gets the largest share of ODA. Sub-Saharan Africa receives about 35% of ODA, South and Central Asia about 17%. Thirteen of the twenty largest aid recipients are in sub-Saharan Africa, while the largest is Afghanistan, which receives 4.9% of total ODA disbursements.

ODA can be targeted at priorities for poverty eradication. Health receives the largest single share of ODA from bilateral and multilateral donors, followed by governance and security and then infrastructure. Despite the persistence of malnutrition and the fact that rural livelihoods are very important for the poorest, spending on agriculture remains well below that on humanitarian crises, which are often acute phases of chronic food insecurity.

FIGURE 11

ODA to sub-Saharan Africa and South and Central Asia has risen in recent years; ODA to the Middle East and East Asia has fallen

2011 US$ billions, 2000–2011

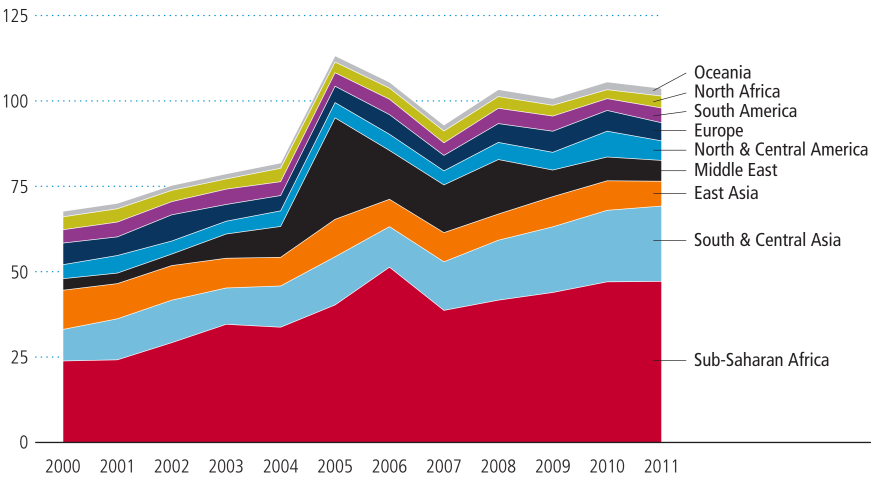
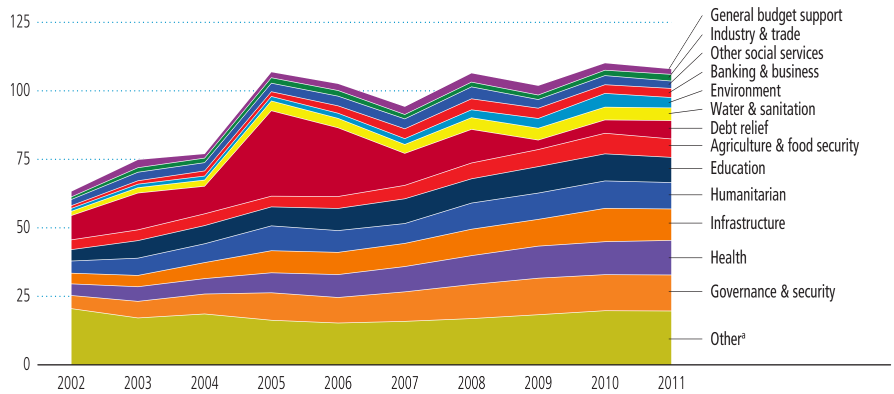


FIGURE 12

Debt relief has fallen since 2005; ODA to most sectors has grown

Gross bilateral ODA by sector, US$ billions, 2002–2011



Aid targets haven't been met. Only five countries currently exceed the UN target for ODA of 0.7% of GNI, set in 1970. Together, DAC donors achieved only 0.29% of GNI in 2012.

ODA and the architecture around aid need to be updated. ODA has a clear and continuing part to play in ending poverty but need to be updated to meet the challenge of financing the post-2015 development goals.

There is much misunderstanding about what aid is. The debate around aid is very polarised. Large headline figures are presented as if aid were entirely a cash lump sum passed directly from donor to recipient.

Aid is a bundle of different things. Some of it is money. Some is food and other goods. Some is people: the costs of consultants and staff providing technical advice and training.

FIGURE 13

Achieving 0.7% of GNI as ODA by 2015 is the target for European donors

Net ODA, % of GNI, 2012, and 2015 national targets

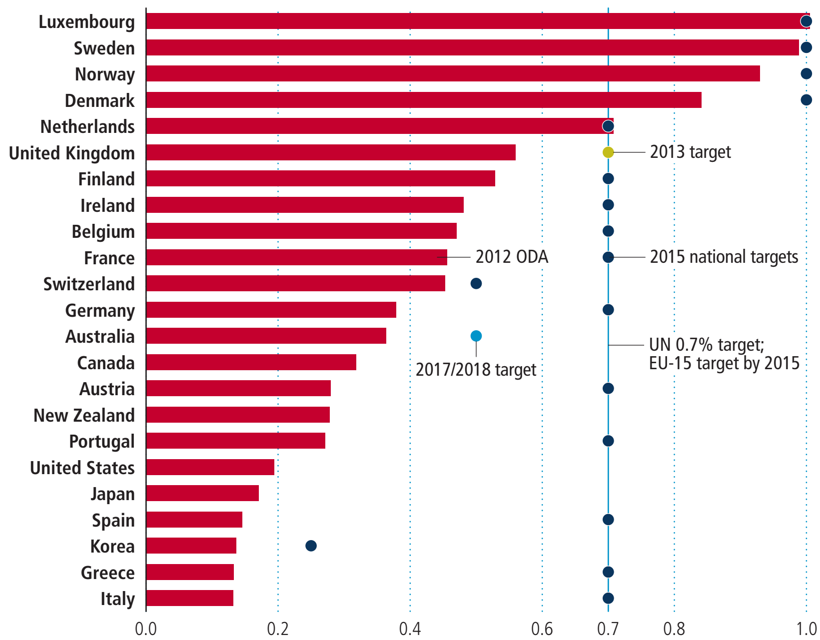
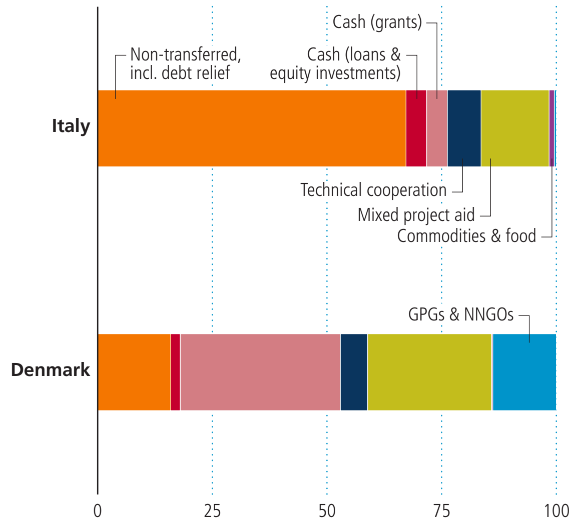


FIGURE 14

Unbundling US$2 billion of aid shows very different allocations between donors

% of ODA, 2011

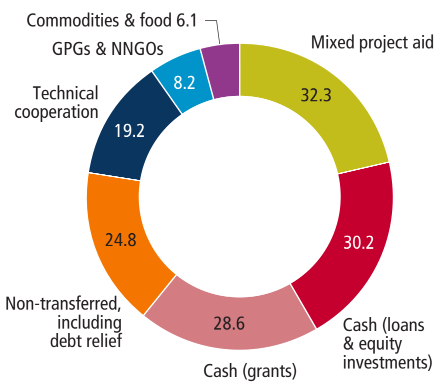


Source: Development Initiatives calculations based on DAC data.

FIGURE 15

Unbundling aid in 2011

US$ billions, 2011



Source: Development Initiatives calculations based on DAC data.

Not all aid is transferred to developing countries. Some parts of the aid bundle never leave the donor country – among them, debt relief, support for students and refugees in donor countries, and development awareness.

Developing countries do not always receive what donors report as allocated. The headline amount of aid reported as disbursed by donors (including investment in global public goods) is much bigger than the amount developing-country governments control and can directly administer.

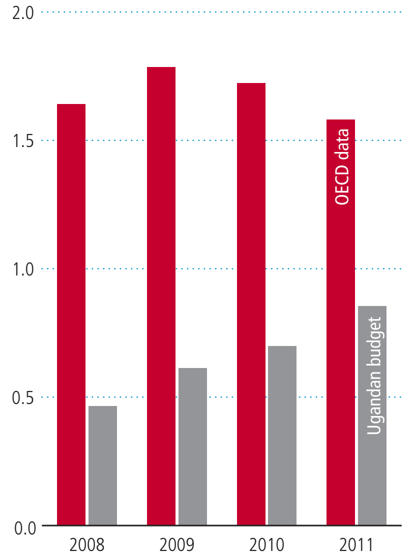
Aid is the main international flow that can be readily targeted on reaching the poor. Vital to many low income countries, it is well suited to the targeted interventions to ensure that the poorest people share in the benefits of growth.

Aid can play different roles. Aid can deliver direct, immediate and measurable benefits. It can also invest in longer term impacts that may be transformational and benefit larger numbers of people. And it can provide catalytic funding, leveraging other resources.

FIGURE 16

Aid reported for Uganda greatly exceeds aid recorded as received

US$ billions, 2008–2011

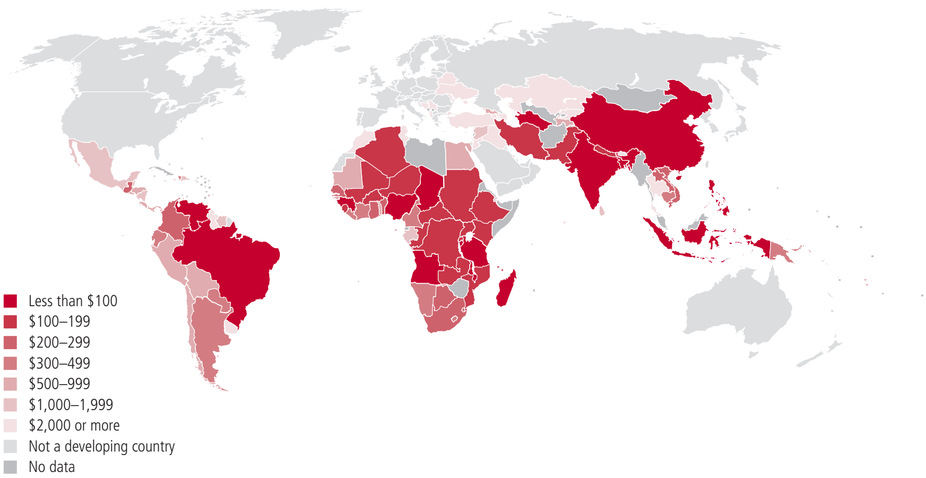


Source: Development Initiatives calculations based on DAC data and data from Ugandan budget documents.

MAP 2

Targeting aid on ending poverty: the darker the shading, the less ODA allocated per person in extreme poverty

ODA per poor person, PPP$, 2011



Source: World Bank, 2013, *World Development Indicators 2013*, Washington, DC.

The type of aid affects the impact it delivers. A dollar spent on food aid will have markedly different economic effects from a dollar spent on debt relief or on a consultant based in a ministry. Getting the most value for poverty reduction from every aid dollar requires deploying different aid instruments for different contexts.

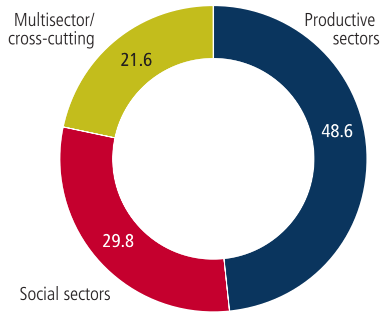
Better information on aid will improve decisionmaking. Deciding among the many competing calls on aid requires clear thinking on who will benefit, when the benefit will be felt and what the probability of impact is.

Measuring poverty by averages will continue to leave people behind. Disaggregated data on people in poverty and more timely, subnational, geocoded data on how aid and other resources are used can underpin more disciplined planning, resource allocation and evaluation.

FIGURE 17

Substantial lending continues to go to social sectors, which may not generate direct financial returns for repayment

% of total lending

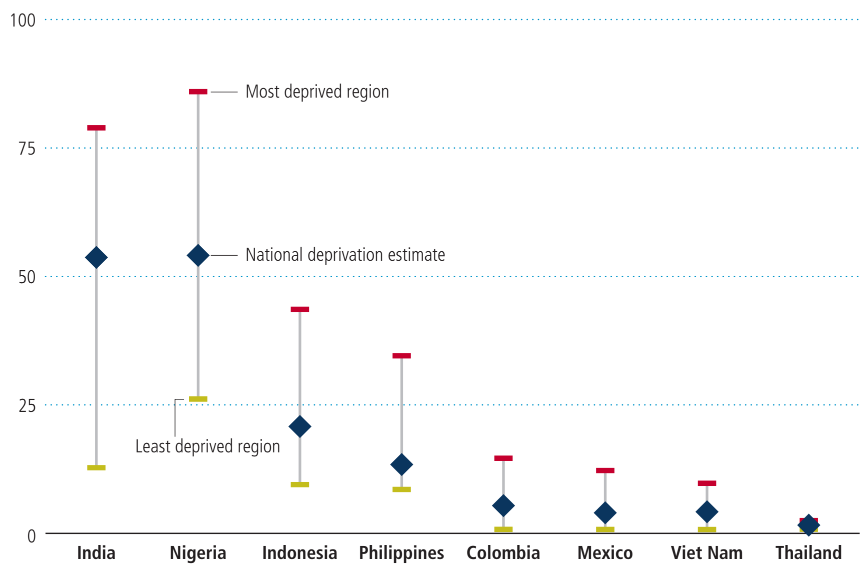


Source: Development Initiatives calculations based on DAC data.

FIGURE 18

Differences between the least and most deprived parts of emerging economies vary widely

Multidimensional poverty rate, %, most recent year available



Source: Oxford Poverty and Human Development Initiative Multidimensional Poverty Index Data Bank (www.ophi.org.uk/multidimensional-poverty-index).

Estimates of poverty are unreliable and out of date. Global poverty estimates draw on five data sources, including household surveys and national accounts. The collection methods for surveys and the use of different data sources can change the estimates of the numbers of people in poverty by hundreds of millions.

Calculations are built on weak assumptions. Much of what is known about poverty rests on statistically demonstrated relationships that might not stand up to new price estimates or assumptions that data from different sources is compatible.

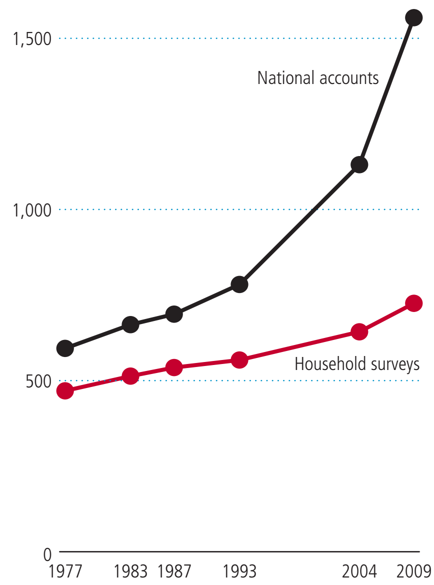
Traditional statistical approaches can be improved. Current methodologies can be improved by harmonising survey design, publishing provisional 'real-time' poverty estimates and reforming the governance of country poverty data. Better statistics can be used alongside crowd-sourced data and feedback to improve information for decisionmaking and accountability.

A Development Data Revolution is needed to end poverty. With timely, forward looking, disaggregated data, resources can be allocated more optimally, progress can be properly monitored, and lessons can be learned about effective and efficient policies and programmes.

FIGURE 19

India's rapid economic growth since the early 1990s has barely registered in survey data

Annual consumption per capita, PPP$, 1977–2009

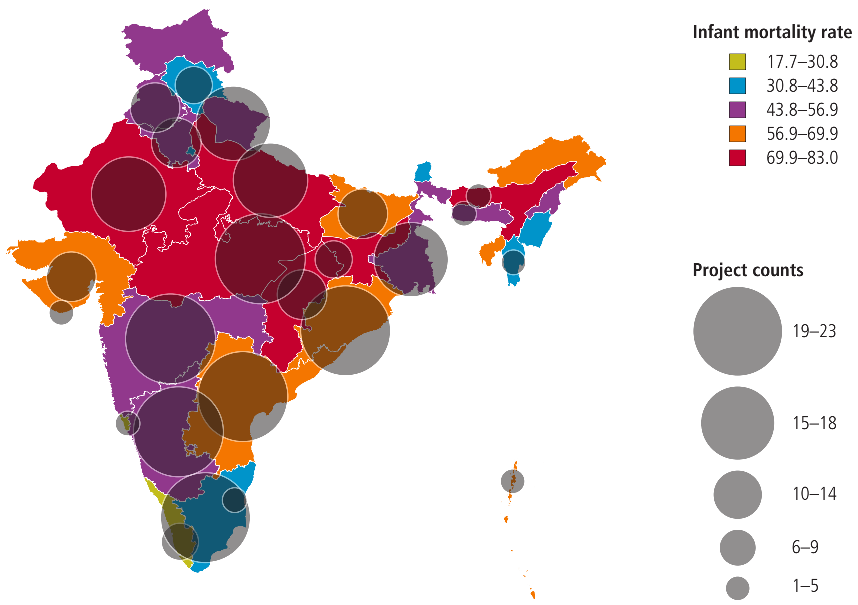


Source: World Bank, 2013, *World Development Indicators 2013*, Washington, DC.

MAP 3

Geocoded aid projects can be linked to deprivation data to improve targeting

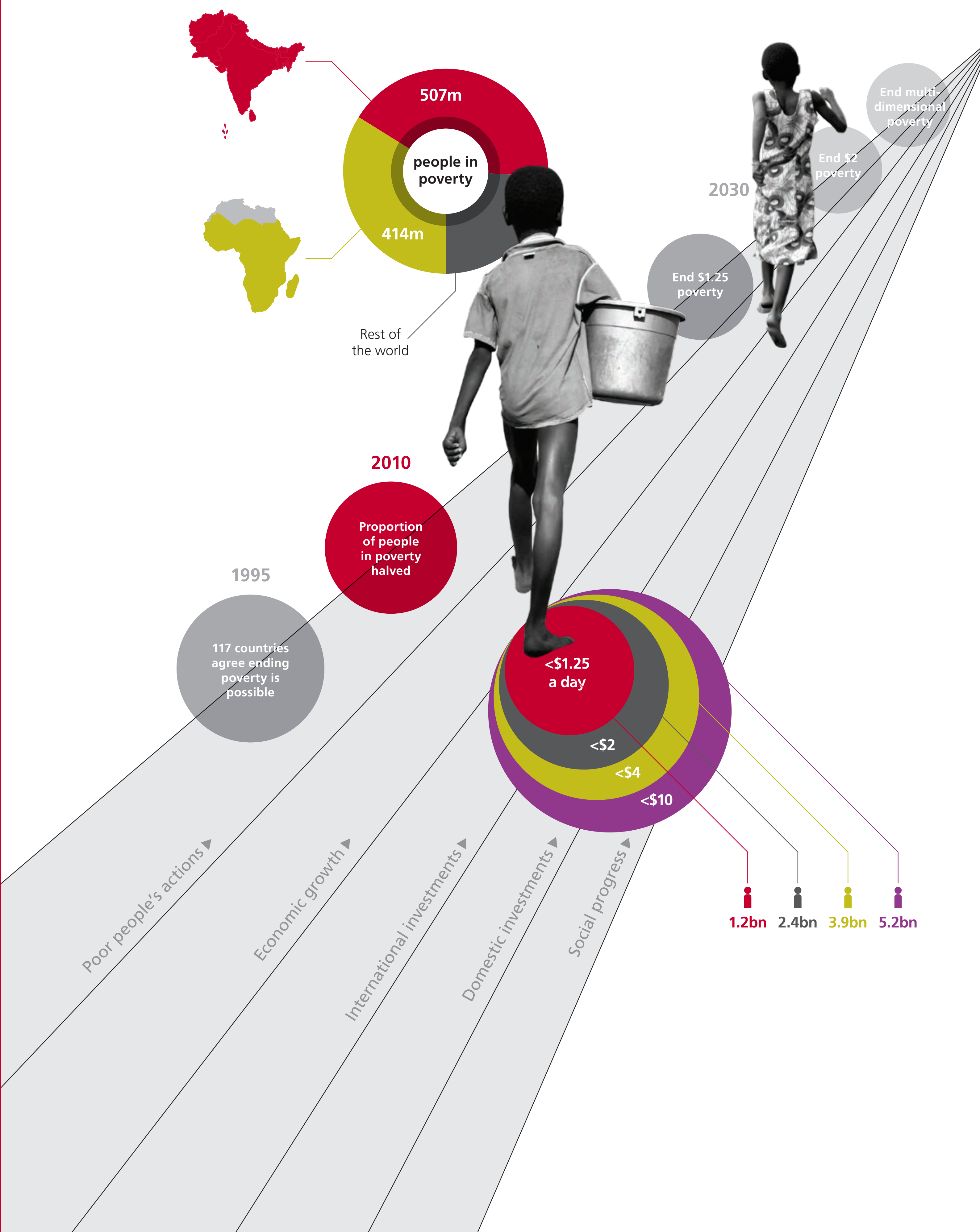
Infant mortality rate (deaths per 1,000 live births) and number of projects active as of 28 March 2012



Source: World Bank Mapping for Results database (http://maps.worldbank.org).

PART 1

FROM VISION TO PLAN: INVESTMENTS TO END EXTREME POVERTY BY 2030


507m
people in poverty
414m
Rest of the world
2010
Proportion of people in poverty halved
1995
117 countries agree ending poverty is possible
2030
End $1.25 poverty
End $2 poverty
End multi-dimensional poverty
<$1.25 a day
<$2
<$4
<$10
1.2bn
2.4bn
3.9bn
5.2bn
Poor people's actions
Economic growth
International investments
Domestic investments
Social progress

"Our vision and our responsibility are to end extreme poverty in all its forms in the context of sustainable development and to have in place the building blocks of sustained prosperity for all."

High-Level Panel of Eminent Persons on the Post-2015 Development Agenda, February 2013[1]

"We can be the generation that eradicates absolute poverty in our world."

David Cameron, UK Prime Minister, January 2013[2]

"Extreme poverty has been cut in half in the last 20 years, and the facts show that we can get it to virtually zero within a generation – but only if we act."

Bono, musician and global activist, February 2013[3]

"History and statistical analyses show that over the longer term, growth is the only abiding antidote to poverty. But the long-term may often be too long in coming and many of the poor may be needlessly dead by that time."

Anirudh Krishna, professor, Duke University, Sanford School of Public Policy, December 2004[4]

"Poverty used to be a reflection of scarcity. Now it is a problem of identification, targeting and distribution. And that is a problem that can be solved."

The Economist, June 2013[5]

"Unless we act intentionally to reduce inequity within and between our societies, we will not be able to eradicate poverty. … Growth must be equitable. Women's participation in our economic, social and political life must become an integral part of our development agenda."

Ellen Johnson Sirleaf, President of Liberia, November 2012[6]

"Getting to zero means tackling the deep chronic poverty of disabled, elderly, indigenous, low caste and other marginalised groups, often in remote areas. That will require profound changes in government policy and social attitudes, rather than just business (and growth) as usual."

Duncan Green, senior strategic adviser, Oxfam, June 2013[7]

"The end of poverty is just the beginning."

Dilma Rousseff, President of Brazil, slogan for changes to social programmes in 2013[8]

1

Ending poverty by 2030

- Extreme poverty can and must be eradicated by 2030. The UN Secretary-General's High-Level Panel and subsequent reports have all called for eradicating extreme poverty from the face of the earth by 2030.
- Poverty has many dimensions – it is not just about income. Ending poverty means ensuring that everyone has access to adequate nutrition, basic health, education and housing as well as the information and freedom from discrimination that enable people to participate in society.
- No one should live on less than $1.25 a day in any country. This is an important first step on the road towards ending all poverty.
- Economic growth alone will not get us there fast enough. It will play a critical role in reducing poverty, but growth alone is not fast and inclusive enough to get to zero – no one anywhere living in extreme poverty. Even current best-case scenarios leave more than 100 million living in extreme poverty in 2030.
- Targeted interventions are needed. In 2010 there were 400 million people in extreme poverty in sub-Saharan Africa. Many of them are so deep in poverty that only interventions beyond broader growth benefits can overcome the risks and structural barriers they face.
- Poverty eradication demands an international backstop. To prevent people falling back into poverty, the international aid architecture must act as a backstop, providing a basic minimum when domestic governments are unable to do so.

Ending poverty requires permanently lifting every person in the world out of extreme poverty, to above an income of $1.25 a day. This is both a giant leap and a minimum milestone towards ending multidimensional poverty, which blights the lives of hundreds of millions of people. It is also an essential step towards future expectations that ending $2 a day poverty should become the global minimum standard by 2030.

The report of the UN High-Level Panel of Eminent Persons on the Post-2015 Development Agenda has crystallised an emerging consensus that the number of poor people could almost get to zero by 2030.[9] This is supported by scenarios based on rapid economic growth and ensuring that poor people benefit from that growth. This will take resources and effective governance of those resources.

But even in the best-case scenarios growth will fail to lift millions of people out of extreme poverty by 2030 unless growth rates are implausibly high or growth becomes far more inclusive. And if growth slows, inequality rises, or climate change or increased conflict and insecurity affect their country's economy, poverty could be much more prevalent.

Neither growth nor the resources that drive it are well targeted at poor people. This must change. People who have a very low living standard or who are at high risk of personal, national or global crises must be the focus of future development policy.

Targeting poor people requires understanding and then harnessing all the resources available – both private and public flows, including aid. It also requires knowing who the poor are, where they are and how deep their poverty is. By bringing this information together we can expedite the end of poverty and ensure that all people attain the most basic living standard by 2030. Better information on poverty and resources flows, as advocated in the High-Level Panel's proposed 'Data Revolution,' fundamentally underpins all efforts to end poverty.

Ending extreme poverty: the first step

Millennium Development Goal (MDG) Target 1A – to halve the proportion of the world's population living in extreme poverty – was probably met in 2010, five years ahead of schedule, with great progress in East Asia, though much less in South Asia and sub-Saharan Africa. The success should be celebrated. But it leaves more than 1.2 billion people in extreme poverty in developing countries.[10] Lifting everyone above this most basic level should be the minimum goal – a first step towards improving living standards for all (Box 1.1).

The UN High-Level Panel, one of the bodies appointed by the UN Secretary-General in 2012 to look at development goals beyond 2015, has proposed a new goal of ending extreme poverty by 2030. The threshold for extreme poverty that it has proposed is an individual having an income equivalent to what $1.25 a day – less than $500 a year – could buy in the United States in 2005.[11] Revised over the years, this extreme poverty line was based on the average national poverty lines of the world's 15 poorest countries.[12] The High-Level Panel also expressed the hope that the higher $2 a day threshold could become the global standard by 2030.

The $1.25 a day threshold is a bare minimum baseline. Many more people live on an income slightly above it and are vulnerable to falling back into extreme poverty. Some 2.4 billion people, the 'moderately poor,'[13] live on less than $2 a day, twice as many as live in extreme poverty. Including

BOX 1.1

Getting to zero poor people: the first milestone for ending poverty must be no one living on less than $1.25 a day by 2030

Some studies have interpreted ending poverty as reaching low poverty rates. But ending poverty must be about getting to zero, so that no one anywhere is living below the basic poverty line and all are prevented from falling back below that line. To get to zero, it is necessary to focus not on rates but on the absolute numbers of people in poverty.

Many countries have made real progress in reducing their poverty rate. Burkina Faso's extreme poverty rate fell from 71% in 1994 to 45% in 2009, but the number of people in poverty remained broadly unchanged, at more than 7 million. Ethiopia, often seen as an MDG 'trailblazer,' almost halved its poverty rate over 1995–2011, from 61% to 31%. While this took 8.6 million people out of extreme poverty, population growth means that around 26 million Ethiopians still live on less than $1.25 a day.[1]

World Bank President Jim Yong Kim has outlined what he called a "highly ambitious" vision for ending poverty by 2030 – bringing extreme poverty rates to 3% or less.[2] This would require faster and more-inclusive growth translated into poverty reduction to an extent not seen before in many low-income countries, as well as adding resources and addressing major shocks.[3]

But a 3% target would still leave more than 200 million people in developing countries in poverty in 2030.[4] Kim has said that below this level the poverty challenge will change fundamentally in most parts of the world – from broad structural measures to tackling sporadic poverty among specific vulnerable groups.[5] The World Bank states, "The fight against poverty in its current form thus may need to continue well beyond a generation."[6] It highlights that fragile states and those affected by conflict may continue to experience poverty rates much higher than 3% after 2030.[7] Ending poverty by 2030 should mean ending poverty in these countries as well.

Notes

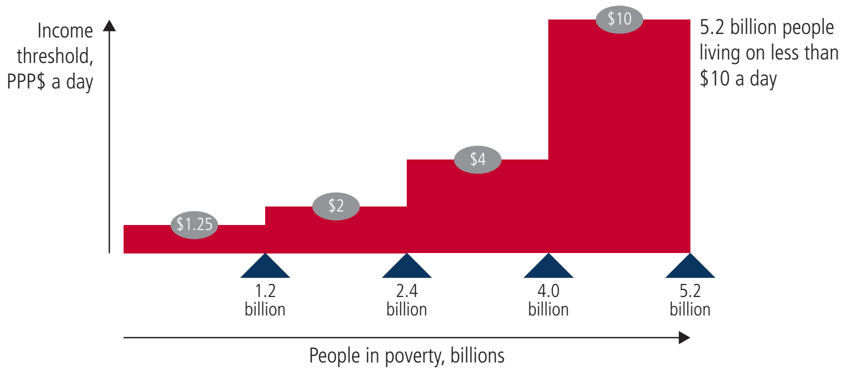
1. World Bank DataBank (http://data.worldbank.org).
2. Kim 2013b; World Bank 2013a,d.
3. World Bank 2013e.
4. Some 213.9 million, based on United Nations, Department of Economic and Social Affairs, Population Division (2013) estimate of 7.13 billion in 2030 for less developed countries (medium variant).
5. Kim 2013b.
6. World Bank 2013d, p. 16.
7. World Bank 2013d.

'vulnerable' populations with incomes of PPP$4–10 a day brings the total to 5.2 billion people, or 88% of the 5.9 billion people in developing countries (Figure 1.1). While these are the best available figures today, the data to calculate them must be much more robust for poverty to be verifiably ended by 2030 (see Chapter 6).

The most common measures used to assess poverty are income and consumption, which identify people whose well-being, or command over financial resources, meets a minimum standard. People whose income is above that standard are expected to have enough to secure the goods and services needed for that minimum. A monthly income of PPP$38 may not be enough for a decent life, but it can be seen as an absolute global minimum for basic existence.

FIGURE 1.1

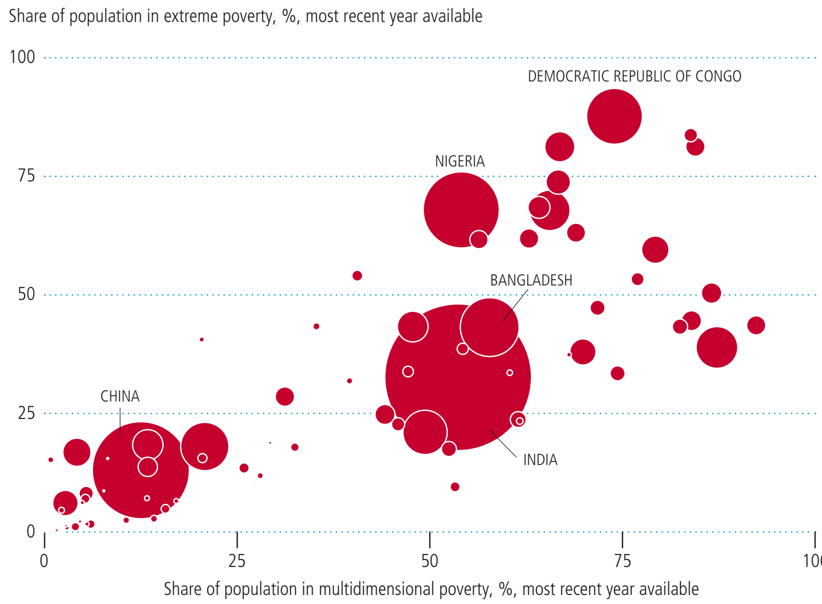
The extent of poverty depends on the income threshold



Source: Development Initiatives calculations based on data from World Bank Development Research Group's PovcalNet database (http://iresearch.worldbank.org/PovcalNet/).

FIGURE 1.2

Extreme poverty and multidimensional poverty are correlated but different



Note: Size of bubble shows number of people in extreme poverty in each country.

Source: Oxford Poverty and Human Development Initiative Multidimensional Poverty Index Data Bank (www.ophi.org.uk/multidimensional-poverty-index).

This approach has its limitations, because poverty clearly is about more than income. While low consumption and low living standards are often at its core, poverty for most people also means lacking other assets: human, social, cultural, political and natural. Powerlessness, marginalisation and exclusion result in profound insecurity, prevent people from taking up opportunities and often force them into short-term choices that run counter to their longer term well-being.[14]

Multidimensional poverty seeks to capture these wider deprivations,[15] including health, education, empowerment, quality of work and security. While income and multidimensional poverty are correlated, their association is complex (Figure 1.2). They can be mutually reinforcing: better health and education can lead to higher income, while higher income offers personal control so that poor people can prioritise and address their needs. But there are instances where progress on income poverty has not been reflected in other dimensions of poverty, such as Uganda's lack of progress on wider goals even after meeting MDG Target 1A.

The escape from poverty is stepwise. For example, research has found that in Western Kenya, the sequence of being lifted out of poverty was having food, then clothes, shelter and money (to fund education of children) and finally animals. It was "only after households had crossed this particular stage that they were no longer considered to be poor."[16]

Different policies will therefore be required to support these transitional steps out of poverty. Three sets of policies and programmes can be complementary. One set would promote the escape from poverty, such as social assistance that builds human capital and enables people to take up opportunities. Another set would prevent households from falling into poverty, such as risk management and social insurance. A final set would help households graduate to higher levels of well-being once basic security negates the need for low-risk, low-return behaviour, such as investment in livelihoods and jobs.

Some developing countries have begun to monitor multidimensional poverty. Mexico included it in its official poverty measure in 2009,[17] while Colombia's 2011 poverty reduction plan has binding targets using a multidimensional poverty index.[18]

Assessing the prospects for an end to extreme poverty by 2030

Global poverty, once about scarce resources, is now about distributing sufficient resources among countries and people. For example, in 2010 the richest tenth of the population received 54.6% of global income, compared with 5.6% for the poorest two-fifths.[19]

Recent scenario modelling indicates that getting close to ending poverty by 2030 is a realistic prospect if the benefits of economic growth – the most powerful weapon against poverty – are shared more equally. But if existing patterns continue, growth alone will not be enough.

The Brookings Institution has analysed possible trajectories for future levels of global poverty. Its baseline scenario has 342 million people still in extreme poverty by 2030, down two-thirds from 2010.[20] This is based on current projections of individuals' consumption, which generally rises with growth in the wider economy, and assumes that the current distribution of consumption across the population does not change. Consumption growth and how it is shared between richer and poorer people could both differ – in either direction – from this baseline scenario.

BOX 1.2

How many people will be living in extreme poverty in 2030? The poverty prediction conundrum

Forecasts attempt to predict the unpredictable. Near-term forecasts are likely to be somewhat more accurate than those for the longer term. And while near-term growth forecasts can be extrapolated far into the future, rapid rates of economic growth in developing countries are difficult to sustain over time. The Commission on Growth and Development found that this was possible but rare, identifying only 13 cases of sustained growth since the Second World War.[1] The recent economic crisis also showed the sudden, dramatic, life-changing effects when risks are realised.

Poverty modelling develops possible scenarios for the future. This approach has real value for understanding the conditions needed to end poverty, providing the context for strategic policymaking.

Models rest by necessity on a range of simplifying assumptions and focus on the growth of either economies or private consumption and on possible income distribution trends that determine whether poor people benefit from growth.

While most models focus on central or 'baseline' scenarios, they also recognise the full range of potential futures.

The Brookings Institution's consumption-based scenarios suggest that the number of people in poverty in 2030 could range from around 100 million to more than 1 billion, reflecting the inherent uncertainty. For growth, the scenarios use a 2 percentage point margin of error on each side of a baseline consumption growth projection, in line with differences observed between past forecasts and actual outcomes. The scenarios use different outlooks for inequality based on the shares of national consumption among the poorest 40% and the richest 10%. The analysis sees these shares moving up or down by 0.25 percentage points annually.

Much will need to be done to encourage growth that is both rapid and shared. But the Brookings Institution's research finds that even this is not enough in isolation to ensure that the number of people in extreme poverty gets to zero by 2030.

A 2012 World Bank study painted a broadly similar picture. It found that maintaining progress over the last two decades would bring the extreme poverty rate down to 9% by 2022, while an ambitious target could see 3% reached, requiring either slightly faster economic growth or the proceeds of growth shared more widely with the poorest.[2] More recent World Bank analysis suggests that the number of people in extreme poverty globally will fall below 1 billion by 2015, to 970 million – or 15.5% of the population, down from 20.6% in 2010. The Bank is committing to monitoring the incomes of the poorest 40% every year and to reporting progress in reducing extreme poverty in all developing countries.[3]

People living in extreme poverty are a diverse group. It is far easier to bring those immediately below a poverty line above it than to raise the incomes of all those much deeper in poverty. So, projecting poverty trends as a 'straight line' into the future is overly optimistic: The rate of poverty reduction – based on economic growth alone – is likely to slow as different policies and investments are needed to reach people far below the poverty line.

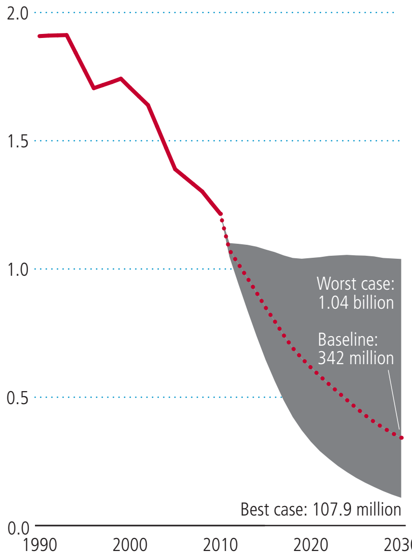
Notes

1. Botswana; Brazil; China; Hong Kong, China; Indonesia; Japan; Korea; Malaysia; Malta; Oman; Singapore; Chinese Taipei; and Thailand. India and Viet Nam were identified as potentially on course to join this group (Commission on Growth and Development 2008).
2. Ravallion 2012a.
3. Kim 2013a.

FIGURE 1.3

The number of people in extreme poverty in 2030 could be anywhere between 100 million and more than 1 billion

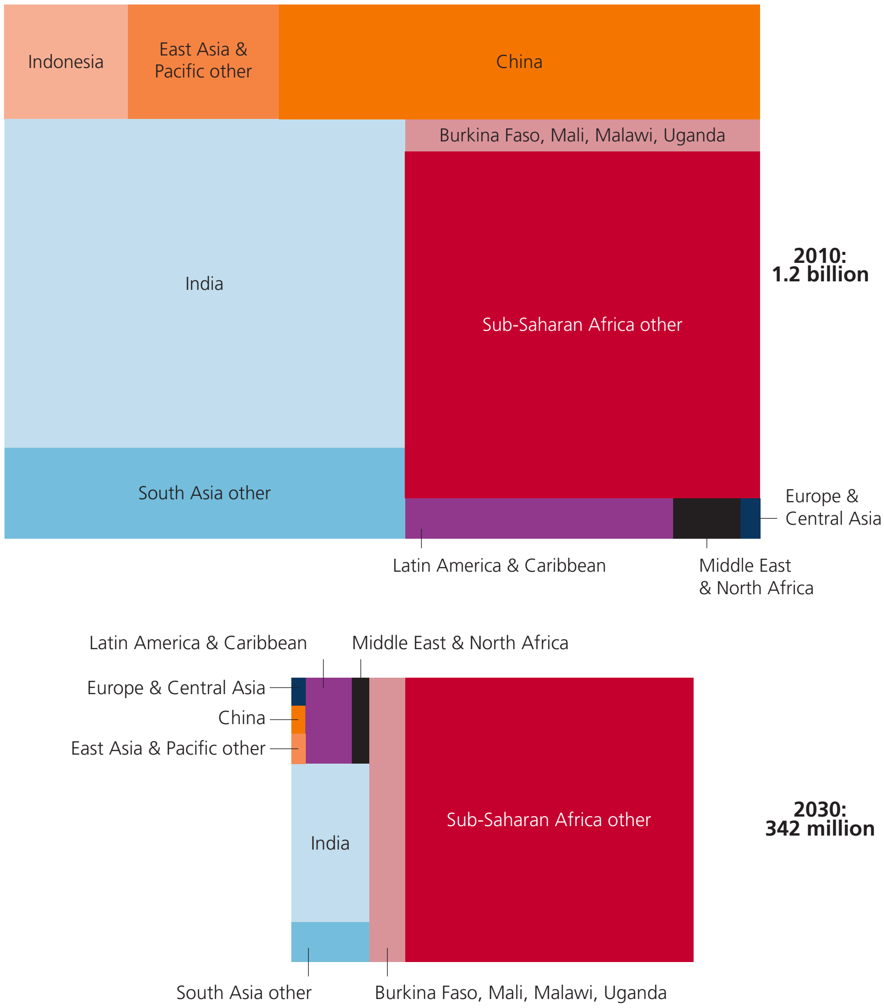
People in extreme poverty (billions), 1990–2030



Source: Chandy, Ledlie and Penciakova 2013c.

FIGURE 1.4

Extreme poverty levels are likely to fall by 2030 but the regional distribution will change radically



Source: Development Initiatives calculations based on Chandy, Ledlie and Penciakova (2013c).

Applying optimistic and pessimistic outlooks for growth and inequality – based on differences between past predictions and observed growth trends and historical distribution trends – shows a breadth of possible outcomes (Box 1.2).

When the more optimistic scenarios are combined – faster growth more equally distributed – some 1.1 billion people could be lifted out of extreme poverty between 2010 and 2030, leaving around 100 million behind. By contrast, the pessimistic scenario – slower growth more unequally distributed – leaves more than 1 billion behind, with fewer than 200 million lifted from extreme poverty (Figure 1.3).

The global picture from Brookings' analysis will not be replicated across every region (Figure 1.4). None looks likely to end extreme poverty in any of these scenarios, though Europe and Central Asia and the Middle East and North Africa come close. Sub-Saharan Africa looks most likely to be farthest from zero, even though some countries in the region may see some of the biggest improvements.[21] The region was alone in seeing extreme poverty increase between 1990 and 2010, from 290 million to 414 million. Home to 15% of the world's extreme poor in 1990, it now accounts for more than 34%. But the region's prospects are improving: The World Bank projects that between 2010 and 2015 the number of poor people could fall to 408 million, with the poverty rate falling from 48.5% to 42.3%.[22]

The baseline scenario suggests that some 275 million people in sub-Saharan Africa could remain in extreme poverty in 2030, making it home to more than 80% of the world's extreme poor (Table 1.1). Faster and more-equitable growth could reduce this to around 100 million. Slower and less-equitable growth could lead to an increase, leaving more than half a billion people in extreme poverty in 2030. As other regions make faster progress, the pessimistic outlook shows almost half (49%) the world's population in extreme poverty living in sub-Saharan Africa – while under the optimistic scenario almost all would be.

South Asia had more people in extreme poverty in 2010 (507 million) than sub-Saharan Africa (414 million).

But South Asia is likely to see much faster progress, overtaking sub-Saharan Africa well within this decade under the range of scenarios. The number of people in extreme poverty in South Asia could fall below 50 million by 2030.

This is largely because poor people in South Asia are not as poor as those in sub-Saharan Africa, with a large number of poor people just below the poverty line and more ready to cross it (see below).

Indeed, as Brookings summarises, the 40 years from 1990 to 2030 "resemble a relay race in which responsibility for leading the charge on global poverty reduction passes from China to India to sub-Saharan Africa. China has driven progress over the last 20 years, but with its poverty rate now in the single digits, the baton is being passed to India (Figure 1.5). India has the capacity to deliver sustained progress on global poverty reduction over the next decade, based on modest assumptions of equitable growth."[23]

Indeed, recently released poverty data suggests that rapid progress has been made since 2004/2005.[24] Brookings notes that it will then be left to sub-Saharan Africa "to run the final relay leg and bring the baton home."[25] This is because so many of the region's extreme poor are starting a long way below the $1.25 a day poverty line.[26]

TABLE 1.1

South Asia's prospects in reducing the number of people in extreme poverty far outstrip those of sub-Saharan Africa

Number of people in extreme poverty in 2030, millions

	Optimistic	Baseline	Pessimistic
Sub-Saharan Africa	103.5	275.1	508.6
South Asia	1.1	46.3	365.6

Share of global extreme poor in 2030, %

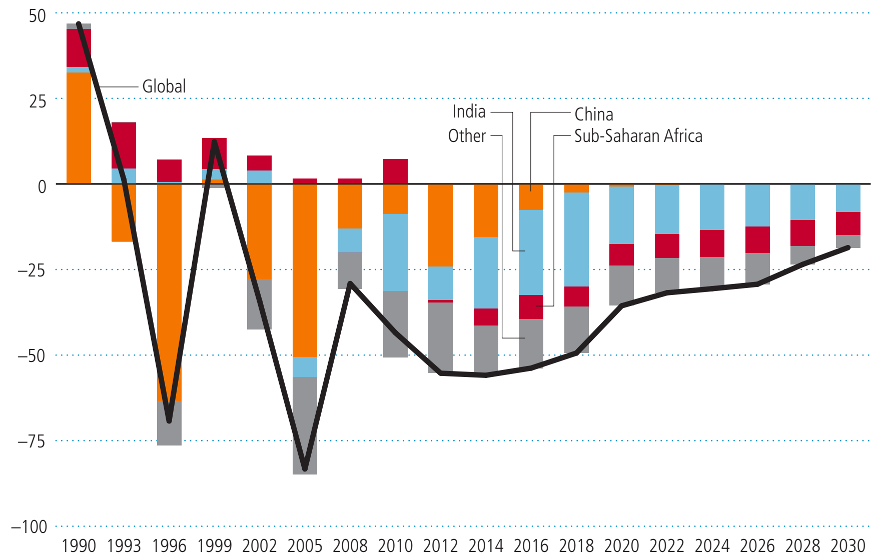
	Optimistic	Baseline	Pessimistic
Sub-Saharan Africa	95.9	80.5	48.9
South Asia	1.0	13.5	35.2

Source: Development Initiatives calculations based on Chandy, Ledlie and Penciakova (2013c).

FIGURE 1.5

India passes the baton for ending poverty to sub-Saharan Africa by 2030

Change in number of people in extreme poverty, millions, 1990–2030



Note: Three-year periods up to 2008, then two-year periods.

Source: Chandy, Ledlie and Penciakova 2013c.

Minding the poverty gap

Ending poverty is more than a purely economic equation. The poorest people face structural barriers to escaping poverty that growth alone cannot overcome. Targeted interventions to 'bend the curve' down to zero poor people by 2030 are required on two fronts. First, poor people will need assistance to plug them into engines of growth. They are the greatest agents of change and can make the greatest advances if conditions are right and opportunities exist. Second, resources are required to provide basic services and incomes, both for those on trajectories out of poverty and for those who do not stand to benefit from the opportunities that growth can bring.

The depth of poverty, a key factor in driving poverty eradication trajectories, indicates the relative effort and resources needed to raise the poor from poverty. It is the sheer depth of poverty in sub-Saharan Africa and some countries in other regions that makes ending poverty by 2030 so challenging.[27]

One measure of poverty's depth is the average consumption of people below the poverty line, expressed in dollars or as a proportion of the poverty line. The average daily income of people in extreme poverty has been mostly flat in sub-Saharan Africa since 1981, while in the rest of the developing world it has risen 20 cents (Figure 1.6).

The PPP$0.71 regional average is low by developing countries standards, and beneath this are several countries with much lower average incomes: PPP$0.53 in Democratic Republic of Congo and PPP$0.55 in Zambia (Map 1.1).

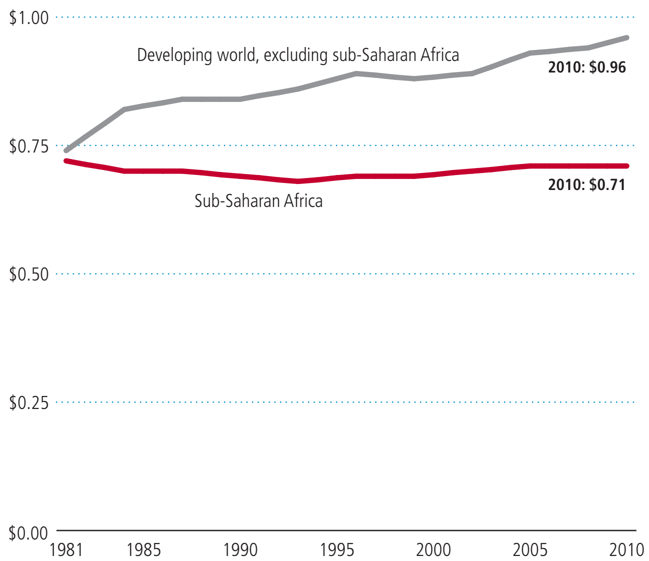
India has seen consumption below the $1.25 a day threshold increase, such that there is now a 'bulge' of poor people just below the line. The average poor person's daily consumption is PPP$0.97 in rural areas and PPP$0.93 in urban areas. Current patterns of growth and inequality could move millions above the $1.25 a day line, leaving about 37 million people in extreme poverty by 2030 (Figure 1.7). An optimistic scenario would see fewer than 1 million there.

But the depth of poverty in sub-Saharan Africa means that its extreme

FIGURE 1.6

Average incomes of the extreme poor in sub-Saharan Africa have remained unchanged over three decades

Average daily consumption of individuals living on less than $1.25 a day, 2005 PPP$, 1981–2010

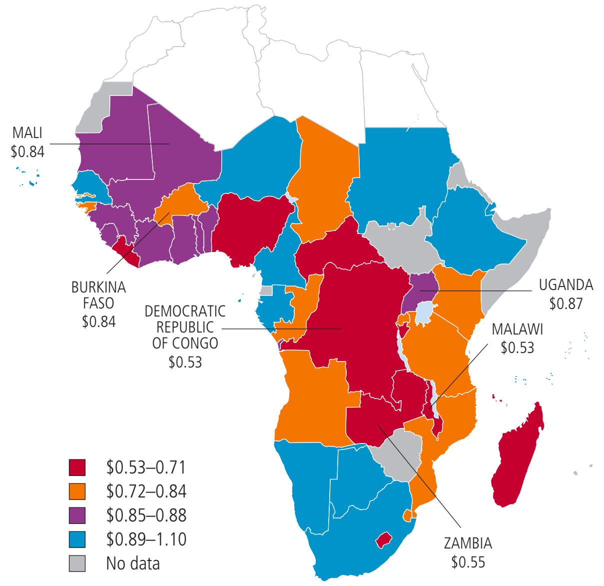


Source: World Bank 2013c.

MAP 1.1

Average incomes of the extreme poor in Africa are often far below the $1.25 a day poverty line

Average daily consumption of individuals living on less than $1.25 a day, 2005 PPP$, 2010

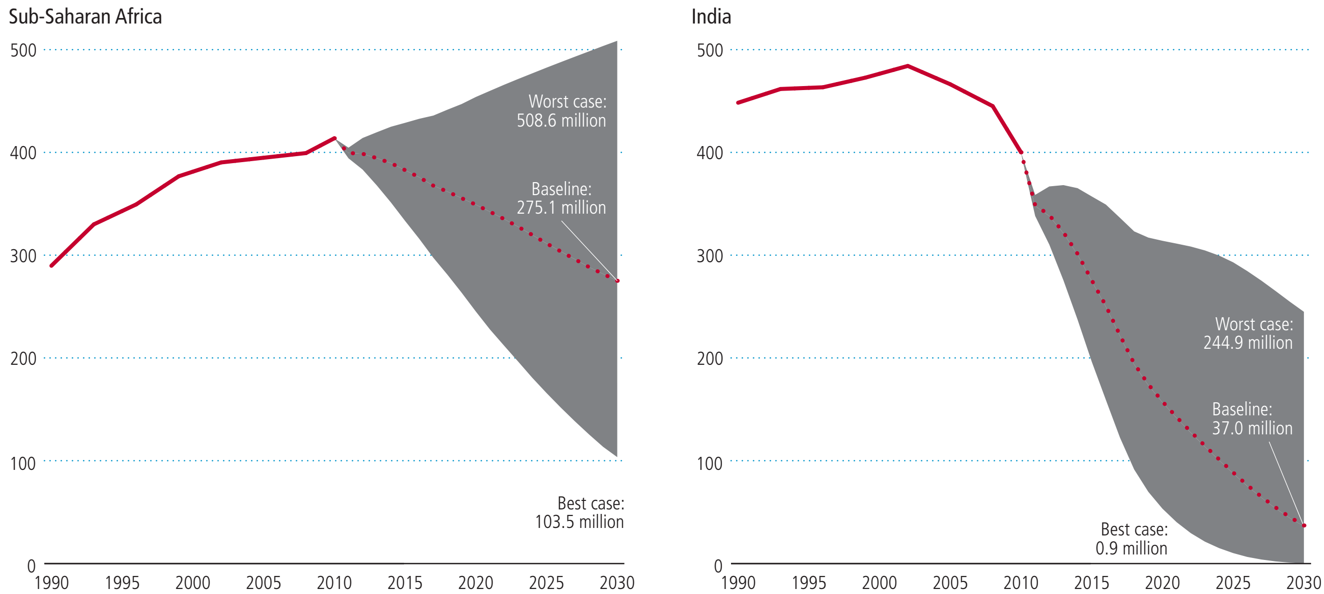


Source: Chandy, Ledlie and Penciakova 2013c.

FIGURE 1.7

Ending extreme poverty will be more challenging in sub-Saharan Africa than in India

People in extreme poverty, millions, 1990–2030



Source: Chandy, Ledlie and Penciakova 2013c.

poverty is likely to fall only slightly on current patterns. An optimistic scenario could see 300 million people rise above the poverty line, but the 100 million remaining are simply too far from the line to reach it by 2030 – even with fast and inclusive growth (see Figure 1.7). If the region's progress in reducing poverty in the best-case scenario in the years to 2030 were carried beyond, it would still take many decades to end poverty in the region. This supports the case for interventions.

Country trajectories show the link between poverty gaps and poverty reduction. Limited data prevents detailed scenarios for all developing countries, particularly those in sub-Saharan Africa, but the underlying data is good enough for some. So, the focus here is on four small sub-Saharan countries – Burkina Faso, Mali, Malawi and Uganda – and three populous G20 countries – China, India and Indonesia (Figure 1.8).

Although growth projections are a major determinant of future poverty levels, shallower poverty in the three larger economies should help poverty fall dramatically. In Indonesia the average person in poverty lives on PPP$1.02 a day, and the number of poor people there could get down to around half a million by 2030. China (PPP$0.95) could get to around 1.5 million people, and India (PPP$0.96) to 37 million.[28] The average income of the extreme poor in India is PPP$0.96. Poverty levels on the baseline (37 million) and best-case scenarios (1 million) are much closer than for sub-Saharan Africa because so many Indians are closer to the $1.25 line (see Figure 1.7).

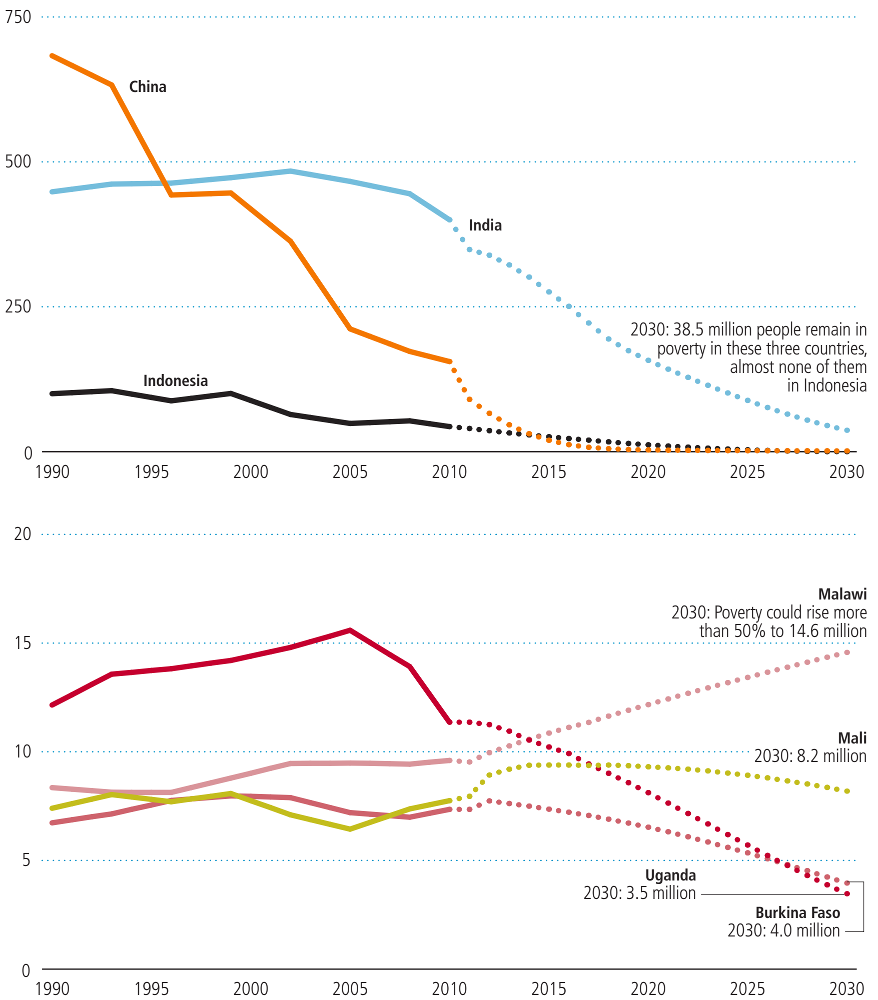
Burkina Faso (PPP$0.84) and Uganda (PPP$0.87) could see their numbers of extreme poor people steadily fall, slightly more quickly in Uganda due to better growth prospects. But in Malawi the average consumption of poor people (PPP$0.70) is barely half the poverty line, which – combined with the prospect of slow growth – could mean that the number of people in extreme poverty there will rise by 5 million, to 14.6 million by 2030.

These conclusions are based on the baseline scenarios. Slower growth, less evenly spread, could increase extreme poverty in all four African countries – for example, by almost 5 million by 2030 in Uganda and by almost 10 million in Malawi. Faster or more-inclusive growth could lead to the opposite (Figure 1.9)

FIGURE 1.8

Prospects for ending poverty are brighter for China, India and Indonesia than for some African countries

People in extreme poverty, millions, baseline projection, 1990–2030



Source: Chandy, Ledlie and Penciakova 2013c.

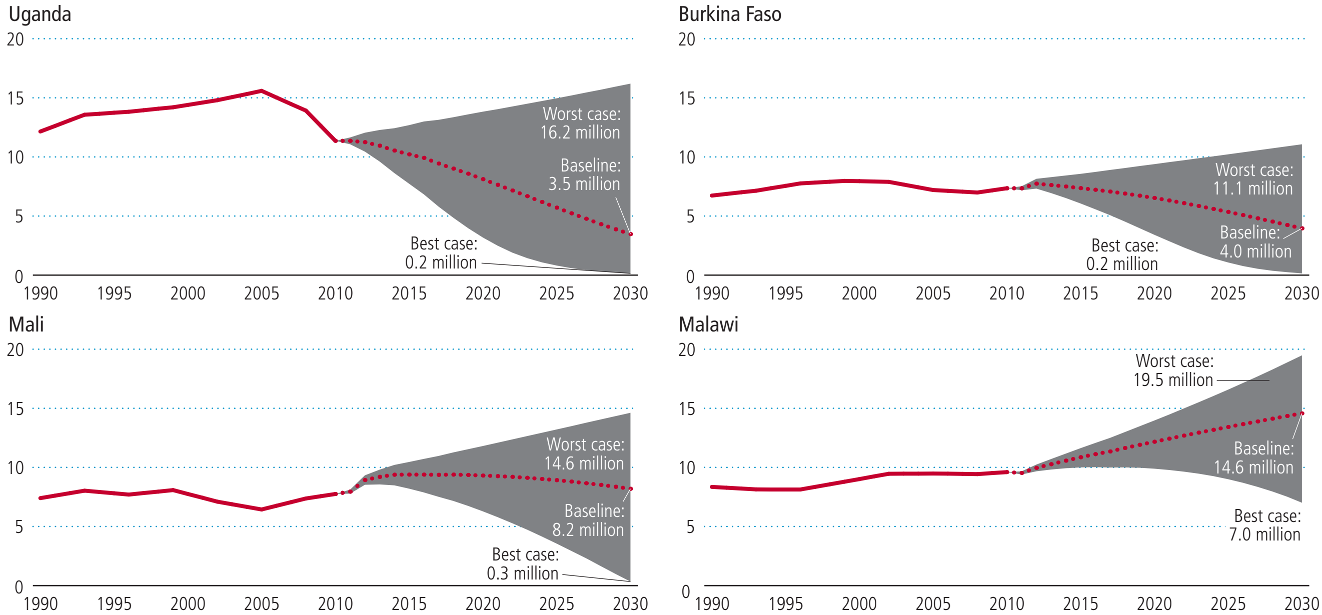
Tackling poverty, wherever it persists, is a collective responsibility

To reduce the number of people in extreme poverty to zero by 2030, poor people must be targeted at every level – globally, regionally, nationally and sub-nationally – to ensure that every person enjoys this minimum living standard. And unless this effort is sustained, with no one allowed to fall below the minimum standard beyond 2030, extreme poverty will not have been genuinely ended.

FIGURE 1.9

Best- and worst-case scenarios for ending extreme poverty in African countries vary widely

People in extreme poverty, millions, 1990–2030



Source: Chandy, Ledlie and Penciakova 2013c.

Because current growth patterns will not get the world to zero, developing countries at every level of economic development will need to lead additional efforts, underpinned financially and politically by the global community.

Addressing extreme poverty in middle-income countries too

Ending poverty by 2030 must apply to poor people wherever they live, including people in middle-income countries.

India illustrates the fallacy of classifying countries by average income, an oversimplification that masks vastly different incomes within those classifications.

Since 2007 India has been considered a middle-income country.[29] This is an internal World Bank classification originally linked to civil works preference, which granted poor country–based contractors preference over others in international bids for projects. The middle-income threshold has stayed broadly the same in real terms over its 40 years of use, updated only for inflation since 1988.[30] It is also based on market exchange rates, which are not adjusted for relative purchasing power (as the $1.25 a day threshold is).[31] As a simple per capita figure, it takes no account of the distribution of national income or the domestic or international resources available for targeting poverty.

Despite India's economic success, it remains home to more than a third of the world's extreme poor. With gross national income (GNI) per capita of US$1,530 in 2012, it is barely in the middle-income range (Figure 1.10). Fast-growing China has seen GNI per capita rise rapidly in recent years to reach US$5,740, putting it well within the upper middle-income range, and almost halfway to upper middle-income status. Despite this, China still had 157 million people in extreme poverty in 2010.

In addition, many developing countries are not yet able to raise sufficient domestic resources to tackle poverty. Government expenditure per person was PPP$864 in 2010, compared with a developing county average of PPP$1,360 (see Chapter 2 for more on domestic resources).

The taxation needed to raise resources domestically to bring all the extreme poor up to the extreme poverty line can be impractically high. In most cases countries with average consumption below PPP$2,000 (including India) require tax rates above 100% – or more than the income available to be taxed.[32] Such analysis is based on surveys that do not always accurately capture the highest incomes, but this indicates that, while there is broad correlation between higher incomes and the ability to close poverty gaps domestically, great variability remains in developing countries' abilities to pursue the end of poverty without international support.

Knowing who is poor and where they live

Targeting the poorest in every country will require accurate information on the distribution and depth of poverty – in every district and every village. Average incomes mask widely varying distributions of poverty within countries, but available data does not allow the tracking of $1.25 a day poverty below the national level in most countries. However, comparisons across and within developing countries are possible using wider multidimensional poverty measures.

India has one of the widest ranges between its most and least deprived regions (based on 2005/2006 household survey data). While the country's average multidimensional poverty rate is 53.7%, the rate in Bihar in the northeast is 79.3%, and Delhi capital territory has the lowest rate (12.4%, followed closely by Kerala in the south at 12.7%; Figure 1.11).

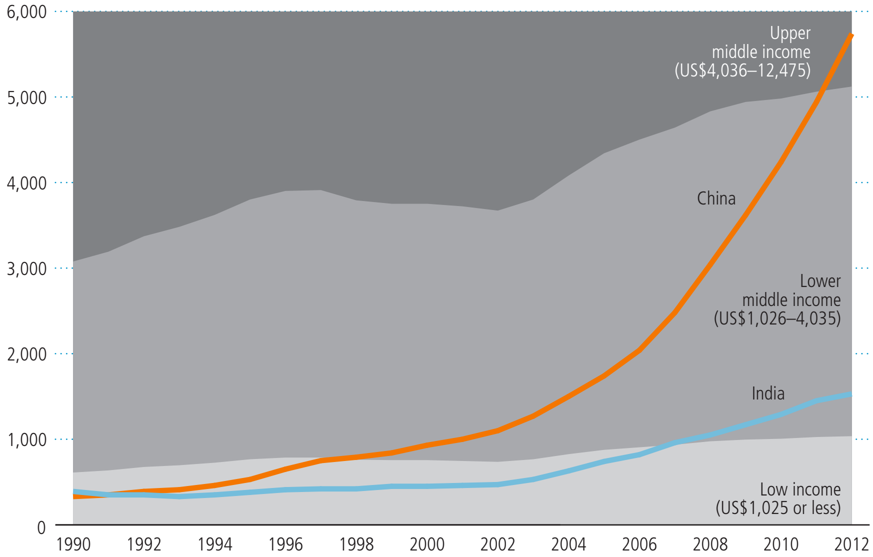
Uttar Pradesh alone has 136 million people in multidimensional poverty, second only to China and more than all of Bangladesh.[33] Uttar Pradesh, Bihar, West Bengal and Madhya Pradesh would all rank among the world's 10 poorest countries, and 11 Indian states would be among the 20 poorest countries (Figure 1.12). Other poorer developing countries show similar within-country variation (Figure 1.13).

Information on the location and depth of extreme poverty within countries will be a central requirement for ending poverty by 2030. National statistics on $1.25 a day are weak for many countries and non-existent for some. Analysing extreme poverty and multidimensional poverty sub-nationally is essential to be able to accurately target resources to need (Box 1.3; see also Chapter 5). Bringing together sub-national poverty data and details of finance (such as domestic investments or aid projects) that are geographically coded allows targeting and monitoring resources for poverty reduction at a local scale (Map 1.2).

FIGURE 1.10

India is just above the lower middle-income threshold, China far above

GNI per capita and World Bank income classifications, US$, 1990–2012

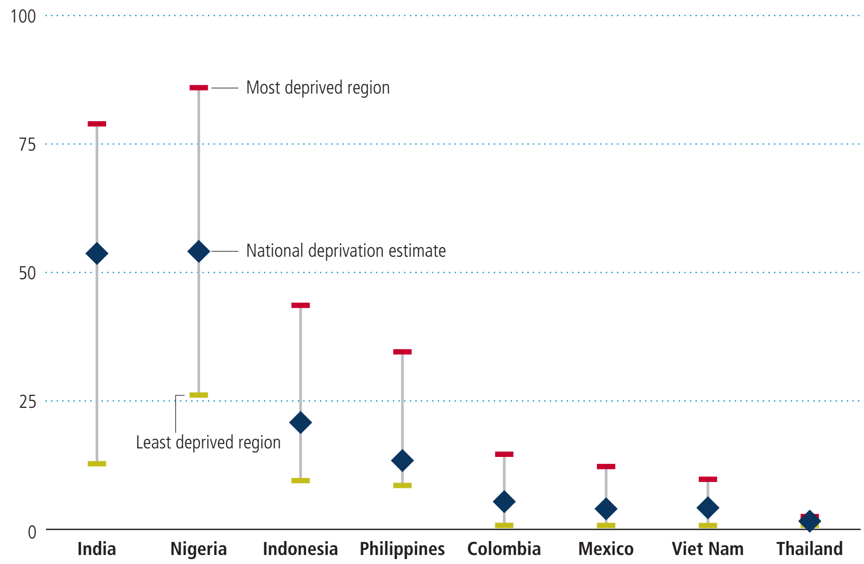


Source: World Bank DataBank (http://data.worldbank.org/indicator/NY.GNP.PCAP.CD).

FIGURE 1.11

Differences between the least and most deprived parts of emerging economies vary widely

Multidimensional poverty rate, %, most recent year available



Source: Oxford Poverty and Human Development Initiative Multidimensional Poverty Index Data Bank (www.ophi.org.uk/multidimensional-poverty-index).

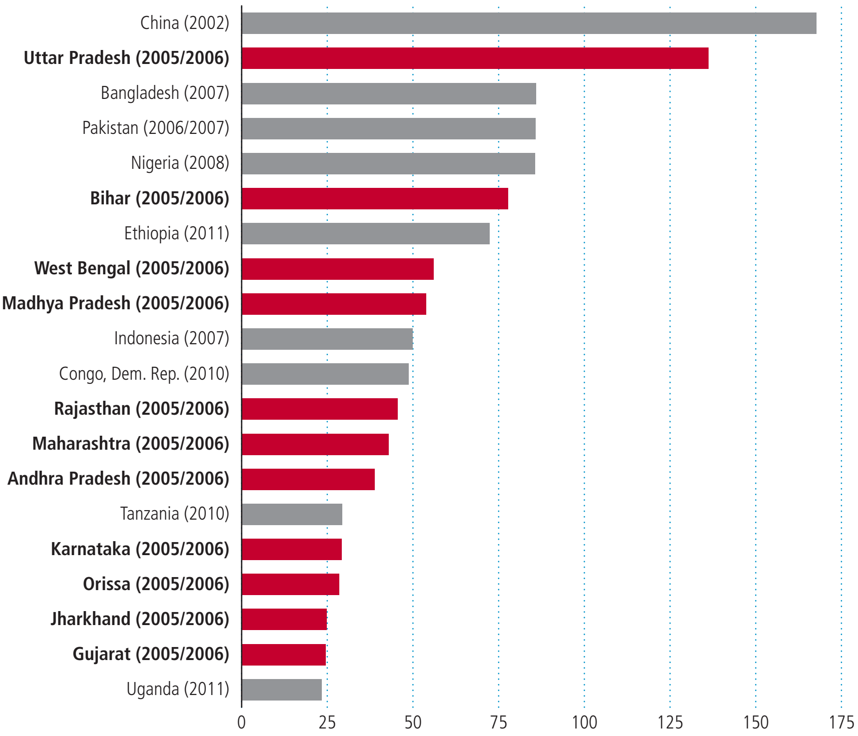
A global backstop to an enduring end to poverty

Today's growth patterns alone will not end extreme poverty by 2030. Nor will domestic resources be sufficient in all countries, at least in the near future. So domestic efforts need to be backstopped by international commitments to ensure that no one is left behind. The end of poverty must also be sustained, lasting far

FIGURE 1.12

Eleven Indian states would be among the world's 20 countries with the highest levels of multidimensional poverty

People in multidimensional poverty, millions, most recent year available



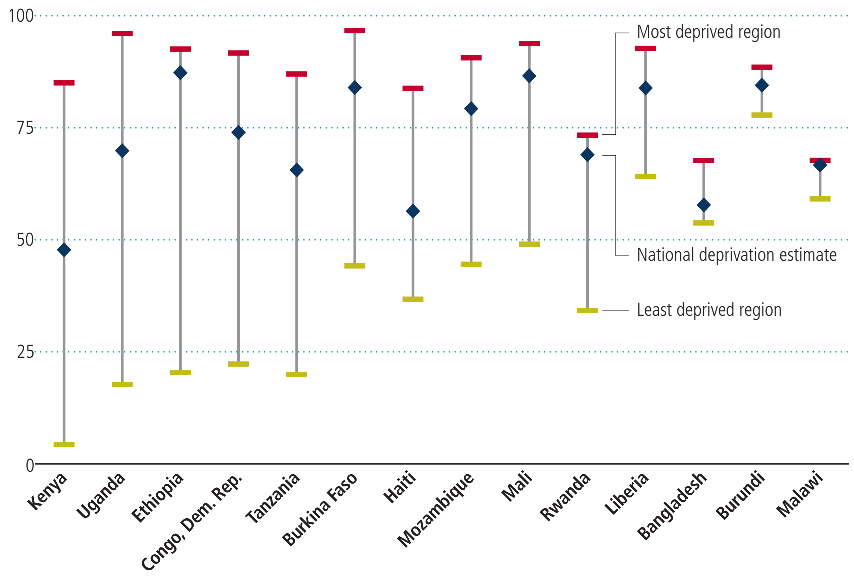
Note: Total for India (2005/2006) is 658 million. Data is multidimensional poverty rates from various survey years applied to 2010 population data to enable cross-country comparison.

Source: Oxford Poverty and Human Development Initiative Multidimensional Poverty Index Data Bank (www.ophi.org.uk/multidimensional-poverty-index).

FIGURE 1.13

There are widely variable poverty levels within poorer developing countries too

Multidimensional poverty rate, %, most recent year available



Source: Oxford Poverty and Human Development Initiative Multidimensional Poverty Index Data Bank (www.ophi.org.uk/multidimensional-poverty-index).

beyond 2030. International efforts can build resilience and establish global mechanisms that help poor people and poor countries manage risk, protect them from shocks and prevent the most vulnerable from falling back into poverty.

Internationally backstopped commitments

National poverty lines are based on country values, circumstances and available resources.

Just as developed countries accept a moral imperative to support the most vulnerable in their own societies, so the global poverty agenda must recognise the groups marginalised from growth if extreme poverty is to be eliminated by 2030.

The $1.25 a day poverty line is based on the average of the very poorest countries, so the majority of developing countries' national poverty lines are already above it. The small number of countries with national lines below $1.25 a day will be critical to ending poverty (Figure 1.14). They are likely to lack the domestic resources to achieve this minimum living standard, and they should be able to call on external assistance to do so.

The UN High-Level Panel's report argued for supplementing the goal to end extreme poverty by 2030 with a target to reduce the proportions of people below national poverty lines in 2015. It also expressed hope and expectation that countries will continually raise the bar on the living standards they deem minimally acceptable for their own citizens and adjust their poverty line upwards over time. The High-Level Panel proposed a target for the proportion of people living below national poverty lines in 2015 in order to facilitate the adoption of a $2 a day global minimum threshold by 2030.[34]

BOX 1.3

Brazil's cash transfers and political will

Brazil had around 11.9 million people at or below the $1.25 a day poverty line in 2009.

Its poverty reduction strategy builds on past political and economic reform, with a single system for social assistance that has several intertwined programmes, including Bolsa Família (introduced in 2003), Brasil Sem Miséria (introduced in 2011) and Brasil Carinhoso (introduced in 2012).

Perhaps the best known, Bolsa Família transfers cash directly to poor households.[1] The minimum transfer is R$70 a month (around US$35) for households with no children, but households with children receive more if they meet additional conditions (such as school attendance and health checks). In 2009 the average payment was R$95 (US$47.50). Brasil Sem Miséria targets poor people not already reached by Bolsa Família.[2] Brasil Carinhoso extends Bolsa Família by focusing on households with young children in extreme poverty, guaranteeing the R$70 minimum income, but with payments linked to the depth of poverty rather than to household composition.

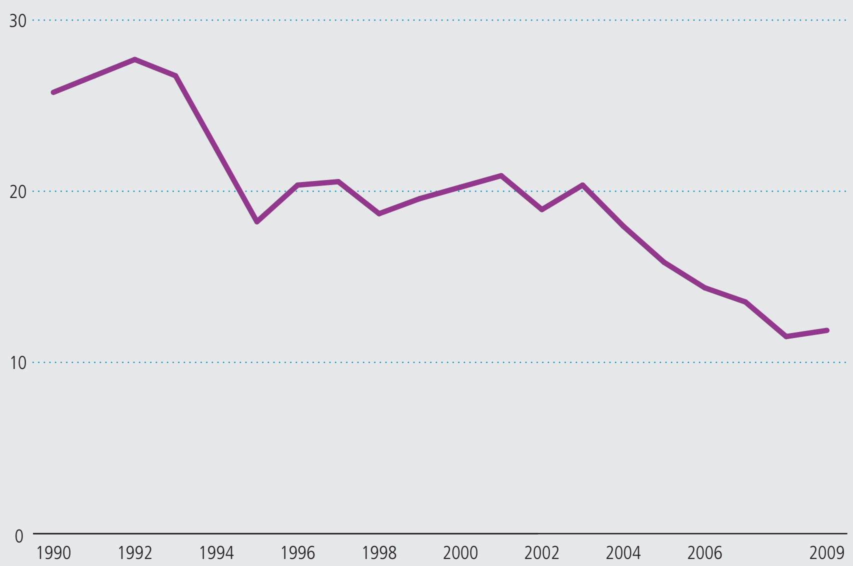
In February 2013 President Dilma Rousseff declared the government's poverty target almost met. Some 28 million people have been raised from extreme poverty (based on the national poverty line) since 2003. The Instituto de Pesquisa Econômica Aplicada found Bolsa Família to be very effective, reducing poverty rates by 40% (Box Figure 1) and increasing the number of households that obtained enough food by 52%. It is also believed to have reduced under-five mortality.[3]

Brazil's focus on the poorest parts of society has reduced its high income inequality: The commonly used Gini index fell from 55.3% in 2002 to 50% in 2011, a fairly rapid drop.[4] The Organisation for Economic Co-operation and Development noted that without the income redistribution, Brazil's economy would need to have grown faster – 4 more percentage points a year – to achieve the same poverty reduction.[5]

BOX FIGURE 1

Extreme poverty in Brazil has fallen quickly in recent years

People in extreme poverty, millions, 1990–2009



Source: World Bank DataBank (http://data.worldbank.org).

Economic growth has provided increased domestic resources – total government expenditure per person increased to around PPP$4,000 in 2011 from PPP$2,730 in 2000 (see Chapter 2) – to invest in social programmes, which have given a boost to the economy as payments have been spent. Every R$1 invested in Bolsa Família returned R$1.44 to GDP.[6] Although the scheme contributed to poverty reduction in 2004–2009, the most important factor was economic growth's generating formal employment, together with the strengthening of minimum salary policies.[7] Fundaçao Getulio Vargas estimated that around one-sixth of the poverty reduction from 2003 to 2009 could be attributed directly to Bolsa Família alone, with a similar share to (more expensive) state pensions.

Bolsa Família also operates at relatively low cost: Its R$24 billion (around US$12 billion) budget accounted for less than 1% of the 2013 federal budget, while spending was 0.46% of national income in 2012.

More than 48 million people, a quarter of Brazil's population, are now registered for government social programmes. Brazil's Cadastro Único, or single registry, gives detailed information on who the majority of poor people are and where they live. Census records suggest that up to 700,000 households, by some estimates 2.5 million people, are still in poverty, though not yet officially registered as such.

Notes

1. *The Economist* 2010.
2. Boadle 2013.
3. See Rasella and others (2013).
4. Studart 2013 (see World Bank n.d. b for information on the Gini coefficient).
5. Arnold 2011; OECD 2011.
6. Brazil Ministry of Social Development 2012.
7. IPEA 2012b.

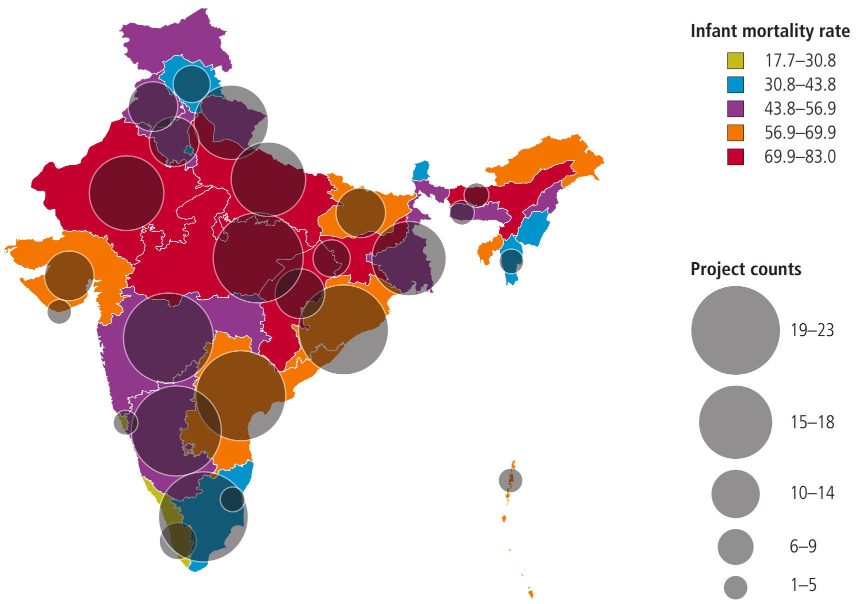
Source: Brazil Ministry of Social Development 2012; UNDP International Policy Centre for Inclusive Growth 2013; *The Economist* 2013; IPEA 2010; Soares 2012; Burton 2013; IPEA 2012a; Rodrigues de Oliveira and Kassouf 2013.

A shared global responsibility for the world's poorest people also means that developing-country governments must commit to lift their citizens above their own national poverty lines. And it means that this effort is backstopped by an international aid architecture committed to providing a basic minimum when domestic governments are unable to do so – wherever that need may be.

MAP 1.2

Geocoded aid projects can be linked to deprivation data to improve targeting

Infant mortality rate (deaths per 1,000 live births) and number of projects active as of 28 March 2012



Source: World Bank Mapping for Results database (http://maps.worldbank.org).

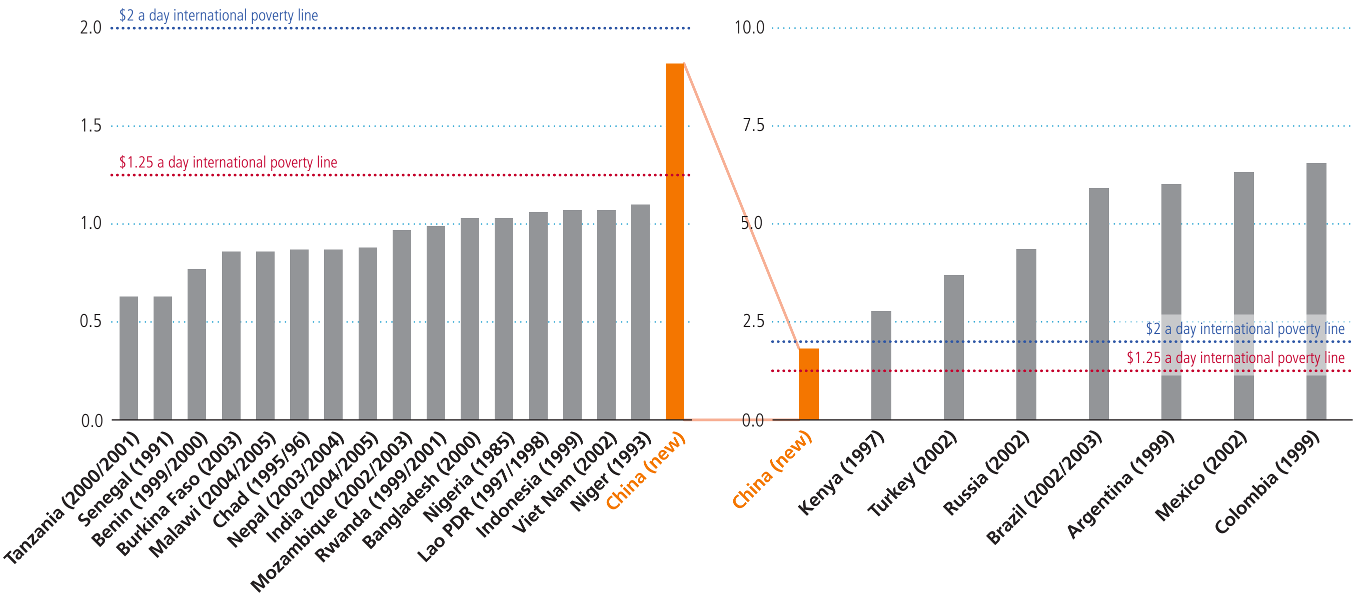
An enduring end to poverty, not just in 2030

People move in and out of poverty. Some 30% of the non-poor in Senegal fell into poverty between 2006 and 2008, based on national poverty definitions. Kenya saw similar movements into poverty between 1997 and 2007, as did 22% of rural Indians between 1994 and 2005.[35] There are also substantial fluctuations in well-being within single years, as hundreds of millions of poor people with rural livelihoods cope with the impact of seasons on their income and consumption. For them, it is not conflict or disaster that most commonly drives hunger, disease and cycles of poverty – it is annually recurring periods when harvest stocks have been depleted and local food prices soar. And as weather patterns become more unpredictable with a changing climate, 'normal' vulnerabilities – of unequal access to resources – will instigate tip-overs into more entrenched crises.

FIGURE 1.14

Aid can support countries with national poverty lines below $1.25 a day to attain this basic standard; several countries' national poverty lines are already above $2 a day

National poverty line, 2005 PPP$ a day, various years



Note: Reflects the revised national poverty line for China but does not include revised national poverty lines for India and Viet Nam.

Source: Ravallion, Chen and Sangraula 2008.

Poor people face a wide range of risks, from the personal, or idiosyncratic, such as losing a job or being unable to work because of illness – to the wider, or covariant, such as conflict, natural disasters, or food or economic crises. Each can strike at any time and undermine years or even decades of progress. The Haiti earthquake in 2010 drove poverty back to levels witnessed a decade earlier, wiping out an 8 percentage point gain over 2001–2010. And following the 2011 drought in Djibouti, poverty rates rose again to the 2002 level of 42%.[36]

Just as ending extreme poverty means more than 'most people,' so it means more than 'most years.' A single setback can have long-term effects. Unable to draw on savings or private insurance, the poorest face a different set of choices in the face of shocks – taking children out of school, reducing meals or selling assets vital for recovery. Poverty traps can result from such setbacks, which reduce employment prospects and economic progress.

Vulnerable people, districts and countries must build resilience at all levels to protect themselves from falling into extreme poverty. Building local, national, regional and international structures can prepare and protect poor people, with governments helping manage their risk and respond to crises and changing circumstances. These structures must have the requisite funding to mitigate risk. They must also have the flexibility to manage and adapt to the changing risks that the future will inevitably bring.

These structures should not be focused exclusively on the currently poor. Protecting the assets and capabilities of the 3.9 billion acutely vulnerable people who live on less than PPP$4 a day – and possibly higher thresholds, such as the PPP$10 a day threshold the World Bank has used to separate the global 'vulnerable' and 'middle' classes – will also be vital to sustain progress towards ending extreme poverty and beyond.[37]

Harnessing all resources for ending poverty

The September 2013 UN General Assembly will be a turning point in defining post-2015 development goals. As other processes take centre stage, attention will turn to how to achieve them and how to finance the investments needed to end poverty by 2030.

Some international resources are vital for growth; others, combined with good policy, can encourage this growth to be inclusive of poor people. But even this is not likely to be sufficient to end extreme poverty by 2030. Therefore, direct, targeted interventions will be needed.

Aid will remain an indispensable intervention. While it may seem small compared with other international flows, it can and should be focused on directly helping those in extreme poverty. Aid also has real potential to catalyse and leverage the best of those other flows, to help countries lead their own fight against poverty. This suggests a strong agenda of policy coherence for development.

Notes

1. High-Level Panel of Eminent Persons on the Post-2015 Development Agenda 2013.
2. Cameron 2013.
3. ONE 2013.
4. Krishna 2004.
5. *The Economist* 2013.
6. Sirleaf 2012.
7. Green 2013.
8. Government of Brazil 2013.
9. UN 2013.
10. World Bank Development Research Group's PovcalNet database (http://iresearch.worldbank.org/PovcalNet/). World Bank (2013f) gives a 2010 provisional figure of 1.215 billion people.
11. The $1.25 a day and $2 a day income thresholds are measured in 2005 purchasing power parity (PPP) international dollars, in practice a mixture of income- and consumption-based measures. Throughout the report, all instances of $1.25 a day and $2 a day refer to PPP rates; other dollar values that use PPP rates are indicated by PPP$ and dollar values that use market-based exchange rates are indicated by US$.
12. The $1.25 a day (2005 PPP) international poverty line replaced the previous $1.08 a day (1993 PPP) line. It was the average of poverty lines for a reference group of 15 countries: Malawi, Mali, Ethiopia, Sierra Leone, Niger, Uganda, Gambia, Rwanda, Guinea-Bissau, Tanzania, Tajikistan, Mozambique, Chad, Nepal and Ghana.
13. See Kapsos and Bourmpoula (2013): extreme poor (below $1.25 a day), moderately poor ($1.25 to under $2), near poor ($2 to under PPP$4), the developing middle class (PPP$4 to under PPP$13), and the developed middle class and above (PPP$13 and above).
14. See, for example, Mehta and others (2011).
15. Thorbecke 2005.
16. Krishna and others 2004, p. 216.
17. See OPHI (2013b).
18. OPHI 2013a.
19. Watkins 2013
20. Chandy, Ledlie and Penciakova (2013c) based on their methodology and including 40 updated surveys.
21. Poverty data and projections are for World Bank regions, which do not match the OECD regions used elsewhere in this report. The

sub-Saharan Africa region is similar for the two organisations, but the OECD includes Djibouti, which the World Bank classes as Middle East and North Africa. (http://data.worldbank.org/about/country-classifications/country-and-lending-groups). The countries in the World Bank South Asia region are a subset of those in the OECD South and Central Asia region (which also includes Myanmar and the five Central Asian republics of the former Soviet Union). The World Bank combines Central Asia and Europe into a single region.
22. World Bank 2013b.
23. Chandy, Ledlie and Penciakova 2013d.
24. New estimates of poverty in India were published in July 2013. While based on national poverty lines, rather than the $1.25 a day measure, these suggest that rapid progress has been made in reducing poverty (Government of India, Planning Commission 2013).
25. Chandy, Ledlie and Penciakova 2013d.
26. Chandy, Ledlie and Penciakova 2013a.
27. See also Chandy, Ledlie and Penciakova 2013a.
28. Averages weighted by poverty headcounts in rural and urban areas: China, PPP$0.95 rural and PPP$0.84 urban; India, PPP$0.97 rural and PPP$0.93 urban; Indonesia, PPP$1.04 rural and PPP$1.00 urban (based on data from Chandy, Ledlie and Penciakova 2013b).
29. World Bank historical classification spreadsheet from World Bank (n.d. a).
30. Ravallion (2012b) suggests that this threshold was set at a GNI per capita of US$200 in 1971.
31. *The Economist* 2012.
32. A marginal tax rate of 25% means a tax set at US$1 for each US$4 of income above PPP$13 a day would generate enough revenue to close the $1.25 a day poverty gap. PPP$13 a day in 2005 is the US poverty line (assuming that it is unreasonable to tax those considered poor in developed countries). Marginal tax rates to end poverty average 1% of countries' consumption above PPP$4,000 per capita (Ravallion 2010, 2012b).
33. World Bank President Jim Yong Kim has stated that Uttar Pradesh accounts for 8% of the world's extreme poor (Kim 2013b).
34. High-Level Panel of Eminent Persons on the Post-2015 Development Agenda 2013.
35. Shepherd and Lenhardt (2012); see also the update Lenhardt and Shepherd (2013).
36. Government of the Republic of Haiti 2010; Government of the Republic of Djibouti 2011. Cited in Mitchell and others (2013). The Djibouti figure of 42% is based on a national government figure of US$1.80 a day poverty.
37. World Bank 2012; López-Calva and Ortiz-Juarez 2013.

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2

Mapping resources to end poverty

- All investments – domestic and international, public, private and commercial– can contribute to ending poverty. Some will deliver immediate returns, other investments will deliver longer term impact.
- Total financial flows are increasing. The scale and diversity of resource flows to developing countries have increased rapidly, and resources flow out as well as in. For instance, while US$472 billion in FDI flowed into developing countries, US$420 billion flowed out again as repatriated profits.
- Domestic government spending in developing countries is growing. Half of developing countries averaged growth of over 5% a year from 2000–2011. The other half averaged 2.5% over the same period.
- However, the poorest countries still face severe domestic resource constraints, and that is likely to continue. Some 82% of the world's extreme poor live in countries where government spending is less than PPP$1,000 per person per year, compared with PPP$15,025 across DAC countries. More than 100 million people in extreme poverty live in countries where it is less than PPP$200.
- Better information is needed to deliver better results. Harnessing these resources for poverty reduction will be easier when we know more accurately who provides them, who controls them, and where and on what they are spent.
- ODA remains important for the poorest countries. It is the most important international resource for countries with government expenditure of less than PPP$500 a year.

Ending poverty by 2030 will require investment from a wide range of domestic and international institutions – and from aid. Alongside developing country governments at the national and local levels and the investments of poor people themselves, commercial finance from business, social impact investment, private philanthropy and remittances are all part of the diverse resource mix that can be better harnessed to deliver sustainable development and end poverty.

Government spending in developing countries has more than tripled since

2000, to US$5.9 trillion in 2011. International flows have also risen, to US$2.1 trillion. But the poorest countries still face severe domestic resource constraints and limited ability to attract international flows. Some 376 million of the world's poorest people live in countries where government spending per person is less than PPP$500 per year. The number of countries where ODA is the largest inflow has been halved since 1990. But in 43 countries ODA remains the largest source of international finance.

So while aid is a niche resource in terms of sheer volume globally, it is considerable in countries with the lowest levels of government spending per capita and plays a catalytic role alongside other forms of international finance. It is the main external resource flow intended explicitly to promote both development and welfare.

Mapping what is known about the volume, purpose and distribution of all resources to developing countries reveals how different resources can work together and how aid can increase the contribution of other investments to ending poverty. Aid is a small proportion of investment in infrastructure, but it can have impact by ensuring that larger flows take the needs of poorer groups into account. It can encourage innovative use of finance to promote nutrition or climate change mitigation, and at the local level aid can complement the private sector – for instance, where it faces challenges in delivering financial services for the poorest. All of this is hard to do without good information on the resources available and how they are being deployed.

For the poorest countries, the data in this chapter make it clear that their best efforts to secure inward investment and raise domestic revenues will not be enough to go beyond the Millennium Development Goals (MDGs), so it is critical to look at aid from external partners alongside other domestic and international resource flows, to ensure that each is harnessed optimally to end poverty and deliver sustained prosperity for all.

What resources are available to end poverty?

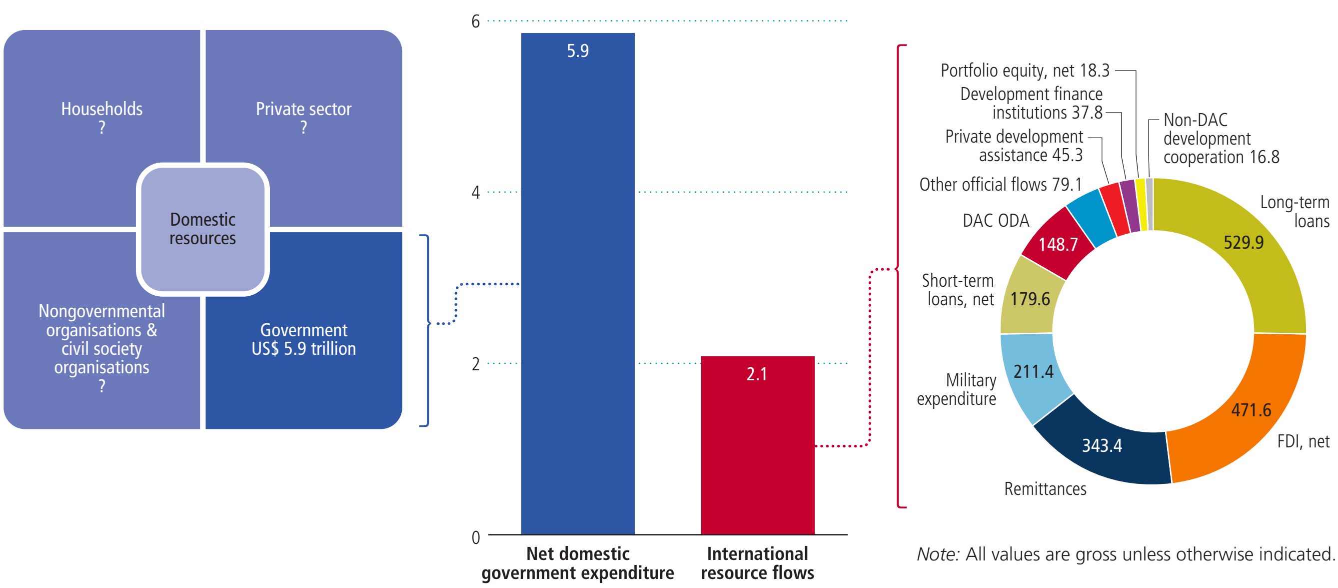
Domestic and international resources

In 2011 government spending across all developing countries totalled $5.9 trillion, almost three times the estimated $2.1 trillion in international resources that developing countries received. While the balance of domestic and international resources varies widely, domestic resources considerably outweigh international resources in most countries (Figure 2.1). In more than two-thirds of developing countries, government spending alone exceeds total international resource flows.

Despite the centrality of domestic resources, it is difficult to quantify the contributions of domestic actors beyond studies in individual countries. The nature of spending by households, the private sector, NGOs and CSOs, and their roles in poverty reduction, varies in different contexts and is poorly understood across countries.

FIGURE 2.1

Domestic resources outweigh international resources for most developing countries



Note: All values are gross unless otherwise indicated.

Source: Development Initiatives calculations based on data from a wide range of sources – see *Methodology*.

The public sector may be slightly better understood because most countries report government spending figures, though for many countries there is scant information on how public funds are used.

Domestic government spending

Annual growth in government spending averaged 8.6% a year across the developing world over 2000–2011 (Figure 2.2). While China alone accounted for more than a third of the growth, many other governments also increased expenditure, with real spending growth exceeding 5% a year on average in more than 70 developing countries.

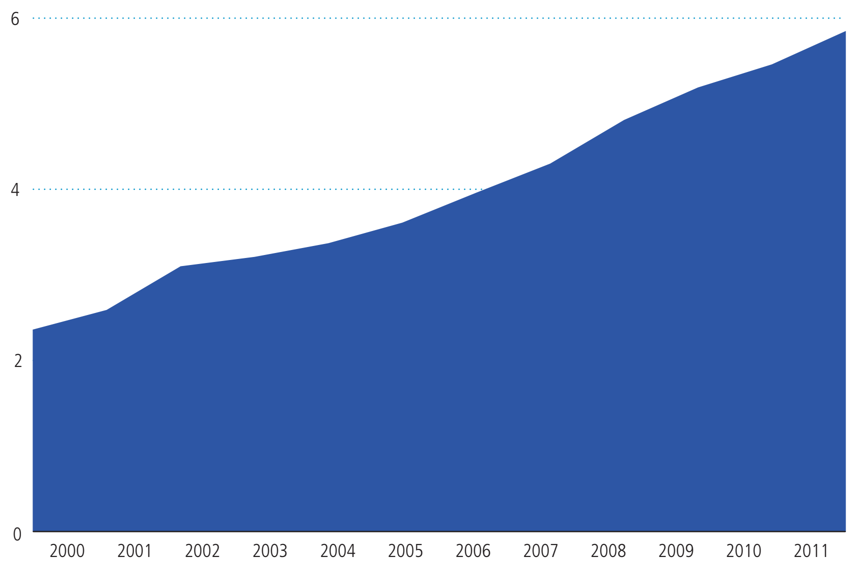
Government spending has also grown, from 25% of GDP in 2000 to 29% in 2011 (the median across developing countries), but as a proportion of national wealth it remains much lower than the 46% for Development Assistance Committee (DAC) donors in 2011. In five Pacific countries spending exceeds 50% of GDP. At the other end of the scale, it is less than 20% of GDP in 18 developing countries, many with large numbers or proportions of people in extreme poverty, such as Ethiopia, Indonesia, Pakistan and the Philippines.

Information on how governments fund their spending is far from comprehensive. The available data suggests that tax revenue has grown as a proportion of GDP but more slowly than overall expenditure.[1] Revenue in some countries depends heavily on particular types of tax. For example, revenue generated from natural resources accounted for 40% of all tax revenue in Africa over 2008–2011.[2] Dependence on natural resources ties government revenue to international commodity prices, and African tax revenue from such resources halved in 2009 with the global economic crisis. Direct and indirect taxes account for a smaller portion of revenue in Africa, and trade taxes have contracted since 2000.

FIGURE 2.2

Government spending in developing countries has grown since 2000, to US$5.9 trillion in 2011

Total government spending across all developing countries, US$ trillions, 2000–2011



Source: Development Initiatives calculations based on data from the IMF's *World Economic Outlook*.

How much do governments spend per person?

Government spending per person is one of the most pertinent indicators of a government's potential capacity to serve its citizens. The amount of money a government has per citizen is only one factor in harnessing government resources to end poverty. Also clearly important are a government's policies and capacity, wider domestic resources, and the nature and distribution of poverty.

Half the world's extreme poor, 575 million people, live in countries with annual government spending of PPP$500–999 per person, 270 million live in countries with annual government spending of PPP$200–499 and 107 million live in countries with annual government spending of less than PPP$200 per person (Figure 2.3).

In countries that fall into this lowest expenditure bracket, more than half the population lives below the $1.25 poverty line.

Average annual government spending is PPP$1,360 per person across developing countries, compared with PPP$15,025 across DAC countries (Map 2.1). Almost 3 billion people live in countries with annual government spending of less than PPP$1,000 per person, 1 billion of them – more than the population of Western Europe and the United States combined – live where it is less than PPP$500 per person and 200 million people live where it is less than PPP$200 per person – a little over 1% of the DAC average.

Not surprising, countries with low domestic spending are also home to the world's poorest people (Table 2.1).

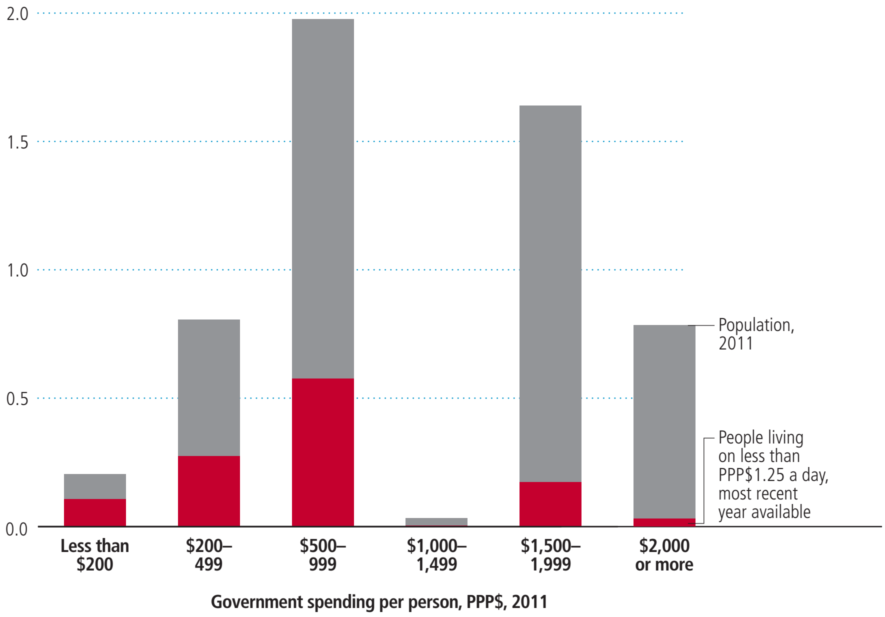
Such low spending barely covers the costs of providing some of the most basic services that are normally considered the responsibility of the state. The World Health Organization estimates that low-income countries need to spend an average of $60 per person a year on health by 2015 to provide the most basic health care coverage, though the range is from less than $40 per person to more than $80.[3] Primary education costs US$50–100 per pupil a year on average, and secondary education US$100–200, according to estimates from the UN Millennium Project.[4]

Governments are also expected to facilitate security and the rule of law; supply infrastructure for water, sanitation, energy and transportation; protect the environment; provide social safety nets; conduct foreign policy; formulate policies for growth; regulate the private sector – and reduce poverty. Economic growth may be the engine that drives poverty reduction, but poor people need to be plugged into this engine so that the opportunities and wealth created by the expansion of productive activities are broad-based and accessible to the poor. The government has a critical role here, by stimulating and regulating growth that has stronger links to poor people, investing in poor people so that they are in a better position to take up opportunities and ensuring that the benefits of growth are not limited to a small minority. These responsibilities cannot be costed very easily, but even the most efficient and benevolent governments in many developing countries will face

FIGURE 2.3

Some 82% of the world's poor live in countries with annual government spending of less than PPP$1,000 per person

Billions of people

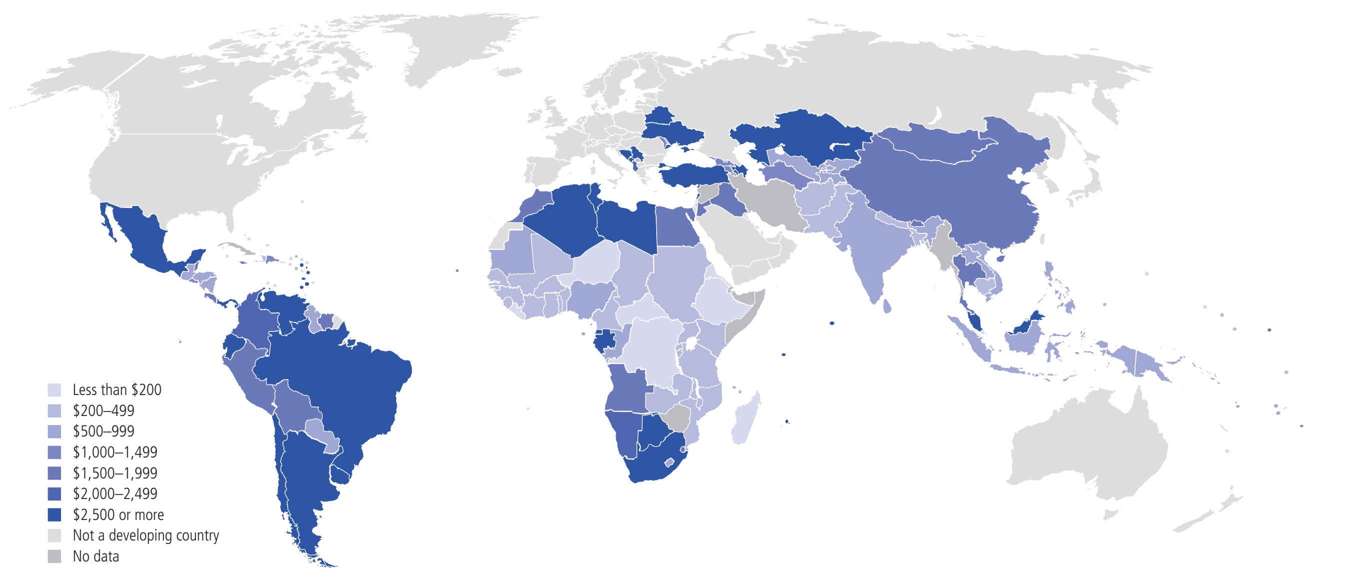


Source: Development Initiatives calculations based on data from the IMF and World Bank.

MAP 2.1

Annual government spending per person varies widely

Government spending per person, PPP$, 2011



Source: Development Initiatives calculations based on data from the IMF's *World Economic Outlook* and World Bank (2013).

TABLE 2.1

Key indicators for countries in each government spending per person bracket, most recent year available

Government spending per person, PPP$	Number of countries	Poverty: People on less than $1.25 a day, millions	Poverty: Share of the world's poor population, %	Poverty: Share of people in the bracket who live on less than $1.25 a day, %	Poverty: Number of countries with no data from the last five years (since 2008)	Countries with the largest numbers living in poverty: Largest	Countries with the largest numbers living in poverty: Second largest	Countries with the largest numbers living in poverty: Third largest
Less than 200	7	106.52	9	52.2	2	Democratic Republic of Congo (52 million)	Ethiopia (26 million)	Madagascar (17 million)
200–499	30	272.88	24	33.9	12	Bangladesh (64 million)	Pakistan (35 million)	Tanzania (28 million)
500–999	23	575.92	50	29.1	8	India (400 million)	Nigeria (88 million)	Indonesia (39 million)
1,000–1,499	9	2.85	0	8.5	2	Turkmenistan (1 million)	Georgia (1 million)	El Salvador (1 million)
1,500–1,999	19	172.05	15	10.5	7	China (157 million)	Angola (8 million)	Bolivia (2 million)
2,000 or more	38	30.91	3	3.9	10	Brazil (12 million)	South Africa (7 million)	Colombia (7 million)

Note: Twenty-two developing countries have no data.

Source: Development Initiatives calculations based on data from the IMF's *World Economic Outlook* and World Bank (2013).

substantial financial constraints in realising them in the short term, and for many the longer term.

Brazil and China, two countries that have made great progress in reducing poverty, highlight the severity of the resource constraints in many other developing countries. During periods of rapid and sustained economic growth both have dramatically reduced the number of people in extreme poverty. Government resources have also grown rapidly, to PPP$4,000 per person in Brazil and PPP$1,760 per person in China.

The prospects for Brazil and China to end poverty are good – but that they have not already done so, despite relatively abundant resources in the context of sustained economic growth, highlights the task for many countries less well resourced.

Although government resources per person are expected to grow in almost all developing countries, rates will vary. Some will rapidly expand the resources they can spend on each of their citizens, others only very slowly. But even the fastest expanding governments are likely to face constraints in the short to medium term. Starting from a very low resource base, many face the challenges of rapidly scaling up service provision to meet large unmet demands and of lifting large numbers of people above the poverty line.

Estimates suggest that the countries with the lowest government spending will see spending grow the slowest (Figure 2.4). Countries that spend less than PPP$200 per person may grow from an average PPP$130 per person in 2011 to around PPP$200 per person by 2030. Even the fastest growing country in this group, Ethiopia, is expected to reach expenditure in the region of only around PPP$300 per person. Countries with spending of PPP$200–499 per person are also expected to grow slowly, although more diversely, with the average across the group expected to rise to around PPP$600 per person by 2030. Some in the group, such as Cambodia and Zambia, may see spending grow as much as 6.5% a year, while others such as Chad, Malawi and Tanzania are likely to see much lower rates.

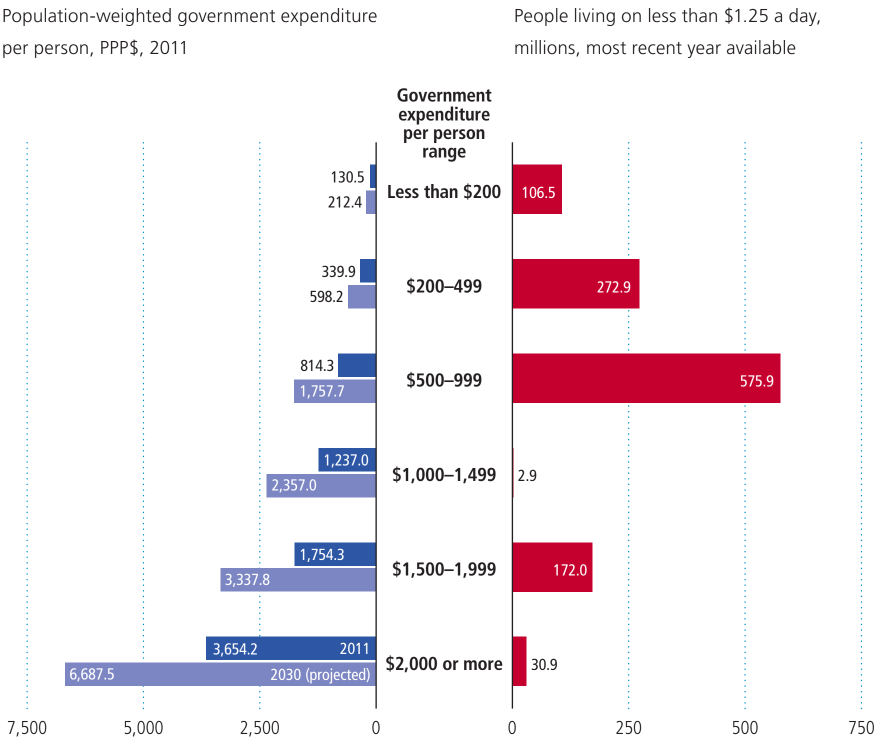
Spending per person is expected to more than double in real terms in India, Indonesia, the Philippines and Viet Nam between now and 2030, from PPP$600–1,000 to PPP$1,400–2,400. China's spending per person has tripled since the early 2000s and may triple again over the next decade. But Nigeria is expected to experience only very slow growth in government resources per person, due largely to continuing rapid population growth.

The severe resource constraints facing many governments restrict the domestic capacity to lift people out of poverty. The World Health Organization has found that only 8 of the 49 low-income countries reviewed 'have any chance of financing the required levels [for basic health care] from domestic resources in 2015.'[5]

Economic growth can provide the space for governments to increase their revenue and reduce resource

FIGURE 2.4

For low spenders, slow growth in spending is expected



Source: Based on data from the IMF, World Bank and Oxford Economics.

constraints. But the poorest countries are caught in a vicious circle: projections of low growth in income per capita reduce the potential for increasing tax revenue.

The likely continuation of severe resource constraints in many countries provides a strong justification for international support, and aid will be an important part of it. The international community can provide valuable assistance by offering essential goods and services beyond the capacity of constrained countries and through assistance that helps countries boost their capacity. The international focus around two key areas, domestic resource mobilisation and tax justice, has grown in recent years.

There is also a strong argument for continuing to support many less resource-constrained countries, even where resources are expected to grow rapidly. The majority of these countries are starting from a low resource base and have to rapidly scale up service provision. They have to expand and deepen the reach of existing services, offer new services in areas where the state has been absent and do this at pace, using resources efficiently. Even as the need for external resources in these countries diminishes – and the experience of some countries suggests that this is slower than generally expected – the international community can support the government and other domestic institutions as they expand their capacity and establish and refine programmes and policies to end poverty.

International resources

International resources, totalling US$2.1 trillion in 2011, fall into three broad categories and include flows both to and from developing countries (Table 2.2).

The largest inflows are commercial (US$1.2 trillion, 58% of total in 2011), followed by official flows (US$522.4 billion, 25%) and private flows (US$355.7 billion, 17% in 2011; Figure 2.5).

Outward flows from developing countries include investments and development cooperation. They also include reverse flows in the form of repayments and returns on foreign investments, which account for 50% of outflows from developing countries (US$1.0 trillion). Illicit flows are a third type of outflow, covering the proceeds of corruption and other illegal activities, as well as practices of international corporations such as trade mispricing.

These groups cover a diverse mix of resource flows that move for a range of objectives (Table 2.3). To harness all resources to maximise their contribution to eradicating poverty, we need to first understand their scale, their characteristics and where and how they are spent. The mix of resources varies enormously across countries and sectors, offering opportunities to combine and sequence different sources of finance to increase the overall impact on poverty. Chapter 7 provides detailed data on resource flows.

Official financing

Gross ODA. Gross ODA from DAC donors totalled US$148.7 billion in 2011, including concessional finance from 25 DAC donors and multilaterals for welfare and development purposes. The bundle of ODA includes grants and loans, provision of personnel and know-how, commodities such as food, investments in global public goods, and research and expenditure within the donor country (see Chapter 4). The qualifying criteria for ODA require that these flows be concessional and improve welfare and development.

TABLE 2.2

Three types of inflows and outflows

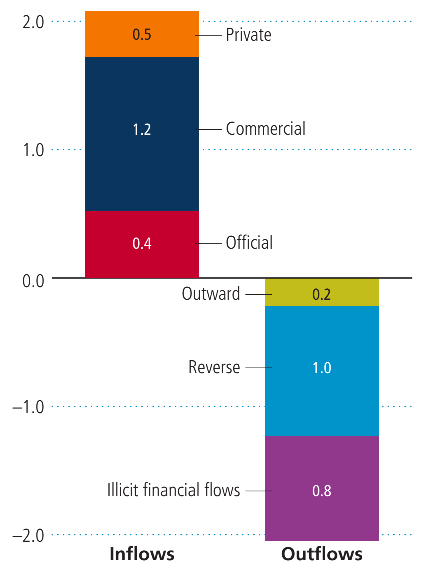
Inflows		Outflows	
Official	ODA	Outward	Development cooperation from non-DAC providers
	Other official flows		Outward foreign direct investment
	Development cooperation from non-DAC providers		Outward remittances
	Development finance institutions		
	Long-term loans (official sources)		
	Climate finance		
	Innovative finance		
	Military and security expenditure		
Commercial	Foreign direct investment	Reverse	Capital and interest payments on ODA, other financial flows and long-term debt
	Portfolio equity		Profits on FDI
	Long-term loans (commercial sources)		Interest payments on short-term debt
	Short-term loans		
Private	Remittances	Illicit	Capital flight
	Non-governmental organisations and civil society organisations		Trade mispricing
	Individuals		
	Foundations		

Source: Development Initiatives.

FIGURE 2.5

International resources flow both in and out of developing countries

Inflows and outflows of resources from all developing countries, US$ trillions, 2011



Source: Development Initiatives calculations based on data from a wide range of sources – see *Methodology.*

Poverty reduction has become an increasingly important concern, with evident focus on MDG objectives. ODA is not, by definition, a transfer of resources to a developing country. In addition, some forms of ODA such as loans and equity investments generate reverse flows; capital repayments from developing countries to DAC donors totalled US$20.1 billion in 2011, and interest payments totalled US$5.3 billion.

Development cooperation. Development cooperation from governments outside the DAC, estimated at US$16.8 billion in 2011, captures aid-like flows from 25 countries including the BRICs (Brazil, Russia, India and China); Middle Eastern, Eastern European and Latin American countries; and developing countries themselves. These flows are increasingly important, and their emergence highlights a shift in the geopolitics of development cooperation. Such cooperation may have similar objectives to ODA, although activities are less standardised and different countries conceptualise this cooperation in different ways. As with ODA, some of these financing instruments generate reverse flows, but data is not available.

Other official flows. Gross other official flows totalled US$79.1 billion in 2011. Other official flows are typically loans made by donor countries to the private and public sectors in developing countries. They are distinguished from ODA because they do not meet the concessionality criteria for classification as ODA. Repayments on other official flows are considerable: capital repayments and amounts received on export credits totalled US$53.8 billion in 2011 and interest repayments totalled US$11.2 billion.

Development finance institutions. Development finance institutions committed around US$153.1 billion in 2011 and disbursed US$104.0 billion. But much of this is recorded as ODA or other official flows, so approvals net of ODA and other official flows are estimated at around US$69.9 billion and disbursements at US$37.8 billion. These figures include both the concessional and non-concessional arms of international and regional development banks as well as bilateral development finance institutions such as the US Overseas Private Investment Corporation. Bilateral development finance institutions operate under a spectrum of mandates, often balancing development objectives alongside

TABLE 2.3

Key characteristics of international resource flows

Resource	Source	Destination	Objective	Channels to reduce poverty (direct and indirect)
ODA	Public sector	• Public sector and multilateral agencies • Non-governmental organisations • Donors' own projects	• Welfare and development • Poverty reduction • Mutual interest	Numerous, including: • Provision of health, education, water, sanitation, nutrition • Humanitarian assistance • Support to economic sectors
Other official flows	Public sector	Private and public sector	Development	• Finance for private sector development • Trade promotion • Support to state institutions
Military and security expenditure	Public sector	Multilateral, regional and bilateral peacekeeping operations	Increased security	• Promoting stabilisation and security • Humanitarian assistance
Foreign investment	Private sector	Private sector	Return on investment	• Job creation • Provision of goods and services • Payment of taxes • Corporate social responsibility • Upstream and downstream links
Remittances	Households	Households	• Support for family and friends • Private small-scale investment	• Increased consumption and security for recipient households • Investments in human capital and enterprise • Safety net in crisis
Development finance institutions	Bilateral/multilateral development finance institutions	Public sector	• Economic development • Poverty reduction • National interest—supporting enterprises from the source country	• Infrastructure and longer term investments • Support to state institutions • Finance for private sector development • Regional development issues
NGOs, CSOs and foundations	• Private giving and fundraising by individuals and groups • Foundation resources • High net worth individuals • Official sources	• Own projects • Non-governmental organisations • Social enterprises • One to one	• Poverty reduction • Broader development • Humanitarian • Solidarity • Global public goods	Numerous, including: • Provision of health, education, water, sanitation, nutrition and so on • Humanitarian assistance • Investments in research and innovation • Public awareness and engagement
Long- and short-term loans	• Financial sector • Public sources	Public and private sector	Private return	• Through public and private sectors
Climate finance	• Public sector • Private sector	• Public sector • Private sector	• Prevention, mitigation, adaptation • Mutual interest	• Prevention, mitigation and adaptation of climate change impacts
Innovative finance	• Public sector • Private sector	Multilaterals	Poverty reduction	Numerous, including: • Health, nutrition, innovation
Other providers of development cooperation	Public sector	• Public sector • Donors' own projects	• Poverty reduction • Broader development • Mutual interest	Numerous, including: • Provision of health, education, water, sanitation, nutrition • Humanitarian assistance • Support to economic sectors
Illicit financial flows	Private sector	• Private sector • Individuals	• Tax avoidance • Capital flight	Illicit financial flows reduce the resources available for poverty reduction initiatives

Source: Development Initiatives.

national interests. Development finance institutions provide a range of finance to public and private institutions in developing countries, with loans forming a central part of the portfolio (although some development finance institutions also take up equity and offer grants and technical assistance). As major providers of loans, the operations of development finance institutions result in outflows from developing countries, but data on these reverse flows is not available.

Innovative finance. Innovative finance covers initiatives that either raise revenue or expend funds through innovative mechanisms. Nine innovative finance mechanisms totalled US$1.2 billion in 2011, although the majority is either classified as ODA or private development assistance so they are captured elsewhere and not added into aggregate figures. Many of these mechanisms are designed for specific purposes, such as immunisation or nutrition. The financing mechanisms include debt instruments, pooled funds and mandatory or voluntary contributions linked to transactions. Many leverage funds from diverse actors, drawing together contributions from public, commercial and official sources.

Climate change finance. Climate change finance commitments are estimated at US$112 billion in 2010/2011, having grown around 15% from the previous year. The majority of these flows are controlled by the private sector and are likely to be recorded elsewhere as FDI or other flows. Mitigation accounts for the majority of climate change finance flows, with smaller amounts going to adaptation. A large proportion of such mitigation investments are made in China and other emerging economies.

Military and security flows. Military and security flows from developed to developing countries are estimated at US$211.4 billion in 2011. This series estimates the cost of foreign military and peacekeeping operations in developing countries and excludes military expenditure within donor countries (total world military expenditure was estimated at US$1.7 trillion in 2011). Foreign military aid and other non-ODA security support to developing countries is estimated at around US$15 billion (see Chapter 7).

Commercial financing

FDI. FDI in developing countries totalled US$471.6 billion in 2011. This net figure subtracts disinvestment by foreign investors (but not profit remittances), so gross FDI may be higher. FDI captures longer term investments in which the investor takes some control over the recipient enterprise, typically defined as 10% management control or more. Foreign investments are motivated by private return, and the reverse flow of profits on FDI leaving developing countries were estimated at US$419.7 billion in 2011.

Portfolio equity. Portfolio equity flows to developing countries totalled US$18.3 billion in 2011. They are typically short term and are defined as investments in which less than 10% ownership of the recipient entity is taken up. They are relatively volatile, and net flows likely mask considerable inflows and outflows. As with FDI, portfolio equity is motivated by profit, but data on returns leaving developing countries is not available.

Long-term loans. Disbursements of long-term loans totalled US$529.9 billion in 2011, making it the largest single resource flow to developing countries. These loans have terms exceeding one year and flow to institutions in both the public and private sectors. They carry a repayment burden, and capital repayments from developing countries totalled US$357.9 billion while interest payments were an additional US$111.1 billion.

Short-term loans. Short-term loans totalled US$180.0 billion in 2011. They are defined as loans with a term of less than one year. This net figure likely masks considerably higher gross inflows and repayments on capital, but disaggregated data is not available. Interest payments on short-term loans, distinct from the net calculation, totalled US$43.6 billion in 2011.

Private financing

Remittances. Remittances received by developing countries totalled US$343.4 billion in 2011. These flows capture funds transferred by migrant workers from the country they are working in. The true value of remittances is thought to be much higher because large volumes of remittances may flow through informal channels.

Private development assistance. Private development assistance is a combination of three resource flows, each given voluntarily from private sources for international development. These flows combined were estimated at US$45.4 billion for 23 DAC donor countries in 2011. NGOs account for the largest portion, US$26.3 billion, exclusive of expenditure funded by ODA. International giving by foundations is estimated at US$7.1 billion. Corporate giving is estimated at US$8.2 billion. And mixed sources of private development assistance such as partnerships between NGOs and foundations are estimated at US$3.9 billion.

Other flows

Illicit financial flows capture unrecorded outflows from developing countries and were estimated at US$816 billion in 2011. These estimates, from Global Financial Integrity,[6] incorporate two types of illicit finance. Capital flight is an estimate of illicit outward transfers from developing countries

A fluid mix of resources flows into and out of developing countries

from activities such as bribery, theft, kickbacks and smuggling. Trade mispricing is an estimate of funds moved around the world, typically to reduce tax burden in the country of origin, through transfer mispricing, where goods or services are sold at manipulated prices. Trade mispricing accounts for the majority of illicit finance, an estimated US$645.0 billion in 2011.

International flows from developing countries

Aggregate figures and trends

A fluid mix of resources flows into and out of developing countries. While the data is imperfect on both sides of the equation, the outflow of resources is clearly a large issue for many developing countries (Figure 2.6).

For developing countries in aggregate, the bulk of outflows are not productive investments in other countries. Instead, they are reverse flows, such as repayments on loans or returns to international investments leaving the country. The scale of such reverse flows relative to inward investments can be startling. Gross disbursements of long-term loans to developing countries totalled US$529.9 billion in 2011. But capital repayments by developing countries on such loans totalled US$357.9 billion – two thirds of all loans received.

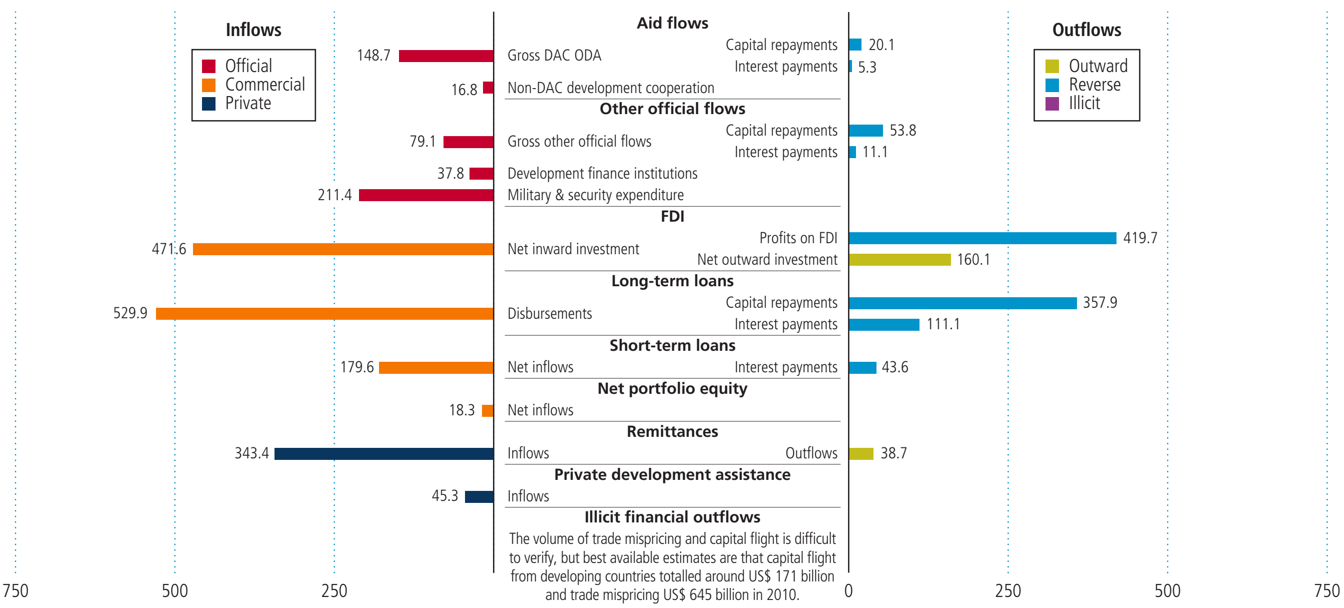
A 'net' figure of US$172.0 billion of lending masks the scale of such repayments. It also masks the US$111.1 billion developing countries paid in interest on long-term loans in addition to the capital repayments. Similarly, for FDI: Despite having data for fewer than half of developing countries, the outflow of profits on foreign investments from these countries was almost 90% of the value of new investments to all developing countries.

Such large outflows are not necessarily detrimental to developing countries, for it is the way resources are put to use that determines their true value. Loans and FDI may contribute much through job creation, higher incomes, growing demand, tax payments and other mechanisms. But the scale of outflows from developing countries is substantial, and it is important to understand the resource flows both to and from developing countries. And greater understanding of the value added of such flows for development generally and poverty reduction specifically is required to assess the true significance of the scale of such reverse flows.

Illicit financial flows leaving developing countries are also substantial. Trade mispricing – the value of resources moved out of developing countries by underinvoicing or overinvoicing trade – is the largest single outflow. While not a 'resource' in the same way as other flows, it does represent resources lost from developing countries and reduces the benefits of trade to developing countries. Because the usual motive is tax avoidance, the cost to developing countries is considerable, conservatively estimated at some US$160 billion in lost tax revenue each year.[7]

Including trade mispricing and capital flight, outflows exceed inflows for around a quarter of developing countries, though the aggregate difference is so large that it roughly

FIGURE 2.6
A fluid mix of resources flows into and out of developing countries
US$ billions, 2011



Source: Based on data from a wide range of sources – see *Methodology.*

equals the surplus of inflows over outflows in the remaining three-quarters of developing countries. China has the largest negative balance, due mainly to trade mispricing. Outflows also outweigh inflows in other countries with large numbers of people in extreme poverty, such as Ethiopia, Indonesia, Nigeria and South Africa. However, data is missing on both sides of the equation, with the gaps perhaps more severe on the outflows (see Chapter 6).

There is considerable disparity in resource inflows and outflows across developing countries. Outflows are generally larger than inflows in countries with higher government spending per person, due to large illicit and reverse flows (Figure 2.7).

Outflows exceed inflows in only a few countries with the lowest government spending per person. In Ethiopia and Sudan this is driven by large volumes of trade mispricing and capital flight, while in Nigeria large volumes of profits on FDI leave the country. But data quality is worse in these countries, particularly for outflows, and this may skew the picture for some countries.

Trends and the changing mix of international resources

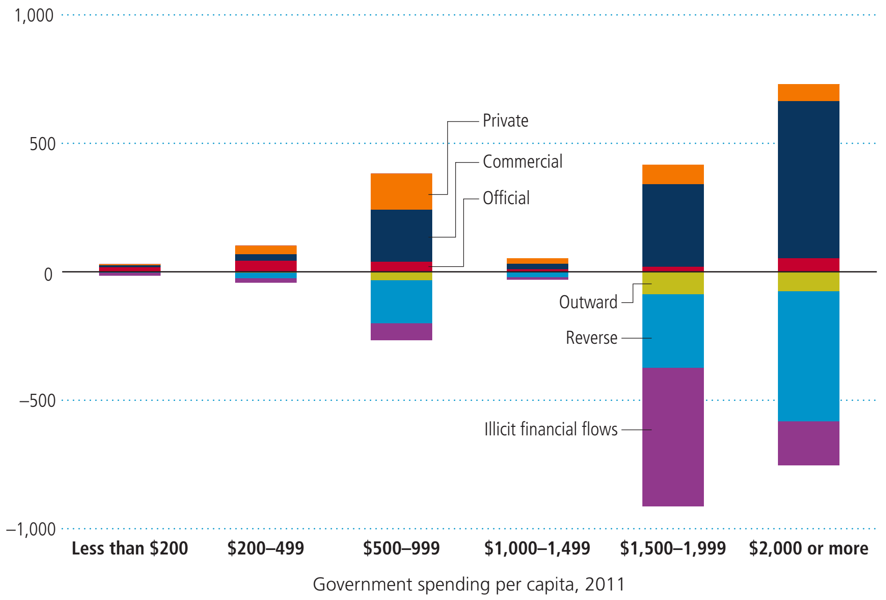
Total international resource flows to developing countries grew steadily over 2000–2011, rising from an estimated US$1.0 trillion to US$2.1 trillion (Figure 2.8).

FDI has seen the largest increases, growing from US$47.0 billion in 1990 to US$471.6 billion in 2011, an average of 11.6% a year. Remittances (10.4% a year) and long-term loans (7.4% a year) have also grown rapidly.

Disbursements of long-term loans account for the largest resource flows to developing countries, totalling US$529.9 billion in 2011, followed by FDI at US$471.6 billion and remittances at US$343.4 billion. Net short-term debt flows, highly volatile over the period, totalled US$179.6 billion in 2011. Gross disbursements of ODA from DAC donors totalled US$148.7 billion in 2011, up from US$93.1 billion in 2000.

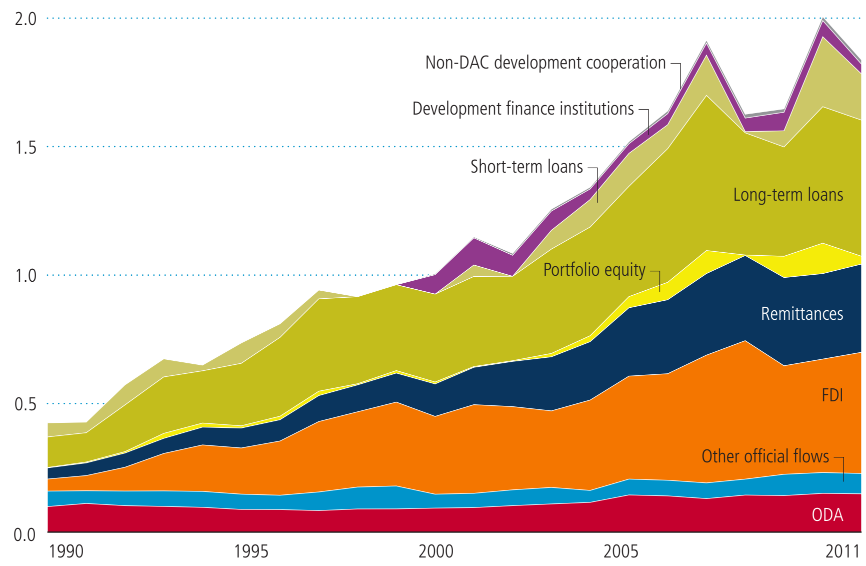
The changes in the mix and increasing diversity of resource flows over time are illustrated by looking at

FIGURE 2.7
Outflows are generally larger than inflows in countries with higher government spending per person
Inflows and outflows, US$ billions, 2011



Source: Based on data from a wide range of sources – see *Methodology*.

FIGURE 2.8
International resource flows to developing countries have grown rapidly
2011 US$ trillions, 1990–2011



Note: Data for some flows does not cover the whole period – see *Methodology*. Excludes flows with no historic data, so headline figures are lower than the total US$2.1 trillion inflows in 2011.
Source: Based on data from a wide range of sources – see *Methodology*.

the largest flow received by each developing country in each year (Figure 2.9).

This is important not only in terms of the investments that might be available, but also because different financial flows drive different relationships and carry different risks. Countries with ODA as the largest international resource inflow will be affected more by changes in the nature or delivery of aid, and partnerships with donors will be an important part of their foreign relations. Countries with FDI or loans as the largest resource flows will be affected more by changes in the international investment climate or in risk ratings.

In 1990 gross ODA from all donors was the largest resource flow for 95 developing countries, but by 2011 this had been more than halved to just 43. An estimated 221 million people live on less than $1.25 a day in these countries. For the majority of countries with spending less than PPP$500 per person, ODA is the largest inflow.

The shifts in international flows to developing countries have been driven largely by growth in FDI and remittances. In 1990 FDI was the largest flow for 17 countries, and remittances for 13 countries, but this grew to 40 and 31 countries by 2011. Countries with FDI as the largest resource flow are primarily in the higher government spending groups (Figure 2.10). Countries with remittances as the largest flow are primarily in the PPP$500–999 and PPP$1,000–1,499 spending brackets, and more than half the world's extreme poor – 640 million people – live in these countries. But just because a resource is no longer the largest flow does not necessarily diminish its contribution to ending poverty. Resource flows perform different functions, and in most cases it is not appropriate to think of resources as displacing one another.

Most countries with ODA as the largest resource flow in 2011 are in sub-Saharan Africa, where it is the largest flow for more than half the countries in the region (Map 2.2). ODA is also the largest flow for most countries in Oceania and for several countries in Asia.

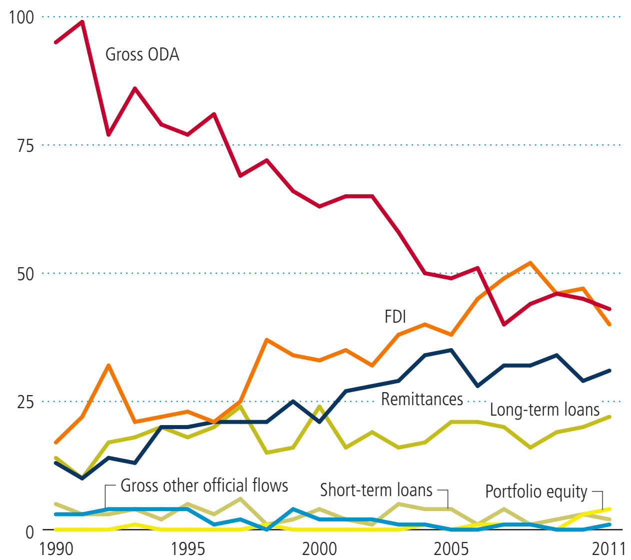
Resource flows and the distribution of poverty

Countries with low government spending per person are home to the majority of people living on less than $1.25 a day. To understand how international flows map across the global distribution of poverty, it is necessary to look at both the absolute numbers and the proportion of the

FIGURE 2.9

The mix of resources has changed dramatically: In 1990 ODA was the largest resource to 95 countries; today it is the largest for 43

Number of countries for which each international resource flow is the largest they received in each year

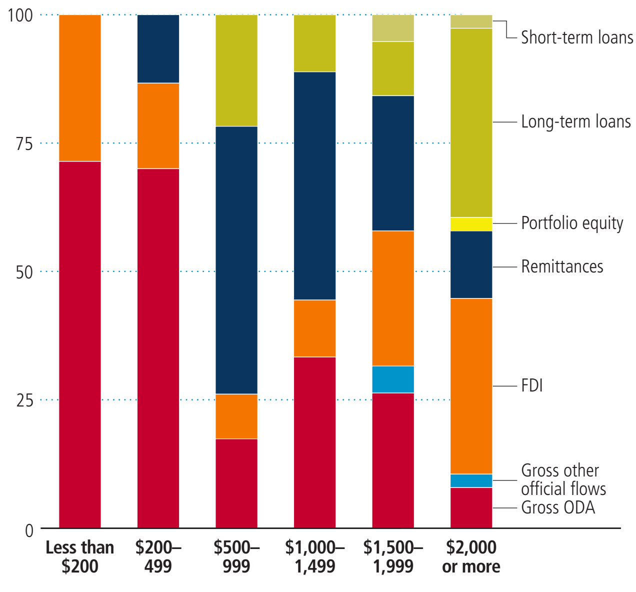


Note: Includes all countries classified as developing countries in 1990 (unlike the rest of the chapter, which considers only countries that are on the DAC's 2012 list of ODA recipients). Excludes countries without data for at least two of three key resources (ODA, remittances and FDI).
Source: Based on data from a wide range of sources – see *Methodology*.

FIGURE 2.10

ODA dominates where government resources are lowest, while FDI is more important for countries with higher government resources

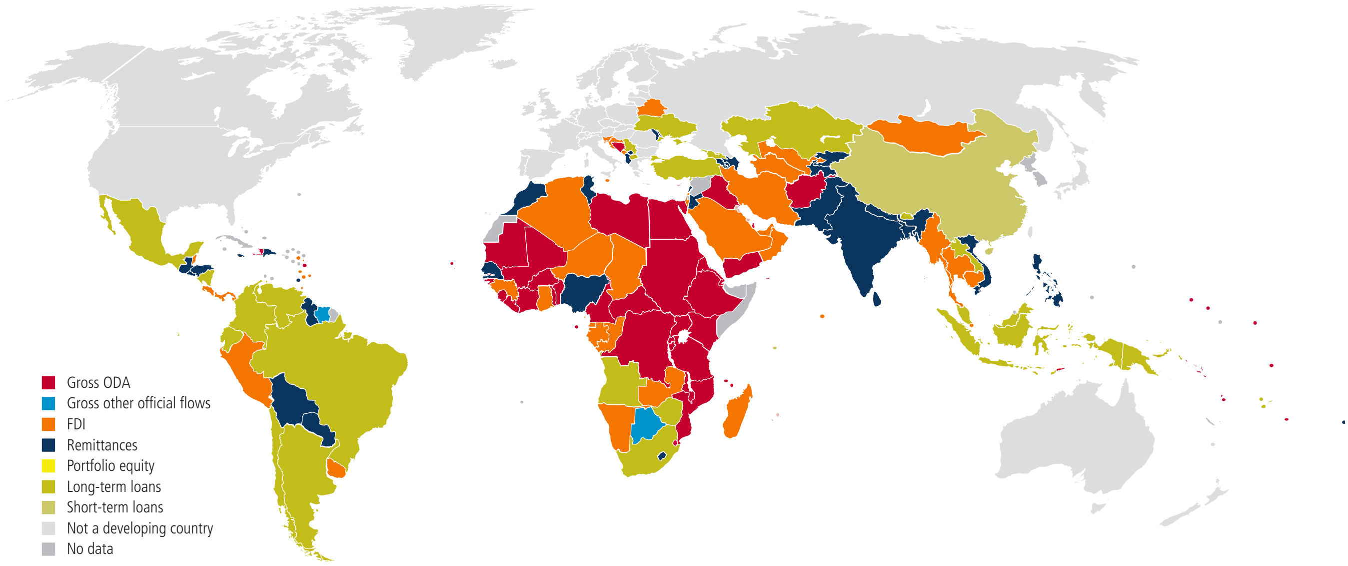
% of countries for which each resource flow is the largest they received in 2011



Source: Based on data from a wide range of sources – see *Methodology*.

MAP 2.2

Largest resource flows for each developing country, 2011

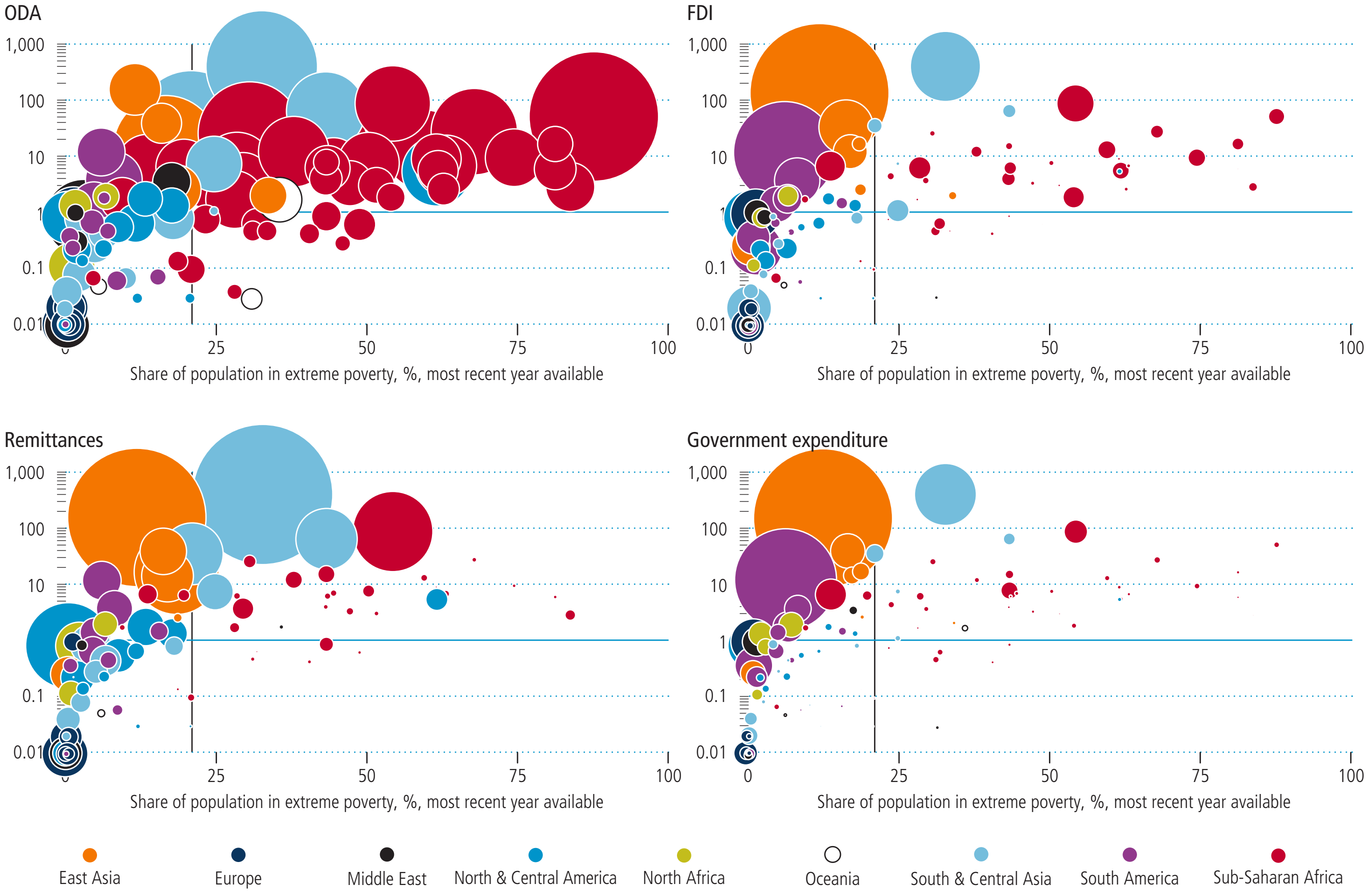


Source: Based on data from a wide range of sources – see *Methodology.*

FIGURE 2.11

ODA volumes are larger for most countries with the most severe resource constraints

Millions of people in extreme poverty (log scale), most recent year available



Note: Bubble size shows the proportion of each resource flowing to each developing country in 2011. Volumes are not comparable across figures.

Source: Based on data from a wide range of sources – see *Methodology.*

population living in extreme poverty (the poverty rate).

Figure 2.11 shows how different resources are spent and whether they go to countries with large numbers of poor people or an above-average poverty rate. The size of the bubble reflects the volume of resources, and its position shows whether the resources are spent in countries with larger numbers or high proportions of people in poverty.

The top right quadrant includes countries with both large numbers of people in poverty and high proportions; countries in the bottom left quadrant have smaller numbers and lower proportions.

More and larger bubbles in the top half of Figure 2.11, and especially in the top right, indicate that more spending is going to countries with large numbers and high proportions of people in poverty. However, absolute numbers are important, so resources also need to be harnessed in countries with low poverty rates but large numbers of people living below the line.

FDI is highly concentrated, and the majority of flows are received by countries with lower poverty rates. Some 87% of FDI went to countries with poverty rates below the average of 21% across all developing countries in 2011.

Unsurprisingly, domestic government spending is also highest in countries with low proportional poverty rates.

Remittances are slightly less concentrated overall, and a larger proportion of remittances are received by countries with higher proportional poverty rates.

Although FDI, remittances and long-term debt are larger than ODA across all developing countries, ODA volumes are larger for most countries with the most severe resource constraints (see Figures 2.10 and 2.12). ODA is the only resource flow in which poverty rates are a criteria for resource allocation across countries. Overall volumes of ODA are lower than other resources, but 50% of ODA was allocated to countries with above-average poverty rates, though there is considerable variation across donors (see Chapter 8).

All four resources flow in larger volumes to countries with more than 1 million poor people, highlighting the potential for these resources to make considerable contributions towards ending poverty.

*   *   *

The final report of the High-Level Panel of Eminent Persons on the Post-2015 Development Agenda argues, "Most of the money to finance sustainable development will come from domestic sources … but developing countries will also need substantial external funding."[8] Domestic government spending has grown rapidly since the MDGs were agreed, and more than 70 developing countries have experienced annual growth in government spending of 5% or more. Government spending per person, a key measure of a country's capacity to serve its citizens, has also grown; however, 82% of the world's poor still live in countries with annual government spending of less than PPP$1,000 per person. More than 370 million people living on less than $1.25 a day are in countries where annual government spending averages less than PPP$500 per person.

The poorest countries can expect the slowest growth in domestic spending, and many countries will likely continue to face severe domestic resource constraints to realising the end of poverty.

While other developing countries are experiencing rapid growth in domestic resources – India, Indonesia, the Philippines and Viet Nam are expected to double government expenditure per capita by 2030 – they face a different challenge: rapidly scaling up service provision and lifting large numbers of people out of poverty.

There is a strong argument for continuing international support to developing countries facing both contexts. The international community can backstop the severe resource constraints felt by many developing countries and look for innovative ways to harness wider resources flows to this end. The international community can also support countries with rapidly growing domestic resources, as they overcome capacity constraints and aim to scale up service provision at rapid pace. As the resource flow most directly targeted at ending poverty, ODA will have an important role in this mix.

Notes

1. Data on tax revenue is from the World Bank and covers 'compulsory transfers to the central government for public purposes.' It excludes social security contributions.
2. AfDB and others 2013.
3. WHO 2010.
4. UN Millennium Project 2004. The estimates are averages over 2003–2015 in 2000 US$ per student, based on assessments in five developing countries (Bangladesh, Cambodia, Ghana, Tanzania and Uganda).
5. WHO 2010, p. 23.
6. Kar and Curcio 2012.
7. Christian Aid 2008.
8. United Nations 2013, p. 12.

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Co-operation and Development), UNDP (United Nations Development Programme), and UNECA (United Nations Economic Commission for Africa). 2013. *African Economic Outlook 2013: Structural Transformation and Natural Resources*. Tunis.

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TABLE 2.4

Mapping resources and poverty in developing countries

Country	Government spending per person (PPP$)	International resource flows — Inflows per person, US$: Gross ODA	Gross other official flows	Remittances	FDI (net)	Portfolio equity (net)	Long-term loans	Short-term loans (net)
Afghanistan	229.99	190.14	3.44	13.07	2.36	0.00	0.00	1.74
Albania	2,216.17	126.67	82.89	361.25	320.70	0.76	147.19	98.48
Algeria	3,089.38	8.65	..	53.98	71.46	0.00	0.46	–17.69
Angola	1,892.73	13.17	1.78	0.01	–284.71	0.00	239.41	–12.13
Anguilla		..	..	..	..	..	..	..
Antigua and Barbuda	3,941.65	179.78	402.40	269.51	662.76	0.00	..	0.00
Argentina	5,268.32	2.97	54.88	16.93	177.68	–4.27	209.09	52.15
Armenia	1,215.64	137.82	68.01	417.75	169.22	0.08	414.43	80.25
Azerbaijan	3,010.24	38.82	74.69	208.75	159.71	0.01	141.05	1.42
Bangladesh	251.46	15.21	1.94	80.19	7.55	–0.06	1.61	3.14
Belarus	4,503.75	13.80	12.47	73.55	420.75	–0.01	324.72	165.31
Belize	1,726.39	100.79	48.63	217.30	263.04	0.00	87.35	0.00
Benin	301.23	77.17	0.12	20.29	13.02	0.00	2.88	2.09
Bhutan	1,941.57	204.61	20.44	14.15	18.79	0.00	271.17	–1.35
Bolivia	1,579.64	74.50	0.46	103.98	85.14	0.00	53.17	0.74
Bosnia and Herzegovina	3,736.11	178.69	51.00	..	115.95	0.00	47.54	71.96
Botswana	4,134.70	67.65	297.64	30.84	289.12	0.00	0.00	26.59
Brazil	3,977.28	5.11	31.20	24.37	338.97	36.48	551.37	–118.75
Burkina Faso	255.63	62.12	0.14	8.23	0.44	0.00	0.00	6.25
Burundi	201.83	68.92	0.00	5.30	0.19	0.00	0.00	–1.75
Cambodia	408.74	61.18	2.59	17.13	62.33	0.00	12.60	8.67
Cameroon	449.99	34.79	3.51	5.73	17.97	0.00	0.23	3.39
Cape Verde	1,102.73	559.90	189.08	355.80	186.07	0.00	51.22	0.00
Central African Rep.	112.32	62.31	0.70	..	24.33	0.00	3.95	6.91
Chad	342.01	46.05	1.82	0.00	160.95	0.00	0.00	0.95
Chile	3,389.71	10.59	58.32	0.19	1,001.71	259.23	1,501.75	132.89
China	1,762.80	2.02	3.90	45.65	92.24	3.95	22.62	96.26
Colombia	2,480.20	22.74	25.98	89.61	282.02	41.95	317.92	55.55
Comoros	212.90	81.40	0.00	0.00	9.04	0.00	0.00	0.00
Congo, Dem. Rep.	92.18	110.47	4.15	0.00	24.90	0.00	0.00	–0.55
Congo, Rep.	992.04	85.00	0.00	0.00	707.99	0.00	40.98	–5.56
Cook Islands		..	..	..	..	..	..	..
Costa Rica	1,843.90	15.83	66.86	114.36	445.17	0.00	323.84	–1.96
Côte d'Ivoire	356.25	77.13	0.99	..	17.08	0.00	3.43	24.91
Cuba		7.64	0.24	..	..	..	..	..
Djibouti		177.81	18.44	35.73	86.13	0.00	10.34	–32.02
Dominica	4,057.45	492.35	81.86	394.20	368.50	0.00	51.94	–73.88
Dominican Republic	1,234.02	31.45	67.25	366.16	235.79	0.00	134.11	37.59
Ecuador	3,371.50	17.81	33.73	182.78	38.71	0.13	194.55	–4.61
Egypt	1,763.91	14.97	13.00	..	–5.85	–8.62	0.65	–1.50
El Salvador	1,311.87	56.99	60.44	588.81	61.90	0.00	68.83	18.86
Equatorial Guinea	11,289.72	40.43	53.33	0.00	1,023.47	0.00	..	0.00
Eritrea	173.66	26.54	0.00	0.00	3.42	0.00	0.00	0.18
Ethiopia	159.63	42.27	2.08	6.06	2.43	0.00	10.10	–1.64
Fiji	904.38	88.56	32.93	181.89	235.29	0.00	329.82	173.88
Gabon	3,194.76	69.14	113.18	0.00	474.50	0.00	271.55	9.12
Gambia	408.19	81.46	8.37	..	20.27	0.00	0.00	–23.65
Georgia	1,236.63	144.84	109.35	247.38	217.25	–1.60	321.45	112.58
Ghana	350.37	74.87	14.68	6.07	129.07	0.03	20.45	17.78
Grenada	2,671.70	184.76	20.78	523.62	377.07	0.00	0.00	–57.20
Guatemala	636.60	30.30	19.31	305.48	66.72	0.00	46.52	46.08

International resource flows (continued): Outflows per person, US$ — ODA: capital + interest repayments	Other official flows: capital + interest repayments	Long-term debt: capital + interest repayments	Short-term debt interest repayments	Illicit financial flows[a]: Capital flight	Illicit financial flows[a]: Trade mispricing	Population (millions of people)	$1.25 a day poverty: Millions of people	% of population	Year of estimate
0.41	0.86	0.28	0.02	..	3.31	35.32	..	..	..
21.98	33.26	111.92	3.22	0.00	54.14	3.22	0.02	1	2008
3.78	..	16.96	0.60	42.20	41.43	35.98	1.92	7	1995
3.69	0.14	144.03	1.65	11.19	..	19.62	8.05	43	2009
..	..	..	..	..	..		..	..	..
17.97	51.33	..	..	81.61	..	0.09	..	..	..
1.17	56.30	376.69	4.03	28.24	133.18	40.76	0.37	1	2010
21.20	38.99	277.79	9.36	0.67	401.93	3.10	0.08	2	2010
7.95	25.39	200.19	2.03	132.03	..	9.17	0.04	0	2008
6.30	1.21	8.69	0.33	0.38	15.46	150.49	64.31	43	2010
0.55	6.61	190.37	23.50	17.71	..	9.47	0.01	0	2011
20.92	62.00	369.91	0.00	15.74	212.93	0.36	0.03	12	1999
3.26	0.48	4.14	0.03	0.66	0.00	9.10	3.39	47	2003
14.55	4.96	114.48	0.17	234.24	..	0.74	0.07	10	2007
3.76	16.89	43.15	1.99	92.18	0.00	10.09	1.50	16	2008
17.89	69.75	207.85	21.72	19.44	257.59	3.75	0.00	0	2007
9.76	10.39	32.91	2.94	0.00	118.04	2.03	0.48	31	1994
1.25	55.84	296.92	3.42	18.96	5.72	196.66	11.87	6	2009
3.20	0.30	3.71	0.22	0.73	24.43	16.97	7.13	45	2009
1.27	0.07	0.70	0.00	1.81	4.81	8.58	6.08	81	2006
7.07	1.49	5.23	0.13	2.20	76.79	14.31	2.60	19	2009
4.62	5.38	15.94	0.01	0.00	19.52	20.03	1.75	10	2007
75.45	3.96	73.99	0.00	147.17	..	0.50	0.10	21	2002
0.41	0.58	0.07	0.06	..	8.17	4.49	2.66	63	2008
5.81	0.70	6.07	0.00	..	..	11.53	5.67	62	2003
1.47	40.70	871.73	22.57	35.23	89.05	17.27	0.23	1	2009
2.89	3.12	35.14	22.92	44.49	308.80	1,344.13	157.09	12	2009
1.01	29.12	204.30	10.83	3.33	1.17	46.93	3.78	8	2010
8.79	0.57	5.21	0.00	..	16.12	0.75	0.29	46	2004
2.14	13.21	3.69	0.04	3.13	4.28	67.76	51.83	88	2006
8.84	26.08	24.28	0.40	64.65	493.80	4.14	1.91	54	2005
..	..	..	..	..	..		..	..	..
9.23	37.70	322.78	14.12	45.23	3,966.25	4.73	0.14	3	2009
5.48	3.92	25.74	0.35	1.36	4.15	20.15	4.51	24	2008
0.17	0.34	..	..	..	..	11.25	..	..	..
20.71	17.50	37.59	1.17	135.27	422.13	0.91	0.14	19	2002
149.39	43.74	200.93	5.26	83.99	1,763.38	0.07	..	..	..
10.93	37.59	126.63	3.25	98.43	416.47	10.06	0.22	2	2010
8.16	24.00	161.64	2.48	10.09	44.18	14.67	0.67	5	2010
12.53	9.41	40.94	1.47	27.54	13.69	82.54	1.32	2	2008
14.82	44.70	197.23	1.98	91.99	154.23	6.23	0.55	9	2009
5.80	20.15	..	..	..	5,272.64	0.72	..	..	..
1.93	0.00	4.05	0.03	..	..	5.42	..	..	..
0.85	0.34	4.14	0.03	36.07	30.11	84.73	25.97	31	2011
2.44	9.27	217.24	3.80	104.22	368.92	0.87	0.05	6	2009
23.35	73.65	261.69	1.79	..	0.00	1.53	0.07	5	2005
5.53	4.36	13.55	0.21	47.68	26.10	1.78	0.48	34	2003
17.39	44.14	335.65	5.07	5.28	125.98	4.49	0.80	18	2010
3.72	10.00	11.89	1.23	60.75	0.00	24.97	6.34	29	2006
84.18	85.42	238.11	2.50	0.00	..	0.10	..	..	..
4.83	25.07	137.37	2.03	26.55	166.91	14.76	1.76	14	2006

TABLE 2.4

Mapping resources and poverty in developing countries (continued)

Country	Government spending per person (PPP$)	International resource flows — Inflows per person, US$: Gross ODA	Gross other official flows	Remittances	FDI (net)	Portfolio equity (net)	Long-term loans	Short-term loans (net)
Guinea	208.66	36.04	0.00	7.66	118.46	0.00	0.37	–5.58
Guinea-Bissau	227.98	231.30	0.00	29.66	12.52	0.00	0.00	–0.65
Guyana	1,023.56	230.95	2.10	493.49	218.68	0.00	167.86	257.92
Haiti	339.86	169.85	3.05	153.24	17.88	0.00	22.66	0.00
Honduras	925.11	87.32	19.41	370.70	130.81	0.00	115.34	–13.14
India	864.06	4.34	3.59	50.75	25.42	–3.33	29.17	17.40
Indonesia	739.82	10.98	15.28	28.57	78.02	–1.35	136.05	21.15
Iran		1.78	3.11	..	55.48	0.00	2.48	5.78
Iraq	1,521.96	57.99	..	11.72	49.05	2.86	..	0.00
Jamaica	1,722.33	45.53	181.41	784.31	89.49	0.00	291.90	–31.04
Jordan	1,713.50	200.84	29.94	558.62	237.67	17.71	40.45	71.62
Kazakhstan	2,583.95	16.43	105.46	14.50	779.68	2.38	1,921.69	1.38
Kenya	424.03	66.40	11.72	22.45	8.06	0.48	0.57	13.65
Kiribati	1,894.60	636.74	8.90	0.00	38.25	0.00	..	0.00
Korea, Dem. Rep.		4.98	1.75	..	..	..	..	..
Kosovo		364.91	0.00	633.02	..	0.00	103.16	0.70
Kyrgyz Republic	761.99	106.62	12.38	312.57	125.76	0.99	100.13	0.25
Lao PDR	516.64	74.92	2.20	..	71.56	1.82	97.78	7.00
Lebanon	2,508.33	138.16	15.46	1,768.05	751.28	56.45	932.79	–40.15
Lesotho	929.87	132.60	13.62	295.98	23.70	0.01	0.00	0.00
Liberia	147.87	242.72	30.37	87.20	123.04	0.00	0.00	0.00
Libya	8,583.10	99.98	..	0.00	0.00	0.00	..	0.00
Macedonia, FYR	2,748.88	114.17	65.79	210.15	204.42	–3.93	375.98	–134.34
Madagascar	136.51	22.37	10.78	0.00	42.57	0.00	0.00	0.28
Malawi	276.87	53.62	0.00	1.13	3.66	–0.07	9.67	–2.02
Malaysia	3,882.97	8.67	27.49	41.50	414.63	0.00	445.19	298.97
Maldives	3,262.47	177.89	85.98	9.36	879.63	0.11	227.36	22.34
Mali	221.90	83.63	0.70	29.85	11.23	0.00	0.00	10.67
Marshall Islands		1,541.34	0.00	0.00	134.52	0.00	..	0.00
Mauritania	617.26	121.44	20.78	0.00	12.76	0.00	0.00	–24.57
Mauritius	3,052.07	163.64	80.48	193.64	212.58	7,298.78	96.05	4.53
Mexico	3,075.21	9.61	51.99	205.49	170.34	–54.39	480.81	107.34
Micronesia, Fed. States	1,966.72	1,213.09	23.31	..	70.25	0.00	..	0.00
Moldova	1,102.61	136.53	33.00	452.84	76.99	1.42	126.47	92.65
Mongolia	1,884.76	142.09	32.37	99.79	1,683.71	3.31	14.29	3.21
Montenegro	4,315.05	209.50	109.91	542.71	882.63	–23.89	420.07	425.46
Montserrat		..	..	..	..	..	..	..
Morocco	1,524.19	59.11	47.41	224.84	78.06	5.15	58.84	38.11
Mozambique	255.05	89.56	4.71	6.55	87.48	0.01	6.36	0.92
Myanmar		8.36	0.02	2.63	17.58	0.00	0.00	0.00
Namibia	2,224.34	130.43	5.16	6.90	387.14	1.90	..	0.00
Nauru		..	..	..	..	..	..	..
Nepal	206.02	34.41	0.01	138.32	3.13	0.00	4.94	0.66
Nicaragua	863.83	120.63	12.69	155.64	164.89	0.00	185.87	–15.50
Niger	116.18	42.31	0.00	8.36	63.08	0.00	4.29	–0.87
Nigeria	648.06	11.92	4.37	126.91	54.87	15.82	6.15	6.28
Niue		..	..	..	..	..	..	..
Pakistan	479.34	24.76	5.16	69.38	7.51	–0.21	4.17	1.38
Palau		1,339.71	310.54	..	..	..	..	..
Panama	3,437.46	36.25	178.88	107.56	781.20	0.00	258.97	0.00
Papua New Guinea	676.40	93.98	235.32	1.55	–44.08	0.00	1,149.76	–38.64

International resource flows (continued)							$1.25 a day poverty		
Outflows per person, US$									
				Illicit financial flows[a]					
ODA: capital + interest repayments	Other official flows: capital + interest repayments	Long-term debt: capital + interest repayments	Short-term debt interest repayments	Capital flight	Trade mispricing	Population (millions of people)	Millions of people	% of population	Year of estimate
17.31	0.73	16.02	0.06	0.25	37.03	10.22	4.06	43	2007
5.02	2.97	3.28	0.01	3.04	49.34	1.55	0.63	49	2002
30.66	3.97	43.78	6.68	253.12	328.76	0.76	0.06	9	1998
0.65	0.22	0.50	0.00	5.14	6.52	10.12	5.43	62	2001
8.81	19.36	128.80	0.48	50.23	480.77	7.75	1.34	18	2009
2.22	1.97	22.82	0.68	1.37	24.73	1,241.49	400.20	33	2010
11.68	17.71	127.36	1.54	6.84	17.25	242.33	39.26	16	2011
0.52	21.83	19.54	2.32	..	0.00	74.80	1.01	1	2005
0.43	..	..	..	296.12	531.22	32.96	0.83	3	2007
34.14	72.53	599.69	4.79	142.30	10.39	2.71	0.01	0	2004
47.36	33.64	124.76	26.05	49.83	24.65	6.18	0.01	0	2010
4.82	40.38	1,966.37	18.16	65.09	40.91	16.56	0.02	0	2009
8.03	1.44	9.11	0.60	6.73	1.26	41.61	15.45	43	2005
9.00	0.00	..	..	..	..	0.10	..	..	..
0.11	0.09	..	..	..	..	24.45	..	..	..
0.50	17.53	82.19	0.00	0.00	..	1.80	..	..	..
14.62	4.73	69.65	0.35	15.80	..	5.51	0.28	5	2011
15.21	3.67	43.92	0.00	71.71	15.40	6.29	2.04	34	2008
25.03	55.11	1,230.38	12.10	740.33	233.24	4.26	..	..	..
16.57	0.92	14.87	0.00	69.31	30.18	2.19	0.88	43	2003
1.44	33.26	0.77	0.00	28.39	168.82	4.13	2.91	84	2007
0.00	..	..	..	407.04	0.00	6.42	..	..	..
26.71	38.32	419.93	38.29	0.22	336.27	2.06	0.01	1	2010
2.40	1.41	1.62	0.18	..	1.68	21.32	16.84	81	2010
1.35	0.76	1.33	0.02	3.58	44.34	15.38	9.18	62	2010
9.26	13.26	364.79	11.32	833.33	1,643.29	28.86	0.00	0	2007
34.55	137.84	265.66	27.00	0.00	13.44	0.32	0.00	1	2004
2.96	0.31	4.14	0.09	5.11	25.91	15.84	7.75	50	2010
55.46	8.03	..	..	..	..	0.05	..	..	..
14.80	5.77	30.86	0.52	..	..	3.54	0.77	23	2008
22.81	32.67	125.88	0.11	0.00	367.18	1.29	..	..	..
1.43	29.36	344.86	21.76	166.56	313.87	114.79	0.82	1	2010
18.11	0.45	..	..	..	..	0.11	0.03	31	2000
6.20	25.91	119.71	9.79	0.00	72.41	3.56	0.01	0	2010
25.19	22.38	37.19	1.05	348.20	0.00	2.80	..	..	..
19.60	103.96	327.91	11.20	..	1,500.09	0.63	0.00	0	2009
..	..	..	..	..	..		..	..	..
15.64	24.38	99.02	1.17	5.15	26.47	32.27	0.78	3	2007
3.79	3.26	2.23	0.08	0.00	6.26	23.93	13.31	60	2008
0.16	0.04	0.15	0.00	47.42	0.00	48.34	..	..	..
15.93	17.96	..	..	149.16	91.24	2.32	0.65	32	2004
..	..	..	..	..	..		..	..	..
6.15	0.31	6.48	0.04	6.80	63.95	30.49	7.44	25	2010
5.25	8.97	109.85	1.92	54.44	227.71	5.87	0.65	12	2005
1.91	1.32	1.72	0.14	0.34	37.42	16.07	6.30	44	2008
1.21	1.68	2.28	0.28	93.91	26.34	162.47	88.34	54	2011
..	..	..	..	..	..		..	..	..
6.61	4.48	13.97	0.22	4.77	2.05	176.75	35.23	21	2008
0.00	0.00	..	..	..	..	0.02	..	..	..
9.53	76.52	260.34	0.00	154.29	1,562.34	3.57	0.23	7	2010
8.51	21.34	168.32	0.46	15.55	153.56	7.01	1.73	36	1996

TABLE 2.4

Mapping resources and poverty in developing countries (continued)

Country	Government spending per person (PPP$)	International resource flows — Inflows per person, US$: Gross ODA	Gross other official flows	Remittances	FDI (net)	Portfolio equity (net)	Long-term loans	Short-term loans (net)
Paraguay	928.06	24.80	34.96	135.90	46.13	0.00	68.36	113.58
Peru	1,721.81	27.31	29.28	91.73	280.02	5.00	81.03	4.46
Philippines	598.66	9.97	20.20	243.17	13.30	10.94	77.81	7.57
Rwanda	274.93	117.24	2.25	15.66	9.69	0.00	0.00	–1.28
Samoa	1,734.18	590.08	6.80	756.75	65.32	0.00	107.37	0.00
São Tomé & Príncipe	899.27	454.65	0.00	..	106.81	0.00	155.03	35.60
Senegal	427.71	87.96	4.51	115.74	22.41	0.00	45.53	0.00
Serbia	4,128.90	198.17	160.56	450.83	373.24	9.57	708.42	–221.45
Seychelles	8,012.68	277.44	43.14	296.66	1,673.02	0.00	14.34	3,488.37
Sierra Leone	201.29	72.93	1.63	12.89	8.12	0.00	0.59	5.17
Solomon Islands	1,292.52	613.20	31.42	3.46	265.05	0.00	49.41	3.62
Somalia		114.77	0.01	..	..	..	..	..
South Africa	2,994.55	29.00	29.52	23.96	114.80	–74.50	149.18	–56.69
South Sudan		105.56	..	..	..	0.00	..	0.00
Sri Lanka	959.74	54.18	11.66	248.85	14.38	–29.86	95.81	2.25
St. Helena		..	..	..	..	..	..	..
St. Kitts-Nevis	5,030.39	390.38	369.64	..	2,676.66	0.00	..	0.00
St. Lucia	3,514.69	261.59	11.25	182.10	430.65	0.00	32.79	–721.59
St. Vincent & Grenadines	2,799.63	221.46	36.30	..	1,235.59	0.00	130.54	0.00
Sudan	479.18	34.95	2.88	12.88	..	0.00	15.42	4.57
Suriname	1,984.42	182.52	208.62	7.35	–1,105.36	0.01	..	0.00
Swaziland	1,665.55	129.88	2.13	51.22	88.74	0.00	0.00	–39.33
Syria		26.39	5.38	..	..	..	..	..
Tajikistan	548.24	54.09	4.18	438.57	1.60	0.00	89.17	1.05
Tanzania	309.86	54.42	0.85	1.64	23.70	0.07	13.22	2.57
Thailand	1,786.21	7.70	11.45	57.46	137.69	12.58	43.84	–27.34
Timor-Leste	340.41	241.39	1.58	0.00	17.01	0.00	..	0.00
Togo	216.54	206.38	3.62	54.69	8.74	0.00	0.00	–4.22
Tokelau		..	..	..	..	..	..	..
Tonga	1,175.38	920.97	7.46	684.21	99.62	0.00	341.39	0.00
Tunisia	2,837.31	118.37	123.71	187.80	107.08	–4.10	19.26	–1.07
Turkey	4,573.78	50.14	55.20	14.76	215.59	–13.39	682.43	77.09
Turkmenistan	1,266.86	8.33	65.87	0.00	624.06	0.00	6.10	–3.13
Tuvalu		4,366.81	0.00	0.00	182.31	0.00	..	0.00
Uganda	239.65	47.14	2.00	27.49	22.96	3.06	0.00	9.07
Ukraine	2,797.04	17.82	28.78	146.94	157.68	11.36	653.01	155.80
Uruguay	3,849.14	12.09	123.97	30.14	650.47	0.00	631.50	–198.90
Uzbekistan	906.69	8.98	10.38	0.00	47.82	0.00	17.51	4.36
Vanuatu	954.89	387.31	5.21	88.62	236.95	0.00	0.00	118.07
Venezuela	4,255.40	1.63	36.13	..	181.09	0.00	280.36	–3.04
Viet Nam	911.81	48.00	16.16	97.91	84.59	12.11	31.53	34.32
Wallis & Futuna		..	..	..	..	..	..	..
West Bank & Gaza		616.29	3.63	..	..	..	..	..
Yemen	595.42	26.51	0.41	..	–28.74	0.00	0.00	–7.62
Zambia	329.43	81.25	3.59	3.44	147.07	0.83	6.89	–64.22
Zimbabwe		56.39	0.08	0.00	30.34	0.00	110.10	3.84

.. is unavailable.

a. Illicit finance flows are best estimates from the most recent year for which data is available.

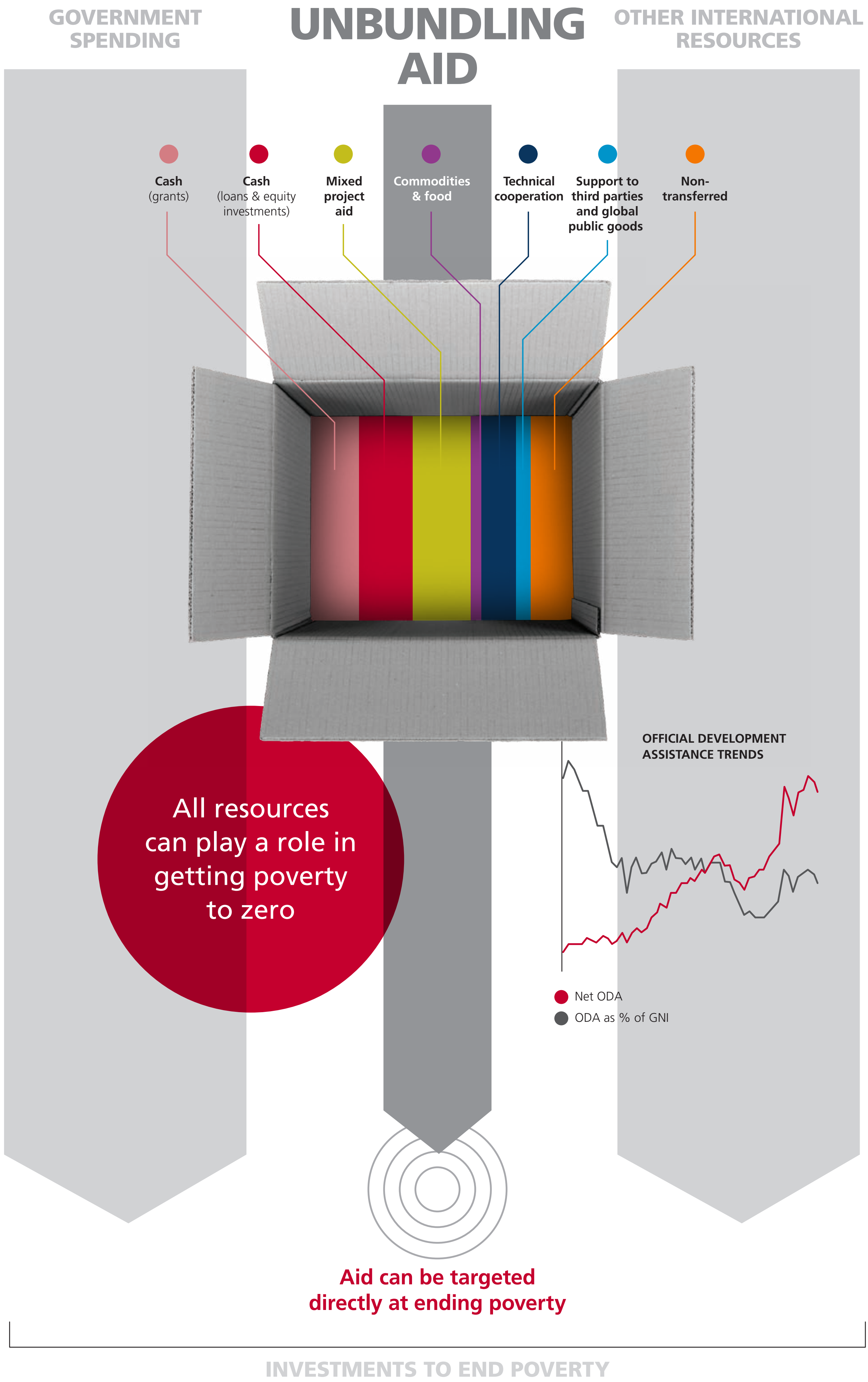
Note: Highlighted cells indicate the largest flow for each country.

Source: Based on data from a wide range of sources – see *Methodology*.

International resource flows (continued)							$1.25 a day poverty		
Outflows per person, US$									
				Illicit financial flows[a]					
ODA: capital + interest repayments	Other official flows: capital + interest repayments	Long-term debt: capital + interest repayments	Short-term debt interest repayments	Capital flight	Trade mispricing	Population (millions of people)	Millions of people	% of population	Year of estimate
13.86	28.09	66.42	2.89	46.35	239.21	6.57	0.46	7	2010
7.54	40.79	108.27	4.28	24.51	64.84	29.40	1.43	5	2010
14.76	14.09	114.82	0.21	22.72	167.17	94.85	16.89	18	2009
2.13	0.62	1.71	0.01	0.56	46.86	10.94	6.91	63	2011
60.53	0.00	64.47	0.00	281.29	635.08	0.18	..	..	..
13.35	2.08	8.57	1.26	69.35	..	0.17	0.04	28	2001
5.84	9.21	27.72	0.00	0.00	0.00	12.77	3.78	30	2011
13.17	98.70	711.14	2.38	11.00	440.32	7.26	0.02	0	2010
38.49	40.00	196.69	200.10	0.00	40.10	0.09	0.00	0	2007
2.26	0.53	2.50	0.05	0.71	3.12	6.00	3.10	52	2011
9.81	22.63	27.61	0.03	25.86	319.65	0.55	..	..	..
0.06	0.00	..	..	..	..	9.56	..	..	..
1.51	12.95	116.68	11.84	21.02	76.51	50.59	6.79	14	2009
0.18	..	..	..	..	..	10.31	..	..	..
32.39	3.05	59.63	1.59	46.55	0.00	20.87	0.85	4	2010
..	..	..	..	..	..		..	..	..
104.43	166.07	..	..	361.53	..	0.05	..	..	..
65.63	91.31	242.98	12.44	50.84	..	0.18	0.03	21	1995
63.91	100.31	277.09	0.00	4.64	..	0.11	..	..	..
1.44	0.40	15.04	0.23	26.04	233.51	34.32	6.53	20	2009
4.44	18.06	..	..	298.83	102.17	0.53	0.07	16	1999
16.35	23.38	37.51	2.67	67.51	67.22	1.07	0.43	41	2010
8.46	6.68	..	..	..	..	20.82	0.31	2	2004
4.13	3.37	82.68	0.28	2.81	..	6.98	0.44	7	2009
2.29	2.11	2.79	0.41	10.15	0.84	46.22	27.87	68	2007
11.32	8.39	143.73	6.99	59.77	132.96	69.52	0.26	0	2010
0.07	11.74	..	..	5.75	..	1.18	..	..	..
2.64	6.51	2.35	0.04	0.00	21.68	6.15	1.74	28	2011
..	..	..	..	..	..		..	..	..
31.86	0.00	56.12	0.00	327.23	52.47	0.10	..	..	..
37.65	70.75	243.21	6.10	3.77	0.00	10.67	0.11	1	2010
10.20	35.02	688.26	39.38	0.00	47.15	73.64	0.97	1	2010
1.05	14.36	25.24	0.23	..	..	5.11	1.09	25	1998
59.92	0.00	..	..	..	..	0.01	..	..	..
2.01	1.46	1.78	0.16	4.57	35.51	34.51	12.30	38	2009
0.23	27.97	583.78	9.31	12.02	31.23	45.71	0.01	0	2010
8.06	106.30	429.92	4.15	187.95	335.59	3.37	0.01	0	2010
2.20	14.95	21.00	0.25	..	..	29.34	..	..	..
20.07	0.00	19.20	6.57	190.22	..	0.25	..	..	..
0.12	11.64	202.10	8.86	60.94	0.00	29.28	1.79	7	2006
9.91	5.64	37.08	1.20	47.01	0.00	87.84	14.34	17	2008
..	..	..	..	..	..		..	..	..
1.09	2.28	..	..	..	..	3.93	0.00	0	2009
6.88	1.72	10.05	0.00	0.00	96.49	24.80	3.62	18	2005
4.26	5.07	13.24	0.33	5.37	28.14	13.47	9.62	74	2010
0.30	0.00	88.94	0.20	..	9.62	12.75	..	..	..

PART 2

BETTER DATA, BETTER AID, BETTER RESULTS


GOVERNMENT SPENDING
UNBUNDLING AID
OTHER INTERNATIONAL RESOURCES
Cash (grants)
Cash (loans & equity investments)
Mixed project aid
Commodities & food
Technical cooperation
Support to third parties and global public goods
Non-transferred
All resources can play a role in getting poverty to zero
OFFICIAL DEVELOPMENT ASSISTANCE TRENDS
Net ODA
ODA as % of GNI
Aid can be targeted directly at ending poverty
INVESTMENTS TO END POVERTY

3

Global aid trends

- ODA is unique. ODA is the main official international resource flow aimed primarily at the economic development and welfare of developing countries.
- ODA totalled US$128 billion in 2012, having grown substantially in real terms since 2000. G8 countries provide two-thirds of ODA, with the US accounting for almost a quarter of total ODA.
- Aid targets have not been met. Five countries exceed the UN target of 0.7% of GNI for ODA set in 1970. But as a whole, DAC donors achieved only 0.29% of GNI in 2012.
- Sub-Saharan Africa gets the largest share of aid from DAC donors. Sub-Saharan Africa receives about 35% of total ODA, South and Central Asia about 17%. Five of the twenty largest aid recipients are in sub-Saharan Africa. The largest ODA recipient is Afghanistan, which receives 4.9% of total ODA disbursements. The next largest recipient is the Democratic Republic of Congo.
- Governance and security receives the most ODA (12%), followed by health and infrastructure. Despite the persistence of malnutrition and the fact that rural livelihoods are very important for the poorest, spending on agriculture remains well below spending on humanitarian crises, which are often acute phases of chronic food insecurity.
- ODA and the architecture around aid need to be updated to meet the challenge of financing the post-2015 development goals.

The history of official development assistance

2015 marks the 70th anniversary of the end of the Second World War, when Europe was crippled by war debt and economically bankrupt, with millions homeless and much of its industrial infrastructure destroyed. The origins of official development assistance (ODA) go back to the Marshall Plan, a US-funded scheme to support post-war reconstruction in Europe, managed from 1948 to 1961 by the Organisation for European Economic Co-operation (OEEC). In each of the plan's four years the United States committed US$13 billion in economic and technical assistance, equivalent to more than 1.25% of its national income. In 1961 the OEEC became the Organisation for Economic Co-operation and Development (OECD), and the United States and Canada joined and the focus expanded from European reconstruction to broader international cooperation. The same year, the OECD's Development Assistance Group agreed on a resolution for a common aid effort and the first meeting of its Development Assistance Committee (DAC) was held.

Aid can be provided in many forms, but ODA has strict eligibility criteria enforced by the DAC. The 'official' bilateral financing by sovereign governments must have as its primary objective the welfare and economic development of developing countries. This assistance must also be concessional, through the provision of either grants or soft loans.[1]

In 1970 the international community, under the auspices of the UN, first set the target of 0.7% of GNI as ODA. It has since repeatedly been re-endorsed at the highest level at international aid and development conferences:

- In 2005 the 15 countries that were members of the European Union by 2004 agreed to reach the target by 2015.
- The 0.7% target served as a reference for 2005 political commitments to increase ODA from the EU, the G8 Gleneagles Summit and the UN World Summit.

To date, sixteen donors reporting to the DAC have met – or have set a timetable to meet – the commitment to spend at least 0.7% of their gross national income (GNI) on ODA. Any funding that meets the ODA criteria can be counted towards this target. Funding that comes from governments and falls outside these criteria – such as the enforcement aspects of peacekeeping – cannot be counted, nor can aid outside the official sector – such as contributions to nongovernmental organisations (NGOs) by the public or funding from philanthropic foundations.

Today some of the countries that once received aid are now significant donors

The objectives of ODA have changed over time, complicating any rigorous long-term assessment of its impact on poverty. Historically, allocations have been influenced by past colonial ties, Cold War era allegiances and commercial interest. High volumes of ODA to Afghanistan and Iraq today show the continuing influence of security interests. Assistance has also been caught up in ongoing tensions between economic growth and poverty reduction.

Through the 1960s a priority for economic growth involving large-scale infrastructure did not have the expected impacts on social welfare, such as literacy, life expectancy and infant mortality. In response, a more human development focus on basic needs emerged in the 1970s. But that was short-lived as oil, debt and balance of payment crises led to the International Monetary Fund and World Bank's macroeconomic structural adjustment programmes of the 1980s, to be followed again by an explicit focus on human development – 'adjustment with a human face.' Two decades later, under the Millennium Development Goals (MDGs) agenda, governments again united around specific poverty and deprivation objectives, backed by financial commitments set under the auspices of the UN at Monterrey in 2002 and again at Gleneagles by the G8 in 2005.

The landscape for aid has also changed – in the 1950s a handful of rich donors provided assistance to a larger number of poor countries. Today some of the countries that once received aid are now significant donors. An example is Korea, which has seen a threefold increase in its disbursements over the last decade. The line between donor and recipient has also blurred, with many countries both giving and receiving aid. For example, 125 countries have contributed to the UN Central Emergency Response Fund since 2006, including Bangladesh, Ghana, Mozambique and Nigeria. More than 80 countries reported providing aid on the UN Financial Tracking System in 2011, of which 50 are on the list of ODA recipients.

Meanwhile, Brazil, China, India and countries in the Middle East provide large amounts of both investment and assistance to developing countries. Similarly, the rapid growth of philanthropy and private flows, particularly through foundations and international NGOs, reflects the growing role of private capital in a landscape traditionally dominated by nation states.

Against this changing landscape, this chapter answers some basic questions about ODA. How much of it is there? Who provides it? Who implements it? Where does it go? What is it spent on? And what is its future? Knowing the what, where and how of aid is the first step towards understanding how to improve its allocation.

Global trends

Global ODA has grown from around US$40 billion a year in the 1960s to more than US$128 billion in 2012 (Figure 3.1). Despite this rise, disbursements have not kept pace with donors' own economic growth. In 1970 the international community, under the auspices of the UN, set 0.7% of a country's national income as the benchmark for foreign aid, derived from a tradeoff between what was considered to be needed and what was politically and economically feasible. In 2000 the volume of aid required for developing countries to meet the MDGs and needs arising from conflict and humanitarian crises was also estimated

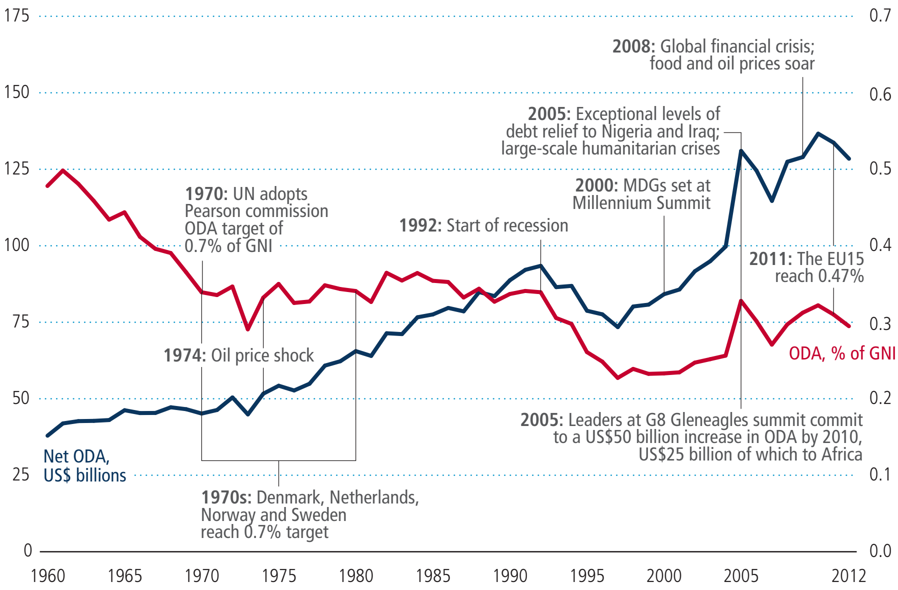
FIGURE 3.1

ODA has grown to record highs since the 1970s – but the path has not always been smooth

Net ODA, 1960–2012

2011 US$ billions

% of GNI



Source: Development Initiatives calculations based on data from the DAC.

around this level. The 0.7% target has endured, with EU-15 member states setting timebound targets for reaching it by 2015. Despite these commitments, DAC donors as a whole have so far failed to reach half this level, though five countries have consistently contributed more than 0.7% of their GNI.

Net ODA increased steadily for more than a decade, growing 62% between 2000 and 2010 to a peak of US$136.6 billion. Spikes in 2005 and 2006 were due to periods of exceptional debt relief (notably for Iraq and Nigeria; under DAC rules, the full value of the debt cancelled can be recorded as ODA; see Chapter 4).

This continued growth was interrupted in 2011, when net ODA from DAC donors fell 2.2% in real terms (US$2.9 billion). Preliminary data reveals that this was followed by a further fall of 3.9% (US$5.2 billion) to US$128.4 billion in 2012, partly due to reductions in debt relief and a drop in humanitarian assistance. These are the first decreases since 1997 (disregarding the period of exceptional debt relief).

Who provides ODA, and who delivers it?

In 2012, 23 country members of the DAC and the European Union reported ODA volumes – referred to as DAC ODA. Two more countries, the Czech Republic and Iceland, joined in 2013.

Which donors provide the most money?

Nearly two-thirds of ODA comes from five G8 countries that are consistently the largest donors by volume – the United States, the United Kingdom, Germany, France and Japan, in that order. The United States tops the list with ODA of US$30 billion in 2012, more than twice the next largest donor. The United Kingdom, Germany, France and Japan each provided more than US$10 billion in 2012. The 15 largest donors account for 95% of ODA.

Almost all donors have increased ODA disbursements since 2000. Australia, Finland, Ireland, Korea, the United Kingdom and the United States drove aggregate ODA growth, with increases of more than 100% (Figure 3.2). Canada, France, Germany, Luxembourg, New Zealand, Sweden and Switzerland have witnessed growth of more than 60%. Japan saw ODA decline 32.4% between 2000 and 2012, as did Greece (22.3%), Spain (15.1%) and Denmark (11%) – much of this the results of reductions in the last few years. Despite this fall in absolute volume, Denmark still contributes 0.84% of its GNI – more than all but three other DAC donors. ODA from Japan is 0.17% of GNI.

Four of the five largest donors – the United States, the United Kingdom, France and Japan – saw ODA volumes fall between 2010 and 2012 (Japan by 10.8%, France by 6.1%). Large drops were also reported by Spain (66.7%), Greece (34.5%), Belgium (24.1%), the Netherlands (12.3%) and Italy (11.4%).

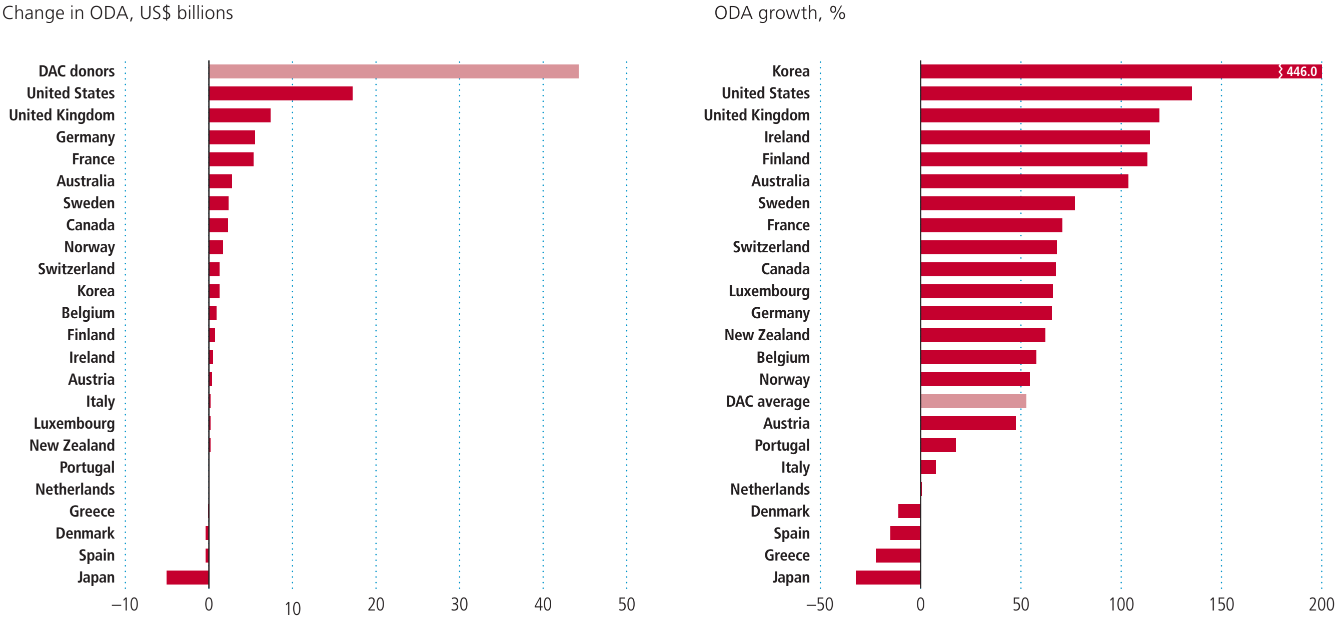
Which donor countries give most per capita or as a share of their national income?

Absolute volumes of ODA highlight the major players in the aid landscape but reveal less about the priority that each donor government places on ODA or whether they are contributing their 'fair share.' To do this, aid volumes need to be compared with overall national wealth (GNI) or government spending. For example, Canada and Sweden gave comparable volumes of ODA in 2011 (about US$5.5 billion each). But because of its smaller economy and domestic budget, ODA as a share of GNI and as a proportion of government spending is three times higher in Sweden than in Canada.

Aid targets, both national and international, are commonly expressed as a proportion of GNI. Five countries – Sweden, Norway, Luxembourg, Denmark

FIGURE 3.2

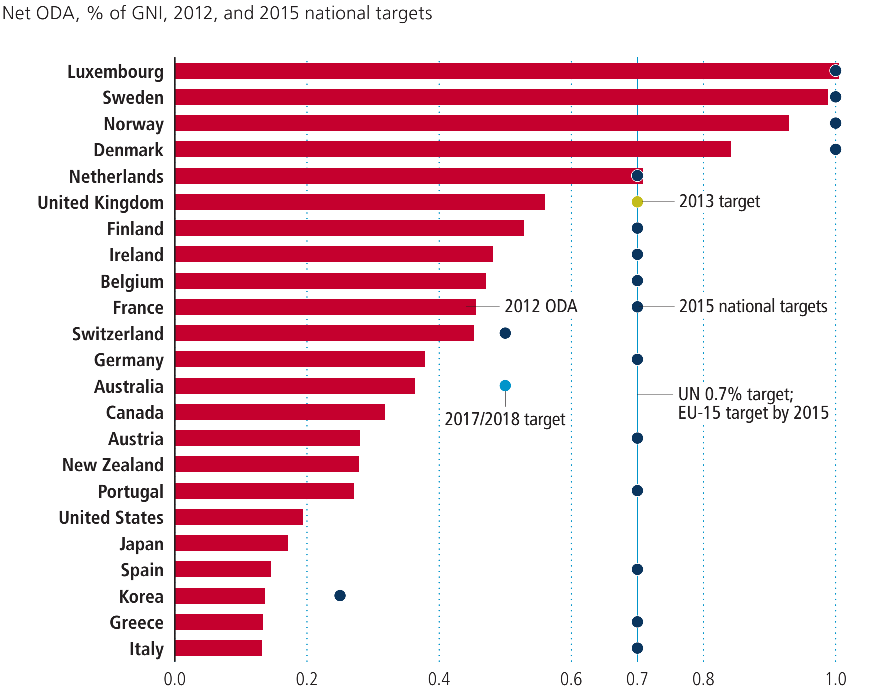
Six country donors more than doubled ODA disbursements in real terms over 2000–2012, and ten more increased it by at least half



Source: Development Initiatives calculations based on data from the DAC.

FIGURE 3.3

DAC ODA by donor GNI and donors' national targets



Source: Development Initiatives calculations based on data from the DAC.

and the Netherlands – have met the long-standing UN target of 0.7%.[2] And except for Luxembourg, they have maintained aid between 0.7% and 1.2% of GNI for at least the last two decades.

In 2005 EU-15 member states committed to reach ODA as 0.7% of their collective GNI by 2015, with targets set for countries already at this level. A separate target of 0.33% was agreed for new EU accession countries. The only country to have made budgetary provision to reach this target is the United Kingdom, and if it delivers, it will be the first G8 member to meet this pledge. Some donors outside the EU have also set targets. Notably absent are Japan and the United States, which, despite being among the largest donors by volume, are among the smallest donors relative to the size of their economies, with ODA at 0.17% of GNI for Japan in 2011 and 0.19% for the United States (Figure 3.3).

ODA as a share of total public expenditure is another measure of ODA as a priority within government. As a whole DAC donors allocate 0.72% of public spending to ODA, but with considerable differences: the 5 donors that have already achieved the 0.7% target allocate 1.5–2.2% of public spending to ODA, while 14 allocate less than 1%. The 0.7% target is sometimes criticised for a bias against donors with large economies and comparatively small public spending. But the data shows that countries with low GNI ratios, such as Japan and the United States, also allocate smaller proportions of public expenditure to ODA.

Which organisations does ODA flow through on the journey from donor to recipient?

The path of ODA to its final delivery can be complicated, involving numerous actors, and it is currently difficult to track the flow of financing at each point along the chain (Figure 3.4). Donors have recognised this problem, and the implementation of the International Aid Transparency Initiative should greatly improve aid traceability.

The bulk of ODA from DAC donors – around 80% – is managed either by governments or by multilateral agencies. Around 40% is channelled through projects and investments controlled directly by donors or allocated to governments of recipient countries ('public sector'). Another 40% is channelled through multilateral agencies, with a third of that controlled by the donor in the sense that it is earmarked for a specific purpose or project or country and the rest given as core contributions, which the multilateral agencies decide where and how to spend (Figure 3.5).

Some 12% of ODA is channelled through NGOs, and a further 9% through 'other' organisations such as universities and think tanks.

The EU Institutions and the World Bank Group are the largest multilateral recipients of gross ODA (combined core and earmarked contributions).

The profile of disbursements to multilateral agencies differs substantially across institutions. For example, almost all ODA to EU Institutions is core contributions from EU member states, through budgetary contributions to the EU Multiannual Finance Framework and contributions to the European Development Fund. By contrast, three-fifths of contributions to UN agencies are earmarked for specific purposes or places.

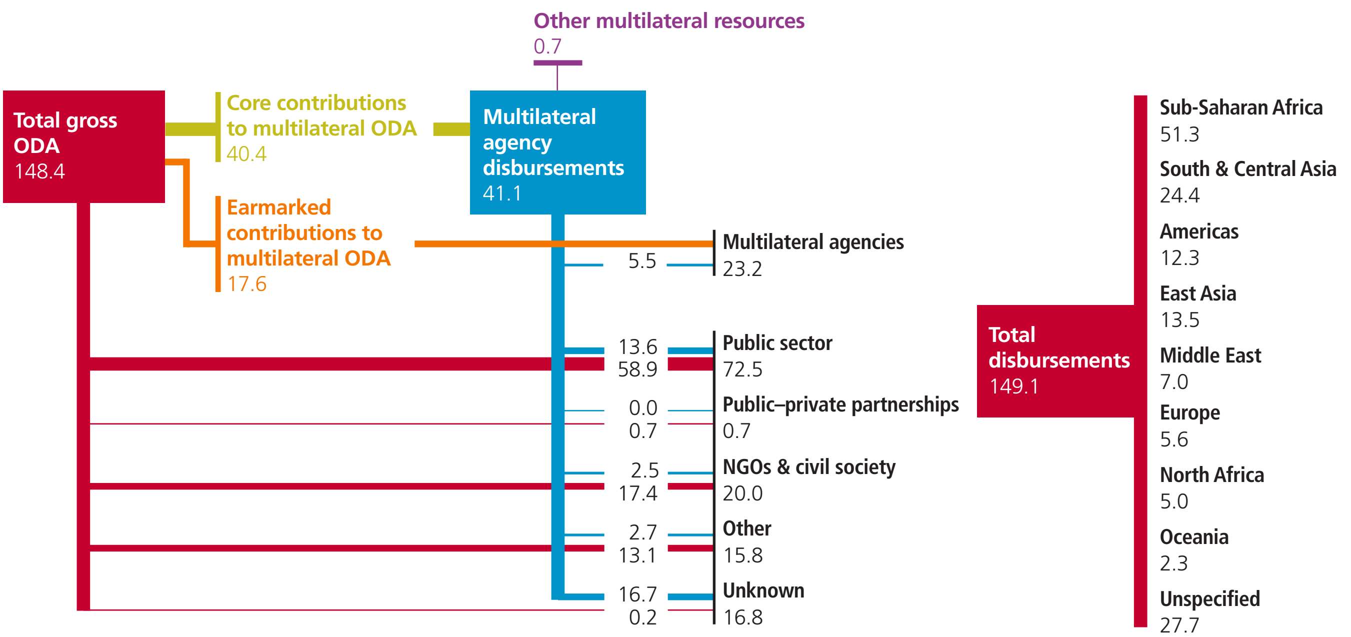
The five largest donors by volume are the same donors that provide the largest core contributions to multilateral agencies: together, France, Germany, Japan, the United Kingdom and the United States accounted for 60% of the total (Figure 3.6).

The EU Institutions have consistently been the largest recipient of core multilateral ODA (US$13.1 billion in 2011; Figure 3.7). Between 2000 and 2011 contributions to multilateral agencies grew substantially: IDA by

FIGURE 3.4

The flow of ODA in 2011

2011 US$ billions



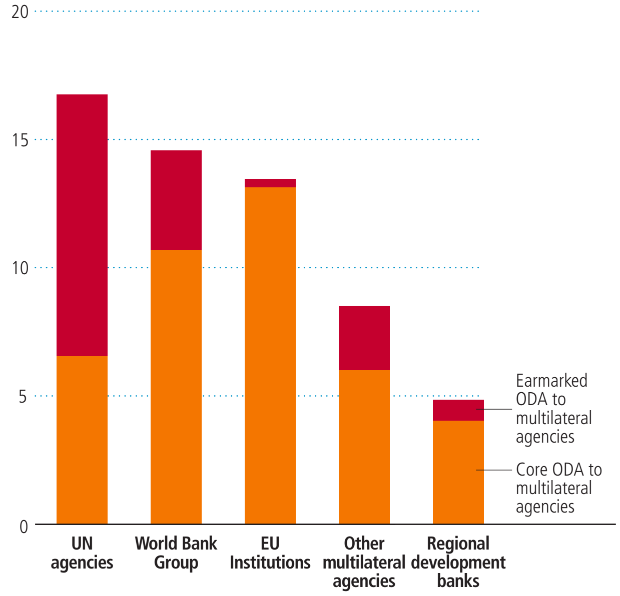
Note: The OECD classifies ODA going to countries and regions. The latter includes individual sub-regions (North Africa, Sub-Saharan Africa, East Asia, South and Central Asia, Middle East, North America, South and Central America, Europe, Oceania) and multiregional ODA (Africa, Asia, Americas, Europe, Oceania). Regional ODA in the figure includes ODA to each sub-region plus a proportionate share of share of multiregional ODA. See *Methodology.*

Source: Development Initiatives calculations based on data from the DAC's Creditor Reporting System.

FIGURE 3.5

Most ODA received by multilateral organisations is not earmarked

US$ billions, 2011

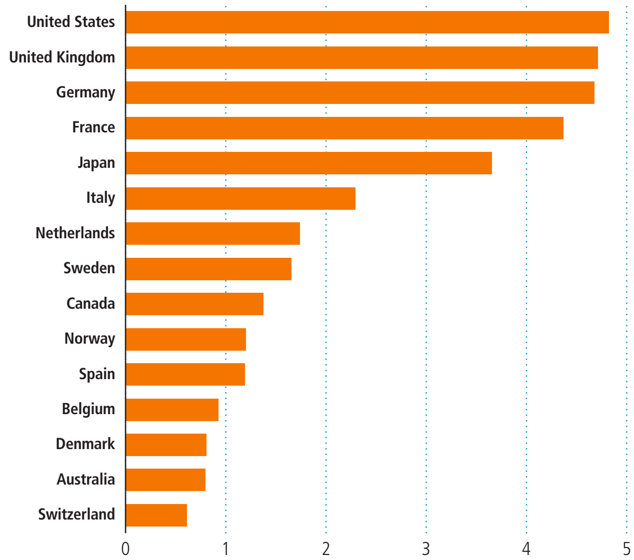


Source: Development Initiatives based on data from the DAC's Creditor Reporting System.

FIGURE 3.6

Five donors each disburse on average more than US$3 billion a year as core contributions to multilateral agencies – more than 60% of the total

Core ODA to multilateral agencies, 2011 US$ billions, 2012

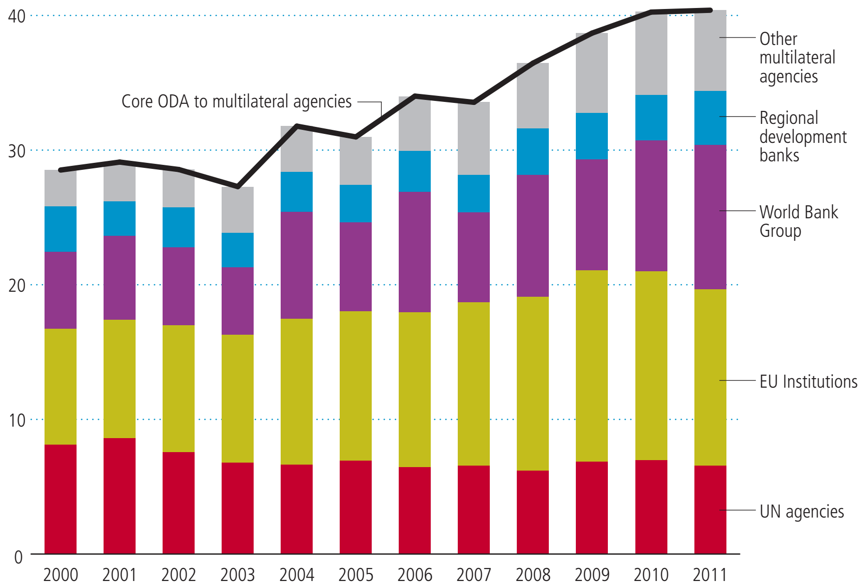


Source: Development Initiatives calculations based on data from the DAC.

FIGURE 3.7

The EU and World Bank receive 60% of core contributions to multilateral agencies

2011 US$ billions, 2000–2011



Source: Development Initiatives calculations based on data from the DAC.

71% and the Global Environment Facility by 37% (driven by a contribution of more than US$1 billion in 2011). Core contributions to UN agencies as a whole fell 19.3% (due to long-term drops in core contributions to the World Food Programme since the 1990s and by donors recording more contributions as 'earmarked' rather than core). The World Bank's share of multilateral ODA increased from 20% to 26% over 2000–2011.

Where does aid go?

How much ODA is allocated to specific countries?

Most ODA – 70% in 2011 – is allocated to individual developing countries. On top of this, donors allocate small proportions of aid to cross-border and regional initiatives, such as aid supporting the African regional economic communities. While the volumes of regional aid remain small – around 6% in 2011 – they have more than doubled since 2000, more than the 66% increase in aid allocated to individual countries.

Nearly a fifth of net ODA is not allocated to a specific region. Such aid consists of project-type interventions and core contributions to international NGOs, research institutions, multilateral organisations and pooled funds. Some

ODA finances donor administrative costs and the costs of supporting refugees in donor countries. ODA not allocated to a specific region almost doubled over the decade.

Which regions receive the most ODA?

Sub-Saharan Africa receives the most ODA, US$47.2 billion in 2011 or 35% of net ODA, followed by South and Central Asia with US$22.1 billion or 17% of the total.

Over the last decade the Middle East has seen the largest ODA growth rates, driven by aid to Iraq, which peaked at US$29.7 billion in 2005 and fell to US$7.0 billion in 2010. ODA to the region increased 112% between 2000–2002 and 2009–2011, compared with 85% for South and Central Asia (driven mainly by aid to Afghanistan) and 79% for sub-Saharan Africa.

Knowing where the poor are, both nationally and sub-nationally, is a fundamental requirement if aid is to be most effective at ending poverty. The geography of aid looks very different when viewed through a lens of the global distribution of absolute numbers of people in poverty (see Chapter 5 for analysis of where aid is allocated in relation to where people are living below the poverty line).

Which individual countries receive the most ODA?

Afghanistan was the largest recipient of net ODA in 2011, with disbursements of US$6.5 billion, around 6.9% of total net ODA, followed by the Democratic Republic of Congo (US$5.4 billion, 5.7%). Ethiopia, India, Pakistan and Viet Nam each received more than US$3 billion. The top 20 countries accounted for 55% of net ODA disbursed to individual countries. Twelve of the twenty top recipient countries were in sub-Saharan Africa, though India is the third largest recipient of net ODA.

What is ODA spent on?

ODA supports many purposes, from social development and economic production to governance, conflict prevention and emergency assistance. Aid commitments to the governance and security sector received the most bilateral funding in 2011, 13% of the total, followed by health and infrastructure, which each received 12%.[3] Health (the largest sector if bilateral and multilateral disbursements are considered) was also one of the fastest growing sectors, increasing 118% over 2002–2011, surpassed only by water and sanitation (137% growth) and banking and business (139%). However, the latter two sectors accounted for a relatively small share of total ODA in 2011 (5% for water and sanitation and 4% for banking and business).

Governance and security is a major area of investment in most regions, but other sectors show large regional differences. In sub-Saharan Africa the share of ODA to health has grown to more than double the share to governance and security. Infrastructure is the largest sector in South and Central Asia (25% in 2011), while governance and security (40%) is the largest in the Middle East, reflecting transition-related activities in Iraq.

Sub-Saharan Africa received 93% of debt relief, more than 80% of general budget support and almost 50% of ODA to health. Europe received 11% of aid to the banking and business sector, compared with 5% of total ODA. East Asia received 27% of aid to the environment, compared with 11% of total ODA. And North and Central America received 18% of aid to the environment, compared with 6% of ODA.

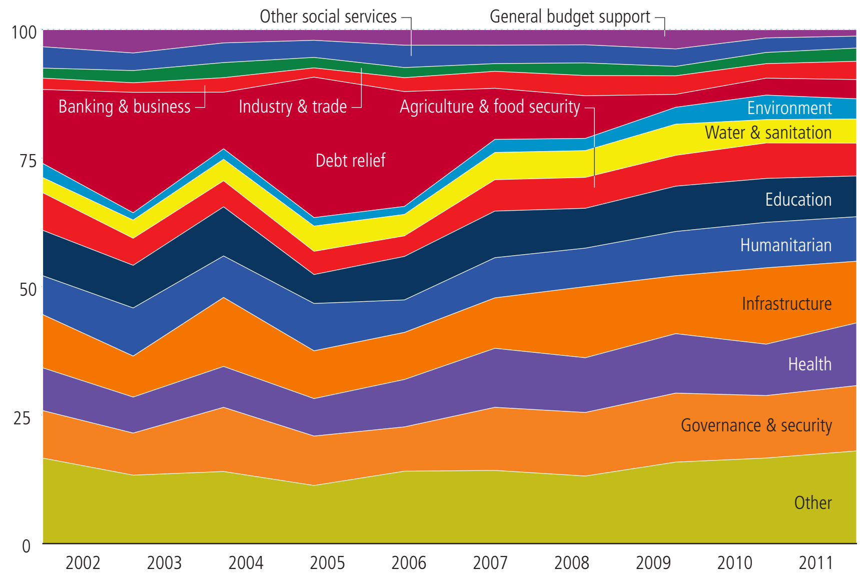
How does the composition and delivery of ODA differ by sector?

Aid can be delivered in different modalities. The appropriateness of

FIGURE 3.8

The largest sectors – health, governance and infrastructure – are also among the fastest growing

Gross bilateral ODA commitments, 2002–2011



Source: Development Initiatives calculations based on data from the DAC Creditor Reporting System.

each modality varies greatly depending on where and how it is used (see Chapters 4 and 5). ODA to sectors with large capital costs, such as infrastructure and water and sanitation, relies substantially more on loans for financing (57% for infrastructure and 46% for water and sanitation) than does ODA to other sectors. ODA to health, education, other social services, agriculture and food security, and humanitarian purposes is delivered almost completely as grants. Equity investments are directed largely to productive sectors (agriculture and food security and industry).

Technical cooperation – delivering ODA through technical expertise and training rather than through finance – accounted for almost 20% of aid to education and 43% when including support to foreign students in donor countries. Technical cooperation is also high in agriculture and food security, at almost 20% of ODA to the sector.

The public sector and multilateral organisations are the primary channels for disbursing most sectoral ODA. ODA to water and sanitation, environment and infrastructure is channelled mainly through donor and recipient governments directly. Core contributions to multilateral agencies provide substantial funding to the health sector, while multilateral agencies and NGOs are the main channels for the disbursement of humanitarian assistance.

Multilateral agencies and NGOs channel most humanitarian assistance, and NGOs are also important for health, agriculture and food security, and governance and security.

Important donors to sectors

The United States is by far the largest donor to health, disbursing more than US$7 billion in 2011 (including aid to reproductive health), 25% of its bilateral aid.[4] Volumes are even larger if its contributions to vertical health funds, such as the Global Fund to Fight AIDS, Tuberculosis and Malaria and the GAVI Alliance, are included. Such funds are substantial disbursers of ODA to health, as is IDA. The United Kingdom was the second largest bilateral donor to health, with disbursements of US$1.5 billion in 2011 (including aid to reproductive health), 17% of its bilateral aid.

France and Germany make the largest disbursements to education, with more than half supporting international students in their countries with ODA (imputed student costs). IDA, the United Kingdom and Japan were also substantial donors to education in 2011.

The United States was the largest donor to the agriculture and food security sector, with disbursements of US$2.2 billion in 2011. And Japan, EU Institutions and IDA each contributed more than US$1 billion to the sector.

The future of ODA

Purpose and vision

The growth of domestic resources and the expansion of other international resource flows mean that ODA now accounts for a decreasing proportion of the total resources available for both promoting development and ending poverty. This changing resource mix, combined with arguments about the effectiveness of aid in promoting these two linked, but distinct, objectives, has led to a popular perception that aid will soon become redundant. However, it is abundantly clear that aid will continue to be needed to both achieve and sustain the end of poverty. The time to make aid history is when we have made poverty history. It is also abundantly clear that aid needs to change and the particular role and contribution of ODA clarified to maximise its contribution to ending poverty in the context of other resources.

It is abundantly clear that aid will continue to be needed to both achieve and sustain the end of poverty

Aid continues to be of great significance to some of the poorest people and the countries – as the High Level Panel noted, aid dollars "are vital to many low-income countries."[5] Total reported ODA to Liberia exceeded government expenditure in 2011; in Rwanda the value of ODA was equivalent to 80% of total government spending. In these countries, ODA continues to fund investments to get girls into school; increase access to treatment for HIV/AIDS, malaria and TB; provide water and sanitation; and support social protection schemes. Overall, ODA remains the largest international resource flow for 43 countries, with 250 million people living on less than $1.25 a day, the majority of which have very low government spending per person.

Aid cannot substitute for the growth that can increase the prosperity of all. The vastly greater resources of the private sector and government are needed to provide the energy, investment and policy environment for broad-based growth. Maximising the impact of these non-aid resources on growth that increasingly benefits the poor – reducing inequality as well as extreme poverty – will be key in the post-2015 financing agenda. While there is evidence that aid can also contribute to growth,[6] the scale of other resources and the evidence on what aid can realistically best deliver suggest that aid should use its comparative advantages for investments that target and benefit the poorest people.

This does not mean spending all aid directly on things that bring immediate benefits to poor people. Aid can be invested locally, nationally or globally but, regardless of where funds are invested, the product must be maximising improvements in the lives of people known to be living in extreme poverty.

Aid can offer support for people to meet their immediate needs, but it can also be transformational. These are not necessarily different poles – with support for fundamental needs, increased security and access to information, people may be able to take on a lot of the transformational work for themselves – education for women and girls would be an example. And innovation often needs to be matched with work on application and implementation if it is to have an impact. Finding the appropriate balance means taking account of the potential of the other resources available and wider political and economic forces. We know that aid can save lives in the short term to a very high degree of certainty. Given this knowledge, those people allocating aid funds face the challenge of explicitly balancing such proximate, probable and short-term poverty benefits against longer term and less certain impacts and need to develop methods to do this (see Chapter 5).

All this suggests that there are opportunities for focusing aid, often in coordination with other sources of finance, on measures designed to ensure that poor people share fully in the benefits of growth and are able to take up the opportunities it creates. Aid has a major role in supporting those who are unable to benefit from such opportunities and whose governments are unable or unwilling to assist. Just as many governments ensure that the most vulnerable people in their own societies are protected from extreme poverty, so the international community should provide a backstop to guarantee the basic well-being of the world's poorest citizens.

True, in the context of other resources, aid has made and will continue to make only a modest contribution to poverty reduction and overall development. But for many of the poorest people reached, this contribution will be life-saving and life-changing. This is the opportunity cost of aid, which – in the context of getting to zero poor people – can provide a frame of reference for aid investment.

Changing the architecture of aid

Aid in general and ODA in particular do not represent only a flow of resources. Their architecture and institutions shape how aid is used and the role that aid plays.

- ODA is an agreement to set aside official funds for development and poverty reduction.
- It is a target for the amount of aid to be provided by each donor.
- It is a set of rules about what can be counted as ODA.

But it is also much more than that. It has become a benchmark to measure a country's contribution to global well-being, poverty reduction and international cooperation. And it often provides the place in government and international institutions for those issues to be raised and discussed.

Of course, ODA is also the product of its history and its institutions. Because of its origins in the Marshall Plan and OECD, it excludes countries that are not DAC members and lacks the inclusiveness and legitimacy of the UN. It is not divorced from national interest; rather, geopolitical interests are clearly very evident in allocations. And while national priorities may be rational for each donor individually, they do not add up to a rational global response. Neither has the aid regime entirely escaped its colonial past, and today many developing countries, even while accepting aid, resent the relationships and inequalities it is seen to embody.

The rules that govern ODA are set by the members of the DAC themselves. They are slow to change, and they err on the side of allowing reported ODA to exceed the effort required by the donor to provide it. But there are also successes – the goal of ratcheting up both quality and quantity has resulted in serious reductions in commercial interests and a sharper focus on poverty and MDG sectors, results and effectiveness. The DAC Peer Review mechanism may exercise only limited influence on donor policy and practice – but that is better than assistance being assessed only by the provider or not at all.

These internal dynamics are small in relation to the massive changes in the external context.

- The volume of other resources for development has roughly quintupled over the past 20 years. Some of these other resources are similarly concessional and often relevant for poverty and development.
- There is a much wider group of providers at the domestic and international levels – official donors from many countries, private organisations, corporations, philanthropists and NGOs. Ending

Aid has become a benchmark to measure a country's contribution to global well-being, poverty reduction and international cooperation

poverty is not the preserve only of providers of ODA.

- The division between 'donor' and 'recipient' is blurred as many countries are both at the same time. The division between 'developed' and 'developing' countries is also blurred as many countries now have a burgeoning middle class living alongside very large numbers of people in extreme poverty.

As the number of countries engaged in international cooperation has increased, so has the value of their giving. Debate is inevitable about whether this assistance should be counted as ODA and how ODA relates to other aid flows. Vocal campaigning on the integrity of ODA has questioned whether some of the items allowed within the current eligibility criteria should continue to be counted as ODA, given their questionable impact on poverty. And austerity measures in several DAC countries have encouraged debate about whether the current ODA definition should be extended to include items now excluded, so that they can be counted towards the 0.7% target.

As a result, both the definition of ODA and the 0.7% target are under greater scrutiny than ever before. For supporters, the debate can be viewed as an opportunity to renew the vision for ODA. But for ODA to remain relevant, its definition needs to go beyond the DAC to include assistance from non-traditional donors. Any new targets should be based on the unique contribution of ODA to the overall financing framework for the post-2015 development goals. And these targets must be relevant to countries at different stages in their own economic and social development.

Several changes could help accelerate progress.

First, existing promises are based largely on the ODA definition, which needs to be reformed. ODA could be explicitly defined in terms of its contribution to ending poverty by adding value to the scale and diversity of other resources and focusing specifically on benefits to people in extreme poverty. The rules for what can count as ODA need to be reformed, to deal with the most egregious issues blamed for overstating the value or concessionality of funding.

Second, the 0.7% target, while crude and in need of updating, is an unusual example of an agreed goal to measure country performance and to hold politicians to account. It continues to be important as a recognition of the profound inequalities in wealth between countries. Although most countries have not achieved it, the target has stood the test of time. It is an asset for the post-2015 discussions on mobilising resources to end extreme poverty (Box 3.1).

Third, the role of other forms of official financing in reducing poverty needs to be recognised alongside ODA. Getting clear, visible evidence on the role of official financing in poverty reduction is the first step.

The drive to meet ODA targets can create incentives to channel activities through mechanisms that count as ODA at the expense of other financing instruments that while not falling within the ODA definition, may be of substantial value to recipient countries. The starting point of any allocation decision should be the impact that is desired in response to an identified need. There are now a wide range of finance instruments within the arsenal of donor governments, including those that blend public and private capital. 'Instrument neutrality,' where the selection of a finance instrument is based on its ability to achieve that

BOX 3.1

Measuring a country's contribution to ending poverty

It is important to measure the contribution of every country to ending poverty, but the complexities of doing so – taking into account measurement and attribution issues – make this unrealistic. A measurement of each country's proportionate contribution to the inputs required is imperfect but better than nothing. Children are still dying of preventable disease, women still die in childbirth everyday, girls are growing up illiterate and children are growing up stunted – all factors resulting in the loss of dignity and the productive potential of a nation, not to mention intergenerational impact on people and their communities.

Given the unmet need and the challenge of getting to zero poor people, it does not make sense to abandon a target that has widespread public recognition. But rather than a target that applies only to DAC members, in the context of the post-2015 agenda, an effort could be made to build on the 0.7% target to develop a simple but meaningful measure of performance that could apply to all countries as the basis for their contributions towards financing global poverty eradication goals. To do that, the measure will need to be based not just on the size of an economy (as at present), but also on the wealth of a country's citizens – contributions to the UN are already calculated on this basis. China and the United States have similar size economies, but it would not be fair to expect China to contribute the same proportion of GNI as the United States when per capita income for the average US citizen is nine times that in China.

impact, not domestic incentives, needs to be encouraged. Overcoming such political pressures will require greater recognition, both by donors and by civil society, of the use of other forms of official financing, and that requires an evidence base of how such instruments can end poverty.

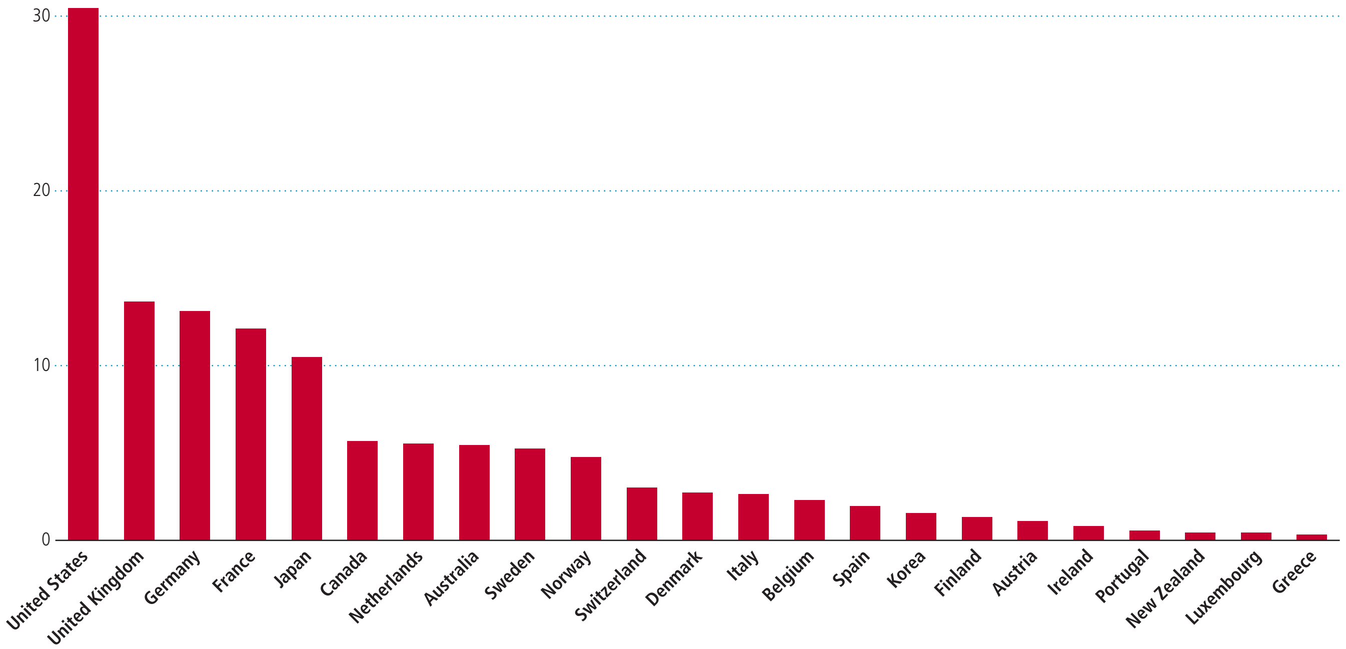
Fourth, wider resources not currently counted as ODA need to be recognised. The first step here is to make them visible. These include official flows of all sorts: finance related to climate and security, commercial investments and all of the national effort outside government, by NGOs, foundations and private contributions and initiatives. The role of the private sector is likely to be increasingly important, so better measures of the contribution that private sector companies are making to end poverty are important. Publishing information on these resource flows in line with the common, open standard developed by the International Aid Transparency Initiative would enable widespread access to the information. Whether targets are set for some of these flows, greater visibility and transparency will increase scrutiny of both the pledges and the performance of politicians, governments, business leaders and businesses and enable different resources to be used together to achieve faster progress towards the end of poverty.

For all its shortcomings, ODA can justifiably be described as an unusual example of 'moral vision in international politics,'[7] a concrete instance of international cooperation. It is a global public good, albeit with an architecture that needs to be modernised and practices that need to become more inclusive and transparent. But we also need to capitalise on its place in government and the international community as a focus for attention and shared action on global well-being and the drive to achieve, and then sustain, the end of poverty.

How much ODA do DAC donors provide?

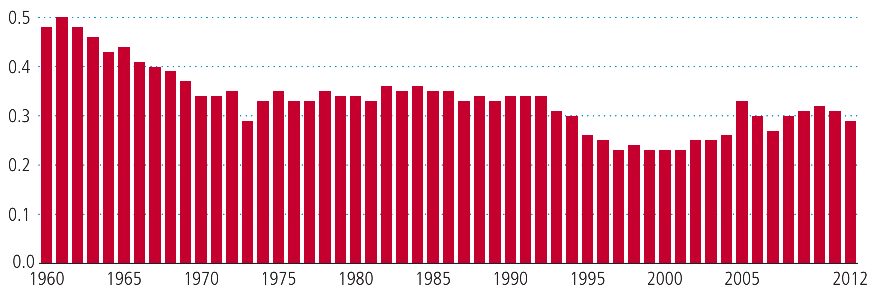
The five largest donors, all members of the G8, accounted for more than 60% of ODA in 2012

Net ODA, current US$ billions, 2012



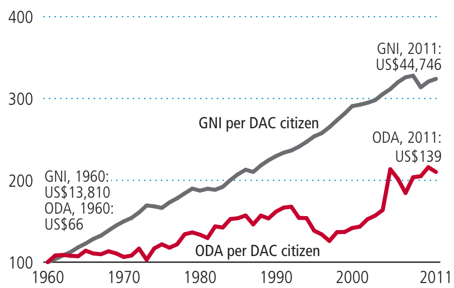
Total ODA as a share of GNI has fallen since the 1960s

% of GNI, 1960–2012



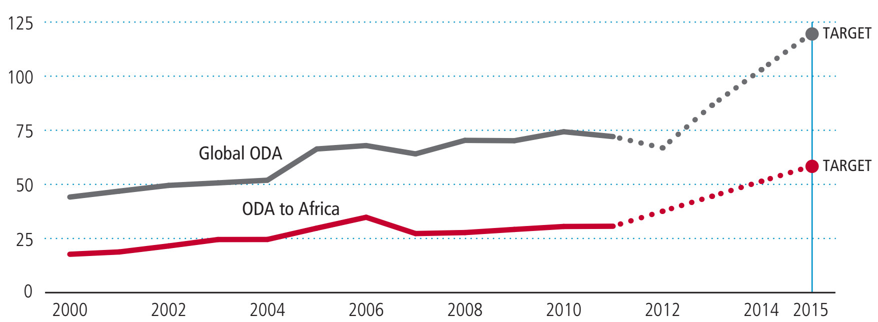
The gap between ODA from DAC countries and their economic growth continues to widen

Index, 1960 = 100



EU donors need to rapidly increase ODA if they are to meet their global targets

2011 US$ billions, 2000–2015

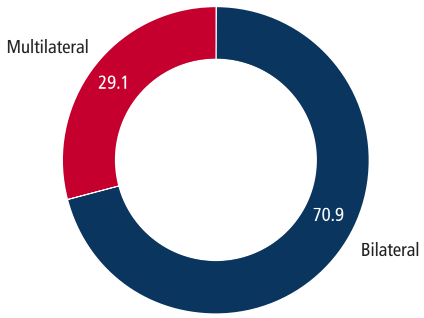


Some donors have not set targets for ODA. Some of those who have are a long way from meeting them

Bilateral and multilateral ODA

Bilateral donors decide how most ODA is used; multilateral agencies determine a smaller proportion

% of net ODA, 2012



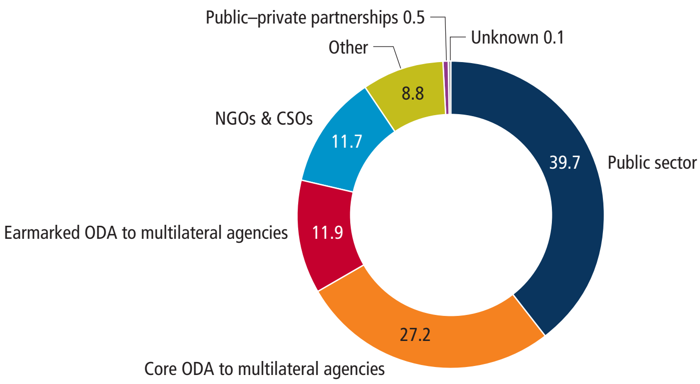
The five largest donors – the US, the UK, Germany, France and Japan – collectively give much more ODA than the other 18 DAC members combined. Although the US and Japan are among the largest donors, they are some of the least generous in terms of aid as a proportion of GNI. Most countries have set targets for ODA spending, with EU countries committing to 0.7% of national income as ODA by 2015. However, only a handful of countries have achieved their goals, and many countries face a wide gap between current ODA and the amount they have committed to give by 2015.

Multilateral ODA – ODA given as unearmarked contributions to international bodies – accounts for almost 30% of ODA spending by DAC members. However, the split between bilateral and multilateral aid varies widely across donors. EU members tend to give a larger proportion of multilateral aid, because a proportion of their contributions to the EU is used for developmental purposes and is thus included in ODA. Italy and Greece, two EU members with relatively small bilateral aid programmes, give mostly multilateral ODA. ODA to multilateral agencies that is earmarked for specific projects or activities is not classified as multilateral ODA but as bilateral ODA channelled through multilateral implementation partners.

Most ODA spending is implemented by public bodies (government agencies of either the donor or recipient country) or by multilateral bodies. NGOs, CSOs and other actors (including academic and research organisations and the private sector) implement a much smaller share of ODA spending.

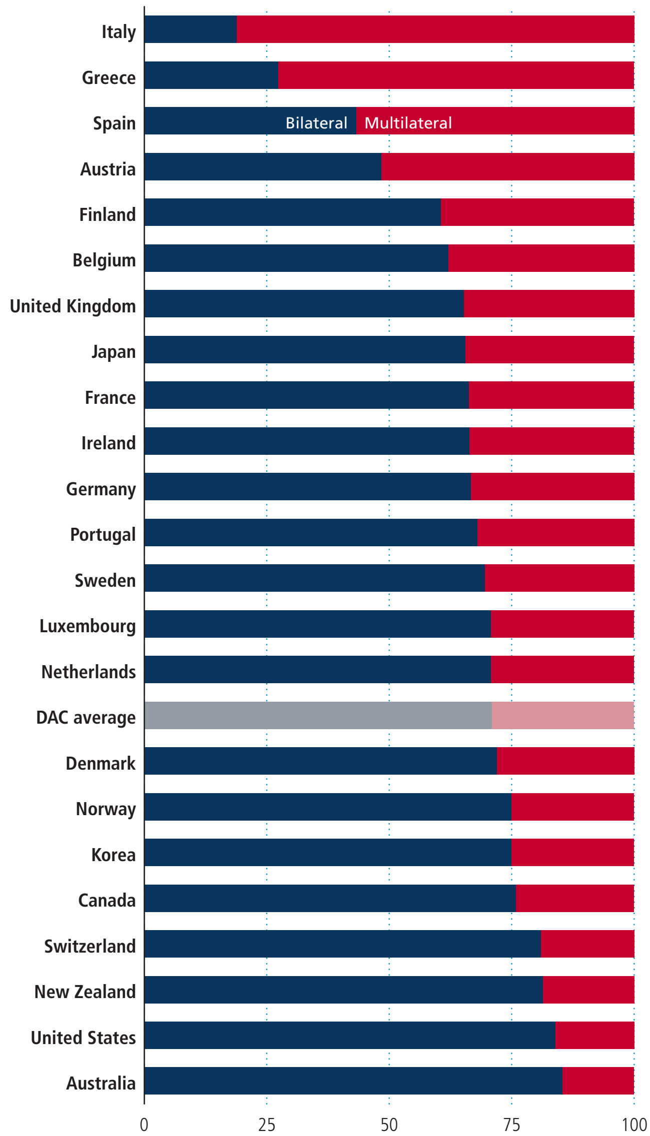
Multilateral agencies control about the same amount of ODA as government agencies

% of gross ODA, 2011



There are wide variations in the proportion of ODA given via multilateral agencies by different donors

% of net ODA, 2012



Almost 80% of ODA is channelled through the public sector or through multilateral bodies

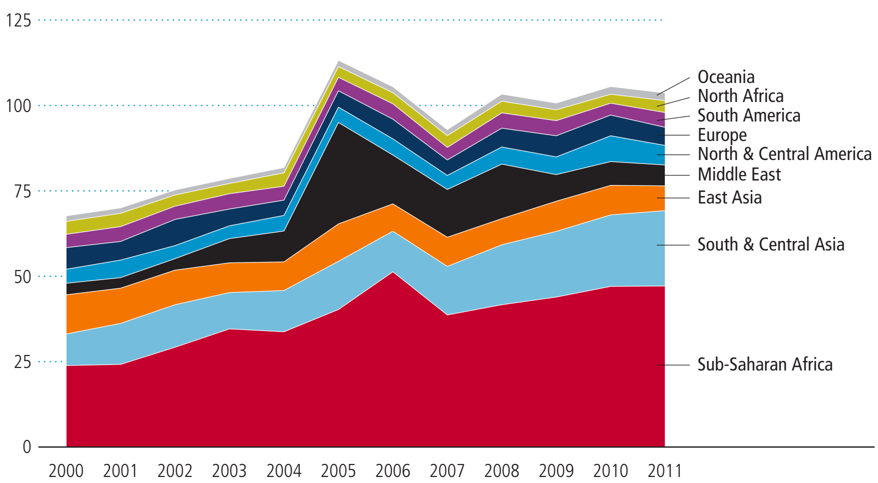
Where is aid spent?

Sub-Saharan Africa receives more ODA than any other region. South and Central Asia is the second largest recipient, though the Middle East and North Africa received the second largest share in 2005 due to debt relief for Iraq.

Substantial amounts of aid go to countries with large numbers of people living in poverty. However, a sizeable amount of aid goes to countries with very little poverty.

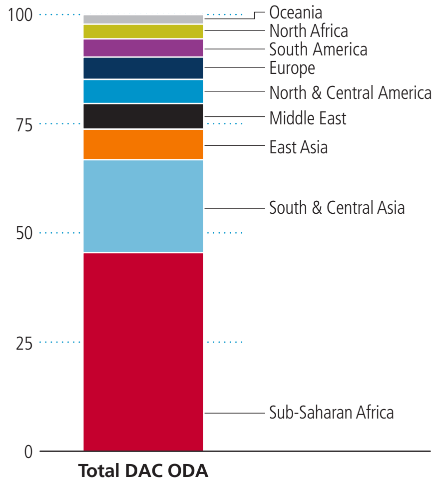
ODA to sub-Saharan Africa and South and Central Asia has risen in recent years; ODA to the Middle East and East Asia has fallen

2011 US$ billions, 2000–2011

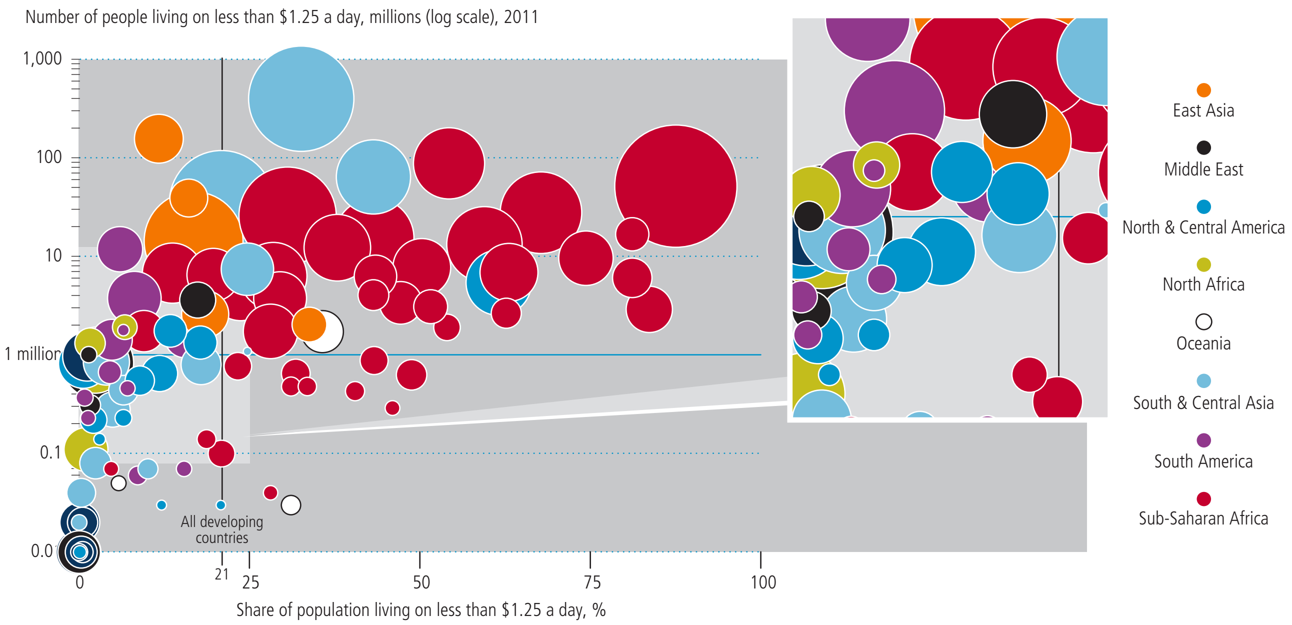


Sub-Saharan Africa is the largest regional recipient of ODA, receiving more than twice as much as South and Central Asia, the second largest, in 2011

% of net ODA, 2011

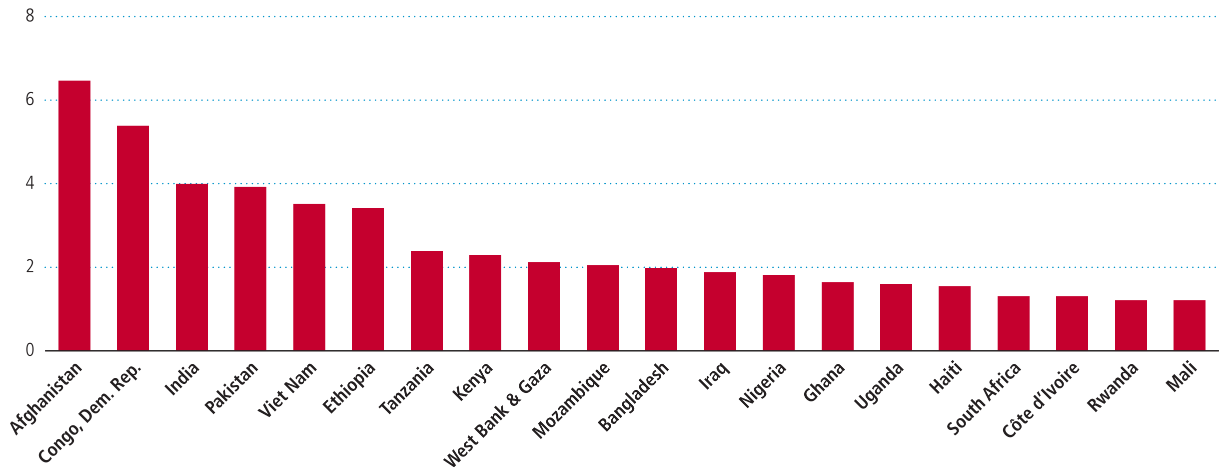


Some large recipients of ODA have relatively small proportions of their population living in poverty



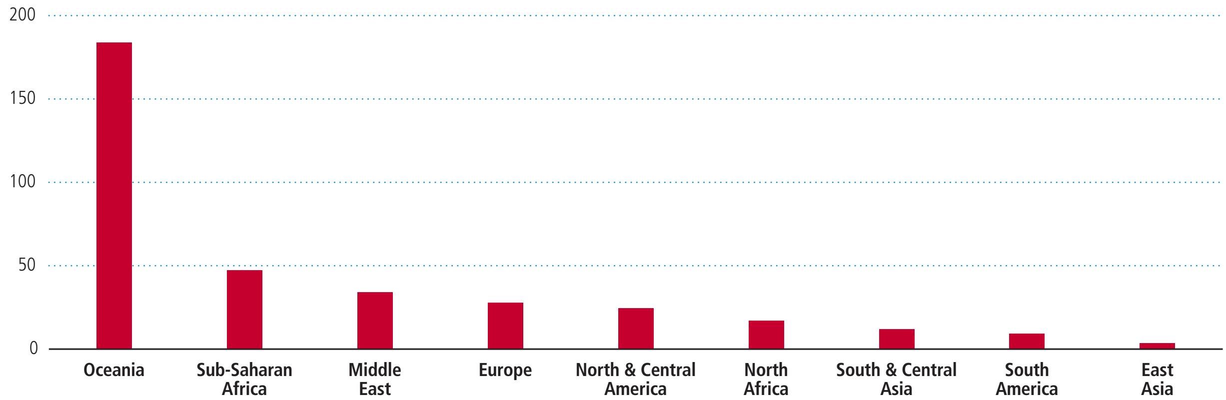
Afghanistan was the largest recipient of net ODA in 2011; more than half of the 20 largest recipients were in sub-Saharan Africa

US$ billions, 2011



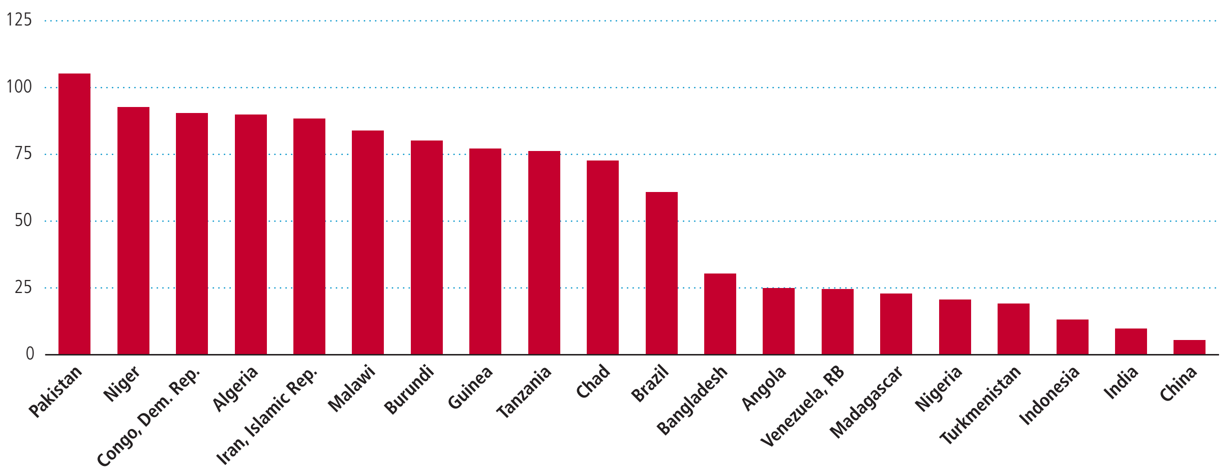
Developing countries in Oceania receive more than US$180 per person in net ODA

US$, 2011



China and India receive the lowest amount of net ODA per poor person

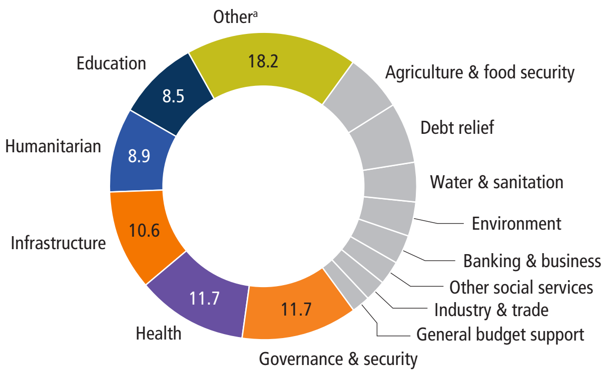
US$, 2011



How is aid spent in each sector?

Health, infrastructure, and governance and security received the most funding in 2011, each accounting for more than 10% of the total

Gross bilateral ODA by sector, % of total, 2011

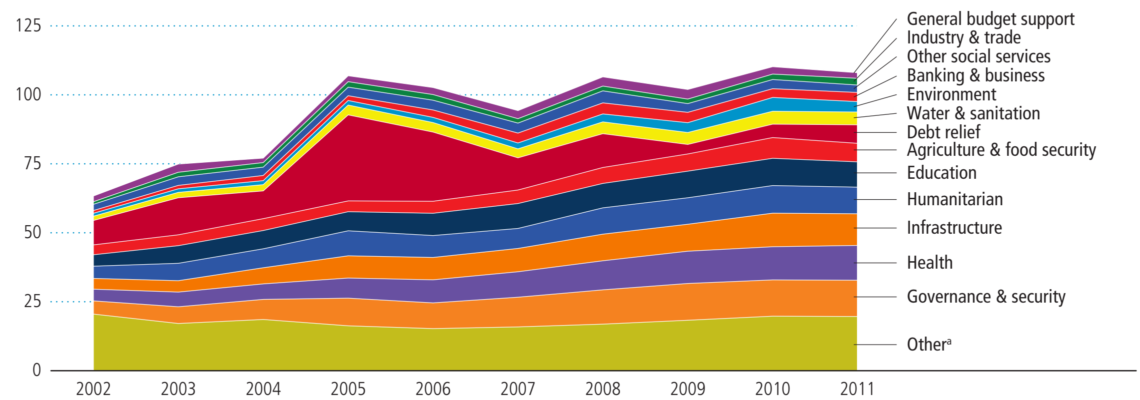


The three largest sectors account for more than a third of ODA. General budget support from DAC donors fell from US$3.5 billion to just over US$2 billion between 2009 and 2011

a. Includes multisector ODA, administrative costs, support for refugees in the donor country and unallocated or unspecified ODA.

ODA to most sectors has grown over the decade; debt relief has fallen

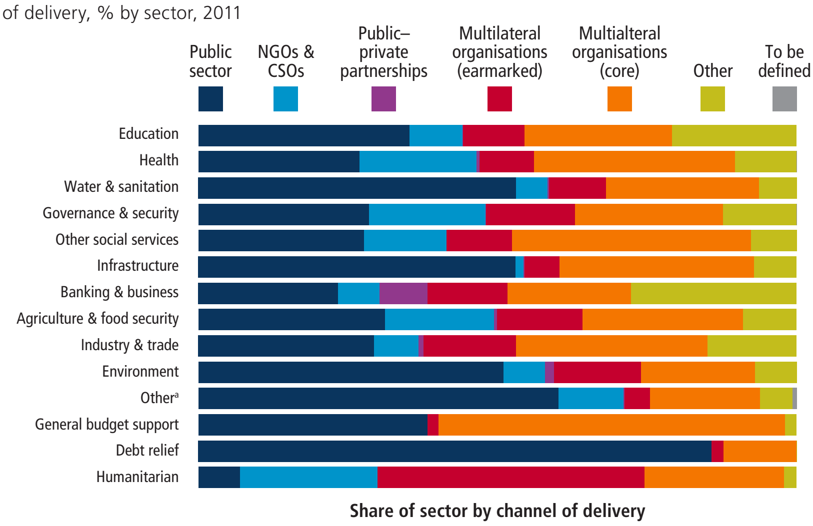
Gross bilateral ODA by sector, US$ billions, 2002–2011



a. Includes multisector ODA, administrative costs, support for refugees in the donor country and unallocated or unspecified ODA.

The choice of implementing agency varies by sector

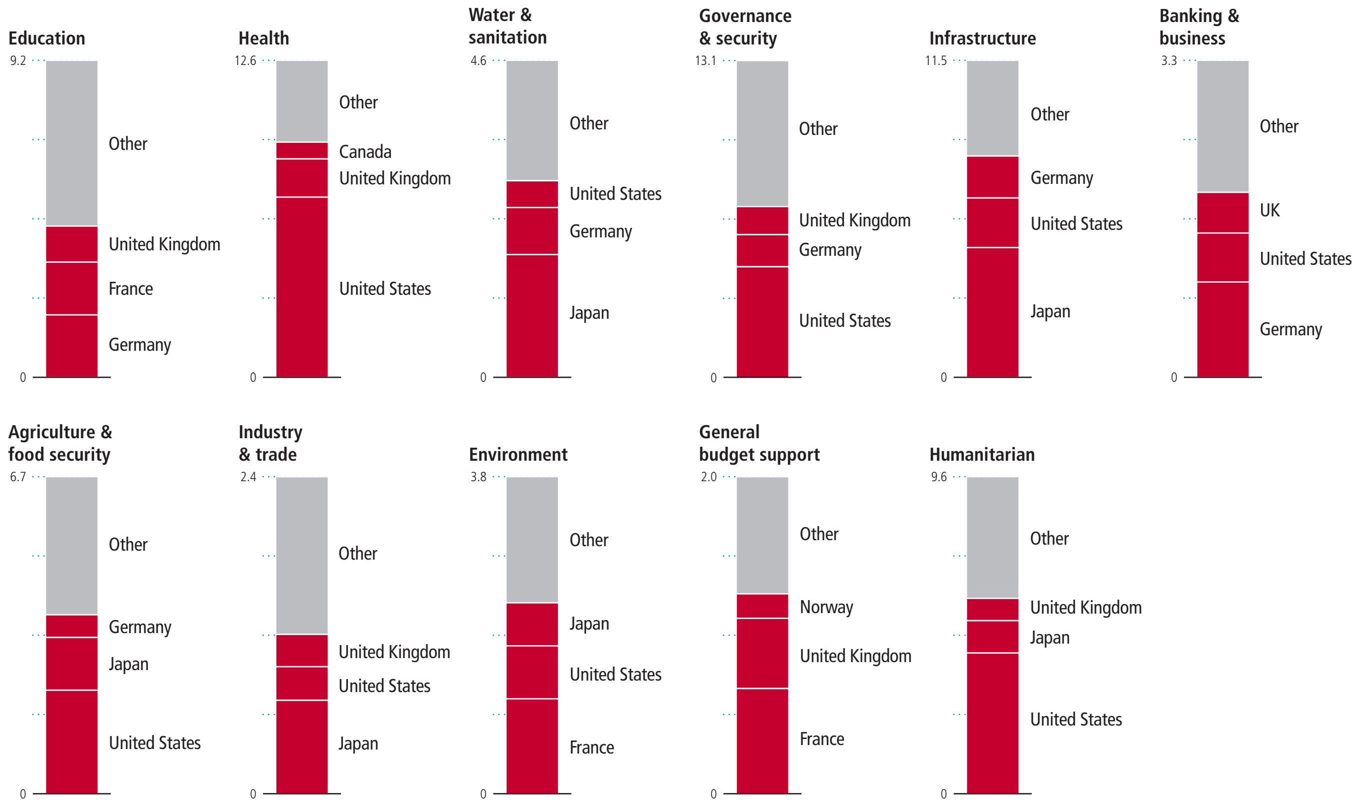
Gross bilateral ODA by channel of delivery, % by sector, 2011



a. Includes multisector ODA, administrative costs, support for refugees in the donor country and unallocated or unspecified ODA.

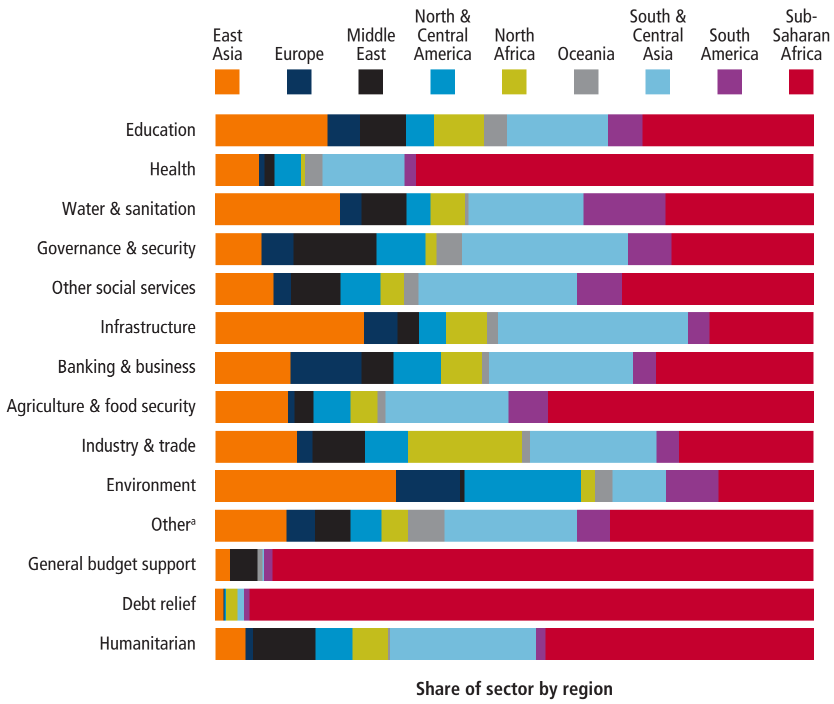
In most sectors the three largest donors account for more than half of ODA

US$ billions, 2011



ODA to health, general budget support and debt relief is concentrated in Africa; ODA to environment and infrastructure is more common in Asia

Gross bilateral ODA by destination region, % by sector, 2011



a. Includes multisector ODA, administrative costs, support for refugees in the donor country and unallocated or unspecified ODA.

Although more ODA goes to Africa than to any other region, investments in Africa's infrastructure, industry and environment are less than those in South and East Asia's

Notes

1. For more detail on aid-qualifying criteria, see OECD (2008).
2. Finland met the target for one year in 1991. The Netherlands looks set to fall below 0.7% in 2013 following substantial cuts in ODA.
3. This section considers gross ODA. Information on sectoral ODA is available only in gross ODA terms. Figures are also for commitments rather than disbursements because trend data is more accurate. Commitments record the total value of the project in the year the commitment is made. This differs from disbursements, which represent actual spend for each year.
4. Figures in this section refer to gross ODA disbursements.
5. United Nations 2013, p. 5.
6. Clements and others 2004.
7. Lumsdaine 1993.

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4

Unbundling aid

- There is a lack of understanding about what aid is. Large headline figures are presented as if aid is entirely a cash lump sum passed directly from donor to recipient.
- Aid is a bundle of different things. Some of it is money. Some is food and other goods. Some is people: the costs of consultants and staff providing technical advice and training.
- Not all aid is transferred to developing countries. Some parts of the bundle never leave the donor country – debt relief, the costs of developing-country students and of supporting refugees in donor countries and development awareness.
- Developing countries do not always receive what donors report as allocated. The headline amount of aid reported as disbursed by donors (which includes investment in global public goods) is much bigger than the actual amount over which developing country governments have control and can directly administer in-country.
- The type of aid given affects the impact it delivers. The different parts of the aid bundle, controlled by a wide range of governments and agencies, have different impacts on poverty. A dollar spent on food aid will have markedly different economic effects from a dollar spent on debt relief or a consultant based within a ministry.
- We need to unbundle aid to use it effectively. To understand and use aid effectively, we must start by unbundling it and deploy different aid instruments to get the maximum value for poverty reduction from every aid dollar.

A debate over aid has raged for many years. Is it effective or ineffective? Does it create more problems than it solves? Should the whole notion of aid be abandoned in favour of political or market-based measures, or does it have a unique role in ending poverty?

Various analyses of aid are sometimes accompanied by impressive-sounding statistics on its scale. For example, "In the past fifty years, over $1 trillion in development-related aid has been transferred from rich countries to Africa…the recipients of this aid are not better off as a result of it."[1] And for another example, "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."[2]

Most readers would assume that the US$1 trillion and US$2.3 trillion in the quotes above referred to money that had actually been transferred. But the words 'transferred' and 'spent' are misleading. Why? Because a large part of aid is not transferred to developing countries. And some aid that is transferred is not money; it is sent in the form of goods and services, with their reported monetary value determined by donors.

Know what is given, know what is measured

Aid statistics have never really measured the value of resources that developing countries have received. Instead, they are closer to an account of how much donors are giving, supposedly based on how much it costs to provide assistance. But the most widely used method for counting aid, using the Organisation for Economic Co-operation and Development (OECD) Development Assistance Committee (DAC) guidelines, does not accurately measure donor expenditure or the worth of the money and goods transferred to recipients.

Despite this fact, most assessments of aid – particularly macro-level reviews such as the effect of aid on the economic performance of developing countries – are based on donor-sourced figures. These assessments also routinely treat aid as a homogeneous resource. The approach inevitably reduces the usefulness of such studies because it implicitly assumes that a dollar of cash transferred to a developing country has exactly the same economic effect on poverty and development as a dollar of debt relief, a dollar of food aid, a dollar of a consultant's time, a dollar spent on a conference in the North or a dollar spent on donor administrative costs.

This leads to misleading conclusions about the impact of aid. Analysis of the detrimental macroeconomic side-effects of aid is one example. One argument is that large aid inflows to a poor country can push up inflation, systematically reducing a country's export competitiveness – the so-called Dutch Disease.[3] But most such assessments use total reported official development assistance (ODA; sometimes expressed as a percentage of the recipient's GNI) – not how much foreign finance actually enters the country, the key mechanism in Dutch Disease – as the measure of aid.

Such economic assessments should count only actual transfers to the recipient country and allow for the differing macroeconomic effects of aid in the form of money and aid in the form of, say, food or other goods. Why? Because, in terms of volume, the difference between total reported ODA and how much a country actually receives can be substantial. For example, more than US$5 billion of aid reported as being given to the Democratic Republic of Congo in 2011 was not transferred to that country.

Similarly, discussions of aid dependency and the need to reduce it typically focus on the ratio of total aid to the size of the recipient country's economy. Again, this fails to consider that the composition of aid to one country may be very different from that to another – even though the two may experience, on the face of it, similar levels of 'aid

BOX 4.1

Country programmable aid: an alternative measure

The OECD acknowledges long-standing criticisms that its measurement of aid includes many things that do not actually transfer resources to developing countries. In response, it introduced country programmable aid (CPA) in 2007, a new measure of aid intended to represent "the portion of aid on which recipient countries have, or could have, a significant say."[1]

CPA therefore removes the following categories from ODA: debt relief, humanitarian aid, in-donor costs (including administrative costs, student costs, refugee costs and development awareness spending), aid through NGOs and local governments, geographically unallocated aid and aid not from donors' main agencies.

Although CPA recognises that much aid does not transfer resources to developing countries (by excluding some aid that does not entail cross-border flows), it is not a substantially better guide to *resource transfers* than ODA is. CPA excludes some types of aid that actually involve a resource transfer, such as humanitarian aid, aid through local governments (because they are not part of cooperation agreements between governments) and food aid (even if the food aid is purchased within the developing country). Further, CPA does not differentiate between aid given as cash and aid given in kind as technical cooperation or goods. For these reasons CPA does not provide a true picture of the amount of aid transferred to developing countries or the form in which it is transferred and is not used in this report as the basis for analysing aid.

Note

1. Benn, Rogerson and Steensen 2010, p. 1.

dependency' according to summary indicators.

That is why we need a different way of analysing aid – one that takes into account the many types of aid and the differing impacts they can have on poverty in varying places and circumstances. When counting aid to developing countries, we should not include elements that do not transfer resources, such as spending on refugees or students in donor countries. When analysing the macroeconomic effect of aid, we should start with aid that results in a transfer and then differentiate between aid transferred as cash and aid transferred as goods and services.

We need to do this because:

- It supports a true assessment of the impact of aid – we know exactly what we are assessing.
- It adds transparency to discussions of aid and improves understanding of how aid disbursements reported by donors relate to aid receipts recorded by developing-country governments and in the financial records of developing-country nongovernmental organisations (NGOs).
- It improves accountability by allowing a more meaningful assessment of donor efforts to meet their aid commitments, such as 0.7% of GNI.
- And most important, the people in whose name aid is being spent need to know exactly what resources are supposed to be available so they can make best use of them and hold providers to account.

What counts as aid?

To discuss the various disparate elements that make up aid, it helps to know the rules that cover what donors can count as aid. These rules are set by the donors themselves in the DAC, which defines ODA as flows from donor governments and their agencies to countries and territories on the DAC List of ODA Recipients and to multilateral development institutions.[4] To qualify as ODA these flows must:

- Be administered with the promotion of the economic development and welfare of developing countries as their main objective.
- Be either a grant or a concessional loan (loans must have a grant element of at least 25%; see below).

The resource flows covered by this definition need not be money. Flows of food or other goods and flows of advice and training (usually referred to as technical assistance), some administrative costs associated with donor aid programmes and other costs of supplying non-monetary aid (such as the cost of shipping food aid and the travel and accommodation costs of consultants, staff and implementing organisations) are also included as ODA. These components yield different economic effects in recipient countries, so it is imperative to understand the composition of aid as a precondition to assess the effect, and indeed effectiveness, of aid.

Several elements that fall within the definition of ODA do not actually transfer any resources to developing countries:

- **Debt relief.** Donors may count cancelled or rescheduled existing debt as ODA even though no new transfer of resources is involved.
- **Student costs.** Donors with students from recipient countries in their universities may count part of their public spending on universities as ODA if the university system does not charge fees or the fees are deemed not to cover the full cost of tuition.
- **Refugee costs.** Donors may count as ODA the cost of housing, feeding and other services for the first 12 months of the refugees' stay.
- **Promotion of development awareness.** Donors may count as ODA the funding of activities within the donor country designed to increase public support for, and awareness of, development cooperation needs and issues. This support and awareness can be considered a global public good.

Unbundling is essential – a dollar of cash and a dollar of expert advice are not the same thing

How much aid is actually transferred to developing countries?

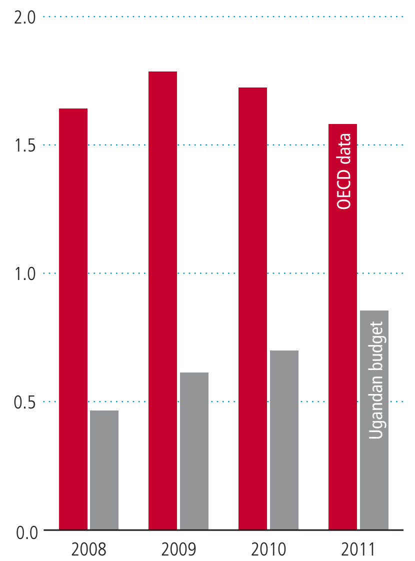
Including debt relief, administrative costs, transaction costs (such as shipping costs of food aid) and spending within the donor country means that official aid statistics are effectively a guide to the costs donors incur in development-related activity. While there is some validity in measuring aid from this perspective, the statistics are a poor guide to the actual resources transferred to poor countries.

The truth is that we do not know exactly how much aid is actually transferred to developing countries – in whatever form. The volume of aid that donors reportedly disburse (recorded by the DAC) typically exceeds the aid reported as received by recipient governments in their own records – and by some margin (Figure 4.1). For example, during 2008–2011 the net foreign assistance counted in Uganda's resource envelope was less than two-fifths of the net ODA that donors reported to the DAC.[5]

FIGURE 4.1

Aid reported for Uganda greatly exceeds aid recorded as received

US$ billions, 2008–2011



Source: Development Initiatives calculations based on DAC data and data from Ugandan budget documents.

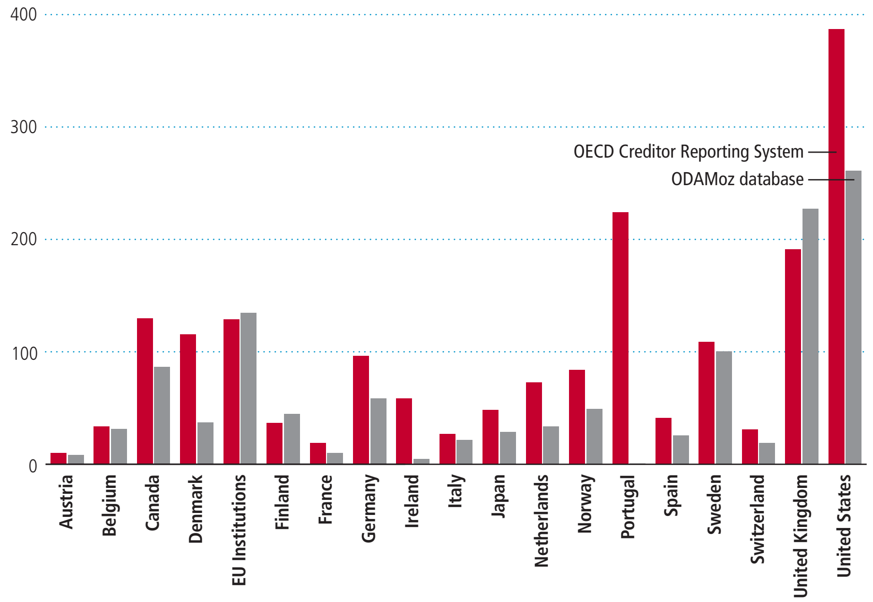
One reason for such discrepancies is that aid does not always go through the recipient country's budget. It may be disbursed directly to projects under the control of NGOs, multilateral bodies or private organisations. In some cases it may be disbursed within a country without the government's knowledge. But this alone does not explain the discrepancies. For example, donors reported more than US$1.8 billion in aid to Mozambique in 2011, but the in-country ODAMoz database that captures all aid inflows, not just those through the government, recorded less than US$1.2 billion, a discrepancy of more than US$600 million (Figure 4.2).

Recipient countries need to know how much aid is coming into the country in order to effectively manage the economy and coordinate aid and government resources. This is becoming more urgent as the range of available domestic and international resources increases, leading to the need for aid to focus on its comparative advantages (see Chapter 2).

FIGURE 4.2

Aid reported for Mozambique exceeds aid recorded as received in Mozambique both on and off budget

US$ millions, 2011



Note: Includes only donors that appear in both the DAC and ODAMoz databases.

Source: Development Initiatives calculations based on DAC data and data from the ODAMoz databases.

Macroeconomic planning with misleading information on aid disbursements is no easy task, as highlighted by Kampeta Sayinzoga, Rwanda's Permanent Secretary to the Ministry of Finance. "Because we do not know the value of project support given to Rwanda, we had to use a guesstimate in Rwanda's macroeconomic framework – a meaningless number."[6]

To get more value from aid, recipient governments need to know how much has been transferred and in what form. Without unbundling aid, it is impossible for governments to know what they have to spend or how to spend it.

The aid bundle – what aid is really made of

Aid flows are usually reported and analysed as if they were homogeneous transfers of cash rather than a broad mix incorporating a wide range of different elements. What are these elements? And how much is money, both grants and loans? How much is in-kind transfers such as food, commodities and expert advisors? How much is support for projects that combine both cash and in-kind components? How much is spent on administrative costs, students or refugees within donor countries, and how much is spent internationally on global public goods (GPGs; Box 4.2) or to support the work of Northern NGOs (NNGOs)?

Before value judgments can be made about the best use of different types of aid in different circumstances, we must understand what volumes of funding are involved and how they are spent (Figures 4.3 and 4.4 and Table 4.1). The aid bundle varies widely across donors, sectors and countries – variations described more fully in Part 3.

BOX 4.2

Global public goods: not directly transferred, but large potential benefit

ODA invested in GPGs is an element of the aid bundle that transcends geographic borders. The World Bank defines GPGs as "commodities, resources, services and systems of rules or policy regimes with substantial cross-border externalities that are important for development and poverty-reduction, and that can be produced in sufficient supply only through cooperation and collective action by developed and developing countries."[1] They include a wide range of activities – from research into tropical diseases or drought-resistant crops to organisations working to reform international trading laws and practices.

ODA spending on GPGs is a special form of aid that is neither transferred directly to recipient countries nor necessarily spent within the donor country. Although it confers no immediate or direct benefits to targeted people in specific countries, the longer term benefits to those people and places can be enormous. And when investing in GPGs, donors should still know who is likely to benefit and where they are (see Chapter 5).

Precisely determining whether any given aid disbursement is used for developing or providing GPGs is not easy. Unlike most other forms of aid, the standard aid data sets do not have a specific aid type, code or marker that identifies spending on GPGs. So estimates vary – ranging from 3.7%[2] to 25%.[3]

A conservative measure of financing directed to GPGs includes contributions to international research bodies and to specific-purpose programmes and funds managed by international organisations and not directed to a specific country or region. This approach yields a figure of around 4% of ODA – or US$6 billion (Box figure 1). This may well underestimate spending on GPGs, but the ODA data makes it difficult to produce a higher estimate with any certainty. Also, GPGs receive funding from non-ODA sources such as foundations and corporate giving.

Health is the largest recipient sector of ODA spending on GPGs, driven by research programmes and global initiatives to combat or eradicate specific diseases such as polio. Education-related GPGs are boosted by funding for global initiatives such as the Education For All movement. Aid to GPGs related to governance and security reflects support for global policy research and work on specific issues such as gender equality.

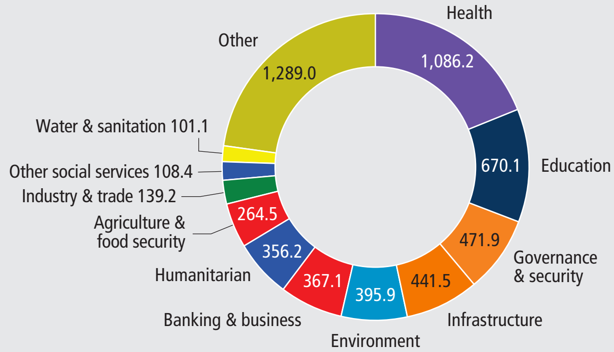
Notes

1. Development Committee 2000, p. 2.
2. Anand 2002.
3. Raffer 1999.

BOX FIGURE 1

ODA for global public goods by sector

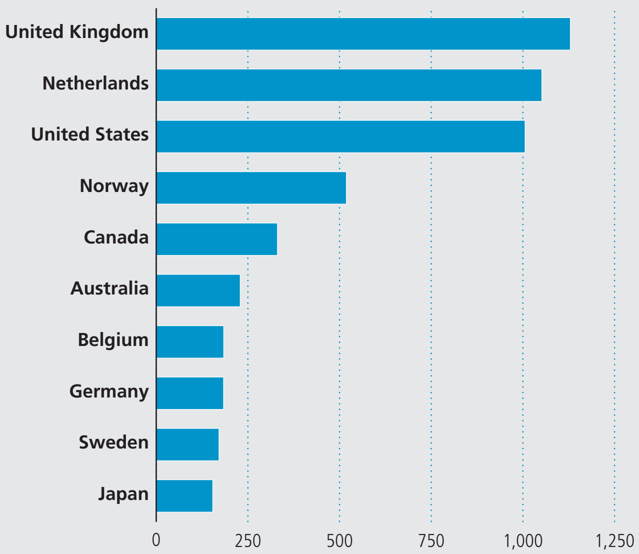
US$ millions, 2011



BOX FIGURE 2

Largest donors of ODA for global public goods

US$ millions, 2011



Source: Development Initiatives calculations based on DAC data.

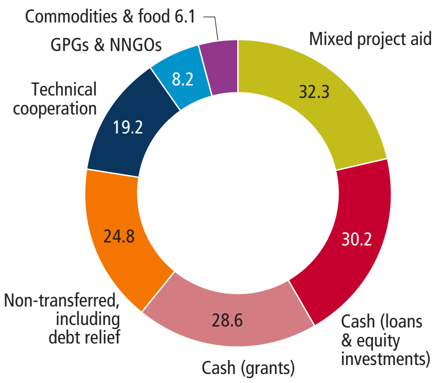
Unbundling ODA in this manner reveals the diverse ways that aid is delivered – and becomes even more relevant when viewed from a recipient-country perspective. For example, Sierra Leone received US$408 million in aid in 2011, according to DAC statistics. But what it got was a bundle: US$181 million in cash grants, US$48 million in loans, US$82 million in cash and in-kind transfers to support specific projects, US$35 million in food and other commodities, US$48 million in people and expertise and US$10 million invested on its behalf in GPGs, development education and NGOs; US$3 million was spent within donor countries on administrative costs, student costs and similar items.

Analysing aid as a heterogeneous mix also reveals differences in how donors operate their aid programmes. For example, Denmark and Italy each reported giving just over US$2 billion in bilateral ODA in 2011. More than two-thirds of Denmark's aid was transferred to developing countries as cash grants, cash loans, project support or technical assistance. By contrast, more than two-thirds of Italy's aid, mainly debt relief or housing refugees in Italy, did not transfer any new resources to developing countries (Figure 4.5).

FIGURE 4.3

Unbundling aid in 2011

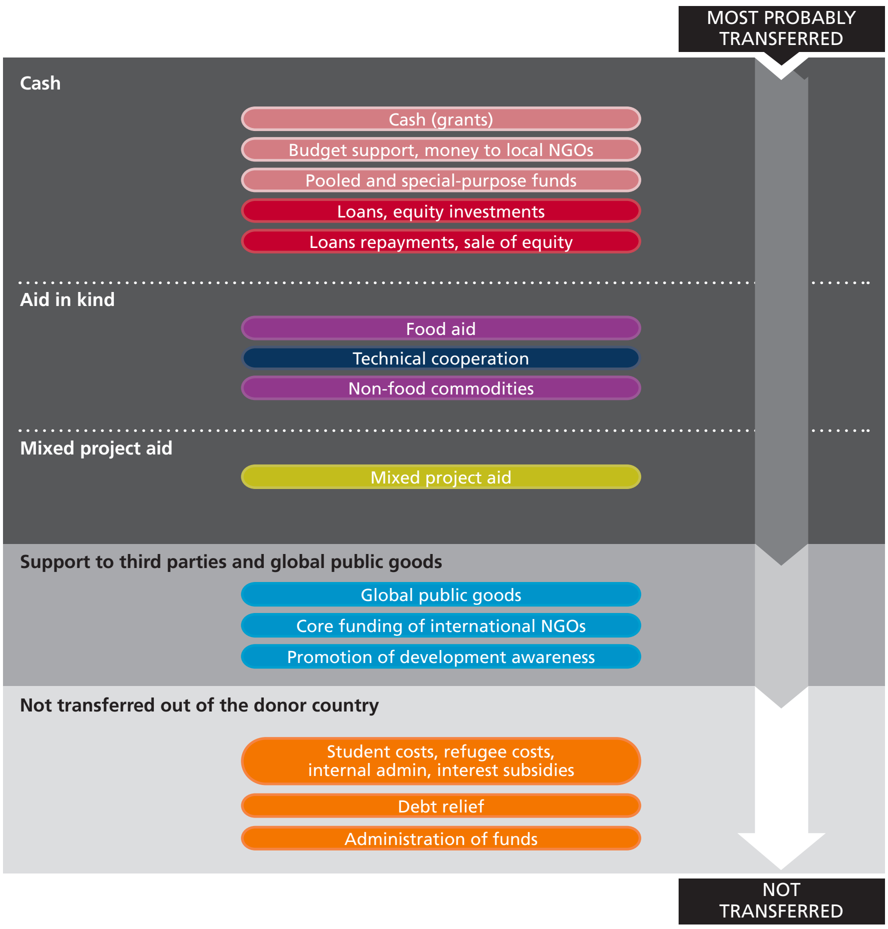
Bilateral and multilateral disbursements US$ billions, 2011



Source: Development Initiatives calculations based on DAC data.

FIGURE 4.4

The aid bundle



Source: Development Initiatives.

Knowing how much aid has been transferred is also vital for meaningful policy debate. For example, ending aid dependency has become a much-voiced concern from both recipient and donor countries. Whether a country is described as dependent on aid is conventionally determined by the amount of aid the country receives compared with the overall size of its economy. But what type of aid is being discussed? And are summary ODA/GNI ratios an appropriate indicator when aid has so many different elements? For example, Afghanistan, the Solomon Islands and Togo, three countries with similar aid dependency at 35%, 43% and 36% of ODA/GNI respectively, receive vastly different amounts of cash (Figure 4.6). The aid dependency of Afghanistan, with US$2.4 billion and 36% of ODA in cash, is very different from that of the Solomon Islands, with aid overwhelmingly delivered as people and expertise. The difference is even more marked in Togo, where the bulk of reported aid never gets anywhere near the country. Clearly, a recipient country is unlikely to be dependent on aid that is not transferred.

Unbundling aid presents very different pictures for the six largest recipients

In 2011 donors reported almost US$7.5 billion in disbursements to the Democratic Republic of Congo and US$3.5–6.5 billion for each of the five next largest recipients of ODA (Figure 4.7). But the composition of the disbursements reveals considerable contrasts (Figure 4.8).

TABLE 4.1

What is inside the aid bundle?

Type of aid	Description	Volume in 2011 (US$ billions)	Change from 2010
CASH			
Budget support grants	General budget support is a completely unearmarked cash contribution to recipient government budgets, to be spent at the discretion of the recipient governments. Sector budget support is a financial contribution to recipient government budgets where donors specify the sector (such as health or education).	9.643	↓
Core support to local NGOs	Money to NGOs to be spent at the discretion of recipient organisations.	0.225	↓
Pooled and special purpose funds	Aid disbursements where donors contribute funds to an autonomous account, managed jointly with other donors or recipients. Donor contributions in cash to funds, managed by international organisations, with a sectoral, thematic or geographic focus.	7.914	↑
Other cash grants*	There is no unique DAC code for 'cash grants'. Other cash grants include projects whose CRS descriptions imply that aid to these projects is in the form of money, plus large grants from multilateral development banks. This is most probably an underestimation.	10.783	↓
Loans	Loans to developing countries from donors on terms agreed by the DAC as meeting the criteria for concessional finance.	28.451	↓
Equity investments	Equity investments from donor agencies in developed countries, not made to acquire a lasting interest in an enterprise.	1.7	↑
IN KIND			
Food aid	Aid in the form of a direct supply of food. The food may be purchased in or near recipient countries or shipped from donors. The cost of shipment is included in the donor valuation of food aid.	4.688	↓
Technical cooperation	The direct supply of experts, consultants, teachers, academics, researchers, volunteers and so on by donor agencies.	19.190	↓
Non-food commodities	The supply of non-food items, either capital goods or such consumables as oil. This may include export credits covering the supply of such items.	1.447	↑
MIXED PROJECT AID			
Mixed project aid	Aid transferred to specific projects as a combination of cash and in-kind resources. Available data on aid in this category is not detailed enough to separate cash and in-kind elements.	32.284	↑
CORE SUPPORT TO THIRD PARTIES AND GLOBAL PUBLIC GOODS			
Core support to Northern NGOs	Similar to core support to local NGOs, but based in donor countries, so the first transfer of cash takes place within the donor countries.	2.014	↓
Global public goods	Spending on GPGs, the benefits of which are shared worldwide (at least potentially). Examples are research on disease prevention or the production of drought-resistant crops.	5.691	↓
Promotion of development awareness	The funding of activities within donor countries designed to increase public support for, and awareness of, development cooperation needs and issues.	0.496	↑
NOT TRANSFERRED OUT OF DONOR COUNTRY			
Debt relief	Debt forgiveness and debt rescheduling on both the original debt and any accumulated unpaid interest.	7.695	↓
Administrative costs	Administrative costs not associated with the delivery of a specific project.	8.155	↑
Students in donor countries	The cost associated with students from developing countries in the universities of donor countries.	3.634	↓
Refugees in donor countries	The cost of housing and feeding refugees from developing countries within donor countries.	4.533	↑
Interest subsidies	Subsidies paid from donor governments to private companies in the donor countries in return for the companies softening the terms of loans to developing countries.	0.086	↑
Other spending within donor government*	Spending channelled through donor governments and spent within donor countries excluding the above categories.	0.677	↓

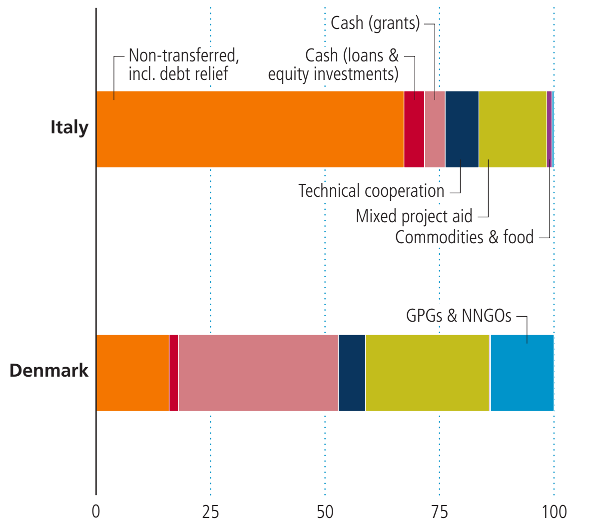
* Category created by Development Initiatives reflecting internal calculations based on CRS data

Source: Development Initiatives.

FIGURE 4.5

Headline figures show that Italy and Denmark each gave US$2 billion in ODA in 2011; unbundling shows that Italian aid delivered US$300 million to a developing country, and Danish aid delivered US$1.85 billion

% of ODA, 2011

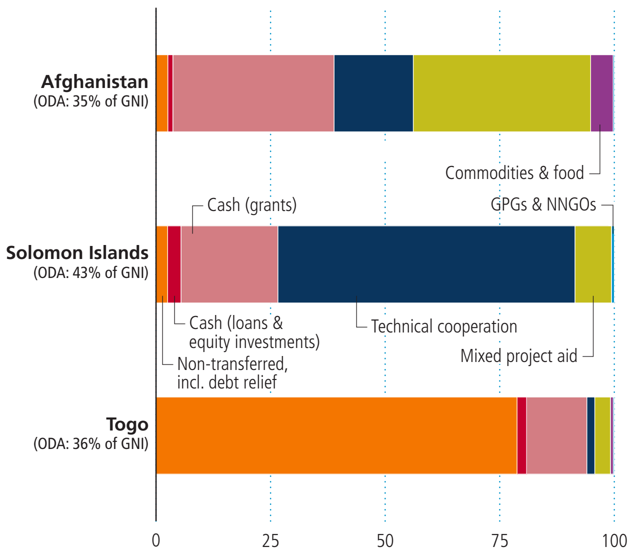


Source: Development Initiatives calculations based on DAC data.

FIGURE 4.6

Headline figures show Afghanistan, Solomon Islands and Togo as equally aid dependent, but unbundling shows that the Solomon Islands are dependent only on expertise and that Togo's reported aid never left the donor country

% of ODA, 2011

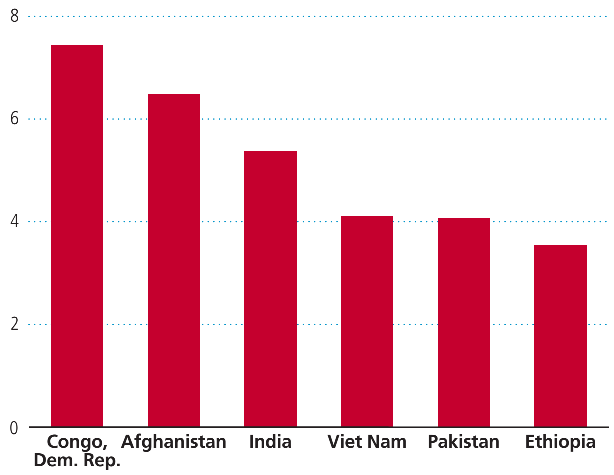


Source: Development Initiatives calculations based on DAC data.

FIGURE 4.7

The five largest recipients of ODA each received at least US$3.5 billion…

US$ billions, 2011

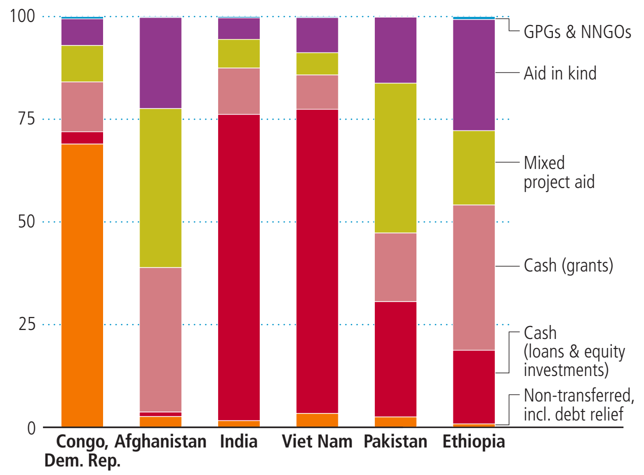


Source: Development Initiatives calculations based on DAC data.

FIGURE 4.8

…but the composition of disbursements varied considerably

Aid bundle of the largest ODA recipients, %, 2011



Source: Development Initiatives calculations based on DAC data.

Of the US$7.5 billion gross ODA reported as being distributed to the Democratic Republic of Congo in 2011, the vast majority was not transferred. Debt relief was the largest single item, accounting for US$5.1 billion, itself broken down into three components (Figure 4.9).

Debt relief is clearly valuable to the Democratic Republic of Congo by potentially freeing up money for use elsewhere, but overall ODA figures mislead when debt relief is lumped in with other aid flows.

Of the six largest recipients of ODA, Afghanistan (35%) and Ethiopia

FIGURE 4.9

Breakdown of debt relief to the Democratic Republic of Congo

Forgiveness of old other official flow and private loans	$2.3 billion	This relates to old loans, which will also have been reported in previous years' data on other official flow or private lending
Forgiveness of old ODA loans	$1.9 billion	This relates to old loans, which will also have been reported in previous years' data on ODA
Forgiveness of accumulated interest	$0.9 billion	As this interest was never paid, it existed only as an accounting transaction on the donors' records
Total debt relief	**$5.1 billion**	

Source: Development Initiatives.

(39%) received the most ODA in cash grants in their aid bundles. India and Viet Nam, wealthier countries that still face poverty, received the majority of their aid in credits (either loans or equity investments), eventually to be repaid to the donor with interest. India received more than 75% of aid as loans or equity investments, Viet Nam, 60%.

For in-kind aid, Afghanistan had more than US$1 billion of reported technical cooperation (17% of total aid), reflecting governance and reconstruction needs. Ethiopia, with its food security challenges, received the most assistance in food aid (almost US$700 million, or 19%).

Loans and debt relief: How ODA statistics can overstate resource transfers

To meaningfully assess the impact of aid, we need to first answer a basic question: How much is there, and what is it worth? Unbundling aid allows us to isolate different types of aid and to look at how they differ in value to the recipient. Statistics account for some types of aid in ways that substantially overstate the value of resources transferred to recipients. To illustrate this, we look at how the valuation of loans and debt relief highlights the discrepancy between reported ODA figures and the value of aid to recipients.

Loans: What counts as an aid loan?

To be counted as aid, a loan must be on concessional, or 'soft,' terms. Indeed, concessionality is one of the key principles underlying the rules governing aid – rules set by the donors themselves. A donor's lending money on commercial terms to a poor country and making a substantial return on such a loan clearly should not qualify as aid.

Several things can affect the softness of loans:

- **Interest rate.** Is the loan at a lower rate of interest than prevailing market rates, and if so, how much lower?
- **When repayments start.** Is there a grace period before the borrower has to begin making repayments?
- **Length of the loan.** Due to inflation and other factors, a dollar received by a borrower today is likely to be worth more than a dollar repaid in 10, 20, 30 or 40 years. Thus the longer the period of the loan, the better it is for the borrower. For poverty eradication, having money now is important and increases the return on investment (see Chapter 5).

So, it is not necessarily straightforward to compare the softness of one loan with that of another. We need a standard way of measuring this and criteria for deciding how soft a loan has to be before it can be counted as aid.

The method normally used to estimate the softness of loans, including by the DAC, is to calculate the 'grant element' of each loan. The grant element is the difference between the cost, in today's prices, of the future repayments a borrower will have to make on the loan and the repayments the borrower would have had to make on a non-concessional loan. This amount is considered to have been 'given away' by the donor and is normally shown as a percentage of the value of the loan.

Any loans with a grant element of more than 25% are included in their entirety as ODA. So loans with low concessionality (just over 25%) are valued the same as those with high concessionality. DAC statistics show wide differences in the average concessionality of loans from different donors (Figure 4.10).

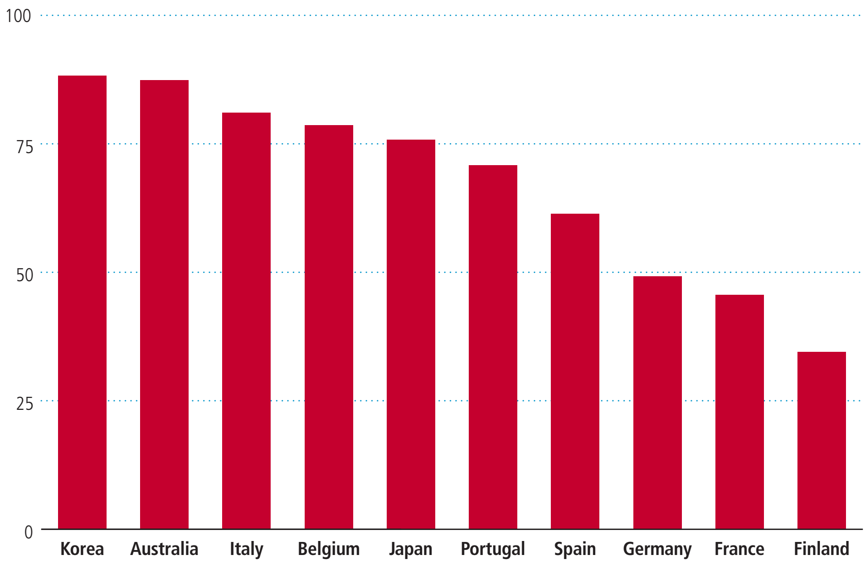
More than 90% of bilateral ODA loans in 2011 came from just three donors: Japan, Germany and France. But the average grant element of Japanese loans was 75%, compared with 42% for French loans and 47% for German loans. So Japanese loans were worth three-quarters of the value of an equivalent level of cash grants; French and German loans were worth less than half.

Why does this matter? To understand how different levels of concessionality

FIGURE 4.10

The concessionality of loans differs across donors

Average grant element of loans, based on the DAC reference rate of 10%, %, 2010



Source: Development Initiatives calculations based on DAC data.

affect the value of an ODA loan to the recipient, consider the following hypothetical.

Two donors each advance a US$10 million loan to a developing country. Both loans are repayable over 25 years, and repayments are made annually, commencing one year after the loan is made. One donor charges interest at 0.5%, the other at 3.5%. Using the DAC reference rate of 10%, the grant element is 58% for the low-interest donor's loan and 40% for the high-interest donor's loan. Thus both loans easily qualify as ODA and are recorded in the ODA statistics for that year as US$10 million of gross ODA disbursed by each donor.

However, over the lifetime of the loans, the different interest rates lead to very different outcomes for the recipient country. By the time the loans are fully repaid with interest, the recipient will have paid US$10.7 million for the low-interest loan and US$15.2 million for the high-interest loan, a difference of US$4.5 million. Despite this large difference in repayment burden, ODA statistics would show both loans as being of equal value to the recipient.

How soft are ODA loans? The effect of reference rates

An important variable in calculating a loan's grant element is the reference rate (this should be an approximation of the interest rate a lender could receive if lending at market rates). The difference between the reference rate and the actual interest rate charged is thus a key determinant of how soft the loan is.

One result: the higher the reference rate, the greater the apparent concessionality of the loan. To accurately measure concessionality, the reference rate should resemble the market rate a donor faces. But in calculating the grant element of ODA loans, the DAC uses a reference rate of 10%, set when global interest rates were much higher. This makes ODA loans appear much softer than they actually are and thus overstates the generosity of donors.

Other international bodies do not follow the DAC's example. The International Monetary Fund (IMF) uses a range of reference rates – published by the DAC and specific to each donor and currency – that are regularly recalculated to reflect the interest rates applicable to donors.[7]

In every case, the IMF's reference rates are lower – sometimes substantially – than the DAC's 10% (Figure 4.11).

This means that, compared with IMF calculations, the DAC calculations substantially overvalue the grant element of ODA loans – tipping more loans over the 25% qualifying criterion and thus making more loans eligible as aid. Indeed, based on the IMF's currency-specific reference rates and the 25% criterion, a considerable proportion of loans from some donors would cease to qualify as ODA.[8]

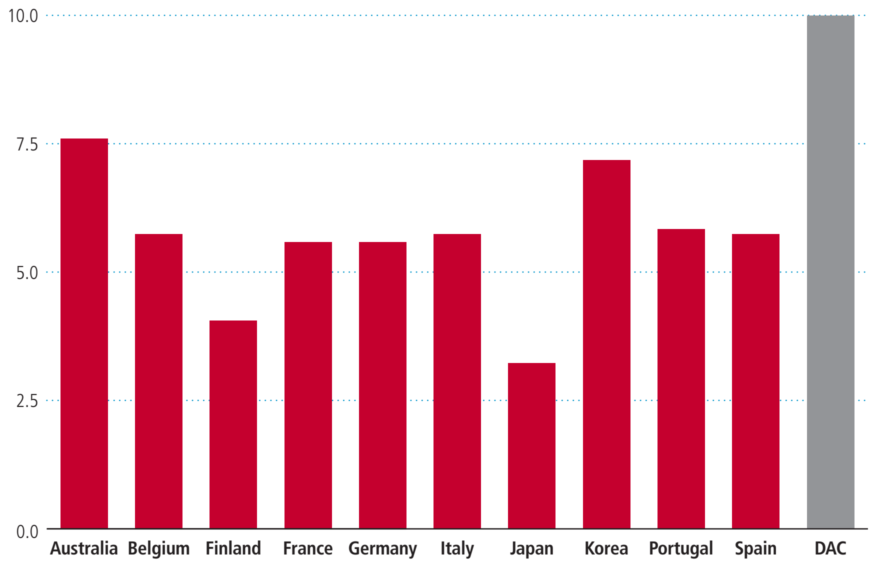
Using a more realistic reference rate of 6% in the example above, the grant element of the low-interest (0.5%) loan falls from 58% to 43% and still qualifies as ODA, but the grant element of the high-interest loan (3.5%) falls from 40% to less than 20% and is thus no longer eligible to be counted as ODA.

The reduction in the grant element that would arise from using a realistic reference rate strongly affects how generous donors appear to be. One way of measuring the apparent generosity of donors that give aid as loans is to multiply the percentage of the grant element of their loans by the value of the loans, which yields an estimate of the amount of money donors forgo when making soft loans. The more realistic reference rates used by the IMF reduce the dollar value of the grant element of loans by US$400 million for Germany, US$500 million for France and more than US$3 billion for Japan (Figure 4.12).

FIGURE 4.11

IMF reference rates are lower than the DAC's

ODA reference rate, %, 2011

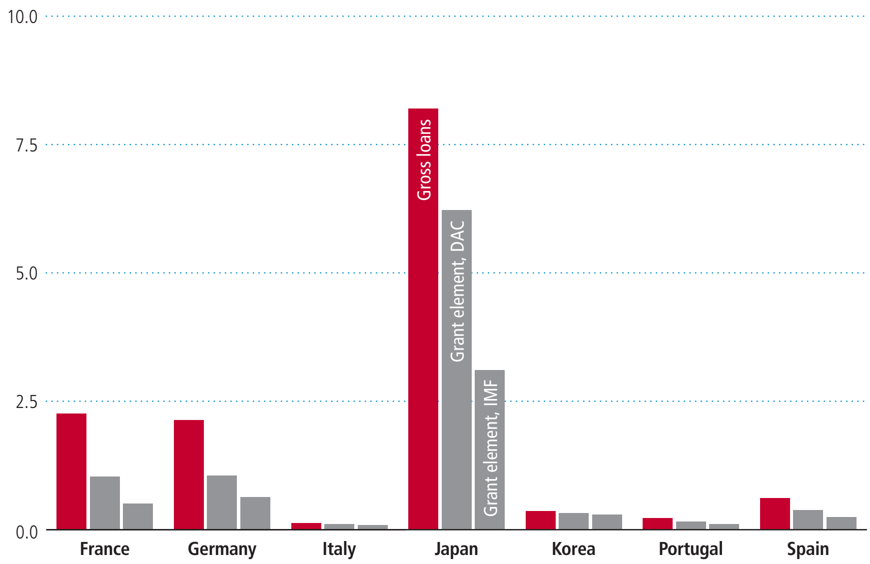


Source: Development Initiatives calculations based DAC currency-specific interest reference rate data.

FIGURE 4.12

Reference rates can exaggerate the grant element of ODA loans

Grant element of ODA loans based on IMF and DAC reference rates, US$ billions



Source: Development Initiatives calculations based DAC data and the IMF Grant Element calculator.

Across all bilateral donors, the average grant element of ODA loans is 67%, according to the DAC. But the IMF's more realistic reference rates reduce the average grant element across all loans to just 36%.

Loan repayments: Headline figures exclude repayments of interest

ODA is reported in both gross and net terms. Gross ODA is the sum of all aid disbursed by donors in a given year, and net ODA is gross ODA minus repayments on loans or equity investments during the year, recoveries on grants and any offsetting entries for debt relief. Net ODA is normally used to calculate donor ODA as a share of GNI.

But only principal repayments are taken into account when calculating the net value of ODA loans. Interest repayments are not subtracted from gross lending but are instead recorded as a memo item. So, in practice, ODA statistics ignore a large reverse flow: the money paid from developing countries to donors as interest payments on ODA loans.

This may seem a technicality, but such repayments can be substantial. The net lending figure overstates the true net transfer of resources between donors and recipients by about US$5 billion a year. For the three largest providers of bilateral ODA loans, the actual transfer of resources is much smaller than the net lending figure suggests – and for loans from Japan, there is a net transfer of resources from developing countries (Figure 4.13).

Debt relief

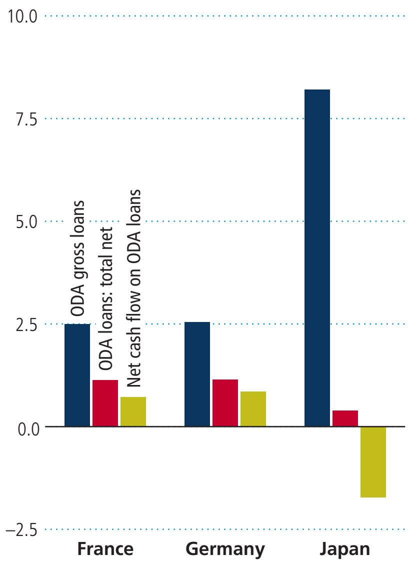
Various types of debt relief may also be counted towards a donor's reported ODA. Debt cancellation, debt rescheduling, debt conversion and debt buyback can all be reported as ODA. Debt relief may apply to ODA loans or to loans that were originally other official flows or private loans.

If an ODA loan is cancelled, the donor subtracts an 'offsetting entry' from its net ODA figures equivalent to the principal value of the original ODA loan. This avoids double-counting, as the original loan is included in a previous year's ODA figures. Similarly, when an other official flow or private loan is cancelled, with the debt relief reported as ODA, the offsetting entry

FIGURE 4.13

Not subtracting interest payments from gross lending overstates the true volume of transfers

US$ billions, 2011



Source: Development Initiatives calculations based on DAC data.

is applied to the other official flow or private flow data. This is purely a statistical exercise. Though it appears that additional resources have been transferred to developing countries when looking at the ODA data in isolation, some lending previously reported as other official flows or private loans (perhaps many years previously) has simply been moved under ODA in the DAC statistics. No new resources have been transferred, but the reported ODA is increased by the original value of the other official flow or private loan plus unpaid interest that has accrued since the loan was advanced.

Donors also count write-offs of accumulated interest as ODA. For example, if a donor advances a US$10 million loan to a developing country, but the recipient does not keep up repayments, the debt could rise to, say, US$12 million because of unpaid interest. If the donor then writes off this loan, the US$2 million of forgiven interest is counted as ODA, despite the fact that this money existed only as an interest calculation and was never received by the creditor country.

In 2011 donors reported US$7.3 billion of debt forgiveness and another US$0.4 billion of debt conversions, buybacks and the like – totalling US$7.7 billion in gross debt relief. The principal value of old ODA loans covered by this debt relief – and recorded as offsetting entries – was US$3.5 billion, yielding a net debt relief figure of US$4.2 billion, which was included in the total ODA figures for 2011.

This US$4.2 billion actually represented:

- More than US$2.4 billion in loans previously counted as other official flows and now counted as ODA.
- More than US$240 million in loans previously counted as private and now counted as ODA.
- More than US$1.5 billion in accumulated interest (funds never disbursed) written off in 2011.

Although this reduced aid recipients' debt by more than US$7 billion, it did not represent any new transfer of resources to developing countries. Debt relief, as an element of ODA, has fallen in recent years. But from 2002 to 2011 more than US$95 billion of reported ODA disbursements were debt relief (Figure 4.14).

Differences in the reported and perceived value of aid in kind

Aid sent as goods rather than as finance needs a monetary value so that aid flows can be more easily measured and compared. Such aid is recorded at values determined by donors and includes additional transaction costs. There are many ways for the cost reported by donors to differ from the value of the aid that beneficiaries perceive to have gained. Consider two very common types of aid in kind: food aid and technical cooperation.

Food aid

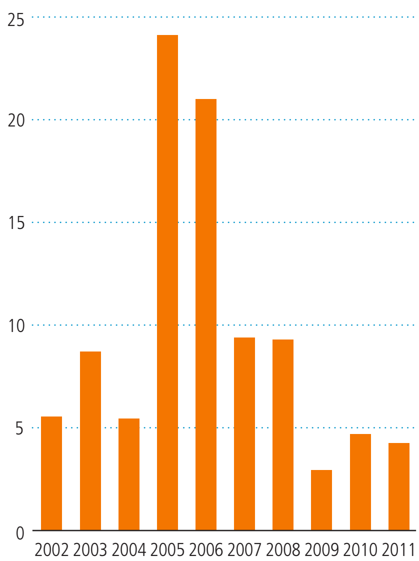
The value donors place on the food aid they disburse can be a poor reflection of its true worth to the recipients. For example, premiums paid to suppliers and shippers, combined with increased costs due to lengthy international transport, can raise the cost of food aid by more than 100% over the cost of locally purchased food aid, according to some assessments.[9]

Transport costs can also inflate the cost of food aid. The United States, the largest global supplier of food aid,

FIGURE 4.14

ODA reported as net debt relief totalled US$95 billion over 2002–2011

US$ billions, 2002–2011



Note: The peak in overall ODA in 2005 and 2006 was due mainly to exceptional debt relief for Iraq and Nigeria.

Source: Development Initiatives calculations based on DAC data.

requires half its food aid to be carried by US ships (a recent reduction from the previous requirement of 75%). The distortion on the value of such aid is evident: In 2010 ODA claimed per tonne of US sorghum shipped was 215% higher than the average local market price in Chad, 95% higher in Somalia, 63% higher in Sudan and 20% higher in Ethiopia (Figure 4.15).[10]

Most donors have begun to source more of their food aid from local markets and purchase the majority of such food close to the communities for whom the food aid is intended – a practice referred to as local and regional procurement. Proponents argue that such practices are both faster and more cost-effective than food aid shipped from the donor country.[11] Under the right conditions, local and regional procurement supports local markets and avoids the classic side-effects of 'food dumping,' which reduces local food prices to the detriment of local producers.

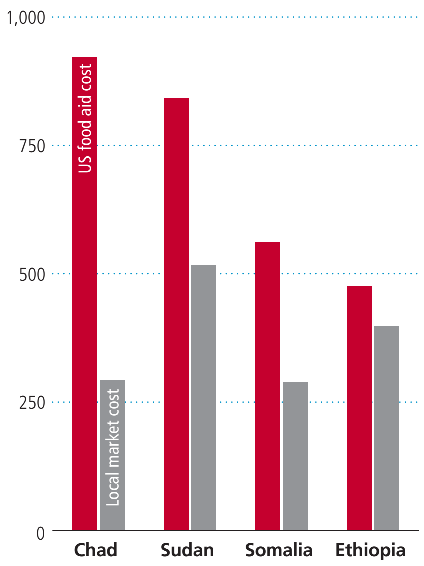
The World Food Programme began procuring food locally in Asia in the 1970s and in Africa in the 1980s. In 1996 the European Union issued a regulation favouring local and regional procurement over food aid shipments from donor countries. And Canada now provides virtually all its food aid as cash for local procurement, vouchers or cash distributions. Such policy changes increased local and regional procurement's share of global food aid from just 11% in 1999 to 46% in 2011.[12]

Of the major donors of food aid, only the United States and Japan continue to make extensive use of food shipments, purchasing the majority of food aid from their own farms and then shipping it to developing countries, often in their own ships (Figure 4.16). The additional cost of shipment is then added to the cost of procuring the food and included in aid statistics. Although the United States was responsible for 54% of food aid disbursed (by weight) in 2011, US food aid accounted for nearly 90% of food aid shipments.

FIGURE 4.15

The value the United States puts on sorghum aid is much higher than the local market price

Price per tonne of sorghum, US$, 2010



Source: Development Initiatives calculations based on DAC data and data from the FAO Global Information and Early Warning System database (www.fao.org/giews/pricetool/).

FIGURE 4.16

Most food aid is now procured locally or regionally

Tonnage of food aid disbursed by procurement source, %, 2011

Source: World Food Programme Food Aid Information System.

Technical cooperation

Technical cooperation is defined as:

- Activities that augment the knowledge, skills, technical know-how or productive aptitudes of people in developing countries.
- Services such as consultancies, technical support or the provision of know-how that contribute to the execution of a capital project.

Technical cooperation has always been a major feature of the aid landscape, and given the resource and capacity constraints facing many developing countries, it will continue to be a substantial type of aid (Figure 4.17).

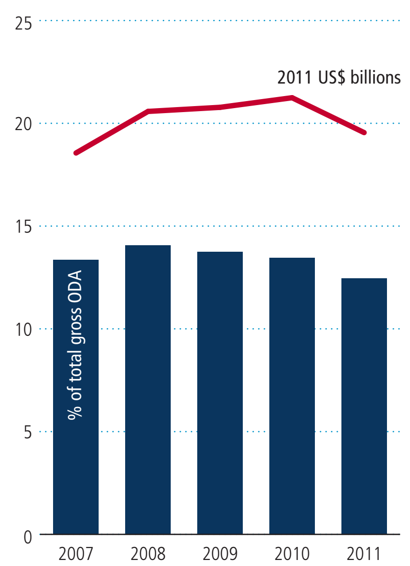
Free-standing technical cooperation accounts for around one-eighth of gross ODA (one-sixth of net ODA) reported by all donors. But the total amount donors spend on technical cooperation is considerably higher because donors also include additional technical cooperation within their projects without reporting it separately.

Technical cooperation has come under criticism, with many arguing that some donor practices can substantially reduce its value and that what donors report far exceeds its worth in developing countries. Technical cooperation may be bundled with other aid, or 'tied' to the provision of donor-country personnel. This can encourage overpricing, inherent in tendering processes. Donor-driven technical cooperation can also be overvalued if the assistance provided is not what recipient governments would choose if they were directly provided the equivalent in cash.

A wide range of inappropriate practices can widen the gap between volumes reported and benefits received, such as limiting capacity building, using expatriate consultants rather than national expertise or development cooperation from non-DAC providers, tying to donor-country consultants, limiting country ownership and having

FIGURE 4.17

Technical cooperation has remained steady at around US$20 billion a year and 12–14% of total gross ODA

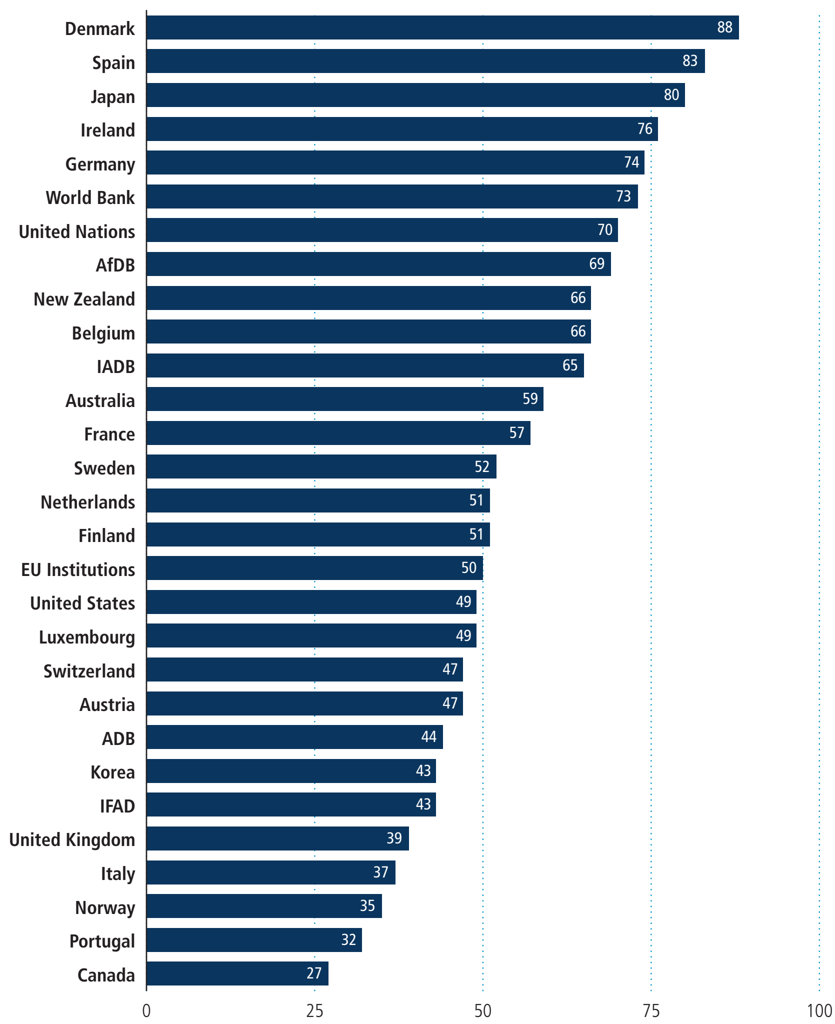


Source: Development Initiatives calculations based on DAC data.

FIGURE 4.18

Technical cooperation coordinated with country programmes ranges from 27% to 88%

Share of technical cooperation coordinated with country programmes, %, 2011



Source: OECD 2011.

consultants accountable to donors rather than to recipients.

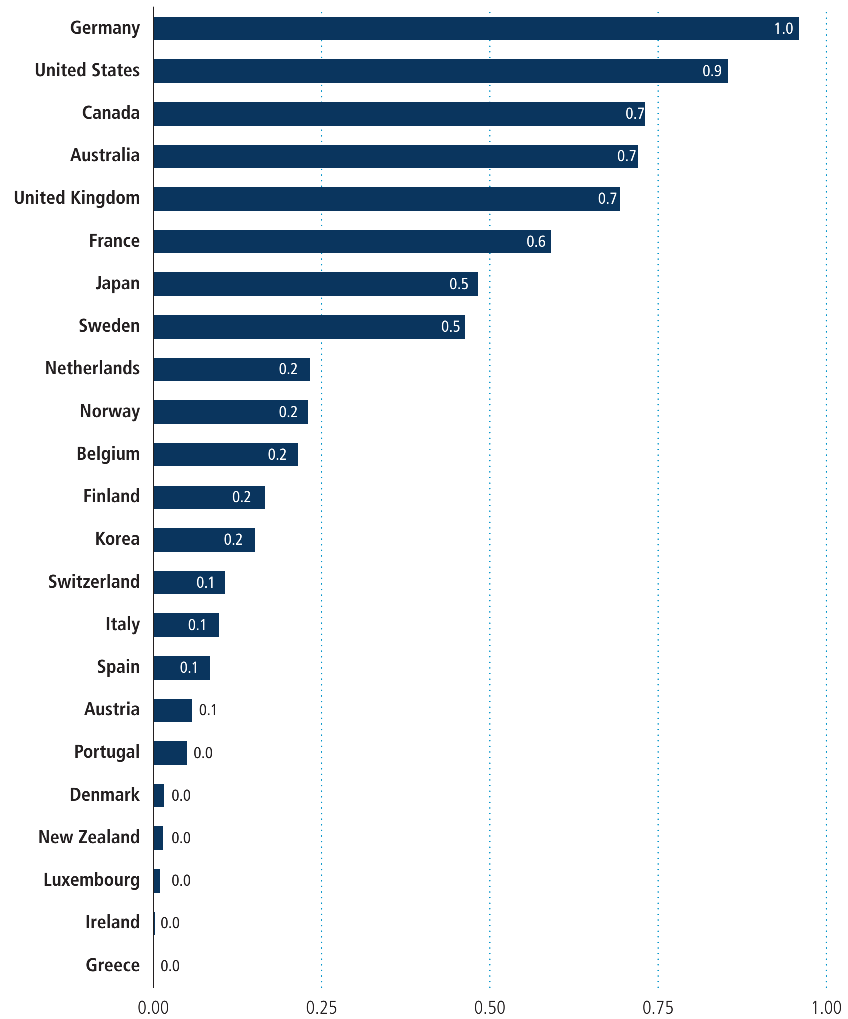
The extent to which technical cooperation aligns with country priorities lies at the heart of its value. The 2011 Paris Declaration Monitoring Survey, which assesses the effectiveness of ODA, includes a donor-by-donor evaluation of the share of technical cooperation coordinated with country programmes.[13] Donor performance varies considerably, with Denmark coordinating 88% of its technical cooperation to country programmes, and Canada only 27% (Figure 4.18).

Poor alignment can substantially reduce value from what is reported. Applying these proportions to DAC donors' disbursements shows that in 2011 almost US$7 billion of technical cooperation was not coordinated with recipient-country programmes and priorities (Figure 4.19). The value that recipients place on technical cooperation would be much higher if donors increased their coordination.

FIGURE 4.19

Almost US$7 billion in technical cooperation from DAC donors was not coordinated with country priorities

Volumes of technical cooperation not coordinated with country programmes, US$ billions, 2011



Source: Development Initiatives calculations based on DAC data and data from the 2011 Paris Declaration Monitoring Survey.

Why unbundling aid is important

For almost every aspect of aid effectiveness, it is important to unbundle aid. To understand burden sharing and to see whether donor countries are meeting international targets, we need to know what it costs them to provide their aid. To measure aid dependency, we have to know what forms aid arrives in. To know whether aid inflows risk creating inflationary pressure and reducing international competitiveness, we have to know how much aid arrives as money. But more important, to ensure that money is well spent, we – as a ministry official expanding an education service, an aid donor investing in roads or an international NGO rolling out a sanitation programme – have to know what resources are available and in what forms. To hold people to account, we have to know what they are spending and on what.

This rigour should apply even to modest spending. On average, people living in extreme poverty in sub-Saharan Africa need 54 cents more a day just to reach the extreme poverty line, compared with 29 cents a day for people in living in extreme poverty in the rest of the developing world (see Chapter 1). Each of the 1.2 billion people trying to survive and improve their lives while living below the poverty line has to make profoundly difficult choices about every cent. The nominal volume of ODA is enough to bring everyone above the poverty line through a cash transfer. The onus on everyone allocating aid resources is to do better than that.

Knowing exactly what is being spent, and where and how, is thus a fundamental baseline for making better decisions on allocating aid – and for ensuring that aid has the maximum impact on lifting people out of poverty.

TABLE 4.2

Categories of aid that distort the headline ODA figures – a summary by donor

This chapter has shown that some types of aid do not result in a transfer to developing countries and other types may be given, or accounted for, in ways that mean they deliver less benefit to recipients than the headline ODA figures suggest. The table below summarises, for each DAC donor, the value of:

- Aid that is not transferred: debt relief, costs of refugees and students in donor countries, administrative costs and other forms of non-transferred ODA.
- The interest received on ODA loans – these amounts are not included in the headline net ODA figures even though they represent a significant transfer from developing countries to donors.
- The difference between reported new lending and the grant element of loans. Where loans are provided at relatively low levels of concessionality, this makes a real difference to the worth of these loans to the recipient countries concerned. Low-concessional lending may be completely appropriate for certain contexts, as it can free up resources elsewhere. However, deficiencies in ODA definitions bring into question how much of such lending should actually qualify as ODA.
- Technical cooperation that is not aligned with recipient priorities, according to the Paris Declaration monitoring survey.
- Food aid that is grown in donor countries and for which aid money is spent on shipping it around the world.

US$ millions, 2011

	Debt relief	Costs of refugees in donor countries	Costs of students in donor countries	Administrative costs & other non-transferred ODA	Loan interest repayments not subtracted from net ODA figures	Difference between reported new lending and grant element of loans	Value of technical cooperation not aligned with recipient priorities	Value of food aid grown in donor country and shipped abroad
Australia	13	0	294	218	13	8	720	6
Austria	43	42	107	72	0	0	58	0
Belgium	310	127	99	135	3	2	215	0
Canada	4	338	223	313	0	0	730	3
Denmark	1	121	11	220	0	0	16	0
Finland	0	35	0	100	0	1	166	0
France	1,368	545	987	498	408	1,969	590	1
Germany	454	86	1,093	433	323	1,101	959	1
Greece	0	25	75	14	0	0	0	0
Ireland	0	0	2	42	0	0	3	0
Italy	797	526	14	70	8	12	97	4
Japan	1,446	1	379	783	2,562	1,885	482	192
Korea	0	0	42	162	32	51	151	0
Luxembourg	0	0	0	104	0	0	10	3
Netherlands	121	481	66	509	0	5	232	3
New Zealand	0	14	27	45	0	0	15	0
Norway	22	263	5	310	0	0	230	0
Portugal	5	1	27	26	18	104	50	0
Spain	38	33	7	281	55	206	85	0
Sweden	186	489	46	284	0	0	463	0
Switzerland	80	537	11	288	0	0	107	1
United Kingdom	182	31	14	531	0	0	694	0
United States	1,641	836	0	1,480	233	0	854	1,771
DAC BILATERAL ODA, TOTAL	**6,709**	**4,533**	**3,527**	**6,919**	**3,654**	**5,342**	**6,925**	**1,987**

Notes

1. Moyo 2009, p. xviii.
2. Easterly 2006, p. 4.
3. See, for example, Rajan and Subramanian (2010).
4. OECD 2008.
5. Uganda Ministry of Finance, Planning and Economic Development 2011.
6. Interview with Development Initiatives, February 2009.
7. Currency-specific interest reference rates.
8. DAC data gives only average grant element percentages for the ODA loans advanced by each donor. This makes it impossible to say with certainty exactly what proportion of loans may cease to qualify as ODA if a reference rate of less than 10% is used in the grant element calculation.
9. Mousseau 2005.
10. ODA data from the DAC Creditor Reporting System database (www.oecd.org/dac/stats/); wholesale commodity prices from the FAO Global Information and Early Warning System database (www.fao.org/giews/pricetool).
11. Studies showing some evidence to support this view include Walker, Coulter and Hodges (2007), Haggblade and Tschirley (2007) and Hanrahan (2010).
12. World Food Programme Food Aid Information System database (www.wfp.org/fais/).
13. OECD 2011.

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5

Using data to get better results

- Aid is the main official international financial resource flow that can be focused primarily on ending poverty. It can be readily targeted on reaching the poor and is vital to many low-income countries. Aid is also well suited to the targeted interventions required to ensure that the poorest people share in the benefits of growth.
- Poverty reduction will never be a single sector activity. It will require development across the board: political, economic and social.
- Aid should be allocated to deliver the most impact. Aid is a small resource in relation to the challenge of ending poverty for over a billion people; it must be allocated where it can deliver the most impact.
- Aid can play different roles. It can deliver direct, immediate and measurable benefits. It can also provide catalytic funding, leveraging in larger resources and investing in longer term impacts that may be transformational and benefit millions.
- Better information will improve decisionmaking. Deciding between competing calls on aid is challenging and requires clear thinking on who will benefit, when the benefit will be felt and the probability of impact.
- Every dollar should contribute to ending poverty. More timely, sub-national, preferably geocoded data on how aid is currently used can underpin more disciplined planning, resource allocation and evaluation.

Many things determine the impact of aid on poverty – most important are a country's environment, policies and institutions. But the providers of aid also affect its impact, first by their *choices* in the type of assistance and where it should go and second by their *behaviours* and practices in delivering aid. Both components are vital to allocating and delivering effective aid. This chapter focuses on the choices that people make when they are allocating aid resources and the ways that better data could drive decisions that achieve more poverty reduction for every available dollar. It deliberately sets to one side the aid effectiveness agenda and the principles for delivering aid.

The choices facing people charged with allocating aid resources are not easy. There are many factors at play, including domestic and geopolitical interests, organisational incentives, existing policies and relationships, as well as different views and contested evidence about what is likely to deliver the most progress. More and better data will not substitute for difficult judgement calls, but it will support more-transparent choices and wider debate about the investments most likely to expedite the end of poverty.

Aid, as one of several international financial flows, has comparative advantages in reaching the poor. It can be targeted specifically to support people and places where governments do not function or where markets are not prepared to take risks. It can support innovation and bring international expertise. It can provide critical supplementary financing in its own right or play a catalytic role to leverage or improve the targeting of other flows. Above all, it can focus on ending poverty as an objective, not a by-product. Because it is often a relatively small resource, even in the countries where it is largest, decisions about the allocation of aid need to look explicitly at where it can add the most value in the context of other resources.

Poverty reduction will never be a single-sector activity. It requires complementary investments across the board – political, economic and social. It means meeting short-term needs and ensuring long-term security and opportunity. Aid cannot respond to all these needs everywhere, and it is much better suited to some investments than to others.

"In general we should judge aid by its direct impact on people to whom it is given, not by its effects on political change or economic growth"

Good governance and leadership, for example, are fundamental to sustained poverty reduction, but the achievement of aid in this area is mixed, with either limited success or questionable cost-effectiveness. Growth is critical to ending poverty, but the impact of aid on growth, at least in the short term, may be limited. The data needed to make a decision about the best use for aid is not the same as that needed for a decision about the best investments for poverty reduction. It needs to take into account the comparative advantages and disadvantages of aid in achieving the end of poverty. As Owen Barder writes, "In general we should judge aid by its direct impact on people to whom it is given, not by its effects on political change or economic growth."[1]

This chapter sets out some suggestions for data and disciplines that could help the people making choices about aid spending release more value for poverty reduction.

Whether spending is global, national or local, accountable choices about the allocation of aid require answers to three questions:

- Who will benefit – and are they poor?
- When will the benefit be felt?
- What is the evidence on the probability of impact?

In addition to these issues of probability, proximity and timeframe, there are two dimensions where value could be added:

- Can this aid be used to catalyse other resources?
- Are the aid instruments available (loans, grants, technical cooperation, food aid, tied aid and the like) being used in the most appropriate way for the context?

Donors and others who allocate resources do not control many of the conditions for success. So, it is all the more important that they exercise rigorous discipline over the things they do control. Every donor has the potential to release more value for poverty eradication, even from their existing resources, by testing allocation decisions against these five questions.

Who will benefit – and are they poor?

Aid is a rare resource, both limited in volume and focused on poverty. A key question, therefore, is whether the impact of the investment is targeted to benefit the poorest people. This does not mean that allocations should, as a matter of principle, favour direct over indirect investments. But all potential aid allocations, at every level, should provide answers on two points: First, is it clear who is intended to benefit? And second, is it targeting places where poor people live?

How much data is there on who will benefit?

In some cases the question of who benefits can be answered very literally, with the locations and even the names and addresses of the people who are intended to benefit. Brazil, through its Brasil sem Miséria programme, has targeted the total eradication of extreme poverty within its borders by 2015. Central to this effort is the Cadastro Unico, or single registry, which tells the government who the poor people are, where they live and how they make a living. So Brazil not only knows that 7.7 million people in $1.25 a day poverty between 1999 and

2009 are now above the poverty line, it also knows their names and addresses, and it knows what investments each of those households made and with what outcomes. That same information helps Brazil know details on many of the remaining 16.2 million individuals to lift from poverty on a national definition by 2015.

However, for most ODA investments (and aid more broadly), we know much less about who will benefit and where they live. For some investments there is no data at all about the location of the beneficiaries. For others there is data at the regional and country levels. And for a small number data is published at the sub-national level.

Is aid allocated to places where poor people live?

The data on aid allocation has different degrees of detail. Some aid has no geographical allocation at all (regionally unspecified ODA), some goes to regional investment and some is reported at the country level. All reporting is based on where the aid is expected to have an impact, not on where the funds are spent. Almost a quarter of gross bilateral ODA reported to the Organisation for Economic Co-operation and Development's Development Assistance Committee (OECD DAC) by its members, some US$25 billion, is recorded as regionally unspecified. Bilateral donors account for most of such aid, which is increasing. Australia saw its volume of unspecified ODA grow from US$180 million to more than US$1 billion between 2010 and 2011 and the United Kingdom from US$790 million to US$2.7 billion.

Some of this aid will fund upstream investments, which may be relevant to ending poverty, for example:

- Research targeting the problems of developing countries, such as tropical diseases and drought-resistant crops.
- International initiatives to catalyse and coordinate improvements in specific areas, such as the global Education for All movement, or other pooled funds.
- Core contributions to international organisations not on the OECD list of multilateral aid recipients, such as the International Committee of the Red Cross and the International Union for the Conservation of Nature and Natural Resources.

For some indirect investments the link with who benefits is straightforward to ascertain – for instance, on the returns from research on neglected tropical diseases that disproportionately affect poorer populations in specific locations. But even when the chain of causation is long, the answer to the question of who should benefit should be as clear and specific as possible.

Just asking the question 'Do we know who will benefit?' can focus attention on the different impacts on different groups of people: disaggregating project results by gender could change project design because it prompts people to consider whether the intervention will have different impacts on men and women.

Could more aid flow to poorer countries?

There are two levels of analysis that can help answer the question about who benefits and whether they are poor. The first is at the country level: Has aid been allocated to benefit countries with large numbers or a high percentage of the population living below the poverty line? The second is more disaggregated and requires answers on whether aid has been allocated to benefit the poorest people within countries. Inequality means that extreme poverty can co-exist with progress at the national level, and even among those living below the poverty line, there can be different depths of poverty (see Chapter 1).

Every donor has the potential to release more value for poverty eradication

A basic measure that can be used as a crude starting point to see whether aid is being allocated to prioritise people in poverty is ODA per poor person. This can then be combined with data on government expenditure to see whether ODA is being allocated to both the poorest countries and to those with the lowest government expenditure per person.

Looking at ODA disbursements relative to the numbers of people in poverty draws a distribution map that shows that ODA per poor person is lowest in countries with large numbers or high proportions of people below the poverty line.

In 2011, US$13.9 billion of gross bilateral ODA (US$9.3 billion of net ODA, once loan repayments are deducted) went to the wealthiest group of developing countries. Of that, US$300 million went to donor protectorates.

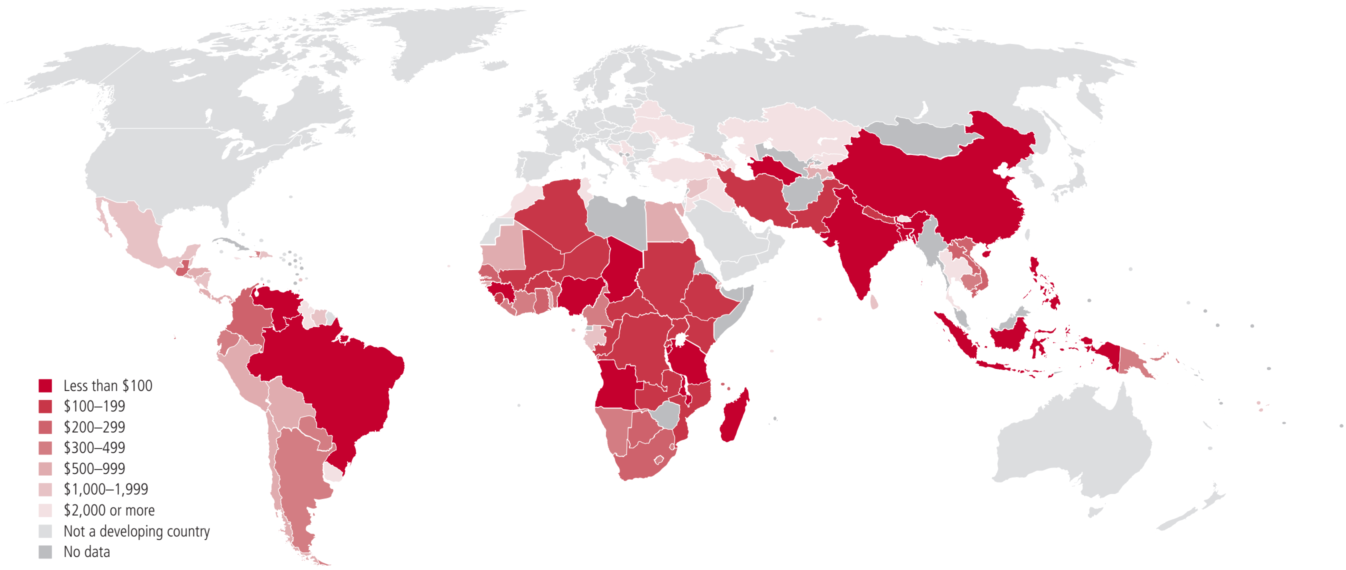
Substantial sums are also spent in countries with low levels of poverty. In 2011, US$8.8 billion of net ODA was disbursed to 16 countries with less than 1% of their national population below the $1.25 poverty line (based on countries with data) – all but one have fewer than half a million people in poverty according to the latest records.

Map 5.1 shows the distribution of ODA per poor person. The darker the shading, the less ODA per poor person. Many of the countries with lower ODA levels have access to far fewer domestic and international resources than do countries with higher ODA levels.

MAP 5.1

Redrawing the aid map by ODA per person: the darker the shading, the less ODA per poor person

ODA per poor person, PPP$, 2011



Source: Development Initiatives based on DAC data and World Bank (2013).

ODA per poor person in many poor sub-Saharan countries, where a lot of people are living below the poverty line, is just US$119 a year, compared with US$1,654 in the Middle East and substantially more in Europe. Yet annual government expenditures average PPP$427 a person in sub-Saharan countries (excluding South Africa) – less than a ninth of the PPP$3,823 per capita that European recipients spend. At the global level the overall distribution of aid shows that the largest allocations per poor person go to the richer countries – although total volumes of ODA to richer countries are small.

Because ODA is just one of a range of resources, domestic and international, that can be harnessed for poverty reduction, it is necessary to look at the resource context as well as the absolute numbers of people in poverty.

There is no obvious relationship between the amount of ODA provided and how rich a country is (Figure 5.1). Indeed, if anything, as countries get richer, the amounts per poor person increase. And there can be good reasons for this, as increasing capacity enables a wider range of investments to be made, although as countries get richer, the range and scale of other resources available to them also increase (see Chapter 2). Among the poorest countries – those at low and lower middle incomes – there is almost no relationship, with most countries getting around US$200–300 per poor person.

The same allocation pattern emerges when comparing aid with government's own resources. Aid certainly is important for poor countries: for those with low government per capita spending ODA is often one of the largest international flows (see Chapter 2). But allocations of ODA do not correlate with domestic spending per capita (Figure 5.2). ODA is not compensating for poorer countries having fewer resources of their own. Instead, ODA per poor person remains within a fairly constant range for a number of countries, even as per capita government spending increases.

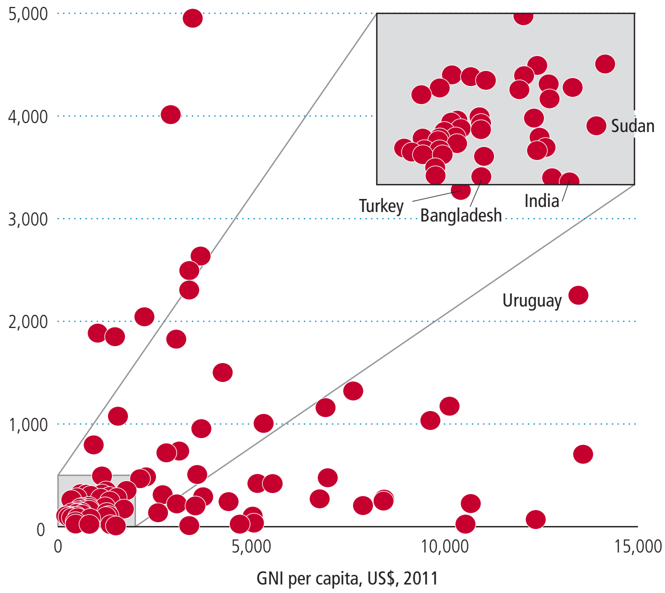
Could more aid flow to poorer people – whatever country they live in?

Understanding how aid is allocated nationally is not enough for targeting poverty in any meaningful way. Progress at the national level is not reflected equally throughout society. It is clear that many people fail to share in the benefits of growth. So, national economic status or growth is not an automatic indicator of where the poor are or where they will be. Six of the ten fastest growing economies in 2012 were in Africa, with Nigeria and Zambia outperforming India and with Angola matching China. But the benefits of capital-intensive and predominantly urban growth can bypass the poor. Nigeria's growth has had limited impacts on poverty, and Zambia saw poverty rates rise since 2002.

FIGURE 5.1

ODA allocations per poor person are not strongly related to a country's national income…

ODA per poor person, US$, 2011

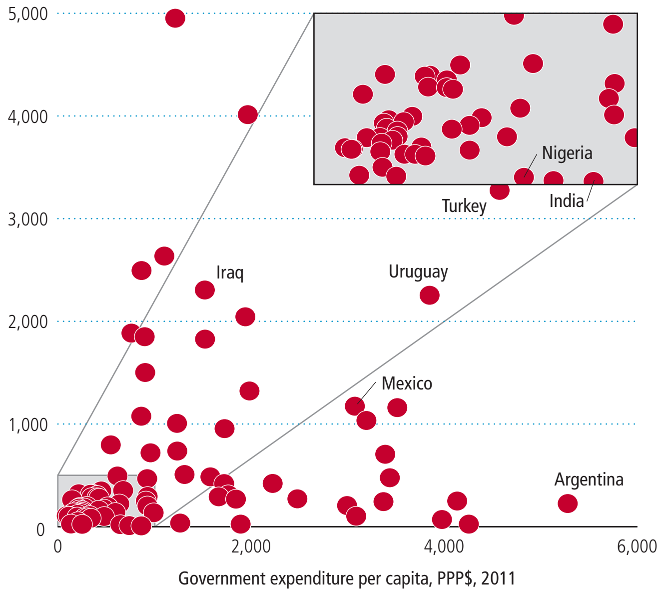


Source: Development Initiatives calculations based on data from the DAC and the World Bank.

FIGURE 5.2

…or to government spending

ODA per poor person, US$, 2011



Source: Development Initiatives calculations based on data from the DAC and the World Bank.

TABLE 5.1

Ethiopia's reductions in poverty were not across the board

Status in 1989	Status in 1995 Poor	Non-poor	Total
Poor	↔ 31	↑ 30	61
Non-poor	↓ 15	↔ 24	39
Total	46	54	100

Source: Dercon and Krishnan 1998.

In 1989, 61% of Ethiopia's population was poor. Six years later, 46% was (Table 5.1). But that does not mean a reduction across the board – 31% of the population stayed poor, 30% moved out of poverty but 15% of people classified as non-poor in 1989 got poorer and fell below the poverty line six years later. Ending poverty thus requires data on who has failed to benefit from overall progress as well as who has escaped poverty.

The level and trajectory of inequality also matter – growth that is not broad-based is much less likely to reduce poverty. In Asia, a global growth centre, 15 of 21 countries have seen inequality increase over the last two decades (measured by the Gini coefficient).[2] The proportion of national wealth going to the poor in these countries has fallen, and this inequality remains a barrier to poverty reduction. Poverty scenarios by the Brookings Institution suggest that if inequality rises further in South Asia and in East Asia and the Pacific combined, by 2030 an additional 174 million people could remain in extreme poverty than if income distribution remained unchanged.[3]

The importance of disaggregated data

Sub-national inequalities affect both places and people: between different regions within a country, between rural and urban areas and between different groups of populations.

- The central regions of Uganda sit alongside the equivalent of Turkey, higher than all but one African country in national rankings of multidimensional poverty. Yet if the poor northern sub-region of Karamoja were a country, it would flounder in the second lowest position among 104 countries, just above Niger.[4]
- Poverty headcount ratios differ by more than 10 percentage points between rural and urban areas in India and by almost 40% between the richest and poorest states.[5]
- In Nigeria poor rural girls average only two years of education, in line with Chad, while rich boys get ten, more than Bolivia.[6]

The same is true for different groups in society. For instance, although there has been much progress in women's educational achievement, analysis from 33 Demographic and Health Surveys and 16 panel datasets from Africa and Asia revealed that women in the lowest income groups have made slower progress than their better-off counterparts.

- In the 1990s there was a difference of 1.3 years of schooling between girls in the lowest and middle quintiles; by the 2000s the gap had increased to 2.4 years.
- In the 1990s the poorest girls married around five months earlier than average; by the 2000s the gap had increased to nine months.[7]

If investment decisions fail to account for who benefits, poorer girls will continue to lose out on more than a year of schooling compared with girls in middle-income households. Similarly, the aggregates mask the fact that the poorest girls marry much earlier than their better-off counterparts. Both staying in school and delaying marriage have profound effects on prospects for escaping poverty. In addition, the increasing inequality in itself has an impact, affecting poorer women's ability to compete for jobs and take more control over their lives.

Data on sub-national inequalities and the allocation of resources within countries is therefore critically important if it is going to add value and focus on ending poverty.

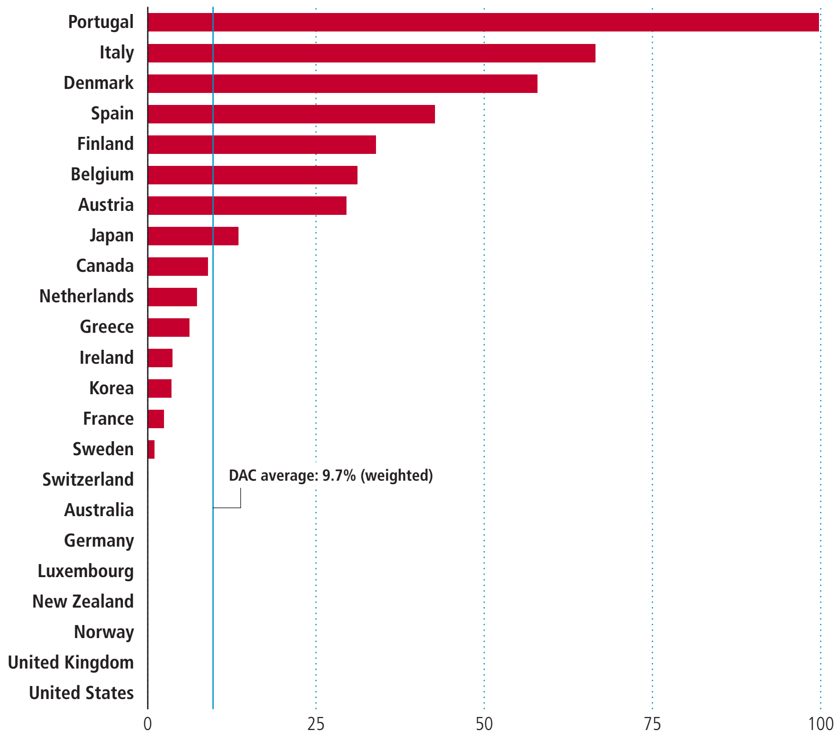
The need for better data on sub-national allocation of aid

We do not know enough about where aid is spent in countries. Place names may occur in the "long descriptions" published as part of DAC aid statistics, but such reporting is voluntary, and the quality of such information varies substantially across donors (Figure 5.3). Aggregate data on locations and target populations is not published, but the underlying information clearly exists within project documents. And of course aid is mixed in with other resources – some is combined with public finance, some matches voluntary

FIGURE 5.3

Most donors provide little or no sub-national geographic data on their aid activities

% of CRS records giving sub-national information, 2011



Source: Development Initiatives calculations based on data from the DAC.

contributions from non-governmental organisations and some will be fungible, simply substituting for government spending in particular sector.

There has been progress in the last few years. The International Aid Transparency Initiative (Box 5.1) has promoted geocoding as part of the standard for the publication of aid information, so that every allocation would be coded for where the benefit is intended. All World Bank projects have now been geocoded, and work is starting on geocoding other bilateral projects. Mapped in Malawi are 540 projects and 2,100 activities valued at US$5.3 billion in cumulative commitments. Mapping aid allocations against local distributions of poverty or mapping health, education and other expenditures in an area can help target, coordinate and assess the impact of aid.[8]

This mapping is a relatively new development. As it is used more, people will want additional data. The total number of projects is a useful first step but an imperfect proxy for the amount spent. And the maps could usefully compare the amount spent per poor person rather than poverty rates. We would not expect a large spend in a high-poverty area with few people.

Knowing, and sharing, information on where aid is spent can increase its impact on poverty in at least two ways. First, it can help communities identify projects and programmes intended to serve them, enabling them to provide feedback and increase accountability for those resources. Knowing what aid resources have been allocated gives people on the receiving end more choice and control – and an opportunity to spend the resources better. Second, it can

BOX 5.1

Increasing the transparency of aid flows

The International Aid Transparency Initiative (IATI) is a multistakeholder initiative to increase the transparency of resource flows in a way that meets the needs of developing countries.

IATI is:

- An international standard that defines best practice in the publication of data.
- A common technical format for sharing and comparing data.
- Applicable to all providers, and all forms, of humanitarian aid and development cooperation.
- Designed to meet the needs of users – particularly in developing countries.
- A source of timely, traceable information about how aid is being delivered in an open data model, encouraging the publication and reuse of data to meet a wide range of user needs.

More than 170 providers of development cooperation publish to IATI, including 22 DAC members and multilateral organisations that provide 69% of official development finance (which is ODA plus other official flows, excluding official export credits). This is set to rise further to 85% once the G8 commitment to publish to IATI is met and all IATI signatories are publishing.

The added granularity in geocoding is augmented by IATI's ambition to reveal the traceability of resources. The delivery of aid from source to final point of spend can pass down a complex chain. As more actors in this chain report their activities through IATI – and accurately reflect their relationships with others in the chain and the financial transactions between them – a richer picture emerges.

Knowing which organisations are involved and following the money to where it hits the ground – its traceability – have many benefits, notably:

- Enhancing the accountability of all organisations in the delivery chain – today, transaction costs and overheads are not known, and it is not possible to find out whether there is inefficiency, waste or even corruption in the organisations that deliver aid.
- Enabling citizens and community organisations to track and report on whether the organisation at the end of the chain is delivering in its community and whether a project is delivering what it should. They can then report their experiences back to funders, helping close the feedback loop.

provide a coordinating framework for donors to avoid duplication and increase synergies, particularly with complementary investments from the state, private and non-profit sectors. As Bill Gates says, "If you can track the grants to the purchase of the commodity and [to] the commodity getting delivered, then you can make quite sure the money's not being diverted."[9]

When will the benefits of aid investments be felt?

The timeframe for returns to aid investments is critical for individuals whose life choices are limited. Every year delayed is another year when 59 million school-age children are not in primary school, when some 7 million children under age five die from a preventable disease and when 46 million women give birth alone or without adequate care.[10] So knowing the time it takes for investments to have an impact on poverty should inform choices about resource allocation, and the timeframe is clearly important when the target is to end extreme poverty by 2030.

Different timeframes

Different types of projects have different timeframes for impacts on poor people. Cash transfers have an immediate effect; a road may take years to complete. The benefits of the road to the poorest may then take even longer as private actors respond to new opportunities and as wealthier groups with better access to markets capture much of the initial economic benefit. To measure one intervention against another, be it responding to immediate need or transformational over the longer term, the value of benefits delivered now needs to be compared with benefits delivered in several years. This is expressed by the discount rate. The higher the discount rate, the faster the value of every dollar is seen to diminish – so a high discount rate means that poverty reduction in the short term is valued more highly. A low discount rate means that poverty reduction in several years is seen to have almost as much value as poverty reduction now.

Using discount rates

Donors face the challenge of reflecting the time preferences of the poor in their allocation decisions and choosing an appropriate discount rate. There is no single accepted way for deciding what discount rate to use. One approach – the "prescriptive" or "normative" – starts from the ethical viewpoint that this generation's benefits should not be at the expense of the next's. This approach leads to discount rates of 0–2% and was used in assessing the case for investments to reduce global warming.[11]

Another approach – the "descriptive" – looks at the opportunity cost of the project in comparison to the returns from investing the money, leading to discount rates of 3–12%, depending on the country.

So which rate should be used for investments to end poverty (Figure 5.4)? The Copenhagen Consensus project tests its proposals at both 3% and 6%. The World Bank uses 10–12%.

The descriptive approach suggests a flexible rate that is considerably higher for the poorest people facing uncertainty, with limited access to borrowing and living in the poorest but often fastest growing countries. And even the prescriptive approach suggests a fairly high rate given the direct impact of additional household finance on, say, children's health, nutrition and education. That poor people borrow from moneylenders or microfinance institutions at rates of more than 30% shows how much they value having money now – in part because such cash allows them to make high-return investments, such as buying livestock, or because they need it to save someone's life. It is clear from initiatives such as the International Finance Facility that donors also recognise the value of frontloading, especially in the context of a time-bound target (Box 5.2).

Considering the timeframe and discount rate does not automatically favour one investment over another. Poor people are likely to want any capital expenditure to pay for itself very quickly (a kerosene stove is better for the poor individual than a power station). But from a country perspective, this may be a wrong choice, leading to air pollution and higher cost power. A country may rationally consider a lower discount rate appropriate in assessing its own capital expenditure.

Of course, timing is not everything – and a faster project that is poorly managed or has a more negative environment impact is not a better option. And substantial returns over a longer timeframe can be just as relevant to the poor, as their own long-term investments in education demonstrate.

The main points are that upfront funding is important for people living in poverty and that data on when the benefit will be felt is an essential dimension for choosing between investment options.

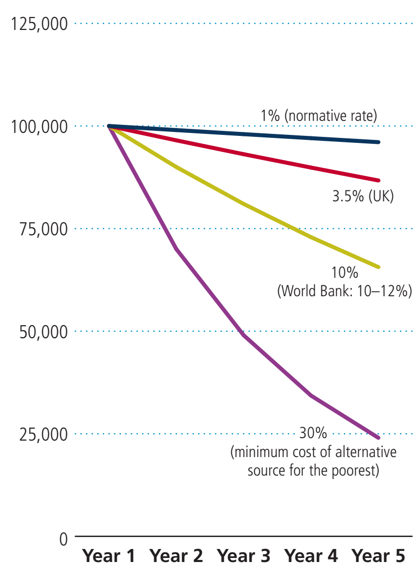
What is the evidence on the probability of impact?

In addition to who will benefit and when, resources have to be allocated against the probability that they are going to deliver an impact for poverty reduction. Assessing the probability is not simple, since many dimensions are beyond the control of those providing the resources and rely on assumptions and judgments. And aid is often fungible – a dollar of aid may simply substitute for a dollar of spending financed from a different source.

FIGURE 5.4

The value of a US$100,000 investment diminishes quickly under high discount rates, making quicker returns better for the poor

US$



Source: Development Initiatives calculations.

BOX 5.2

Frontloading ODA: the International Finance Facility

The International Finance Facility (IFF) was proposed in 2003 to deliver an additional US$50 billion a year in aid flows to meet the Millennium Development Goals. The IFF works by issuing bonds on the international capital markets against long-term legally binding commitments by aid donors to make annual payments to the facility. The advantage of the IFF was its timing, as it enabled aid spending to be brought forward. The cost-effectiveness of the IFF lay in its ability to secure the highest possible rating for its bonds, which depended on the underlying credit quality of the donor commitments and the perceived risk by bondholders.

The first, and so far, only application of IFF principles is the International Financial Facility for Immunisation (IFFIm). Announced in 2004 by France and the United Kingdom, it allows the development community to accelerate the availability and predictability of funds for immunisation. Implemented since 2006, the IFFIm benefits from US$6.3 billion in donor commitments over 23 years from Australia, France, Italy, the Netherlands, Norway, South Africa, Spain, Sweden and the United Kingdom. The commitments have allowed the IFFIm to raise US$3.9 billion in bonds (over 2006–2012), releasing disbursements of US$2.2 billion to support vaccine purchases and deliveries to 70 developing countries through mid-2013.

Source: IFFIm (www.iffim.org) and the GAVI Alliance.

There is a whole industry of evaluation and assessment to draw on, but here we simply try to pull together some of what is known about investments with a high probability of affecting the poorest people. This does not imply that only these things should be funded – there are often cases for aid to be used for high-risk investments. But the discipline needed in making these allocation decisions is to ask, compared with what? What are the alternative choices that could deliver a fairly reliably known rate of return from an aid investment, and why is the proposed investment a better choice?

Answering the question about the probability of impact on poverty is more difficult for global public goods and other less direct investments. Global and indirect investments can be a very good use of aid, but they still need to be compared with other options and the investments that will remain unfunded, if aid is to deliver as much poverty reduction as possible for every dollar. Clear, explicit theories of change about who will benefit and when support informed debate about the choices for the best use of scarce aid resources in different contexts.

Are there opportunities for investments that are globally proven to have high benefit–cost ratios?

Much attention has focused on identifying development success stories, but there are also exercises that try to assess the efficiency of different interventions, often through cost–benefit exercises.

The Copenhagen Consensus, now in its third round, ranks different types of programmes by their costs and benefits and their potential for combating key global challenges. Based on the premise of a finite investment, it regularly identifies specific health, nutrition and research activities.[12]

The consistent highest ranking intervention is providing micronutrients. In 2012 the panel bundled this with other interventions, including complementary foods and treatment for worms and diarrhoeal diseases, that would collectively target chronic under-nutrition in preschoolers. The estimated benefit–cost ratio of this collective intervention is 30:1, at a cost per child of US$100 and requiring an annual budget of US$3 billion.

Other consistently high-ranking interventions, with benefit–cost ratios above 20:1, have been:

- Malaria reduction – subsidies for combination treatments and insecticide-treated nets.
- Preventive health interventions – child immunisation, Hepatitis B immunisation and campaigns to lower salt intake and reduce the spread of HIV/AIDS.

Global trade liberalisation was also highly ranked in 2004 and 2008. In 2012 the panel agreed that the benefit–cost ratio was exceptionally high (100:1) but excluded it from the list of possible interventions because the challenges were more political than financial. For the same reason the panel chose not to rank interventions to tackle corruption or reduce armed conflict.

In 2012 the panel's full list of 16 interventions worthy of funding also included:

- Research and development to increase agriculture yields, to develop geo-engineering options to reduce climate change and to research HIV vaccines.
- Early warning systems.
- Conditional cash transfers and information campaigns to boost school attendance.

Upfront funding is important for people living in poverty

- Chronic disease interventions (tuberculosis treatment, surgical capacity, acute heart attack drugs).
- Boreholes and hand pumps.

Around half these interventions were on previous "top 16" lists.

One simple way of ensuring that these global high benefit–cost interventions are accorded proper priority would be to assess the benefit–cost ratio of any new intervention against the Copenhagen threshold of 20:1. Where the cost and benefit of an intervention are difficult to calculate, a maximum plausible ratio could at least be estimated and compared with this threshold.

Are the sectors selected for investment prioritised by poor people?

The first ever Poverty Reduction Strategy Paper (PRSP), produced by Uganda in 1997 (with the related national budget), identified the first priority as having the right policy frameworks to support poor people – on land, on access to credit and on environmental and disaster management. Because policy frameworks by themselves are not enough, Uganda also emphasised the need to finance the implementation and monitoring of policies. And spending on accountability and governance institutions was accorded high priority in the government's Poverty Action Fund. In addition to basic services, whose benefits for poor people are well known, the PRSP set priorities for spending on areas that increase the incomes of the

Global and indirect investments can also be a very good use of aid

poorest – most obviously rural roads and agricultural extension. The PRSP also recognised the interrelationships, with the benefit of roads much greater when combined with agricultural extension.[13]

In 2000 the Global Voices of the Poor study revealed that the top priority was security and justice.[14]

A more direct approach is to ask poor people themselves what their priorities are, as with community-driven development, which combines community decisionmaking with transparent budgeting and contracting.

- Indonesia's Kecamatan Development Programme, ultimately reaching some 140 million people, had leakage rates of less than 1% and construction costs 56% less than equivalent works by the Ministry of Public Works.[15]

- Afghanistan's National Solidarity Programme reaches two-thirds of rural households, allocating US$200 to each of them (up to US$60,000) for collective projects, such as irrigation, electricity generation and school reconstruction. Separate and confidential decisionmaking arenas for men and women ensure that their priorities for each are considered equally.[16]

Does the investment use the comparative advantages of aid?

Aid resources are not allocated in a vacuum. Using the comparative advantages of aid requires taking into account the political economy and donor incentives.

Budget allocations in weak democracies are biased towards the interests of the ruling elite. So the focus is often on the resources of the main hospital in the capital city, and spending on university students can be 1,000 times that on primary school pupils. Similarly, the political incentives to build a new road are much greater than those to maintain the existing road network.

The aid industry has its own biases. The data on project locations shows a preference for capital cities and projects near roads. Sectors such as security and disaster prevention are often difficult to fund. And the three-year posting common for most donor agency staff creates incentives to undertake quick projects that pilot the latest thinking.

Given these biases in many domestic budgets and much donor spending, it is possible to suggest some precepts that can help make the best use of aid's comparative advantages and blunt the negative biases. Such spending:

- Focuses on politically weak or marginalised groups – ethnic/caste/gender/disabled/elderly.

- Focuses on getting more from existing government resources – accountability/monitoring and evaluation/decentralisation/better allocation of government resources.

- Requires time and iterative effort before the best solution emerges.

- Is based outside the capital city.

- Takes a well established practice to scale, especially one piloted by another donor agency.

- Takes advantage of change in technology, especially a change in the price of technology that allows take-up at scale.

- Supports the implementation of existing rules and policies, as opposed to creating new ones.

Probability of impact – compared with what?

Any analysis of poor people and their money shows that they make careful (if very limited) choices about tiny amounts of money. Anyone spending aid money should try to exercise similar discipline.

A standard point of comparison should be, "Will my proposed investment have more impact than a poor person could achieve for themselves with a cash transfer? Can I do better than that?"

The reduction in the cost of national identity cards to just US$5 a person and the advances in cash transfer technology are enabling known benefits to be delivered to known individuals, even in poorer countries such as the Democratic Republic of Congo and Pakistan. And while debate continues about the precise design of such transfers – whether they should be conditional, what degree of targeting is best – there is now increasing evidence of the effectiveness of such transfers (Box 5.3).

Is there an opportunity to use aid to catalyse other resources?

Catalytic aid incorporates a range of ideas and objectives. Its narrow definition is financial: enabling or accelerating access to other forms of finance – as through public-private partnerships. But it can also be more direct, such as by catalysing private investment by paying for investment guarantees. Both leverage finance that would otherwise not be available.

The argument for using some aid in a way that directly encourages the flow of non-aid resources is that the

BOX 5.3

The benefits of cash transfers

Cash transfers have three main benefits.

Reducing poverty and deprivation

Cash transfers can reduce income poverty and deprivation by allowing households to meet basic consumption needs. They can respond to longer term chronic poverty with regular payments to meet a minimum level of consumption. They can also respond to transitory deprivation caused by local or widespread shocks, as long as they are timely and markets are functioning. For reducing poverty, they should be seen as complementing inclusive growth, access to basic services, investment in infrastructure and support to livelihoods.

Cash transfers allow households to improve the health, nutrition and education of their children and to invest in productive assets for their livelihoods, helping break the intergenerational cycle of poverty.

Households enrolled in Mexico's conditional cash transfer programme invested about 12% of their transfers, which on average raised their consumption by about one-third after five and half years.[1]

Managing risk

Cash transfers can allow households to better cope with and manage social and economic risk. In times of crisis, whether for an individual household or the wider community, they can help smooth consumption and prevent resorting to harmful coping strategies (removal of children from school) and the irreversible loss of productive assets (consuming seeds, selling assets). During a coffee crisis in Honduras and Nicaragua beneficiaries kept their children in school and did not put them to child labour.[2]

Allowing governments to pursue other economic goals

As part of wider safety nets, cash transfers can mitigate the effects on poor households of withdrawing inefficient subsidies on fuel, food or other commodities. Safety nets have also been used to cushion the effects of wider economic changes such as structural adjustment reforms.

Cash transfers are redistributive and thus contribute to reducing inequality. This has immediate benefits for poor households but can also lead to multiplier effects through increased demand in local economies. As part of wider social protection systems, cash transfers can also maintain consumption and expenditure during economic downturns.[3]

Notes

1. Gertler and others (2006), cited in Grosh and others (2008).
2. Grosh and others 2008.
3. Grosh and others 2008.

Source: Mathers and Slater 2013.

latter will typically be much larger, thus delivering more bang for the buck. The counter-argument is that aid may be diverted into areas where the development benefits, particularly to poor people, may be less evident. It should be possible to make reasoned judgements about the right balance.

Aid can both build bridges between poor people and existing resources and work directly with other financing more smartly to increase the net volume of resources for ending poverty (Table 5.2). It can support governments' ability to mobilise domestic revenues and more effectively build the national tax base.

Innovative mechanisms can manage risk to create favourable environments for private investment in poverty reduction, as well as build efficiencies of going to scale.

- Advance market commitments for vaccines use aid to guarantee future purchase in order to incentivise manufacturers to invest in the research and development of the vaccines for diseases that primarily affect low-income countries. This mechanism for managing risk provides an incentive for drug companies to research, produce and distribute relevant vaccines at scale, thus lowering costs, and requires sales to be at rates that reflect this.

- Development impact bonds are building on the early success of comparable mechanisms and are being tested in Australia, Canada, Ireland, the United Kingdom and the United States. Here, the private sector invests in social interventions in developing countries, and when results are demonstrated, the government and donors repay the investors their principal plus a financial return linked to performance.[17]

Aid has also been used to scale up investments, particularly in working with other sources of finance, to bring down costs of interventions known to directly reduce poverty. For example, donor support has been crucial for the massive rollout of long-lasting insecticide-treated nets. Demand was increased by the creation of the Global Fund to Fight AIDS, Tuberculosis and Malaria's Global Health Fund, thus creating a single major financier of nets as opposed to more atomised provision by individual agencies.

While the potential is there, past initiatives to link public and private financing – such as international

TABLE 5.2

How aid can work with other resources

Area of action	Type of catalytic investment	Examples
Empowering the poor	Increasing financial flows to poor people by improving their access to existing flows and markets	• Reducing the cost of transferring overseas remittances • Providing market information on prices to increase farmgate prices that intermediaries offer • Titling land to maximise the value and security of poor people's assets • Supporting private sector development through seed finance to base-of-the-pyramid business models
	Increasing poor people's ability to benefit from existing technologies and development policies	• Financing community development mobilisers to bridge the gap between isolated communities and the wider private sector • Subsidising the private sector to reach the poor, as with extending electricity grid to rural areas • Reforming education and health services to increase quality and access
Enhancing and focusing resources for poverty reduction	Developing new markets and technologies that will benefit the poor	• Developing mobile phone technology to facilitate transfers within a country • Building cold storage at airports to enable exports of perishable agricultural products • Scaling up production of insecticide-treated nets to make them affordable to the poor • Conducting research on vaccines, such as one for malaria and for neglected diseases • Piloting social impact bonds • Supporting key labour-intensive markets
	Increasing the volume and effectiveness of financial flows directly relevant for poverty reduction	• Developing innovative public-private partnership financing mechanisms to facilitate philanthropic investment in developing countries and draw on private expertise to increase effectiveness and reduce costs, such as the Global Health Fund and GAVI Alliance • Providing investment guarantees, returns and subsidies, especially for investment in rural areas, such as advanced market commitments and development impact bonds • Mapping natural resource availability • Improving tax collections • Reforming public finance management, tracking expenditure and launching transparency and anticorruption initiatives • Conducting research on maximising the poverty returns to private investment
	Transforming external and internal development policies for the benefit of the poor	• Investing in a global trade deal that benefits the poor and providing technical assistance to enhance negotiating capacity • Reallocating the budget in favour of the poor • Providing technical assistance for designing and implementing proper budget policies • Investing in governance and economic infrastructure

investment in African water infrastructure, public–private partnerships on roads and subsidies for power connections – have not delivered as much to poor people as originally hoped. Similarly, the replication of successful examples in other countries, such as Kenya's M-PESA mobile money transfer programme, has proved much more challenging than originally expected.

In a post-2015 financing framework, where the potential of other resources has already been recognised by the United Nations High-Level Panel of Eminent Persons on the Post-2015 Development Agenda, harnessing other sources of finance for poverty reduction may be one of the most effective uses of aid. As the panel writes, "We asked where the money would come from to finance the massive investments that will be needed for infrastructure in developing countries, and concluded that we need to find new ways of using aid and other public funds to mobilise private capital."[17]

Are the elements in the aid bundle being used to get the most value?

Aid instruments that have a weak link to ending poverty

Some aid reflects donor priorities more than international goals for poverty reduction. Take the imputed student costs and the costs of housing refugees in a donor country. Such expenditures, which transfer no resources to poor countries, were more than US$8 billion in 2011. Current rules allow donors to choose whether to include such spending in their reported ODA.

This type of funding, very resistant to campaigning, has increased faster than ODA as a whole (Figure 5.5). So, at the political level, donors are choosing to include in their ODA items that have a weak link to ending poverty. In so doing, they are exaggerating the value of their ODA and possibly squeezing out other, more effective, investments.

Procurement and tied aid – be savvy about the data and look at the potential

Some types of aid have terms and conditions that compromise value. The US$27 billion of tied and partially tied aid and related procurement practices are fruitful areas for getting more value.

Donors and recipients use most aid to purchase goods and services. Procurement practices can hold back the potential to reduce poverty, or they can both get better value and create jobs and support local industries in developing countries.

Much of the debate around procurement in the aid arena has concentrated on tied aid, where the recipient of an aid package is obligated to purchase goods and services from the donor country. This has three main effects:

- Any financial transfer associated with tied aid is a "round trip," as the money returns to the donor country to be spent with suppliers there.
- The recipient has no opportunity to increase the value of the aid by shopping around for the best-value suppliers.
- Local industries and jobs in the recipient country are not supported and may even be harmed by what are effectively subsidised imports of goods and services.

These limits inflate project costs by 15–30% (US$4–8 billion in 2011), according to some estimates,[19] and suggest that the value of tied aid to the recipient is less than the amount donors report in their ODA figures.

Volumes of tied and partially tied aid reported by donors have fallen in response to commitments to curb such practices in the 2001 DAC Agreement on Untying, followed by the 2005 Paris Declaration and the 2008 Accra Agenda for Action. Among bilateral donors, Ireland, Norway and the United Kingdom reported no tied aid at all in 2010. (Multilateral aid is always untied, except to some extent aid provided by the institutions of the European Union.)

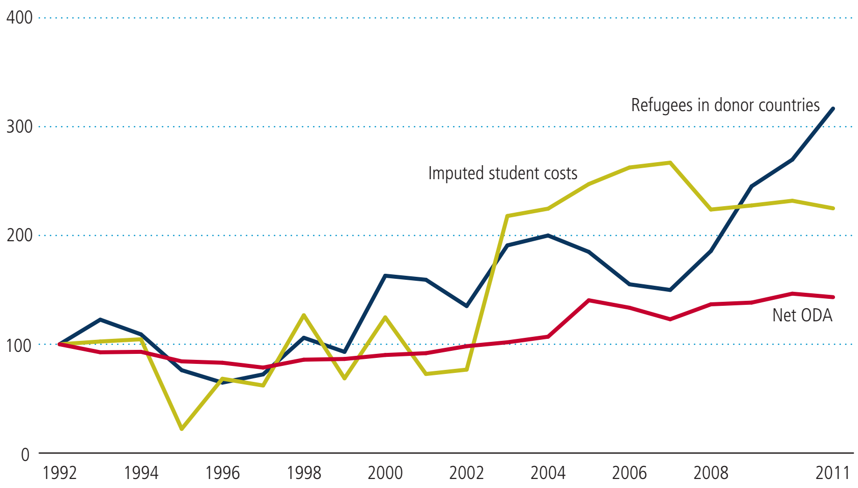
Not all moves to local procurement result in more ODA being reported as untied. For example, since November 2011 the US Agency for International Development has adopted a default of procuring goods and services from either the United States or from developing countries while excluding advanced developing and developed countries other than the United States. This opens the bidding for aid contracts to suppliers in developing countries. But the exclusion of advanced developing and non-US developed countries means that such aid will still have to be reported as partially tied. So, contracts awarded to developing-country suppliers still appear as tied aid (albeit partially tied) in the ODA statistics.

The official statistics on formally tied aid tell only part of the story. The overwhelming majority of procurement contracts for untied aid are still awarded to donor-country suppliers. One recent report finds that donors use a variety of methods to tilt procurement decisions in favour of donor-country firms and organisations, such as using restrictive conditions and eligibility criteria for preselecting bidders or advertising tenders in a language different from the local one. Up to 60% of aid may be subject to these informal tying practices, with US$3 informally tied to the use of donor firms for every US$1 of officially reported tied aid. Eurodad concludes, "De facto tied aid … does not differ much in terms of results from formal tied aid: it decreases value for money, and deprives developing countries from positive aid externalities."[20]

FIGURE 5.5

Refugee costs and imputed student costs continue to rise faster than ODA

Index, 1992 = 100



Source: Development Initiatives based on DAC data.

Reforming inefficient procurement practices – which are more pervasive than official data on tied aid suggest – could thus release substantial additional value.

Getting more value out of loans, technical cooperation and food aid

Three areas of aid – loans, food aid and technical cooperation – have been the subject of major criticism for failing to deliver value for money. Their value can be increased by improving the way they are managed.

Loans. While grants account for the bulk of ODA, loans grew some 45% over 2007–2011 to make up just under 20% of gross aid disbursements. Loans have several advantages over grants. By leveraging other finance, they can make aid go much further. For example, Germany can now leverage up to ten times the amount of market capital for every dollar of aid compared with the 1960s, increasing overall development finance to countries where lending is appropriate and freeing up ODA for grants where it is not. Recycling repayments from loans can sustain gross aid programmes and facilitate a transfer over time from better-off recipients to poorer ones (as China's repayments have helped boost the International Development Association's capacity to lend to its remaining much poorer borrowers). And managing loans can improve fiscal discipline in the recipient country.

However, used inappropriately, even concessional lending can lead to overborrowing, particularly if fuelled by agencies driven to meet lending targets and compounded by excessive non-concessional borrowing. In 2011 more than US$900 million was lent as ODA to countries rated by the International Monetary Fund either as a high risk of debt distress or as already suffering from debt distress, and a further US$3.6 billion was lent to countries at moderate risk of debt distress. Nine countries either in or at high risk of debt distress received more than 10% of their ODA in loans in 2011 – lower than the global average, but substantial nonetheless for such countries.

Grants (or loans at considerably higher concessional rates) may be more appropriate for social sectors, given the lack of revenues to service loans, and are preferable for the poorest countries. Yet 30% of ODA lending in 2011 went to social sectors, and almost US$6 billion in loans went to low-income countries. Again, simple questions can help both define and monitor appropriate loan allocations (Figure 5.6).

Better outcomes can also come at little additional cost to donors. For example, grants are likely to be preferable to loans when the recipient is at risk of debt distress, the recipient is a low-income country and the aid is for social sectors. Had these three criteria been applied to the ODA loans disbursed in 2011, US$7.2 billion in ODA loans to middle-income countries could have been replaced with grants. By contrast, US$5.4 billion in grants to such countries not in debt distress and directed to productive sectors might have qualified for lending. Combined with the appropriate use of other types of aid, such as guarantees, the value – in poverty reduction – can be increased by considering the question of terms more carefully without putting substantial additional strains on donor budgets.

Food aid. Donor practices in procuring and delivering food aid often drive a wedge between the cost of aid that donors report and the value of assistance that recipients feel.

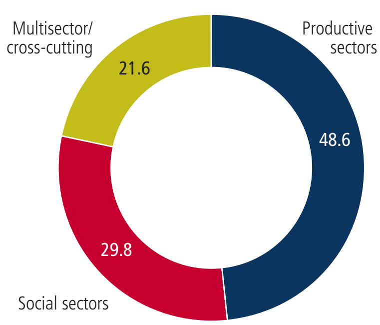
Persistent and, in some places, rising food insecurity demands flexible responses. Except for the United States, local or regional purchases of food (close to where food insecurity is felt) are now the dominant response. And donors and operational agencies are using cash transfers – either direct transfers or temporary jobs and wages to targeted recipients. Traditional oceanic food aid (food imports from donor countries) also remains important for several donors. Each response has its place, and getting the type of transfer right can both help livelihoods and minimise the impact on local food markets. But decisions need to be driven by local demand and the local context – particularly the functioning of local markets, the use of cash where appropriate during a food (or other) crisis and the availability of nearby food – rather than donor preferences.

Such decisions need to be backed by evidence on the right choice of transfer for specific times or places – on the impacts on local communities – to identify trade-offs or synergies between relief and longer term development. In 2011, US$4.7 billion was reported as ODA for food in-kind, shipped from the donor country.

FIGURE 5.6

Substantial lending continues to go to social sectors, which may not generate direct financial returns for repayment

% of total lending



Source: Development Initiatives calculations based on DAC data.

Technical cooperation: people, expertise, knowledge. Technical cooperation accounted for 13% (US$19.2 billion) of gross bilateral and multilateral disbursements in 2011. It can support peace building and core state functions in fragile states, public financial management and trade capacity in aid-dependent countries and concessional finance in countries capable of servicing loans. Transfers of knowledge can have a high payoff under the right circumstances.

As Chapter 4 shows, the way technical cooperation is delivered and how it aligns with and flexibly responds to local needs and capacities can enhance or reduce its value to partner governments. Deciding whether longer term technical assistance that builds capacity or short-term substitution that meets immediate technical needs, as in periods of post-conflict reconstruction where a functioning government is an immediate priority, is a key first decision. Both are valid activities, but demand different strategies over different timeframes.

* * *

Among both poor people and those trying to eradicate poverty, there are absolutely legitimate differences in values and views towards the priorities and the trade-offs between direct and indirect investment, the benefits of improving lives now or later and the relative importance of different approaches.

What is not reasonable, is to continue, in the face of clear evidence, to allocate aid money in inefficient ways or without a clear statement of what result is expected for whom and when. Nor is it reasonable to neglect the evidence on investments with a high probability of delivering impact in favour of other activities with less certain results, without a plausible chain of causation that explains how the investment will deliver more for people in poverty.

But being explicit about who benefits and when also brings two new dimensions that, in practice, may be the most important for getting more value from aid.

First, it brings in the possibility of the voice of the user. For accountability to mean anything, there has to be access to information. People on the receiving end of aid need to know what has been committed in their name – whether they are a ministry, a community or a household – before they can demand accountability for its effective use. Transparency and information on who is intended to benefit and when will support robust feedback from the people who are supposed to benefit.

Second, fundamental to the idea that aid should benefit people in poverty is data – on who is in poverty, who is vulnerable and how circumstances change over time. Without that data, assessments of impact and probability are flawed – matters more of faith than of fact. The High-Level Panel's call for a data revolution is an essential asset in the drive to end poverty by 2030.

Notes

1. Barder 2013.
2. ADB 2007.
3. Personal communication based on data from Chandy, Ledlie and Penciakova (2013).
4. Alkire, Conconi and Roche 2013; OPHI 2013; OPHI MPI Data Tables for 2013 (www.ophi.org.uk/multidimensional-poverty-index/mpi-data-bank/mpi-data/).
5. Poverty rates for 2011–2012 are based on state-level poverty lines (Chhattisgarh 39.5%, Andaman and Nicobar Islands 0.4%). Government of India, Planning Commission 2013.
6. UNESCO 2012.
7. See Shepherd and Lenhardt (2012) for panel data analysis.
8. OpenAid Partnership (www.openaidmap.org/mapping.html).
9. US Senate, Committee on Foreign Relations 2010.
10. UIS 2013.
11. Stern 2006.
12. The Copenhagen Consensus is a small panel of experts, most of them Nobel Laureates in Economics, who assess development interventions most worthy of funding. The key metric is the relative cost–benefit ratio, and spending is allocated within a nominal budget of US$50–75 billion over a four-year period. Panels have met three times – in 2004, 2008 and 2012.
13. Uganda Ministry of Finance, Planning and Economic Development 2000.
14. Narayan and others 2000.
15. See World Bank (n.d.).
16. Narayan and Petesh 2010.
17. CGD 2013.
18. UN 2013, p. 3.
19. For example, the Center for Global Development's Commitment to Development Index.
20. Ellmers 2011, p. 17.

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6

The poverty of data

- A Development Data Revolution is needed to end poverty. Without better, disaggregated data, resources cannot be optimally allocated, progress cannot be properly monitored, lessons about effective and efficient policies cannot be learned and accountability will fall by the wayside.
- Estimates of poverty are unreliable. Global poverty estimates draw on five data sources, including household surveys and national accounts. The collection methods for surveys and the use of different data sources can change the estimates of the numbers of people in poverty by hundreds of millions.
- Current data is out of date. Household surveys have been expanded, but global poverty estimates still rely on old and patchy data. A quarter of the number of people in poverty in sub-Saharan Africa is derived from surveys conducted before 2005.
- Calculations are built on weak assumptions. Much of what is known about poverty rests on statistically demonstrated relationships that might not stand up to updated price estimates or assumptions that data from different sources is compatible.
- New approaches offer improvement. Utilising both traditional statistical approaches and new crowd-sourced data and feedback presents a challenge that must be overcome if the Data Revolution is to deliver on its potential contribution to ending poverty. New finance is need for both and to meet the demand for disaggregated data.
- Current methodologies can be improved, including by harmonising survey design, publishing provisional 'real-time' poverty estimates and reforming the governance of country poverty data.

Good data is essential to global efforts to end poverty. It is needed to assess the prevalence and location of poverty. It is needed to inform decisionmaking, to quantify, allocate and track resources and to measure the effectiveness of investments. And it is needed to empower people in whose name resources are being spent to demand accountability.

Access to accurate, up-to-date and easily understood information enables people to fully realise their rights and supports dialogues among citizens, governments and institutions. Good data can inspire confidence in plans to end poverty and enable results to be rigorously pursued. Weak or missing data can make ending poverty a matter of faith.

We need timely and accurate information on two fronts – a map of exactly who and where poor people are and a map of the flow of resources and investments available to both indirectly and directly address their many needs. Limitations in either set of data will impinge on efforts to target and monitor investments to end poverty. The reality is that both areas of information have considerable weaknesses, compounding one uncertainty on top of another.

Counting the poor

Poverty is measured in many ways. The availability and quality of data for the standard and most widely used measure – the number of people living on less than $1.25 a day – have improved dramatically over the past two decades. But even this basic measure runs into technical, resource, coordination and institutional challenges. And there is considerable scope to improve both the quality and the usefulness of data.

Where do poverty numbers come from?

Global poverty numbers are an amalgam of a vast amount of data from different sources, places and time periods.

The primary sources of poverty statistics are household surveys administered by national statistical agencies. These surveys gather data for a group of households that are representative of the whole country, usually including income or consumption. The resulting datasets can then be used to calculate how many, and what share, of a country's population fall below a given a level of income of consumption, such as the $1.25 a day extreme poverty line.

Global poverty estimates are the sum of country estimates. Their construction is an impressive logistical feat. Responsibility for calculating them falls to the World Bank. The international poverty line is set at $1.25 a day, corresponding to the average poverty lines of the world's poorest countries.

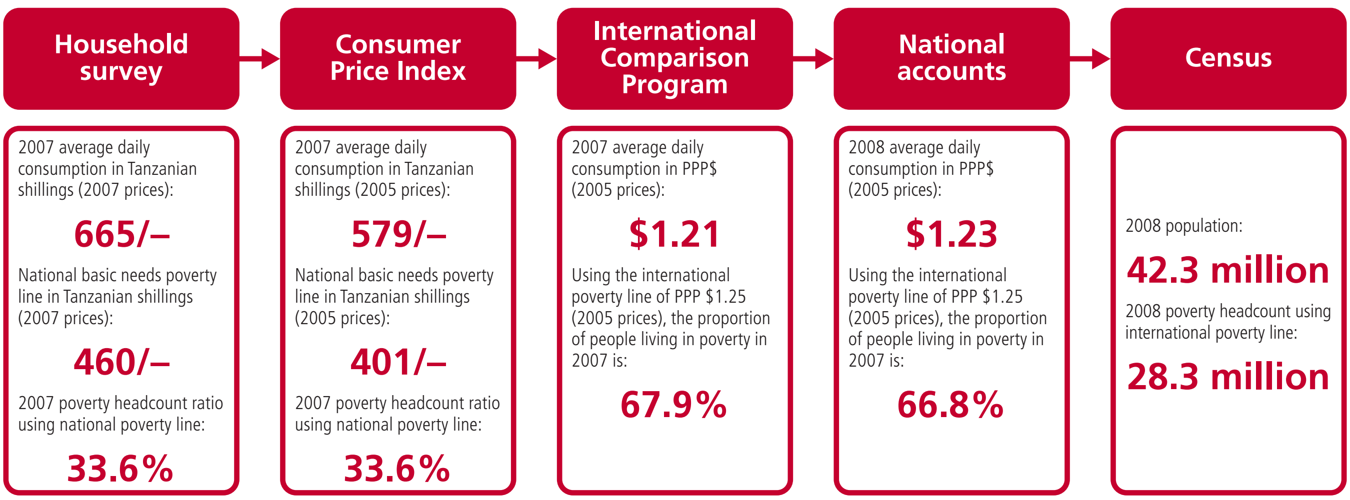
The World Bank collates household surveys and uses the results from the most recent survey for each country to arrive at a global total.[1] For countries with no survey the poverty rate is assumed to be the same as that in the rest of the country's region.

Aggregating country poverty estimates requires two key adjustments. First, the average level of consumption, expenditure or income from national surveys is converted into comparable international prices. Purchasing power parity (PPP) is an attempt to compare costs of living between different countries. A dollar in Niger can purchase more goods and services than a dollar in Norway could. This allows different costs to be equated across different countries, presenting a fairer reflection of poverty than if market exchange rates alone were used. Second, each survey average is adjusted further to account for any change in the country's consumption between the year of the most recent survey and the year for which global poverty is being estimated.[2]

Global poverty estimates fuse five country-level data sources: household surveys, population censuses, national accounts, consumer price indexes and the International Comparison Program (Figure 6.1).

FIGURE 6.1

Transforming results from Tanzania's 2007 household survey to produce the 2008 poverty estimate



Note: The 2007 and 2008 national thresholds are based on the 2000/2001 poverty line adjusted for inflation.

Source: Adapted from Chandy 2013.

Relying on multiple sources poses real challenges when trying to make disparate survey results comparable. It is also an inherent weakness of poverty estimates: Each source introduces errors that global poverty numbers compound. Together, these sources form a house of cards.

Three sets of problems thwart the generation of reliable poverty data: the reliability of survey estimates, the adjustments for different prices between different countries and periods, and the frequency and timeliness of data collection and processing.

Problem 1: reliability of survey estimates

There is near-universal agreement that household surveys are the most reliable method for estimating the income and consumption of poor people. But those surveys are designed and implemented in different ways across countries and within the same country over time. These differences naturally affect the comparability of results.

Several decision points shape the estimates:

- **Consumption versus income.** In few countries, mostly in Latin America, poverty estimates come from surveys of household income as opposed to household consumption. Income is difficult to measure accurately: it is more volatile, it is a foreign concept to many rural low-income households and it is likely to be underreported.[3] Comparisons between concurrent income and consumption surveys in Ghana found the capital, Accra, to have the highest incidence of poverty in one survey and the lowest in another.[4]

- **Number of consumption items.** In a typical survey households are asked to specify purchases against a list of market products over a given period. Different surveys list different products: from fewer than 20 to more than 400. Longer lists and greater disaggregation tend to produce higher estimates of consumption and are seen as more accurate.

- **Treatment of non-food items.** Monitoring food purchases is a core part of all surveys, but the inclusion of other important consumption items – such as health, education, energy, water and housing – can vary.[5] When these items are excluded, reported consumption is naturally lower, producing higher reported rates of poverty. Excluding these items in Ecuador and Nepal, for example, produced poverty rates up to 50% higher.[6]

- **Recall versus diary.** Household purchases are commonly identified through an interview where a household member is asked to recall transactions over a given period. The period can range from as little as three days to a year. Longer recall periods provide a more representative snapshot of household consumption but risk underreporting because it is more difficult to accurately remember a longer timeframe. More accurate results can be obtained if a diary of daily purchases is kept. But this is less feasible in countries with high rates of illiteracy.[7]

- **Seasonality.** Consumption patterns can change dramatically throughout the year, particularly in rural areas subject to agricultural cycles. But surveys conducted throughout the year are rare, possibly distorting the results.

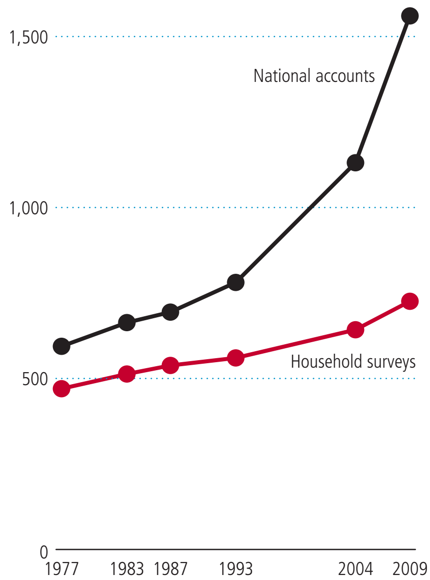
- **Number of family respondents.** Relying on a single household member to account for spending by the entire household may result in underreporting, especially in urban areas and societies where responsibility for expenditure is not held by one family member.

One recent experiment in Tanzania tested different survey designs against a personal diary, considered the most accurate. Each design reported lower consumption than the diary and significantly elevated poverty estimates – by almost 20 percentage points in one case. With personal diaries rarely used in practice, most household surveys probably overestimate poverty levels.[8]

Household surveys are not the only way to estimate consumption. An alternative is to look at a country's national accounts.[9] But in many countries large differences in both levels and rates of growth have been recorded between the two sources, as in India (Figure 6.2).[10]

Causes of such differences have been widely discussed, but understanding

FIGURE 6.2
India's rapid economic growth since the early 1990s has barely registered in survey data
Annual consumption per capita, PPP$, 1977–2009



Source: World Bank 2013.

remains limited. Concluding that a true value of average consumption lies somewhere between the two may not help either, given the gulf between the measures in many countries. The difference does, however, support claims that surveys tend to understate progress against poverty.[11]

The disconnect between surveys and national accounts also undermines overall understanding of poverty. For example, debates on the relationships between poverty and economic growth, investment or aid – all central to ending poverty and the post-2015 agenda – must presume that data from different sources is of sufficient quality and compatibility.[12] Predictions of the impact of global events on poverty, such as rising food prices or the 2008 financial crisis, typically use elasticity measures that assume that the relationships in historical data across different datasets are accurate and persist over time. Such an assumption cannot be taken for granted.

Problem 2: adjustments for different prices

The credibility of global poverty estimates hinges on expressing survey results from different countries and different time periods in the same terms or prices. Despite increasingly sophisticated techniques to achieve comparability, it is far from clear whether they do enough to produce reliable poverty estimates.

PPPs are intended to allow comparisons of consumption across countries. They convert local currencies into a comparable dollar value by adjusting for differences in the cost of living between countries. A PPP dollar should have the same consumption power no matter where it is spent. PPPs come from an extensive multiyear process known as the International Comparison Program, with the most recent set calculated for 2005. Successive rounds have improved the coverage and quality of PPPs so there is now much greater confidence in the ability to compare poverty levels across countries.

The continual revision of global poverty estimates is driven more by changes in how poverty is measured than by actual poverty trends

But the reliability of PPPs remains subject to doubt. At its root lies the futility of trying to capture the difference between prices in one country and those of all others in a single weight. Few things are consumed everywhere, so the tension between what is comparable and what is commonly consumed is a key challenge in selecting which goods and services to include. A particular difficulty is accurately adjusting for the relative prices of services such as education and health, given the high variance in their quality. Another is the neglect (or limited coverage) of rural prices in many countries' PPPs, including large countries such as Brazil, Pakistan and Thailand.

It is difficult to quantify the degree of confidence that should be placed in today's PPPs and thus in global poverty estimates. Consider how previous International Comparison Program rounds have revised prior poverty estimates. In 1993 the percentage of the population in poverty for sub-Saharan Africa was revised up 10 percentage points, revealing for the first time that its poverty rate exceeded South Asia's, while Latin America and the Caribbean's was revised down 8 percentage points. The 2005 update motivated a revision of the international poverty line, which added almost half a billion people to global poverty estimates.[13]

Such large revisions call into question the robustness of previous research on poverty's dynamics and characteristics. Much of what is known about poverty rests on statistically demonstrated relationships that might not stand up to updated price estimates. And with another round of the International Comparison Program drawing to a close, further large-scale revisions of PPPs, and consequently global poverty estimates, could be on the horizon as soon as the end of 2013. Such uncertainty severely tests the credibility of global poverty data.[14]

Indeed, the continual revision of global poverty estimates is driven more by changes in how poverty is measured than by actual poverty trends. The number of people in poverty in South Asia, for example, is now believed to have held remarkably constant over the past 30 years (despite population growth), but estimates over that period oscillated between 400 million and 700 million people. Conversely, reported poverty in East Asia has consistently hovered at around 200–400 million people, but today it is understood that 800 million people have been lifted from poverty (Figure 6.3).

Problem 3: frequency and timeliness

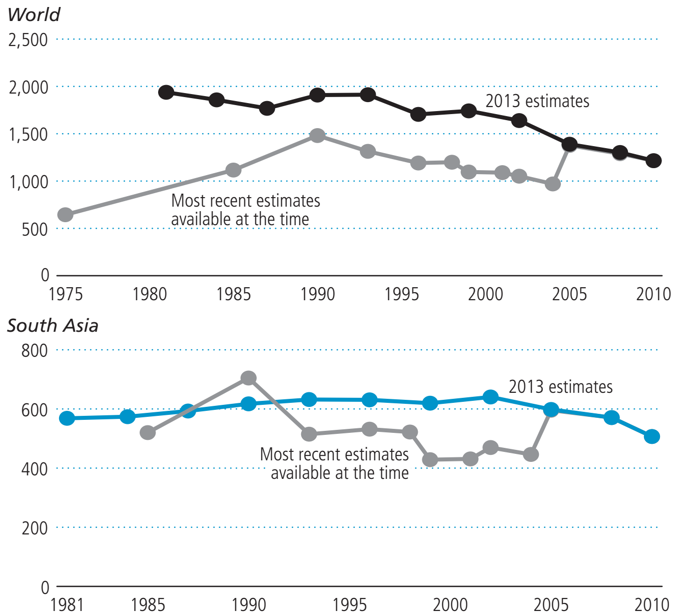
The accuracy of global poverty numbers depends on the availability of household surveys. The fewer surveys there are or the less up-to-date they are, the greater the reliance on shaky assumptions and adjustments to generate the country estimates that form global estimates.

Over recent years there has been a systematic – and highly successful – effort to expand the reach of household surveys to all corners of the developing world. Today, only a handful of countries remain without a survey, Eritrea, Democratic People's Republic of Korea, Somalia and

FIGURE 6.3

Current estimates of poverty are higher than earlier estimates

Poverty headcount, millions, various years

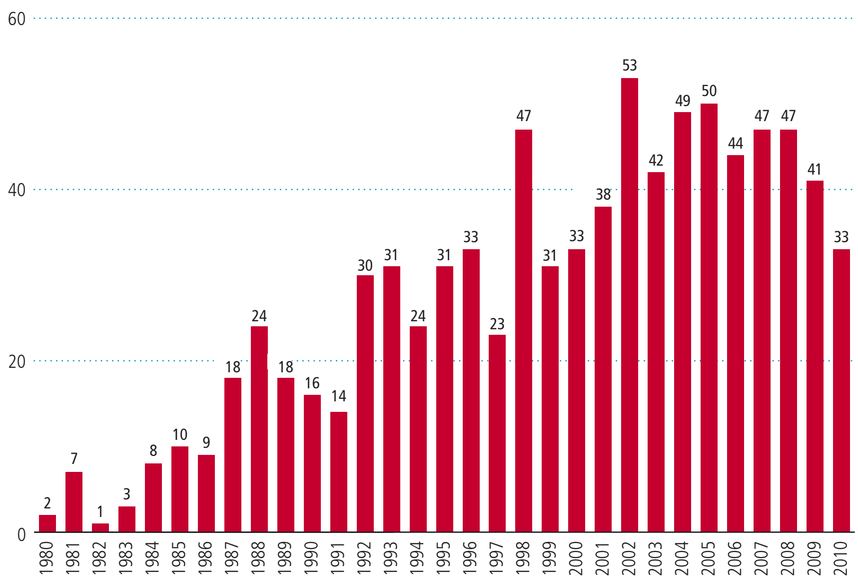


Source: Based on data from World Bank PovcalNet (http://iresearch.worldbank.org/povcalnet/).

FIGURE 6.4

The number of poverty surveys has grown substantially

Number of surveys, 1980–2010



Source: Based on data from World Bank PovcalNet (http://iresearch.worldbank.org/povcalnet/).

Zimbabwe being the largest. The first attempt to count the number of poor people worldwide using surveys was by the World Bank in 1990, based on data from 22 national surveys[15]; the most recent update in early 2013 drew on more than 869 surveys from 129 countries (Figure 6.4).

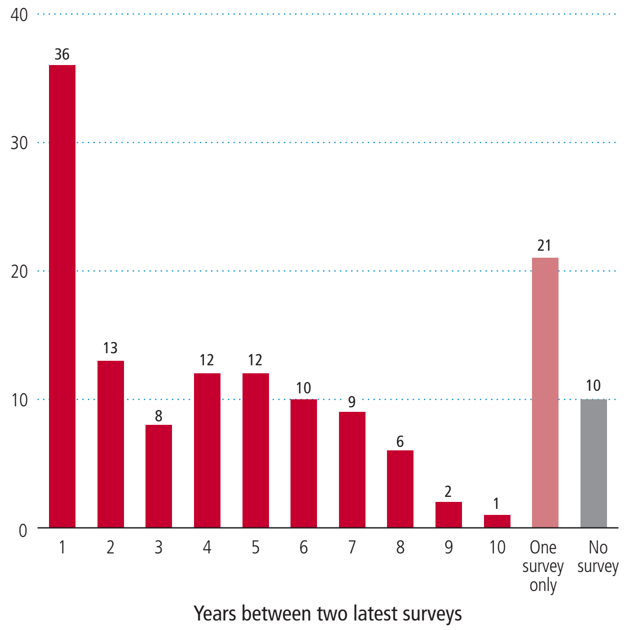
While the number of surveys has increased, ensuring that they are conducted regularly in each country has proven a greater challenge. The International Monetary Fund benchmark for satisfactory statistical governance is to conduct a survey at least every five years. Two in five countries fail to meet it.[16] Twenty-one of the surveys for the 2010 global poverty estimate were conducted as far back as 2003 or before (Figure 6.5).

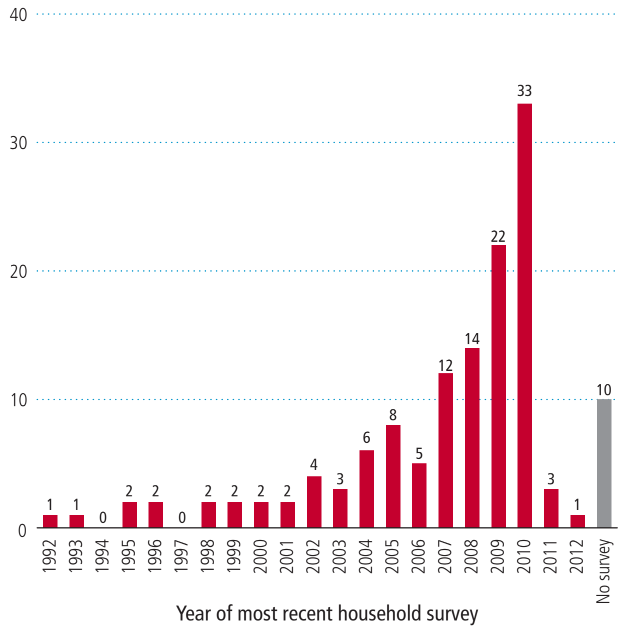
Of the 49 sub-Saharan countries, 43 have a survey, but only 28 have results from the previous seven years. This means that a quarter of the region's 414 million people estimated to live on less than $1.25 a day according to the most recent official poverty estimate are derived by extrapolating from surveys in 2005 or earlier. The average sub-Saharan country has had three surveys over the last three decades, while the average Latin American country has had 13.[17] The number of surveys in Latin America has increased substantially, and they now account for 65% of the region's people (Figure 6.6). Compare that with less than 20% in sub-Saharan Africa.

FIGURE 6.5

Surveys can be infrequent and far from current

Number of countries



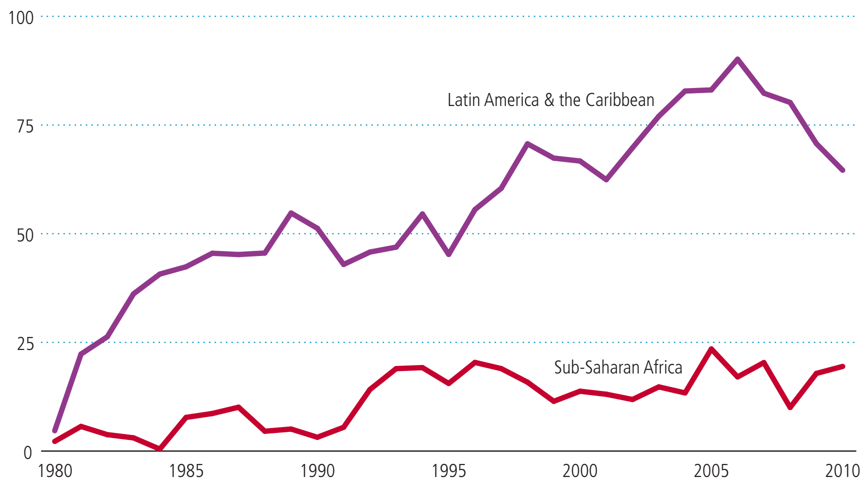


Source: Based on data from World Bank PovcalNet (http://iresearch.worldbank.org/povcalnet/).

FIGURE 6.6

Survey coverage is high in Latin America, stagnant in sub-Saharan Africa

% of regional population, 1980–2010



Source: Based on data from World Bank PovcalNet (http://iresearch.worldbank.org/povcalnet/).

If the global community is to end poverty by 2030, its greatest interest is in surveying the poorest countries. But this is precisely where frequency is low. Today's low-income countries have had, on average, four surveys since 1980, compared with six for lower middle-income countries and nine for upper middle-income countries. Thus, knowledge about poverty rates and absolute numbers of people in poverty is generally weakest in countries where poverty is most acute.

Limited resources and capacity and poor governance are reasons for infrequent data collection in poor countries, but they are surmountable. A handful of countries buck the trend, conducting regular surveys. Madagascar and Uganda are poor countries with poverty rates exceeding 30%, but each has administered seven surveys.[18]

What about global poverty estimates? Until recently, they have been updated every three to four years, with a lag of four to seven years. That schedule is useful for analysing economic history but not for understanding current conditions or informing future action. In October 2012 World Bank President Jim Yong Kim announced that the Bank would begin updating its global poverty estimates every year.[19] A welcome and considerable improvement, but the lags in global poverty estimates, while shorter, will remain.

Constraints to better data

Improving the quality of global poverty estimates depends on identifying problems and understanding why they exist. Some of the problems are purely technical, but the majority are operational.

Four factors can account for most of the problems with poverty data.

Low capacity

Government statistical agencies in many developing countries suffer from acute capacity constraints, which reduce the quality and frequency of household surveys. Low capacity means that surveys are conducted less frequently, and low frequency prevents institutional learning that would make surveys easier to conduct over time. Low capacity causes many statistical agencies to rely on donors and consultants to lead surveys. Some countries have increased capacity (Malawi and Nigeria), as measured by the World Bank's Bulletin Board on Statistical Capacity. Others, such as Botswana and Côte d'Ivoire, have seen a deterioration. Average performance for all developing countries has remained unchanged over the past eight years.[20]

Limited resources

A typical cross-sectional survey costs US$1–2 million, not a trivial sum in the budget of a low-income country government. And surveys are generally financed out of the development budget, so they must compete for heavily oversubscribed funds. Funding appropriated is often a fraction of what is needed, especially when funding is spread over multiple years. Aid commitments to support statistical systems in developing countries stand at US$200–500 million a year (less than 0.3% of total aid commitments).[20]

Coordination failures

The World Bank has been central in expanding the use of household surveys but has had less success in standardising survey designs. Despite joint donor efforts to improve statistical capacity, including PARIS21 and the 2004 Marrakech Action Plan for Statistics, a review of aid flows suggests that coordination remains lacking. Ongoing assistance for statistical development is highly concentrated, with 15 countries accounting for 54% of aid.[21] Further, there is no apparent relationship between the volume of aid received and a recipient's statistical capacity.

Institutional issues

Government statistical agencies suffer from limited status and influence. Given their low status, they struggle to attract and retain high-quality technical staff for key posts. Institutional factors may also constrain the World Bank's compilation of global poverty aggregates. The infrequency and long lags of global poverty estimates in recent years reflect the Bank's apparent reluctance to publish provisional poverty data, which it may later have to revise. This practice contrasts with its willingness to publish provisional GDP estimates and forecasts.

Data solutions and emerging needs

The quality of global poverty estimates has improved over the past 20 years, and there is every reason to believe this trend will continue. And as countries continue to develop, so will their capacity and resources for measuring poverty.

Such improvements are important but incremental. There are some promising avenues for revolutionising how poverty is counted. Polls of self-reported financial hardship, big data from cell phone activity and search engine entries, and satellite imagery are among the most creative. But their viability remains largely unproven and therefore speculative. And the time for such disruptive innovation to cut through today's measurement challenges remains uncertain.

A more fruitful approach will be to improve existing approaches. The ongoing process to set the post-2015 global development agenda is an opportunity to do just that.

Harmonising survey design and protocol

The post-2015 process should increase cooperation and promote a common standard for household surveys.

Publishing provisional 'real-time' poverty estimates, both global and national

The World Bank should generate draft poverty estimates systematically, in the same way it does for GDP, removing the need to wait for household survey results. At the country level this would involve identifying and regularly tracking indicators that correlate with poverty levels reported in surveys to derive up-to-date provisional poverty estimates. While this would not improve the quality of global poverty numbers, it would raise their profile and boost demand for poverty data. And it would make the data more relevant to policymakers.

Reforming the governance of country poverty data

Over the last 30 years central banks have been made independent from government in most countries around the world, improving the quality of economic data. Similar reforms to national statistical agencies could do the same for poverty statistics.[22] Or the

The post-2015 process should increase cooperation and promote a common standard for household surveys

responsibility for administering surveys could be transferred to central banks.

Poor data on resources for poor people

Current global data on poverty is not strong enough to provide the evidence needed to achieve and sustain the end of poverty. That is the message of this chapter. But the rest of *Investments to End Poverty* is about the data on resources – and the data on resource flows is also poor. Combining the two compounds the distortions. So a huge weight of analysis that in turn drives a large volume of money for the world's poorest people rests on a flimsy, uncertain, patchy body of data.

The worst holes in the data on ODA – and aid flows more widely – have been explored earlier in this report, but in summary there are three big gaps.

What form is aid delivered in?

We do not clearly know in what form aid is delivered. Aid is transferred to recipient countries as a combination of money and in-kind transfers. These transfers have very different economic impacts and different transaction costs. But the data on aid does not state how much aid is given in cash and how much is in other forms. This report uses various characteristics of the data to identify ODA that is almost certainly in the form of either money or gifts in kind. But for around one-fifth of the ODA given in 2011, it is not possible to disaggregate the data in that way.

A huge weight of analysis that in turn drives a large volume of money for the world's poorest people rests on a flimsy, uncertain, patchy body of data

Where does aid go?

We do not know exactly where aid is going. Identifying the destination of ODA more precisely than countries and regions is a voluntary requirement for reporting to the DAC. Sub-national information is minimal: eight donors, including Germany, the UK and the US, give no sub-national information. Only Portugal includes such information in all its aid activity records.

Who delivers aid?

We often do not know who is ultimately delivering aid. Aid projects funded by donor government agencies may be implemented by many different kinds of organisation – the donor government, the recipient government, international or local NGOs, multilateral agencies and so on. For aid transparency, accountability and coordination, it is important that the donor is as specific as possible about the organisation implementing the aid project. Reporting has improved, but with wide variations in the specificity that donors employ in reporting the channel of delivery.

But aid is just one resource flow, and to get value from it, it has to be used in the context of other resources – where the information is often much worse. First, several resource flows have poor data coverage across both time and space:

- Not all countries are included in many datasets – detail of sectoral domestic spending, for example, varies considerably from country to country.
- Coverage of true flows is often only partial – for example, remittances cover some official channels but exclude informal channels, which are equally, if not more, substantial.
- And for some resources there is no recognised dataset at all –for example, development finance institutions and private development assistance (NGOs, non-US foundations, corporate giving).
- Gaps in time series plague many datasets – sectoral government spending is often irregular, while surveys of private development assistance expenditures may be taken only every few years.

A second set of problems is the absence of relevant detail. In many instances vital dimensions to the data are missing:

- **Bilateral data.** For many resource flows there is no bilateral information. We know inflows and outflows at the point of entry or exit but not where the resources arriving in a country come from – as for FDI (except for Organisation for Economic Co-operation and Development countries) and remittances (bilateral estimates but not recorded flows).
- **How and where flows are used.** For example, we have data on volumes of FDI but do not know clearly in which sectors the investments are being made.
- **Inflows and outflows.** Net and gross flows are not disaggregated, as for FDI, portfolio equity and short-term loans. Information on reverse flows is limited, as with poor-country coverage for data on profits on FDI.
- **Channel of delivery and form of finance.** Such data is often absent.

The lack of metadata and standardisation of data sources creates a third set of problems. Such limitations hinder both the comparison of and distinction between the accounting of one set of data from another:

- The information on how datasets are created is often poor, and where there are alternative sources that show different figures, it is often difficult to make an informed decision about which source is most appropriate.

- Lack of clarity on what is included in the data leads to problems of what is being measured and enhances risks of double counting different resources. For example, NGOs, foundations and corporate givers routinely fund each other to implement projects, and these funds are recorded by both funding and implementing institutions.
- Datasets on different resource flows are created separately and for different purposes, so they are not in a standardised format, making it difficult to compare flows and account for overlaps between datasets. How then to distinguish FDI and loans, as FDI is funded partly by equity and partly by loans, or innovative finance and ODA? The overlap of resource flows can thus be complex, and understanding how gaps and overlaps are accounted for is extremely limited (Figure 6.7).

Poor data on resources, compounded by a limited understanding of who and where poor people are, exponentially reduces our ability to maximise the impact of different resource flows for poverty reduction. Without good poverty data, at the local level we cannot target resources effectively. And without a clear understanding of the wider resources available, ODA and other forms of aid finance cannot be used to their comparative advantage. Improved data is required on both fronts.

The call for a Data Revolution

The effective use of data drives some of the world's most successful companies and underpins some of the most dramatic global achievements. Data to end poverty is equally vital. Without better data, resources cannot be allocated optimally, progress cannot be monitored, lessons about effective and efficient policies cannot be learned and accountability will continue to fall by the wayside.

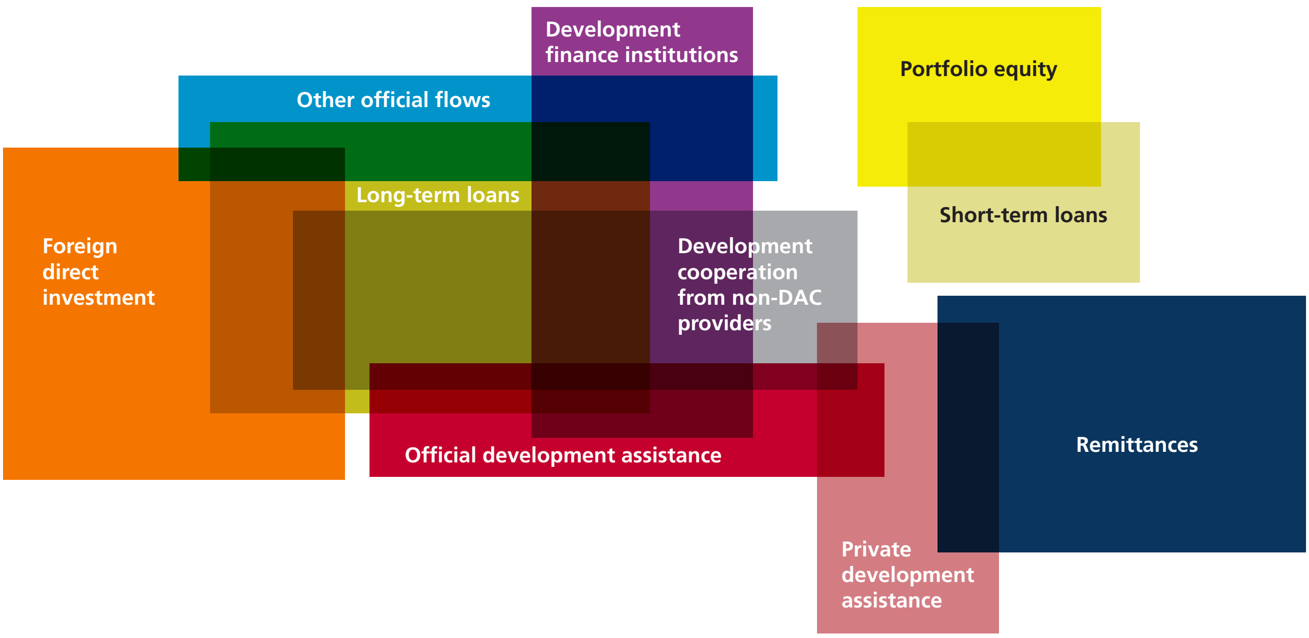
Governments, donors and non-governmental organisations are interested not just in counting the poor, but also in identifying and targeting poor people through dedicated investments

Ending poverty means ensuring that no one is left behind. Governments, donors and non-governmental organisations (NGOs) are interested not just in counting the poor, but also in identifying and targeting poor people through dedicated investments. They need to assess risk and vulnerability, to determine the impact of events on poor populations and to understand who is moving into and out of poverty and why.

The High-Level Panel of Eminent Persons on the Post-2015 Development Agenda has called for a Data Revolution

FIGURE 6.7

Different resource flows overlap, but the extent is often unknown

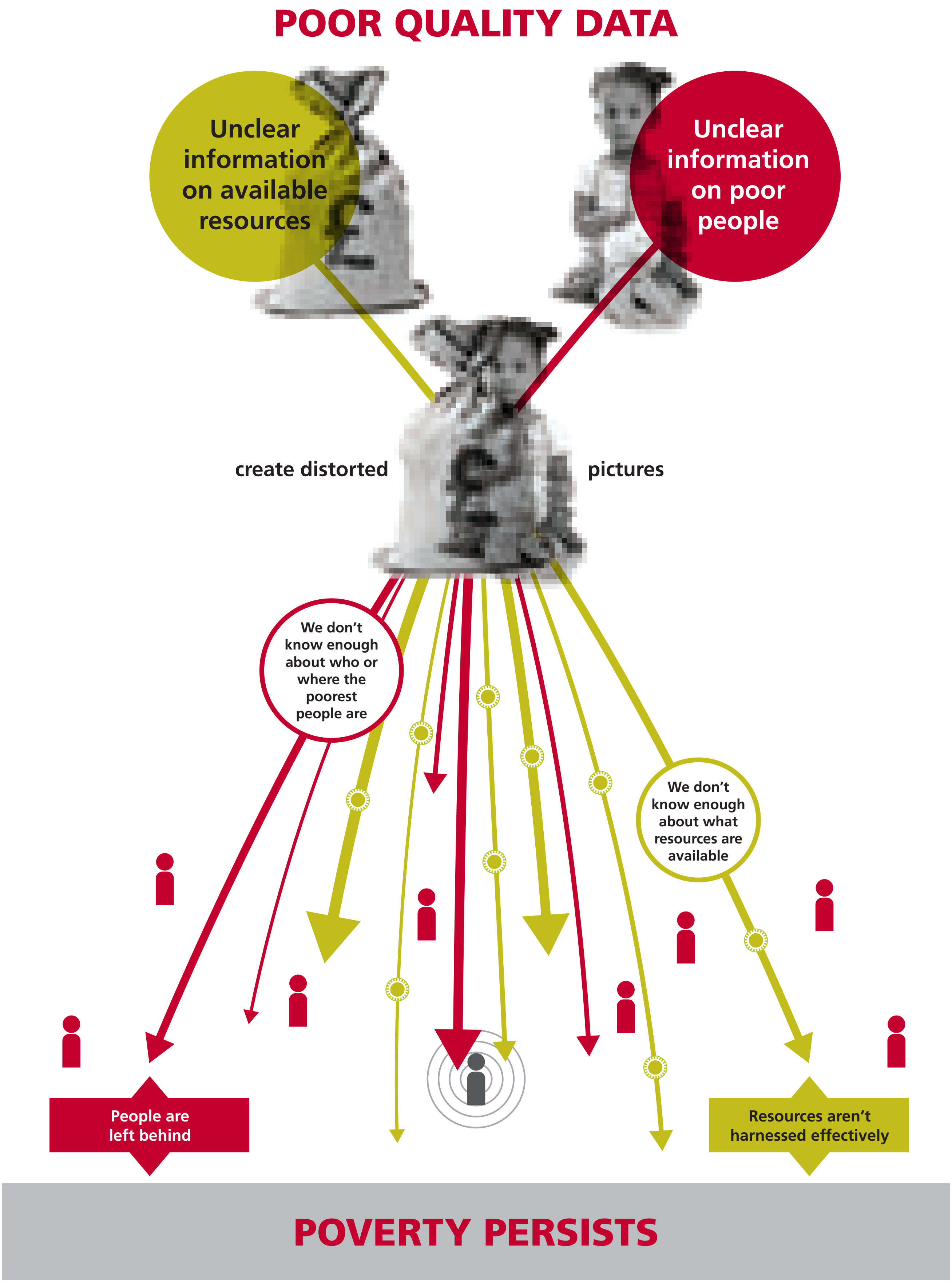


Note: Figure is not to scale.

Source: Development Initiatives.

FIGURE 6.8

Poor quality data



Source: Development Initiatives.

to improve the quality of statistics and information available to citizens, actively taking advantage of new technologies, crowd sourcing and connectivity.[23]

A Data Revolution can both generate action to get to zero poor people and reduce inequalities in wider forms of deprivation – differences in health and education between girls and boys, access to basic services between rural and urban centres, and opportunities for minority groups and the rest of the population.

Measuring progress by averages will continue to leave people behind. The High-Level Panel has recommended that no target, whether for education, health or energy, be considered 'achieved' until it is met for every income and social group. Without disaggregated data there is little chance of achieving that. The current framework for data collection in many developing countries is unlikely to be able to deliver the degree of disaggregated data that is needed to ensure that no one is left behind. Surveys will need to be more extensive and representative, capturing information from a much wider range of different groups, remote and difficult locations, and, as those working on gender have long advocated, the household should not be the smallest unit of analysis. And on top of this, the data needs to be updated frequently.

All this calls for a major change – a clear business case that sets out the returns from investments in data for efficient poverty reduction and serious attention to overcoming the constraints to better data, some of which have been identified in this chapter. Current investments in statistics are extremely low and need radical improvement. But while we need massively improved statistics, a Data Revolution also means that data ceases to be the province only of statisticians. Statistics need to be used in combination with the increasing number of other sources of information – often real time and grassroots.

Technologies and standards allow data from many different sources to be combined to reveal new information and applications. The new technologies and methods mean that some aspects of gathering data have also become a lot cheaper. The cost of conducting a household survey by traditional methods is much higher than the cost of an interview by mobile phone.

One of the most fundamental and universal standards is geography – where people live, where resources are spent, where benefits are to be delivered. The investments in geocoding are a quick win with huge potential. Geocoding – knowing where something is supposed to change – means that the people who live there, who are the objects of policy and the intended beneficiaries of investments, can provide a proper reality check. They can say what has actually arrived and when. They can comment on how their priorities are being met. They can see whether different resources are being used sensibly together or duplicating and undermining each other.

The Data Revolution does not just call for better data – it calls for people to acquire and use that data to drive progress. Doing that requires open government, transparency, visibility and a culture that puts a high value on enabling people to seek and use data and information – the sort of value that poorer people themselves put on communication and information. Witness the 600-plus million mobile phone subscriptions in Africa.

The Data Revolution needs to drive accessible, transparent, usable data on all finance relevant to poverty reduction – commercial investments, government spending, private giving and philanthropy, as well as aid and other donor-government finance, including security. This opens opportunities to go beyond traditional approaches and mobilise new ways of working that bring together different resources for faster and more sustainable progress.

Investments to End Poverty has tried to gather together the best available data on the resources that are available – their volumes, where they come from and where they go, what they are for and where they overlap. We clearly need better data on real money. We have also set out in this chapter what we know and what we do not know about who is in poverty and how their circumstances change. We clearly need better data on real lives. These two sets of information are a fundamental requirement for people who have to make real choices about investments to end poverty that will yield better results.

Notes

1. Where a country has a survey before and after the year for which global poverty is estimated, the Bank uses the results from both surveys to calculate the country estimate.
2. See note 1. The distribution of consumption is usually assumed to be unchanged from the most recent survey.
3. McKay 2000.
4. Coulombe and McKay 1995.
5. Wane and Morisset 2011.
6. Lanjouw and Lanjouw 2001.
7. Beegle and others 2010.
8. Beegle and others 2010.
9. The relevant measure from national accounts is household final consumption expenditure.
10. Ravallion 2003; Deaton 2005.
11. Deaton 2010.
12. "Claiming that growth has done little to reduce poverty is comparable to saying that, despite

rapid growth in China, poverty in India remained the same. The [national accounts] and the surveys evidently measure different things" (Deaton 2010).
13. Cited in Chandy (2013).
14. Deaton and Heston 2008.
15. An earlier version of the current methodology was used for the 1975 poverty estimate in Ahluwalia, Carter and Chenery (1978).
16. IMF 2007.
17. Excludes countries with populations of less than 1 million.
18. Cited in Chandy (2013).
19. Kim 2012.
20. Cited in Chandy (2013).
21. OECD Creditor Reporting System Database (http://stats.oecd.org); PARIS21 2012.
22. PRESS 2012
23. Sandefur 2012.
24. United Nations 2013.

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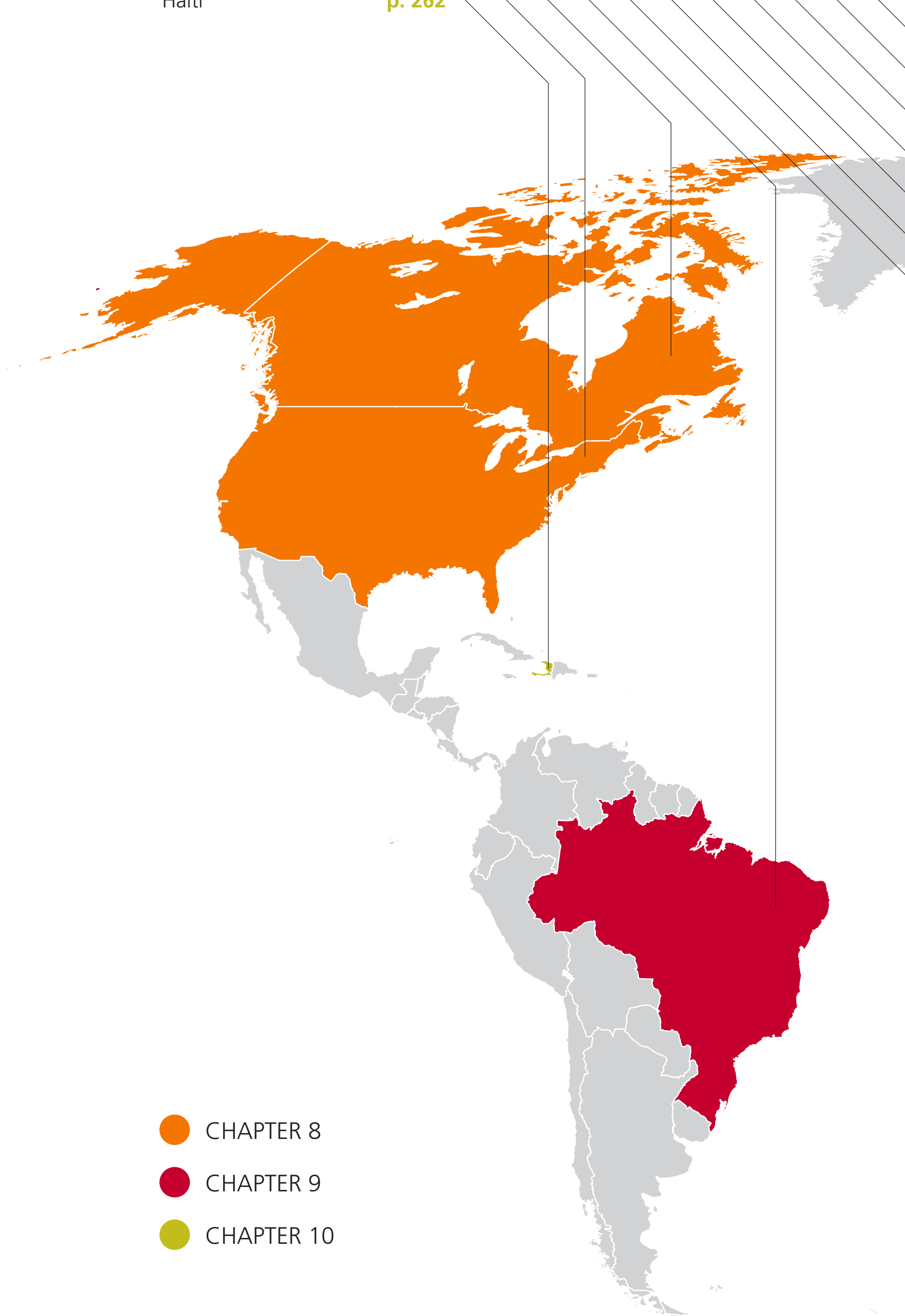
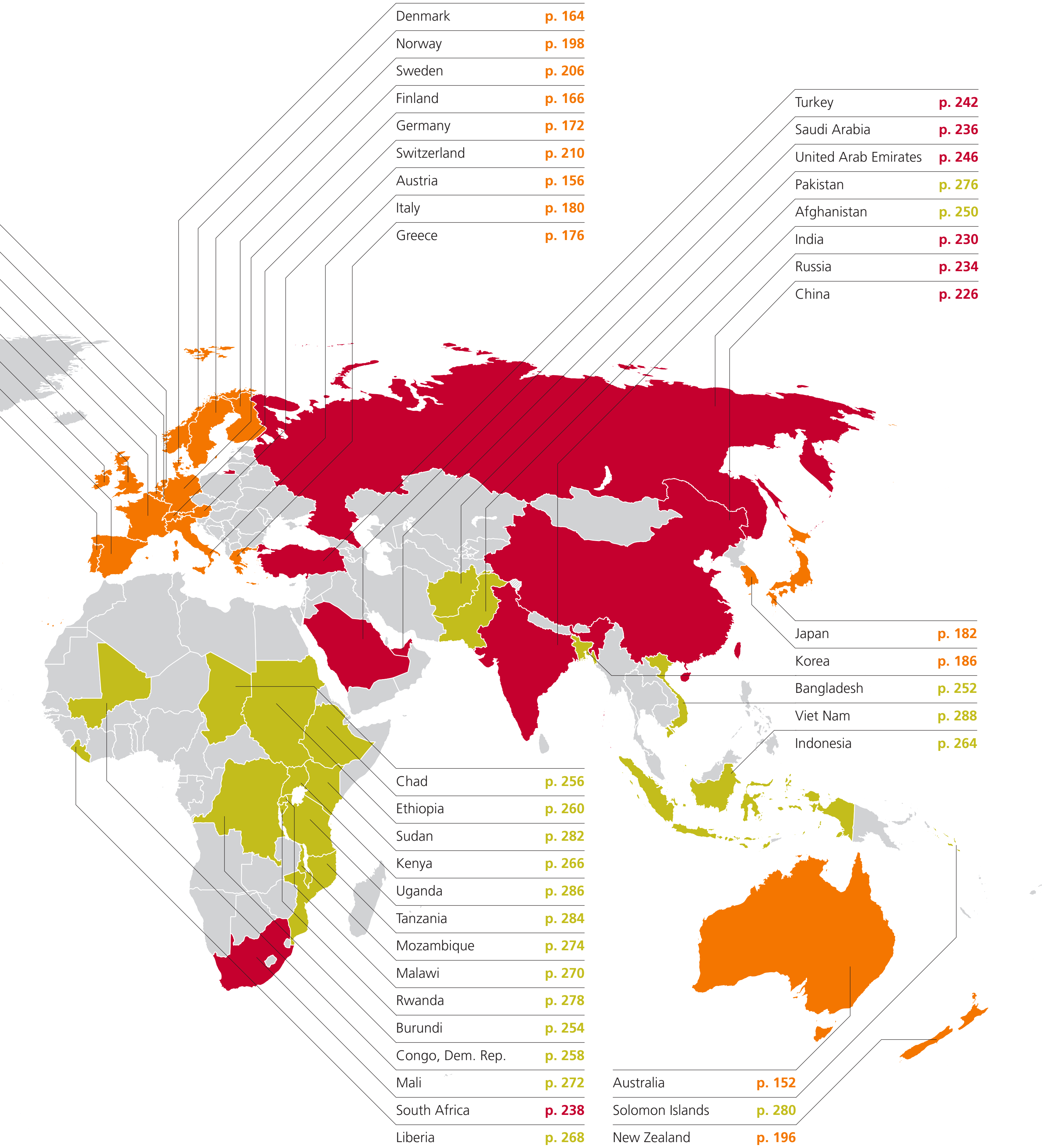
PART 3



UNBUNDLING THE DATA:
WHO INVESTS WHAT, WHERE AND HOW



Other official flows

Development finance institutions

Development cooperation from government providers outside the DAC

Private development assistance

Climate change finance

Innovative finance mechanisms

Foreign direct investment

Loans

Remittances

Military expenditure

Portfolio equity

7

Global financial resource flows

These profiles provide clear and detailed visualisations of the scale and trends for 11 international resources that flow to developing countries: other official flows, development finance institutions, development cooperation from government providers outside the DAC, private development assistance, climate change finance, innovative finance mechanisms, foreign direct investment, loans, remittances, military and security expenditure and portfolio equity.

The profiles unpack the data available on each resource flow, highlighting their scale, recent trends, information on who provides and receives these flows, and other important characteristics. They raise and address key issues for development finance and poverty. They are drawn from a variety of sources, including new information on a number of resource flows, and they highlight the known overlaps between data on different flows.

The profiles provide objective information about the scale and nature of wider resource flows to developing countries that can inform the debate about broader development financing and the roles of particular institutions, actors and resources.

More detailed and interactive information is available online at www.devinit.org, and Development Initiatives is always pleased to provide data and information through our helpdesks. Please refer to the profile endnotes and *Methodology* for more detailed explanations of terms and concepts.

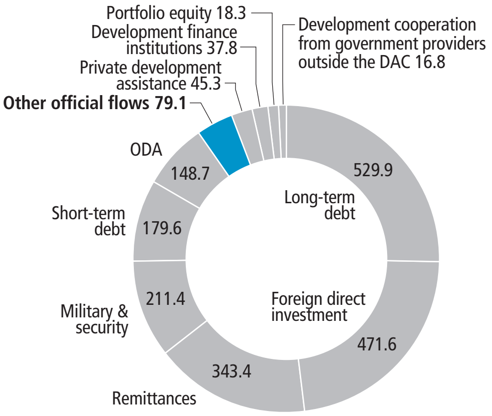
OTHER OFFICIAL FLOWS

US$79.1 billion in 2011

Like ODA, other official flows are transactions by donor governments or multilateral bodies with countries on the DAC list of aid recipients. However, other official flows do not meet the conditions for eligibility as ODA. They are typically loans that are not sufficiently concessional to be counted as ODA, export credits and a small amount of grants deemed to be not aimed primarily at development. In 2011 the total amount of gross other official flows disbursed was just over half that of gross ODA, and more than half of other official flows were from multilateral donors.

Other official flows and other resource flows to developing countries

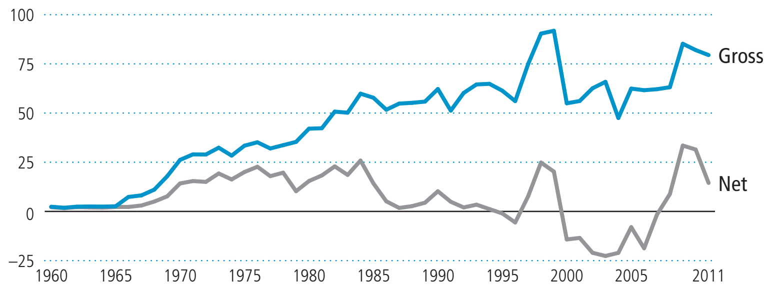
US$ billions, 2011



Trends in other official flows

Other official flows have grown, but high levels of repayments have widened the gap between gross and net flows

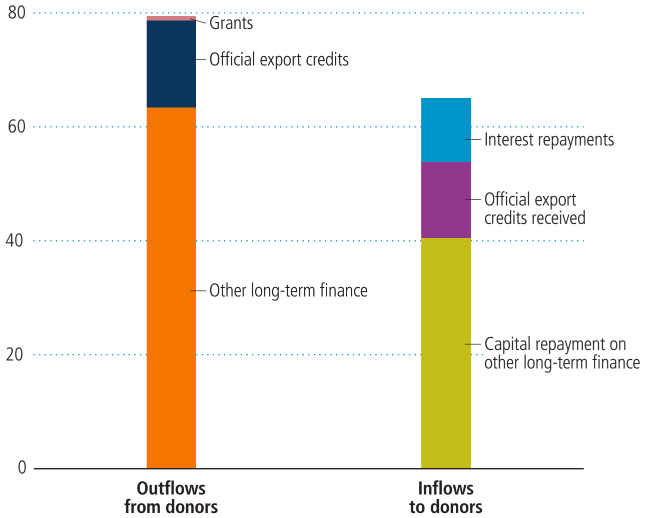
US$ billions, 1960–2011



Composition of other official flows—inflows and outflows

Outflows from donors exceeded repayments by US$14.5 billion in 2011

US$ billions, 2011

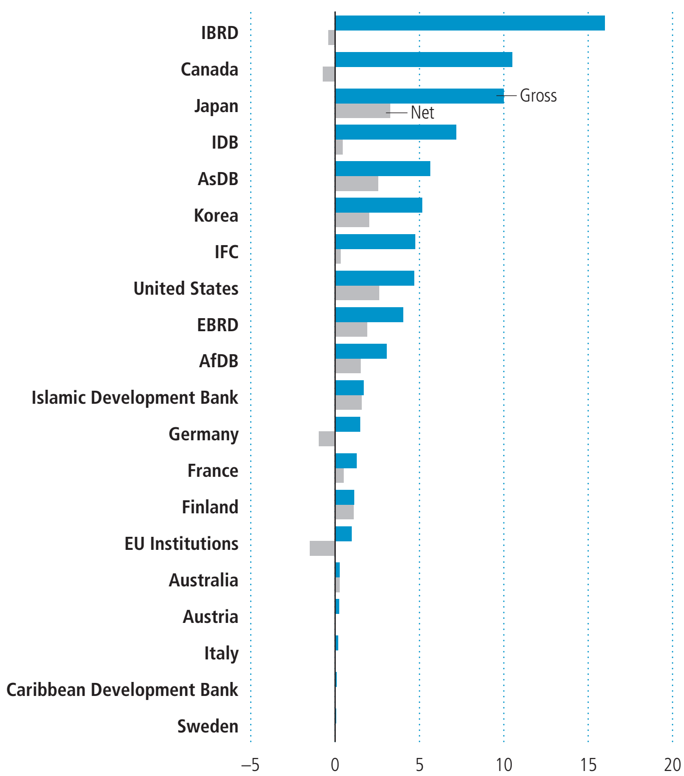


Data on net other official flows in the DAC database is misleading because old other official flows loans that are subject to debt relief are subtracted from the current other official flows values and reclassified as ODA. To obtain more accurate values for the net flow associated with other official flows in each year, principal and interest repayments are subtracted from gross outflows here. That other official flows are not highly concessional means that the reflows associated with them are large and, in several years, have meant that net other official flows resulted in resources flowing from developing counties to donors.

Who provides other official flows?

In 2011, of the top 20 providers of other official flows, 4 received more in repayments than they disbursed

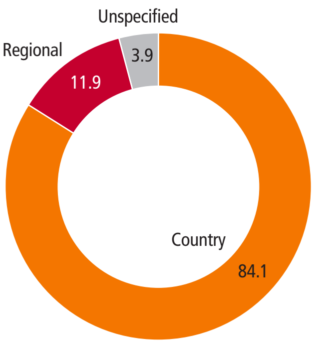
US$ billions, 2011



Where do other official flows go?

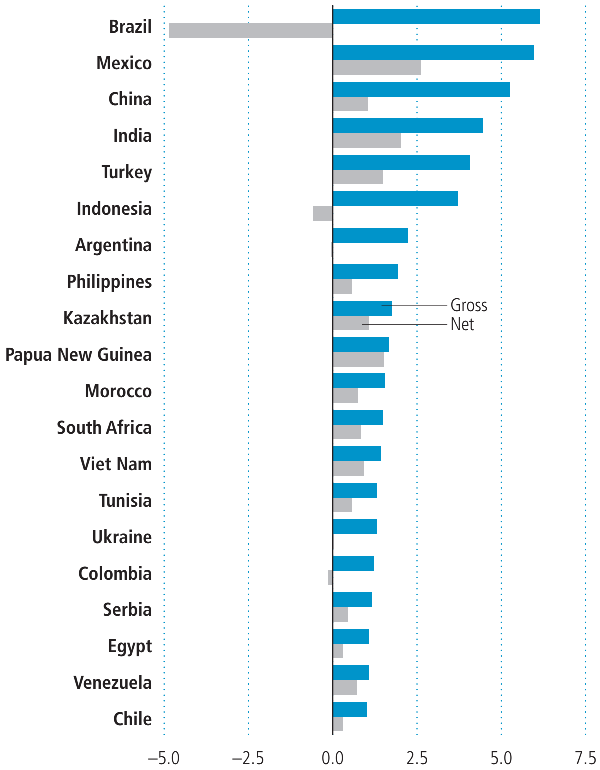
Approximately a sixth of other official flows disbursements are not attributed to a specific recipient

% of total, 2011



Other official flows largely benefit more-prosperous developing countries

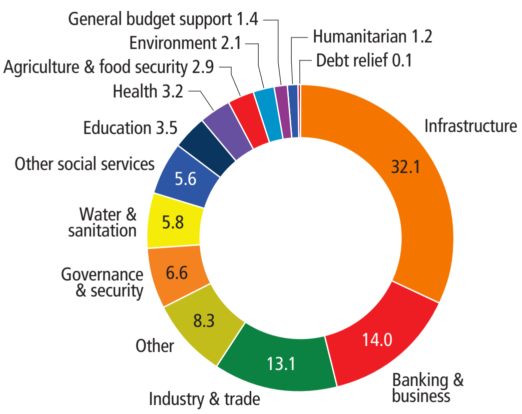
% of total, 2011



Sector composition of other official flows

More than half of other official flows for which a sector is specified go to infrastructure or industry

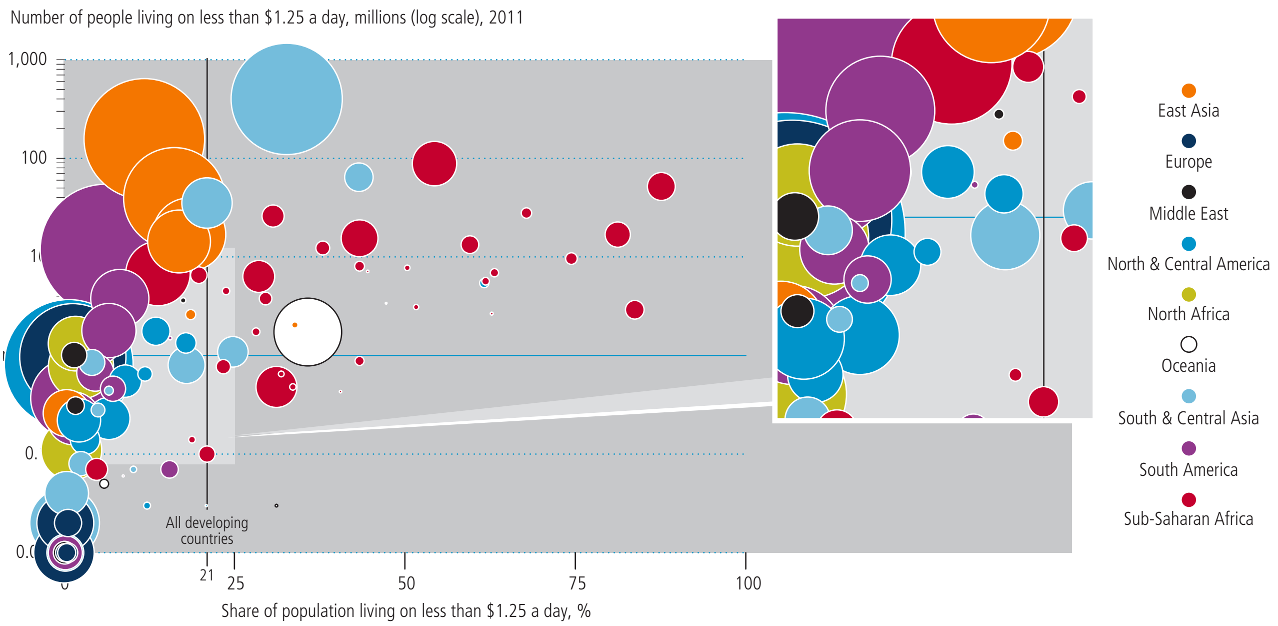
% of total, 2011



Other official flows are heavily concentrated in more prosperous developing countries, such as Brazil, China, India, Mexico and Turkey. This means that countries with high poverty rates are unlikely to be large-scale recipients. Other official flows are also used more heavily in infrastructure projects and in productive sectors of the economy and less in social and environmental projects.

Other official flows and poverty

Other official flows do not flow to countries with large proportions of poor people

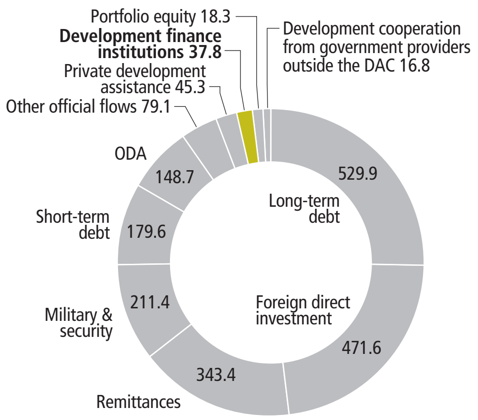


Note: Bubble size indicates the proportion of total other official flows to the country in 2011.

Note: Data is from the DAC. All data in US$ is in 2011 prices. AfDB is the African Development Bank. AsDB is the Asian Development Bank. DAC is the Development Assistance Committee of the Organisation for Economic Co-operation and Development. EBRD is the European Bank for Reconstruction and Development. IBRD is the International Bank for Reconstruction and Development. IDB is the Inter-American Development Bank. IFC is the International Finance Corporation. ODA is official development assistance. PPP is purchasing power parity.

Development finance institutions and other resource flows to developing countries

US$ billions, 2011



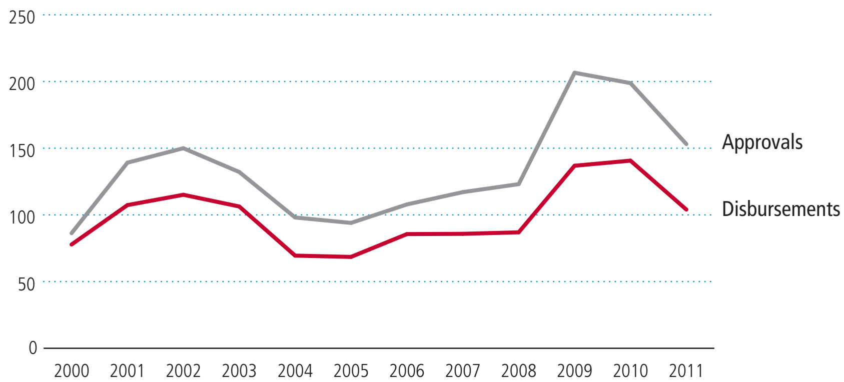
Development finance institutions are bilateral and multilateral institutions that provide financing to public and private institutions in developing countries. While some of their activities are captured as ODA or other official flows, a considerable portion is not recorded under these categories. Many of these institutions have grown rapidly in recent years.

- Excluding operations classified as ODA or other official flows, approvals by development finance institutions totalled an estimated US$70 billion and disbursements US$38 billion in 2011 (or US$104.0 billion when ODA and other official flows are included).
- Loan approvals by development finance institutions have grown 77% in real terms since 2000.
- Multilateral development finance institutions provide the majority of finance.
- The main recipients of loans from development finance institutions are large emerging economies.

How much is there?

Flows from development finance institutions have grown rapidly but fluctuated since the early 2000s

US$ billions, 2000–2011

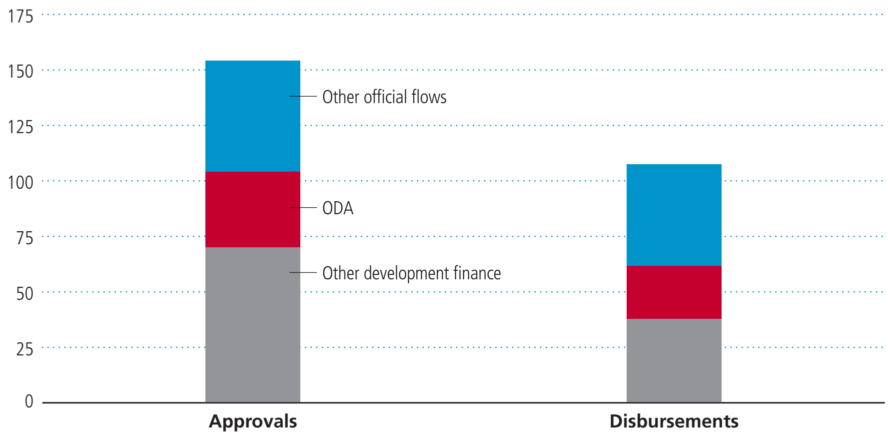


This source of financing has grown rapidly since the early 2000s. Total loan approvals by all institutions peaked at US$207 billion in 2009. Data on development finance institutions is poor, with data for half the institutions covered available only after 2000. But for institutions with data, approvals have grown an average of 8% a year since 2000. Spikes in 2001 and 2002 were caused largely by the IMF providing bailouts and rescue packages to countries in crisis (notably Argentina, Brazil and Turkey). Development finance institutions operate under mandates ranging from a ‘pure’ development focus to supporting national interests. Several bilateral development finance institutions actively increased loan approvals during the global economic crisis as part of domestic stimulus packages to open markets for domestic businesses, boost exports and create jobs. Multilateral development finance institutions also increased expenditure during this period, responding to the G20’s calls to increase the resources of multilateral development banks, demonstrated by the 68% increase in total approvals in 2009.

ODA, other official flows and other development finance

Development finance institutions provide a considerable amount of development finance that is not counted as ODA or other official flows

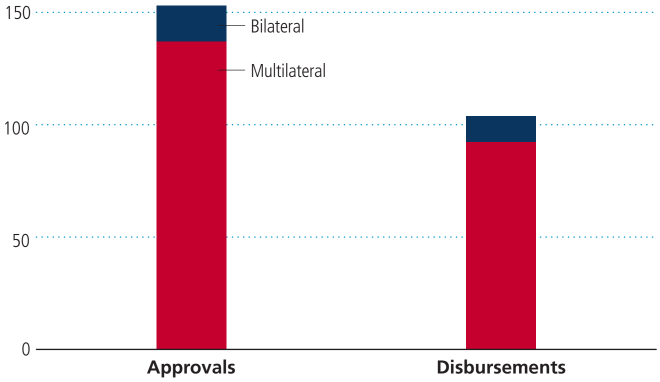
US$ billions, 2011



Who provides development finance?

Multilateral institutions account for the majority of expenditure by development finance institutions

US$ billions, 2011

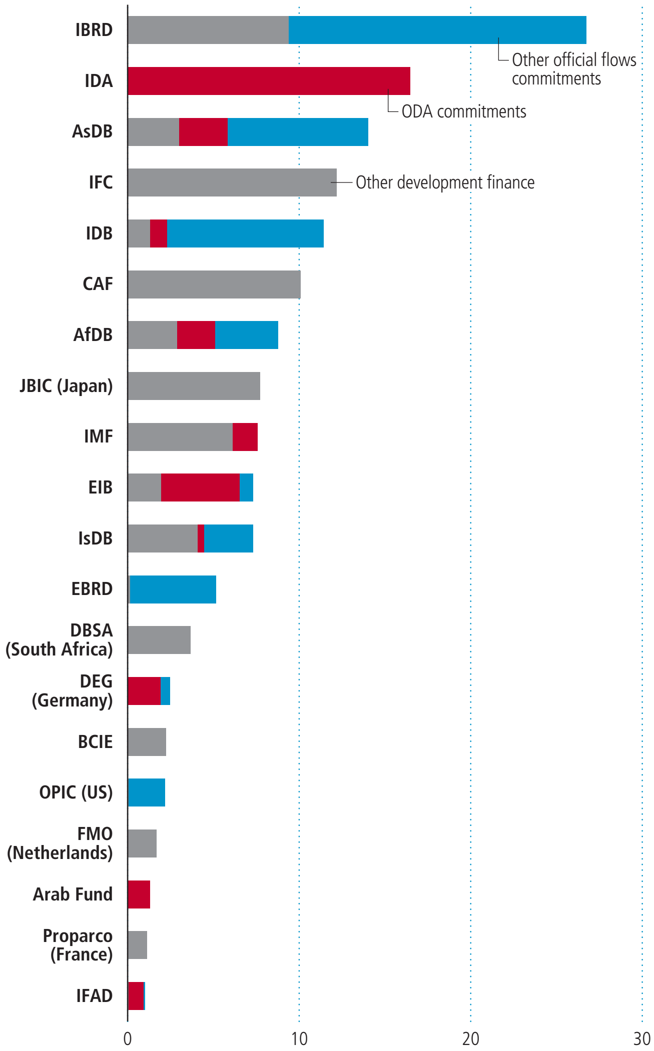


Multilateral institutions account for the majority of expenditure by development finance institutions. This stream of finance is highly concentrated: 10 institutions control roughly 80% of approvals, some US$122 billion in 2011. The three main World Bank institutions (IBRD, IDA and IFC) made approvals of US$55 billion in 2011, 45% of the total. Regional development finance institutions also account for a large share of expenditure, led by the Asian Development Bank and the Inter-American Development Bank. CAF (which focuses on Latin America) is the largest sub-regional development finance institution, with approvals growing 166% since 2000. Approvals by the EBRD have almost quadrupled since 2000, the largest percentage increase of all development finance institutions. JBIC (Japan) is the largest bilateral development finance institution, with approvals to developing countries totalling almost US$8 billion in 2011.

One difference between multilateral and bilateral institutions is their engagement with the public sector. A majority of the loans from large multilateral institutions, such as the AfDB and the AsDB, are sovereign loans, while bilateral institutions, such as OPIC (United States), are oriented mostly to the private sector.

Development finance institutions report their activities differently

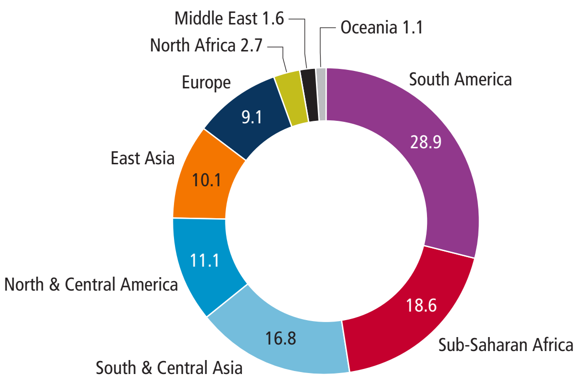
US$ billions, 2011



Where does development finance go?

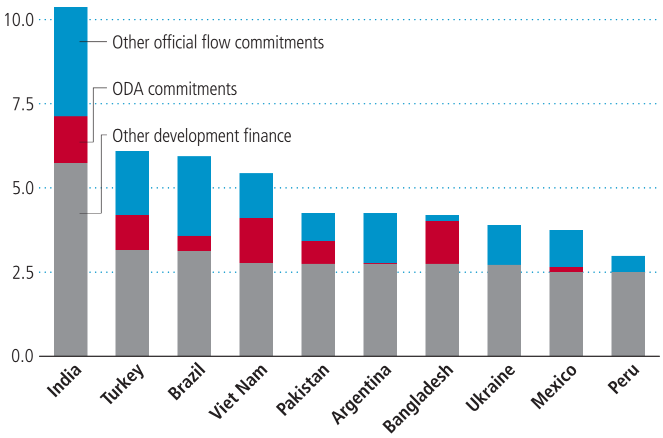
South America, sub-Saharan Africa, and South and Central Asia receive almost two-thirds of approvals from development finance institutions

US$ billions, 2011



The largest volumes of loan approvals from development finance institutions go to emerging economies

US$ billions, 2011



Note: AfDB is the African Development Bank. AsDB is the Asian Development Bank. BCIE is the Central American Bank for Economic Integration. CAF is the Latin American Development Bank. DBSA is the Development Bank of Southern Africa. DEG is the German Investment Corporation. EBRD is the European Bank for Reconstruction and Development. EIB is the European Investment Bank. FMO is the Netherlands Development Finance Company. IBRD is the International Bank for Reconstruction and Development. IDA is the International Development Association. IDB is the Inter-American Development Bank. IFAD is the International Fund for Agricultural Development. IFC is the International Finance Corporation. IMF is the International Monetary Fund. IsDB is the Islamic Development Bank. JBIC is the Japan Bank for International Cooperation. ODA is official development assistance. OPIC is the US Overseas Private Investment Corporation.

DEVELOPMENT COOPERATION FROM GOVERNMENT PROVIDERS OUTSIDE THE DAC

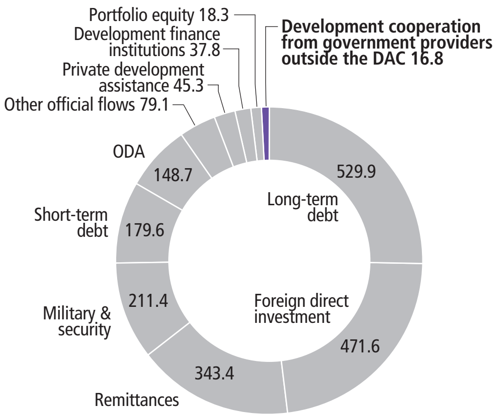
US$16.8 billion in 2011

Development cooperation from government providers outside the DAC amounted to US$16.8 billion in 2011, or 10% of global ODA, the largest share since 2000. Development cooperation from these providers quadrupled from 2000 to 2011, while DAC ODA doubled. Data is incomplete, so development cooperation flows by government providers outside the DAC are likely to be underestimated.

- The largest government provider of development cooperation outside the DAC is China, disbursing estimated US$5.6 billion in 2011, comparable to ODA from Saudi Arabia (US$5.2 million), the second largest government provider outside the DAC, and Canada (US$5.5 million), the eighth largest DAC donor.
- Country recipients in the Middle East and sub-Saharan Africa account for 74% of development cooperation flows, thanks mostly to contributions from Saudi Arabia and China.
- About 20% of flows go to international organisations as either core or earmarked funding.

Development cooperation from government providers outside the DAC and other resource flows to developing countries

US$ billions, 2011



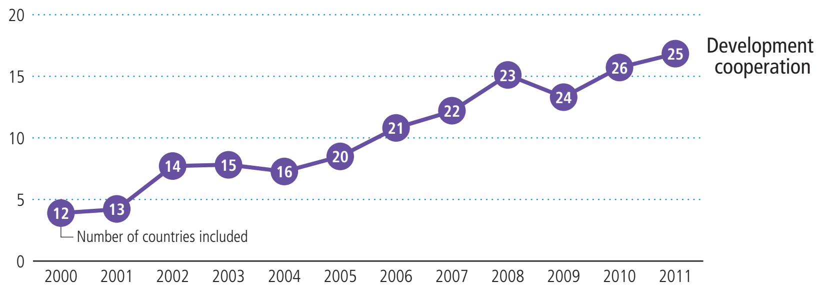
Development cooperation from government providers outside the DAC does not align completely to the DAC definition of ODA, and different providers adopt different definitions and reporting practices. Some countries, such as Russia and Turkey, aim to join the DAC and align to the ODA definition. Arab States use the ODA definition when reporting to the DAC, but countries such as the United Arab Emirates include additional flows in their own reporting. Emerging powers such as Brazil, China and India use a definition that reflects their own views of what constitutes development cooperation. Importantly, countries that receive aid also provide assistance to other developing countries: For example, of the 80 countries that reported their humanitarian assistance contributions to the UN Financial Tracking System in 2012, 50 were also ODA recipients.

Some of these providers have been disbursing official funding for development since the 1950s and have created their own measures, definitions, institutions, and international ties in the process. Flows remain small when compared with other development finance resources, such as DAC ODA or private development assistance from NGOs and foundations, but they are growing more quickly than ODA. The role of official development cooperation in eradicating poverty alongside other resources is increasingly relevant in the light of the growing importance of some of these providers as emerging economic and political powers.

How much is there?

Development cooperation from government providers outside the DAC increased by 4 times between 2000 and 2011, due in part to improving data

Gross disbursements, US$ billions, 2000–2011



Note: Concessional loans for China are estimated for 2002–2009 by Brautigam (2011) and by Development Initiatives for 2010 and 2011.

Observed increases over 2000–2011 are due to both increased disbursements and better reporting. Current estimates present data for a limited number of countries, so flows are underestimated.

Volume comparisons with DAC donors have to be assessed carefully because composition varies greatly. ODA composition varies even among DAC donors, which have agreed on a general reporting standard for ODA and similar flows. Government providers outside the DAC may not follow these criteria.

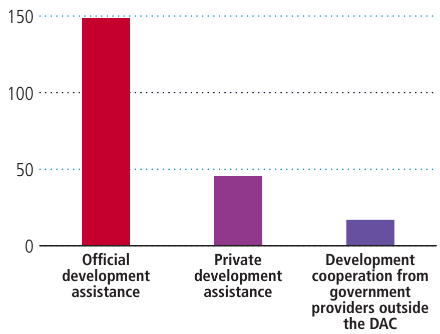
The largest providers of development cooperation and the comparable DAC donors in volumes

Other development cooperation provider	Gross disbursements, US$ billions, 2011	Closest DAC donor (larger or smaller)	Gross disbursements, US$ billions, 2011
China	5.5[a]	Canada	5.5
Saudi Arabia	5.2	Canada	5.5
Turkey	1.3	Korea	1.4
Brazil	1.0[b]	Austria	1.1
United Arab Emirates	0.8	Portugal	0.7
India	0.8	Portugal	0.7
Kuwait (KFAED)	0.5	Greece	0.4
Russia	0.5	Greece	0.4
Poland	0.4	New Zealand	0.4
Chinese Taipei	0.4	Luxembourg	0.4

a. Concessional loans for China are estimated by Development Initiatives for 2011.
b. Data is for 2010.

Development cooperation from non-DAC providers is smaller than both ODA and PDA

Gross disbursements, US$ billions, 2011

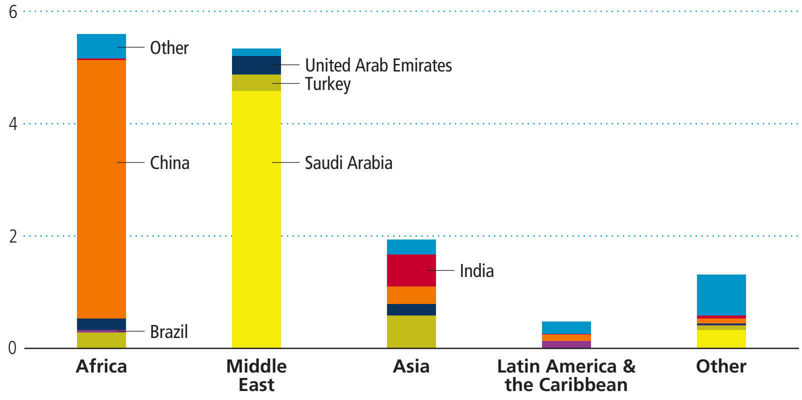


Note: Concessional loans for China are estimated by Development Initiatives.

Where does it go?

Large providers of development cooperation drive distribution towards Africa and the Middle East

Gross disbursements, US$ billions, 2011



Most of the top providers of development cooperation have a strong regional focus. Saudi Arabia disburses 93% of its bilateral funds to the Middle East; United Arab Emirates, 44%. About 68% of development cooperation from Brazil is concentrated in Latin America and the Caribbean, and Asia receives 87% of flows from India. China, with its focus on Africa, and Turkey, which gives mostly to Asia but supports countries in a variety of regions, are exceptions.

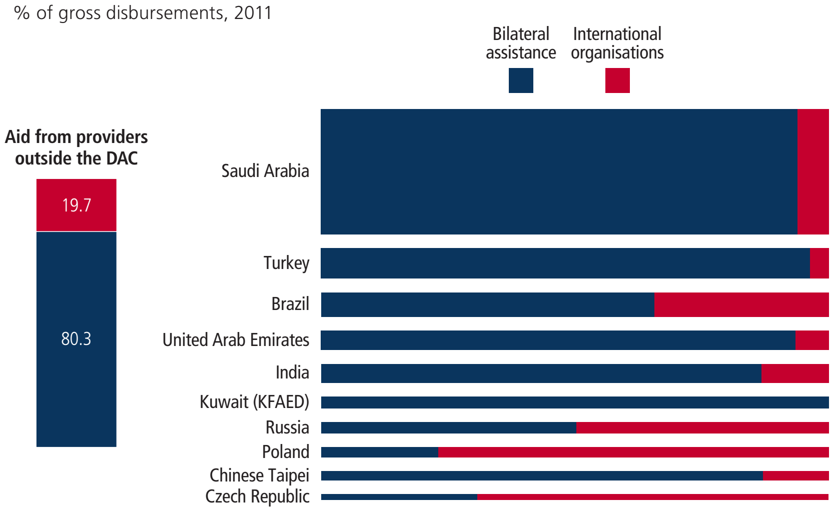
Development cooperation from the group reaches mostly the Middle East and Africa, due to large disbursements from Saudi Arabia and China respectively. The regions each received more than US$5 billion in 2011 and together accounted for 75% of bilateral development cooperation flows. Sub-Saharan Africa receives support from a variety of providers and is a focus for Brazil, which allocates 23% of its development cooperation to the region.

Note: Data for China is estimated based on previous distributions and future commitments. Data for India includes only technical and economic cooperation and excludes concessional lines of credit. Data for South Africa includes only transfers under the African Renaissance and International Cooperation Fund. Data on Brazil covers direct support to countries for humanitarian assistance, education cooperation, technical cooperation, and technological and scientific cooperation for 2010. For Brazil, China and India data may include countries that are not eligible to receive ODA, but those volumes are thought to be small.

How is it delivered?

As for DAC donors, proportions of contributions to international organisations vary widely between providers

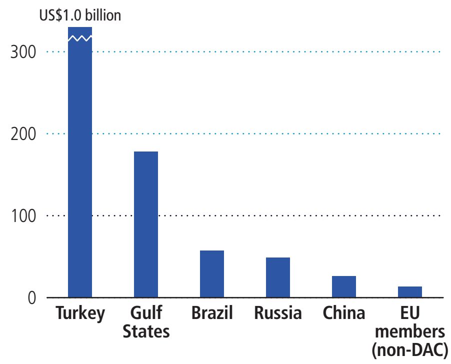
% of gross disbursements, 2011



Note: Contributions to international organisations for Brazil, India and South Africa can be core or earmarked funding and include disbursements to bodies excluded from the list of ODA multilateral recipients. China is not included. Data for Brazil is for 2010.

Turkey's large 2012 contributions increased official humanitarian assistance from non-DAC providers to US$1.4 billion, 11% of the total

Gross disbursements, US$ millions, 2012

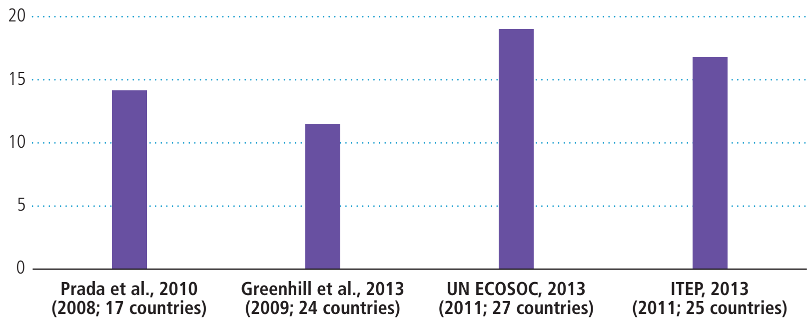


Note: Data for Czech Republic and Turkey are preliminary.

Comparison of estimates

Estimates of development cooperation from other providers vary

Gross disbursements, current US$ billions, various years



Note: Greenhill et al. covers non-DAC countries reporting to the DAC plus Brazil, China, India, Russia and South Africa; ECOSOC covers 27 countries plus 3 Southern multilateral organisations; ITEP covers non-DAC countries reporting to the DAC plus Brazil, China, India and South Africa. China concessional loans are estimated for 2011.

Contributions to international organisations from government providers of development cooperation outside the DAC reached US$2.3 billion in 2011, 20% of total disbursements from these governments. This includes multilateral core funding from providers that report to the DAC as well as contributions to international organisations from Brazil, India and South Africa. For countries that do not report to the DAC, details on whether these are core or earmarked funds are not available.

Humanitarian assistance is an important component of development cooperation for Turkey, Saudi Arabia and Brazil. Humanitarian assistance from government providers outside the DAC increased from US$798 million to US$1.4 billion between 2011 and 2012, driven by Turkey's increase. This corresponds to an increase from 6% to 11% of global official humanitarian assistance.

Note: Data is from national sources for Brazil, China, India and South Africa and from the DAC for Bulgaria, Chinese Taipei, Cyprus, Estonia, Hungary, Israel, Kuwait (KFAED), Latvia, Liechtenstein, Lithuania, Malta, Poland, Romania, Russia, Saudi Arabia, Slovak Republic, Slovenia, Thailand, Turkey and the United Arab Emirates (ODA and other official flows); the World Bank (remittances); and the UN Office for the Coordination of Humanitarian Affairs Financial Tracking System (humanitarian assistance). Data in US$ is in 2011 prices, unless otherwise indicated. DAC is the Development Assistance Committee of the Organisation for Economic Co-operation and Development. ODA is official development assistance (aid).

PRIVATE DEVELOPMENT ASSISTANCE

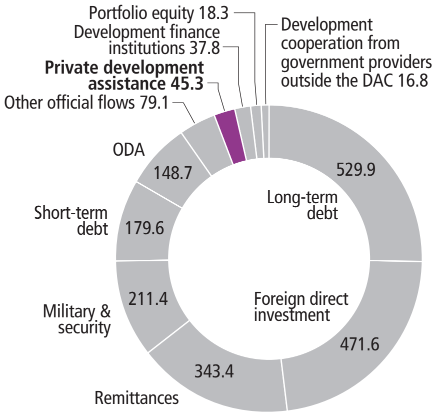
US$45.3 billion in 2011

Private development assistance incorporates all international concessional resource flows voluntarily transferred from private sources to international development. Private development assistance providers and delivery agencies include NGOs, foundations and corporate giving.

- The United States is the largest provider of private development assistance.
- The largest source of private development assistance is in the private contributions of individuals to international development.
- Private development assistance is channelled mostly through NGOs.

Private development assistance and other resource flows to developing countries

US$ billions, 2011



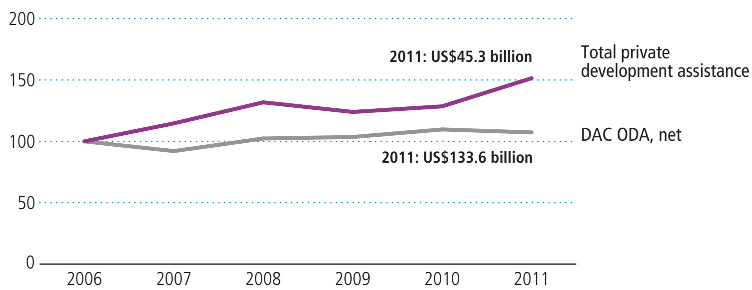
What is private development assistance?

Sources of private development assistance	Types of assistance
Private funds of individuals	One-off cash donations
	Child sponsorship
	Emergency support
Private companies' funds	Volunteers
	Corporate giving
	Peer-to-peer funding
	Membership fees
Philanthropic & grantmaking organisations' assets and funds	Donation of goods
	Core support to organisations
	Other types of assistance

How much is there?

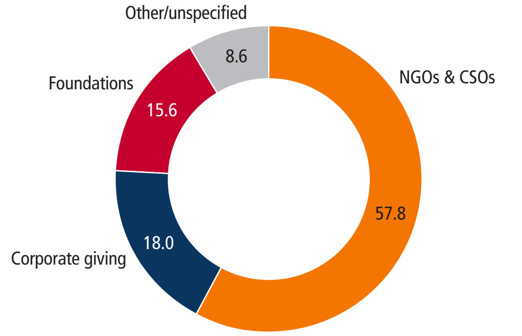
Private development assistance is growing faster than ODA

Index, 2006 = 100, 23 DAC countries



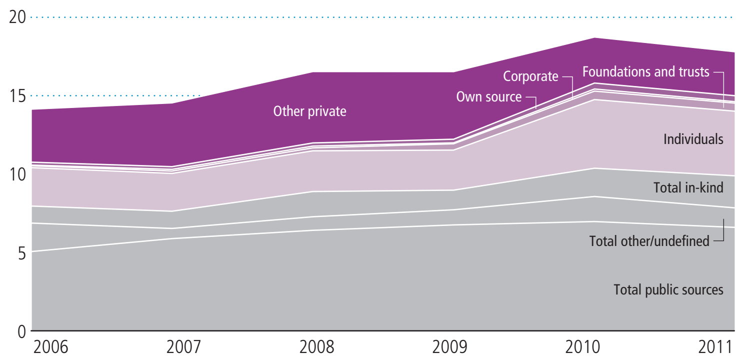
Private revenue channelled by NGOs is the main component of private development assistance

% of total private development assistance for 23 DAC countries



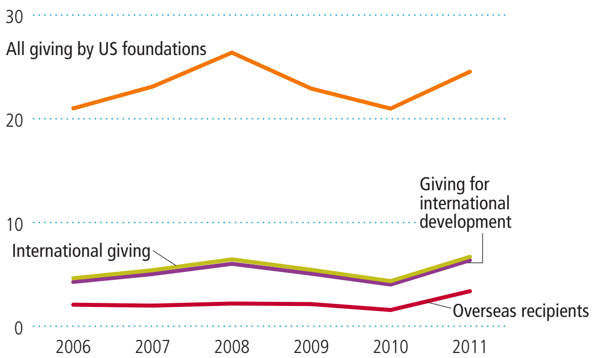
Private development assistance accounts for a larger share of NGO revenue than does public funding

Source of revenue for 31 international NGOs and confederations, US$ billions, 2006–2011



Giving to international recipients is growing as a share of total foundation giving

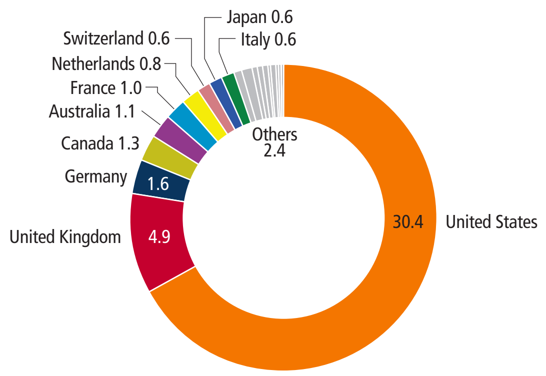
Giving by US foundations, US$ billions, 2006–2011



Who provides development assistance?

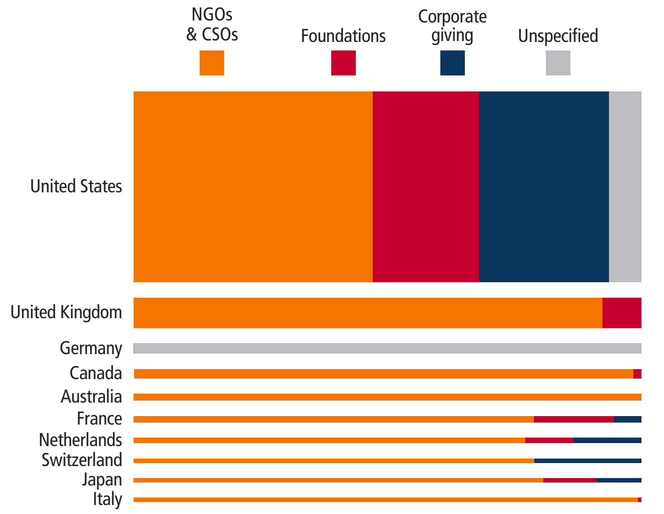
The United States is the largest provider of private development assistance

US$ billions, most recent year available



The private development assistance bundle is different for each donor

% of total private development assistance for each donor, most recent year available



The legislative context affects overall levels of giving and reporting

Different legislative contexts affect the level of giving. Australia's, Japan's, the Netherlands' and the United States' legislations are highly conducive to philanthropic activity, based on the ease of registering NGOs, making cross-border donations and tax incentives. India and South Africa have implemented policies that give tax deductions to donors. Russia and China are amongst the countries with the most restrictive environments. Countries with better data availability and coverage will also appear as more generous.

Private development assistance is emerging in countries beyond the DAC

Local giving dominates giving from private sources in countries beyond the DAC. Available data shows the strong role of corporate giving, high net worth individuals and foundations as channels for giving. Four countries – China, Saudi Arabia, Turkey and the United Arab Emirates – collectively contribute an estimated US$1.1 billion in private development assistance (likely an underestimation). Data on local giving from Brazil, China, India, Saudi Arabia, South Africa and Turkey places combined local giving in excess of US$35.2 billion.

Asia: China and India

International giving from Asian countries is estimated to be low given the lack of philanthropic infrastructure and the primacy of local giving, according to the Economist Intelligence Unit.

The Chinese Red Cross and the China-Africa Hope project contributed at least US$130 million in 2011 to international causes, according to media-based research project AidData. Local giving to non-profit organisations was US$13.1 billion in 2011, according to the China Charity Donation and Information Center. This relatively low level of giving can be explained partly by restrictive legislation on non-profits. A UBS and INSEAD report on family giving finds that less than 1% of Chinese philanthropists give outside of China.

In India 694,000 non-profits are estimated to receive US$9.3 billion from private sources, according to a 2007–2011 study by the Indian government. Foundations are a key channel for local giving: 3,072 non-profits are registered as working on international activities; however, data on their expenditure is not available. As with local giving, corporate giving and high net worth individuals account for a large share of giving, according to Bain & Company.

Middle East: Saudi Arabia and United Arab Emirates

Philanthropy in the six Persian Gulf states of Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates is estimated at US$15–20 billion in 2009, according to the World Congress of Muslim Philanthropists, but less than US$2 billion is channelled through formal institutions. Local giving in Saudi Arabia is estimated at US$533 million, based on donations from individuals received by 420 benevolent associations and 42 foundations registered by the Ministry of Labor and Social Affairs in 2008. Private development assistance by Saudi Arabia reached at least US$488 million in 2010, according to the Global Public Policy Institute. The United Arab Emirates Office for the Coordination of Foreign Aid reports US$133 million in private development assistance in 2011.

Africa: South Africa

In South Africa 63 nonprofits work on international activities, according to the Department of Social Affairs; however, expenditure data is lacking. BoE Private Clients estimates that 8% of South Africa–based high net worth individuals give internationally. Local philanthropy in South Africa is estimated at US$120 million in 2011 by the African Grantmakers Network. This is likely to be an underestimation. In 2011 Trialogue measured giving by 99 corporations in South Africa at US$761 million, of which 40% went to NGOs. Regional philanthropy in Africa is limited by lack of resources. The Global Fund for Community Foundations finds that 15 foundations across Africa have collective revenue of US$2.1 million.

Europe: Turkey and Russia

Private development assistance from Turkey was US$200 million in 2011, as reported to the OECD.

Giving in Russia is overwhelmingly local. The Russian government's first federal open tender for NGO funding was in 2006. Data on international giving is not available, and data on local giving reveals a young sector, with 100 foundations estimated to control no more than US$800 million in 2010. A 2006 report by the Hudson Institute found that corporate donations dominate local giving, with Russia's 23 biggest corporations donating US$1.5 billion in 2006.

The practical difficulties associated with registering an NGO in both countries is an example of a legislative context that creates barriers to private development assistance.

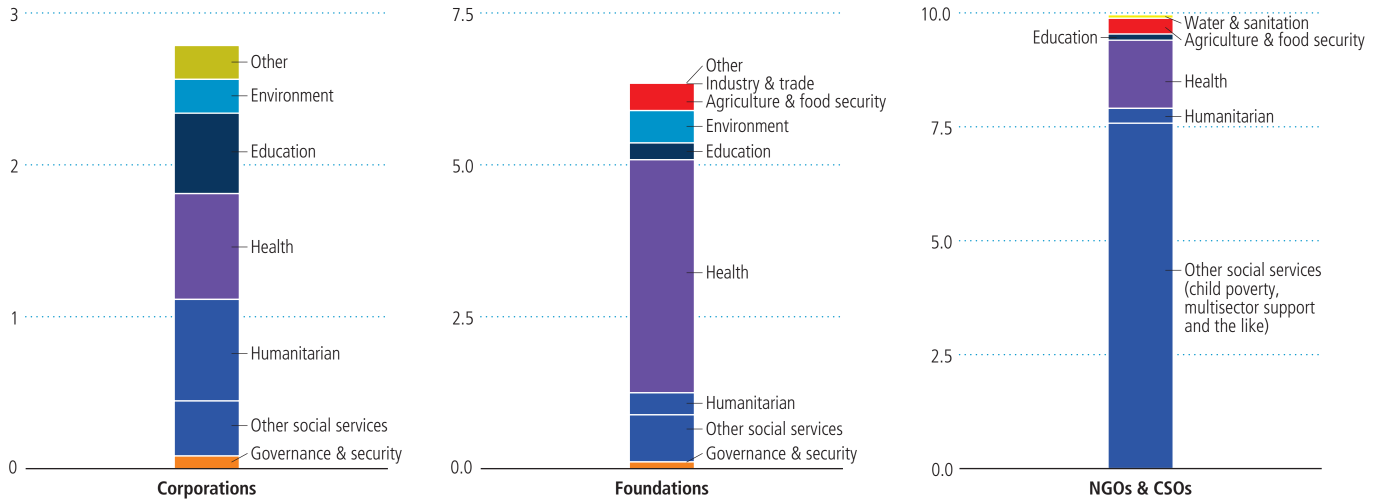
Latin America: Brazil

The AVINA Foundation–Inter-American Development Bank Latin American and Caribbean donor index estimates that 71 Latin American organisations provided US$1.0 billion for the region in 2010. Brazil is the largest donor in the region, providing approximately US$868 million, of which 73% was from nine organisations. Local giving data shows the fast growth of corporate giving in Brazil, estimated by McKinsey at US$3.4 billion in 2007.

Where does private development assistance go?

Different providers of private development assistance focus on different sectors

US$ billions, 2011



Note: Based on a sample of 213 corporations, 1,330 foundations and 31 international NGOs and confederations.

Private development assistance recipients (country perspective)

NGOs and foundations focus on different types of countries

Foundations: Top 10 developing country recipients in 2011	US$ millions, 2011	NGOs: Top 10 country recipients in 2011	US$ millions, 2011
India	120.7	Pakistan	342.1
China	117.3	Haiti	327.0
Kenya	103.6	Congo, Dem. Rep.	240.7
South Africa	99.4	Somalia	225.1
Mexico	81.3	Afghanistan	168.0
Brazil	35.3	Kenya	158.5
Viet Nam	33.9	Ethiopia	154.6
Philippines	33.3	Sudan	115.1
Peru	21.5	Iraq	93.0
Swaziland	18.3	South Sudan	86.5

Note: Based on a sample of 1,330 foundations and 19 international NGOs and confederations.

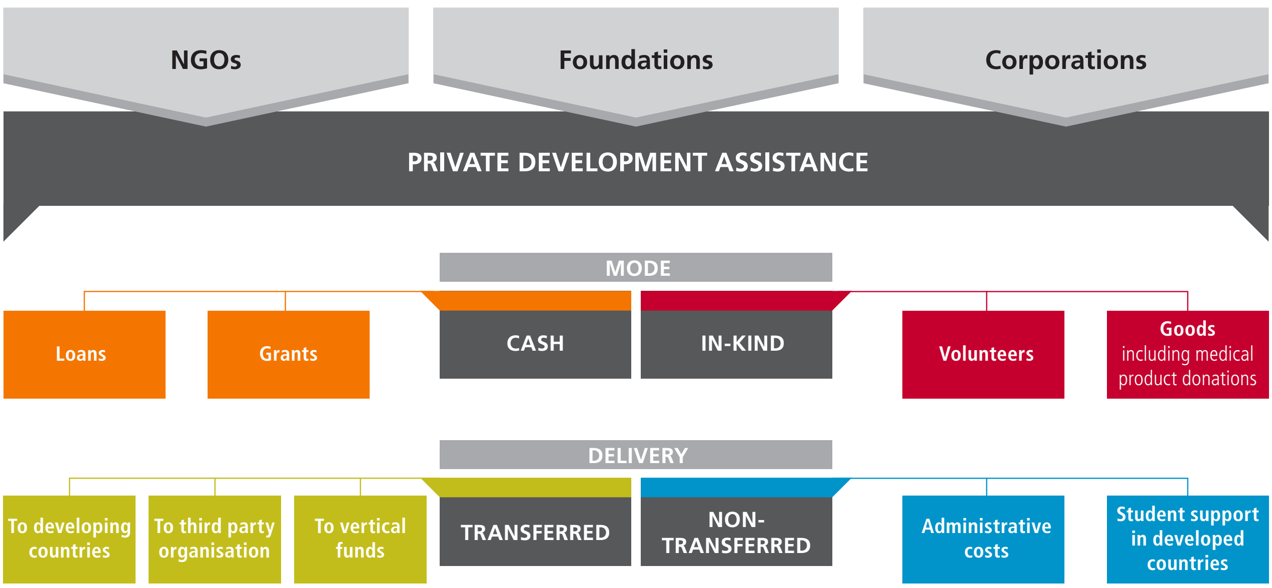
Traceability of private development assistance is low

Private development assistance does not behave like ODA: rather than supporting countries and being distributed based on country-level attributes, private development assistance generally supports specific projects, organisations or individuals. Individual giving to NGOs, for example, is often unrestricted. Individual donors often give to an NGO rather than to a country.

Similarly, foundation giving is oriented towards particular institutions rather than towards particular countries. Switzerland received US$1.9 billion in foundation giving in 2011, of which 96% went to three organisations: the GAVI Alliance, the Global Fund and the World Health Organization.

Data on giving to specific regions is patchy and difficult to aggregate and compare across the three private development assistance flows, due to different classifications. Overall, the traceability of private development assistance is very low. Data from a sample of providers and delivery agencies reveals that foundations, NGOs, corporate giving and ODA behave differently.

Private development assistance delivery channels and modes



Delivery and concentration

Data on the share of private development assistance that is not transferred outside of the donor country, and assistance in-kind, is lacking on a global scale. In the United States at least 15% of private development assistance is not transferred, including donor costs and support to students from developing countries. At least 17% is donor-valued in-kind assistance, including a large share of drug and medical equipment donations from pharmaceutical firms.

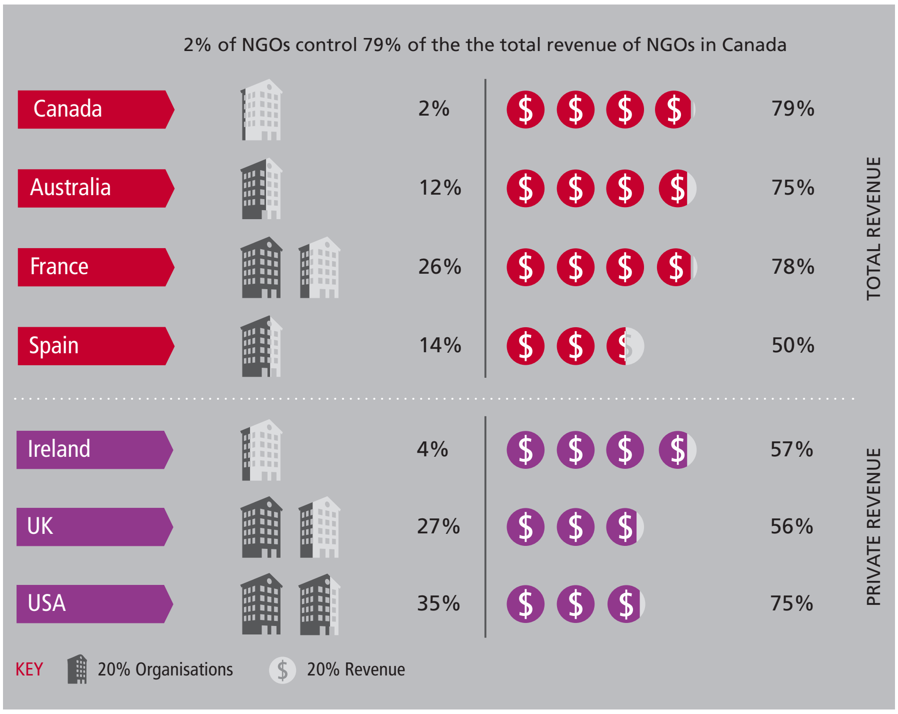
Data on private development assistance is lacking in coverage and quality

Diverse regulatory environments and legislative definitions of charitable organisations and international giving make international comparisons of private development assistance particularly difficult. National data sources offer different coverage and classifications of private development assistance providers and delivery agencies. Comparing and aggregating data on private development assistance from national sources is thus problematic.

A related challenge is the lack of standardisation of research methodologies for quantifying key information. Double counting is a risk because lack of access to underlying unaggregated data means that overlaps across flows and organisations cannot be measured. Because funds often transit through several bodies before reaching the final point of expenditure, relying on the reporting organisations to estimate the scale of private development assistance can easily yield overestimates. Finally, there is a considerable lack of detail in private development assistance reporting, which focuses more on domestic reporting needs than on recipient perspectives. Traceability to the final recipient, and disbursement figures by sector and country are often lacking. Due to the unreliability of data, estimates of private development assistance can vary enormously. The lack of coverage of available data limits comparability and validity of donor rankings.

Private development assistance resources are highly concentrated among a few organisations

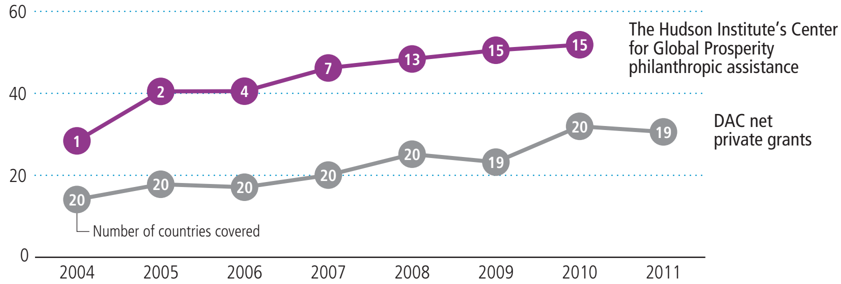
For countries with granular information available, data shows that a small share of organisations controls the majority of the revenue generated by all international organisations in the country. This is observable both for total revenue from all sources and for revenue from private sources specifically.



Note: Data is for the most recent year available.

Different data sources show different volumes

US$ billions, 2004–2011



Note: Data is Development Initiatives calculations based on 2010 data from the Hudson Institute's Center for Global Prosperity (Denmark, Finland, Italy, Luxembourg, Netherlands, Norway, Portugal, Sweden, Switzerland, United Kingdom, United States), 2011 data from the OECD DAC (Austria, Germany, Greece, Korea, Turkey) and the following national sources. Australia: the Australian Council for International Development (2010/11); Belgium: ONG Livre Ouvert (2011); Brazil: the AVINA Foundation, the Inter-American Development Bank (2010), McKinsey & Company (2007); Canada: the Canadian Council for International Co-operation (2011); China: Economist Intelligence Unit (2011), UBS–INSEAD (2011), China Charity and Donation Information Center (2011); France: Admical (2012), Coordination SUD (2004), Observatoire de la Fondation de France (2009); India: London School of Economics India Observatory, Bain & Company (2012), Ministry of Statistics and Programme Implementation (2007–2011); Ireland: Dóchas (2012); New Zealand: the New Zealand Council for International Development (2011); Russia: the Columbia University School of International and Public Affairs (2010), Charity Aid Foundation Russia (2011); Saudi Arabia: the John D. Gerhart Center for Philanthropy and Civic Engagement (2008), World Congress of Muslim Philanthropists (2009), Global Public Policy Institute (2010); South Africa: African Grantmakers Network (2010), Trialogue (2010–2012), Statistics South Africa (2013), Global Fund for Community Foundations (2011–2012), BoE Private Clients (2010); Spain: Coordinadora de ONGD España (2010); United Kingdom: the Charities Aid Foundation (2011), Nuffield Foundation (2009/10); United States: the Foundation Center (2011), the United States Agency for International Development's Report of Voluntary Agencies Engaged in Overseas Relief and Development (2010); United Arab Emirates: Office for the Coordination of Foreign Aid (2011). NGO data: annual reports of 31 international NGOs and confederations (listed in *Methodology*). Corporate giving data: the Committee Encouraging Corporate Philanthropy, the Foundation Center. Data in US$ is in 2011 prices except for country-level data for non-DAC countries, which are in current prices. Own source are funds that an organisation has generated for itself through sale of goods or services, interest or other means. Other/unspecified private development assistance is spending that cannot be allocated to NGOs, foundations or corporate giving due to the unavailability of detailed data or spending delivered in partnership across these channels and providers. High net worth individuals are individuals with assets over US$1 million. CSOs are civil society organisations. DAC is the Development Assistance Committee of the OECD. NGOs are non-governmental organisations. ODA is official development assistance. OECD is the Organisation for Economic Co-operation and Development.

CLIMATE CHANGE FINANCE

US$112 billion inflows in 2010/2011

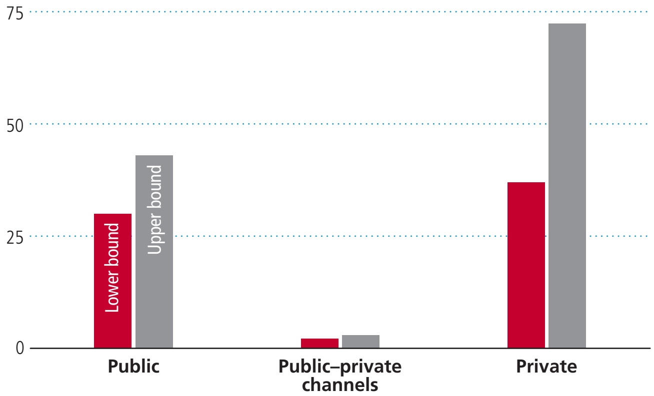
Climate change finance constitutes a range of public and private flows directed at initiatives to either mitigate the exacerbation of climate change or to minimise the impacts of climate change through adaptation. At the 16th Conference of Parities to the United Nations Framework Convention on Climate Change in 2010, developed countries committed to jointly mobilising US$100 billion a year by 2020 to address developing countries' needs. Funds may come from a wide variety of sources, public or private, bilateral and multilateral, including alternative sources.

- The majority of climate change flows going to developing countries come from the private sector.
- Donors channel climate change flows through a number of specific funds.
- The majority of climate change finance is used for mitigation.

How much is there?

Total climate change finance from developed to developing countries was estimated at $95 billion in 2009/2010, with more than half coming from the private sector

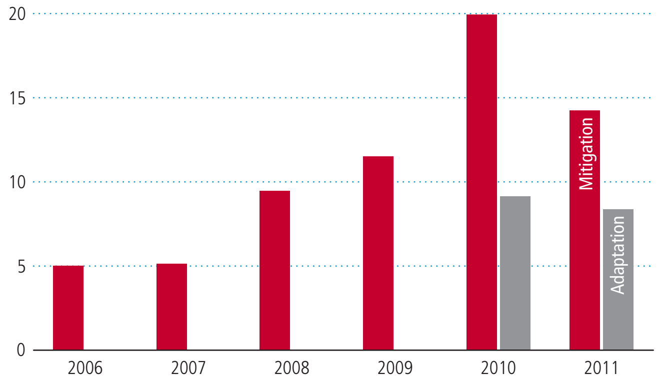
Climate change finance, US$ billions, 2009/2010



Climate change finance ODA

ODA reported by donors as having a focus on climate change is substantial and increasing

Donor ODA reported to OECD as having either mitigation or adaptation as a primary or significant objective US$ billions, 2006–2011

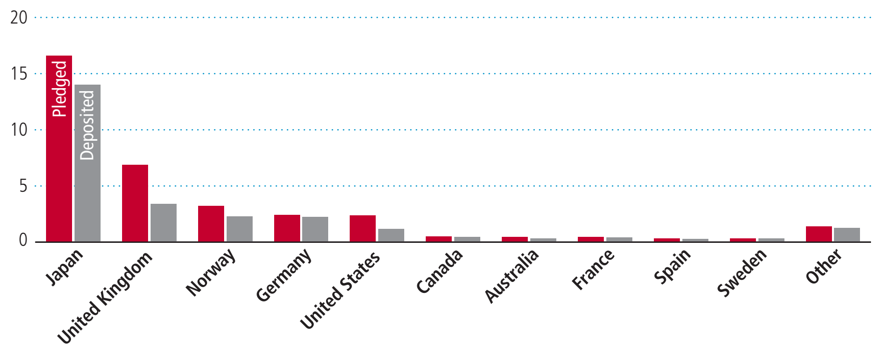


Climate change finance comes from a range of sources: public sources include bilateral and multilateral agencies and climate-specific funds, public-private initiatives include export credits and transactions through the Clean Development Mechanism, and private flows, by far the largest component, include philanthropy and private investment. Precise figures are unknown, necessitating volume ranges – particularly for private sources. Total climate finance from developed countries to developing countries grew an estimated 15% between 2009/2010 and 2010/2011.

Climate change funds

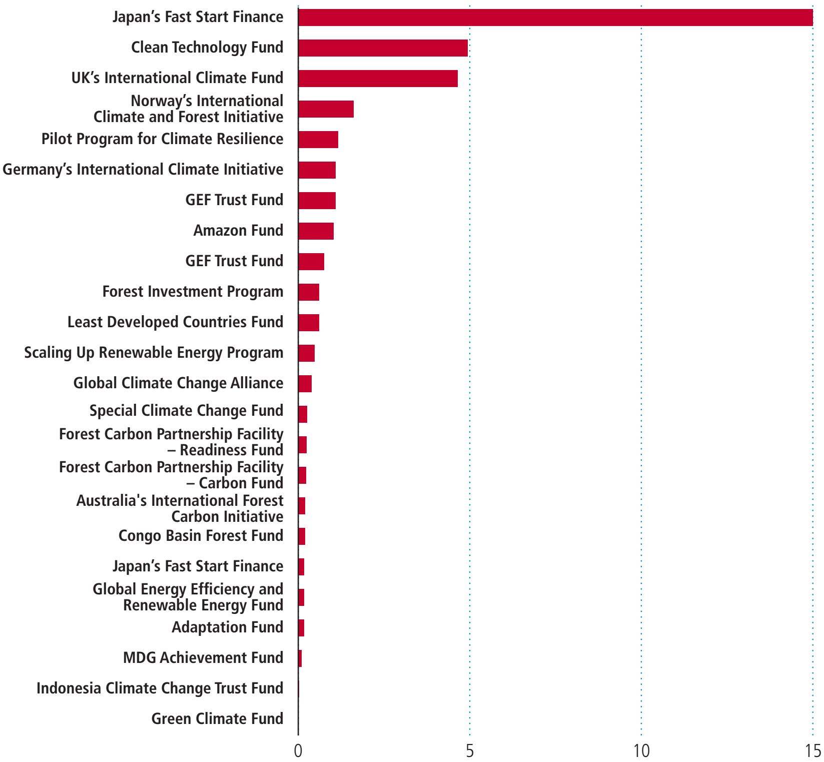
While donor pledges to specific climate funds are substantially less, and actual deposits smaller again

Cumulative pledges and deposits to climate change funds US$ billions, 2002–2012



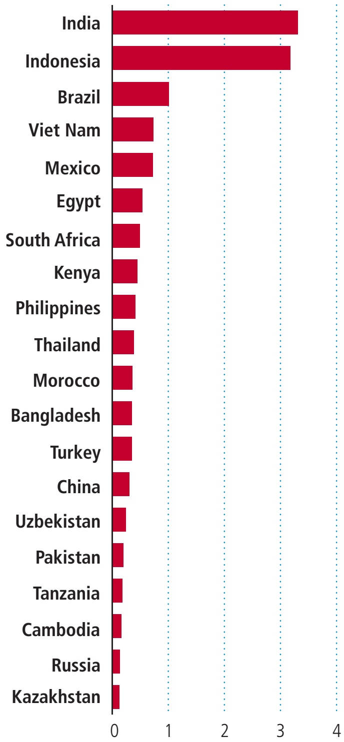
At least 24 climate-specific funds are managed through either bilateral or multilateral institutions

Cumulative pledges to climate change funds US$ billions, 2003–2012



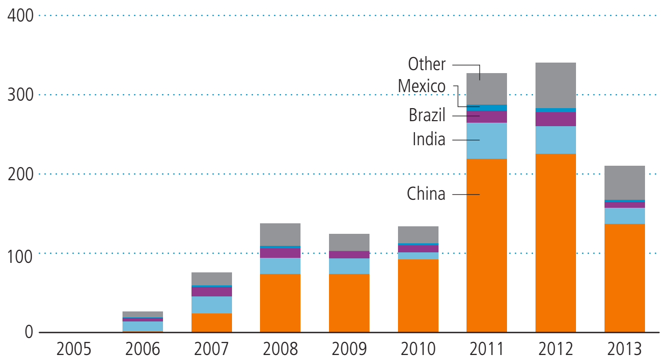
The destination of climate funds in aggregate is dominated by a few, more wealthy countries

Cumulative approved financing, US$ billions, 2003–2012



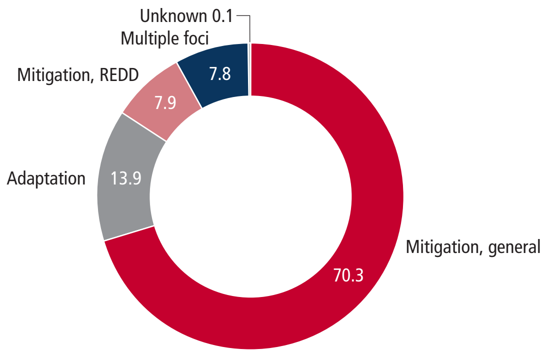
Most Clean Development Mechanism mitigation-driven investments have been directed to China, India and Brazil

Number of certified emission reductions, 2005–2013



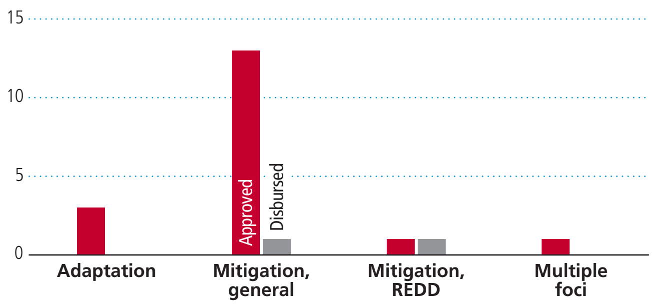
Mitigation also accounts for largest use of specific climate funds…

% of cumulative approved finance, 2003–2012



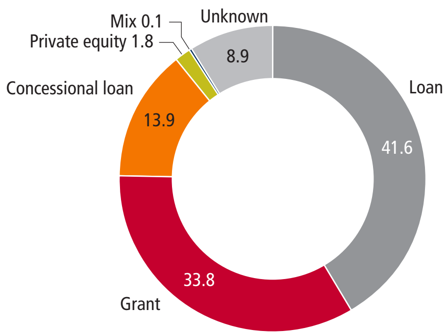
… but actual disbursements remain low for all uses

Cumulative approved and disbursed finance, US$ billions, 2003–2012



Despite their public source, lending has accounted for 56% financing through specific climate funds

% of cumulative approved finance, 2003–2012



Note: Data is from the Development Assistance Committee of the OECD (ODA) and the Overseas Development Institute (climate funds). All data in US$ is in 2011 prices. GEF is the Global Environment Facility. ODA is official development assistance. OECD is the Organisation for Economic Co-operation and Development. REDD is Reducing Emissions from Deforestation and Forest Degradation.

INNOVATIVE FINANCE MECHANISMS

US$1.2 billion in 2011

The innovative finance bundle contains a mix of ODA, private development assistance and commercial flows. In 2011 nine innovative finance flows totalled US$1.2 billion, including US$800 million in donor contributions. The largest type of finance in the bundle is bonds issued through IFFIm.

- France is the largest provider of innovative finance.
- Innovative finance is channelled mostly through vertical funds in the health sector.

What is innovative finance?

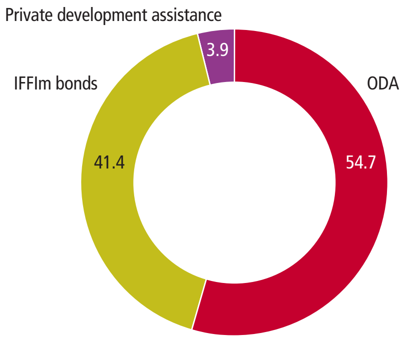
Innovative finance is a way of classifying a range of financial flows, estimated to be composed of ODA (55%),bonds raised on capital markets (41%) and private development assistance (4%). Mechanisms are characterised by pooling of resources, multilateral management of resources and blurring of private–public boundaries. Two major distinctions can be made: innovative sources of funds and innovative use of funds. Innovative finance can rely on market-based mechanisms, mechanisms based on compulsory charges, debt-based mechanisms or mechanisms based on voluntary contributions. Future mechanisms under consideration include the International Financial Transaction Tax, to be implemented by 11 European countries by 2014 and expected to generate an estimated €31 billion a year (US$41 billion). France has already implemented a national financial transaction tax and allocated 10% of the revenue to development and climate change.

The nature of some innovative mechanisms results in high volatility as a whole, as pledges and contributions may be made at discrete points in time, resulting in sharp year-to-year fluctuations.

How much is there?

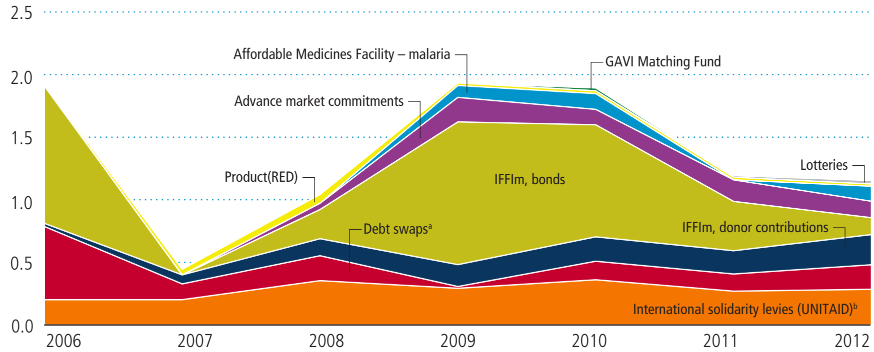
Some 55% of innovative finance is composed of ODA flows

Cumulative %, 2006–2012



Cumulative donor contributions to innovative finance since 2006 have reached US$5.7 billion

US$ billions, 2006–2012

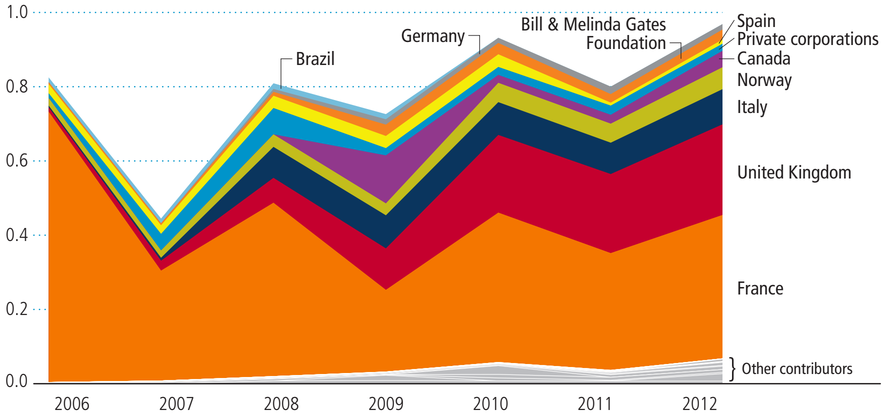


a. Deflated using deflators from creditor countries.
b. 2006–2007 contributions cannot be disaggregated and have been split equally between the two years.

Who provides innoative finance?

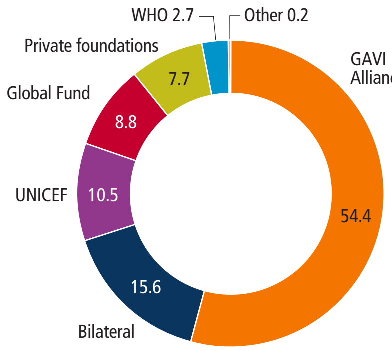
France is the largest contributor to innovative finance mechanisms

US$ billions, 2006–2012



Innovative finance is channelled mainly through global funds such as the GAVI Alliance

% of total, cumulative 2006–2012



The health sector has attracted a large share of innovative sources or uses of funds: Vaccination, immunisation and communicable diseases such as HIV/AIDS have received a large share, including expenditure on research and development. French debt reduction and development contracts are multisectoral, and the Belgian Lottery development allocation focuses on food security.

Innovative finance is channelled mainly through multilateral organisations and global funds. Such financing is supported by many donors, from DAC donors to other government providers of development cooperation outside the DAC (Brazil, Russia and South Africa) to developing countries (Cameroon, Chile, Madagascar and Mauritius).

Nine innovative finance mechanisms

Mechanism and type		Description	Cumulative volume, US$ billions, 2006–2012
Market-based (62% of total innovative finance)	IFFIm	IFFIm was created in 2006 to support the GAVI Alliance. It issues bonds on the international capital markets to convert long-term government pledges into immediately available cash resources. The bonds, which accounted for 68% of IFFIm flows in 2011, are sold against legally binding ODA commitments. To mid-2013, approximately $2.2 billion has been disbursed on health programmes, representing 47% of GAVI programmes.	4.927
	Advance market commitments	Advance market commitments offer financing for vaccine development for developing countries and involve the GAVI Alliance, the World Bank and pharmaceutical companies. Donors guarantee a market for vaccines once they are developed, laying the foundation for a sustainable market and facilitating the leveraging of private resources.	0.673
	Affordable Medicines Facility – malaria	The Affordable Medicines Facility – malaria aims to expand access to malaria treatment. Supported financially by UNITAID, the UK, Canada and the Bill & Melinda Gates Foundation and managed by the Global Fund, the facility negotiates with drug manufacturers to reduce the cost of malaria treatment.	0.340
Based on compulsory charges (21%)	International solidarity levies (UNITAID)	International solidarity levies refer to an internationally coordinated and nationally implemented tax on airline ticket sales, which participating countries (including Cameroon, Chile, Congo, France, Korea, Madagascar, Mali, Mauritius, Niger and Korea) set individually. The levies, along with Norway's carbon dioxide tax and other bilateral contributions, fund UNITAID, the international drug purchase facility which aims to scale up access to treatment for HIV/AIDS, malaria and tuberculosis in low-income countries. The main beneficiary of UNITAID funding in 2011 was Nigeria, followed by Uganda and Kenya.	1.966
Debt-based (15%)	Debt reduction and development contracts	Debt reduction and development contracts allow French ODA debts to be refinanced through grants. Through these agreements, after a country repays its debt to France, France makes a grant in an equivalent amount to finance poverty reduction programmes that have been selected jointly with the receiving country. In 2011, C2D contracts were ongoing with 14 countries.	1.325
	Debt2Health	Under the Debt2Health initiative donor countries grant debt relief in exchange for a commitment by the beneficial country to invest half the amount of forgiven debt on Global Fund programmes. Creditor countries are Australia and Germany, and debtor countries are Côte d'Ivoire, Egypt, Indonesia and Pakistan. The debt swap between Germany and Egypt was used to finance health programmes in Ethiopia.	0.081
Based on voluntary contributions (3%)	GAVI Matching Fund	The GAVI Matching Fund is designed to raise US$260 million for GAVI immunisation programmes by the end of 2015. Under the initiative, the UK Department for International Development and the Bill & Melinda Gates Foundation have pledged about US$130 million combined to match contributions from corporations, foundations, their customers, members, employees and business partners.	0.041
	Product(RED)	Product(RED) is an initiative in which companies commit a share of their profits on goods branded with a Product(RED) trademark to support Global Fund HIV/AIDS programmes in Ghana, Lesotho, Rwanda, South Africa, Swaziland and Zambia. Partners to date include American Express, Apple, Converse, Hallmark, Motorola and Starbucks.	0.209
	Lotteries	In 2010 the Belgian Development Cooperation received 39% of 2010 Belgian Lottery profits, of which approximately 20% went to the Belgian Fund for Food Security.	0.023
Total			**9.586**

Note: Data in table does not sum to total because of rounding. Innovative finance is not counted as a flow in its own right in this report to avoid double counting any overlap with other flows. Data is from the GAVI Alliance, the Global Fund, IFFIm, UNITAID, Product(RED) and Belgian and French national sources. Data in US$ is in 2011 prices. The Global Fund is the Global Fund to Fight AIDS, Tuberculosis and Malaria. IFFIm is the International Finance Facility for Immunisation. ODA is official development assistance. UNICEF is the United Nations Children's Fund. WHO is the World Health Organization.

FOREIGN DIRECT INVESTMENT

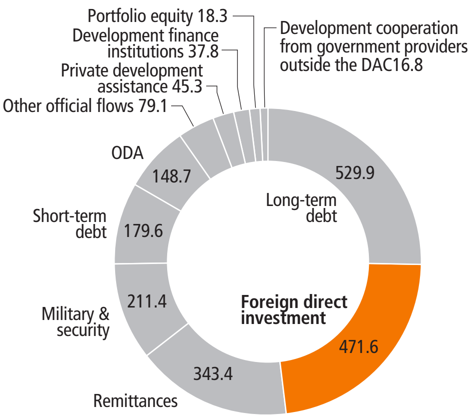
US$471.6 billion in 2011

Foreign direct investment (FDI) is the second largest resource flow to developing countries in aggregate, and investments in developing countries have grown rapidly over the last two decades.

- FDI is highly concentrated: 10 countries account for 70% of all receipts by developing countries.
- Profits on FDI from developing countries are large – equivalent to 90% of new FDI in 2011.
- The value of FDI for poverty reduction is determined by the types of investments being made; however, data on this is poor.
- FDI is likely concentrated in a few key sectors, including infrastructure, metals and extractives.

FDI and other resource flows to developing countries

US$ billions, 2011



What is FDI?

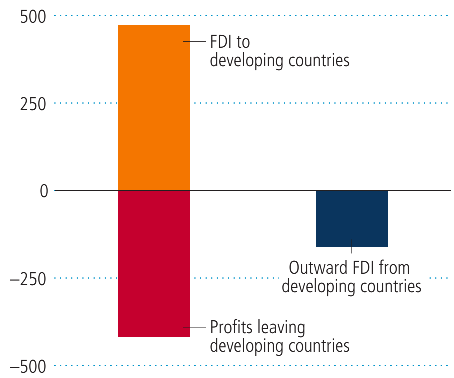
FDI is the net inflows of foreign investments that acquire a lasting management interest in an enterprise based in a developing country. Net figures subtract disinvestments from new investments.

The strength and nature of FDI's impact depend on many factors, including the size, type, sector and location of the investment; the length of the project; the way in which it is financed; the motivation behind the investment; and policies and context in the destination country. FDI can have both positive and negative impacts, and it is not homogeneous: investments may be diverse and have conflicting impacts.

Inflows and outflows

Profits leaving developing countries are significant

US$ billions, 2011

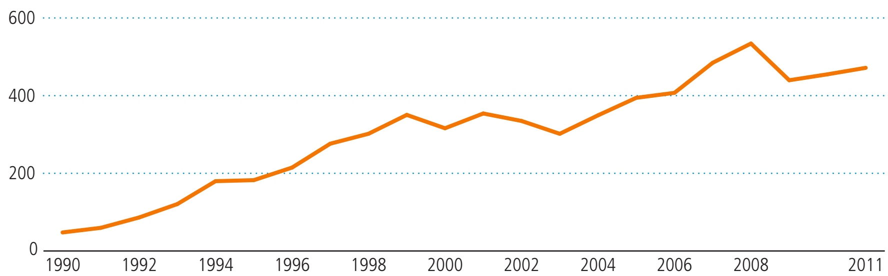


a. An unknown proportion of outward FDI from developing countries goes to other developing countries.

How much is there?

FDI in developing countries has grown an average of 11.7% a year since 1990

US$ billions, 1990–2011

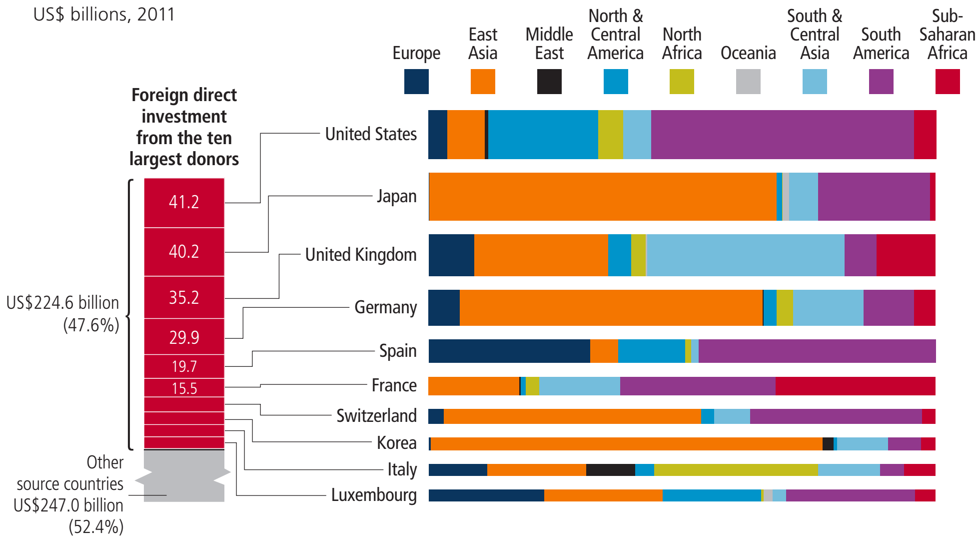


Foreign direct investment in developing countries has grown rapidly. In 2011, 36% of global FDI – or US$471.6 billion – was made in developing countries. Profits on FDI leaving developing countries were equivalent to almost 90% of new investments in developing countries. This ratio has jumped since the global economic crisis, having averaged between 45% and 75% earlier in the 2000s.

Who provides foreign direct investment?

Ten OECD countries account for almost half of all FDI in developing countries

US$ billions, 2011



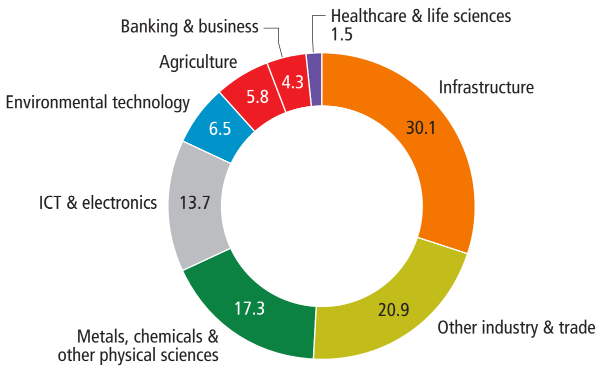
Note: Data limitations mean that non-OECD source countries are excluded from this data. This figure mixes bilateral FDI data from the OECD with UNCTAD data on total FDI, so proportions from other source countries are estimates.

The United States is the largest investor in developing countries, followed by Japan and the United Kingdom. The investment profiles of the largest investors are quite different: The United States and Japan invest most in countries that are geographically close (South America and East Asia); the United Kingdom invests most in South and Central Asia. Outward investments from developing countries totalled US$160.1 billion, though data limitations mean it is not possible to quantify exactly how much of this is invested in other developing countries. China (US$65.2 billion), Malaysia (US$15.3 billion) and India (US$14.8 billion) were the largest sources of FDI from developing countries in 2011.

What kinds of investments are being made?

Infrastructure is the largest FDI sector

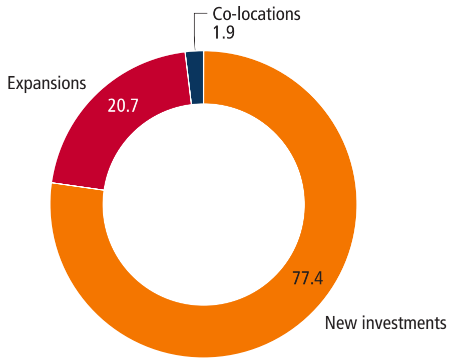
% of FDI to developing countries, 2011



Note: Data is based on announcements of planned investments, not actual recorded flows.

The majority of FDI goes towards new investments

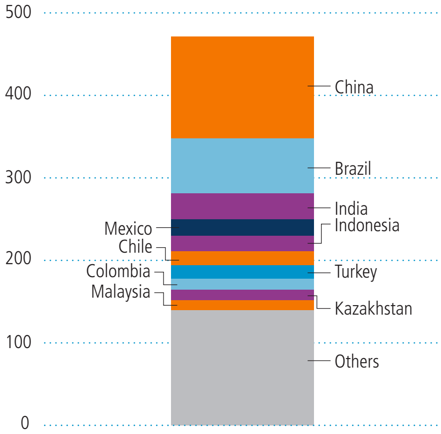
% of FDI to developing countries, 2011



Note: Data is based on announcements of planned investments, not actual recorded flows.

Ten countries account for 70% of FDI to developing countries

US$ billions, 2011

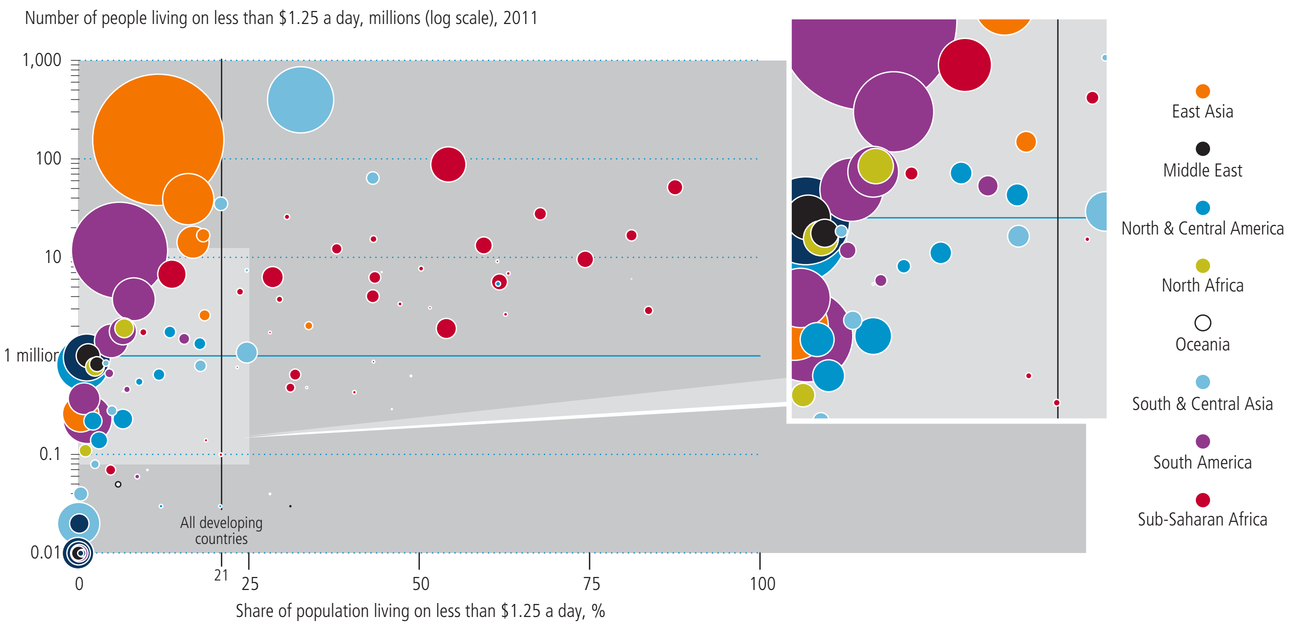


Information on the kinds of investments being made in developing countries is poor; the most comprehensive data is based on announcements of planned investments rather than actual recorded flows. Assuming there is no relationship between the sector or type of FDI and whether planned investments go ahead, almost half of FDI is for investments in infrastructure and metals, chemicals and physical sciences. Metals are the largest single sub-sector, followed by coal, oil and natural gas. Around three-quarters of FDI is for new investments, when a company sets up a new presence in a developing country.

FDI is highly concentrated: ten countries account for 70% of FDI received by developing countries. The largest recipient region was East Asia, with China alone receiving US$123.0 billion in 2011 (26% of the total to all developing countries). Brazil, India, Indonesia and Mexico were the next largest recipient countries. Several factors drive the destinations of FDI, and the size of the recipient country market is a key factor. Many of the largest recipients are countries with larger populations, and many of these countries also have large numbers of people living in poverty. Most FDI is received by countries with lower proportional poverty rates, however.

Foreign direct investment and poverty

Most FDI is received by countries with lower proportional poverty rates



Note: Bubble size indicates the proportion of total foreign direct investment to the country in 2011.

Note: Data is from UNCTADstat, fDi Intelligence, the World Bank and the OECD's FDI by partner database. Data in US$ is in 2011 prices. FDI is foreign direct investment. ICT is information and communication technology. OECD is the Organisation for Economic Co-operation and Development. UNCTAD is the United Nations Conference on Trade and Development.

LOANS

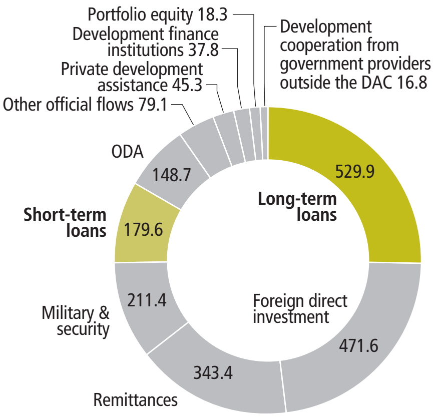
Long-term loan disbursements: US$529.9 billion in 2011, Short-term loan disbursements: US$179.6 billion in 2011; largest resource flow to developing countries in aggregate

Loans can provide valuable resources to public and private institutions in developing countries and stimulate development, although debt must be managed carefully. Loans to developing countries have grown during the 2000s, with considerable fluctuations, particularly in net short-term loans.

- Gross long-term loans are the largest single resource flow to developing countries in aggregate.
- Three-quarters of long-term loans to developing countries are taken on by private institutions.
- There are large outflows associated with loans: gross long-term loan disbursements totalled US$530 billion in 2011, capital repayments US$358 billion and interest payments US$113 billion.
- Most loans are disbursed to large emerging economies like China, Brazil, Mexico and India.

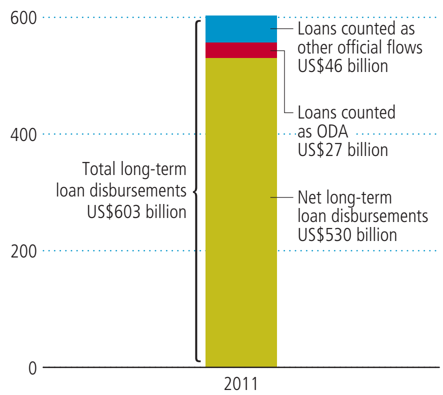
Loans and other resource flows to developing countries

US$ billions, 2011



Some long-term loan disbursements are recorded as ODA or other official flows

US$ billions, 2011



Note: The rest of this profile and the rest of the report use long-term loan disbursements net of ODA and other official flows (US$530 billion) to avoid duplication.

What are loans?

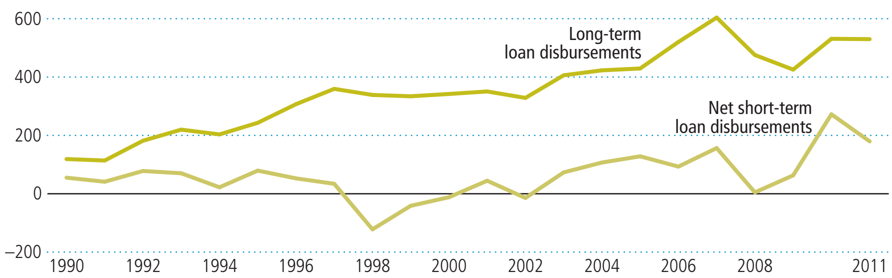
Loan disbursements are disbursements to borrowers in developing countries on debt that has been borrowed from foreign creditors. Long-term loans are those with a maturity exceeding one year; short-term loans have a maturity of less than one year.

Some concessional loans are counted as ODA or other official flows. In 2011 an estimated US$27 billion in long-term loans was classified as ODA, and a further US$46 billion as other official flows. There is likely to be further overlap with the US$38 billion in net development finance institution disbursements; however, the underlying information is insufficient to quantify this.

How much is there?

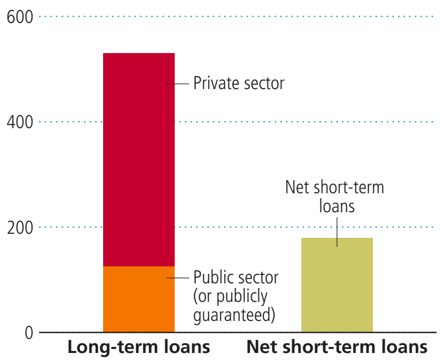
Long- and short- term loans to developing countries have increased since 2000

US$ billions, 1990–2011



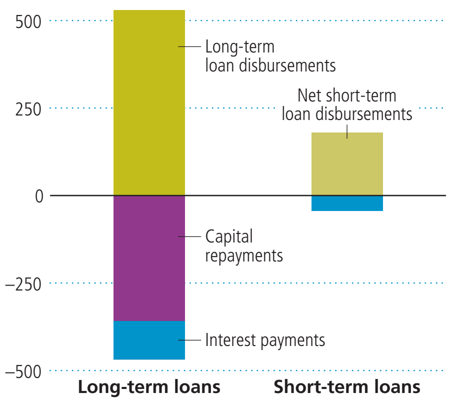
The majority of long-term loans are taken on by the private sector

US$ billions, 2011



There are large differences between gross and net loans figures

US$ billions, 2011



Loan disbursements to developing countries grew in the 2000s, despite the debt relief programmes of the mid-2000s. Long-term loans grew from US$362 billion in 2000 to a peak of US$596 billion in 2007. Net short-term loans grew to US$150 billion before plummeting during the global economic crisis and rising sharply again in 2010 to US$282 billion. Three-quarters of long term loans (US$405 billion) are disbursed to private institutions, while only US$125 billion is disbursed to (or guaranteed by) public institutions. Data on who provides these loans is scant, although the majority of loans to the public sector are from private sources.

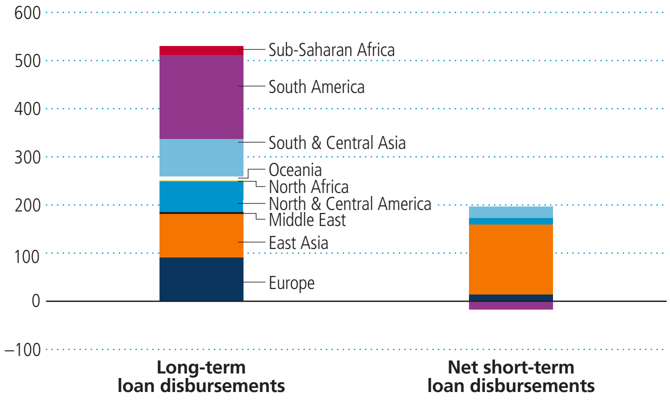
Loan disbursements to developing countries come with a repayment burden, and these outflows are large: Capital repayments from developing countries totalled US$357.8 billion in 2011. Interest repayments totalled an additional US$111 billion. Net short-term loan disbursements of US$180 billion sit alongside interest repayments totalling US$44 billion. The true value of loans to developing countries is determined not by the volumes of inflows or repayments, but by the way in which loans are put to use. However, it is important that the full picture of inflows and outflows is understood.

Gross long-term loan disbursements are the largest single resource flow to developing countries in aggregate

Where do loans go?

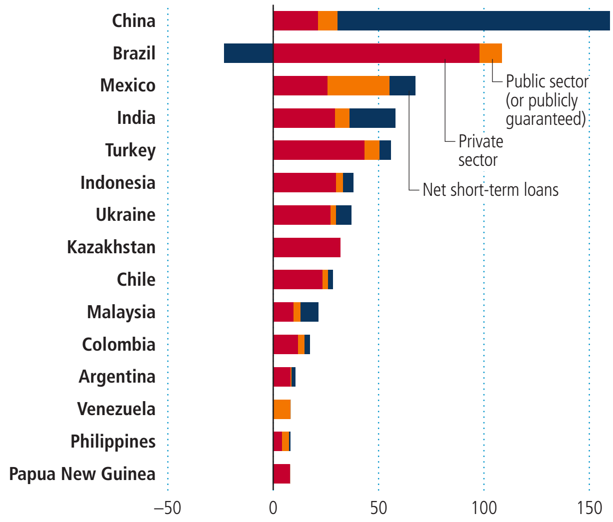
Developing countries in South America and East Asia receive the largest loan disbursements

US$ billions, 2011



Large emerging economies are the largest borrowers

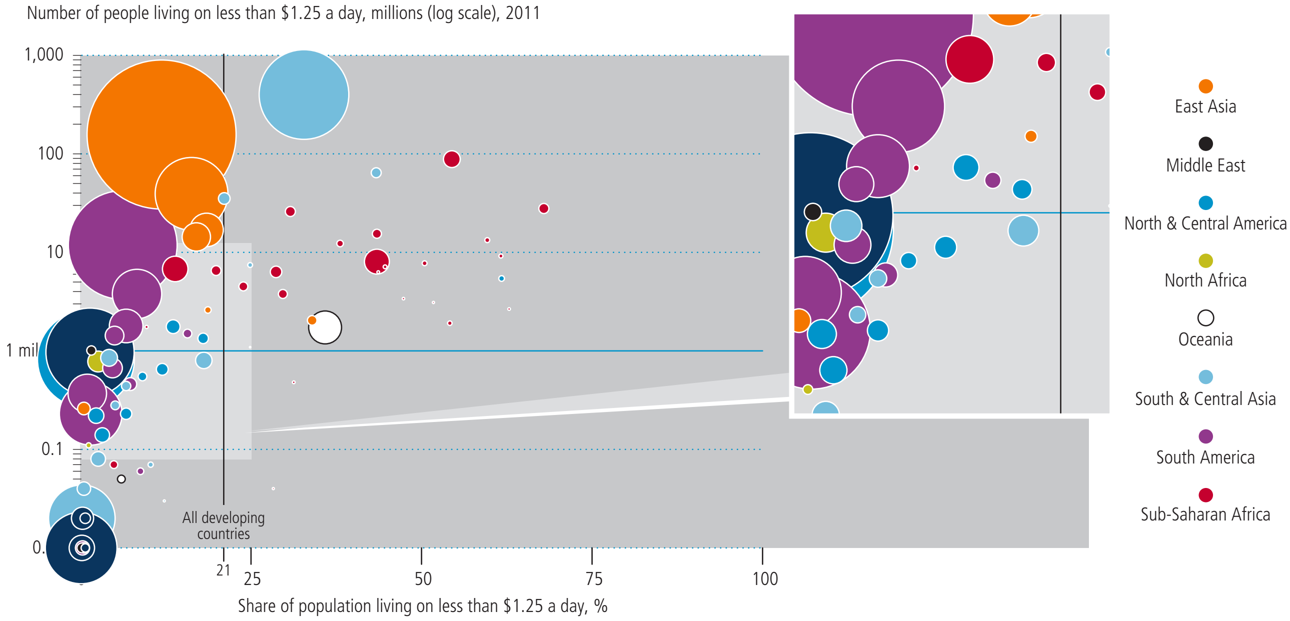
US$ billions, 2011



South America received the largest share of long-term loan disbursements to developing countries in 2011, and Brazil is the largest single recipient of long-term loans. Net short-term loans to Brazil were negative. China is the largest single recipient of loan disbursements overall, and the majority of loans to China were short term; China alone accounted for over 70% (US$129 billion) of net short-term loans to developing countries in 2011. Most of the largest recipients of loans are emerging economies, and long-term loans to the private sector typically account for the majority of receipts. However, in Mexico the majority of loan disbursements in 2011 were to the public sector (or were publicly guaranteed), and Mexico received the largest volume of public loans in 2011 (US$29.5 billion). Most loans were disbursed to countries with lower poverty rates, although many of the largest developing-country recipients of loans are larger economies with larger populations and, in many cases, large numbers of people living in poverty.

Loan disbursements and poverty

Most loans are disbursed to countries with lower poverty rates



Note: Bubble size indicates the proportion of total loans to the country in 2011.

Note: Data is from the World Bank DataBank. Data in US$ is in 2011 prices. ODA is official development assistance.

REMITTANCES

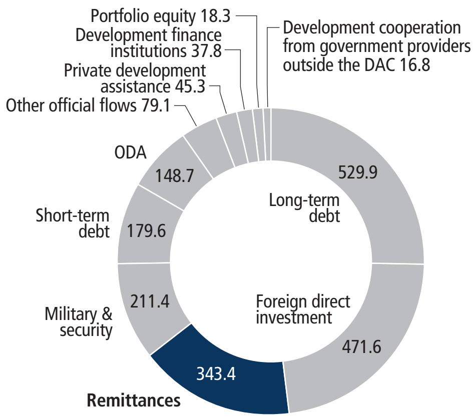
US$343 billion in inflows in 2011

Remittances are important to many countries. At US$343.4 billion in 2011, they are the third largest resource to developing countries in aggregate and have grown rapidly since the 1990s.

- Remittances are the largest flow to many countries with large numbers of poor people, including India, Nigeria, Pakistan, the Philippines and Viet Nam.
- The United States is the largest source of remittances, providing almost 30% of remittances received by developing countries.
- The true volume of remittances flows to developing countries is likely to be much higher than US$343.4 billion as informal channels are not captured.

Remittances and other resource flows to developing countries

US$ billions, 2011



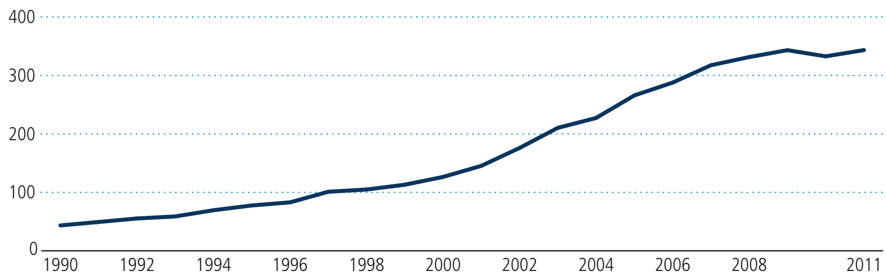
What are remittances?

Remittances are transfers of cash by migrant workers to family or friends in their country of origin. The data presented here describes recorded remittances sent through formal channels, totalling US$343.4 billion to developing countries in 2011. The true volume of remittances is thought to be much higher, due to potentially large flows moving through informal channels.

How much is there?

Remittances have grown nearly eight-fold since 1990

US$ billions, 1990–2011

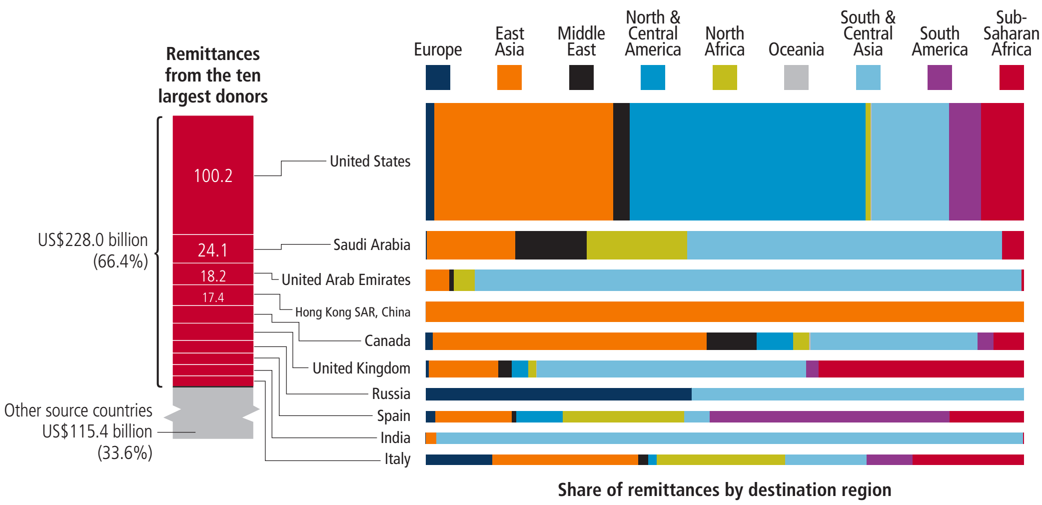


Remittances grew from an estimated US$43.4 billion in 1990 to US$343.4 billion in 2011. At an average 10% per year, this growth outpaced ODA. Although flows fell slightly during the global economic crisis, volumes of remittances have been more resilient than other resource flows. The United States is the largest single source of remittances and is estimated to provide almost 30% of total flows to developing countries. Many emerging economies are important sources of remittances, often to countries that are geographically close. Much of the growth has been driven by rising remittances to Asia, although historic data on the sources of remittances flows to developing countries is unavailable. The corridors through which remittances flow are complex and diverse, and this is reflected by the varied destinations of remittances from the largest source countries.

Who provides remittances?

The United States is the largest source of remittances to developing countries

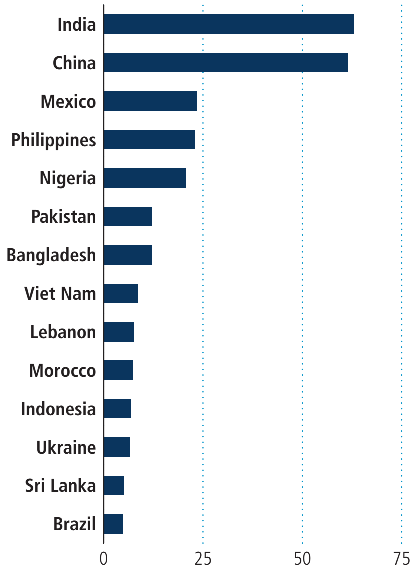
% of remittances received by developing countries, 2011



Where do remittances go?

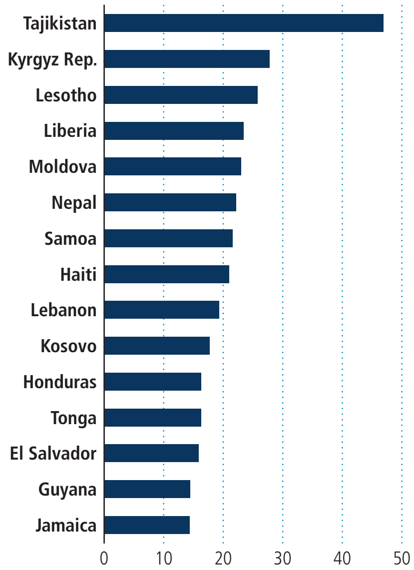
India and China receive the largest volumes of remittances

US$ billions, 2011



As a share of national income, remittances play a major role in the economies of many smaller countries

% of GDP, 2011



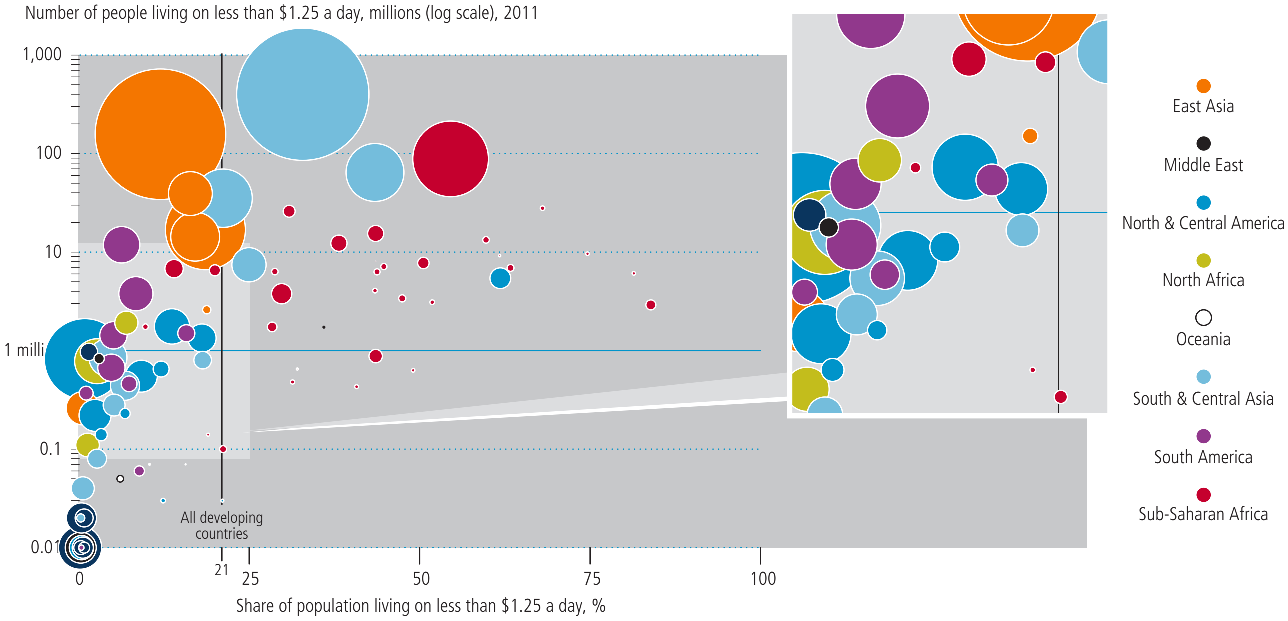
Remittances flows are closely linked to patterns of migration: Many of the largest recipients are countries with big populations and large diasporas. Remittances are the largest international resource flow received by India, Nigeria, Pakistan, the Philippines and Viet Nam – all countries with large numbers of poor people. Receipts of remittances are relatively concentrated, and the ten largest recipients account for 70% of the total received by all developing countries.

Many countries are both sources and recipients of remittances. India, the largest recipient of remittances among developing countries (US$63.0 billion in 2011), is also the ninth largest source of remittances (US$9.5 billion). Bangladesh received remittances totalling US$12.1 billion and sent remittances totalling US$3.8 billion. Remittances from developing countries totalled US$38.7 billion in 2011.

The pattern of the largest recipients looks quite different as a proportion of national income. Although the total volumes received are smaller, remittances are equivalent to the largest proportion of income in smaller countries with large emigrant populations; Tajikistan, Kyrgyz Republic and Lesotho are the largest.

Remittances and poverty

Remittances are an important resource for many countries with large numbers of poor people



Note: Bubble size indicates the proportion of total remittances to the country in 2011.

Note: Data is from the World Bank's Migration and Remittances database. Data in US$ is in 2011 prices. ODA is official development assistance.

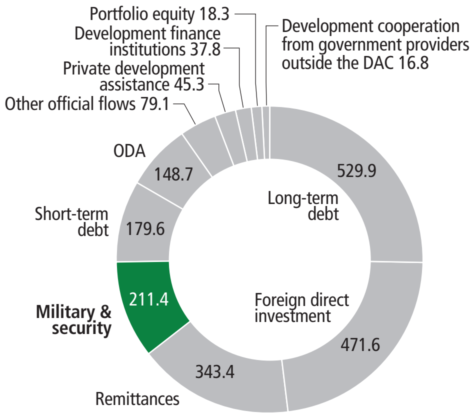
MILITARY AND SECURITY EXPENDITURE

US$211.4 billion in 2011

There is a military and security dimension to resources to end poverty. Security is a primary concern of many people in poverty. Insecurity, conflict and instability are the enemies of prosperity and major drivers of poverty. Governments are already investing security and military resources in developing countries both to support their national interests and to promote security. Military and security assets are clearly important where instability, insecurity, humanitarian need and poverty meet. The volume, characteristics and allocation of military and security spending need to be visible as part of the overall picture of resources relevant to poverty eradication.

Military and security expenditure and other resource flows to developing countries

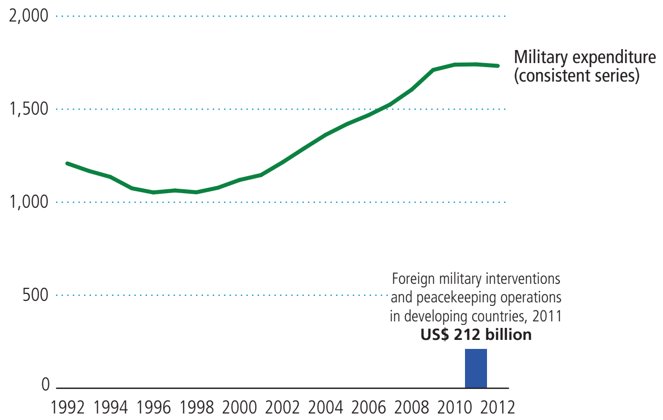
US$ billions, 2011



Global military expenditure

Global military and security expenditures are levelling out after a decade of growth

US$ billions, 1992–2012



Military and security expenditure in 2012 was an estimated US$1.756 trillion, or 2.5% of global GDP. This is about 0.4% lower in real terms than in 2011, the first drop since 1998. Nonetheless, the 2011 total was higher than in any year since the end of the Second World War.

In comparison with the global military and security expenditure of US$1.8 trillion, an estimated US$212 billion was spent worldwide by states on military operations and peacekeeping in developing countries in 2011, directly and through multilateral operations that have a mandate from the UN Security Council (whether carried out by the UN or otherwise) or from the government of the country in which the operations take place (see Box 2). Of this total, US$197 billion is accounted for by operations in Afghanistan and Iraq.

What is military and security expenditure?

The military and security expenditure of US$212 billion in 2011 is an estimate of military operations and peacekeeping expenditure in developing countries. The figure is based on a calculation of spending worldwide by states both directly and through multilateral organisations such as the UN, NATO and the African Union.

Between the estimated cost of foreign military interventions and peacekeeping operations in developing countries and ODA, there is a potential for overlap between the figures. For example, spending on civilian crisis management missions such as those led by the EU which account for US$418 million is also recordable as ODA. However, it is not possible to say with any degree of confidence how much of the estimated overall cost of foreign military interventions and peacekeeping operations of US$212 billion might be counted as ODA.

BOX 1

Military and security expenditure: What counts as ODA?

Some expenditure on military and security is reported as ODA because a number of conflict prevention and resolution, peacebuilding and security expenditures meet the development criteria of ODA as set out by the DAC. Box 1 lists the areas included in ODA spending. The cost of these activities is calculated as the excess of over what the personnel and equipment would have cost to maintain.

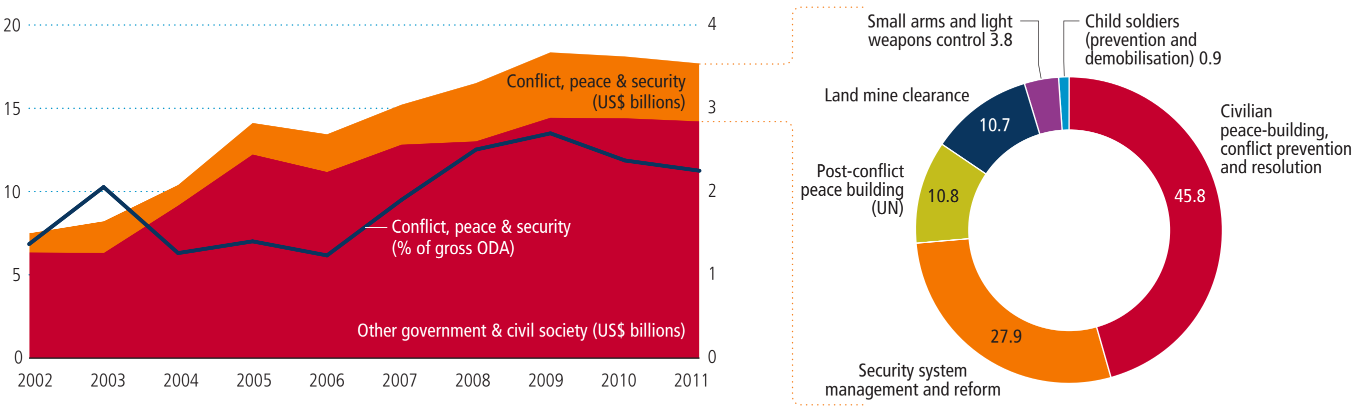
- *Humanitarian assistance.* Additional costs beyond regular salaries and expenses that are incurred for the use of military personnel to deliver humanitarian assistance or perform development services are included in ODA. Forgiveness of military debt may also be reported as other official flows.
- *Bilateral participation in certain aspects of international peacekeeping operations.* The cost of a donor's bilateral participation in specific activities within international peacekeeping operations, net of any compensation received from the UN or other body, is reportable as ODA. International peacekeeping operations include any operation mandated or authorised by the UN through a Security Council resolution and conducted by an international organisation such as the UN, NATO, the African Union, the European Union, or other regional groupings of developing countries. These activities include:
  - Human rights and election monitoring.
  - Reintegration of demobilised soldiers.
  - Rehabilitation of basic national infrastructure.
  - Monitoring or retraining of civil administrators and police forces.
  - Security sector reform and other rule of law-related activities.
  - Training in customs and border control procedures.
  - Advice or training in fiscal or macroeconomic stabilisation policy.
  - Repatriations and demobilisation of armed factions and disposal of their weapons.
  - Explosive mine removal.
- *Civil police training.* Expenditure on police training in routine civil policing functions.

... and what doesn't count as ODA?

Expenditures on military and security spending that are not eligible to be included as ODA are military aid (financing of military equipment or services) as well as grants, official loans or credits for the supply or financing of military equipment and services; military contingents participating in peacekeeping operations; police training in counter-subversion methods, suppression of political dissidence or intelligence gathering on political activities; and activities combating terrorism.

Spending on conflict, peace and security within ODA has more than doubled since 2002; peacebuilding, conflict prevention and resolution receives the largest proportion of ODA within this sector

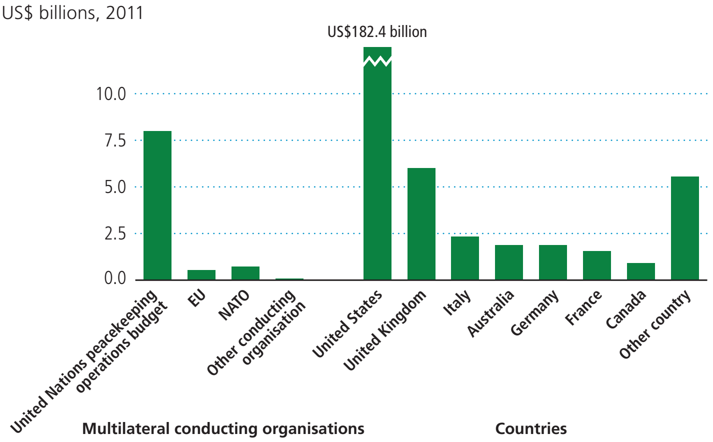
US$ billions, 2002–2011 % of total gross ODA % of total



Peacekeeping operations and military interventions in developing countries

The United States has by far the highest spending on foreign military interventions and military and civilian peacekeeping operations in developing countries

US$ billions, 2011



The governance and security sector (see Chapter 11), of which conflict, peace and security is a sub-sector, accounted for 11% of total ODA in 2011. More than US$17.7 billion of ODA was spent on governance and security in 2011, of which conflict, peace and security accounted for US$3.5 billion, with the remainder going to government and civil society. Within conflict, peace and security the lion's share (45.8%) of expenditure is directed at civilian peacebuilding and conflict prevention and resolution, while small arms and light weapon control receives only 3.8%.

BOX 2

Estimating the cost of foreign military interventions and peacekeeping operations in developing countries

Operations included in the total estimate of US$212 billion for foreign military interventions and peacekeeping operations for 2011 are listed below. The list includes those with a major active military component, as well as military observer missions, police missions and civilian observer missions. Missions with a goal of preventing conflict or maintaining peace and security are included.

- International Security Assistance Force in Afghanistan: US$129.3 billion.
- US operations in Iraq: US$68.1 billion.
- UN operations: US$7.8 billion (in 2011).
- NATO-led interventions in Libya: US$3.6 billion.
- NATO Kosovo force: US$831 million.
- Other operations (including, for example, French operations in Chad, Central African Republic and Côte d'Ivoire and the International Security Force [Timor-Leste]) : US$678 million.
- African Union Mission in Somalia: US$621 million.
- EU and other civilian-led missions: US$506 million (EU civilian-led peace missions – US$418 million and OSCE and OAS – US$88 million).
- European Union Force ALTHEA in Bosnia and Herzegovina: US$182.1 million.
- The Mission for the Consolidation of Peace in the Central African Republic: US$50 million.
- Commonwealth of Independent States Joint Control Commission Peacekeeping Force in Trans-Dniestr: US$50 million.
- EU training mission Somalia: US$ 31.7 million.

Some spending on peacekeeping operations qualifies as ODA (see above). This is likely to include US$418 million spent by the EU on civilian-led peace missions and US$88 million spent by the OSCE and OAS, though ODA from non-OECD countries is not always systematically measured. It is not possible to say with any degree of confidence how much of the above total might be counted as ODA. However, given the mandates of some missions, which often do not include components related to ODA activities, it is likely that this component is not trivial.

Note: Data is from the DAC (ODA and subsectors of military spending) and the Stockholm International Peace Research Institute (military spending and peacekeeping operations). All data in US$ is in 2011 prices. DAC is the Development Assistance Committee of the OECD. DPKO is the United Nations Department of Peacekeeping Operations. GDP is gross domestic product. ODA is official development assistance (aid). NATO is the North Atlantic Treaty Organization. OECD is Organisation for Economic Co-operation and Development. OSCE is the Organization for Security and Co-operation in Europe.

PORTFOLIO EQUITY

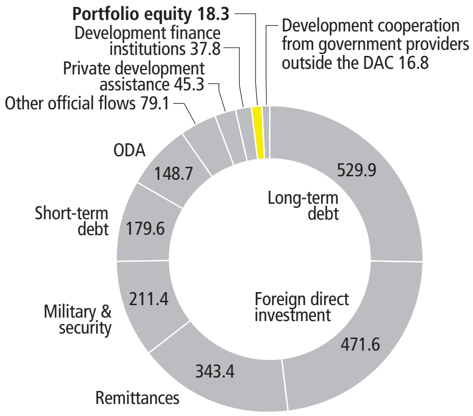
US$18.3 billion in inflows in 2011

Portfolio equity flows are volatile, as recent trends show. Average total net inflows in 2009–2011 were US$75.6 billion, four times flows in 2011. But portfolio equity can be useful to developing countries. Portfolio equity data is limited, but:

- Developing countries' share of global flows has been rising.
- South America had the largest inflows, followed by sub-Saharan Africa and East Asia.
- More-developed countries tend to see the largest flows (inward and outward).

Portfolio equity and other resource flows to developing countries

US$ billions, 2011



What is portfolio equity?

Portfolio equity is a form of international investment that does not confer significant control or influence. 'Portfolio' refers to a group of assets. Investments of 10% or more of the value or control of an asset or company are considered FDI, while investments below this threshold are portfolio equity. Investors receive returns though interest payments or dividends and can use equity to spread financial risks across different markets. They can also sell their equity on to other investors.

Portfolio equity can enable companies in developing countries to quickly raise capital in order to fund increased capacity – for example, to respond to new economic opportunities – and finance external deficits, where trade and other financial outflows exceed inflows. But portfolio equity tends to be more volatile than FDI, which itself is generally more volatile than a number of other flows, including ODA. Ownership and control are thought to engender longer term commitment to FDI than to portfolio equity 'stocks and shares.' Because portfolio equity tends to follow shorter term financial returns, recipient countries can be vulnerable to changes in investor sentiment. If they perceive their capital to be at risk, such as during an economic or political crisis, they may withdraw that capital suddenly.

What data is available on portfolio equity?

International statistics on portfolio equity are very limited. The World Bank provides net inflows less outflows by recipient country, but it does not offer further breakdowns or information on source and destination country of portfolio equity flows. For 2011, the World Bank provides no data for 6 ODA recipient countries (Cuba, Democratic People's Republic of Korea, Palau, Somalia, Syria, and West Bank and Gaza), and zero flows for 83, improved coverage from 8 and 89, respectively, in 2000. The World Bank forecasts future flows but only at the regional aggregate level.

The IMF's voluntary Coordinated Portfolio Investment Survey provides some data on stocks of portfolio investment. Country coverage is limited, and the survey does not extend to breakdowns into the two components: portfolio equity and portfolio debt, which includes government and corporate bonds.

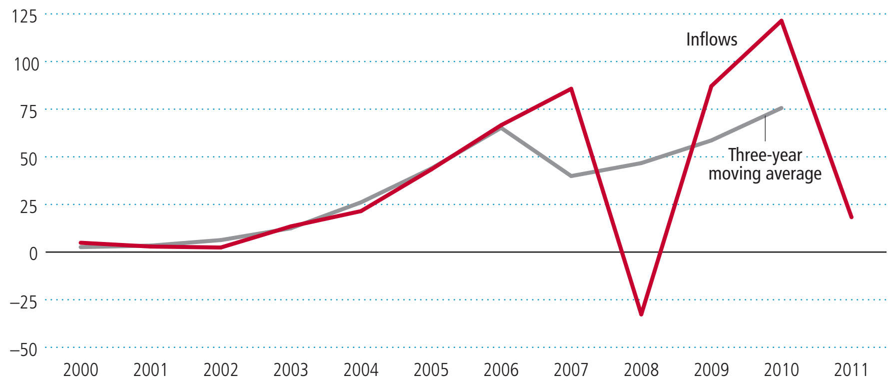
Portfolio equity trends

Recent trends in net inflows to developing countries illustrate the volatility of portfolio equity.

Inflows reversed dramatically in 2008 at the height of the global economic crisis then recovered rapidly in 2009 and reached a new high of US$121 billion in 2010. As investor risk aversion increased in 2011, confidence in emerging markets weakened, and portfolio equity inflows to developing country fell back to US$18 billion.

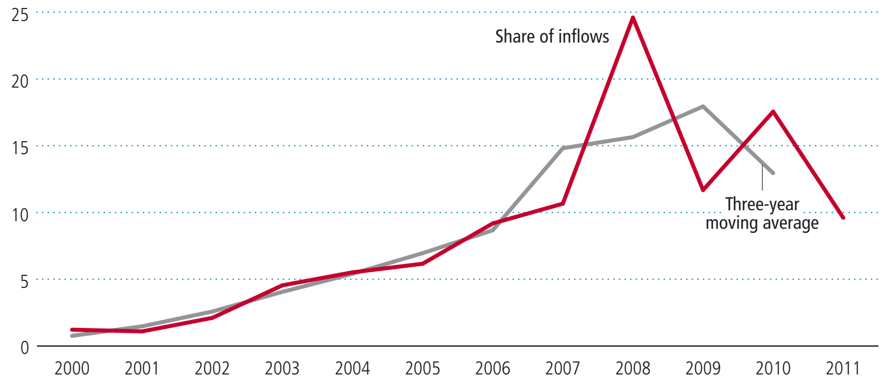
Portfolio equity flows have been volatile since 2007

Net portfolio equity inflows to ODA recipients, US$ billions, 2000–2011



Developing countries' share of global portfolio equity inflows has been increasing

% of global net portfolio equity inflows to ODA recipients, 2000–2011



Developing-country inflows accounted for 10% of the world total in 2011. The largest portfolio equity flows tend to be from economies with more-developed capital markets, such as European countries, Japan and the United States.

But an increasing share of portfolio equity inflows is going to developing countries, peaking at almost a quarter in 2008, though lower and fluctuating since.

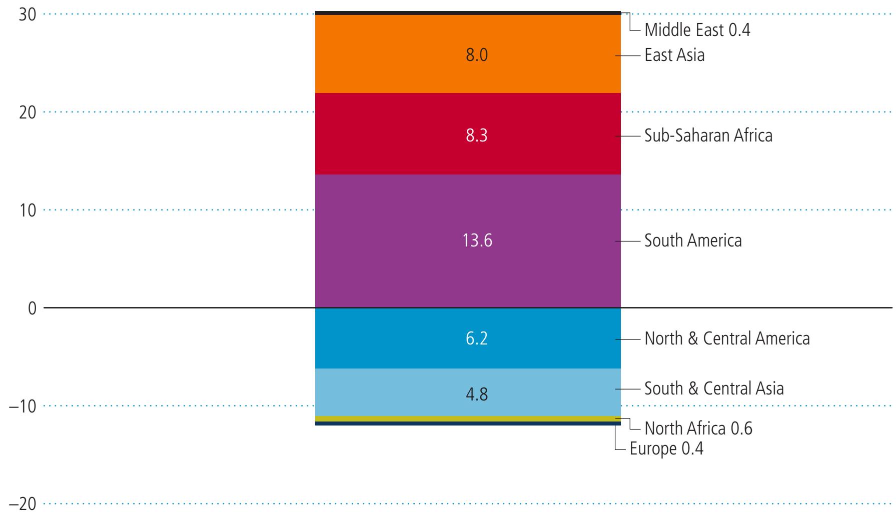
For emerging markets in particular, this is due in part to strong growth potential and the opening up and development of equity markets.

Sub-Saharan Africa had the second largest portfolio equity net inflows among developing regions in 2011

Net portfolio equity inflows, US$ billions, 2011

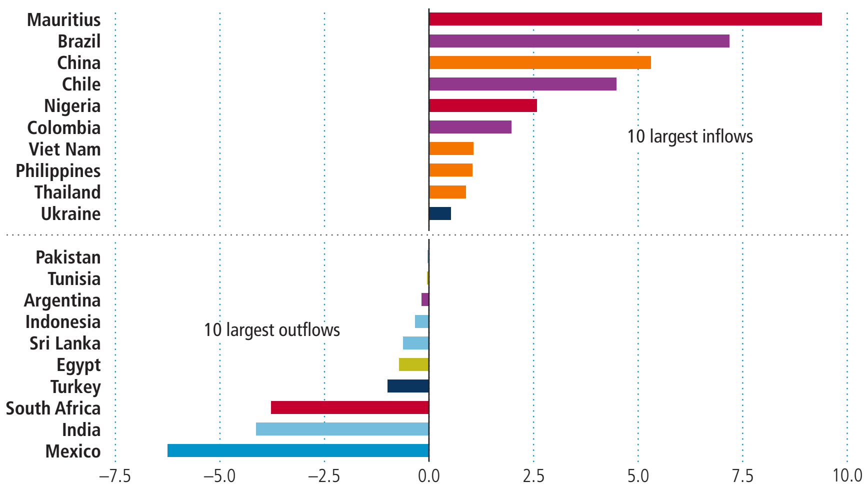
Portfolio equity inflows also vary by region. Among developing regions, South America had the largest inflows, followed by sub-Saharan Africa and East Asia, which includes China.

By contrast, developing countries in North and Central America and South and Central Asia saw substantial net outflows: where divestment of portfolio equity exceeded investments.



More-developed countries have the largest portfolio equity flows

US$ billions, 2011



More-developed countries tend to see the largest portfolio flows, both inflows and outflows. Only two have among the ten largest net inflows globally in 2011 – Mauritius and Brazil. Within sub-Saharan Africa, only Mauritius and Nigeria are among the ten developing countries with the largest net inflows.

Note: Data is from the World Bank. Data in US$ is in 2011 prices. FDI is foreign direct investment. ODA is official development assistance. IMF is the International Monetary Fund.

Total resource flows from donor to developing countries

Resource flows over time

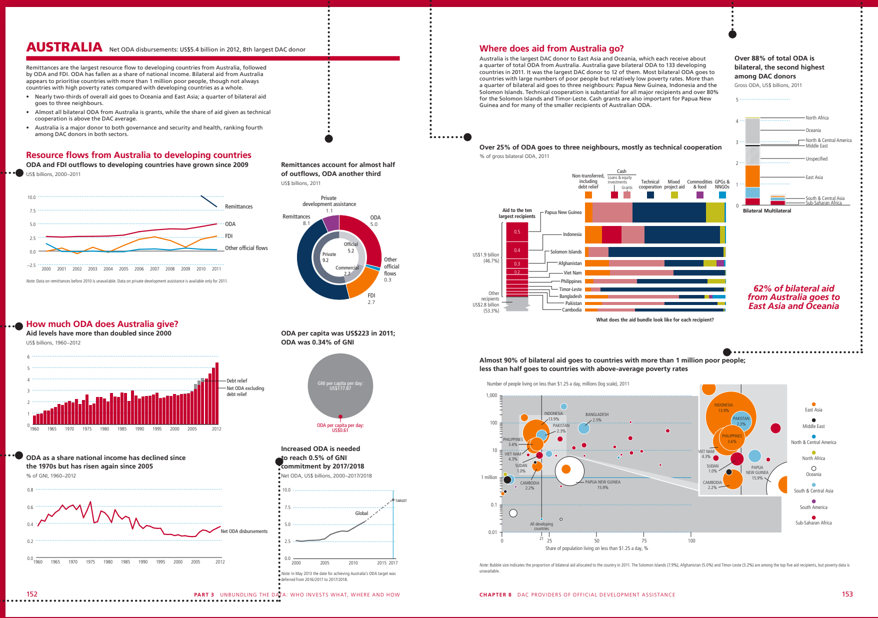
Official, commercial and private flows to developing countries

Where does aid go?

Biggest recipients showing the aid bundle

ODA by region

ODA to countries with a large number or a high percentage of the population in extreme poverty



How much ODA does the country give?

Volume of net official development assistance

Official development assistance as a share of income

ODA per capita and GNI per capita ODA; trends and targets globally and to Africa

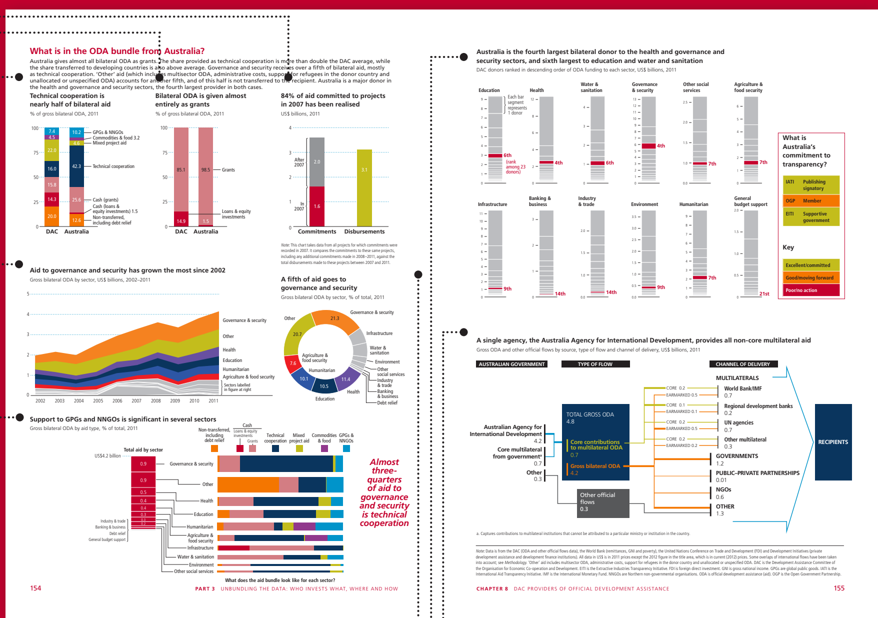
What's in the aid bundle?

Disbursements in relation to commitments

Share of loans & equity and grants

Donor bundle and DAC average bundle

Sectoral allocation over time



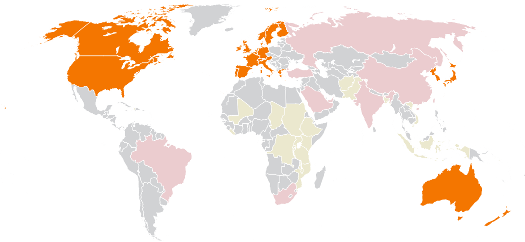
Share of the pie to six big sectors

Unpacking the aid bundle for each sector

ODA managed by different government agencies and channels of delivery

How donor ranks in the world by sector

8



DAC providers of official development assistance

These profiles provide clear and detailed visualisations of each donor's official development assistance (ODA) in the context of other resources, including government spending in developing countries that does not count as ODA, commercial flows and private development assistance such as remittances and contributions from foundations and NGOs.

The aid bundle is unpacked to show the composition of aid for each major recipient country and each sector. It shows how much aid is cash in the form of either grants or loans, how much is given in kind as commodities or food, how much is technical cooperation, mixed project aid or support to global public goods and how much is never transferred out of the donor country.

The extent to which ODA is allocated to poor countries is shown for each donor using two dimensions: the vertical axis shows the number of people living below the poverty line and the horizontal axis the percentage of the population below the line. The size of the bubble for each country is proportioned to the volume of ODA.

These profiles provide objective and realistic information for decisionmakers and campaigners and allow for fair comparisons between donors on the nature and context of aid flows. This in turn can help achieve more poverty reduction from every dollar of aid.

More detailed and interactive information is available online at www.devinit.org, and Development Initiatives is always pleased to provide data and information through our helpdesks. Please refer to the profile endnotes and *Methodology* for more detailed explanations of terms and concepts used.

AUSTRALIA Net ODA disbursements: US$5.4 billion in 2012, 8th largest DAC donor

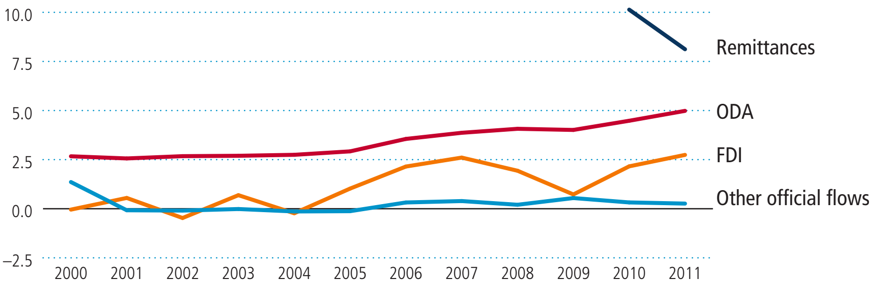
Remittances are the largest resource flow to developing countries from Australia, followed by ODA and FDI. ODA has fallen as a share of national income. Bilateral aid from Australia appears to prioritise countries with more than 1 million poor people, though not always countries with high poverty rates compared with developing countries as a whole.

- Nearly two-thirds of overall aid goes to Oceania and East Asia; a quarter of bilateral aid goes to three neighbours.
- Almost all bilateral ODA from Australia is grants, while the share of aid given as technical cooperation is above the DAC average.
- Australia is a major donor to both governance and security and health, ranking fourth among DAC donors in both sectors.

Resource flows from Australia to developing countries

ODA and FDI outflows to developing countries have grown since 2009

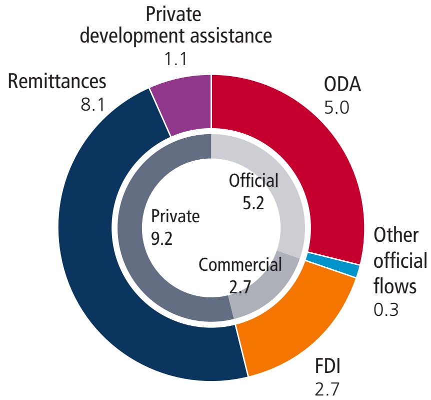
US$ billions, 2000–2011



Note: Data on remittances before 2010 is unavailable. Data on private development assistance is available only for 2011.

Remittances account for almost half of outflows, ODA another third

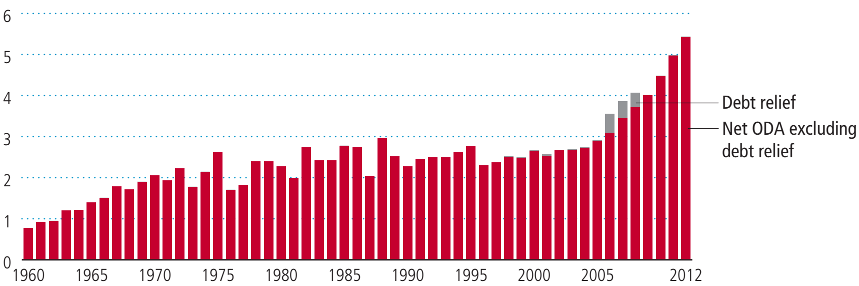
US$ billions, 2011



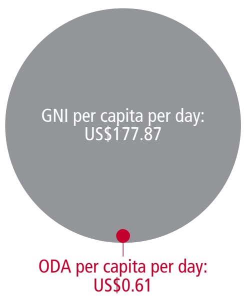
How much ODA does Australia give?

Aid levels have more than doubled since 2000

US$ billions, 1960–2012

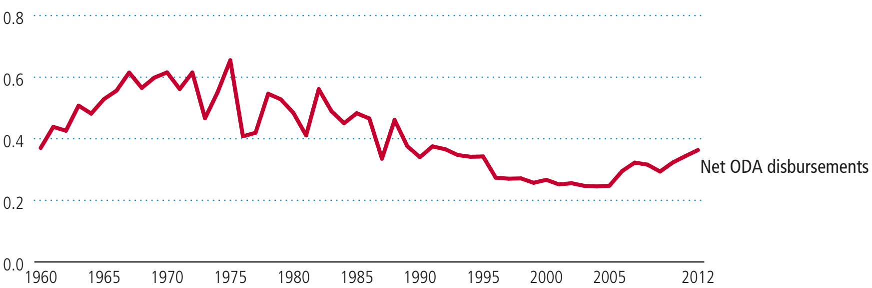


ODA per capita was US$223 in 2011; ODA was 0.34% of GNI



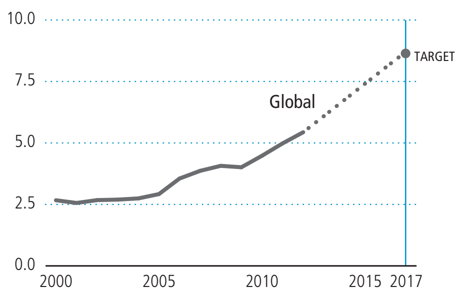
ODA as a share national income has declined since the 1970s but has risen again since 2005

% of GNI, 1960–2012



Increased ODA is needed to reach 0.5% of GNI commitment by 2017/2018

Net ODA, US$ billions, 2000–2017/2018



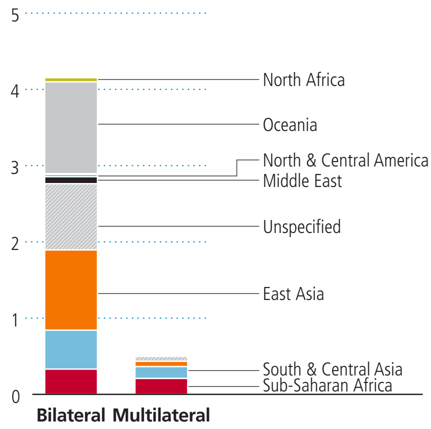
Note: In May 2013 the date for achieving Australia's ODA target was deferred from 2016/2017 to 2017/2018.

Where does aid from Australia go?

Australia is the largest DAC donor to East Asia and Oceania, which each receive about a quarter of total ODA from Australia. Australia gave bilateral ODA to 133 developing countries in 2011. It was the largest DAC donor to 12 of them. Most bilateral ODA goes to countries with large numbers of poor people but relatively low poverty rates. More than a quarter of bilateral aid goes to three neighbours: Papua New Guinea, Indonesia and the Solomon Islands. Technical cooperation is substantial for all major recipients and over 80% for the Solomon Islands and Timor-Leste. Cash grants are also important for Papua New Guinea and for many of the smaller recipients of Australian ODA.

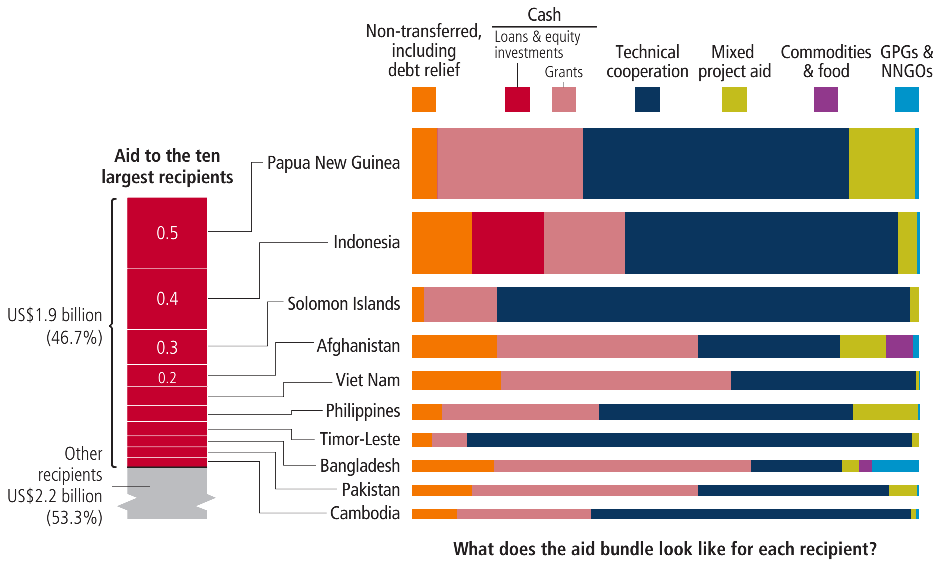
Over 88% of total ODA is bilateral, the second highest among DAC donors

Gross ODA, US$ billions, 2011



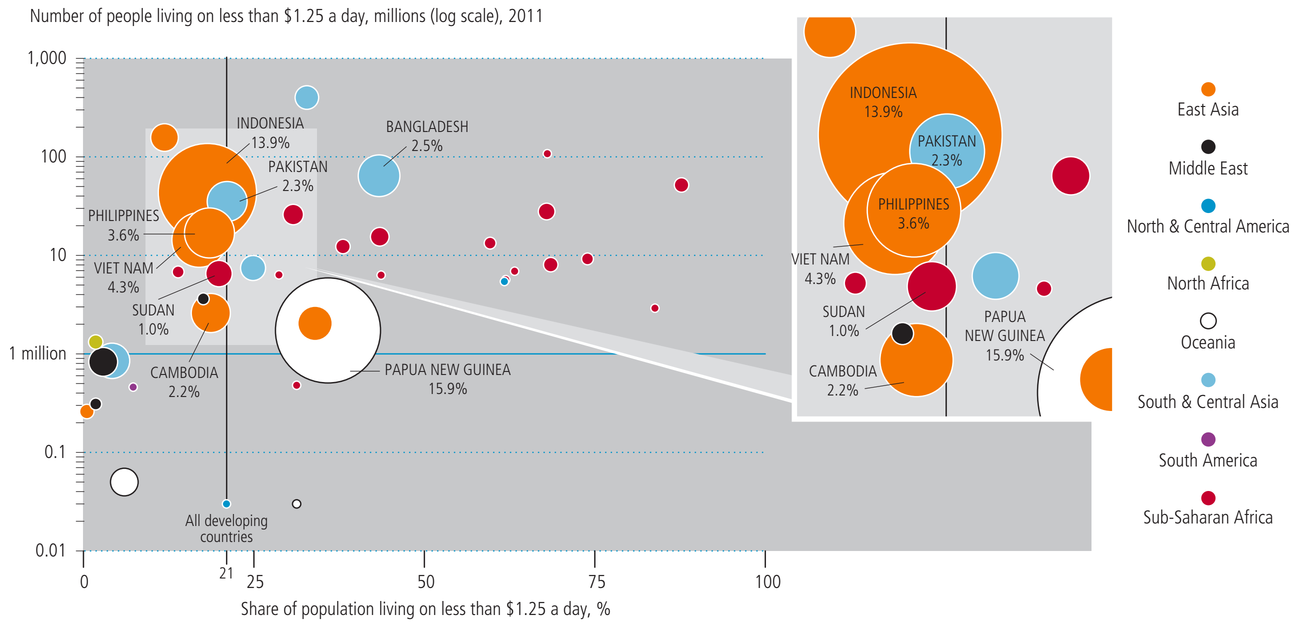
Over 25% of ODA goes to three neighbours, mostly as technical cooperation

% of gross bilateral ODA, 2011



62% of bilateral aid from Australia goes to East Asia and Oceania

Almost 90% of bilateral aid goes to countries with more than 1 million poor people; less than half goes to countries with above-average poverty rates



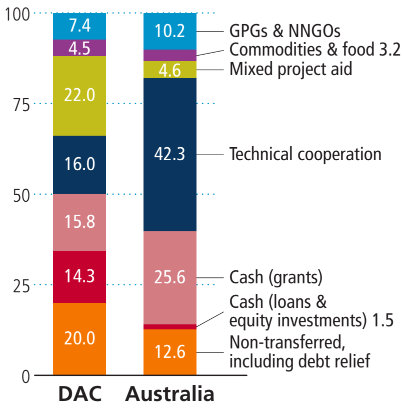
Note: Bubble size indicates the proportion of bilateral ODA allocated to the country in 2011. The Solomon Islands (7.9%), Afghanistan (5.0%) and Timor-Leste (3.2%) are among the top five aid recipients, but poverty data is unavailable.

What is in the ODA bundle from Australia?

Australia gives almost all bilateral ODA as grants. The share provided as technical cooperation is more than double the DAC average, while the share transferred to developing countries is also above average. Governance and security receives over a fifth of bilateral aid, mostly as technical cooperation. 'Other' aid (which includes multisector ODA, administrative costs, support for refugees in the donor country and unallocated or unspecified ODA) accounts for another fifth, and of this half is not transferred to the recipient. Australia is a major donor in the health and governance and security sectors, the fourth largest provider in both cases.

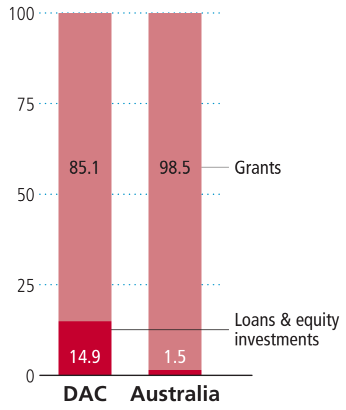
Technical cooperation is nearly half of bilateral aid

% of gross bilateral ODA, 2011



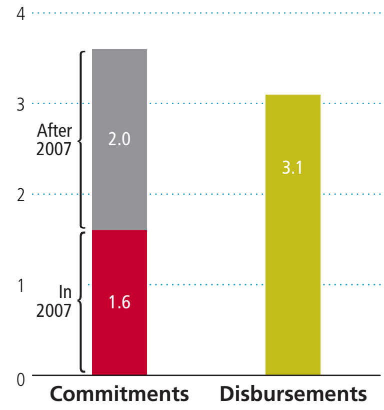
Bilateral ODA is given almost entirely as grants

% of gross bilateral ODA, 2011



84% of aid committed to projects in 2007 has been realised

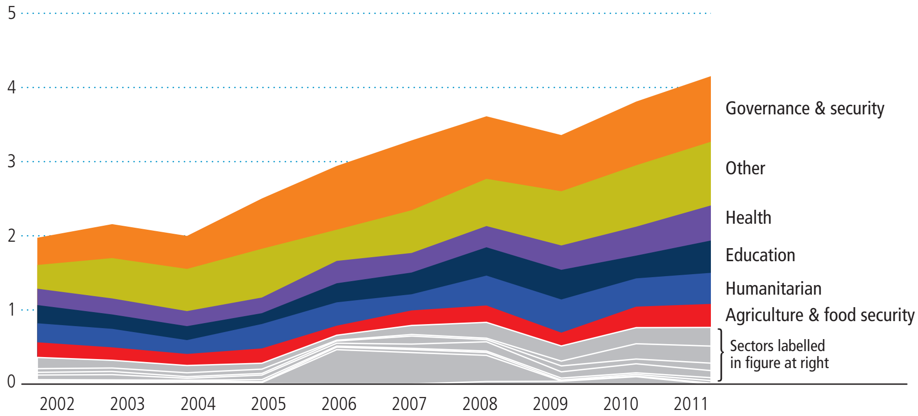
US$ billions, 2011



Note: This chart takes data from all projects for which commitments were recorded in 2007. It compares the commitments to these same projects, including any additional commitments made in 2008–2011, against the total disbursements made to these projects between 2007 and 2011.

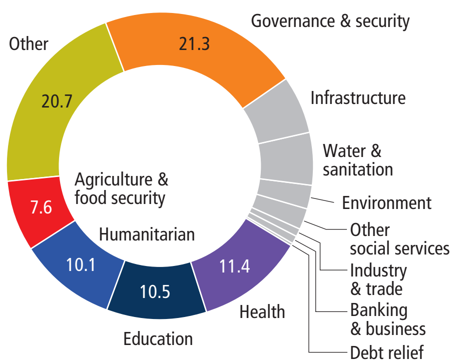
Aid to governance and security has grown the most since 2002

Gross bilateral ODA by sector, US$ billions, 2002–2011



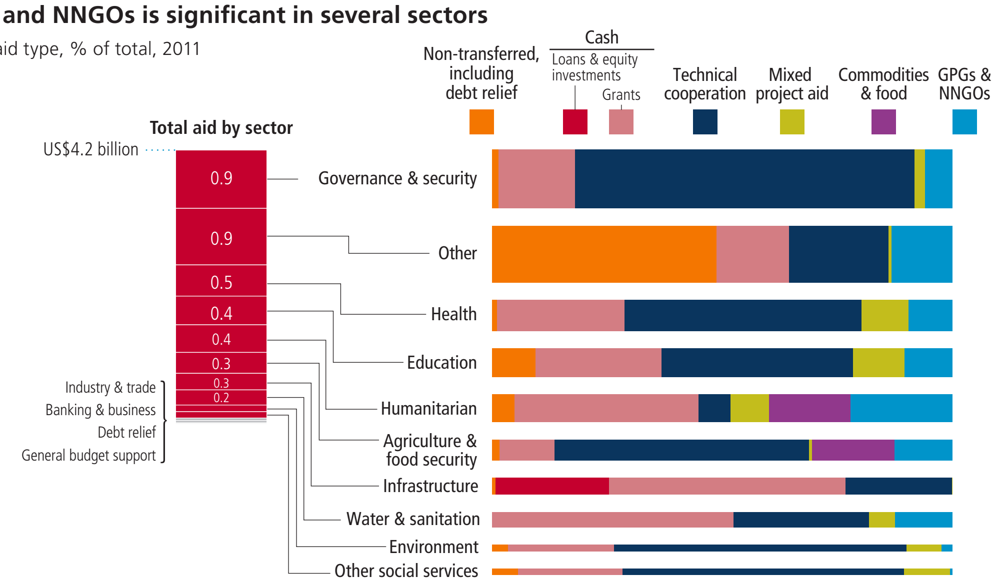
A fifth of aid goes to governance and security

Gross bilateral ODA by sector, % of total, 2011



Support to GPGs and NNGOs is significant in several sectors

Gross bilateral ODA by aid type, % of total, 2011

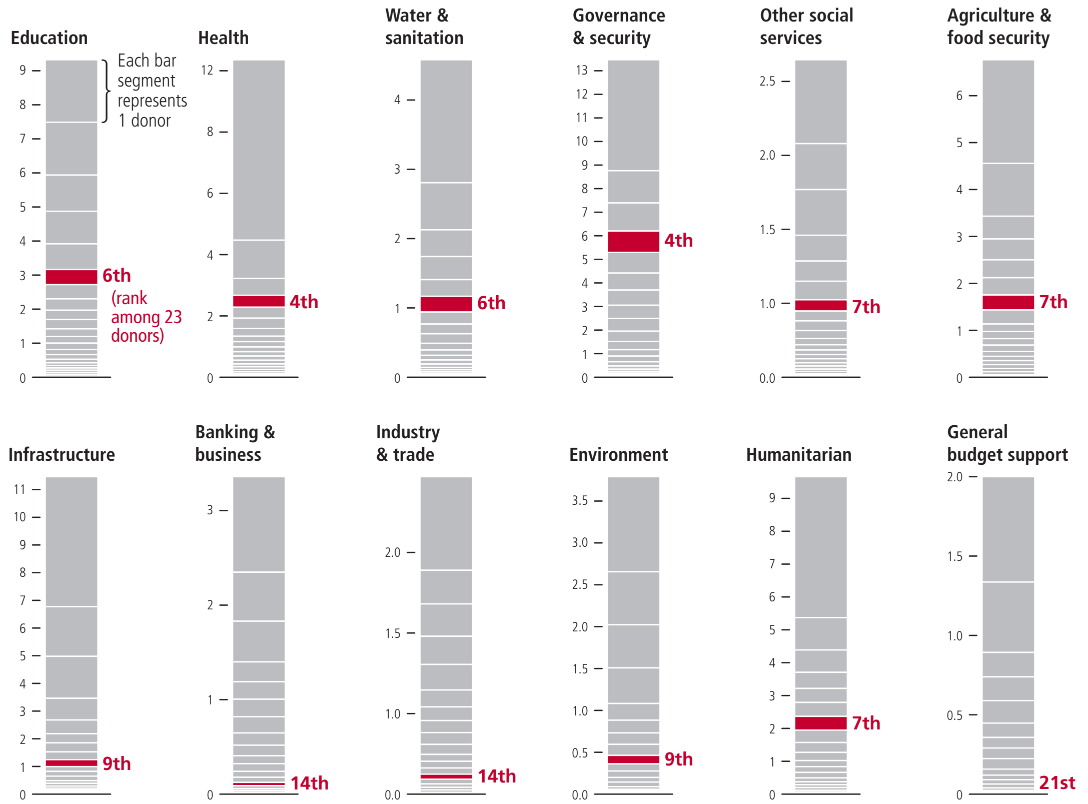


What does the aid bundle look like for each sector?

Almost three-quarters of aid to governance and security is technical cooperation

Australia is the fourth largest bilateral donor to the health and governance and security sectors, and sixth largest to education and water and sanitation

DAC donors ranked in descending order of ODA funding to each sector, US$ billions, 2011



What is Australia's commitment to transparency?

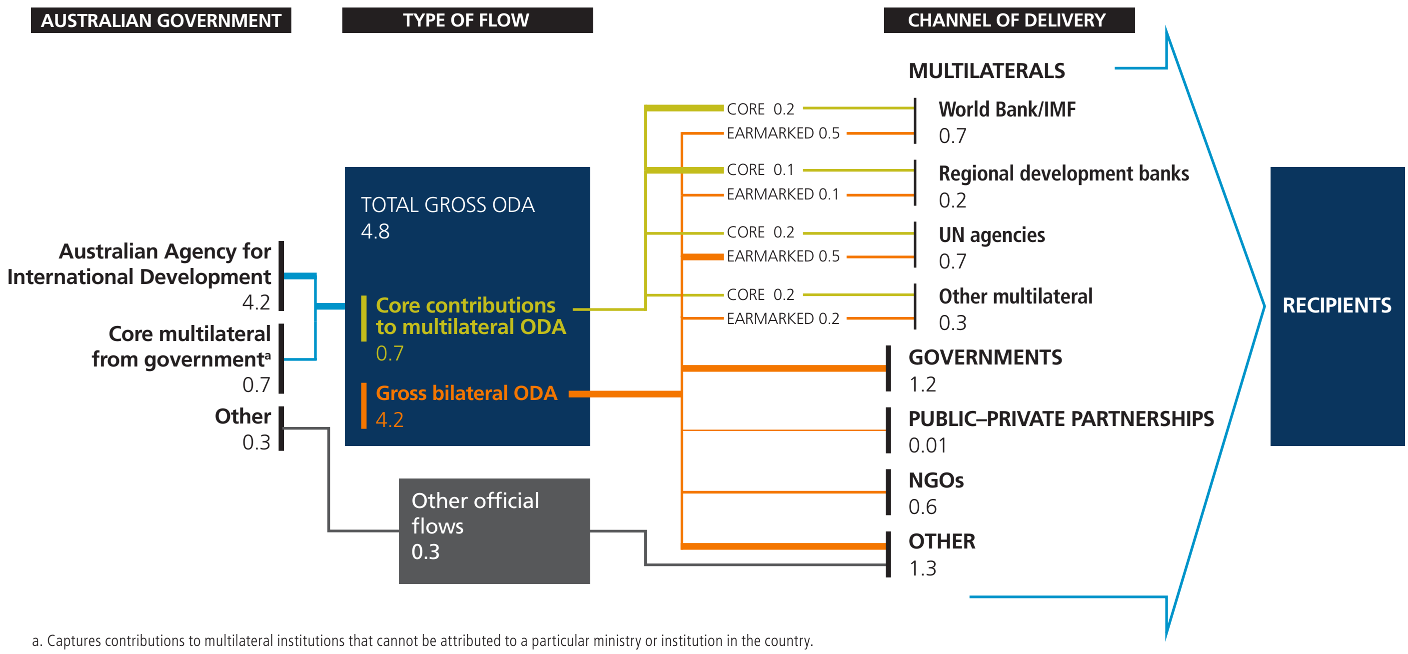
IATI	Publishing signatory
OGP	Member
EITI	Supportive government

Key

- Excellent/committed
- Good/moving forward
- Poor/no action

A single agency, the Australia Agency for International Development, provides all non-core multilateral aid

Gross ODA and other official flows by source, type of flow and channel of delivery, US$ billions, 2011



a. Captures contributions to multilateral institutions that cannot be attributed to a particular ministry or institution in the country.

Note: Data is from the DAC (ODA and other official flows data), the World Bank (remittances, GNI and poverty), the United Nations Conference on Trade and Development (FDI) and Development Initiatives (private development assistance and development finance institutions). All data in US$ is in 2011 prices except the 2012 figure in the title area, which is in current (2012) prices. Some overlaps of international flows have been taken into account; see *Methodology*. 'Other' aid includes multisector ODA, administrative costs, support for refugees in the donor country and unallocated or unspecified ODA. DAC is the Development Assistance Committee of the Organisation for Economic Co-operation and Development. EITI is the Extractive Industries Transparency Initiative. FDI is foreign direct investment. GNI is gross national income. GPGs are global public goods. IATI is the International Aid Transparency Initiative. IMF is the International Monetary Fund. NNGOs are Northern non-governmental organisations. ODA is official development assistance (aid). OGP is the Open Government Partnership.

AUSTRIA Net ODA: US$1.1 billion in 2012, 18th largest DAC donor

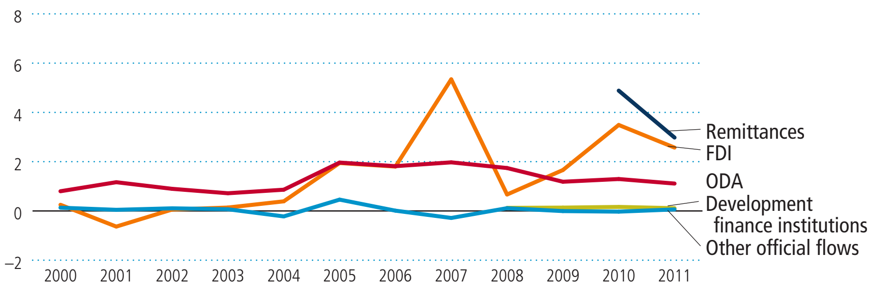
Remittances are the largest resource flow from Austria to developing countries, followed by FDI. Aid has increased since the 1960s. Over half is provided multilaterally, and over half is non-transferred.

- Over one-third of overall aid goes to Africa, though some European countries are major bilateral aid recipients.
- Student costs are 40% of non-transferred aid; debt relief is also considerable.

Resource flows from Austria to developing countries

FDI outflows to developing countries have grown since 2008, while ODA has remained flat

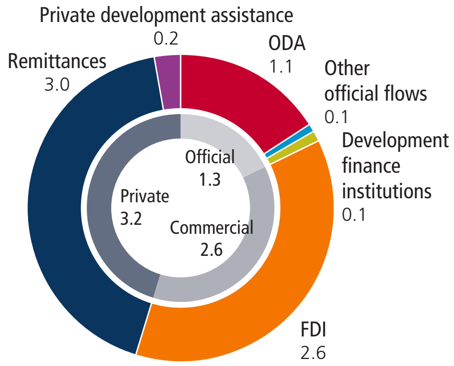
US$ billions, 2000–2011



Note: Data on remittances before 2010 is unavailable. Data on private development assistance is available only for 2011.

Remittances are the largest outflow from Austria, followed by FDI

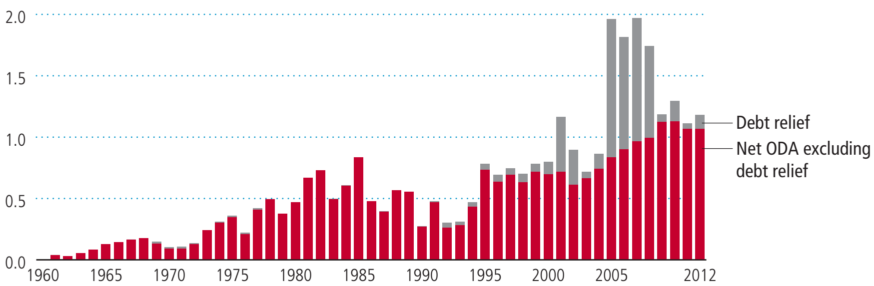
US$ billions, 2011



How much ODA does Austria give and where does it go?

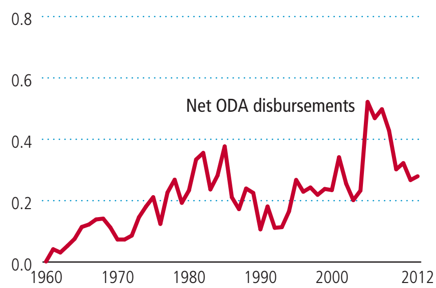
Aid levels have increased since the early 1990s, with considerable debt relief in the late 2000s

US$ billions, 1960–2012



Aid as a share of Austria's national income has fallen since its 2005 peak

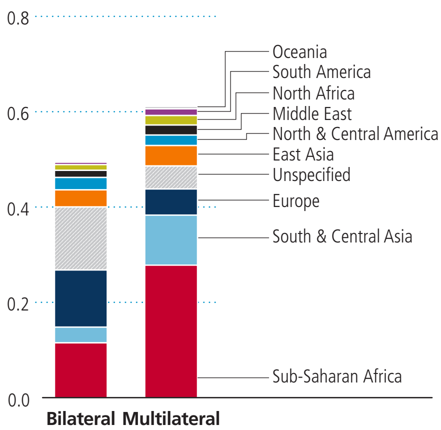
% of GNI, 1960–2012



Note: At the May 2005 European Council, EU-15 member states committed to reach 0.7% of GNI as ODA.

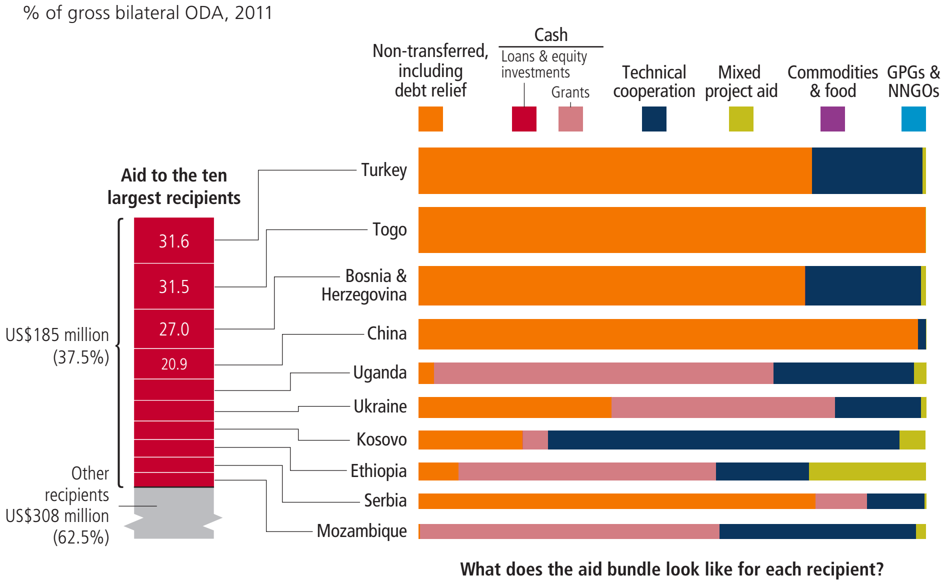
36% of aid goes to Africa, less than half bilaterally

US$ billions, 2011



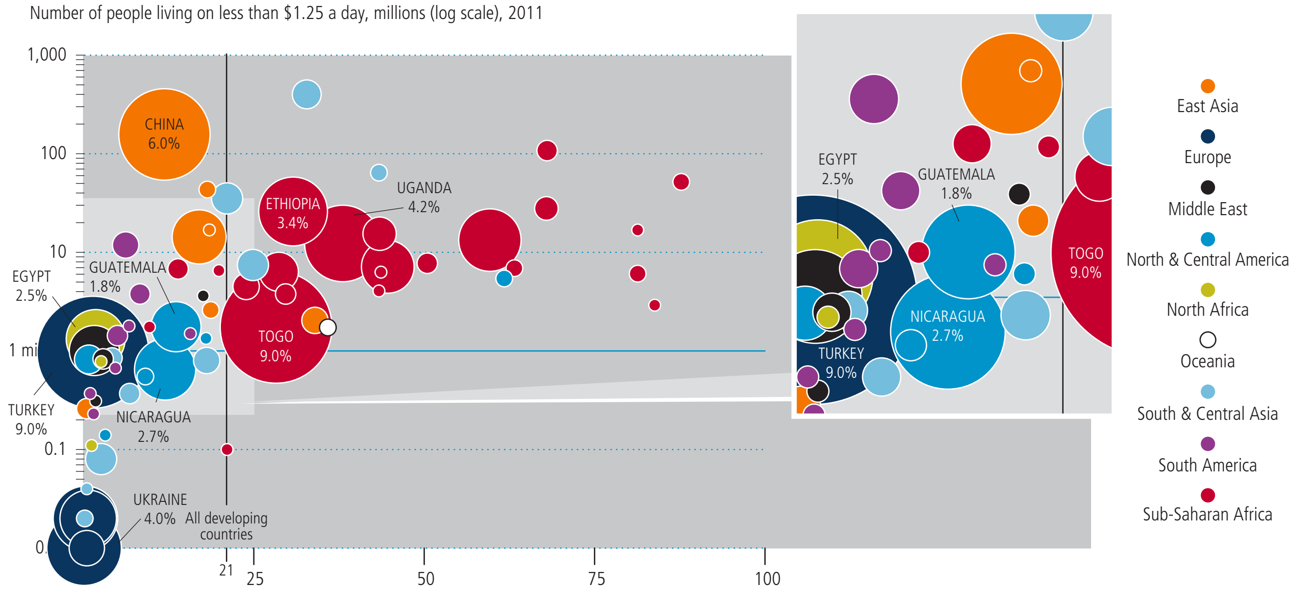
Several European neighbours are among major recipients

% of gross bilateral ODA, 2011



Most aid from Austria goes to countries with more than 1 million poor people, but 45% goes to countries with below-average poverty rates and fewer poor people

Number of people living on less than $1.25 a day, millions (log scale), 2011

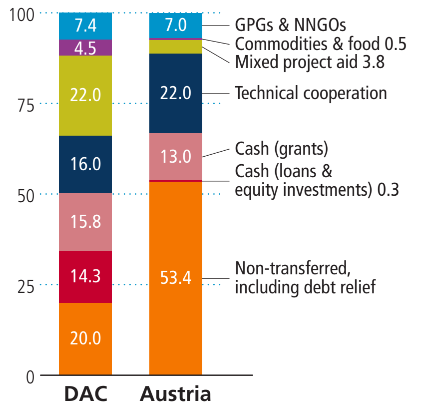


Note: Bubble size indicates the share of bilateral ODA allocated to the country in 2011. Bosnia and Herzegovina receives 7.7% of aid.

What is in the ODA bundle from Austria?

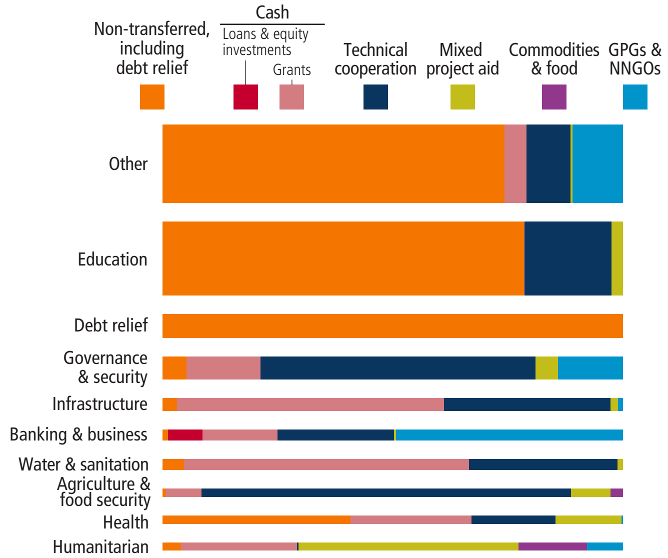
Most aid is non-transferred; technical cooperation is also above average

% of gross bilateral ODA, 2011



Non-transferred aid is prominent in the three largest sectors of aid from Austria, along with technical cooperation and support to GPGs and NNGOs

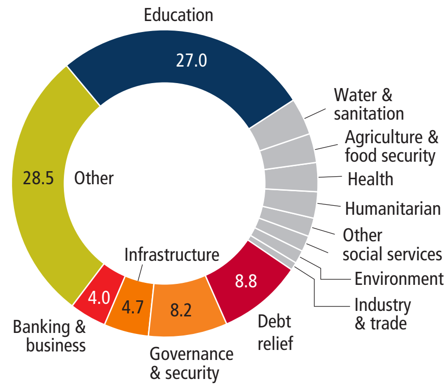
Gross bilateral ODA by aid type, % of total, 2011



What does the aid bundle look like for each sector?

Education is the largest identifiable sector of aid from Austria

Gross bilateral aid by sector, % of total, 2011



What is Austria's commitment to transparency?

IATI	Non-signatory
OGP	Non-member
EITI	Unsupportive government

Key

- Excellent/committed
- Good/moving forward
- Poor/no action

Note: Data is from the DAC (ODA and other official flows data), the World Bank (remittances, GNI and poverty), the United Nations Conference on Trade and Development (FDI) and Development Initiatives (private development assistance and development finance institutions). All data in US$ is in 2011 prices except the 2012 figure in the title area, which is in current (2012) prices. Some overlaps of international flows have been taken into account; see *Methodology.* 'Other' aid includes multisector ODA, administrative costs, support for refugees in the donor country and unallocated or unspecified ODA. DAC is the Development Assistance Committee of the Organisation for Economic Co-operation and Development. EITI is the Extractive Industries Transparency Initiative. FDI is foreign direct investment. GNI is gross national income. GPGs are global public goods. IATI is the International Aid Transparency Initiative. NNGOs are Northern non-governmental organisations. ODA is official development assistance (aid). OGP is the Open Government Partnership.

BELGIUM Net ODA: US$2.3 billion in 2012, 14th largest DAC donor

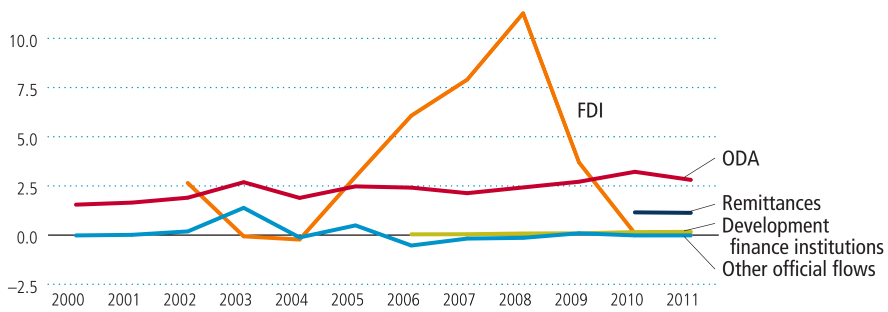
FDI was the largest outflow from Belgium over 2005–2008 but has fallen below ODA in recent years. Aid has risen in both volume and as a share of national income since 2000. Over one-third of aid is non-transferred.

- Almost half of overall aid goes to Africa; Democratic Republic of Congo is the largest bilateral aid recipient.
- One-third of aid is not transferred, half is debt relief, refugee costs a fifth.

Resource flows from Belgium to developing countries

While FDI outflows were high over 2005–2008, they have since fallen behind ODA

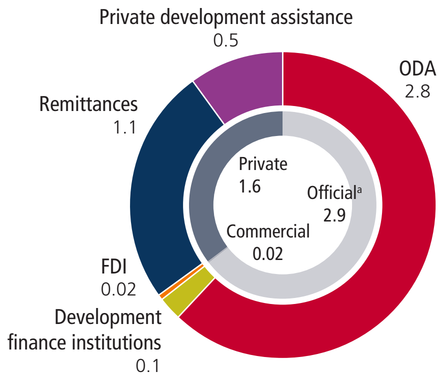
US$ billions, 2000–2011



Note: Data on remittances before 2010 is unavailable. Data on private development assistance is available only for 2011.

Aid accounts for over half of outflows from Belgium

US$ billions, 2011

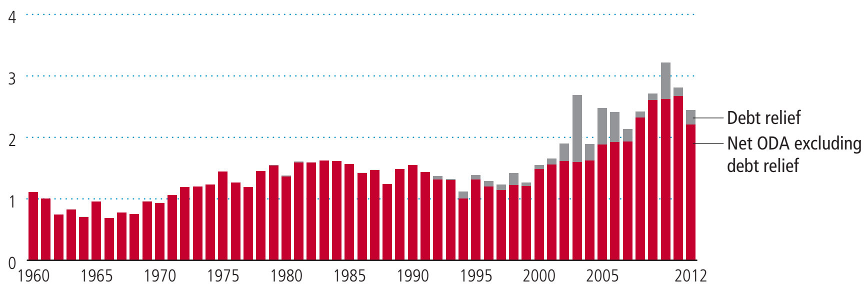


a. Excludes –US$0.01 billion in net other official flows.

How much ODA does Belgium give and where does it go?

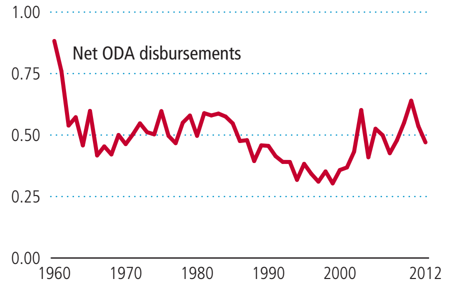
Aid levels have increased since the late 1990s but fell in 2011 and 2012

US$ billions, 1960–2012



Aid as a share of GNI dipped in the 1990s but has generally risen since

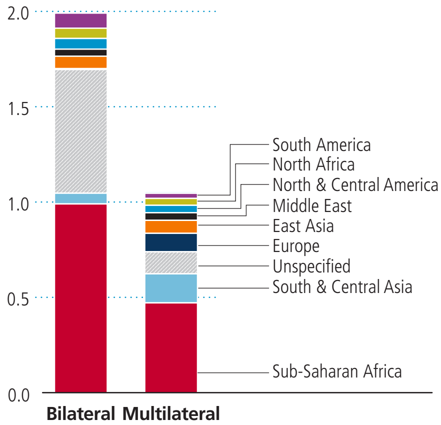
% of GNI, 1960–2012



Note: At the May 2005 European Council, EU-15 member states committed to reach 0.7% of GNI as ODA.

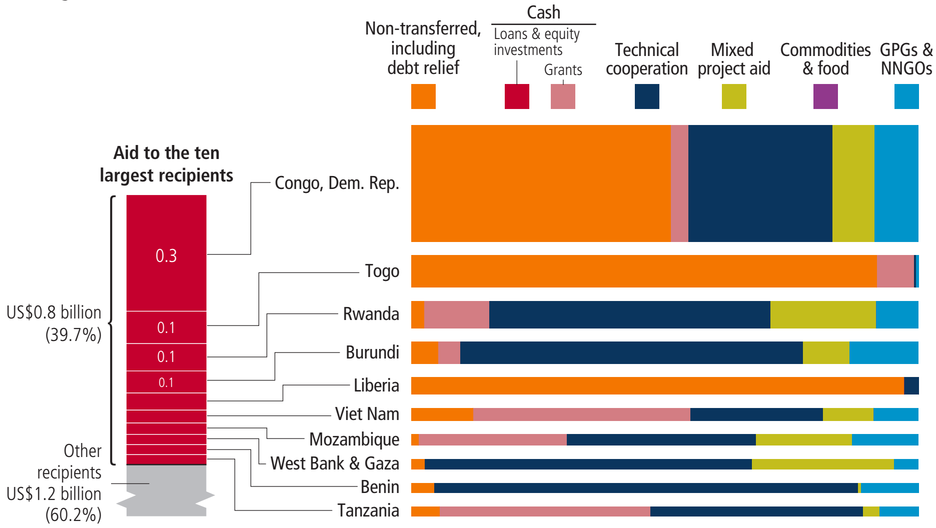
Almost half of overall aid goes to Africa; a quarter is not allocated to a specific region

US$ billions, 2011



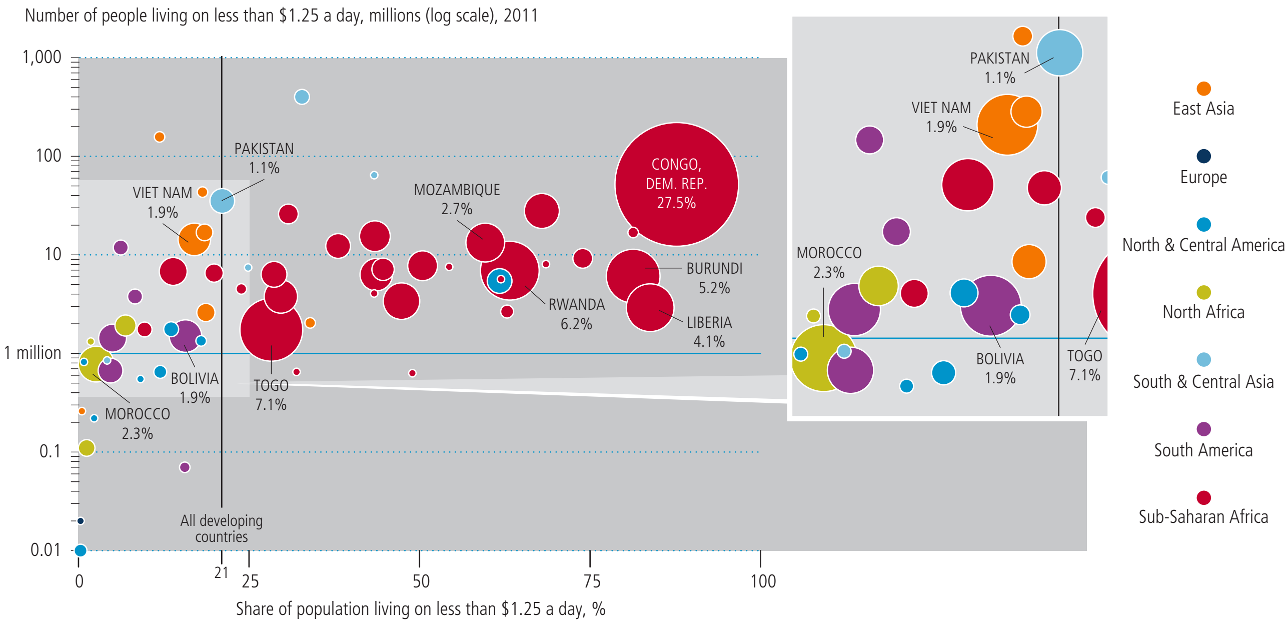
Democratic Republic of Congo receives a quarter of bilateral aid

% of gross bilateral ODA, 2011



What does the aid bundle look like for each recipient?

90% of aid from Belgium goes to countries with more than 1 million poor people, and almost half goes to countries with above-average poverty rates

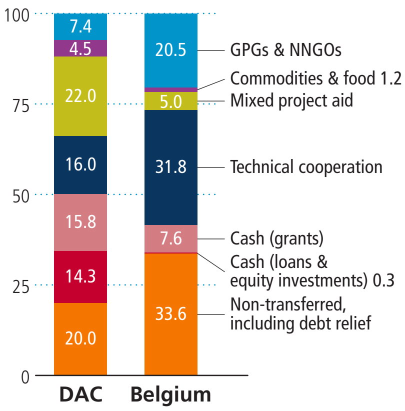


Note: Bubble size indicates the share of bilateral ODA allocated to the country in 2011.

What is in the ODA bundle from Belgium?

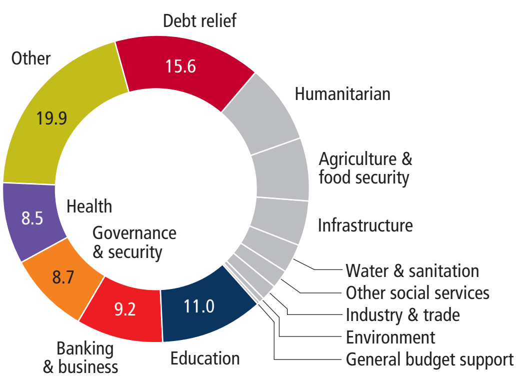
Over a third of aid is non-transferred

% of gross bilateral ODA, 2011



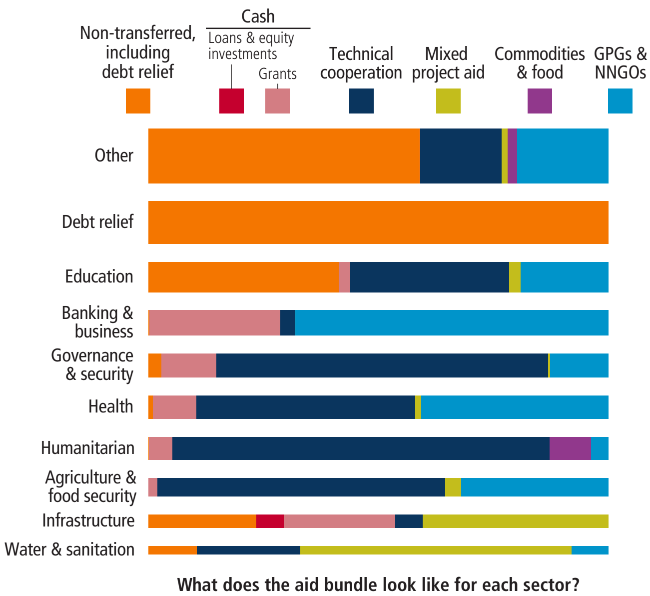
Debt relief and 'other' aid dominate

Gross bilateral aid by sector, % of total, 2011



Support to GPGs and NNGOs is notable in several sectors, particularly banking and finance

Gross bilateral ODA by aid type, % of total, 2011



What is Belgium's commitment to transparency?

IATI	Signatory
OGP	Non-member
EITI	Supportive government

Key

- Excellent/committed
- Good/moving forward
- Poor/no action

Note: Data is from the DAC (ODA and other official flows data), the World Bank (remittances, GNI and poverty), the United Nations Conference on Trade and Development (FDI) and Development Initiatives (private development assistance and development finance institutions). All data in US$ is in 2011 prices except the 2012 figure in the title area, which is in current (2012) prices. Some overlaps of international flows have been taken into account; see *Methodology.* 'Other' aid includes multisector ODA, administrative costs, support for refugees in the donor country and unallocated or unspecified ODA. DAC is the Development Assistance Committee of the Organisation for Economic Co-operation and Development. EITI is the Extractive Industries Transparency Initiative. FDI is foreign direct investment. GNI is gross national income. GPGs are global public goods. IATI is the International Aid Transparency Initiative. NNGOs are Northern non-governmental organisations. ODA is official development assistance (aid). OGP is the Open Government Partnership.

CANADA
Net ODA: US$5.7 billion in 2011, 6th largest DAC donor

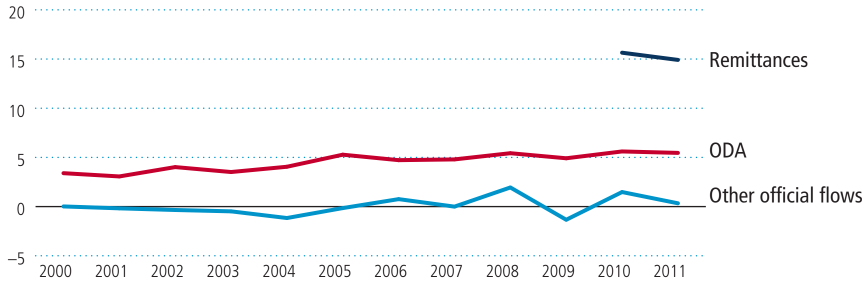
Remittances are the largest resource flow from Canada to developing countries, and private flows are almost three times the size of official flows. As a major donor, Canada appears to take poverty levels into account when allocating bilateral aid, with 88% of ODA going to countries with more than 1 million people living in poverty.

- Sub-Saharan Africa is the largest recipient of ODA from Canada, and major recipients include fragile states in other regions.
- All ODA from Canada is grants, and a high proportion of this is in the form of cash.
- Canada is an important donor in the health sector.

Resource flows from Canada to developing countries

Remittances are the largest flow to developing countries

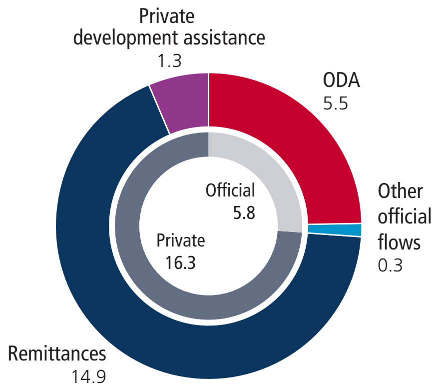
US$ billions, 2000–2011



Note: Data on remittances before 2010 is unavailable. Data on private development assistance is available only for 2011. Data on FDI to developing countries is unavailable.

Private flows are almost three times the size of official flows

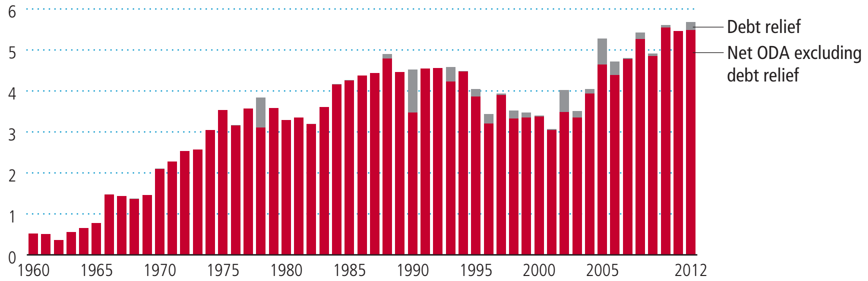
US$ billions, 2011



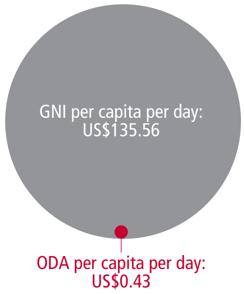
How much ODA does Canada give?

ODA has grown over 60% since 2000

US$ billions, 1960–2012

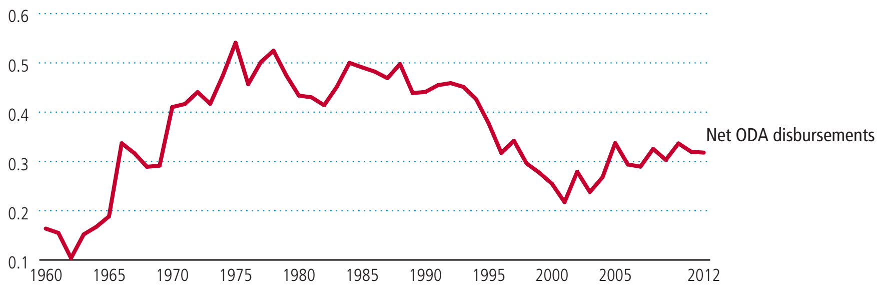


ODA per capita was US$158 in 2011; ODA was 0.32% of GNI



Canadian ODA as a share of income fell sharply in the 1980s and 1990s but recovered somewhat in the 2000s

% of GNI, 1960–2012



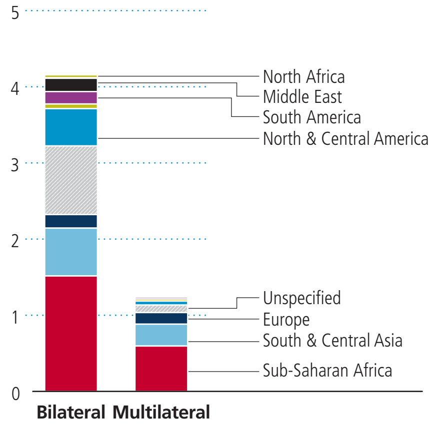
Canada announced a CA$5 billion annual cap on international assistance (including ODA) for an unspecified period. Frozen assistance levels are expected to fall as a share of growing national income

Where does aid from Canada go?

The largest proportion of Canadian ODA, almost 40%, goes to sub-Saharan Africa, and six of the top ten recipients are from the region. However, the two largest recipients are Haiti and Afghanistan, both fragile states outside Africa. Aid from Canada to its top recipients is usually a combination of cash grants and technical cooperation. Afghanistan, Ethiopia, Pakistan and the West Bank and Gaza also receive substantial amounts of food aid from Canada. Although Canada has a large number of partners (it gave ODA to 130 countries in 2011), the majority of ODA is allocated towards countries with high poverty rates.

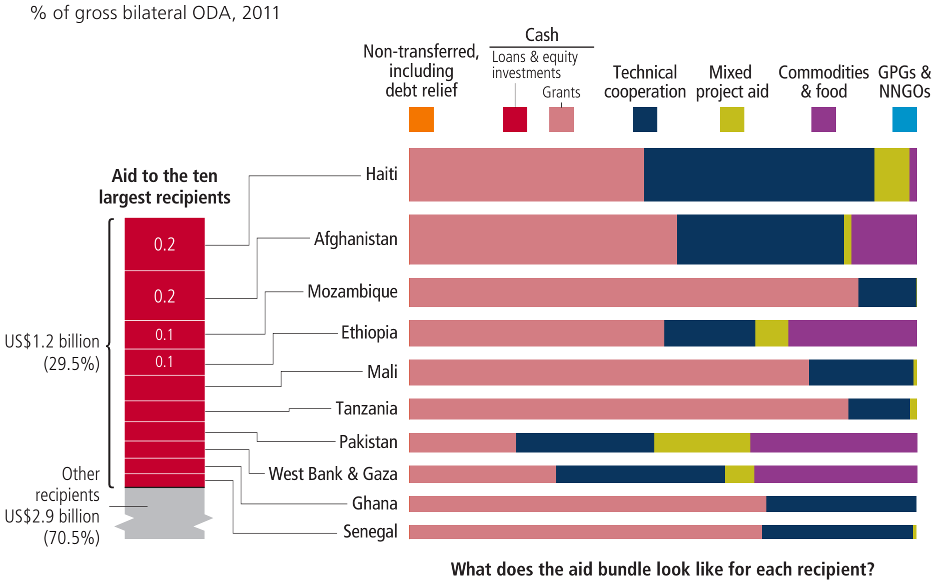
Almost 40% of ODA goes to sub-Saharan Africa

Gross ODA, US$ billions, 2011

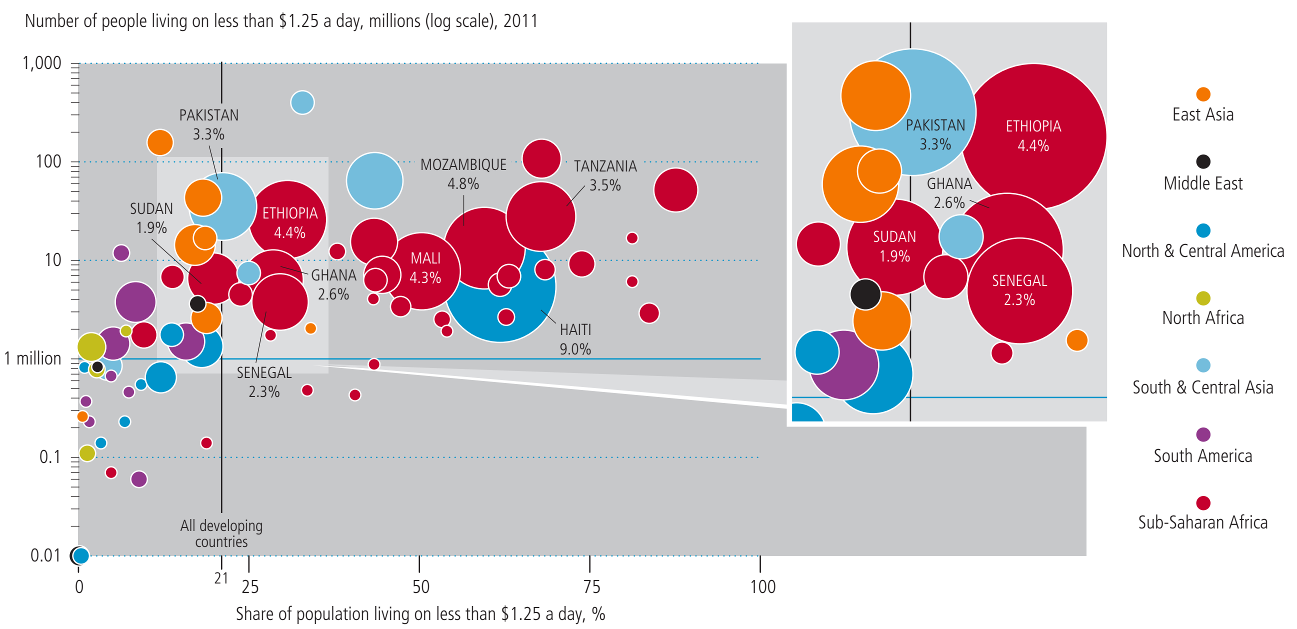


Canada's largest recipients are primarily fragile states and sub-Saharan African countries

% of gross bilateral ODA, 2011



Almost 90% of bilateral aid goes to countries with more than 1 million poor people; 30% goes to countries with below-average poverty rates



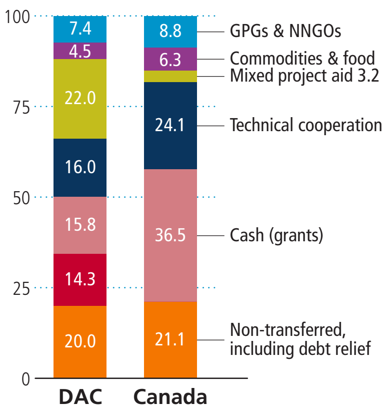
Note: Bubble size indicates the proportion of bilateral ODA allocated to the country in 2011. One country in Oceania and seven countries in Europe receive aid, but the plotted data would not be legible. Afghanistan (8.4%) is among the top five aid recipients, but poverty data is unavailable.

What is in the ODA bundle from Canada?

All Canadian aid is grants (there was a small amount of loans until 2005), and aid identifiably in the form of cash is a considerably higher proportion than the DAC average. Most cash grants are channelled through specific-purpose funds or given to recipient governments as budget support. The aid bundle from Canada differs substantially by sector: health receives mostly cash grants, more than half the aid to governance and security is technical cooperation and half of humanitarian spending is food aid. A single US$270 million grant to the IFC for clean energy projects made up the majority of infrastructure ODA in 2011.

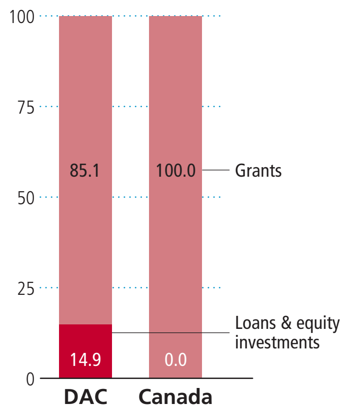
Cash grants and technical cooperation are high

% of gross bilateral ODA, 2011



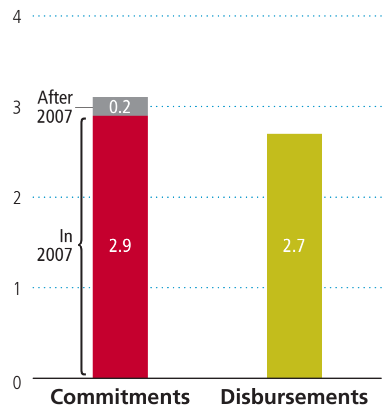
Aid is given entirely in the form of grants

% of gross bilateral ODA, 2011



86% of Canada's funding commitments from 2007 had been realised by 2011

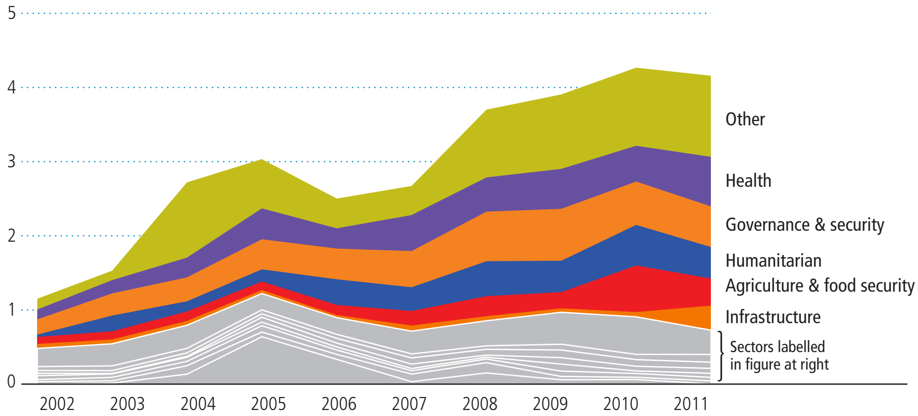
US$ billions, 2011



Note: This chart takes data from all projects for which commitments were recorded in 2007. It compares the commitments to these projects, including any additional commitments made in 2008–2011, against the total disbursements made to these projects between 2007 and 2011.

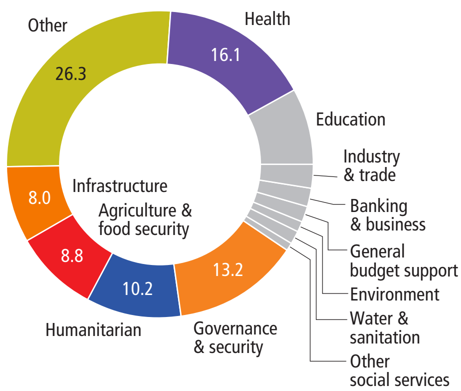
Health, agriculture, and governance and security ODA have grown since the early 2000s

Gross bilateral ODA by sector, US$ billions, 2002–2011



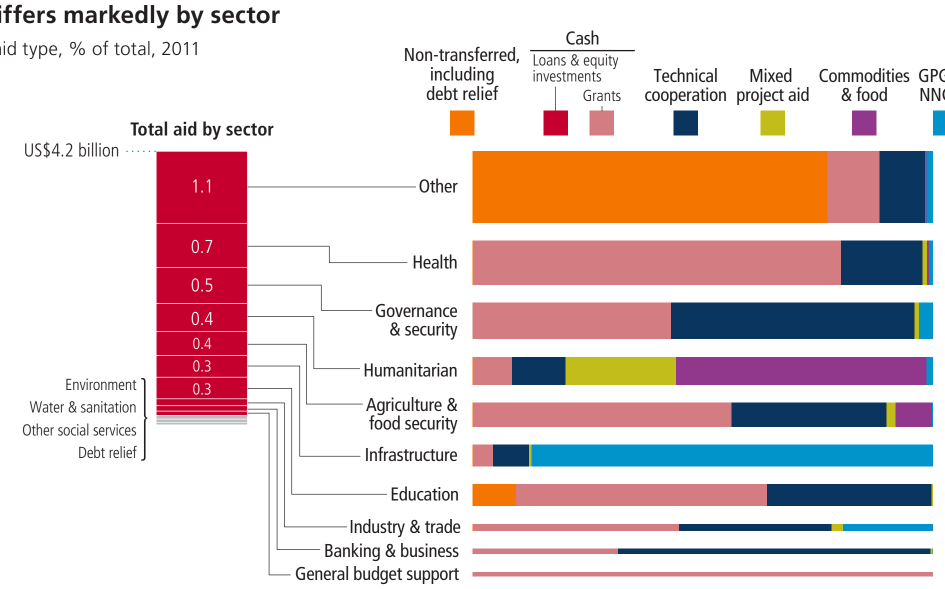
Health is the largest single sector

Gross bilateral ODA by sector, % of total, 2011



The aid bundle differs markedly by sector

Gross bilateral ODA by aid type, % of total, 2011

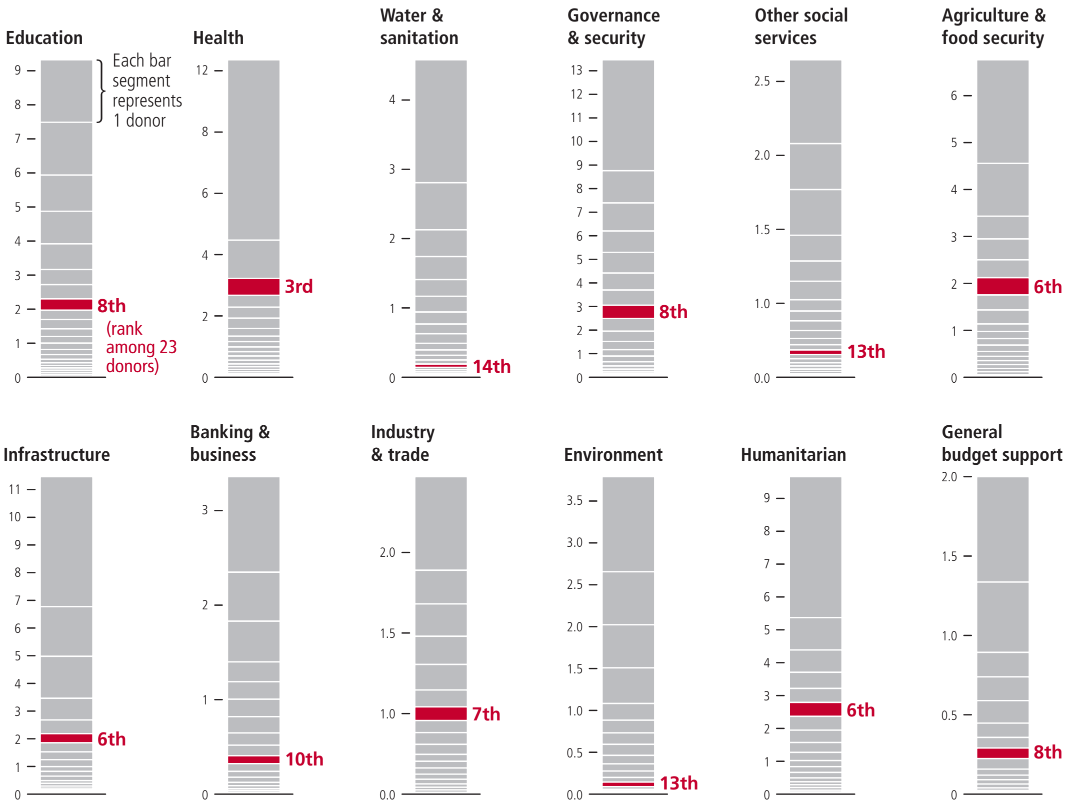


What does the aid bundle look like for each sector?

Health ODA is largely cash grants, governance and security ODA is primarily technical cooperation, and humanitarian aid is mainly food aid

Canada is the third largest donor in the health sector and is a major donor in several sectors, including agriculture, infrastructure and humanitarian

DAC donors ranked in descending order of ODA funding to each sector, US$ billions, 2011



What is Canada's commitment to transparency?

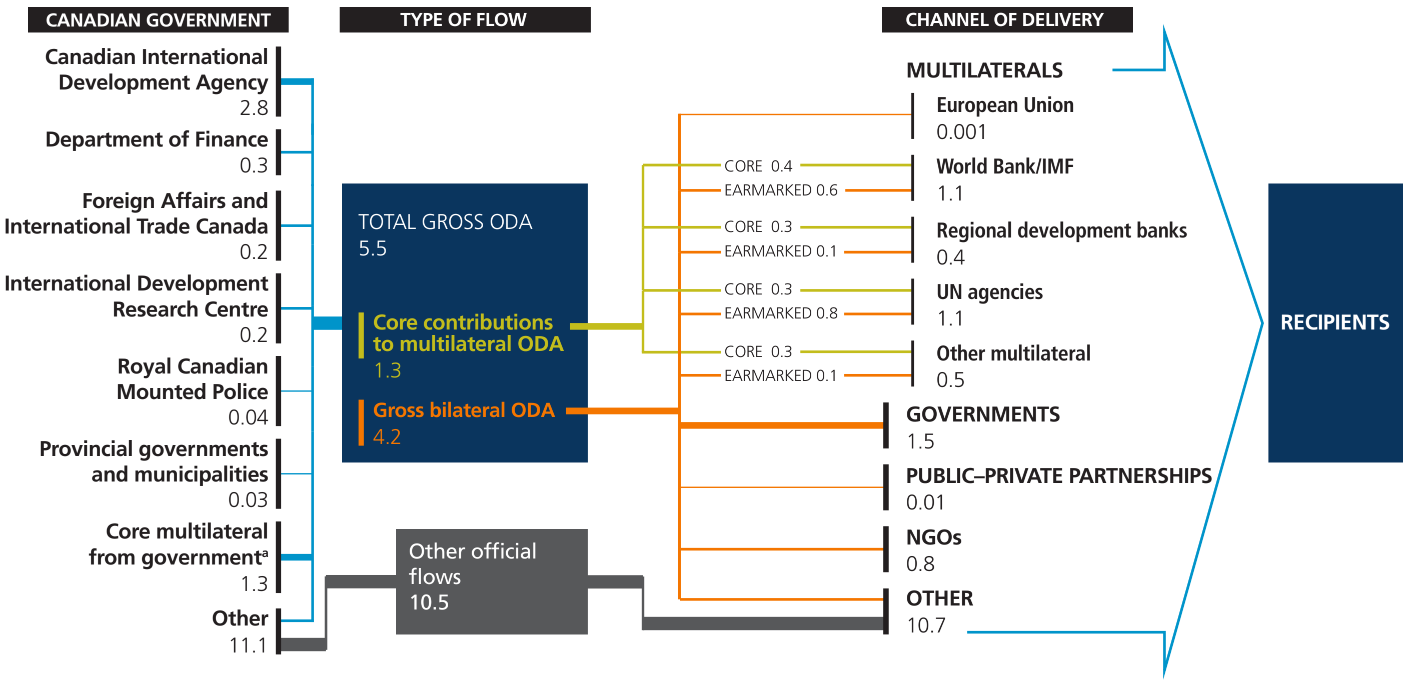
IATI	Publishing signatory
OGP	Member
EITI	Supportive government

Key

- Excellent/committed
- Good/moving forward
- Poor/no action

The Canadian International Development Agency – the body providing Canadian aid – has been merged into a new department: Foreign Affairs, Trade and Development Canada

Gross ODA and other official flows by source, type of flow and channel of delivery, US$ billions, 2011



a. Captures contributions to multilateral institutions that cannot be attributed to a particular ministry or institution in the country.

Note: Data is from the DAC (ODA and other official flows data), the World Bank (remittances, GNI and poverty), the United Nations Conference on Trade and Development (FDI) and Development Initiatives (private development assistance and development finance institutions). All data in US$ is in 2011 prices except the 2012 figure in the title area, which is in current (2012) prices. Some overlaps of international flows have been taken into account; see *Methodology.* 'Other' aid includes multisector ODA, administrative costs, support for refugees in the donor country and unallocated or unspecified ODA. DAC is the Development Assistance Committee of the Organisation for Economic Co-operation and Development. EITI is the Extractive Industries Transparency Initiative. FDI is foreign direct investment. GNI is gross national income. GPGs are global public goods. IATI is the International Aid Transparency Initiative. IMF is the International Monetary Fund. NNGOs are Northern non-governmental organisations. ODA is official development assistance (aid). OGP is the Open Government Partnership.

DENMARK Net ODA: US$2.7 billion in 2012, 12th largest DAC donor

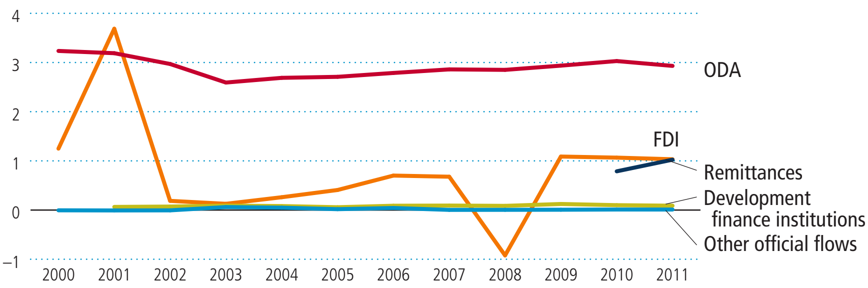
ODA accounts for nearly 60% of Denmark's outflows to developing countries. But aid has fallen since 2010. Over one-third of aid is non-transferred. Aid prioritises countries with large numbers of poor people and above-average poverty rates.

- Almost half of overall aid – and 57.8% of bilateral aid – goes to Africa; aid to most major recipients is provided as cash grants.
- Governance and security is the largest identifiable sector of aid.

Resource flows from Denmark to developing countries

ODA has consistently been the largest outflow to developing countries...

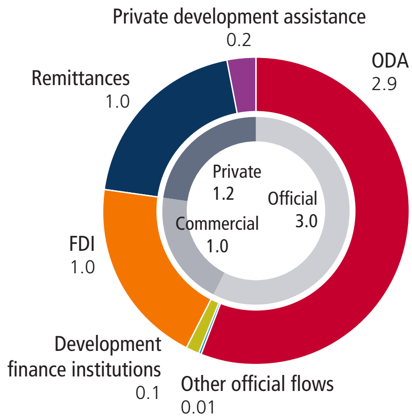
US$ billions, 2000–2011



Note: Data on remittances before 2010 is unavailable. Data on private development assistance is available only for 2011.

...almost 60% in 2011; a further fifth is remittances

US$ billions, 2011

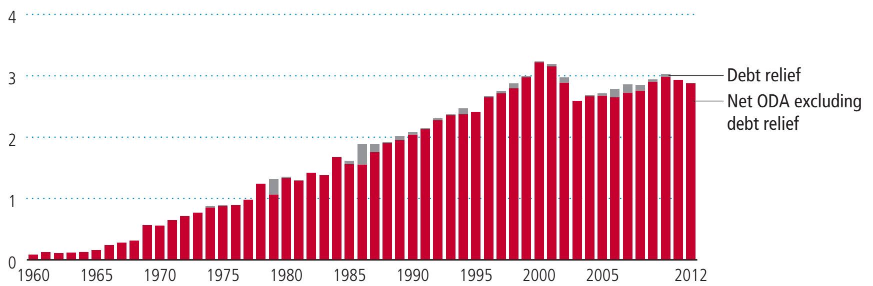


Note: Excludes –US$1.3 billion in net foreign direct investment.

How much ODA does Denmark give and where does it go?

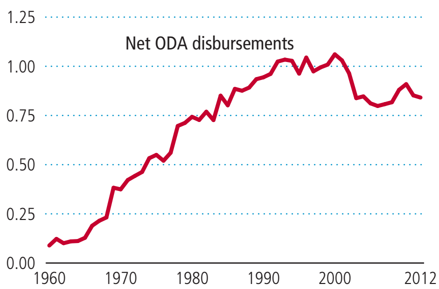
Aid levels peaked in 2000 but have begun to rise again...

US$ billions, 1960–2012



...as has aid as a share of national income, though this dipped in 2012

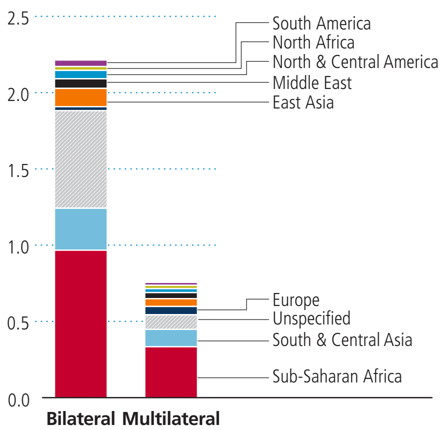
% of GNI, 1960–2012



Note: At the May 2005 European Council, EU-15 member states committed to reach 0.7% of GNI as ODA. Denmark is aiming to reach 1.0% of GNI as ODA.

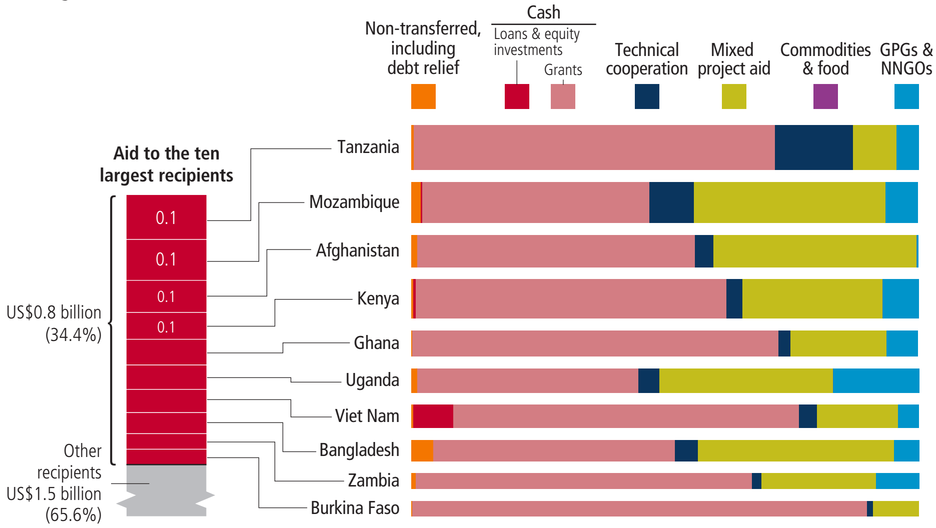
Almost 44% of overall aid goes to Africa; a quarter is not allocated to a specific region

US$ billions, 2011



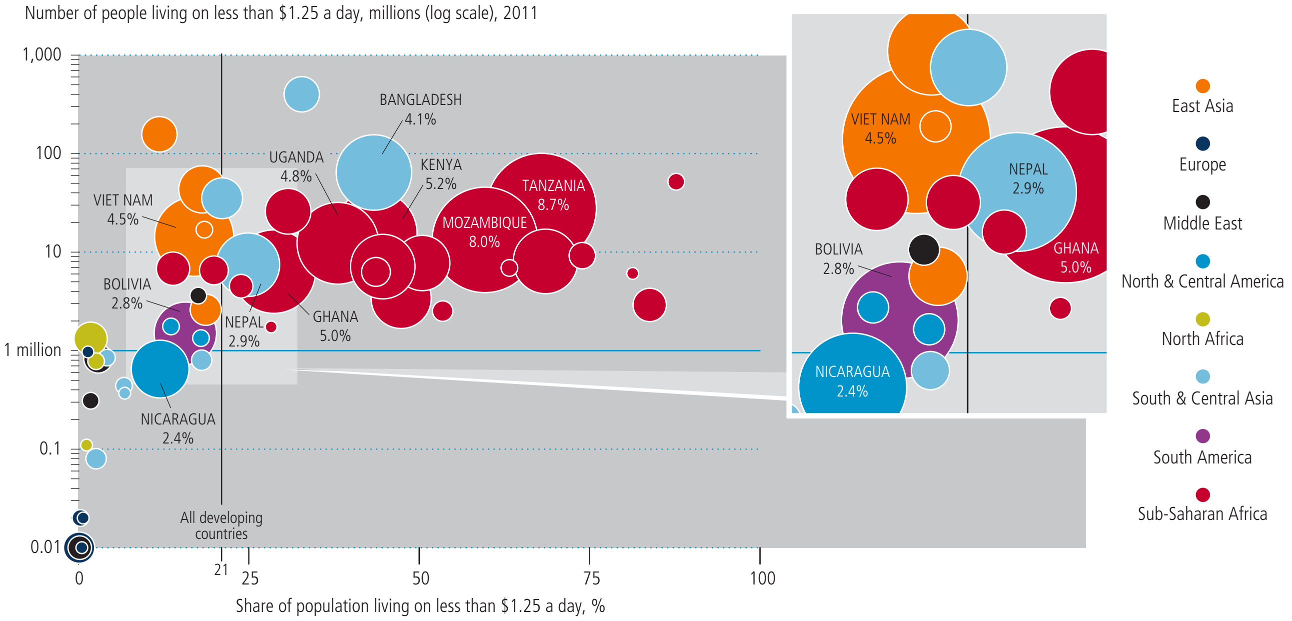
Aid to major recipients is dominated by cash grants

% of gross bilateral ODA, 2011



What does the aid bundle look like for each recipient?

Aid from Denmark prioritises countries with more than 1 million poor people and above-average poverty rates

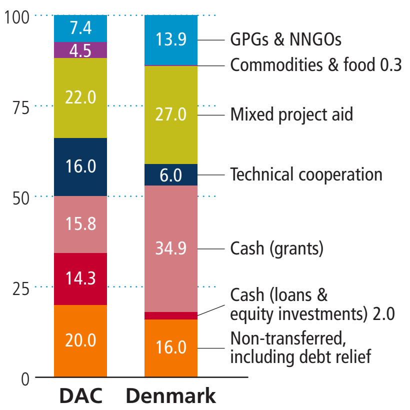


Note: Bubble size indicates the share of bilateral ODA allocated to the country in 2011. Afghanistan (6.3%) is among the top five aid recipients, but poverty data is unavailable.

What is in the ODA bundle from Denmark?

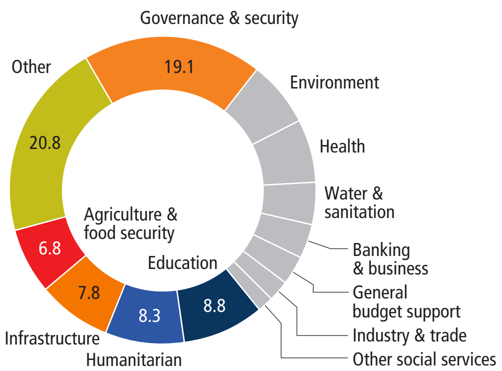
The share of aid to support GPGs and NNGOs is almost double the DAC average

% of gross bilateral ODA, 2011



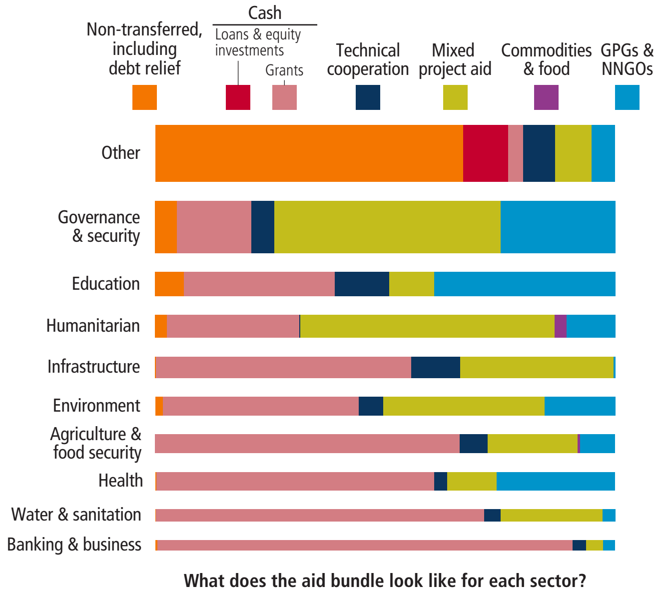
Governance and security is the largest identifiable sector of aid from Denmark

Gross bilateral aid by sector, % of total, 2011



Aid to major sectors is mostly a mix of cash grants and mixed project aid

Gross bilateral ODA by aid type, % of total, 2011



What is Denmark's commitment to transparency?

IATI	Publishing signatory
OGP	Member
EITI	Supportive government

Key

Excellent/committed
Good/moving forward
Poor/no action

Note: Data is from the DAC (ODA and other official flows data), the World Bank (remittances, GNI and poverty), the United Nations Conference on Trade and Development (FDI) and Development Initiatives (private development assistance and development finance institutions). All data in US$ is in 2011 prices except the 2012 figure in the title area, which is in current (2012) prices. Some overlaps of international flows have been taken into account; see *Methodology*. 'Other' aid includes multisector ODA, administrative costs, support for refugees in the donor country and unallocated or unspecified ODA. DAC is the Development Assistance Committee of the Organisation for Economic Co-operation and Development. EITI is the Extractive Industries Transparency Initiative. FDI is foreign direct investment. GNI is gross national income. GPGs are global public goods. IATI is the International Aid Transparency Initiative. NNGOs are Northern non-governmental organisations. ODA is official development assistance (aid). OGP is the Open Government Partnership.

FINLAND Net ODA: US$1.3 billion in 2012, 17th largest DAC donor

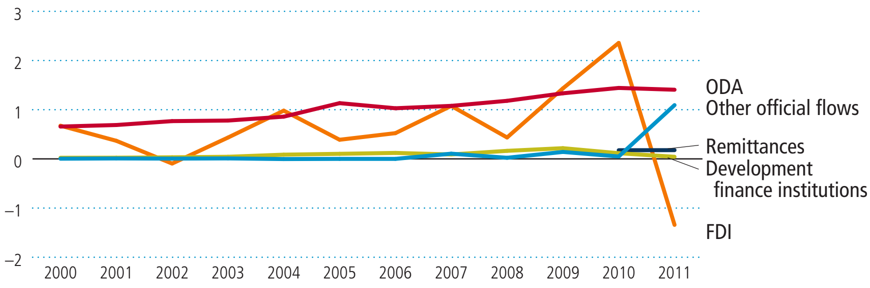
FDI outflows from Finland have been volatile since 2000, and aid only recently returned to its early 1990s peak in 2007, plateauing since. ODA prioritises countries with a large number of poor people and above-average poverty rates.

- Two-fifths of aid goes to Africa; over a fifth is not allocated to a specific region.
- The share of aid given as technical cooperation is more than double the DAC average.

Resource flows from Finland to developing countries

Since 2000 ODA has risen and FDI flows have been volatile; other official flows increased in 2011

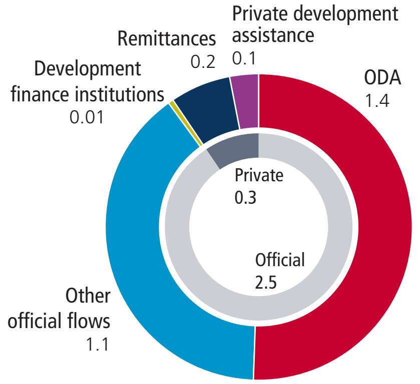
US$ billions, 2000–2011



Note: Data on remittances before 2010 is unavailable. Data on private development assistance is available only for 2011.

More than half of resource flows to developing countries in 2011 was aid

US$ billions, 2011

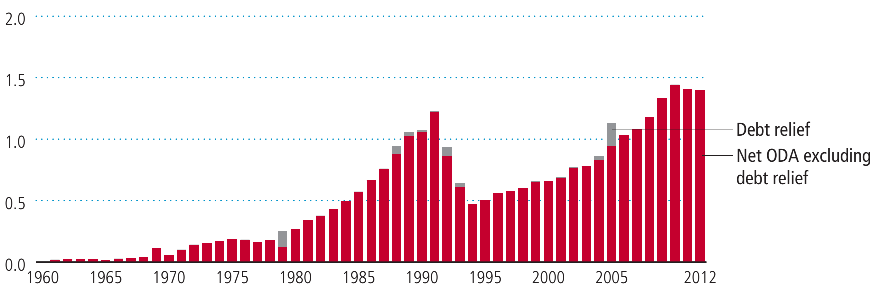


Note: Excludes –US$1.4 billion in net foreign direct investment.

How much ODA does Finland give and where does it go?

Aid levels returned to their early 1990s peak only in 2007 and have plateaued since

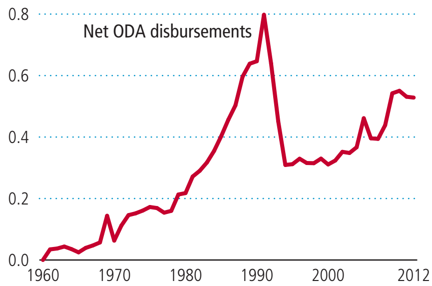
US$ billions, 1960–2012



Note: Finland has been providing ODA since 1961 and joined the DAC in 1975.

Aid peaked at 0.8% of GNI in 1991 but has been recovering since 2000

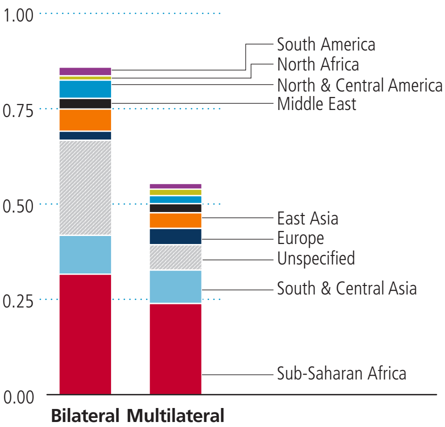
% of GNI, 1960–2012



Note: At the May 2005 European Council, EU-15 member states committed to reach 0.7% of GNI as ODA.

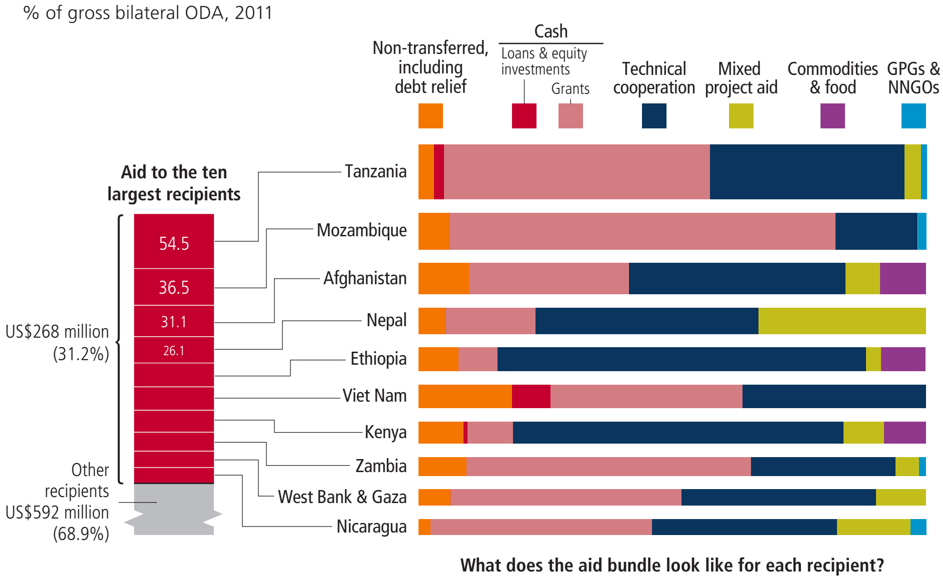
Two-fifths of overall aid goes to Africa; over a fifth is not allocated to a specific region

US$ billions, 2011

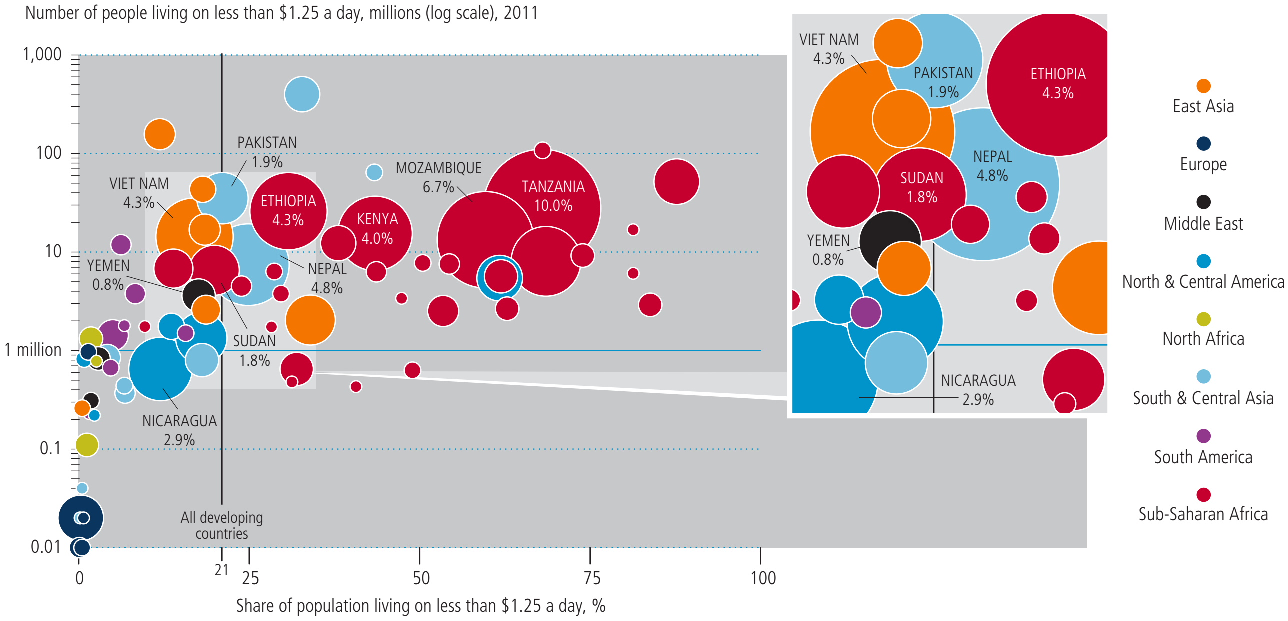


Finland provides mostly a mix of cash grants and technical cooperation to major recipients

% of gross bilateral ODA, 2011



Aid from Finland prioritises countries with more than 1 million poor people and above-average poverty rates

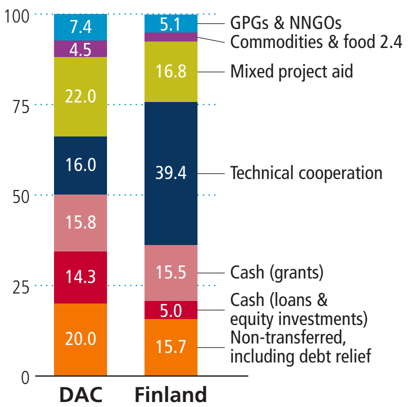


Note: Bubble size indicates the share of bilateral ODA allocated to the country in 2011. Afghanistan (5.7%) is among the top five aid recipients, but poverty data is unavailable.

What is in the ODA bundle from Finland?

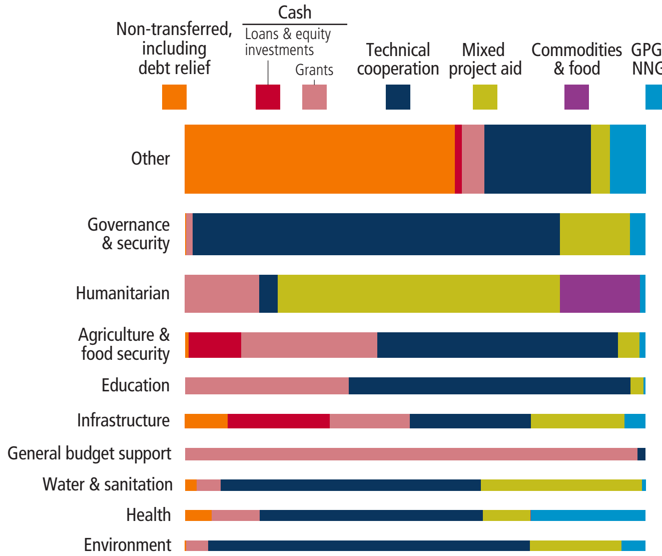
The share of aid given as technical cooperation is more than double the DAC average

% of gross bilateral ODA, 2011



Most aid to governance and security is technical cooperation, an important form for several other major sectors

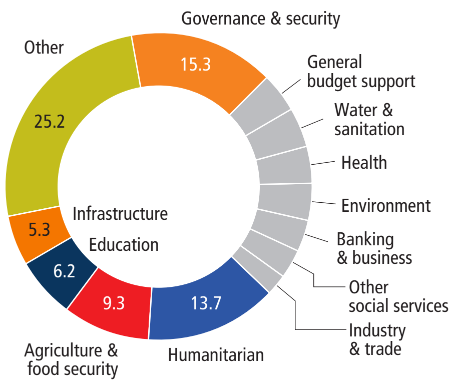
Gross bilateral ODA by aid type, % of total, 2011



What does the aid bundle look like for each sector?

Governance and security is the largest identifiable sector of aid from Finland

Gross bilateral aid by sector, % of total, 2011



What is Finland's commitment to transparency?

IATI	Publishing signatory	Excellent/committed
OGP	Member	Good/moving forward
EITI	Supportive government	Excellent/committed

Key

- Excellent/committed
- Good/moving forward
- Poor/no action

Note: Data is from the DAC (ODA and other official flows data), the World Bank (remittances, GNI and poverty), the United Nations Conference on Trade and Development (FDI) and Development Initiatives (private development assistance and development finance institutions). All data in US$ is in 2011 prices except the 2012 figure in the title area, which is in current (2012) prices. Some overlaps of international flows have been taken into account; see *Methodology*. 'Other' aid includes multisector ODA, administrative costs, support for refugees in the donor country and unallocated or unspecified ODA. DAC is the Development Assistance Committee of the Organisation for Economic Co-operation and Development. EITI is the Extractive Industries Transparency Initiative. FDI is foreign direct investment. GNI is gross national income. GPGs are global public goods. IATI is the International Aid Transparency Initiative. NNGOs are Northern non-governmental organisations. ODA is official development assistance (aid). OGP is the Open Government Partnership.

FRANCE

Net ODA: US$12.1 billion in 2012, 4th largest DAC donor

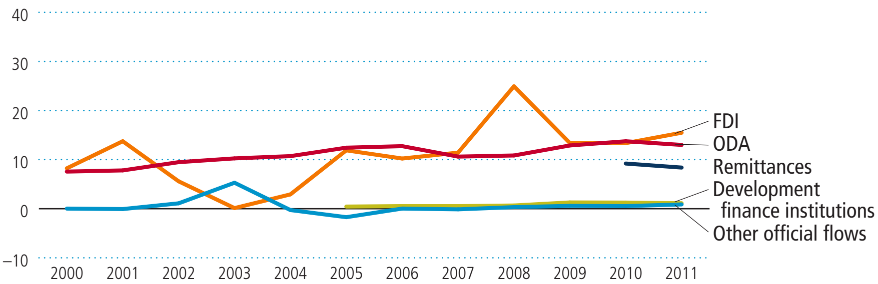
The majority of French aid is allocated to Africa, and France is a particularly large donor to North Africa. While France supports a large number of poor countries, many of its largest recipients have relatively low rates of poverty.

- Education is a key sector for France (US$1.5 billion total ODA), although the majority of education ODA is not transferred, due largely to high imputed student costs (US$972 million).
- A considerable proportion of overall French ODA is not transferred to the recipient country due to high refugee costs, student costs and debt relief.
- A high proportion of French ODA is given in the form of loans, often with relatively low levels of concessionality.

Resource flows from France to developing countries

ODA has grown slowly, FDI has seen large fluctuations

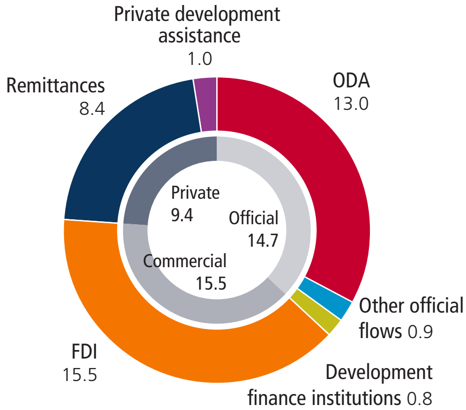
US$ billions, 2000–2011



Note: Data on remittances before 2010 is unavailable. Data on private development assistance is available only for 2011.

FDI is the biggest slice of the French pie

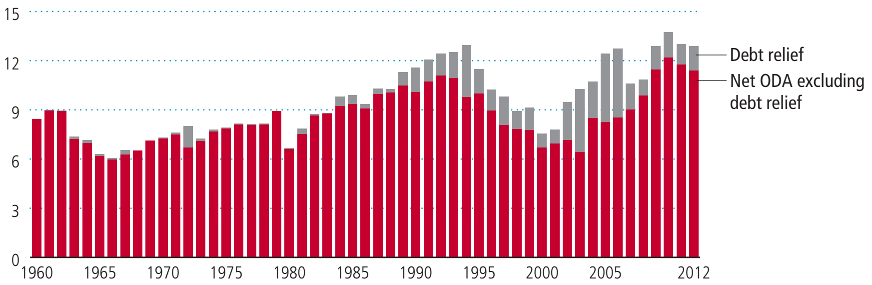
US$ billions, 2011



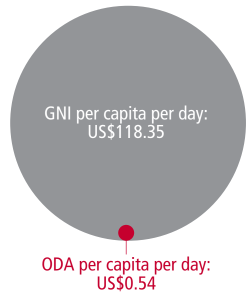
How much ODA does France give?

Volumes of ODA fell in the 1990s but have since recovered

US$ billions, 1960–2012

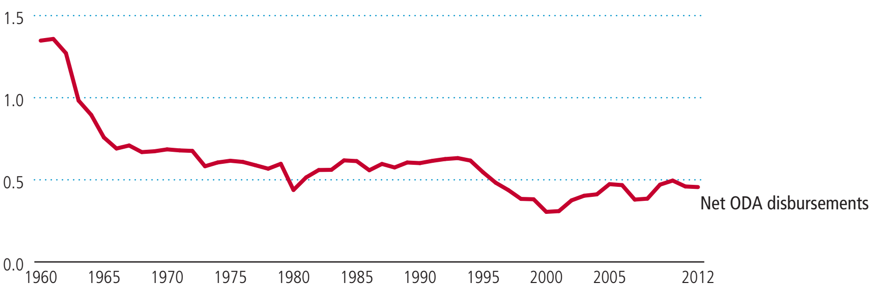


ODA per capita was US$199 in 2011; ODA was 0.46% of GNI



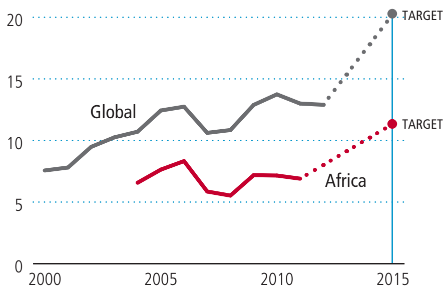
French ODA as a share of GNI is still below levels in the 1970s and 1980s

% of GNI, 1960–2012



Rapid growth in ODA is needed to reach French targets

US$ billions, 2000–2015



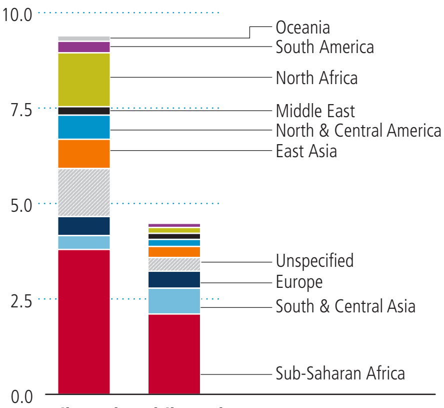
Note: EU member state ODA commitments agreed at May 2005 European Council.

Where does aid from France go?

More than half of French ODA goes to Africa, and five of the top ten recipient countries are African. France was the largest donor to North Africa in 2011, giving the highest volumes and dedicating the largest proportion of ODA to the region. France was also the second largest donor to sub-Saharan Africa, giving US$5.9 billion. The Democratic Republic of Congo was the largest single recipient, although the majority of this ODA was in the form of debt relief. Many of the other leading recipients are either former colonies or countries with relatively low poverty rates. Support to the latter group of countries is mostly through loans. Cameroon received the largest volume of ODA grants. France is the largest donor to 20 developing countries, mostly in Francophone Africa.

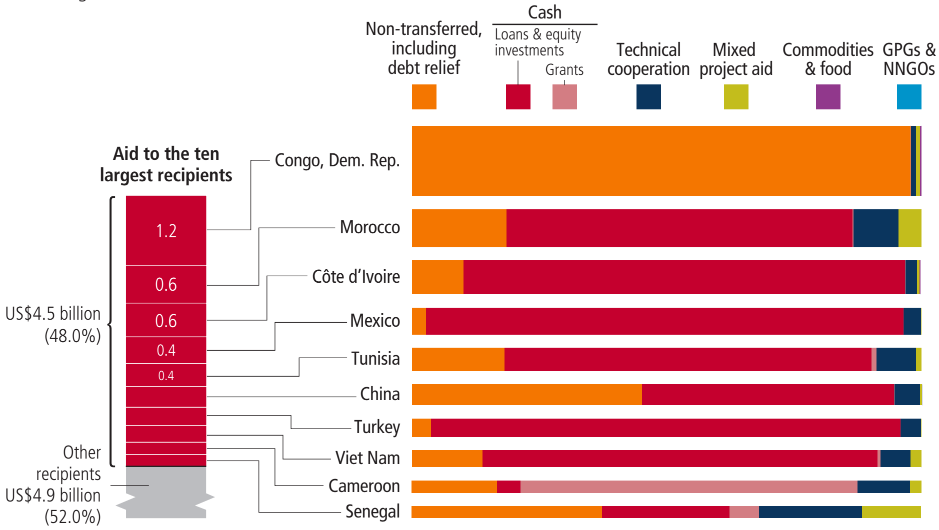
Two-thirds of French ODA is bilateral

Gross ODA, US$ billions, 2011



The Democratic Republic of Congo is the largest recipient of French aid due to exceptional debt relief

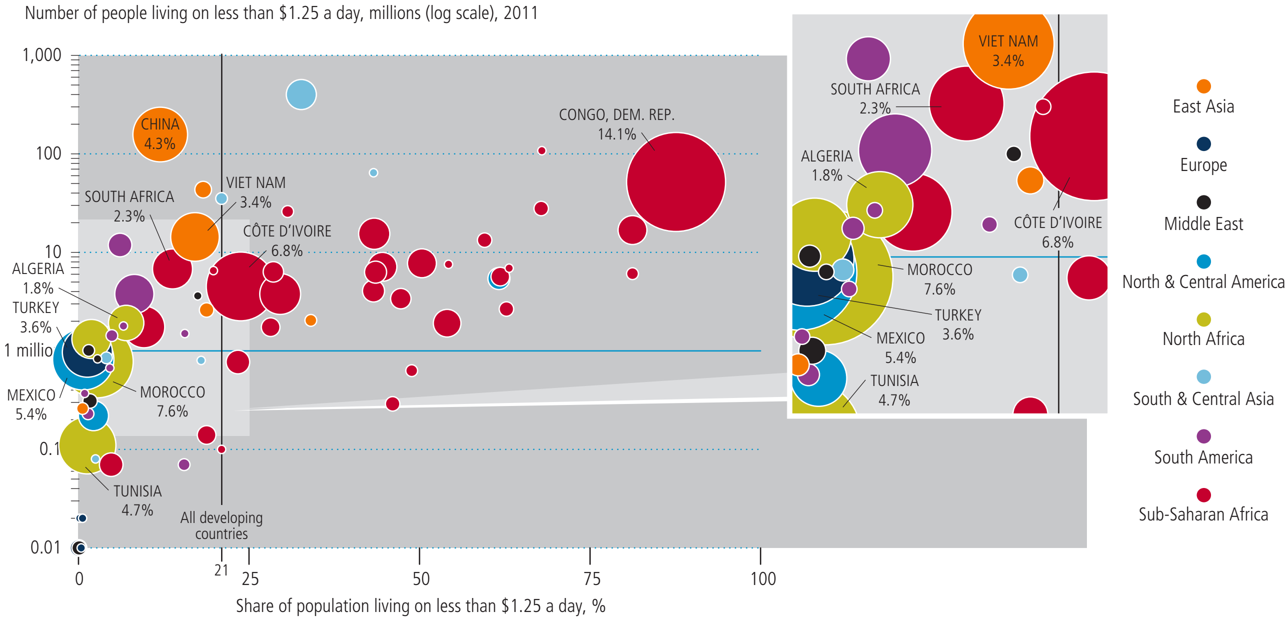
% of gross bilateral ODA, 2011



What does the aid bundle look like for each recipient?

54% of French ODA went to Africa in 2011

Many recipients of ODA from France have low levels and rates of poverty



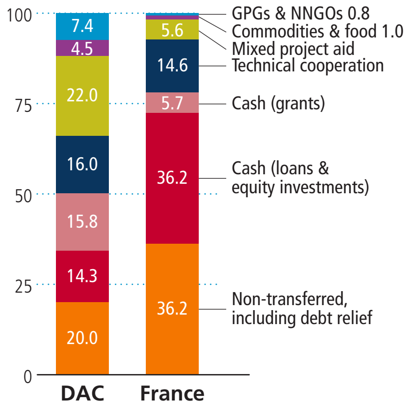
Note: Bubble size indicates the proportion of bilateral ODA allocated to the country in 2011. Two countries in Oceania receive aid, but the plotted data would not be legible.

What is in the ODA bundle from France?

Over one-third of French bilateral aid is not transferred to developing countries, a much higher proportion than most donors. This is due to France reporting very large amounts of imputed student costs, debt relief and refugee costs in its aid. France also gives a very large amount of its aid in the form of loans compared with other donors.

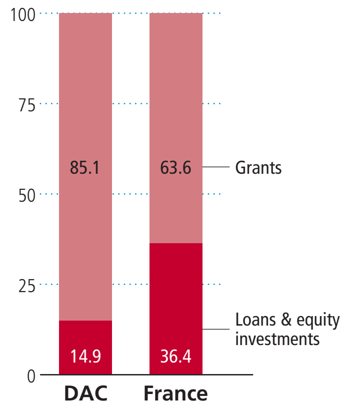
Non-transferred ODA is higher than the DAC average

% of gross bilateral ODA, 2011



Loans account for more than twice the share of the DAC average

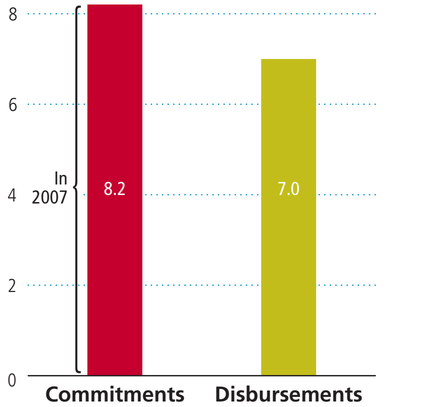
% of gross bilateral ODA, 2011



Note: Where small amounts of aid in kind or aid to GPGs and NNGOs is funded by loan instruments, that ODA is recorded as in-kind transfer or aid to GPG and NNGOs rather than a cash loan. This explains small discrepancies between the totals for cash loans in the aid bundle and overall ODA loans.

85% of France's funding commitments from 2007 had been realised by 2011

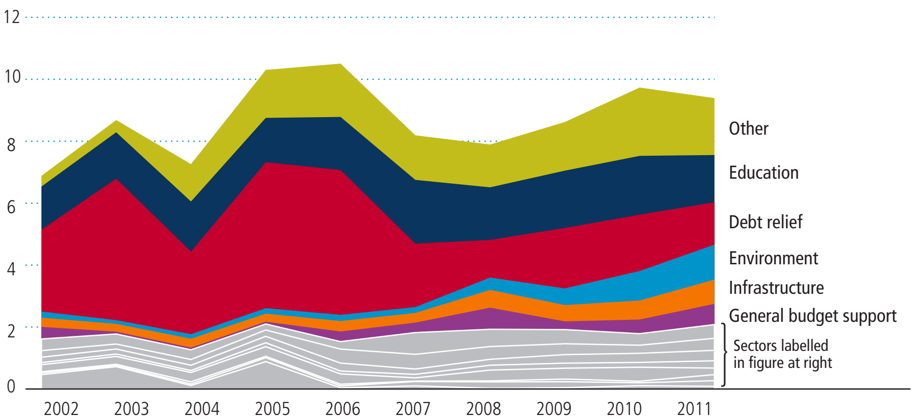
US$ billions, 2011



Note: This chart takes data from all projects for which commitments were recorded in 2007. It compares the commitments to these projects, including any additional commitments made in 2008–2011, against the total disbursements made to these projects between 2007 and 2011.

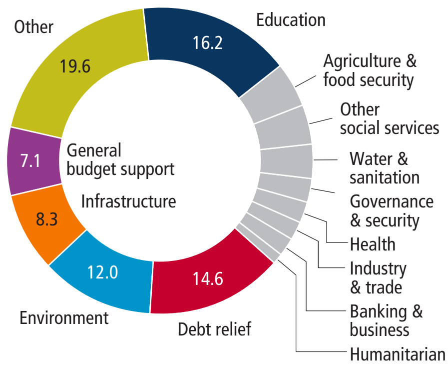
Aid from France to the environment and infrastructure has grown

Gross bilateral ODA by sector, US$ billions, 2000–2011



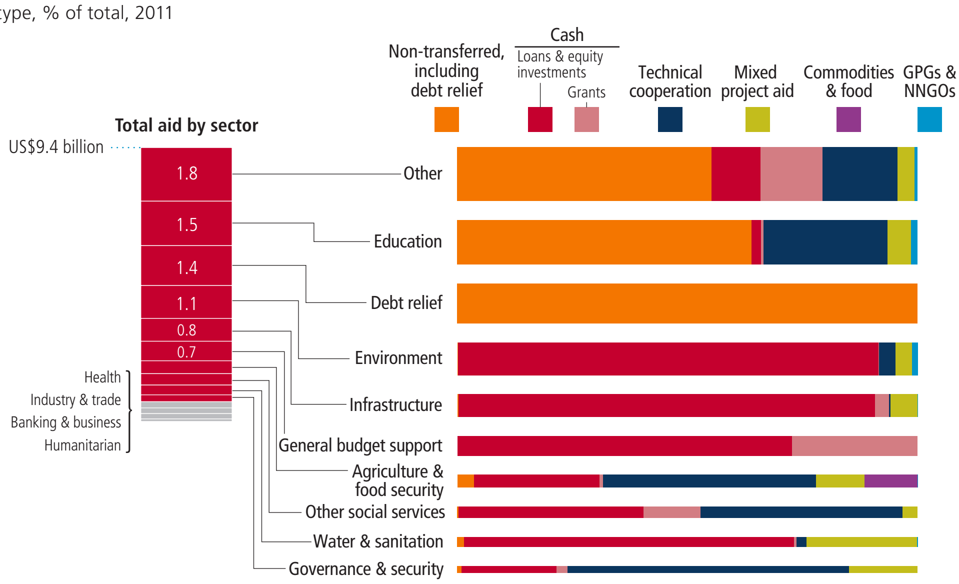
More than 25% of ODA from France to education and the environment

Gross bilateral ODA by sector, % of total, 2011



Environment, infrastructure, budget support ODA depend heavily on lending

Gross bilateral ODA by aid type, % of total, 2011

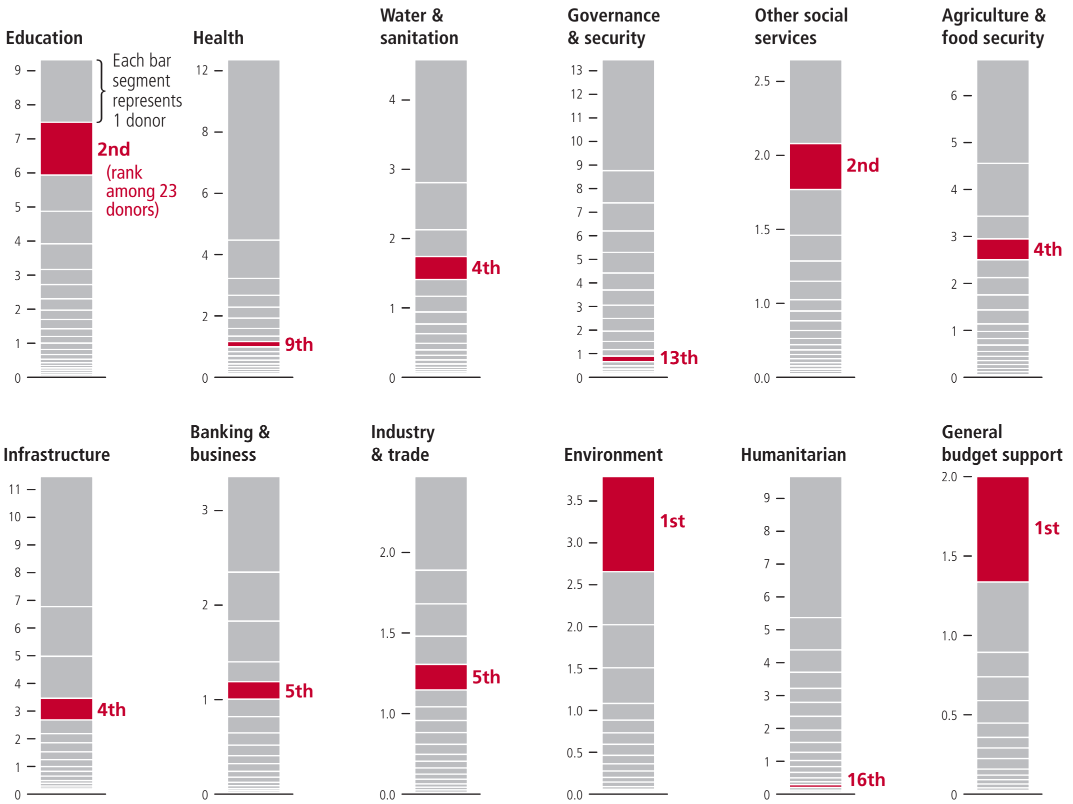


What does the aid bundle look like for each sector?

Although education is an important sector, more than half of this ODA is spent within France

France ranks second for aid to education, its largest sector; it also is the largest donor to environment and general budget support, second largest to other social services

DAC donors ranked in descending order of ODA funding to each sector, US$ billions, 2011



What is France's commitment to transparency?

IATI	Non-signatory
OGP	Non-member
EITI	Supportive government

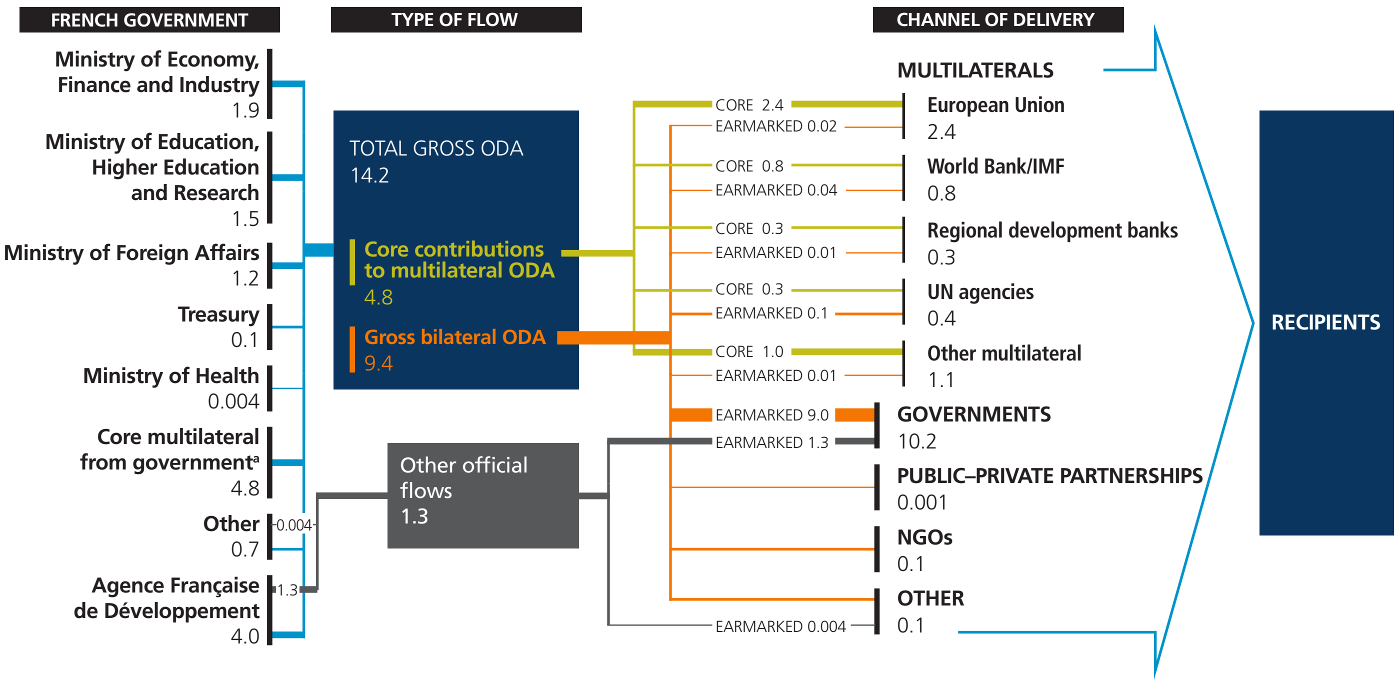
Key

- Excellent/committed
- Good/moving forward
- Poor/no action

Note: France recently announced that it will publish to IATI standards in 2013–2014.

Four agencies provide the majority of French ODA

Gross ODA and other official flows by source, type of flow and channel of delivery, US$ billions, 2011



a. Captures contributions to multilateral institutions that cannot be attributed to a particular ministry or institution in the country.

Note: Data is from the DAC (ODA and other official flows data), the World Bank (remittances, GNI and poverty), the United Nations Conference on Trade and Development (FDI) and Development Initiatives (private development assistance and development finance institutions). All data in US$ is in 2011 prices except the 2012 figure in the title area, which is in current (2012) prices. Some overlaps of international flows have been taken into account; see *Methodology*. 'Other' aid includes multisector ODA, administrative costs, support for refugees in the donor country and unallocated or unspecified ODA. DAC is the Development Assistance Committee of the Organisation for Economic Co-operation and Development. EITI is the Extractive Industries Transparency Initiative. FDI is foreign direct investment. GNI is gross national income. GPGs are global public goods. IATI is the International Aid Transparency Initiative. IMF is the International Monetary Fund. NNGOs are Northern non-governmental organisations. ODA is official development assistance (aid). OGP is the Open Government Partnership.

GERMANY

Net ODA: US$13.1 billion in 2012, 3rd largest DAC donor

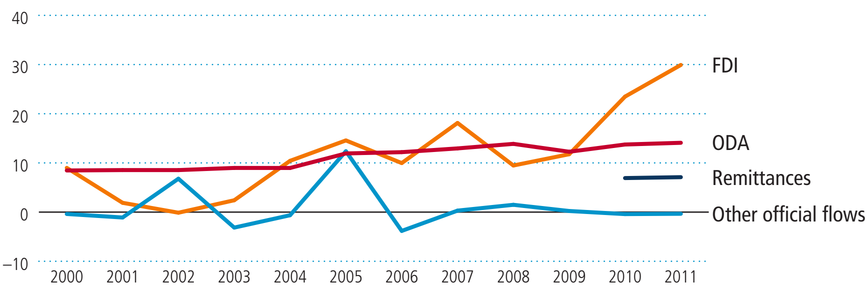
FDI is now the largest resource flow from Germany to developing countries, having nearly tripled since 2009. Germany is the third largest DAC donor. Many of the largest recipients of German ODA are emerging economies, often with lower proportional poverty rates but high absolute numbers of people living in poverty. A large proportion of ODA is in the form of loans and equity investments, and Germany is one of the three main providers of bilateral ODA loans and two main sources of ODA equity investments.

- Germany channels over one-third of its ODA through multilateral institutions, a higher proportion than most other large DAC donors.
- Germany is an important donor in education, although a large proportion of this ODA is spent on students within Germany.
- Germany is the largest provider of technical cooperation worldwide.

Resource flows from Germany to developing countries

FDI, which has grown rapidly, has overtaken ODA in volume in recent years

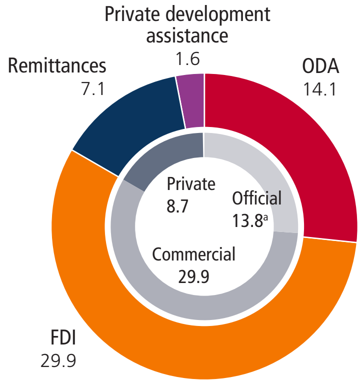
US$ billions, 2000–2011



Note: Data on remittances before 2010 is unavailable. Data on private development assistance is available only for 2011.

Germany is a big foreign investor in developing countries

US$ billions, 2011

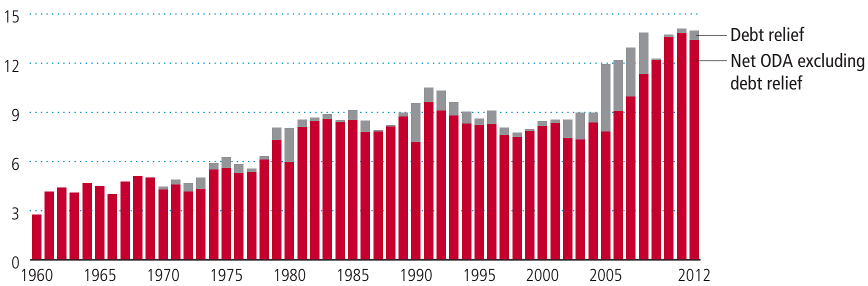


a. Excludes –US$0.3 billion in net other official flows.

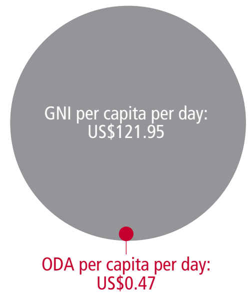
How much ODA does Germany give?

Rapid growth in ODA since 2000 has plateaued since 2010

US$ billions, 1960–2012

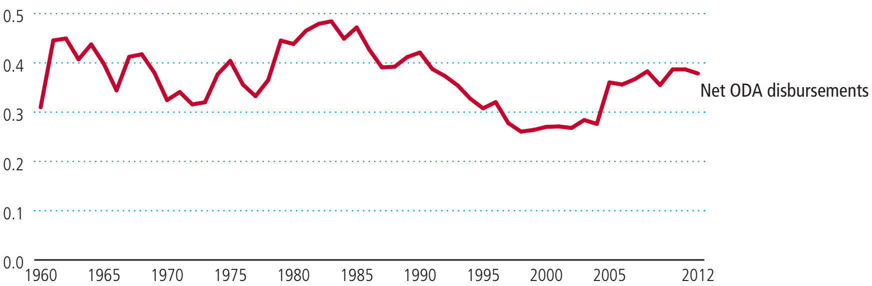


ODA per capita was US$172 in 2011; ODA was 0.39% of GNI



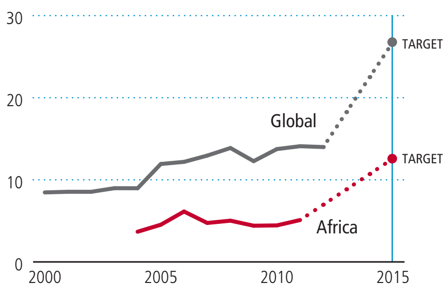
German ODA as a share of income fell sharply in the 1980s and 1990s but recovered somewhat in the 2000s

% of GNI, 1960–2012



Germany needs considerable increases to meet its ODA commitments

US$ billions, 2000–2015



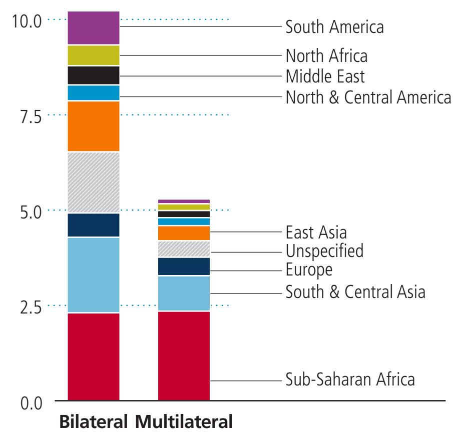
Note: EU member state ODA commitments agreed at May 2005 European Council.

Where does aid from Germany go?

As the third largest DAC donor, Germany gives aid to many countries, 135 in 2011, and its ODA is less concentrated among recipients than that of many other donors. Germany gives more ODA multilaterally than other large donors do. Regionally, the largest proportion of aid is allocated to sub-Saharan Africa (30% in 2011), although only one sub-Saharan African country, Kenya, is among the top ten recipients. Germany is also the largest DAC donor to South America. German aid to many top recipients, including China and India, is dominated by loans and equity investments, although technical cooperation is substantial for countries such as Afghanistan. A considerable proportion of German ODA goes to countries with large numbers of people living in poverty, although Germany also gives to many countries with lower poverty rates.

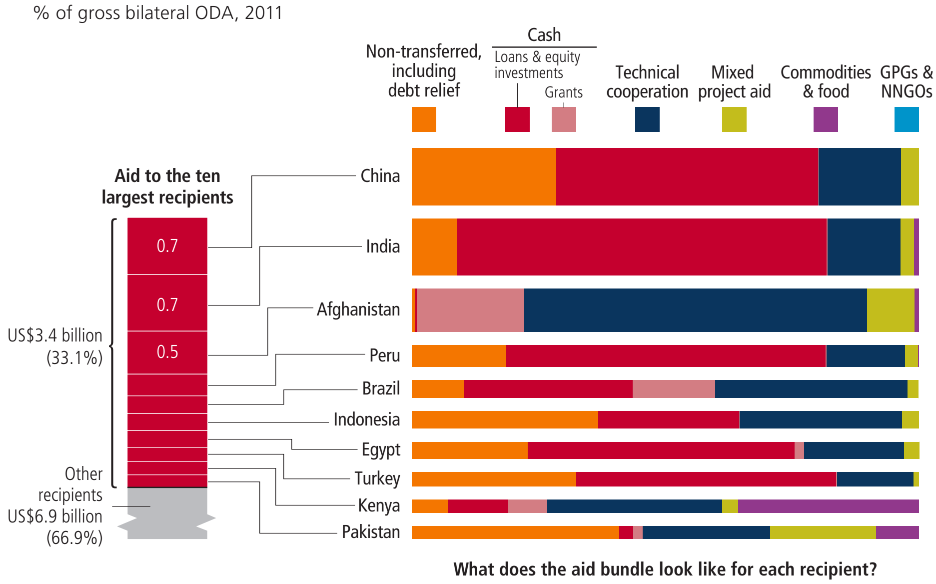
Germany gives a larger share of ODA multilaterally than most other donors do

Gross ODA, US$ billions, 2011



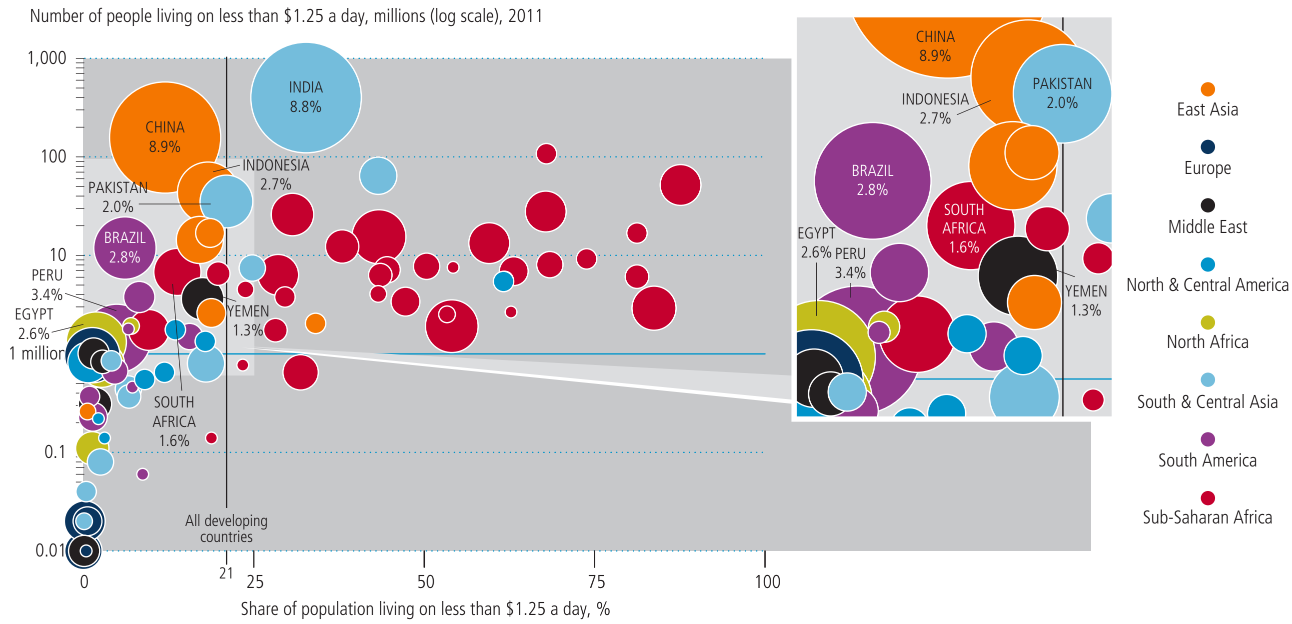
Many of Germany's largest recipients are emerging economies: China and India are the largest

% of gross bilateral ODA, 2011



Loans form a large part of the ODA bundle to many of Germany's top recipients

Many recipients of German aid are countries with low proportional poverty rates but large numbers of people living in poverty



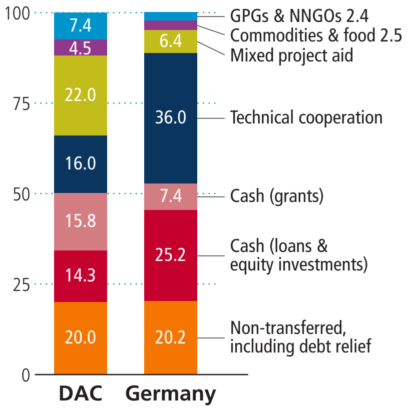
Note: Bubble size indicates the proportion of bilateral ODA allocated to the country in 2011. Two countries in Oceania receive aid, but the plotted data would not be legible. Afghanistan (6.7%) is among the top five aid recipients, but poverty data is unavailable.

What is in the ODA bundle from Germany?

Germany reports more of its aid as technical cooperation than any other donor, accounting for over one-third of German bilateral aid. Germany also gives over one-quarter of its aid in the form of loans, a much higher proportion than most donors.

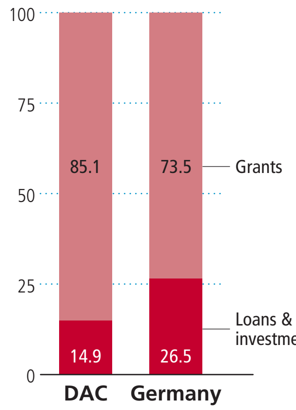
Technical cooperation accounts for over a third of ODA

% of gross bilateral ODA, 2011



Loans and equity investments are higher than the DAC average

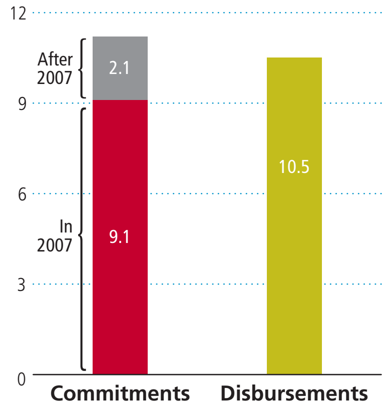
% of gross bilateral ODA, 2011



Note: Where small amounts of aid in kind or aid to GPGs and NNGOs is funded by loan instruments, that ODA is recorded as in-kind transfer or aid to GPG and NNGOs rather than a cash loan. This explains small discrepancies between the totals for cash loans in the aid bundle and overall ODA loans.

93% of funding commitments from 2007 had been realised by 2011

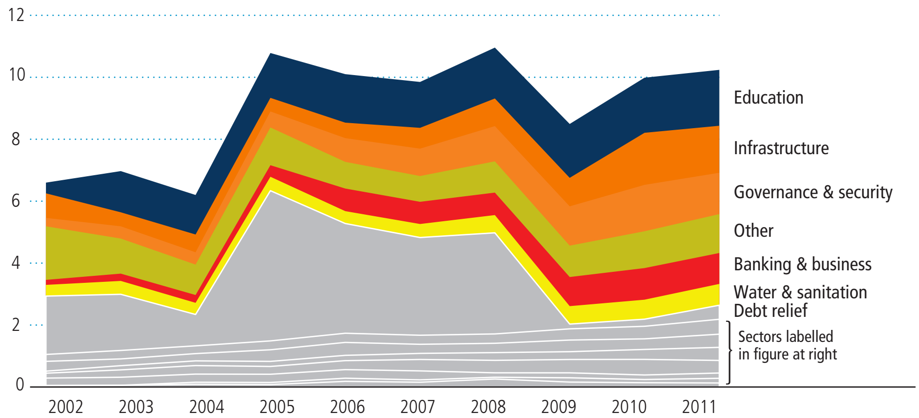
US$ billions, 2011



Note: This chart takes data from all projects for which commitments were recorded in 2007. It compares the commitments to these same projects, including any additional commitments made in 2008–2011, against the total disbursements made to these projects between 2007 and 2011.

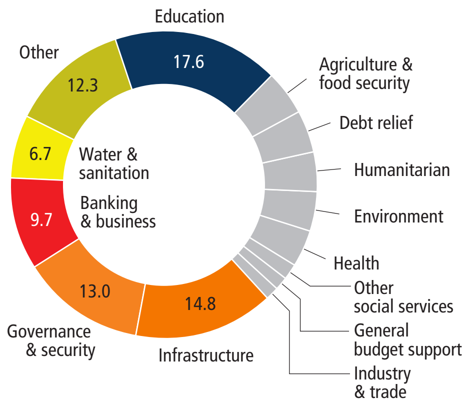
ODA to infrastructure has grown rapidly to become the second largest sector

Gross bilateral ODA by sector, US$ billions, 2000–2011



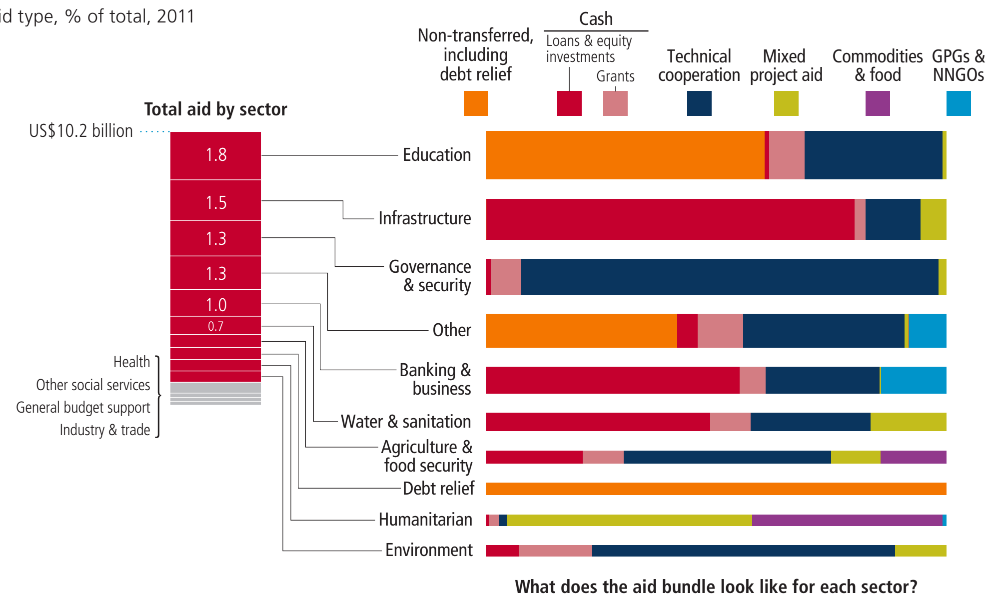
62% of German ODA goes to five sectors

Gross bilateral ODA by sector, % of total, 2011



The aid bundle from Germany differs markedly by sector

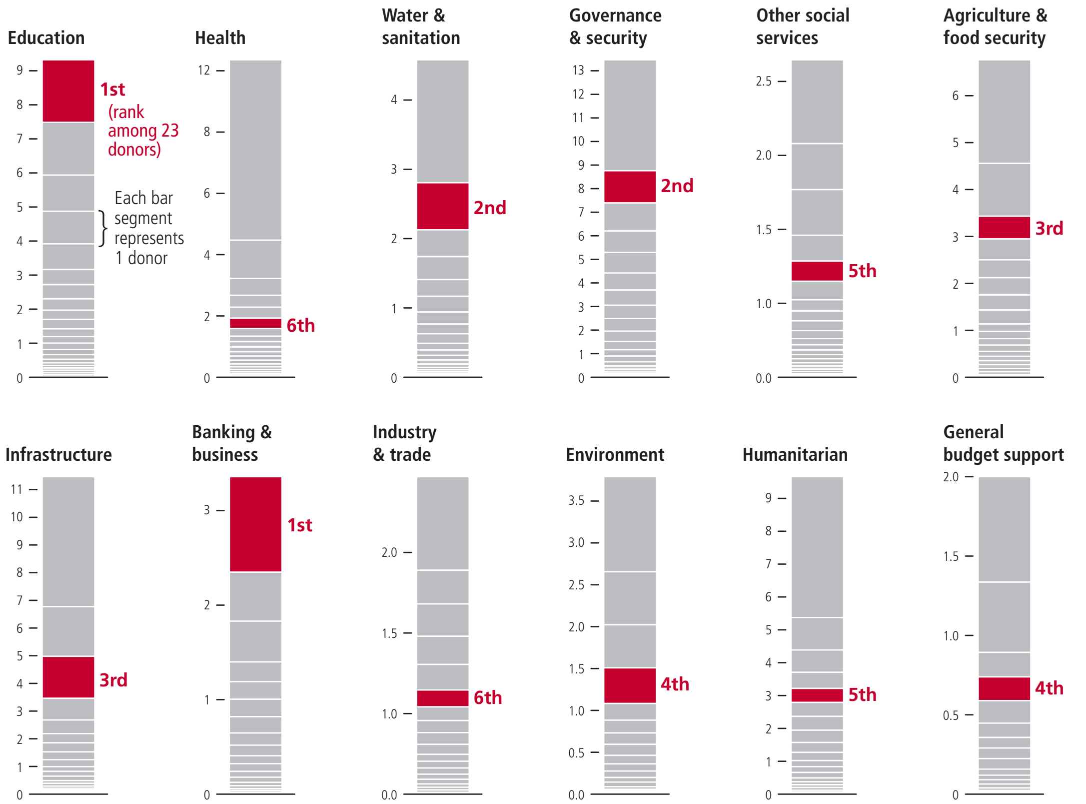
Gross bilateral ODA by aid type, % of total, 2011



Most ODA to education is imputed student costs; to infrastructure is loans; and to governance and security is technical cooperation

Germany is the largest donor in education and banking and business but is also one of the top six donors in all other sectors

DAC donors ranked in descending order of ODA funding to each sector, US$ billions, 2011



What is Germany's commitment to transparency?

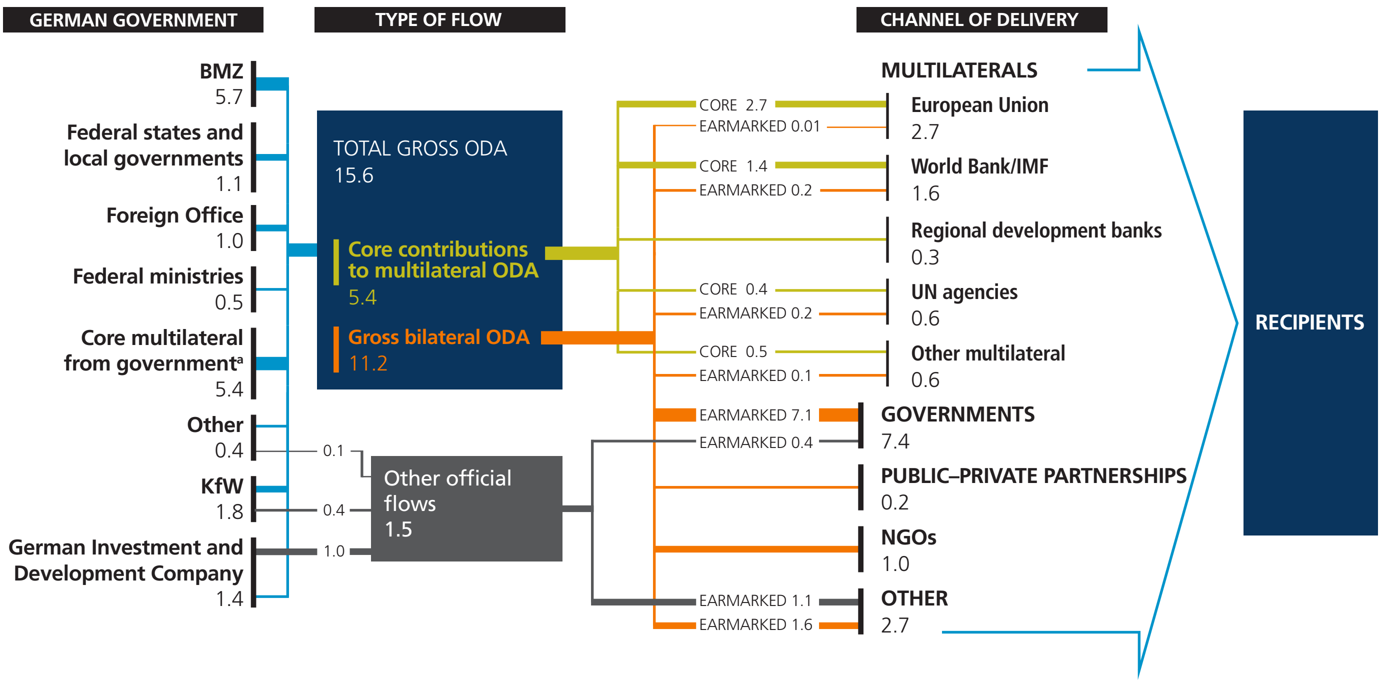
IATI	Publishing signatory
OGP	Non-member
EITI	Supportive government

Key

- Excellent/committed
- Good/moving forward
- Poor/no action

Although BMZ is the largest German aid agency, a number of other institutions provide large amounts of ODA

Gross ODA and other official flows by source, type of flow and channel of delivery, US$ billions, 2011



a. Captures contributions to multilateral institutions that cannot be attributed to a particular ministry or institution in the country.

Note: Data is from the DAC (ODA and other official flows data), the World Bank (remittances, GNI and poverty), the United Nations Conference on Trade and Development (FDI) and Development Initiatives (private development assistance and development finance institutions). All data in US$ is in 2011 prices except the 2012 figure in the title area, which is in current (2012) prices. Some overlaps of international flows have been taken into account; see *Methodology*. 'Other' aid includes multisector ODA, administrative costs, support for refugees in the donor country and unallocated or unspecified ODA. DAC is the Development Assistance Committee of the Organisation for Economic Co-operation and Development. EITI is the Extractive Industries Transparency Initiative. FDI is foreign direct investment. GNI is gross national income. GPGs are global public goods. IATI is the International Aid Transparency Initiative. IMF is the International Monetary Fund. NNGOs are Northern non-governmental organisations. ODA is official development assistance (aid). OGP is the Open Government Partnership.

GREECE Net ODA: US$0.3 billion in 2012, 23rd largest DAC donor

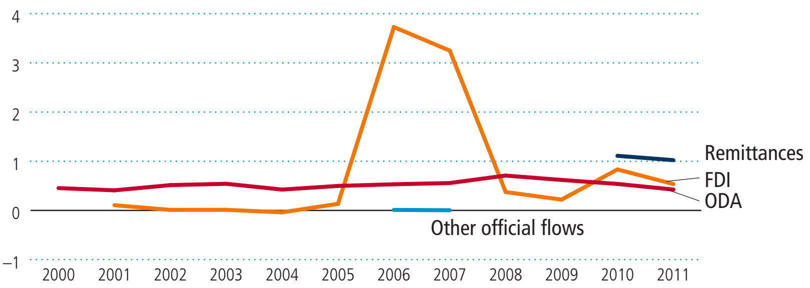
Remittances account for over half of outflows from Greece. Since the financial crisis, aid has collapsed to less than half its 2008 level. Aid is not well targeted at poverty: 83% goes to countries with fewer than 1 million poor people and with below-average poverty rates.

- Europe and sub-Saharan Africa each receive more than a fifth of overall aid; Albania received a third of all bilateral aid.
- Three-quarters of aid is non-transferred, almost four times the DAC average.

Resource flows from Greece to developing countries

FDI outflows peaked in 2006 but are volatile

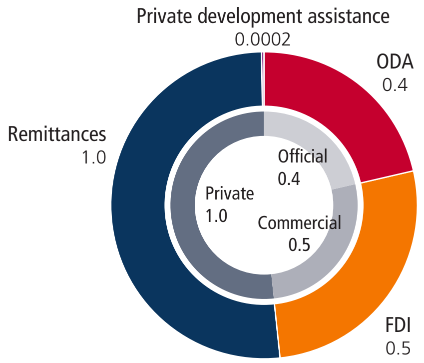
US$ billions, 2000–2011



Note: Data on remittances before 2010 is unavailable. Data on private development assistance is available only for 2011.

Remittances account for over half of outflows from Greece

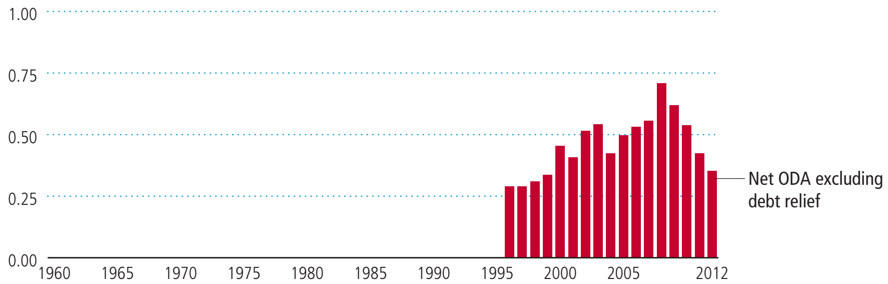
US$ billions, 2011



How much ODA does Greece give and where does it go?

Aid levels increased until 2008 but have fallen by over half since the financial crisis

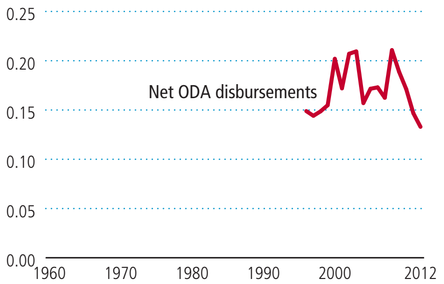
US$ billions, 1960–2012



Note: Greece became a bilateral ODA donor in 1996 and joined the DAC in 1999.

Aid as a share of Greece's GNI has fluctuated, falling to 0.13% in 2012

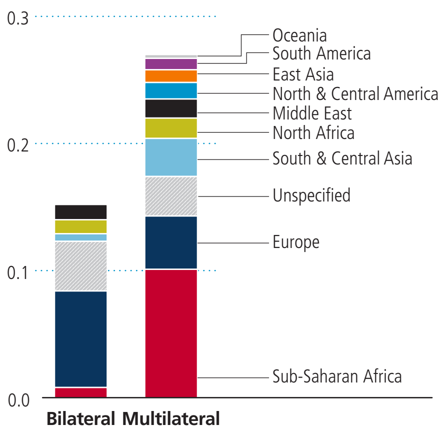
% of GNI, 1960–2012



Note: At the May 2005 European Council, EU-15 member states committed to reach 0.7% of GNI as ODA.

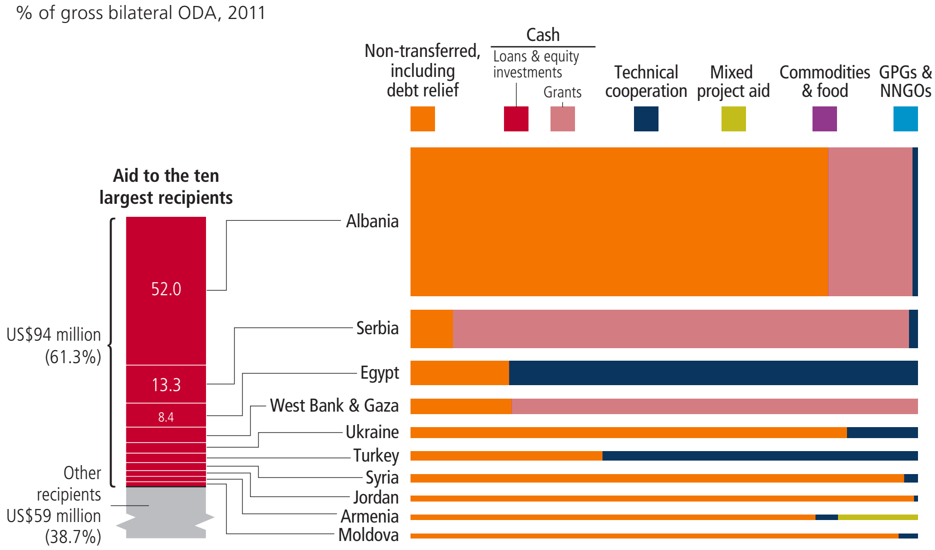
Some 28% of aid goes to Europe, 26% to sub-Saharan Africa

US$ billions, 2011



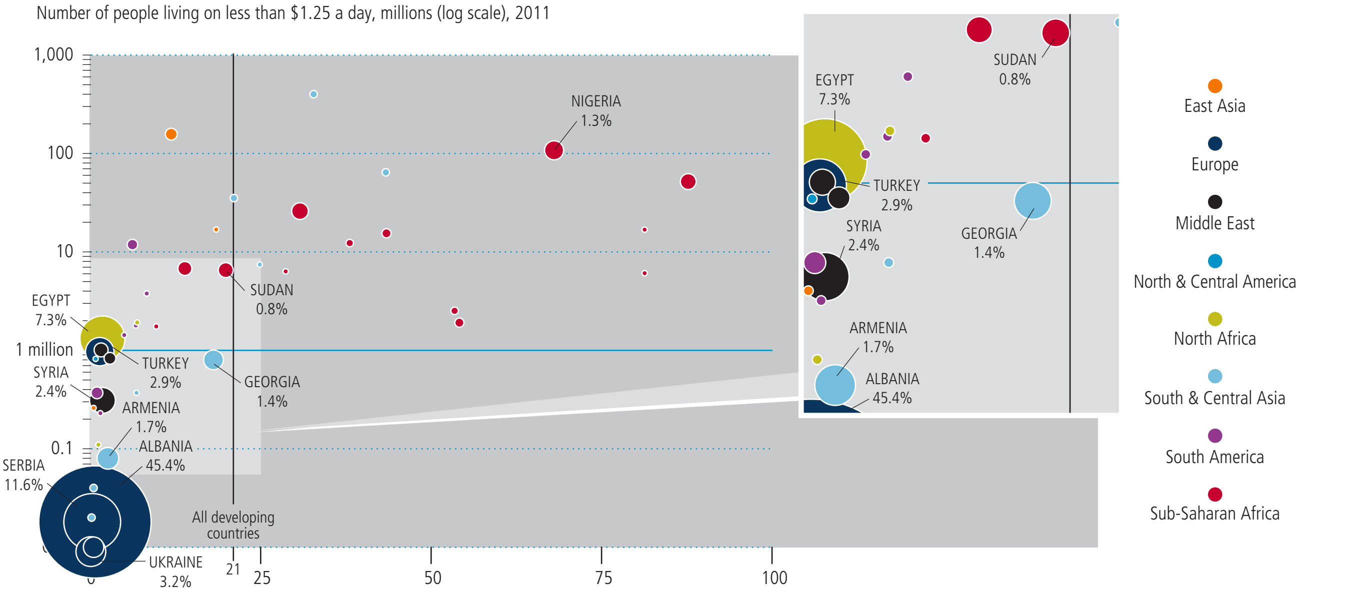
More than a third of bilateral aid from Greece is allocated to Albania

% of gross bilateral ODA, 2011



What does the aid bundle look like for each recipient?

Aid from Greece is not well-targeted at poor people: 83% goes to countries with both fewer than 1 million poor people and below-average poverty rates

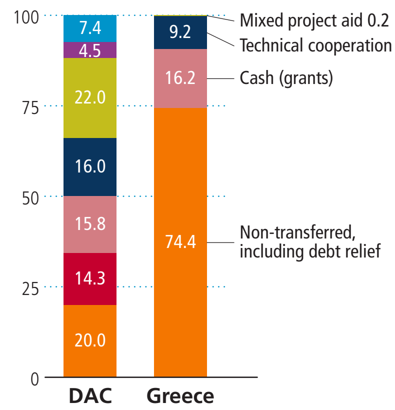


Note: Bubble size indicates the share of bilateral ODA allocated to the country in 2011. West Bank and Gaza receives 4.7% of aid.

What is in the ODA bundle from Greece?

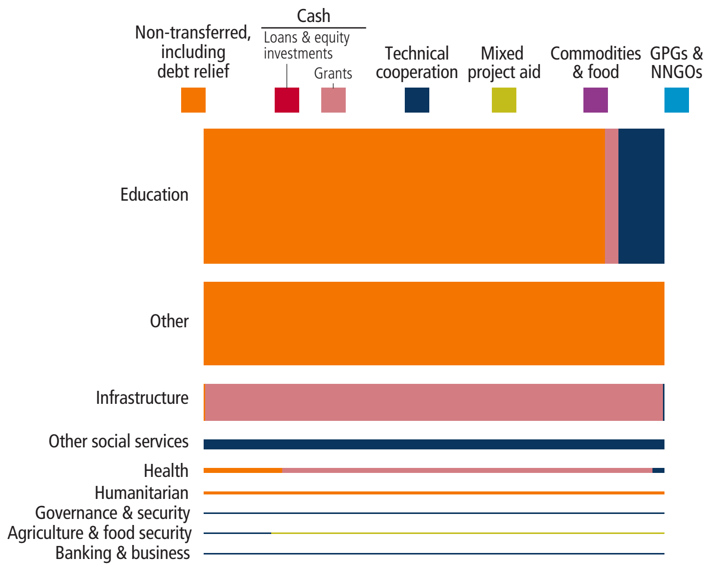
Three-quarters of aid is non-transferred, almost four times the DAC average

% of gross bilateral ODA, 2011



…but 90% of this is non-transferred student costs (almost all 'other' aid is administrative and refugee costs)

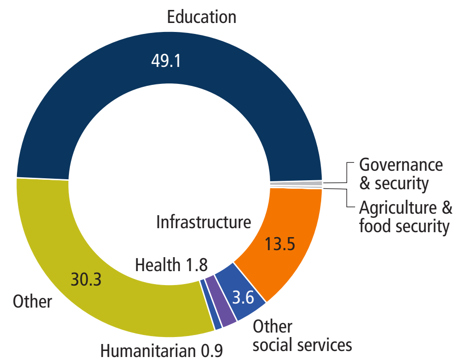
Gross bilateral ODA by aid type, % of total, 2011



What does the aid bundle look like for each sector?

Almost half of aid from Greece goes to education…

Gross bilateral aid by sector, % of total, 2011



What is Greece's commitment to transparency?

IATI	Non-signatory
OGP	Member
EITI	Unsupportive government

Key

- Excellent/committed
- Good/moving forward
- Poor/no action

Note: Data is from the DAC (ODA and other official flows data), the World Bank (remittances, GNI and poverty), the United Nations Conference on Trade and Development (FDI) and Development Initiatives (private development assistance and development finance institutions). All data in US$ is in 2011 prices except the 2012 figure in the title area, which is in current (2012) prices. Some overlaps of international flows have been taken into account; see *Methodology*. 'Other' aid includes multisector ODA, administrative costs, support for refugees in the donor country and unallocated or unspecified ODA. DAC is the Development Assistance Committee of the Organisation for Economic Co-operation and Development. EITI is the Extractive Industries Transparency Initiative. FDI is foreign direct investment. GNI is gross national income. GPGs are global public goods. IATI is the International Aid Transparency Initiative. NNGOs are Northern non-governmental organisations. ODA is official development assistance (aid). OGP is the Open Government Partnership.

IRELAND

Net ODA: US$0.8 billion in 2012, 19th largest DAC donor

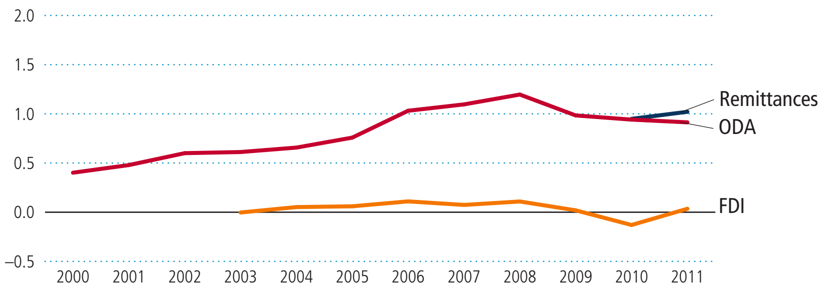
Remittances outflows from Ireland are on a par with ODA. Aid has fallen more than a quarter since the 2008 financial crisis. But poverty does not appear to be a determinant of aid allocations: over 90% goes to countries with high numbers and proportions of people in poverty.

- More than half of overall aid goes to sub-Saharan Africa.
- Over 50% of aid is given as cash grants, but support to GPGs and NNGOs is almost five times the DAC average.

Resource flows from Ireland to developing countries

ODA has doubled since the early 2000s; FDI to developing countries is low

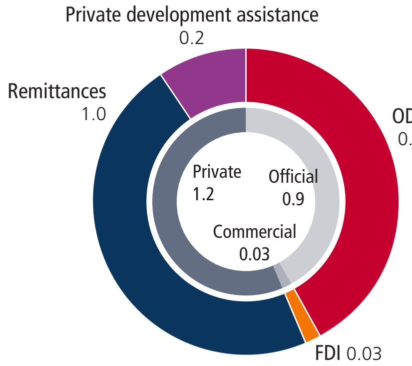
US$ billions, 2000–2011



Note: Data on remittances before 2010 is unavailable. Data on private development assistance is available only for 2011.

Remittances are slightly larger than ODA from Ireland

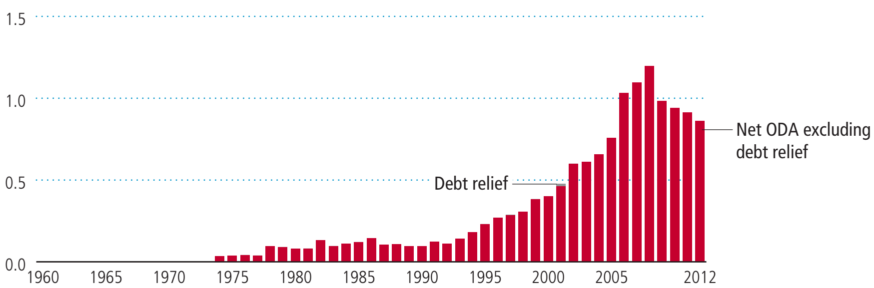
US$ billions, 2011



How much ODA does Ireland give and where does it go?

Aid levels have fallen by more than a quarter since the 2008 financial crisis

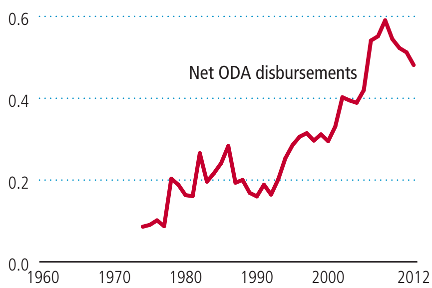
US$ billions, 1960–2012



Note: Ireland has been providing ODA since 1974 and joined the DAC in 1985.

ODA as a share of Ireland's national income fell to 0.48% in 2012

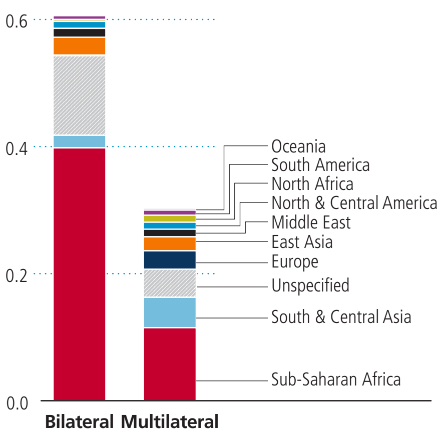
% of GNI, 1960–2012



Note: At the May 2005 European Council, EU-15 member states committed to reach 0.7% of GNI as ODA.

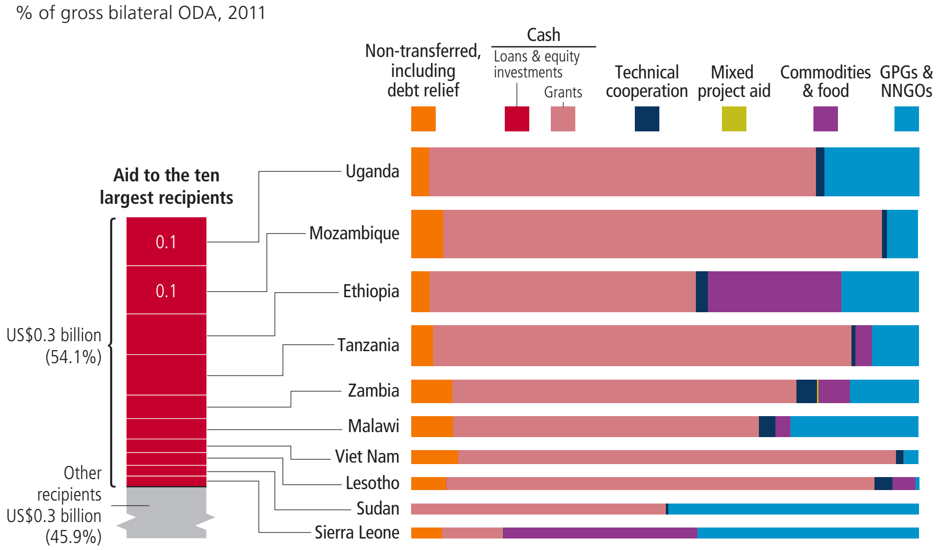
More than half of overall aid goes to sub-Saharan Africa

US$ billions, 2011



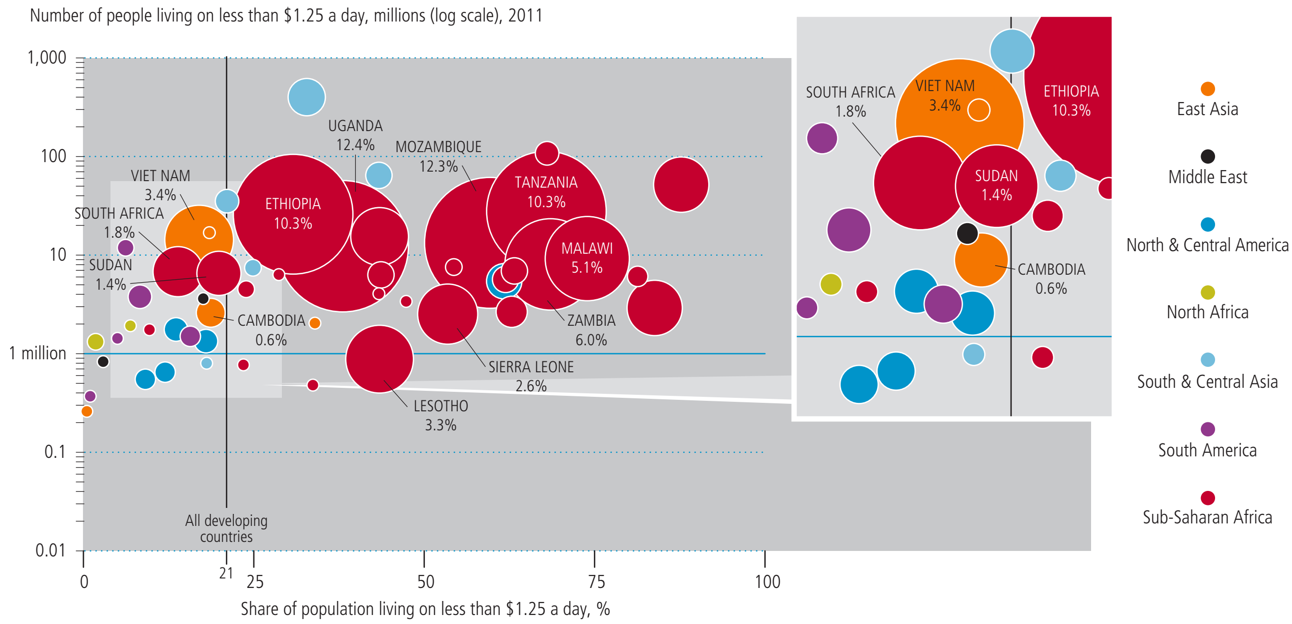
Cash grants are the main form of aid to most major recipients

% of gross bilateral ODA, 2011



What does the aid bundle look like for each recipient?

Aid from Ireland is targeted at poor people: 92% goes to countries with both more than 1 million poor people and above-average poverty rates

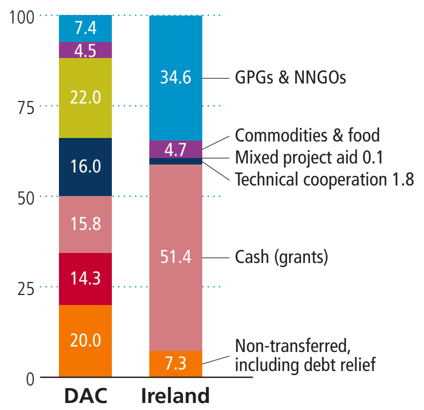


Note: Bubble size indicates the share of bilateral ODA allocated to the country in 2011.

What is in the ODA bundle from Ireland?

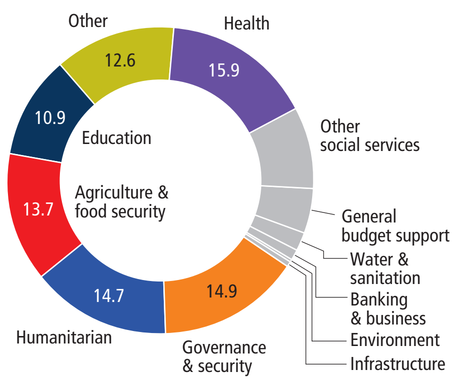
Over 50% of aid is given as cash grants

% of gross bilateral ODA, 2011



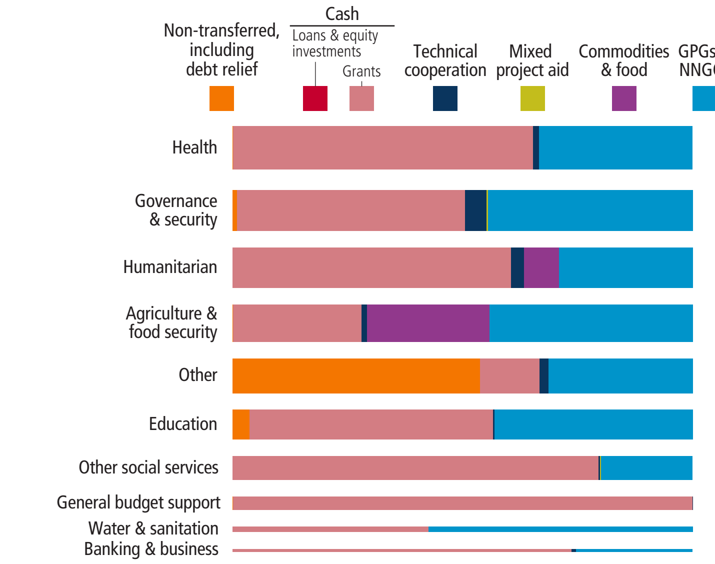
Over 80% of aid from Ireland is split evenly across six sectors

Gross bilateral aid by sector, % of total, 2011



Support to GPGs and NNGOs is substantial for many sectors, accounting for 44% of aid to governance and security

Gross bilateral ODA by aid type, % of total, 2011



What does the aid bundle look like for each sector?

What is Ireland's commitment to transparency?

IATI	Signatory
OGP	Non-member
EITI	Supportive government

Key

- Excellent/committed
- Good/moving forward
- Poor/no action

Note: Data is from the DAC (ODA and other official flows data), the World Bank (remittances, GNI and poverty), the United Nations Conference on Trade and Development (FDI) and Development Initiatives (private development assistance and development finance institutions). All data in US$ is in 2011 prices except the 2012 figure in the title area, which is in current (2012) prices. Some overlaps of international flows have been taken into account; see *Methodology.* 'Other' aid includes multisector ODA, administrative costs, support for refugees in the donor country and unallocated or unspecified ODA. DAC is the Development Assistance Committee of the Organisation for Economic Co-operation and Development. EITI is the Extractive Industries Transparency Initiative. FDI is foreign direct investment. GNI is gross national income. GPGs are global public goods. IATI is the International Aid Transparency Initiative. NNGOs are Northern non-governmental organisations. ODA is official development assistance (aid). OGP is the Open Government Partnership.

ITALY Net ODA: US$2.6 billion in 2012, 13th largest DAC donor

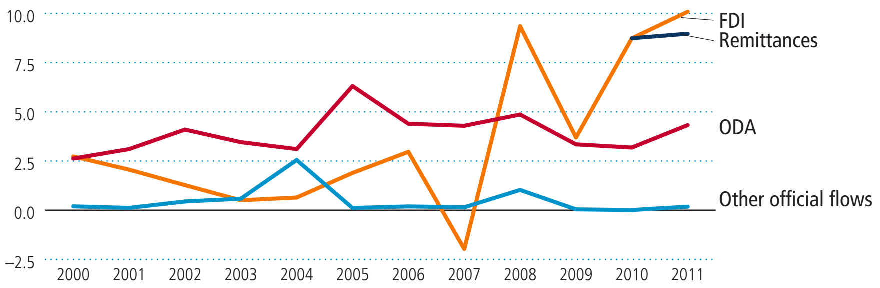
FDI and remittances account for about 80% of outflows from Italy. Aid in 2012 was half its 1992 peak. Poverty appears to influence aid allocation decisions: three-quarters goes to countries with more than 1 million poor people and above-average poverty rates.

- Over half of overall aid is given multilaterally, the third highest level among DAC donors.
- Over two-thirds of aid is non-transferred, mostly debt relief and refugee costs.

Resource flows from Italy to developing countries

Outflows have been volatile over the last decade

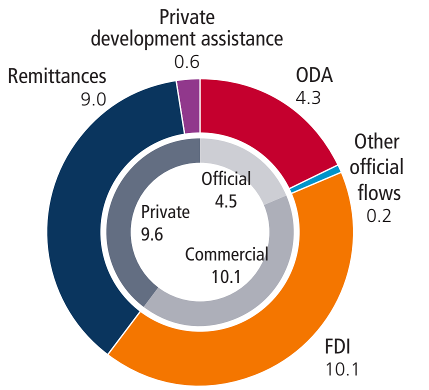
US$ billions, 2000–2011



Note: Data on remittances before 2010 is unavailable. Data on private development assistance is available only for 2011.

FDI and remittances combined account for about 80% of outflows

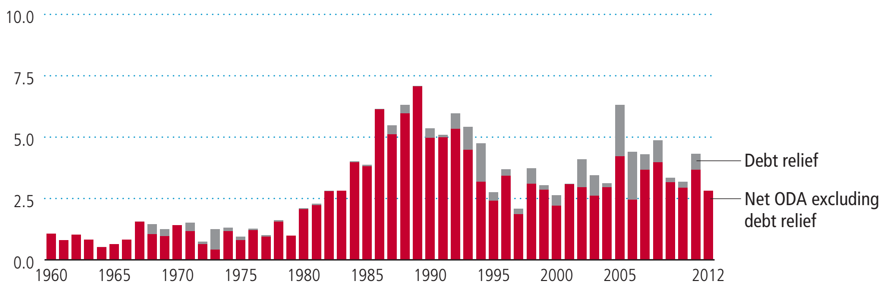
US$ billions, 2011



How much ODA does Italy give and where does it go?

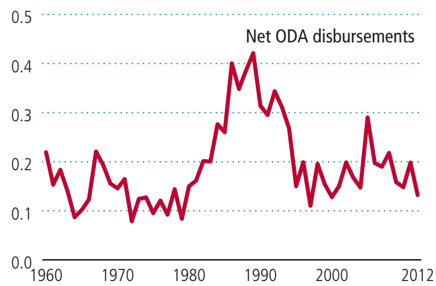
Aid levels peaked in 1992 and now stand at half that level ...

US$ billions, 1960–2012



...and aid as a share of GNI stands at just over a third of its 1992 peak

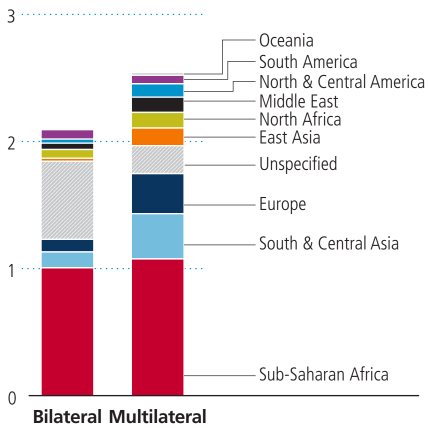
% of GNI, 1960–2012



Note: At the May 2005 European Council, EU-15 member states committed to reach 0.7% of GNI as ODA.

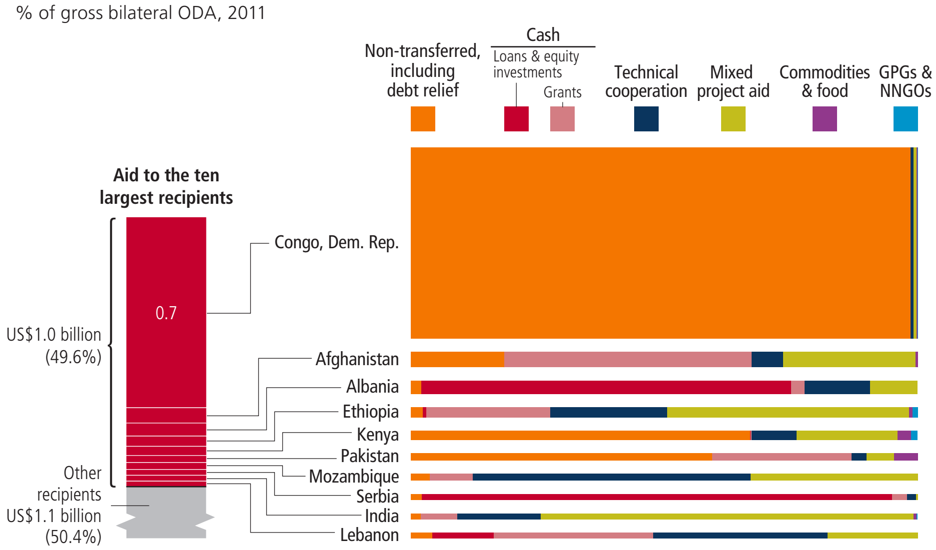
55% of aid is given multilaterally, the third highest level among DAC donors

US$ billions, 2011



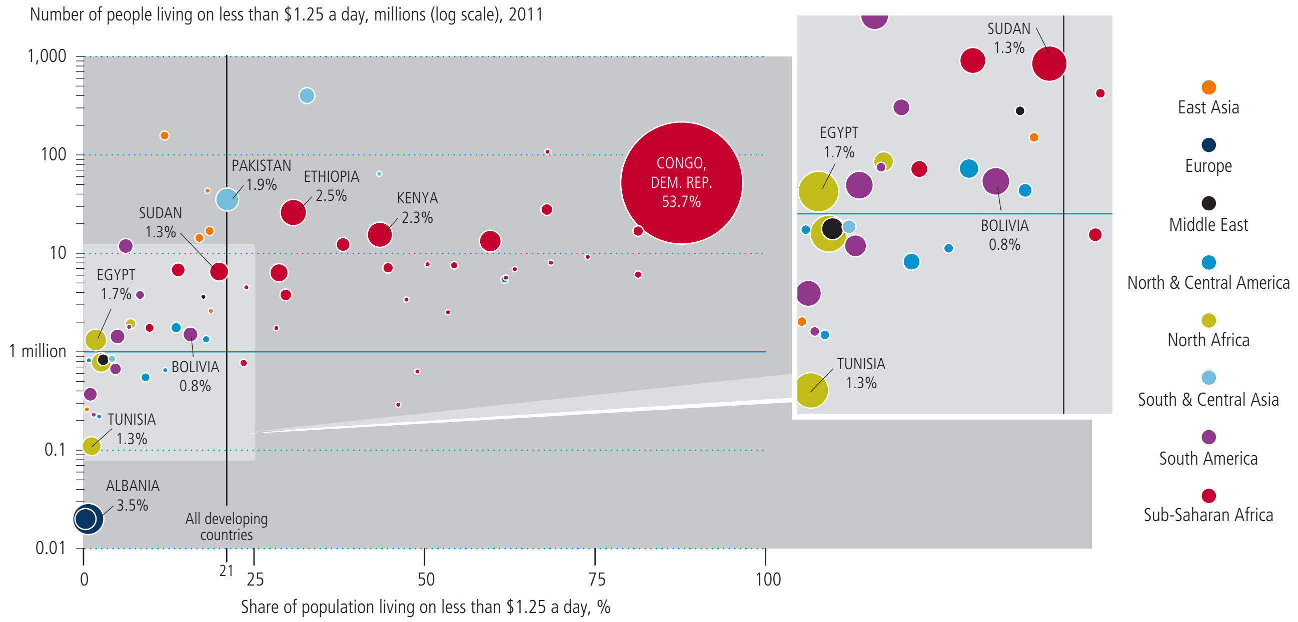
Democratic Republic of Congo received 35% of bilateral aid, largely as debt relief

% of gross bilateral ODA, 2011



What does the aid bundle look like for each recipient?

Poverty appears to influence Italy's aid allocation decisions: three-quarters goes to countries with both more than 1 million poor people and below-average poverty rates

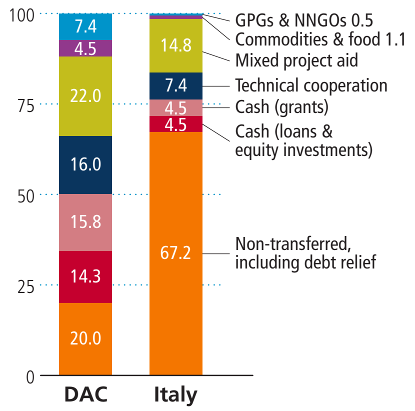


Note: Bubble size indicates the share of bilateral ODA allocated to the country in 2011. Afghanistan (4.0%) is among the top five aid recipients, but poverty data is unavailable.

What is in the ODA bundle from Italy?

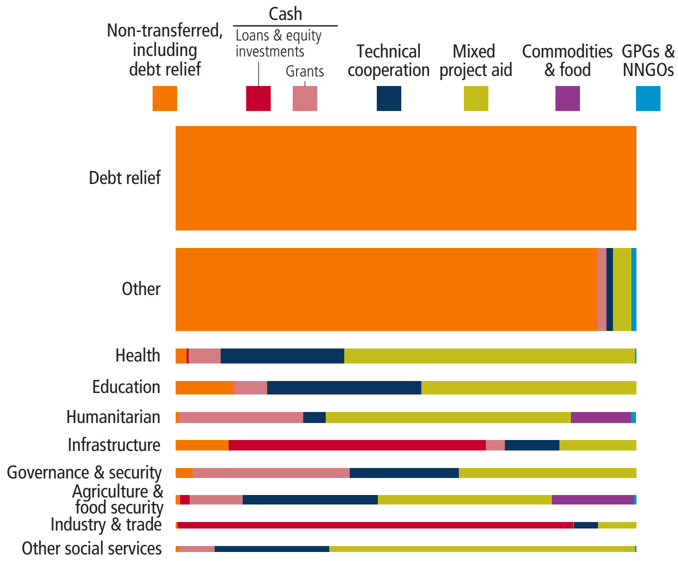
Over two-thirds of aid is non-transferred

% of gross bilateral ODA, 2011



For sectors where aid is transferred, mixed project aid and technical cooperation are prevalent

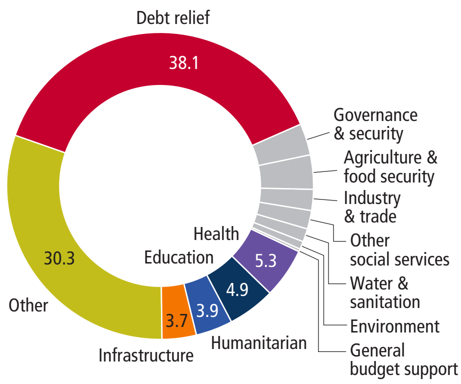
Gross bilateral ODA by aid type, % of total, 2011



What does the aid bundle look like for each sector?

Debt relief accounts for 38% of aid

Gross bilateral aid by sector, % of total, 2011



What is Italy's commitment to transparency?

IATI	Non-signatory[a]
OGP	Member
EITI	Supportive government

a. As part of the 2013 G8 Summit, Italy has committed to publishing to IATI by 2015.

Key

- Excellent/committed
- Good/moving forward
- Poor/no action

Note: Data is from the DAC (ODA and other official flows data), the World Bank (remittances, GNI and poverty), the United Nations Conference on Trade and Development (FDI) and Development Initiatives (private development assistance and development finance institutions). All data in US$ is in 2011 prices except the 2012 figure in the title area, which is in current (2012) prices. Some overlaps of international flows have been taken into account; see *Methodology*. 'Other' aid includes multisector ODA, administrative costs, support for refugees in the donor country and unallocated or unspecified ODA. DAC is the Development Assistance Committee of the Organisation for Economic Co-operation and Development. EITI is the Extractive Industries Transparency Initiative. FDI is foreign direct investment. GNI is gross national income. GPGs are global public goods. IATI is the International Aid Transparency Initiative. NNGOs are Northern non-governmental organisations. ODA is official development assistance (aid). OGP is the Open Government Partnership.

JAPAN

Net ODA disbursements: US$10.5 billion in 2012, 5th largest DAC donor

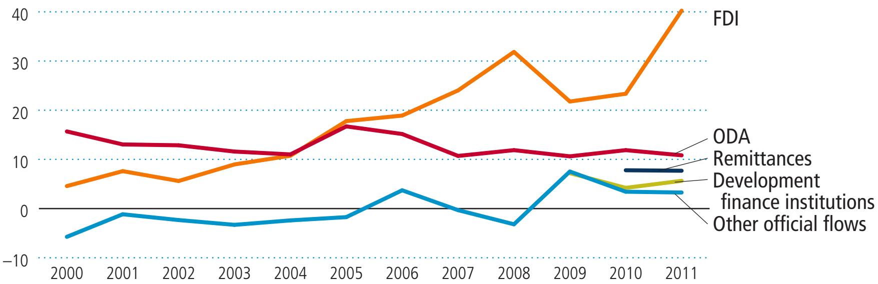
Over half of resource flows to developing countries from Japan is FDI. ODA, the second largest flow, has fallen as a share of national income since the mid-1980s. Bilateral aid generally goes to countries with relatively large numbers of poor people.

- Japan is the largest bilateral DAC donor to 24 countries; India is the largest recipient.
- Almost half of bilateral aid is provided as loans and equity, over three times the DAC average.
- 30% of bilateral aid goes to the infrastructure sector, mostly as loans and equity; Japan is also the largest DAC donor to the sector.

Resource flows from Japan to developing countries

FDI outflows are almost nine times higher than in 2000, while ODA has declined slightly

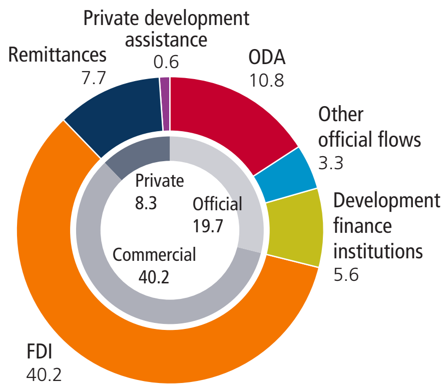
US$ billions, 2000–2011



Note: Data on remittances before 2010 is unavailable. Data on private development assistance is available only for 2011.

FDI accounts for almost 60% of outflows

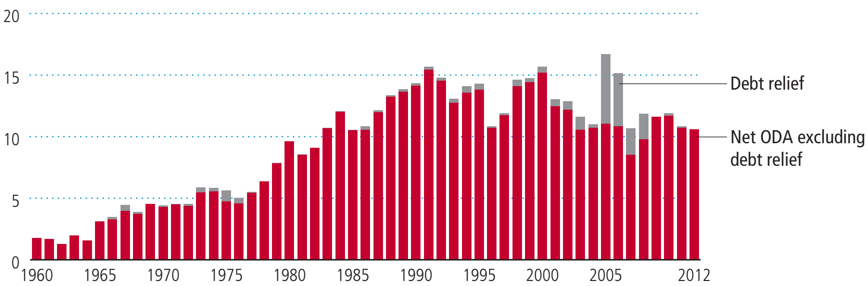
US$ billions, 2011



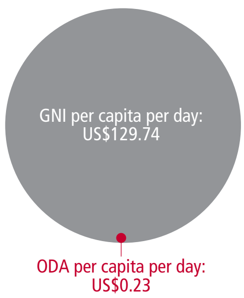
How much ODA does Japan give?

ODA increased rapidly in the 1980s but has declined since 2000

US$ billions, 1960–2012

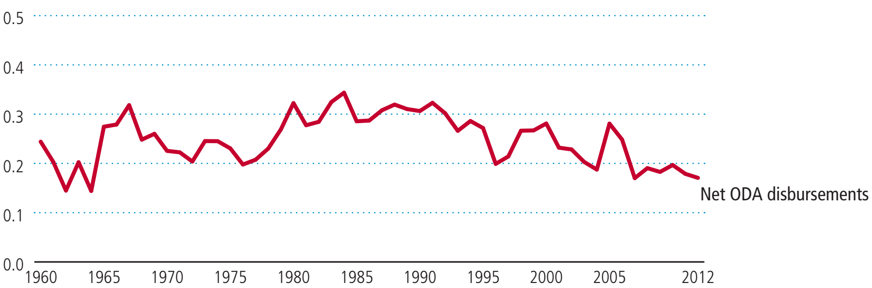


ODA per capita was US$85 in 2011; ODA was 0.18% of GNI



ODA as a share of national income has declined since the mid-1980s

% of GNI, 1960–2012



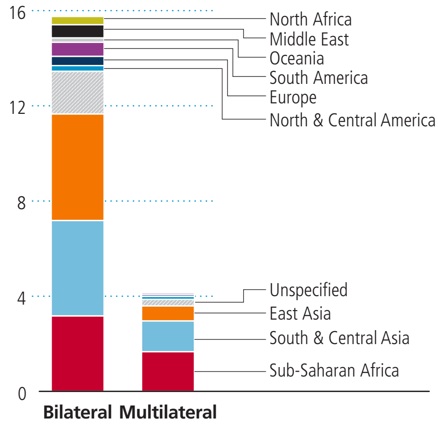
In 2009, Japan committed to double aid (excluding debt relief) to Africa to US$1.8 billion by 2012. This can be judged when finalised 2012 ODA data is available later this year

Where does aid from Japan go?

Some 85% of aid from Japan is spread evenly across three regions: South and Central Asia, East Asia (where Japan is the largest DAC donor) and sub-Saharan Africa. Most aid from Japan is provided bilaterally, to 142 countries (the most across all DAC donors). It is the largest bilateral DAC donor to 24 countries. It also prioritises those with large numbers of people in poverty (about 20% of bilateral aid goes to countries with fewer than 1 million poor people). India is the largest recipient, followed by Viet Nam and the Democratic Republic of Congo. Bilateral aid to most of the largest recipients is loans and equity, though the vast majority of aid to the Democratic Republic of Congo is debt relief and half of aid to Afghanistan is cash grants.

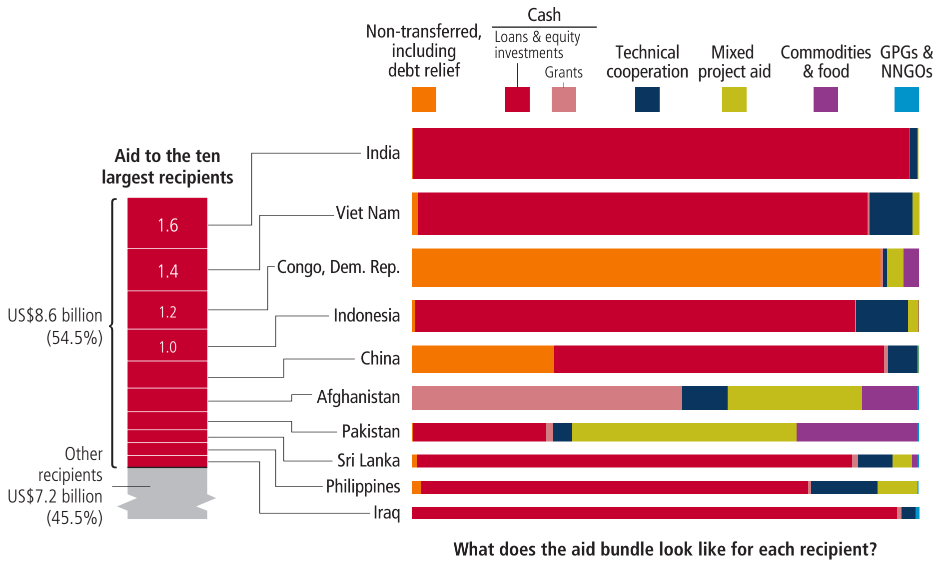
79% of overall ODA is bilateral, the fourth highest among DAC donors

Gross ODA, US$ billions, 2011



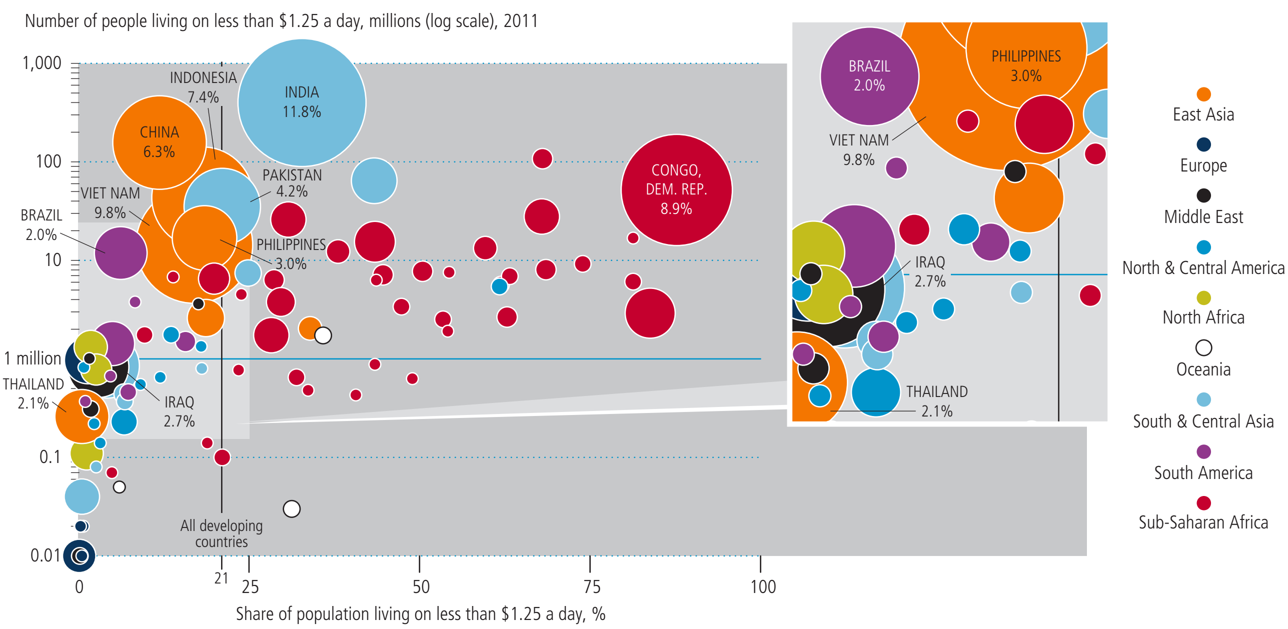
Most bilateral ODA, especially to larger developing countries, is loans and equity

% of gross bilateral ODA, 2011



Emerging markets in Asia are among Japan's largest bilateral aid recipients

80% of bilateral ODA goes to countries with large numbers of poor people, split evenly between countries with poverty rates above and below the all developing-country level



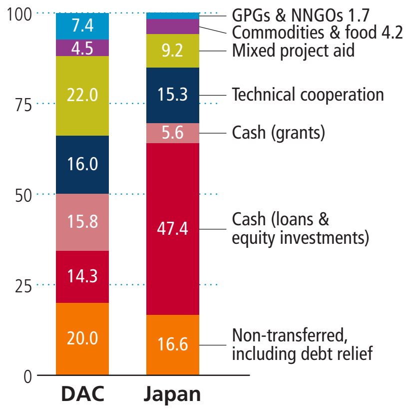
Note: Bubble size indicates the share of bilateral ODA allocated to the country in 2011.

What is in the ODA bundle from Japan?

Almost half of bilateral aid is loans and equity, more than three times the DAC average, with the grant element of these loans averaging 75%. Bilateral ODA to infrastructure has increased since 2002 to become the largest sector, accounting for about a third of total bilateral ODA. Most of this is provided as loans and equity. Japan is the largest DAC donor of bilateral aid to infrastructure, water and sanitation, and industry and trade and the second largest donor of aid to agriculture and food security and humanitarian assistance.

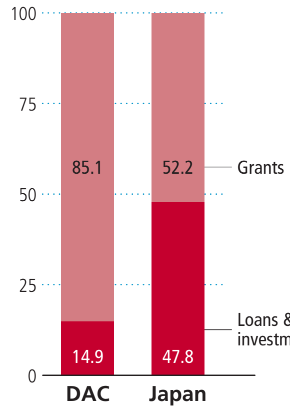
Almost half of bilateral ODA is cash (loans and equity)

% of gross bilateral ODA, 2011



The share given as grants is lower than the DAC average

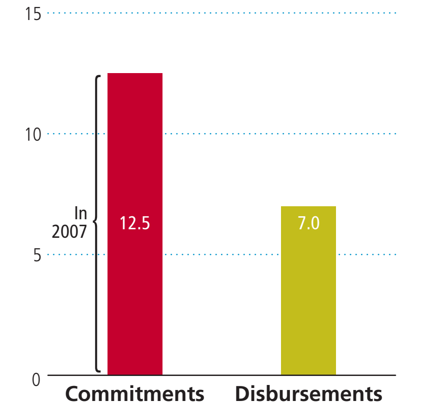
% of gross bilateral ODA, 2011



Note: Where small amounts of aid in kind or aid to GPGs and NNGOs is funded by loan instruments, that ODA is recorded as in-kind transfer or aid to GPG and NNGOs rather than a cash loan. This explains small discrepancies between the totals for cash loans in the aid bundle and overall ODA loans.

Only 56% of project funding committed in 2007 has been realised

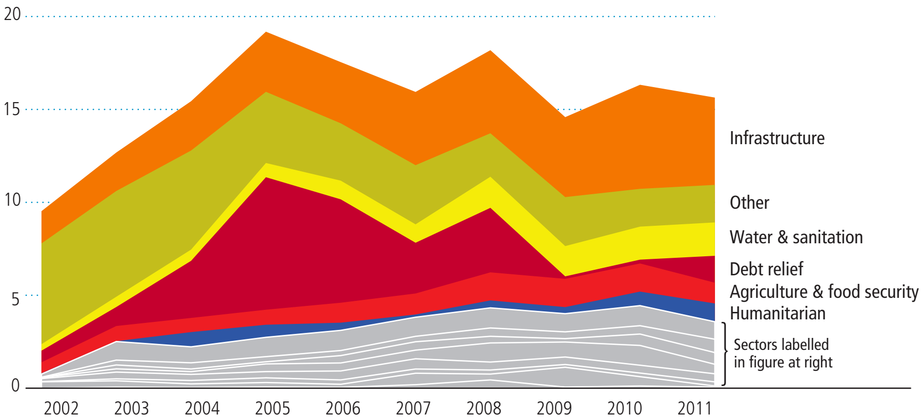
US$ billions, 2011



Note: This chart takes data from all projects for which commitments were recorded in 2007. It compares the commitments to these same projects, including any additional commitments made in 2008–2011, against the total disbursements made to these projects between 2007 and 2011.

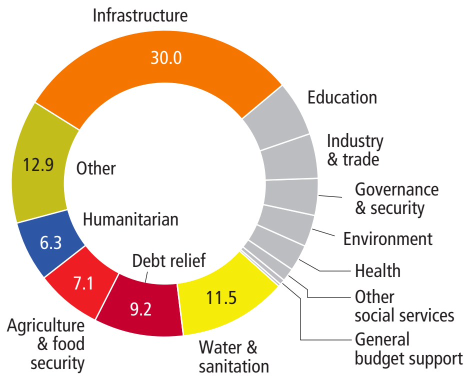
Water and sanitation and agriculture and food security remain important sectors

Gross bilateral ODA by sector, US$ billions, 2002–2011



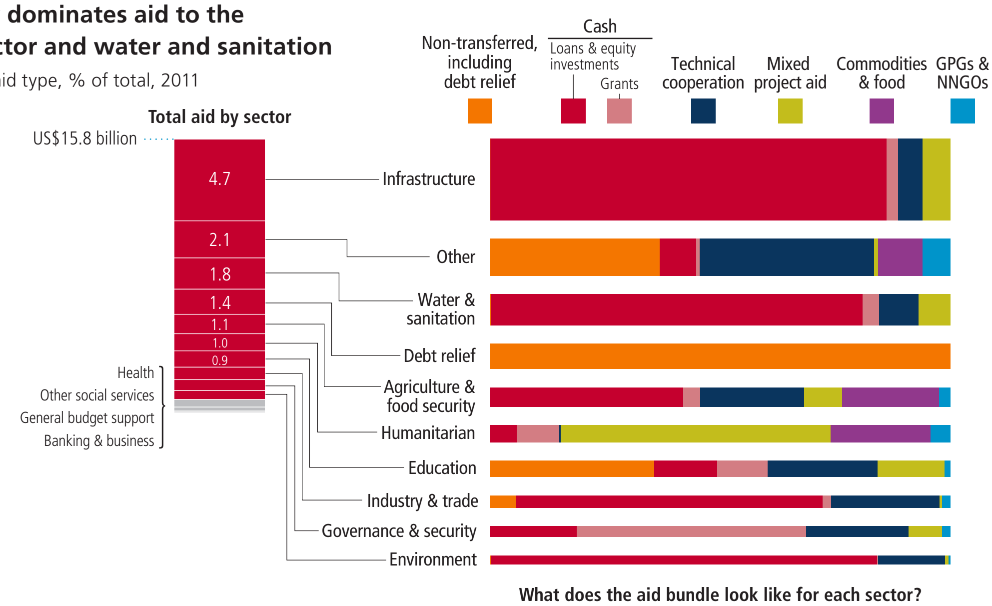
Almost a third of aid goes to infrastructure

Gross bilateral ODA by sector, % of total, 2011



Loans and equity dominates aid to the infrastructure sector and water and sanitation

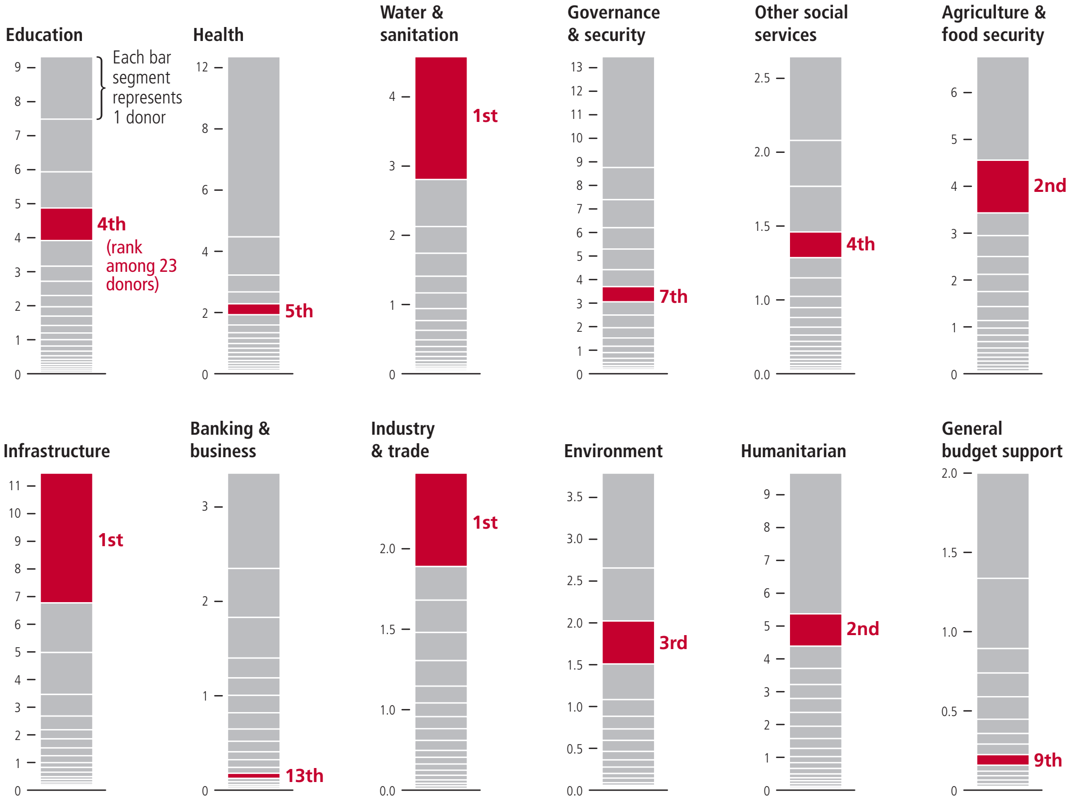
Gross bilateral ODA by aid type, % of total, 2011



The infrastructure sector accounts for almost a third of total bilateral ODA from Japan and is provided mostly as loans and equity

Japan is the largest bilateral DAC donor to infrastructure, to water and sanitation and to industry and trade and the second largest to agriculture and food security and for humanitarian assistance

DAC donors ranked in descending order of ODA funding to each sector, US$ billions, 2011



What is Japan's commitment to transparency?

IATI	Non-signatory[a]
OGP	Non-member
EITI	Supportive government

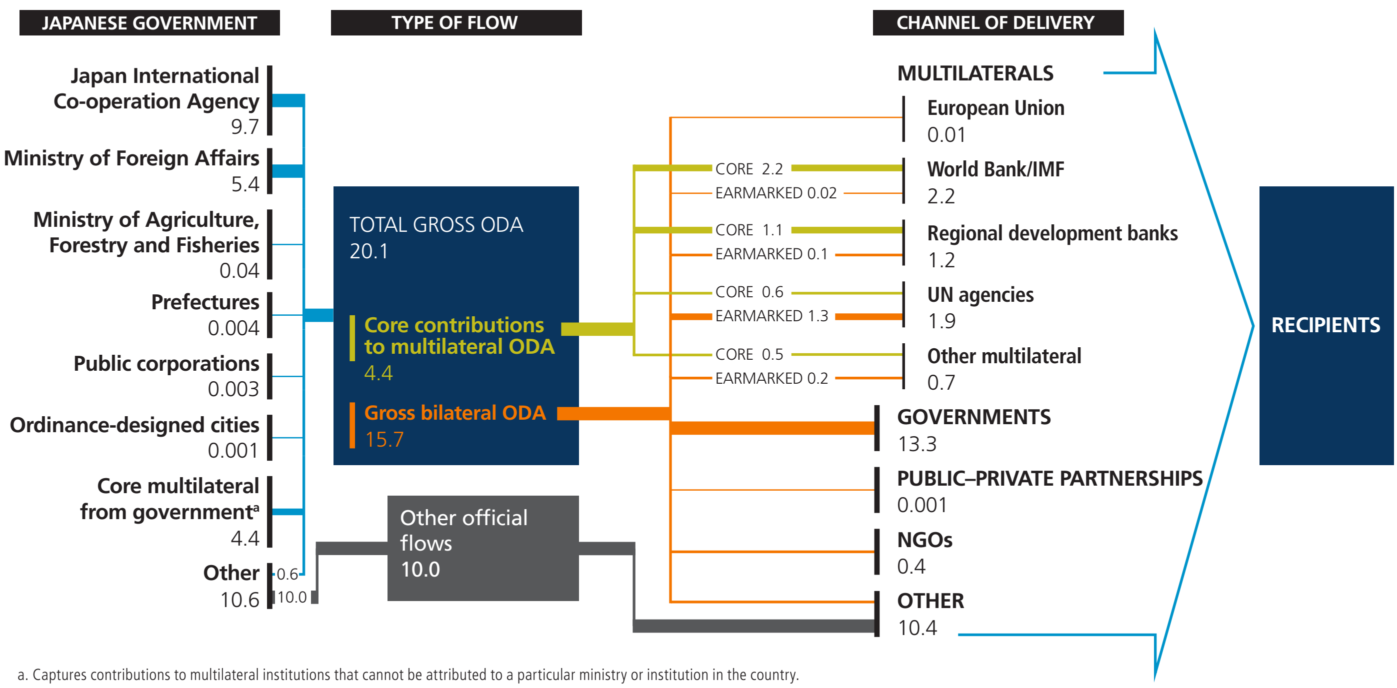
Key

- Excellent/committed
- Good/moving forward
- Poor/no action

a. As part of the 2013 G8 Summit, Italy has committed to publishing to IATI by 2015.

Two agencies – the Japan International Co-operation Agency and the Ministry of Foreign Affairs – provide almost all ODA; 85% of bilateral ODA goes through recipient governments

Gross ODA and other official flows by source, type of flow and channel of delivery, US$ billions, 2011



a. Captures contributions to multilateral institutions that cannot be attributed to a particular ministry or institution in the country.

Note: Data is from the DAC (ODA and other official flows data), the World Bank (remittances, GNI and poverty), the United Nations Conference on Trade and Development (FDI) and Development Initiatives (private development assistance and development finance institutions). All data in US$ is in 2011 prices except the 2012 figure in the title area, which is in current (2012) prices. Some overlaps of international flows have been taken into account; see *Methodology*. 'Other' aid includes multisector ODA, administrative costs, support for refugees in the donor country and unallocated or unspecified ODA. DAC is the Development Assistance Committee of the Organisation for Economic Co-operation and Development. EITI is the Extractive Industries Transparency Initiative. FDI is foreign direct investment. GNI is gross national income. GPGs are global public goods. IATI is the International Aid Transparency Initiative. IMF is the International Monetary Fund. NNGOs are Northern non-governmental organisations. ODA is official development assistance (aid). OGP is the Open Government Partnership.

KOREA Net ODA: US$1.6 billion in 2012, 16th largest DAC donor

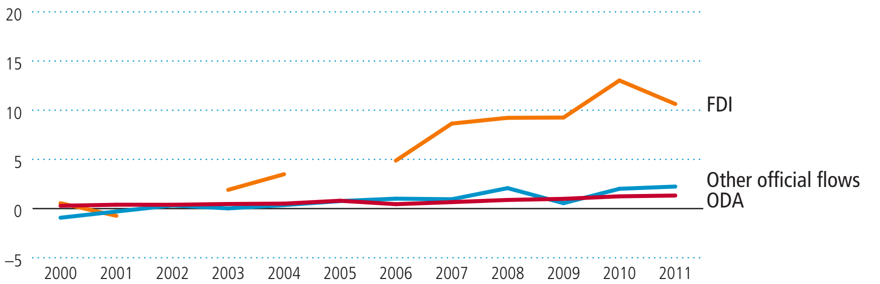
FDI accounts for three-quarters of Korea's outflows to developing countries. Overall ODA has increased since the mid-1990s in volume and as a share of national income. Bilateral aid from Korea appears to prioritise countries with large numbers of poor people.

- 56% of overall aid goes to East Asia and South and Central Asia; 21% goes to sub-Saharan Africa.
- Almost half of bilateral aid is loans and equity, three times the DAC average.
- Nearly a third of bilateral aid goes to infrastructure. Korea is the seventh largest DAC donor to the sector.

Resource flows from Korea to developing countries

FDI outflows have grown since 2006, more than ODA and other official flows

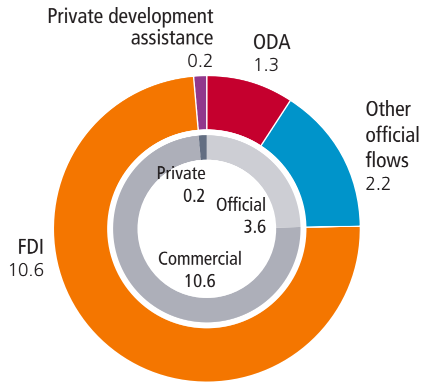
US$ billions, 2000–2011



Note: Data on remittances before 2010 is unavailable. Data on private development assistance is available only for 2011. Data on FDI for 2002 and 2005 is unavailable.

FDI accounts for almost 75% of outflows, ODA just under 10%

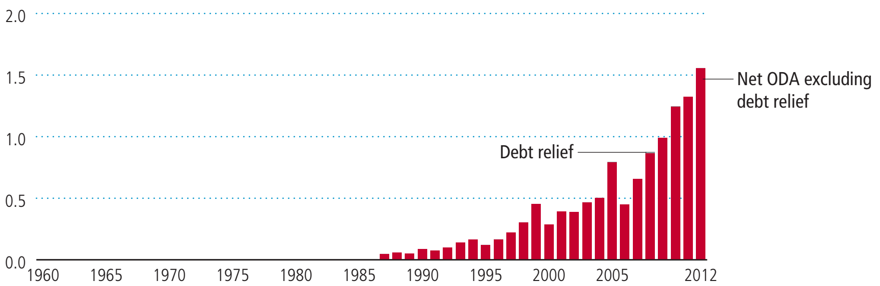
US$ billions, 2011



How much ODA does Korea give?

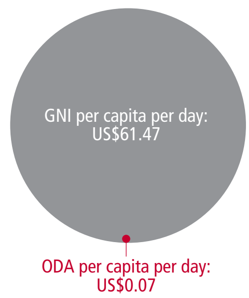
Aid levels have increased since the mid-1990s

US$ billions, 1960–2012



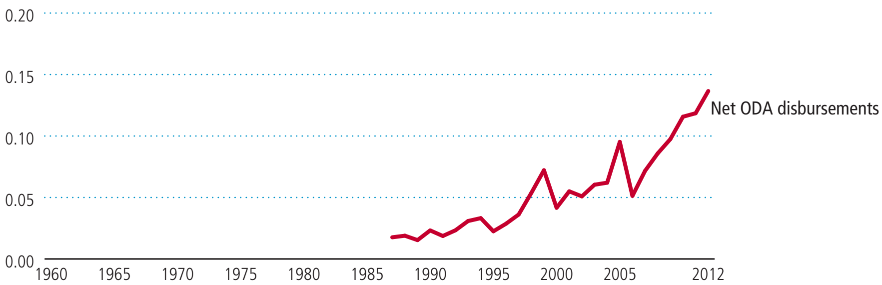
Note: Korea has been providing ODA since 1987 and joined the DAC in 2010.

ODA per capita was US$27 in 2011; ODA was 0.12% of GNI



ODA as a share of Korea's national income has risen since 2000

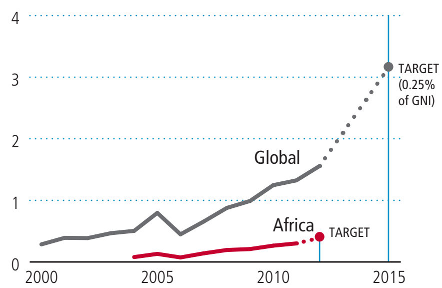
% of GNI, 1960–2012



Note: Korea has been providing ODA since 1987 and joined the DAC in 2010.

ODA increases are needed to reach 0.25% of GNI by 2015 and to double ODA to Africa in 2009–2012

Net ODA, US$ billions, 2000–2015



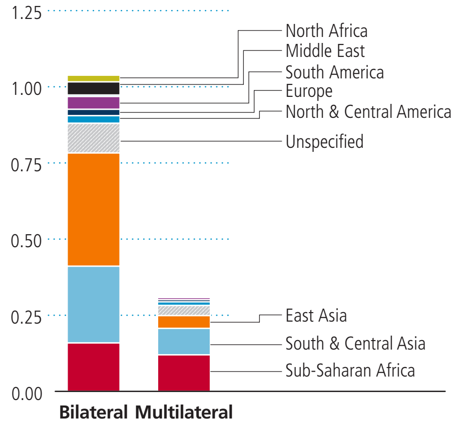
Note: Final data on ODA for 2012 is not yet available.

Where does aid from Korea go?

Some 31% of total aid from Korea goes to East Asia and 25% goes to South and Central Asia, while sub-Saharan Africa receives 21%. Bilateral aid from Korea prioritises countries with relatively large numbers of poor people but not necessarily countries with relatively high poverty rates. Viet Nam receives 16% of bilateral ODA; Jordan and Afghanistan are also among the ten largest recipients. Most aid to the largest recipients is loans and equity, though technical cooperation and debt relief are also important (especially to Mongolia). Sub-Saharan Africa accounts for 15% of bilateral ODA from Korea, with Tanzania the largest single recipient.

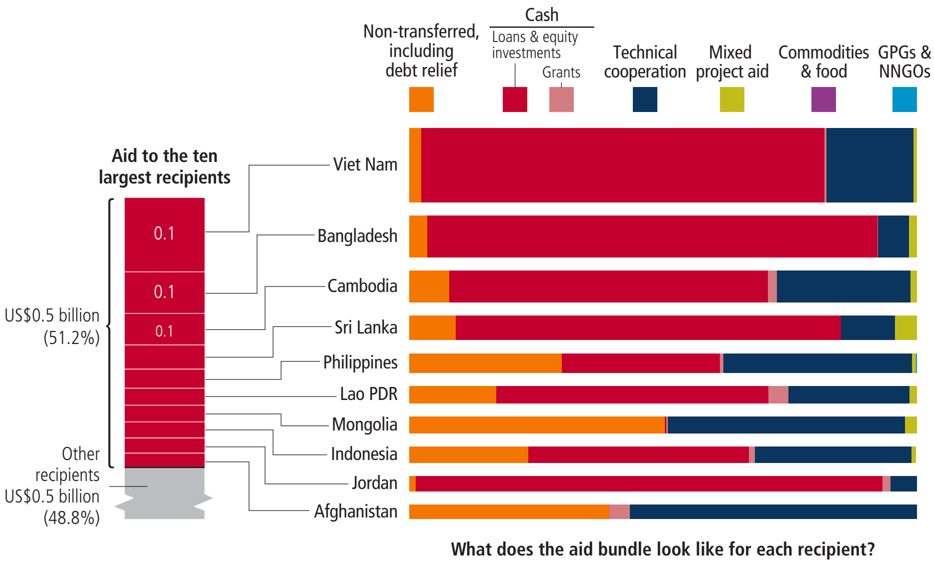
56% of overall ODA goes to Asia, 21% to sub-Saharan Africa

Gross ODA, US$ billions, 2011



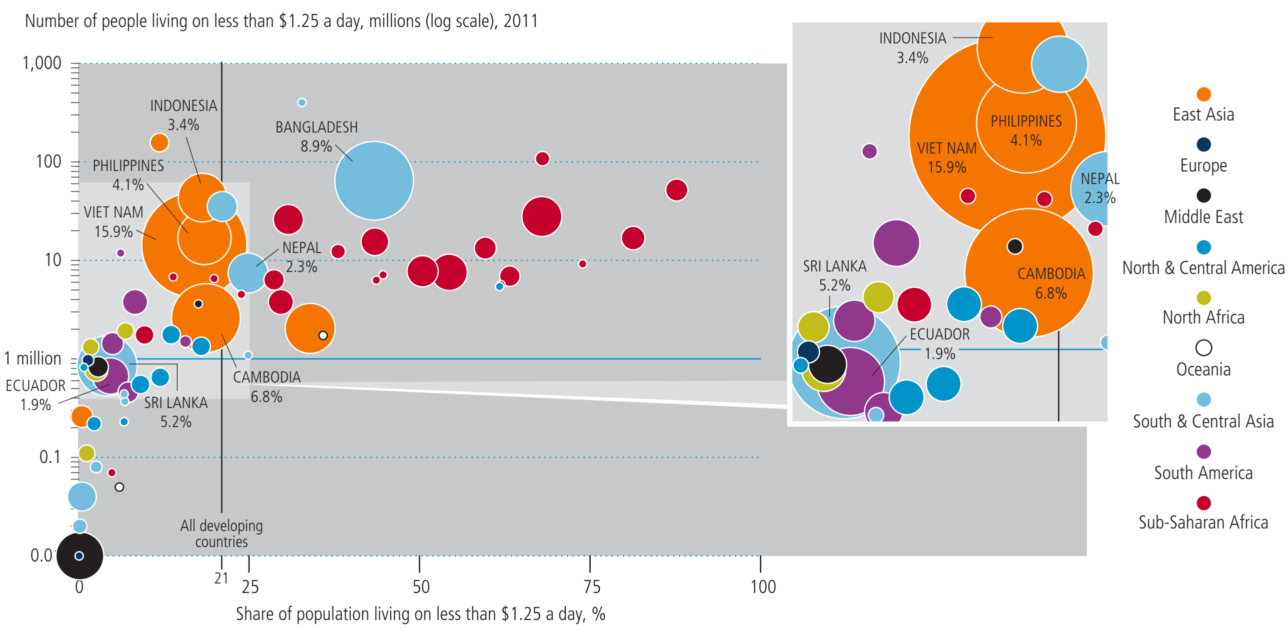
Loans and equity are important for most major recipients, as is technical cooperation, particularly for some smaller recipients

% of gross bilateral ODA, 2011



Most major recipients of ODA from Korea are in neighbouring regions

76% of bilateral ODA goes to countries with relatively large numbers of poor people, 35% to countries with below-average poverty rates



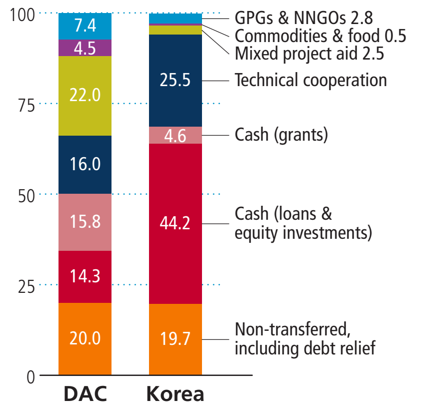
Note: Bubble size indicates the share of bilateral ODA allocated to the country in 2011.

What is in the ODA bundle from Korea?

Korea gives nearly 45% of bilateral ODA as loans and equity, nearly triple the DAC average. On average, these loans have a comparatively high grant element of 89%. The share of aid given as technical cooperation is also above the DAC average. Since 2006 infrastructure has become the largest single sector, accounting for 32% of Korean aid, mostly as loans and equity. Korea is the seventh largest donor of bilateral ODA to the infrastructure sector.

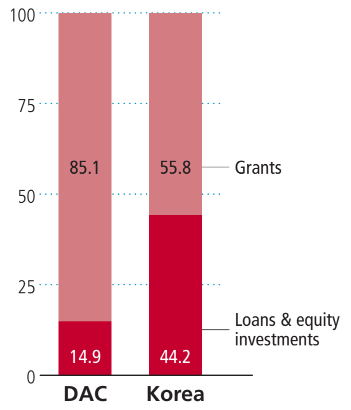
Loans and equity and technical cooperation are above the DAC average

% of gross bilateral ODA, 2011



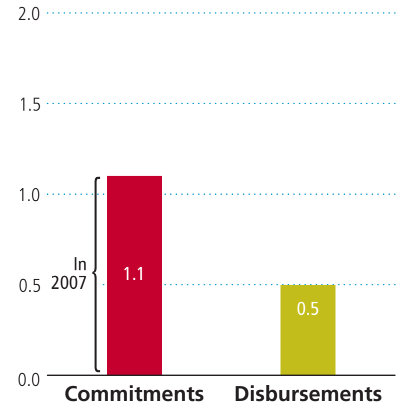
Korea provides a smaller share of aid as grants than the DAC average

% of gross bilateral ODA, 2011



51% of 2007 aid project commitments had been realised by 2011

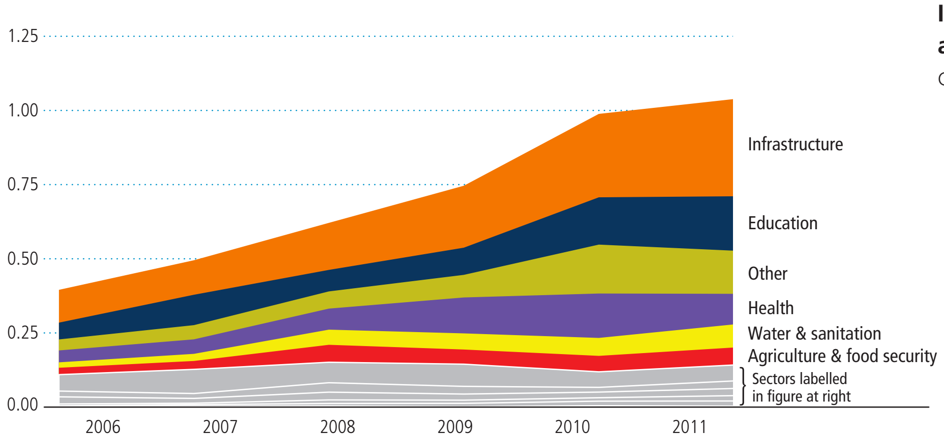
US$ billions, 2011



Note: This chart takes data from all projects for which commitments were recorded in 2007. It compares the commitments to these same projects, including any additional commitments made in 2008–2011, against the total disbursements made to these projects between 2007 and 2011.

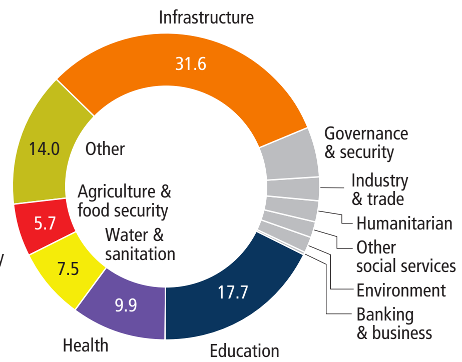
Bilateral ODA to the infrastructure sector has almost tripled since 2006; aid to education, health, and agriculture and food security has also grown

Gross bilateral ODA by sector, US$ billions, 2006–2011



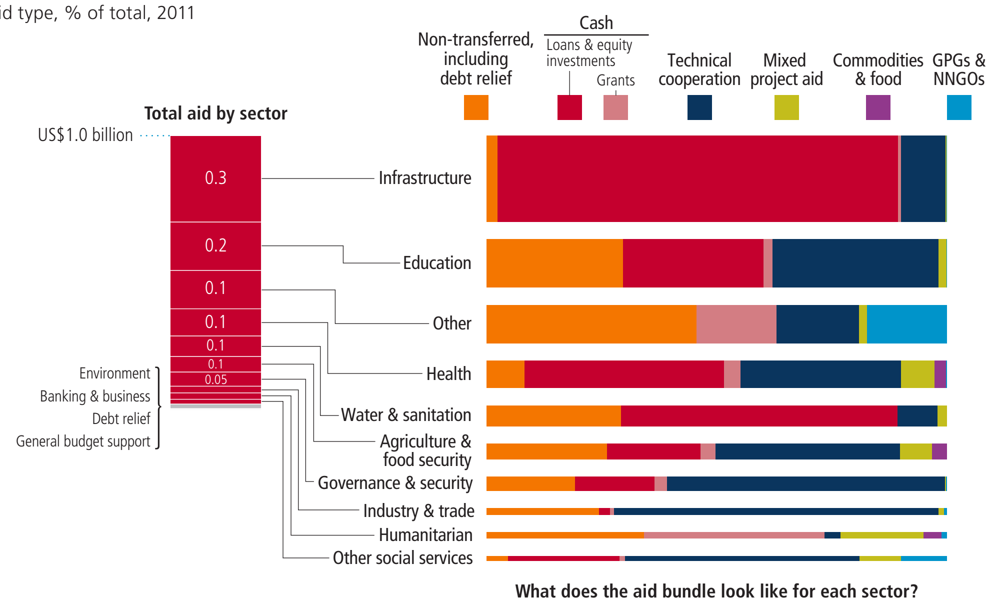
Infrastructure accounts for almost a third of bilateral ODA

Gross bilateral ODA by sector, % of total, 2011



Most bilateral ODA to infrastructure is loans and equity; smaller sectors receive substantial technical cooperation

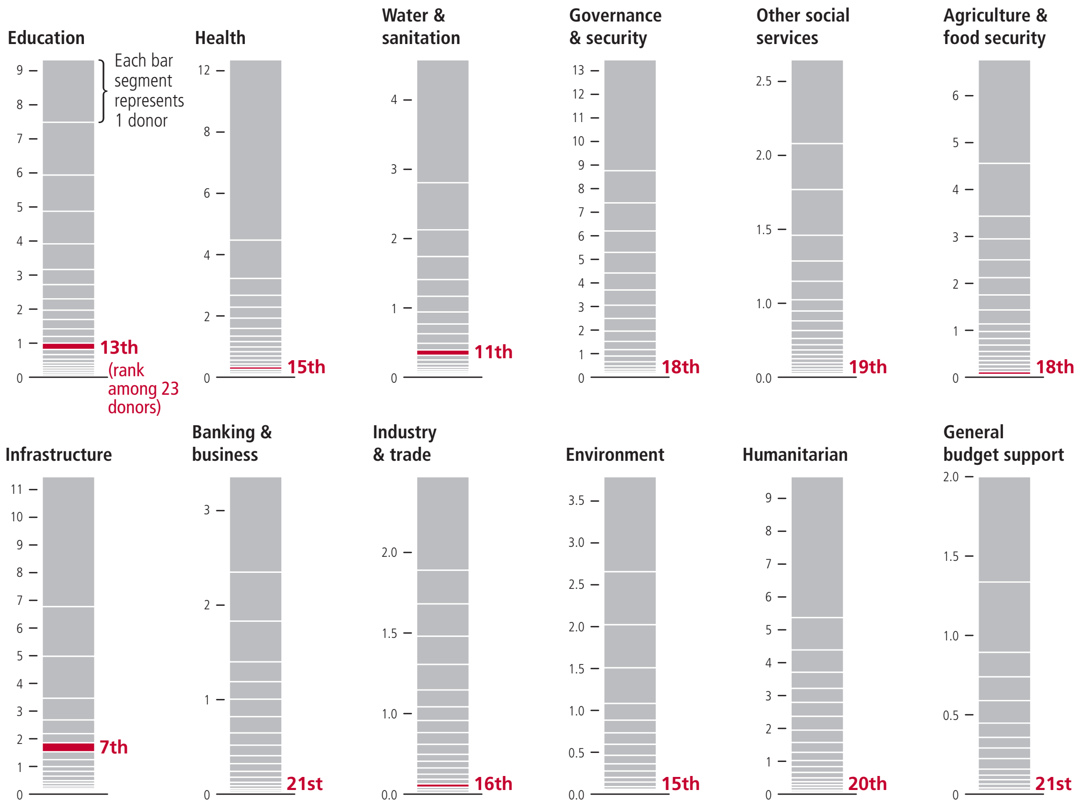
Gross bilateral ODA by aid type, % of total, 2011



The infrastructure sector accounts for almost a third of bilateral aid from Korea, 87% of which is loans and equity

Korea is the seventh largest provider of bilateral ODA to the infrastructure sector but ranks outside the top 10 in all other sectors

DAC donors ranked in descending order of ODA funding to each sector, US$ billions, 2011



What is Korea's commitment to transparency?

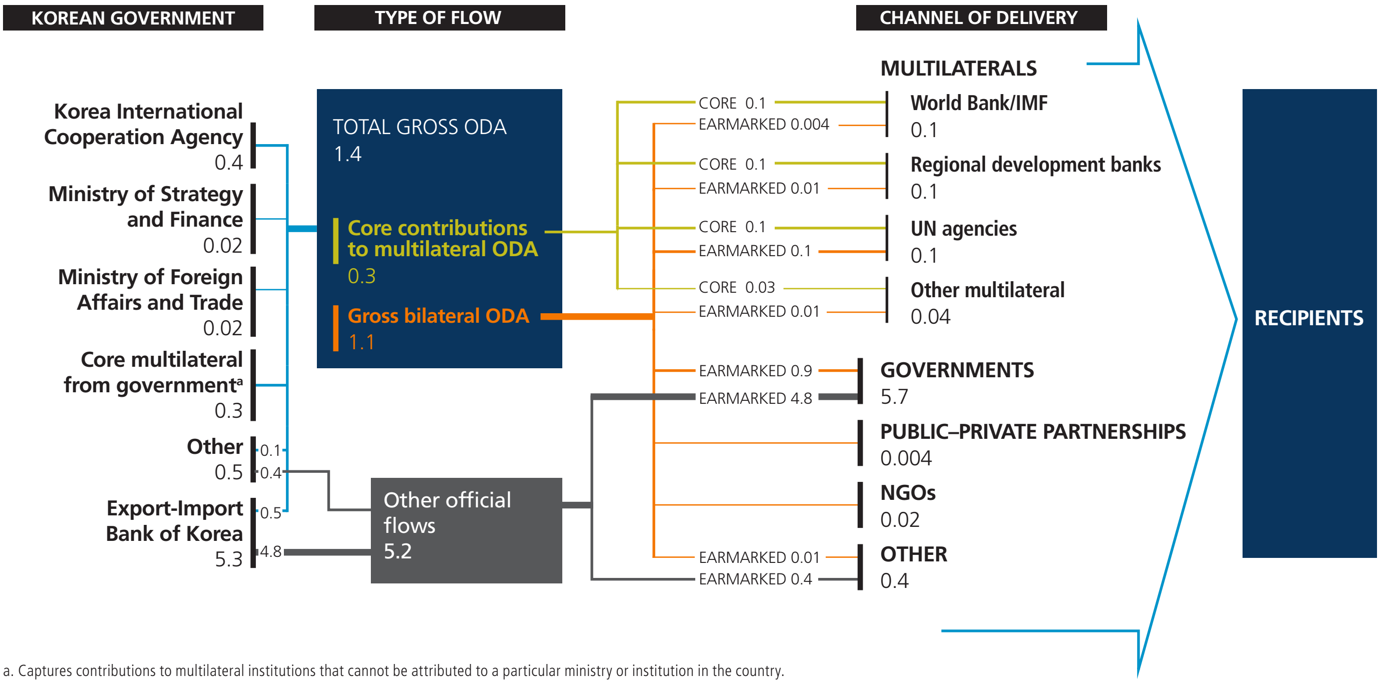
IATI	Non-signatory
OGP	Member
EITI	Unsupportive government

Key

- Excellent/committed
- Good/moving forward
- Poor/no action

Most bilateral ODA comes from the Korea International Cooperation Agency, and most ODA goes through recipient governments

Gross ODA and other official flows by source, type of flow and channel of delivery, US$ billions, 2011



a. Captures contributions to multilateral institutions that cannot be attributed to a particular ministry or institution in the country.

Note: Data is from the DAC (ODA and other official flows data), the World Bank (remittances, GNI and poverty), the United Nations Conference on Trade and Development (FDI) and Development Initiatives (private development assistance and development finance institutions). All data in US$ is in 2011 prices except the 2012 figure in the title area, which is in current (2012) prices. Some overlaps of international flows have been taken into account; see *Methodology*. 'Other' aid includes multisector ODA, administrative costs, support for refugees in the donor country and unallocated or unspecified ODA. DAC is the Development Assistance Committee of the Organisation for Economic Co-operation and Development. EITI is the Extractive Industries Transparency Initiative. FDI is foreign direct investment. GNI is gross national income. GPGs are global public goods. IATI is the International Aid Transparency Initiative. IMF is the International Monetary Fund. NNGOs are Northern non-governmental organisations. ODA is official development assistance (aid). OGP is the Open Government Partnership.

LUXEMBOURG
Net ODA: US$0.4 billion in 2012, 22nd largest DAC donor

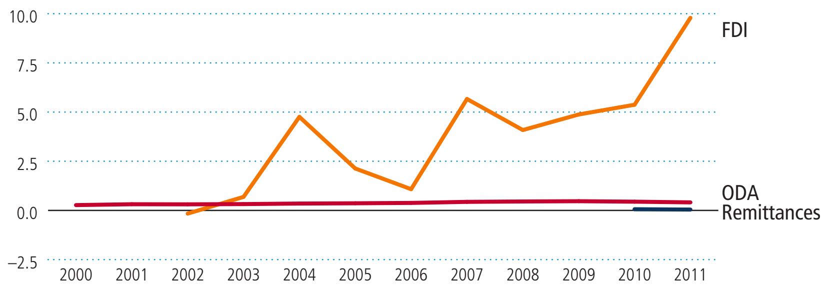
FDI accounts for 95% of outflows from Luxembourg to developing countries. ODA has been above 0.7% of national income since 2000. Poverty appears to influence aid allocations: two-thirds goes to countries with more than 1 million poor people.

- More than two-fifths of overall aid goes to sub-Saharan Africa.
- Over a third of bilateral aid is non-transferred, as is more than half of aid to most major recipients.

Resource flows from Luxembourg to developing countries

FDI has consistently been the largest outflow to developing countries

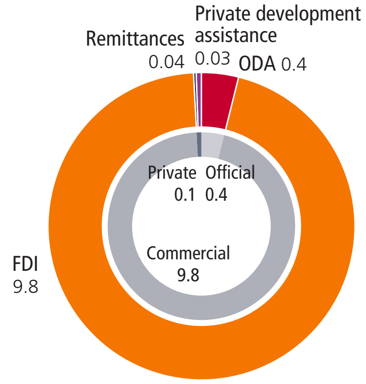
US$ billions, 2000–2011



Note: Data on remittances before 2010 is unavailable. Data on private development assistance is available only for 2011.

Aid accounted for just 4% of outflows from Luxembourg in 2011

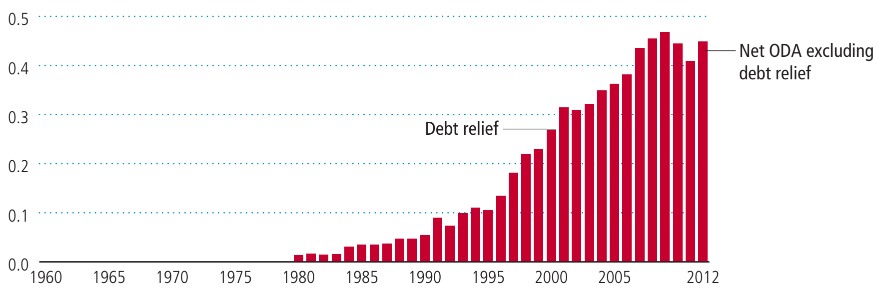
US$ billions, 2011



How much ODA does Luxembourg give and where does it go?

Aid levels increased steadily throughout the 1990s and 2000s

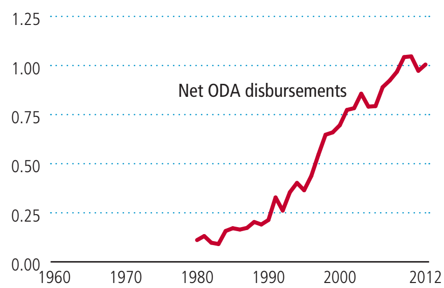
US$ billions, 1960–2012



Note: Luxembourg joined the DAC in 1992.

ODA as a share of income

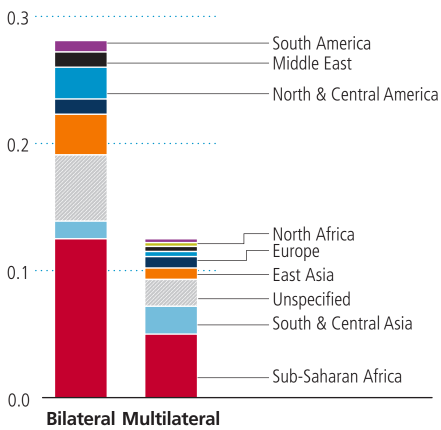
% of GNI, 1960–2012



Note: At the May 2005 European Council, EU-15 member states committed to reach 0.7% of GNI as ODA. Luxembourg has committed to reach 1.0% of GNI as ODA.

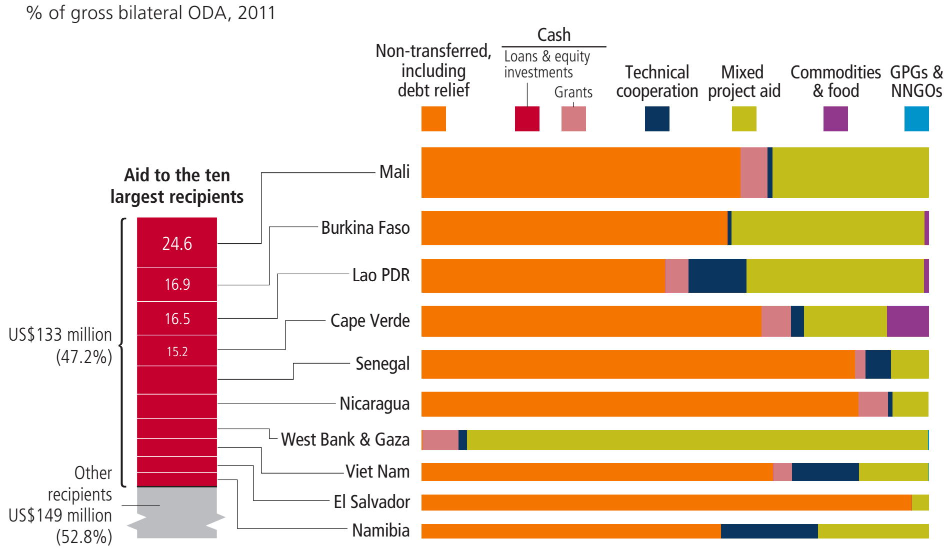
More than two-fifths of overall aid goes to sub-Saharan Africa

US$ billions, 2011



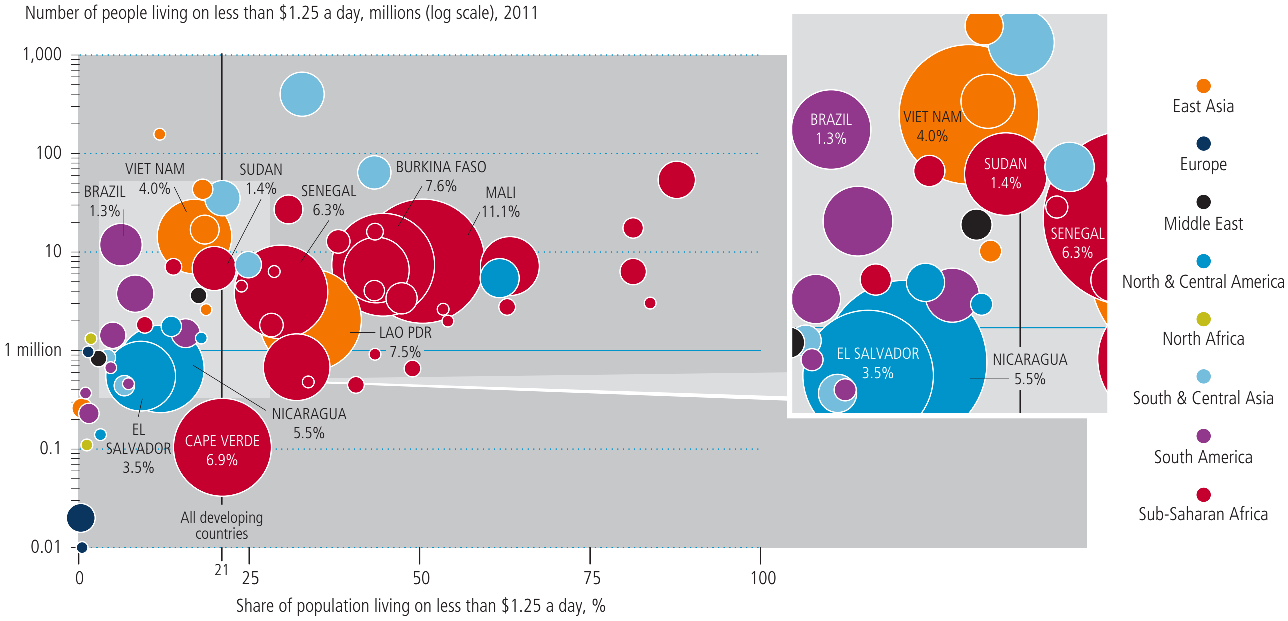
Most aid is non-transferred, except that to West Bank and Gaza and Lao PDR

% of gross bilateral ODA, 2011



What does the aid bundle look like for each recipient?

Two-thirds of aid from Luxembourg goes to countries with more than 1 million poor people, though a fifth goes to countries with below-average poverty rates and fewer than 1 million poor people

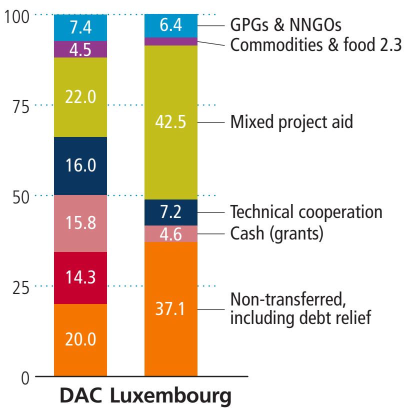


Note: Bubble size indicates the share of bilateral ODA allocated to the country in 2011.

What is in the ODA bundle from Luxembourg?

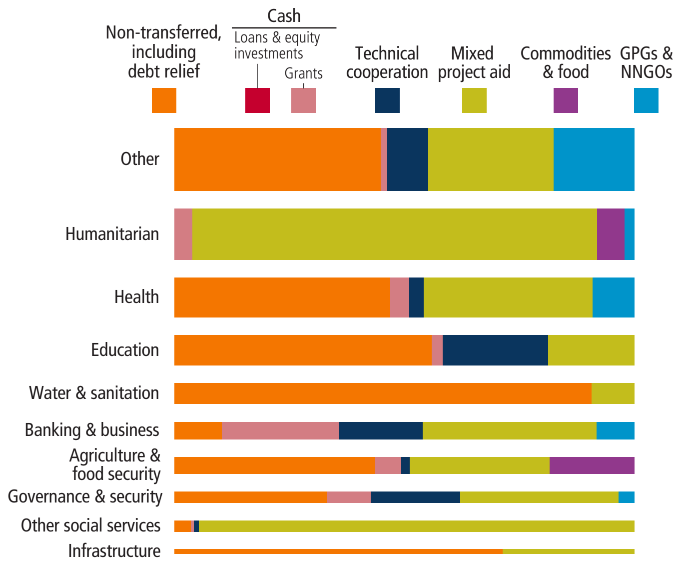
Some 37% of aid is non-transferred, almost twice the DAC average

% of gross bilateral ODA, 2011



Non-transferred aid is considerable for most major sectors, including health and education

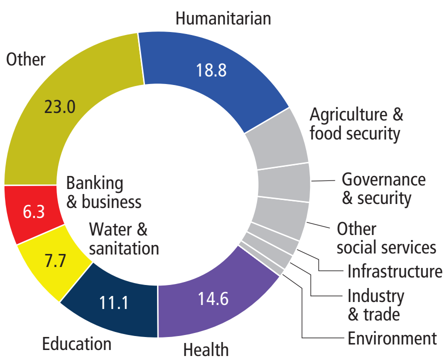
Gross bilateral ODA by aid type, % of total, 2011



What does the aid bundle look like for each sector?

Humanitarian assistance is the largest identifiable destination sector

Gross bilateral aid by sector, % of total, 2011



What is Luxembourg's commitment to transparency?

IATI	Non-signatory
OGP	Non-member
EITI	Unsupportive government

Key

- Excellent/committed
- Good/moving forward
- Poor/no action

Note: Data is from the DAC (ODA and other official flows data), the World Bank (remittances, GNI and poverty), the United Nations Conference on Trade and Development (FDI) and Development Initiatives (private development assistance and development finance institutions). All data in US$ is in 2011 prices except the 2012 figure in the title area, which is in current (2012) prices. Some overlaps of international flows have been taken into account; see *Methodology*. 'Other' aid includes multisector ODA, administrative costs, support for refugees in the donor country and unallocated or unspecified ODA. DAC is the Development Assistance Committee of the Organisation for Economic Co-operation and Development. EITI is the Extractive Industries Transparency Initiative. FDI is foreign direct investment. GNI is gross national income. GPGs are global public goods. IATI is the International Aid Transparency Initiative. NNGOs are Northern non-governmental organisations. ODA is official development assistance (aid). OGP is the Open Government Partnership.

NETHERLANDS

Net ODA: US$5.5 billion in 2012, 7th largest DAC donor

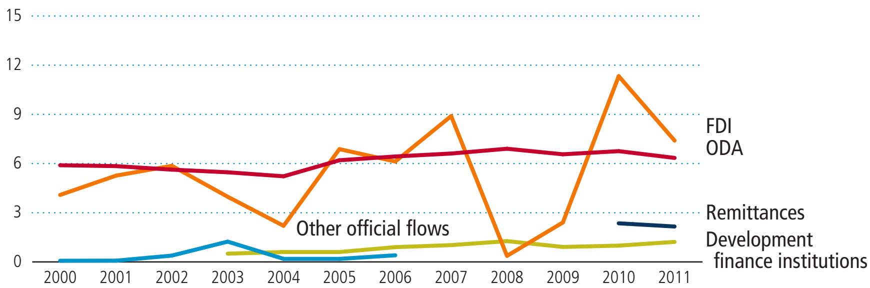
ODA is the largest resource flow to developing countries from the Netherlands, followed by FDI. While ODA has been above 0.7% of national income since 1975, recent policy led aid volumes to drop. Bilateral aid appears to prioritise countries with large numbers of poor people and above-average poverty rates.

- Almost half of overall aid and two-thirds of bilateral aid is not allocated to a specific region.
- Almost all aid is provided as grants; the share given to support GPGs and NNGOs is three times the DAC average.
- More than a quarter of aid is non-transferred, mostly administrative and in-donor refugee costs.

Resource flows from the Netherlands to developing countries

ODA has fallen since 2008; FDI has fluctuated considerably

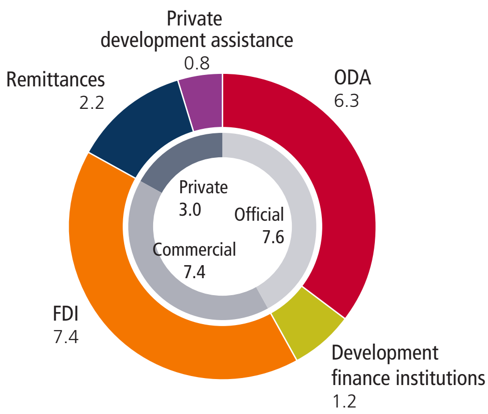
US$ billions, 2000–2011



Note: Data on remittances before 2010 is unavailable. Data on private development assistance is available only for 2011.

41% of outflows are FDI; 35% are ODA

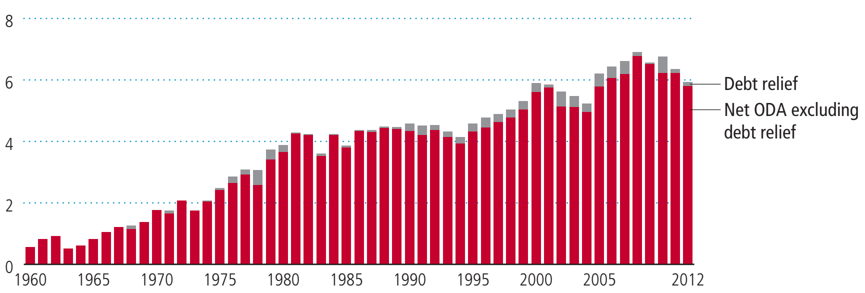
US$ billions, 2011



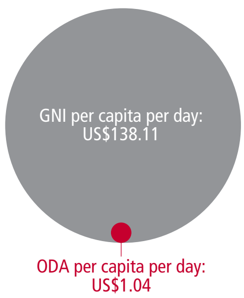
How much ODA does the Netherlands give?

ODA has steadily increased since the 1960s, peaking in the late 2000s

US$ billions, 1960–2012

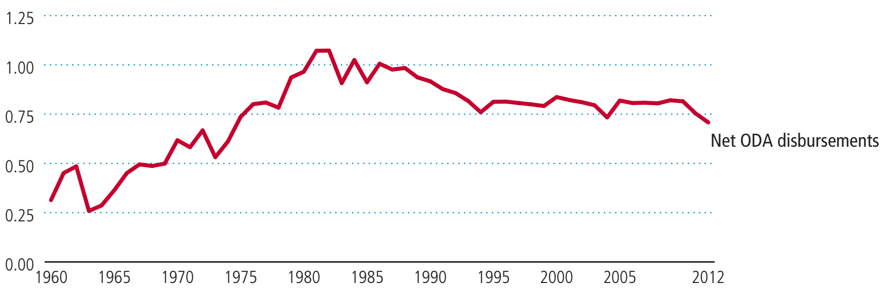


ODA per capita was US$380 in 2011; ODA was 0.75% of GNI



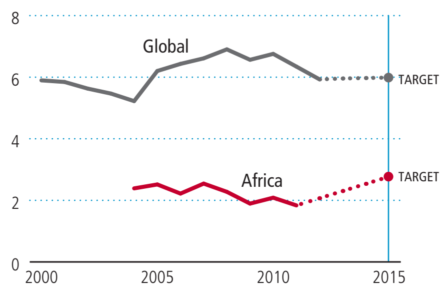
While ODA as a share of national income has been flat since the mid-1990s, it has dipped since 2009

% of GNI, 1960–2012



ODA has been above 0.7% of GNI since 1975

Net ODA, US$ billions, 2000–2015



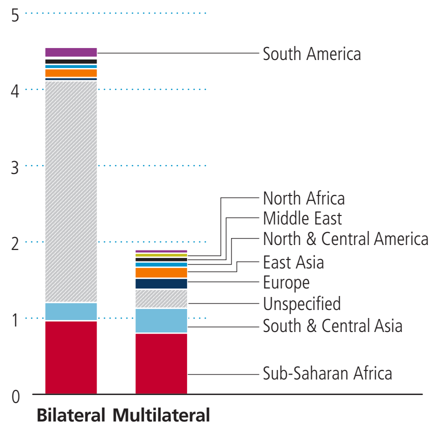
Note: EU member state ODA commitments agreed at May 2005 European Council.

Where does aid from the Netherlands go?

Over a quarter of overall aid from the Netherlands goes to sub-Saharan Africa, but almost half has no specified region. The Netherlands gives bilateral aid to 91 countries, fewer than most other DAC donors. Almost all bilateral aid goes to countries with a large number of poor people, while almost two-thirds goes to countries with above-average rates of poverty. The largest recipient of bilateral aid was Afghanistan. Most African recipients receive high proportions of bilateral aid as cash grants, while Indonesia and Bangladesh receive mostly technical cooperation and mixed project aid. Commodities and food aid accounts for almost of a fifth of bilateral ODA to Ethiopia.

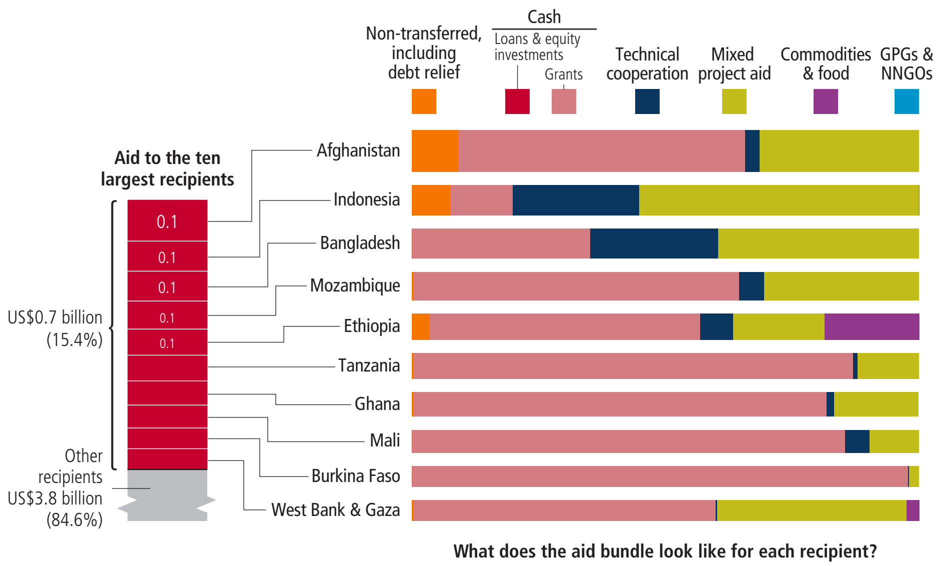
Half of ODA (two-thirds of bilateral ODA) is not allocated to a specific region

Gross ODA, US$ billions, 2011



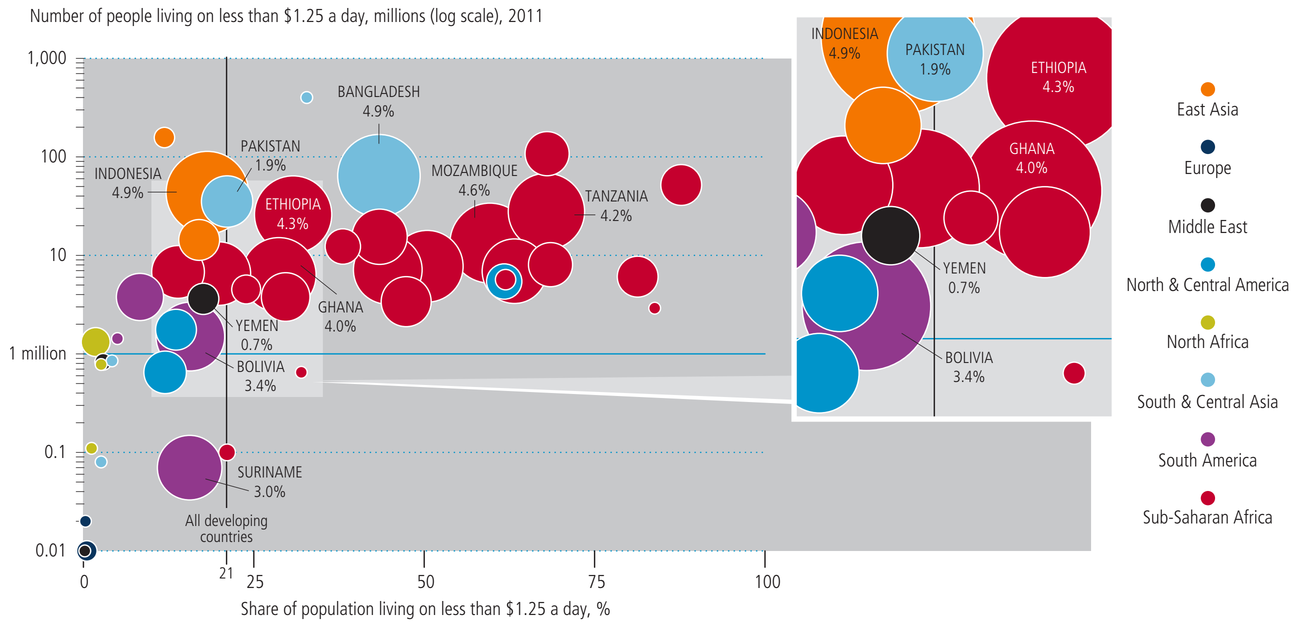
Cash grants dominate aid to most major recipients, but technical cooperation and mixed project aid are the majority for Indonesia and Bangladesh

% of gross bilateral ODA, 2011



The vast majority of bilateral ODA from the Netherlands goes to countries with more than 1 million poor people

87% of aid goes to countries with more than 1 million poor people, while 63% goes to countries with above-average poverty rates



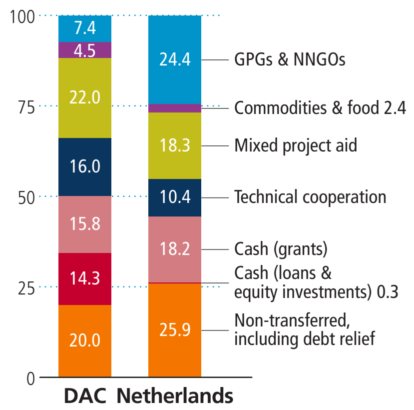
Note: Bubble size indicates the proportion of bilateral ODA allocated to the country in 2011. Afghanistan (6.8%) is among the top five aid recipients, but poverty data is unavailable.

What is in the ODA bundle from the Netherlands?

The share of bilateral ODA from the Netherlands given as support to GPGs and NNGOs is three times higher than the DAC average. The share that is not transferred is also around a fifth higher than for other donors. The Netherlands gives virtually no aid as loans. Some 42% of aid sits outside of 13 main sectors (classified as 'other'), and over 50% of this is in-donor refugee costs and 35% is administrative costs. The largest identifiable sector is governance and security, accounting for about 12% of bilateral ODA.

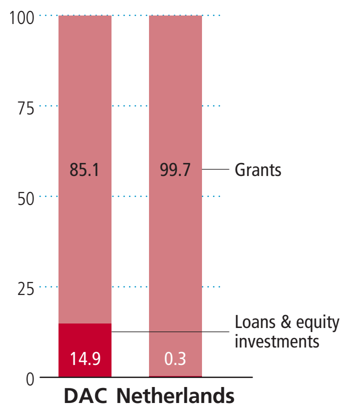
Support to GPGs and NNGOs is three times the DAC average

% of gross bilateral ODA, 2011



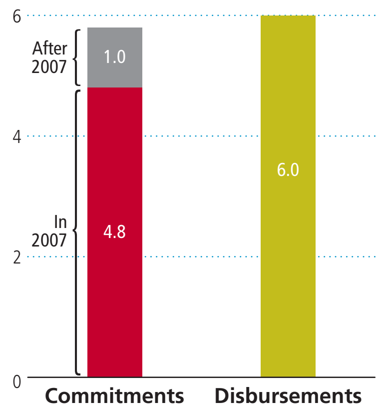
Almost no ODA is provided as loans and equity

% of gross bilateral ODA, 2011



All commitments to 2007 bilateral aid projects had been disbursed by 2011

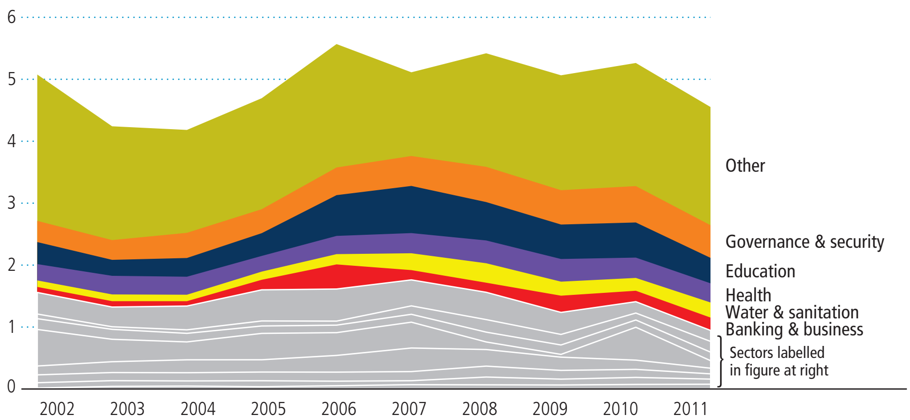
US$ billions, 2011



Note: This chart takes data from all projects for which commitments were recorded in 2007. It compares the commitments to these same projects, including any additional commitments made in 2008–2011, against the total disbursements made to these projects between 2007 and 2011.

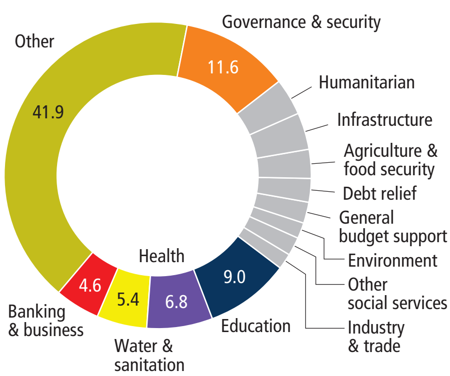
Bilateral aid to water and sanitation, banking and business, governance and security, health and education has increased since 2002

Gross bilateral ODA by sector, US$ billions, 2002–2011



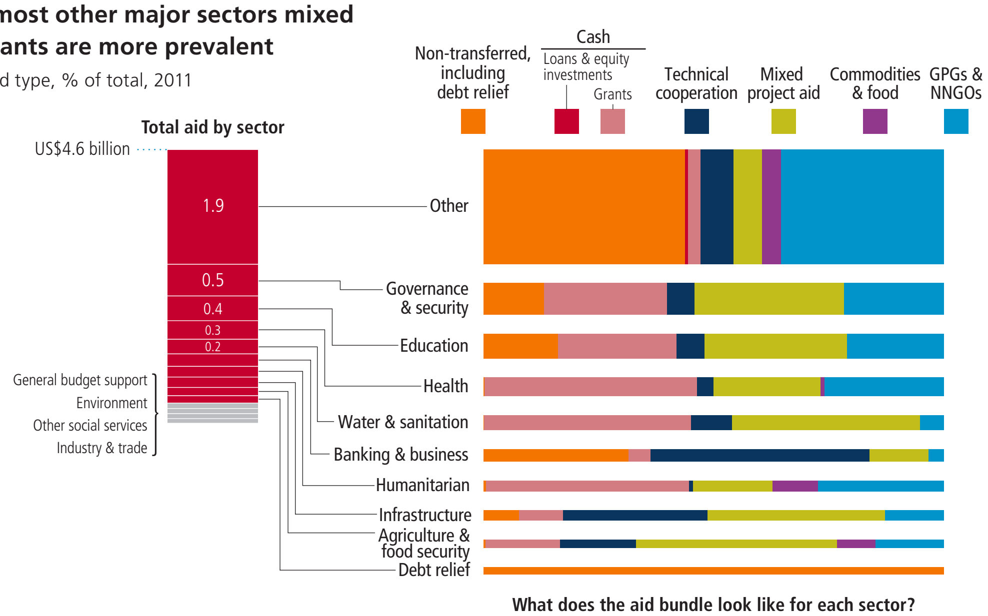
58% of 'other' aid is in-donor refugee costs, 35% is administrative costs

Gross bilateral ODA by sector, % of total, 2011



One third of 'other' aid is support to GPGs and NNGOs, while in most other major sectors mixed project aid and grants are more prevalent

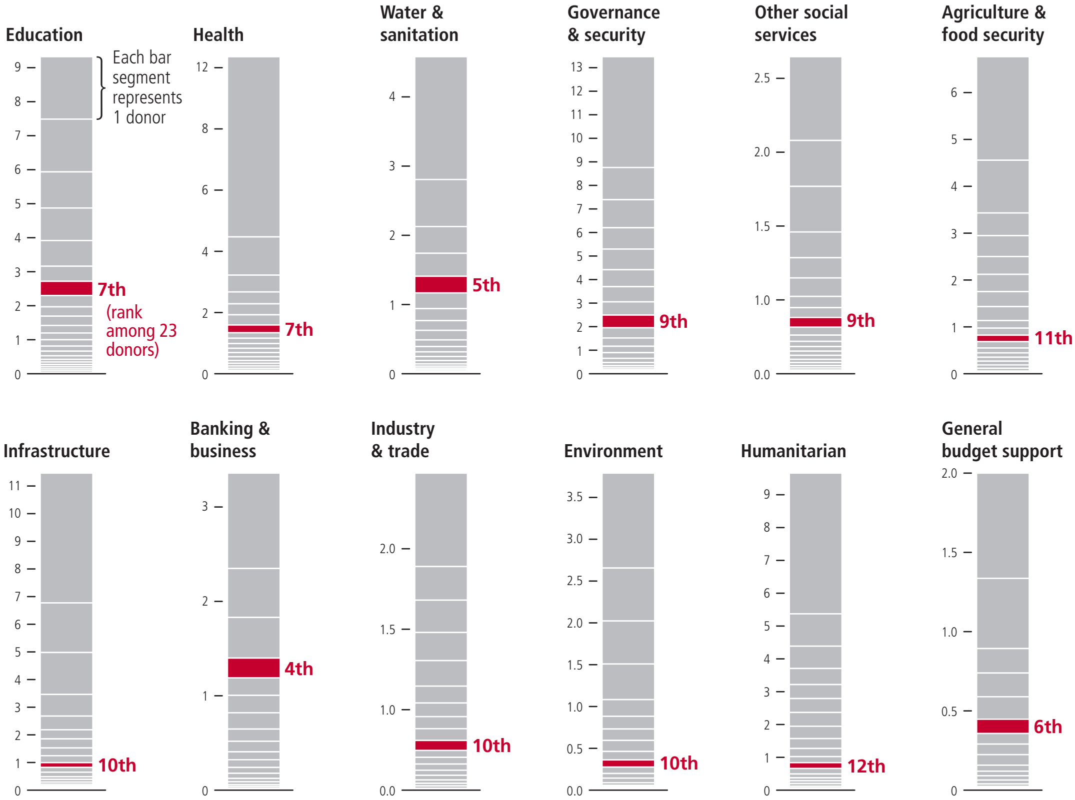
Gross bilateral ODA by aid type, % of total, 2011



The Netherlands is second only to the UK in bilateral ODA to support GPGs and NNGOs

The Netherlands is the fourth largest bilateral DAC donor to banking and business and the fifth largest to water and sanitation

DAC donors ranked in descending order of ODA funding to each sector, US$ billions, 2011



What is the Netherlands' commitment to transparency?

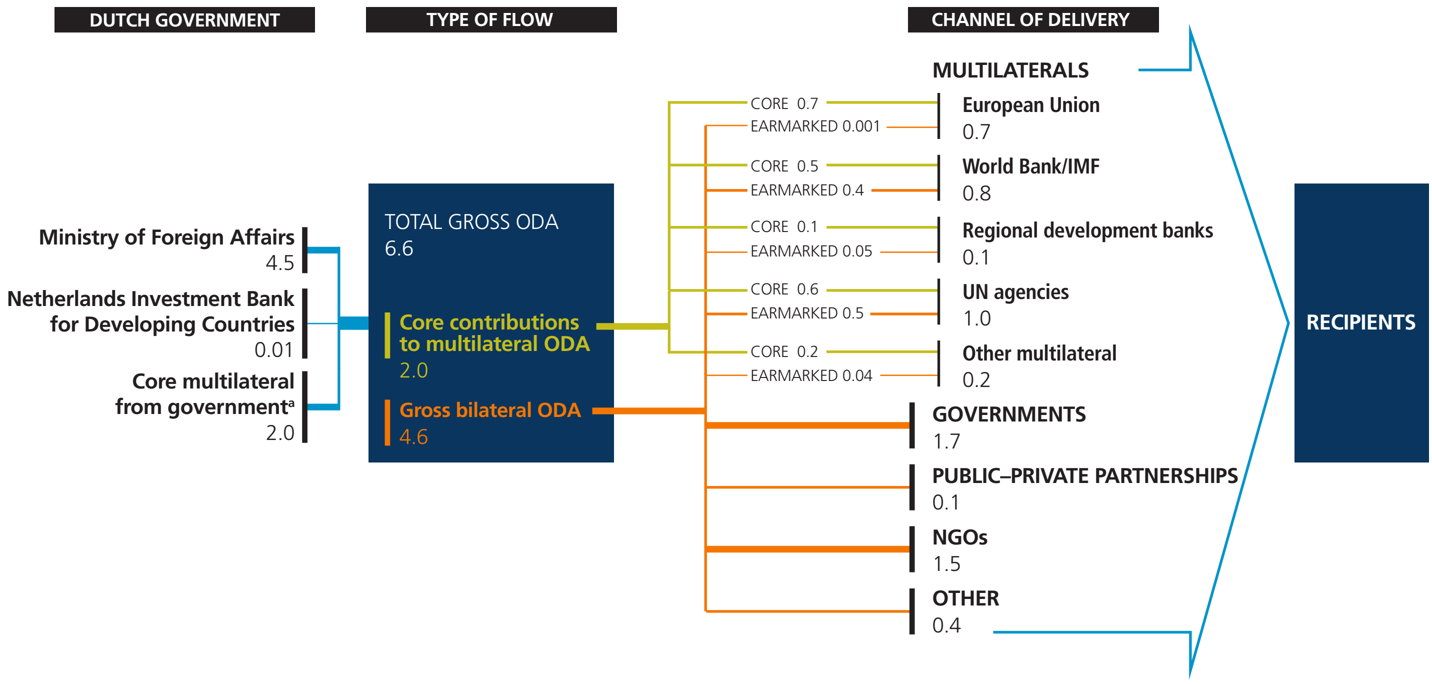
IATI	Publishing signatory
OGP	Member
EITI	Supportive government

Key

- Excellent/committed
- Good/moving forward
- Poor/no action

Almost all bilateral comes from the Ministry of Foreign Affairs; similar shares are delivered by both governments and NGOs

Gross ODA by source, type of flow and channel of delivery, US$ billions, 2011



a. Captures contributions to multilateral institutions that cannot be attributed to a particular ministry or institution in the country.

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NEW ZEALAND

Net ODA: US$0.5 billion in 2012, 21st largest DAC donor

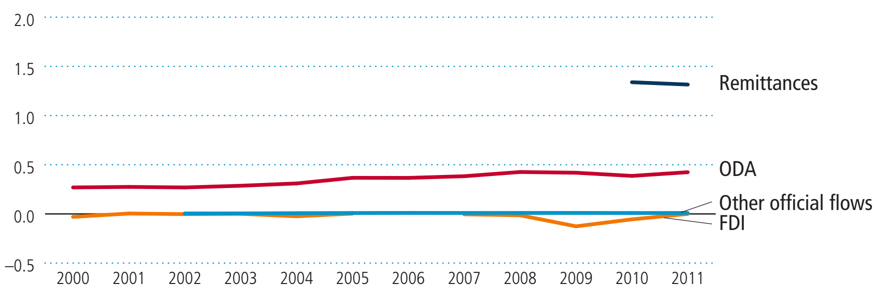
Remittances dominate outflows from New Zealand. ODA accounts for around a quarter of outflows and has risen in recent years but not back to the 1975 high. Poverty appears to influence allocations: almost 90% goes to countries with more than 1 million poor people.

- Half of overall aid goes to Oceania; of the ten largest bilateral recipients, only Indonesia among is not a Pacific island state.
- The share of aid given as cash grants is double the DAC average, but over a quarter of aid is non-transferred.

Resource flows from New Zealand to developing countries

Aid has risen slightly in recent years...

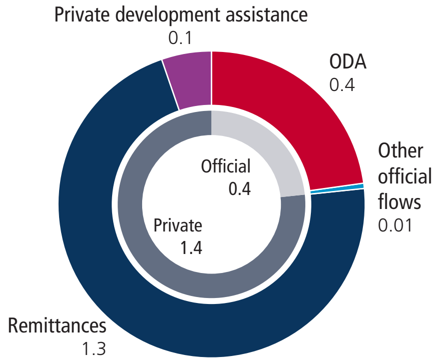
US$ billions, 2000–2011



Note: Data on remittances before 2010 is unavailable. Data on private development assistance is available only for 2011.

...but remittances accounted for more than 75% of 2011 outflows

US$ billions, 2011

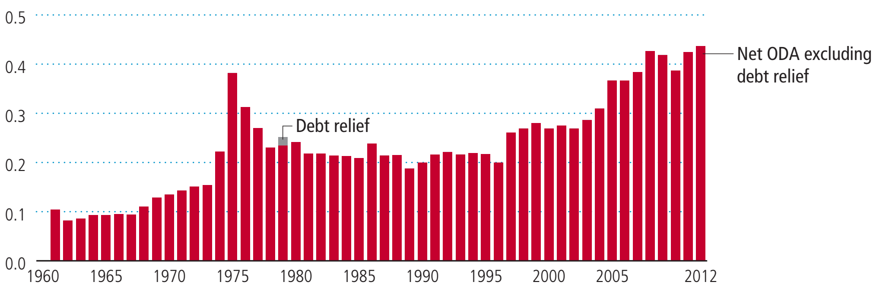


Note: Excludes –US$0.0005 billion in net foreign direct investment.

How much ODA does New Zealand give and where does it go?

Aid levels have increased recently, surpassing their 1975 peak only in 2007

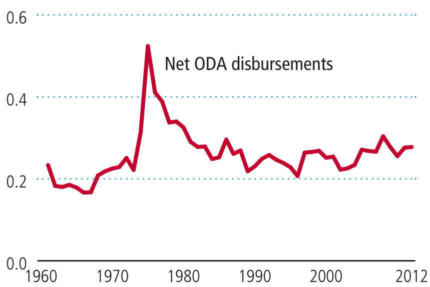
US$ billions, 1960–2012



Note: New Zealand has reported ODA since 1961 ahead of joining the DAC in 1963.

Aid was 0.52% national income in 1975; now it is 0.28%

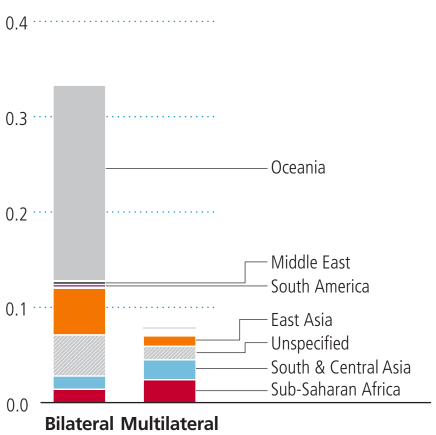
% of GNI, 1960–2012



Note: New Zealand committed to reaching NZ$600 million (US$479 million) in ODA by 2010 but had not reached this level by 2012.

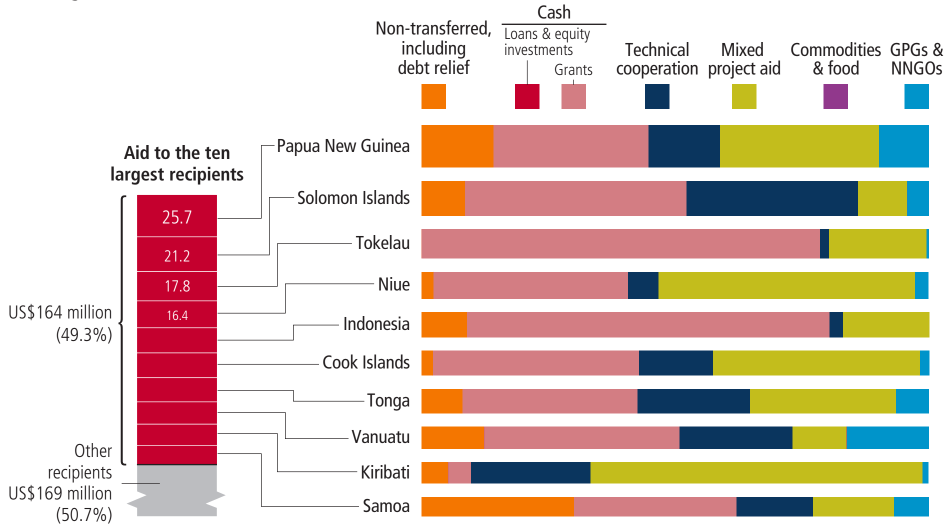
Half of overall aid goes to Oceania; 80% of aid is bilateral, third highest among DAC donors

US$ billions, 2011



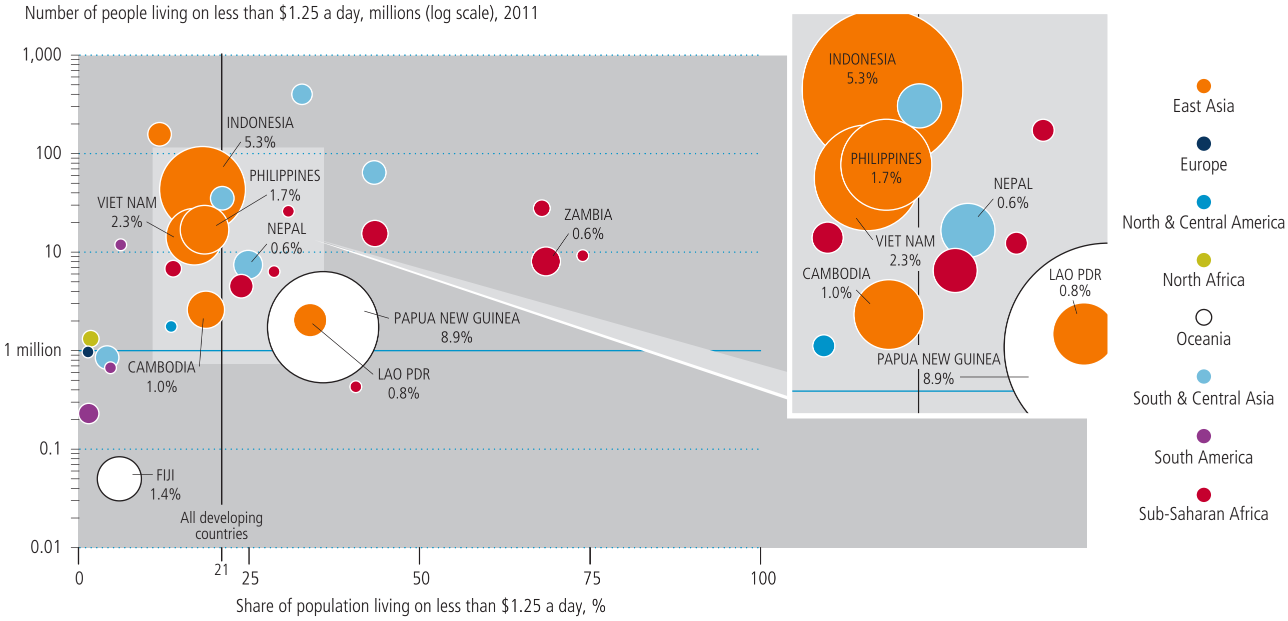
Half of bilateral aid goes to ten recipients, nine of them Pacific island states

% of gross bilateral ODA, 2011



What does the aid bundle look like for each recipient?

Aid from New Zealand targets poor people: 88% goes to countries with more than 1 million poor people, and about half goes to countries with higher than average poverty rates

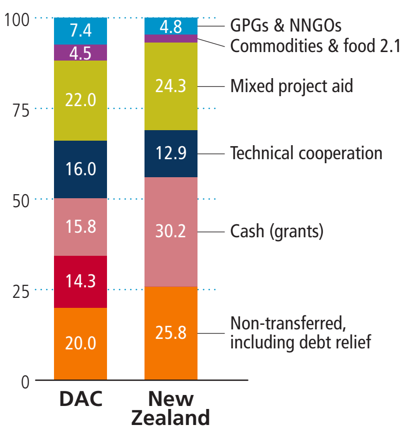


Note: Bubble size indicates the share of bilateral ODA allocated to the country in 2011. Solomon Islands (7.3%), Tonga (5.1%), Vanuatu (4.7%), Kiribati (4.4%) and Samoa (4.0%) are among the top five aid recipients, but poverty data is unavailable.

What is in the ODA bundle from New Zealand?

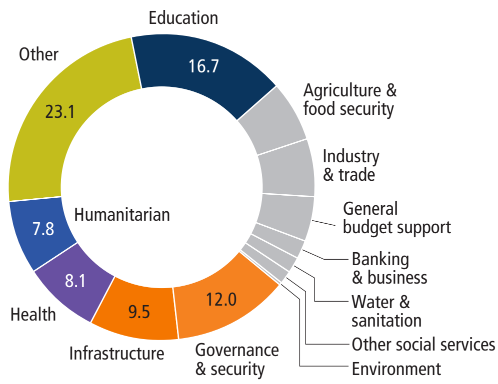
The share of aid given as cash grants is double the DAC average

% of gross bilateral ODA, 2011



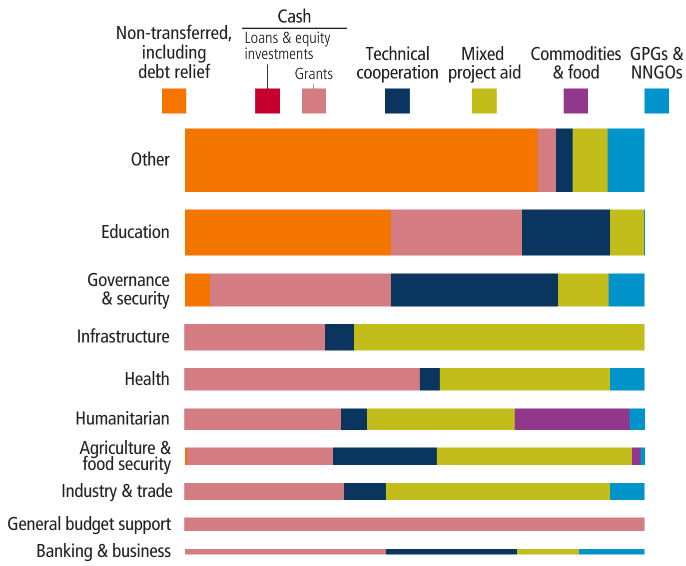
Education is the largest identifiable sector of aid from New Zealand

Gross bilateral aid by sector, % of total, 2011



Half of aid to education is non-transferred student costs, while non-transferred administrative costs (classified under 'other') are substantial

Gross bilateral ODA by aid type, % of total, 2011



What does the aid bundle look like for each sector?

What is New Zealand's commitment to transparency?

IATI	Signatory
OGP	Non-member
EITI	Unsupportive government

Key

Excellent/committed
Good/moving forward
Poor/no action

Note: Data is from the DAC (ODA and other official flows data), the World Bank (remittances, GNI and poverty), the United Nations Conference on Trade and Development (FDI) and Development Initiatives (private development assistance and development finance institutions). All data in US$ is in 2011 prices except the 2012 figure in the title area, which is in current (2012) prices. Some overlaps of international flows have been taken into account; see *Methodology.* 'Other' aid includes multisector ODA, administrative costs, support for refugees in the donor country and unallocated or unspecified ODA. DAC is the Development Assistance Committee of the Organisation for Economic Co-operation and Development. EITI is the Extractive Industries Transparency Initiative. FDI is foreign direct investment. GNI is gross national income. GPGs are global public goods. IATI is the International Aid Transparency Initiative. NNGOs are Northern non-governmental organisations. ODA is official development assistance (aid). OGP is the Open Government Partnership.

NORWAY

Net ODA: US$4.8 billion in 2012, 10th largest DAC donor

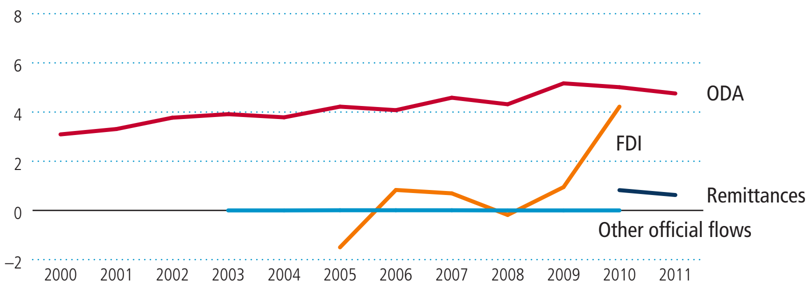
ODA dominates outflows from Norway, having risen consistently since 1960 and exceeded 0.7% of national income in every year since 1976. Poverty appears to influence aid allocations: three-quarters goes to countries with more than 1 million poor people, though almost a quarter goes to countries with below-average poverty rates.

- The share of aid given as support to GPGs and NNGOs is three times the DAC average.
- A third of overall aid goes to sub-Saharan Africa, but Brazil and Afghanistan are the largest bilateral recipients.

Resource flows from Norway to developing countries

ODA has risen over recent years, while FDI has fluctuated

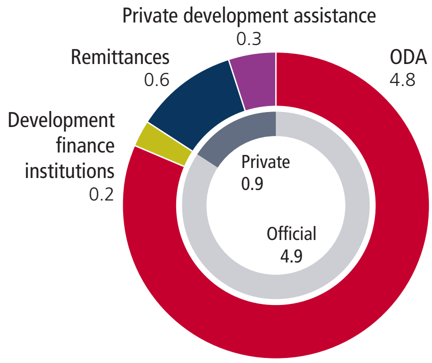
US$ billions, 2000–2011



Note: Data on remittances before 2010 is unavailable. Data on private development assistance is available only for 2011.

ODA accounts for 84% of outflows from Norway to developing countries

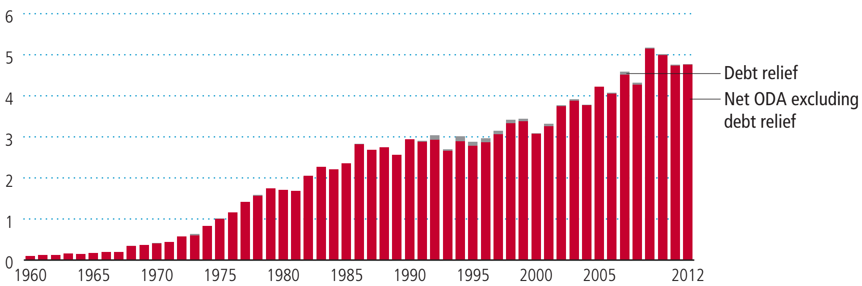
US$ billions, 2011



How much ODA does Norway give and where does it go?

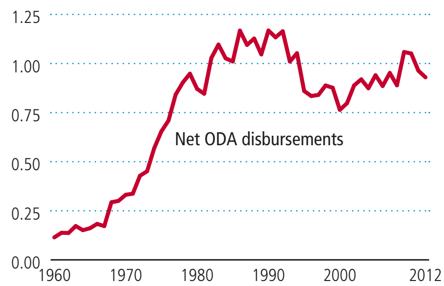
Aid from Norway rose consistently between 1960 and the late 2000s but has dipped in the last three years

US$ billions, 1960–2012



Aid has exceeded 0.7% of Norway's national income since 1976

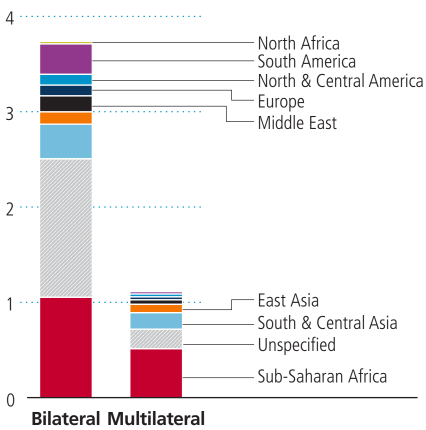
% of GNI, 1960–2012



Note: Norway has committed to maintain 1.0% of GNI as ODA.

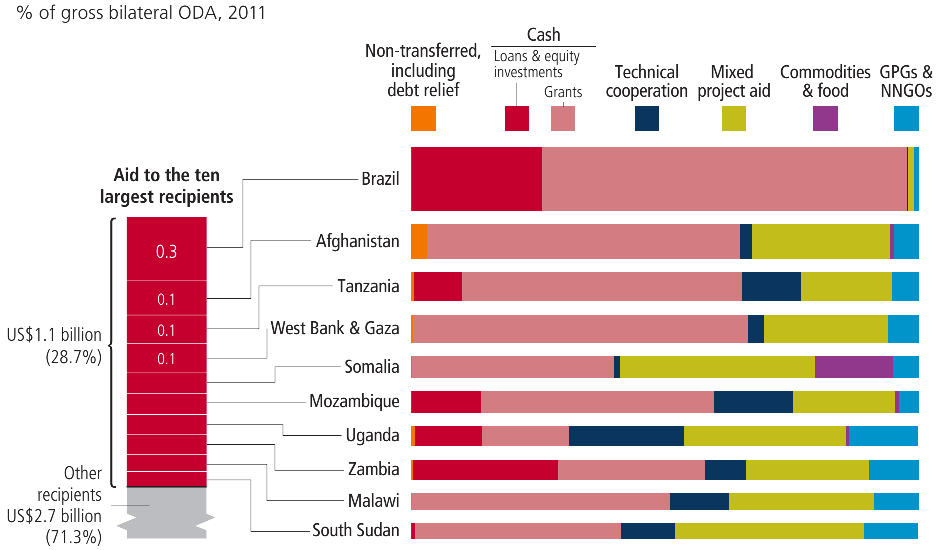
A third of overall aid from Norway goes to sub-Saharan Africa

US$ billions, 2011



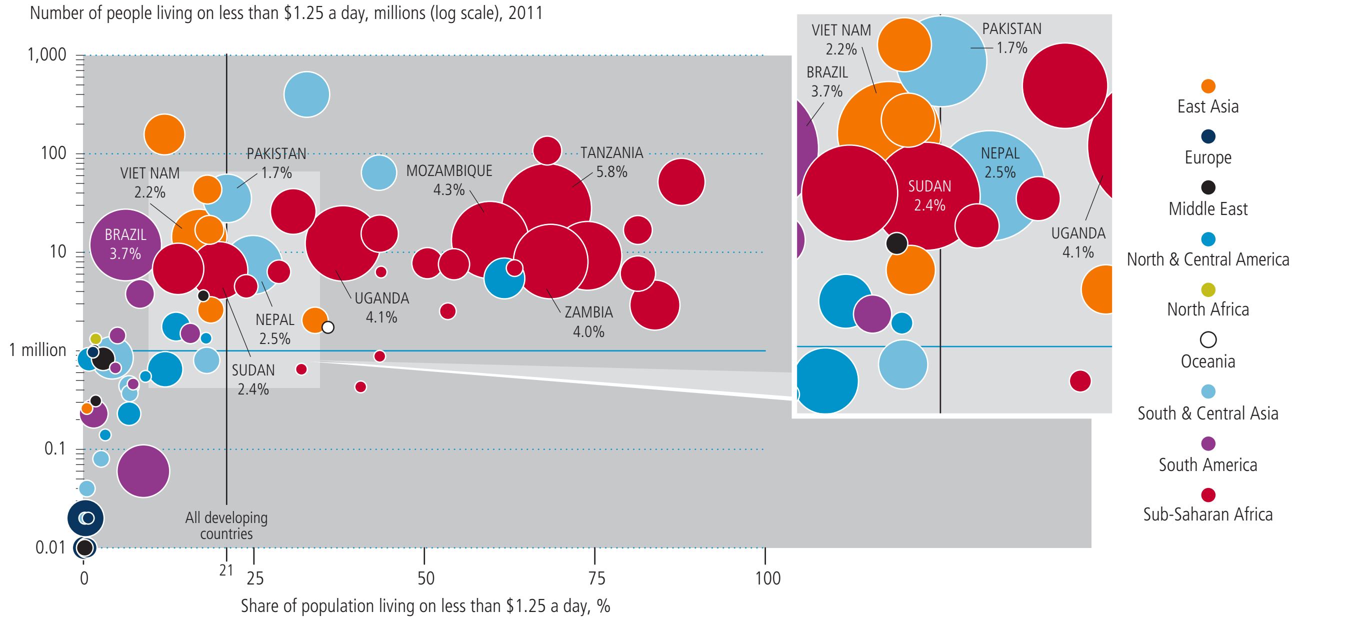
Brazil is the largest bilateral aid recipient; African and fragile states also feature

% of gross bilateral ODA, 2011



What does the aid bundle look like for each recipient?

77% of aid from Norway goes to countries with more than 1 million poor people

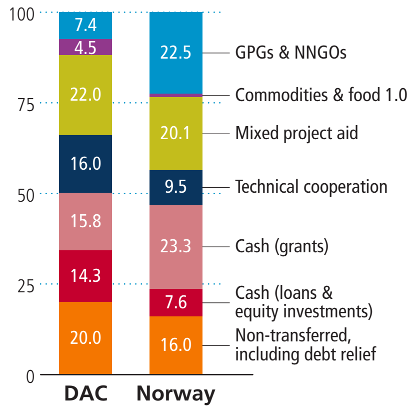


Note: Bubble size indicates the share of bilateral ODA allocated to the country in 2011. Afghanistan (7.0%) and Somalia (4.3%) are among the top five aid recipients, but poverty data is unavailable.

What is in the ODA bundle from Norway?

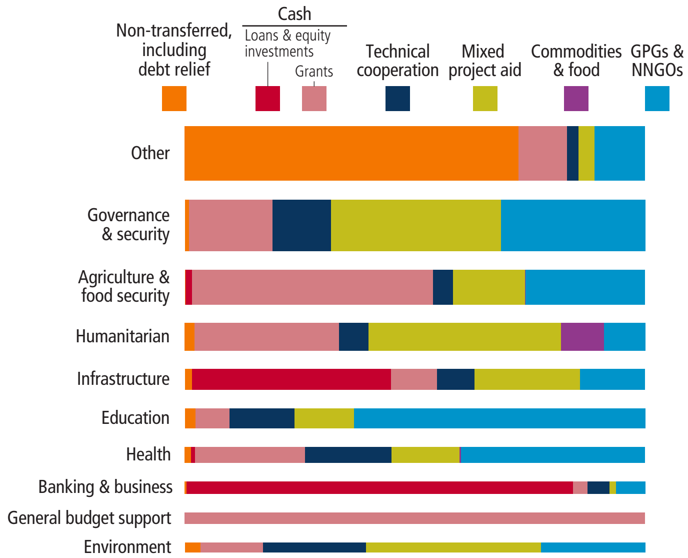
The share of aid given as support to GPGs and NNGOs is three times the DAC average

% of gross bilateral ODA, 2011



The aid bundle differs markedly by sector; support to GPGs and NNGOs is important for many sectors

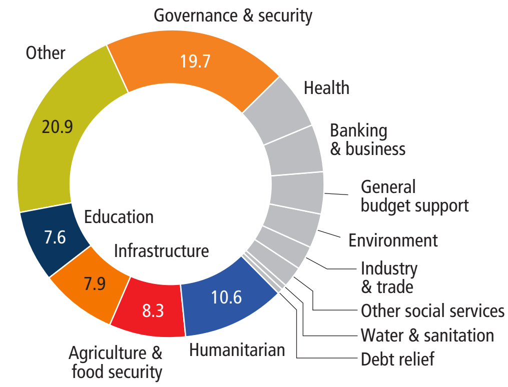
Gross bilateral ODA by aid type, % of total, 2011



What does the aid bundle look like for each sector?

Governance and security is the largest identifiable destination sector

Gross bilateral aid by sector, % of total, 2011



What is Norway's commitment to transparency?

IATI	Signatory
OGP	Steering Committee member
EITI	Supportive government

Key

- Excellent/committed
- Good/moving forward
- Poor/no action

Note: Data is from the DAC (ODA and other official flows data), the World Bank (remittances, GNI and poverty), the United Nations Conference on Trade and Development (FDI) and Development Initiatives (private development assistance and development finance institutions). All data in US$ is in 2011 prices except the 2012 figure in the title area, which is in current (2012) prices. Some overlaps of international flows have been taken into account; see *Methodology.* 'Other' aid includes multisector ODA, administrative costs, support for refugees in the donor country and unallocated or unspecified ODA. DAC is the Development Assistance Committee of the Organisation for Economic Co-operation and Development. EITI is the Extractive Industries Transparency Initiative. FDI is foreign direct investment. GNI is gross national income. GPGs are global public goods. IATI is the International Aid Transparency Initiative. NNGOs are Northern non-governmental organisations. ODA is official development assistance (aid). OGP is the Open Government Partnership.

PORTUGAL

Net ODA: US$0.6 billion in 2012, 20th largest DAC donor

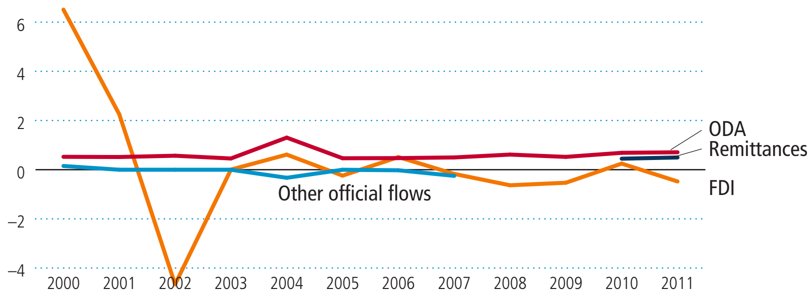
Remittances are important outflows from Portugal, though ODA dominates. Aid has risen gradually, peaking at 0.63% of national income in 2004, due to debt relief. While almost all aid goes to countries with above-average poverty rates, only 60% goes to countries with large numbers of poor people.

- 72% of overall aid goes to sub-Saharan Africa; Portuguese-speaking countries are dominant recipients of bilateral aid.
- Commodities and food aid accounts for 57% of bilateral ODA, by far the highest among DAC donors.

Resource flows from Portugal to developing countries

ODA has remained steady over recent years; FDI has been more volatile

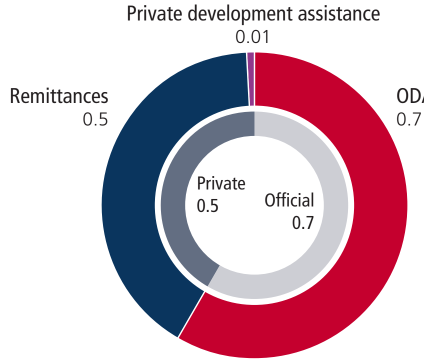
US$ billions, 2000–2011



Note: Data on remittances before 2010 is unavailable. Data on private development assistance is available only for 2011.

ODA accounts for more than half of outflows, remittances a third

US$ billions, 2011

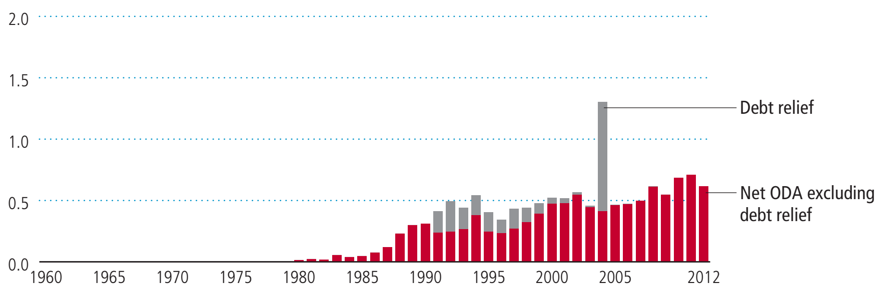


Note: Excludes –US$0.5 billion in net foreign direct investment.

How much ODA does Portugal give and where does it go?

Aid levels from Portugal have risen gradually but dipped in 2012

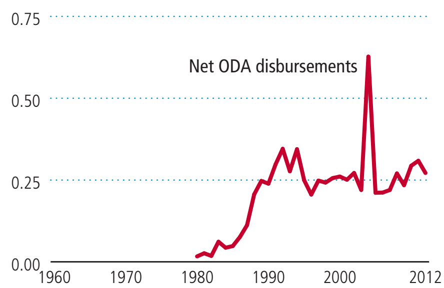
US$ billions, 1960–2012



Note: Portugal withdrew from the DAC in 1974 and rejoined in 1991. It has reported ODA since 1980.

Aid peaked at 0.63% of national income in 2004 due to debt relief

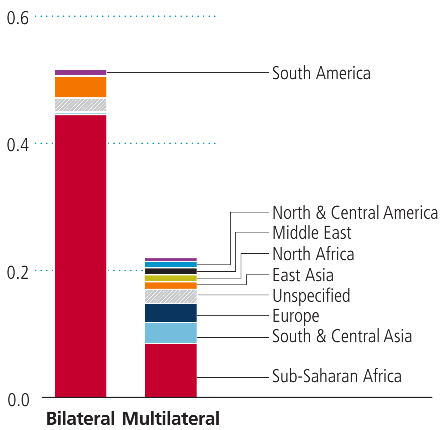
% of GNI, 1960–2012



Note: At the May 2005 European Council, EU-15 member states committed to reach 0.7% of GNI as ODA.

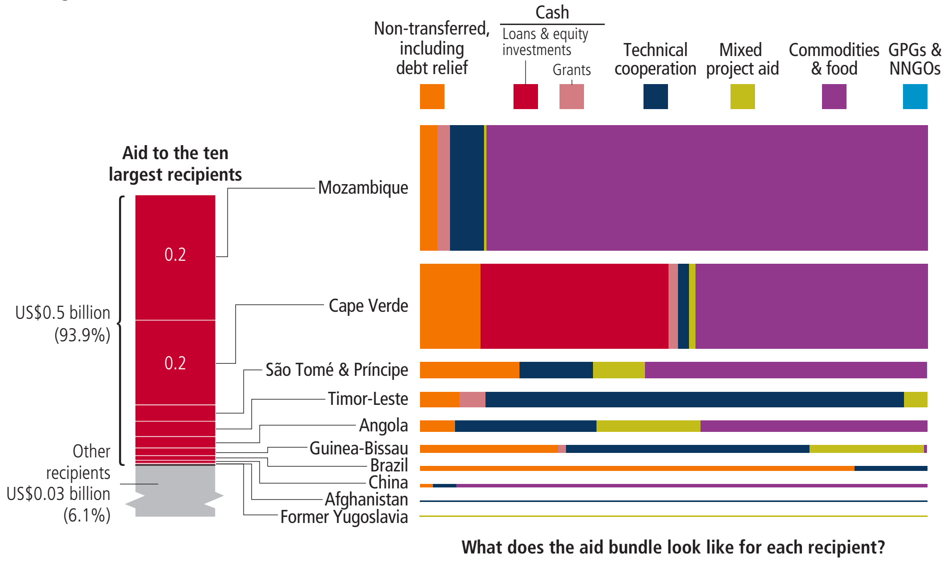
Almost three-quarters of overall aid goes to sub-Saharan Africa

US$ billions, 2011



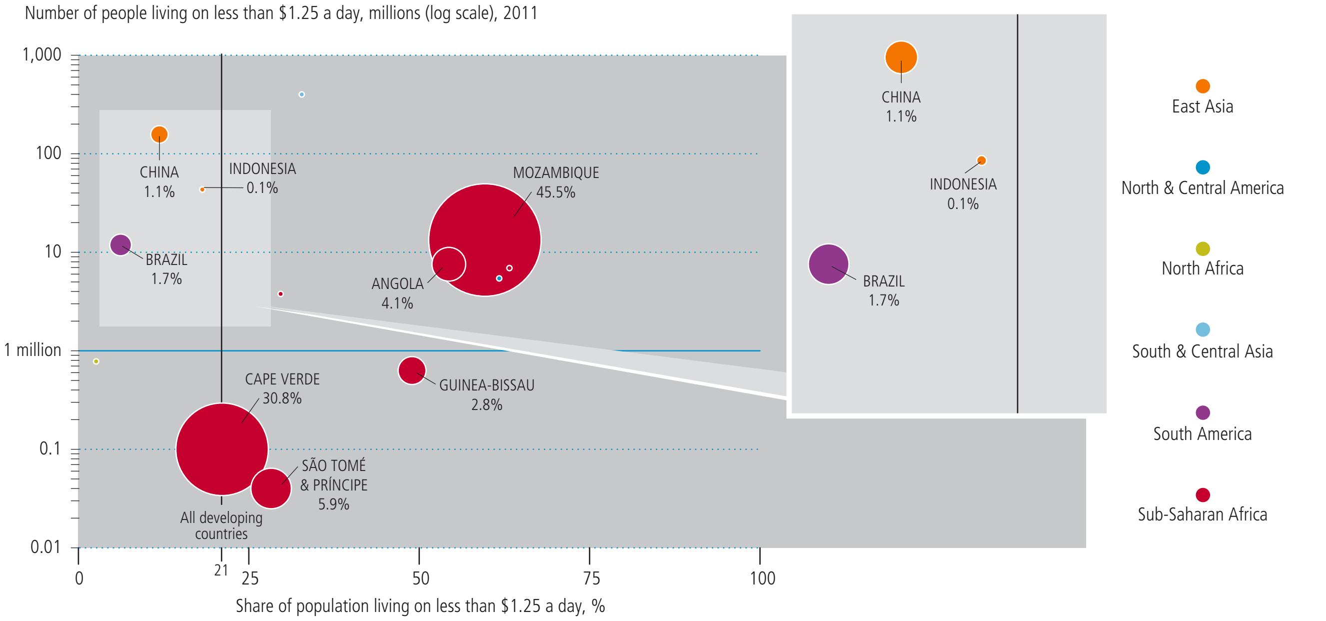
The six largest recipients of bilateral aid are Portuguese-speaking

% of gross bilateral ODA, 2011



While 96% of aid from Portugal goes to countries with above-average poverty rates, 60% goes to countries with more than 1 million poor people

Number of people living on less than $1.25 a day, millions (log scale), 2011

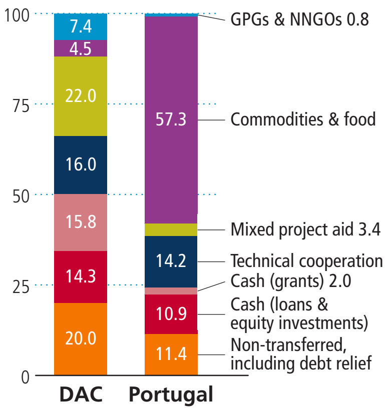


Note: Bubble size indicates the share of bilateral ODA allocated to the country in 2011. Timor-Leste (5.6%) is among the top five aid recipients, but poverty data is unavailable.

What is in the ODA bundle from Portugal?

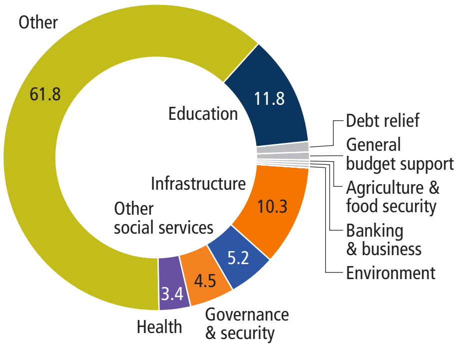
57% of aid is commodities and food, almost 13 times the DAC average

% of gross bilateral ODA, 2011



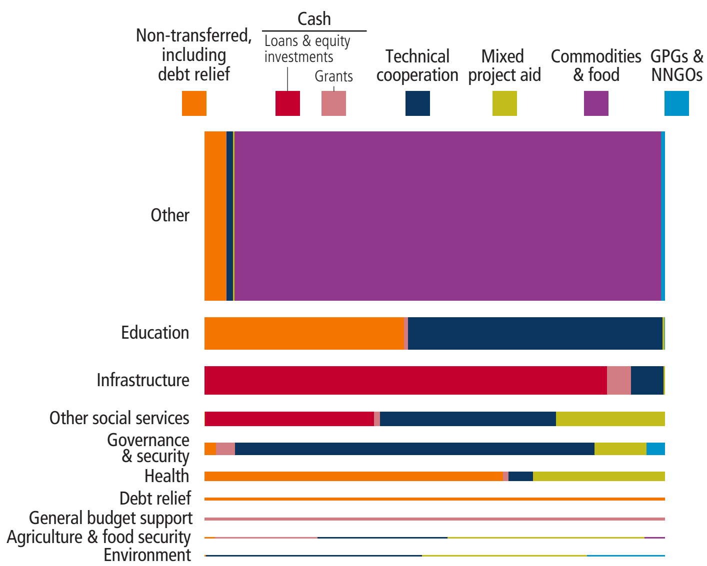
Over 60% of aid is classified as 'other'

Gross bilateral aid by sector, % of total, 2011



Commodities and food aid dominates 'other' aid; technical cooperation is prominent in several other sectors, loans and equity in infrastructure

Gross bilateral ODA by aid type, % of total, 2011



What does the aid bundle look like for each sector?

What is Portugal's commitment to transparency?

IATI	Non-signatory
OGP	Non-member
EITI	Unsupportive government

Key

- Excellent/committed
- Good/moving forward
- Poor/no action

Note: Data is from the DAC (ODA and other official flows data), the World Bank (remittances, GNI and poverty), the United Nations Conference on Trade and Development (FDI) and Development Initiatives (private development assistance and development finance institutions). All data in US$ is in 2011 prices except the 2012 figure in the title area, which is in current (2012) prices. Some overlaps of international flows have been taken into account; see *Methodology.* 'Other' aid includes multisector ODA, administrative costs, support for refugees in the donor country and unallocated or unspecified ODA. DAC is the Development Assistance Committee of the Organisation for Economic Co-operation and Development. EITI is the Extractive Industries Transparency Initiative. FDI is foreign direct investment. GNI is gross national income. GPGs are global public goods. IATI is the International Aid Transparency Initiative. NNGOs are Northern non-governmental organisations. ODA is official development assistance (aid). OGP is the Open Government Partnership.

SPAIN Net ODA: US$1.9 billion in 2012, 15th largest DAC donor

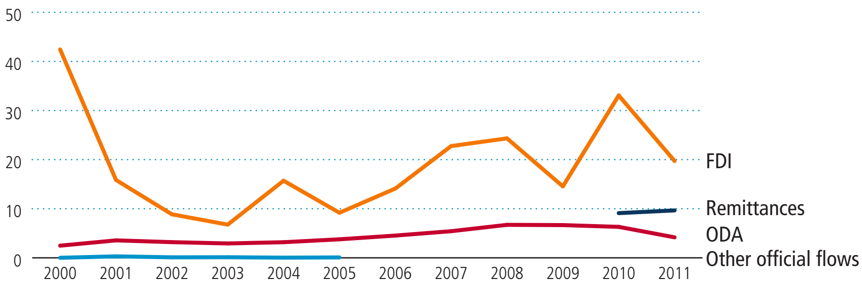
FDI is the largest resource flow to developing countries from Spain, followed by remittances. Aid levels have fallen since the global economic crisis, as has ODA as a share of national income. About half of bilateral aid goes to countries with relatively large numbers of poor people, but 40% goes to countries with below-average poverty rates.

- Sub-Saharan Africa and the Americas each receive a quarter of overall aid from Spain; 40% of aid from Spain goes to multilateral organisations.
- The share of bilateral ODA given as cash grants is double the DAC average, but the share given as mixed project aid is around a third of the average.
- Governance and security is the largest identifiable sector for bilateral aid.

Resource flows from Spain to developing countries

Though volatile, FDI flows have been the largest flow to developing countries since 2000

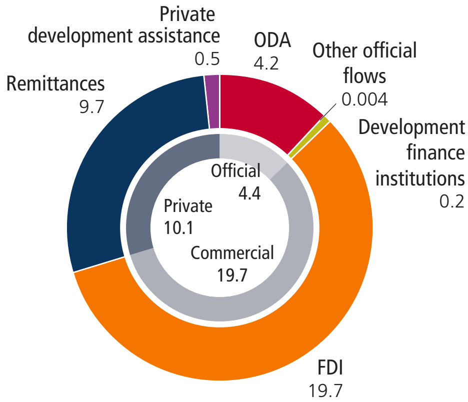
US$ billions, 2000–2011



Note: Data on remittances before 2010 is unavailable. Data on private development assistance is available only for 2011.

FDI accounts for over half of outflows, remittances over a quarter

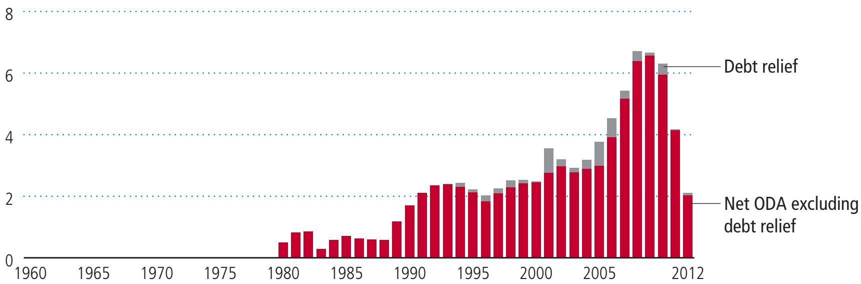
US$ billions, 2011



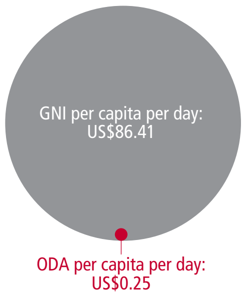
How much ODA does Spain give?

ODA volumes have dropped markedly since 2009

US$ billions, 1960–2012

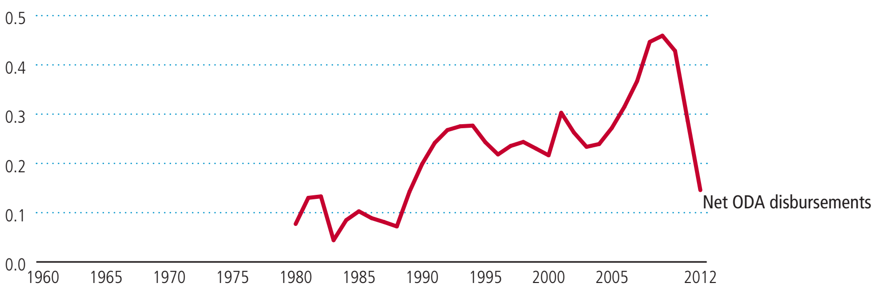


ODA per capita was US$90 in 2011; ODA was 0.29% of GNI



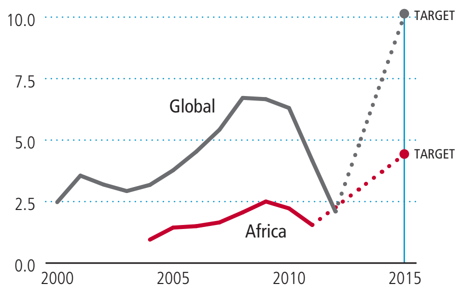
Aid as a share of national income has fallen sharply since 2009

% of GNI, 1960–2012



Falling ODA levels make Spain's 2015 targets very difficult to attain

Net ODA, US$ billions, 2000–2015



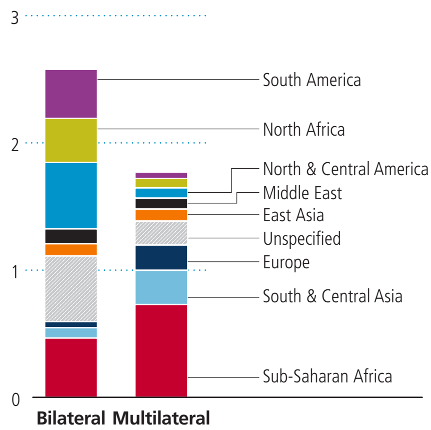
Note: EU member state ODA commitments agreed at May 2005 European Council.

Where does aid from Spain go?

Over a quarter of overall ODA goes to sub-Saharan Africa, and another quarter goes to the Americas. Almost 41% of aid goes to multilateral organisations, the fourth highest share among DAC donors. Bilaterally, Spain is the largest donor to 3 of its 116 partner countries. Almost 40% of aid goes to countries with below-average poverty rates and fewer than 1 million people in extreme poverty. The ten largest recipients of aid from Spain, which include six Latin American and two North African countries, account for just a quarter of bilateral aid. Technical cooperation and cash grants are considerable in some countries. More than half of bilateral ODA to Afghanistan is debt relief.

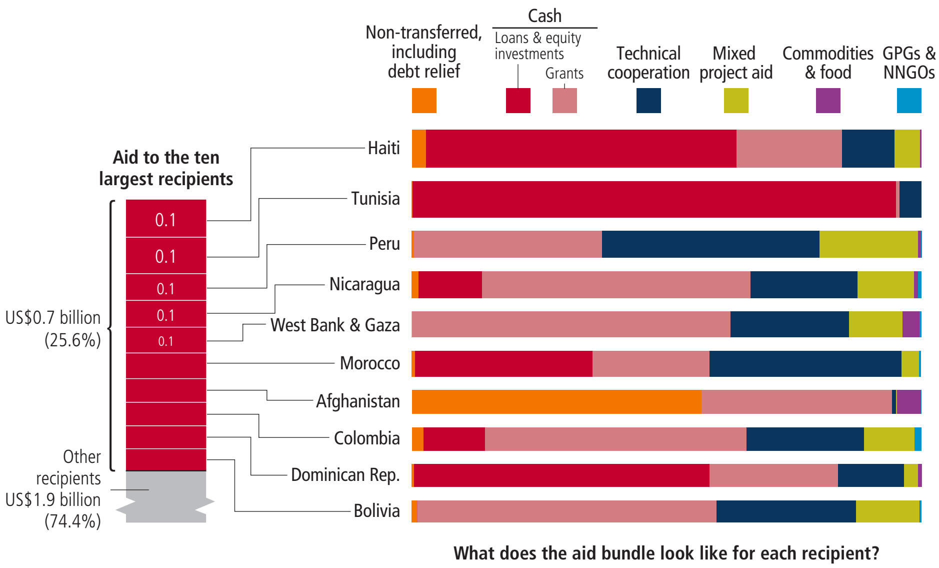
Sub-Saharan Africa is the largest regional recipient of aid from Spain

Gross ODA, US$ billions, 2011



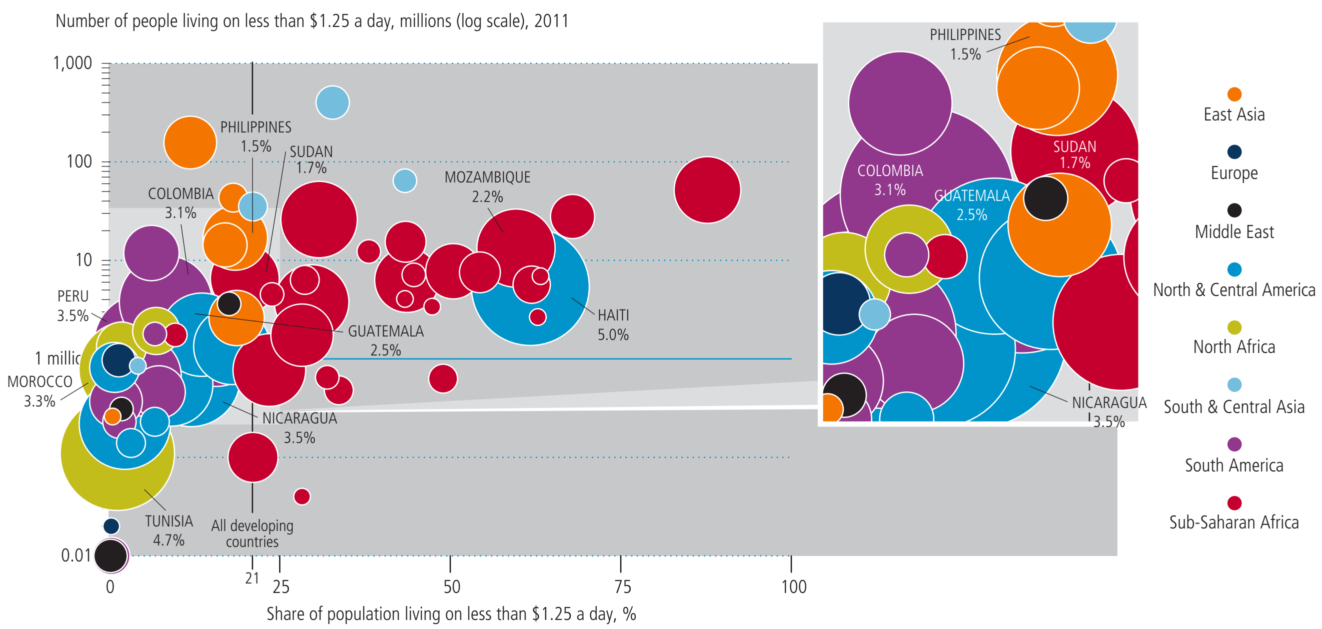
Loans and equity are prominent for Haiti and Peru, and technical cooperation is important for most major recipients

% of gross bilateral ODA, 2011



Almost 41% of ODA from Spain is given multilaterally, the fourth highest share among the DAC

38% of aid goes to countries with below-average poverty rates or fewer than 1 million people in extreme poverty



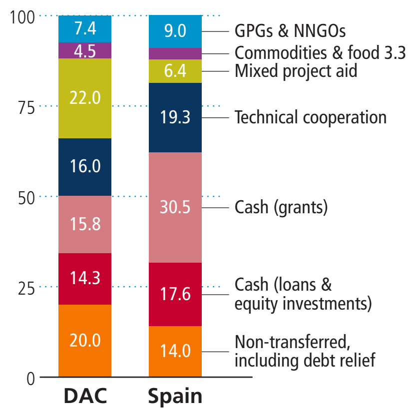
Note: Bubble size indicates the share of bilateral ODA allocated to the country in 2011.

What is in the ODA bundle from Spain?

Spain gives a larger share of aid as cash grants and transfers a larger share of aid to recipients than the DAC average. The largest identifiable sector is governance and security, but aid is spread quite evenly across a number of major sectors.

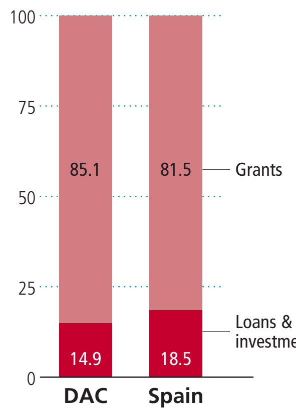
The share of bilateral ODA given as cash grants is nearly double the DAC average

% of gross bilateral ODA, 2011



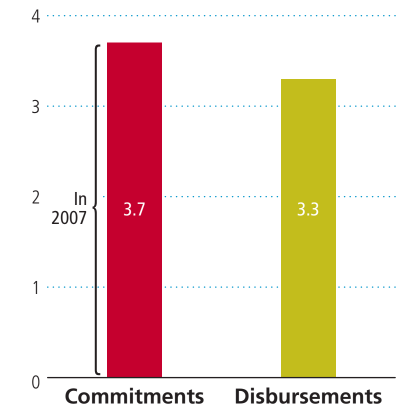
Across the aid bundle as a whole, the grants/loans and equity mix is similar to the DAC average

% of gross bilateral ODA, 2011



Disbursements lag commitments to projects in 2007 slightly: 88% had been realised by 2011

US$ billions, 2011

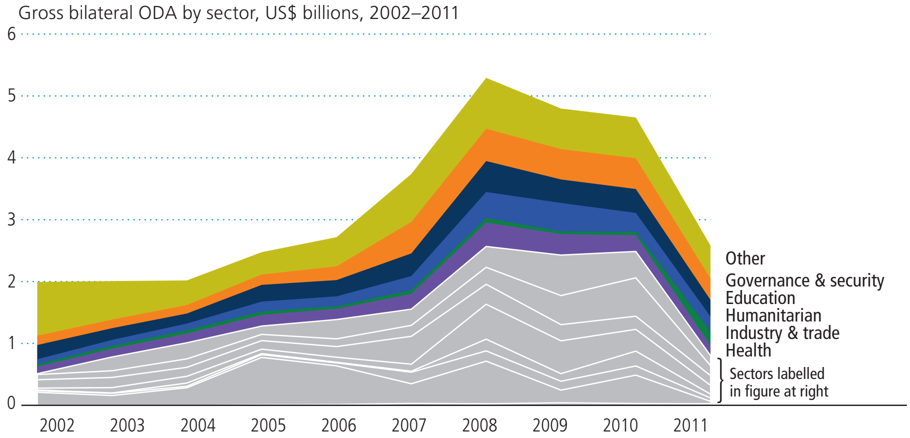


Note: Where small amounts of aid in kind or aid to GPGs and NNGOs is funded by loan instruments, that ODA is recorded as in-kind transfer or aid to GPG and NNGOs rather than a cash loan. This explains small discrepancies between the totals for cash loans in the aid bundle and overall ODA loans.

Note: This chart takes data from all projects for which commitments were recorded in 2007. It compares the commitments to these same projects, including any additional commitments made in 2008–2011, against the total disbursements made to these projects between 2007 and 2011.

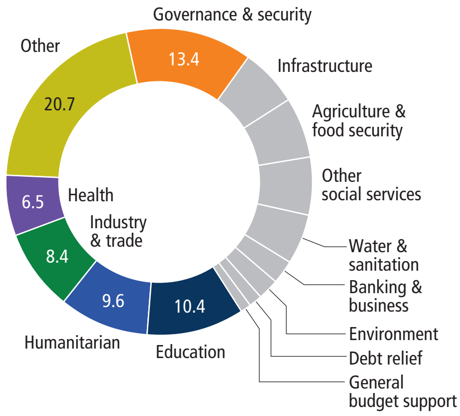
Only aid to the industry and trade sector has increased since 2008 – aid to all other sectors has declined

Gross bilateral ODA by sector, US$ billions, 2002–2011



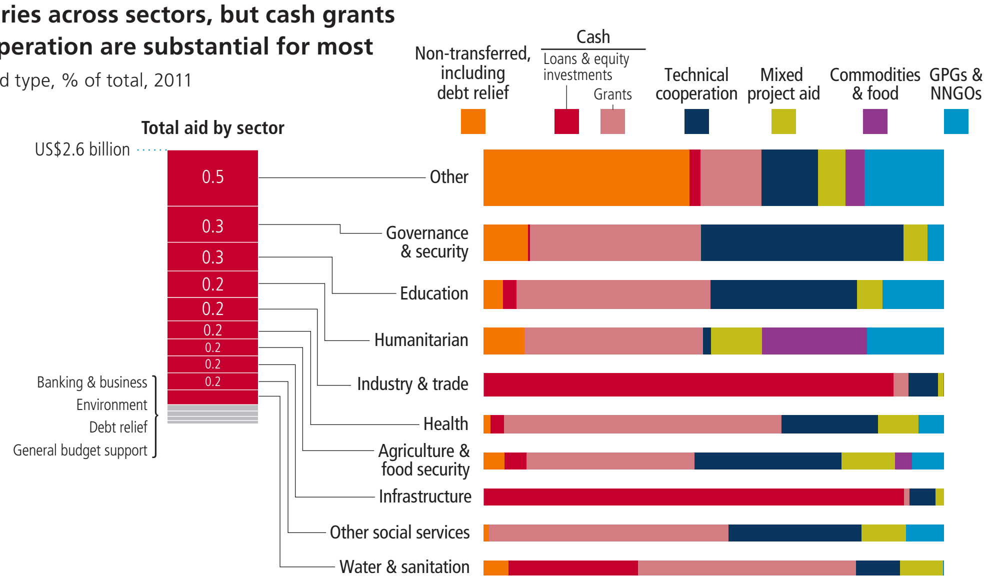
Governance and security is the largest identifiable sector

Gross bilateral ODA by sector, % of total, 2011



The aid bundle varies across sectors, but cash grants and technical cooperation are substantial for most

Gross bilateral ODA by aid type, % of total, 2011

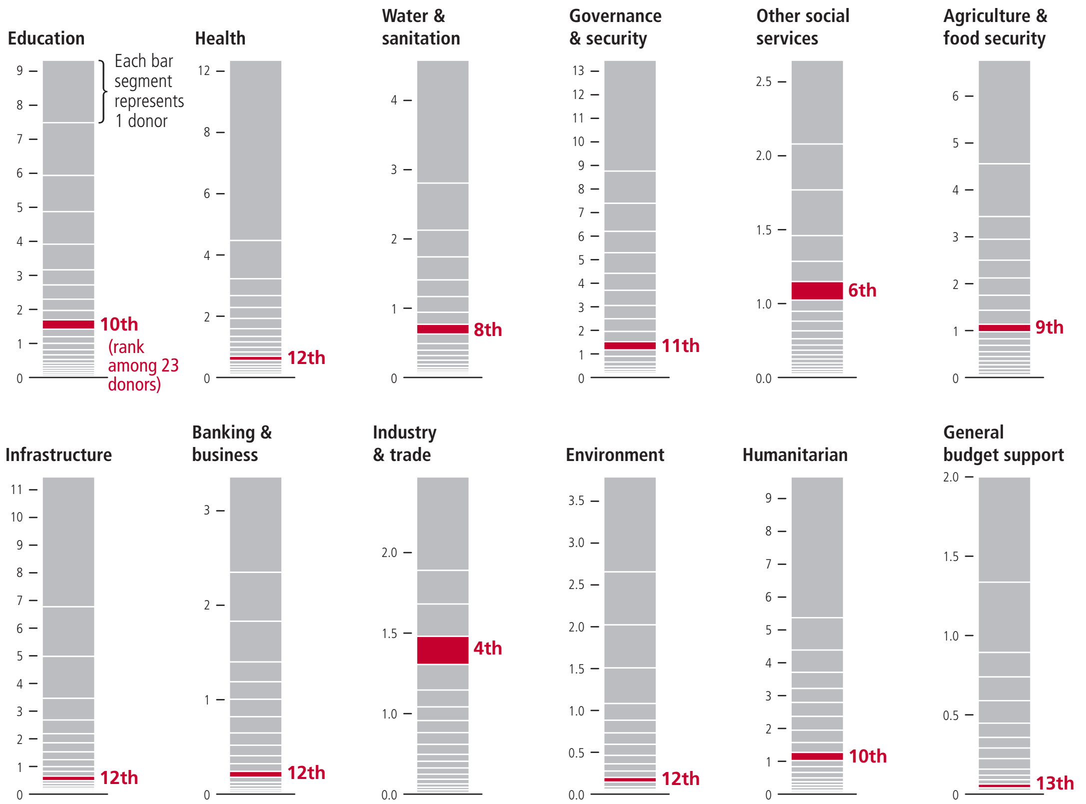


What does the aid bundle look like for each sector?

Aid from Spain is diffuse across several sectors; all but industry and trade have been cut over 2010–2011

Spain is the fourth largest DAC donor to the industry and trade sector

DAC donors ranked in descending order of ODA funding to each sector, US$ billions, 2011



What is Spain's commitment to transparency?

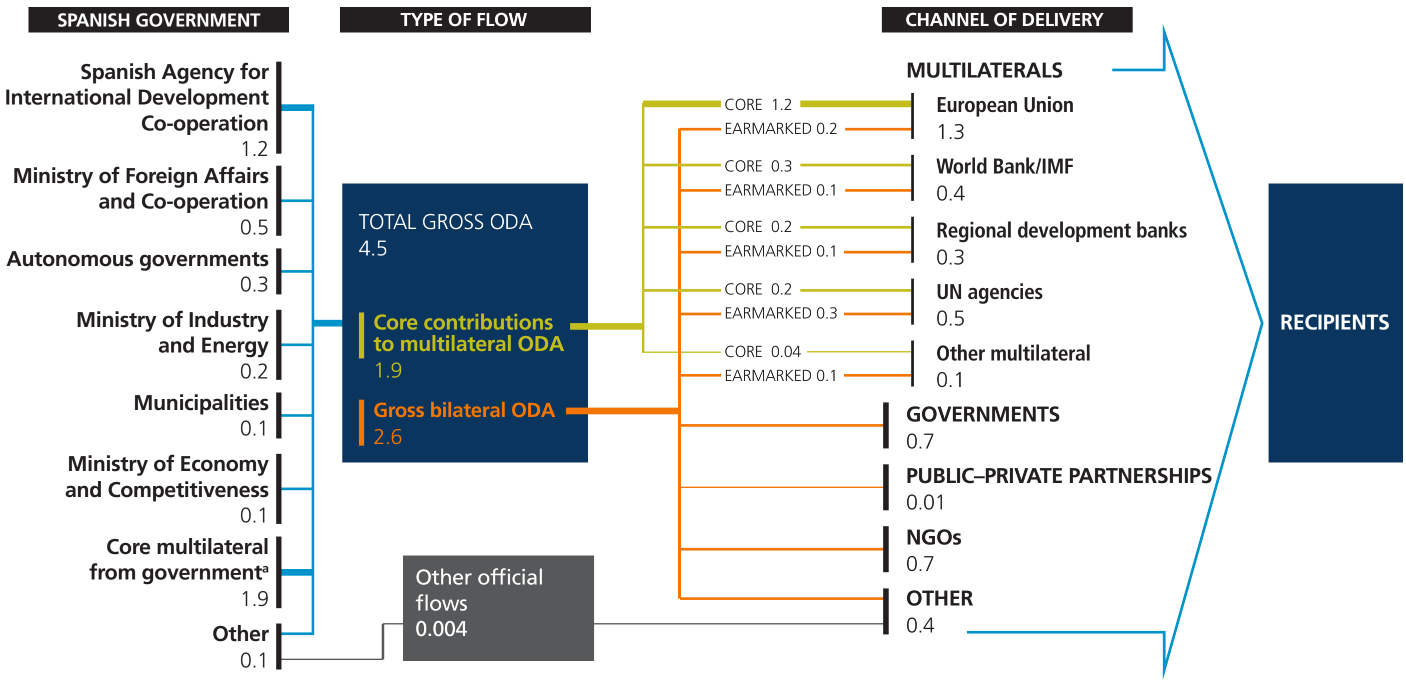
IATI	Publishing signatory
OGP	Member
EITI	Supportive government

Key

- Excellent/committed
- Good/moving forward
- Poor/no action

The majority of bilateral aid comes from one agency; similar shares are channelled through recipient governments and NGOs

Gross ODA and other official flows by source, type of flow and channel of delivery, US$ billions, 2011



a. Captures contributions to multilateral institutions that cannot be attributed to a particular ministry or institution in the country.

Note: Data is from the DAC (ODA and other official flows data), the World Bank (remittances, GNI and poverty), the United Nations Conference on Trade and Development (FDI) and Development Initiatives (private development assistance and development finance institutions). All data in US$ is in 2011 prices except the 2012 figure in the title area, which is in current (2012) prices. Some overlaps of international flows have been taken into account; see *Methodology*. 'Other' aid includes multisector ODA, administrative costs, support for refugees in the donor country and unallocated or unspecified ODA. DAC is the Development Assistance Committee of the Organisation for Economic Co-operation and Development. EITI is the Extractive Industries Transparency Initiative. FDI is foreign direct investment. GNI is gross national income. GPGs are global public goods. IATI is the International Aid Transparency Initiative. IMF is the International Monetary Fund. NNGOs are Northern non-governmental organisations. ODA is official development assistance (aid). OGP is the Open Government Partnership.

SWEDEN

Net ODA: US$5.2 billion in 2012, 9th largest DAC donor

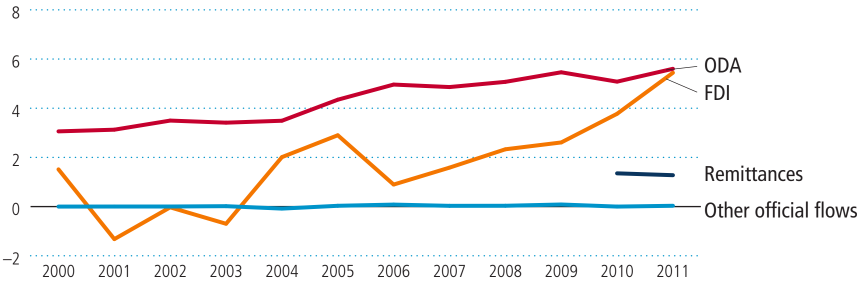
FDI outflows from Sweden have risen since 2006, but ODA remains the largest resource flow to developing countries. Since the mid-2000s ODA has been near 1% of Sweden's national income. While 60% of bilateral aid goes to countries with above-average poverty rates and a large number of poor people, about 20% goes to countries with fewer than 1 million poor people and below-average poverty rates.

- 40% of aid goes to sub-Saharan Africa, but 30% of aid is not allocated to a specific region.
- Sweden gives a larger share of bilateral aid as cash grants and technical cooperation than the DAC average.
- Governance and security is the largest single identifiable sector for bilateral ODA from Sweden, making the country the fifth largest DAC donor to the sector.

Resource flows from Sweden to developing countries

FDI flows have grown since 2006 to reach similar levels as ODA flows

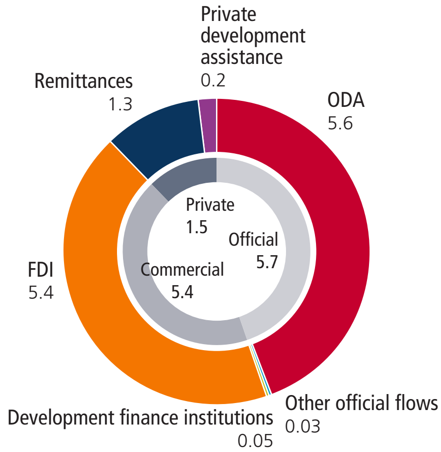
US$ billions, 2000–2011



Note: Data on remittances before 2010 is unavailable. Data on private development assistance is available only for 2011.

ODA accounts for 44% of outflows, FDI a further 43%

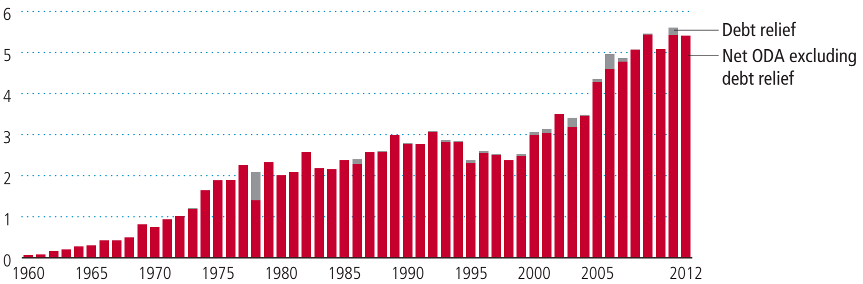
US$ billions, 2011



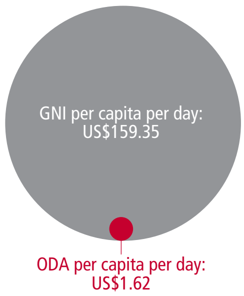
How much ODA does Sweden give?

Aid volumes have been rising since 2005 in particular, but have levelled off more recently

US$ billions, 1960–2012

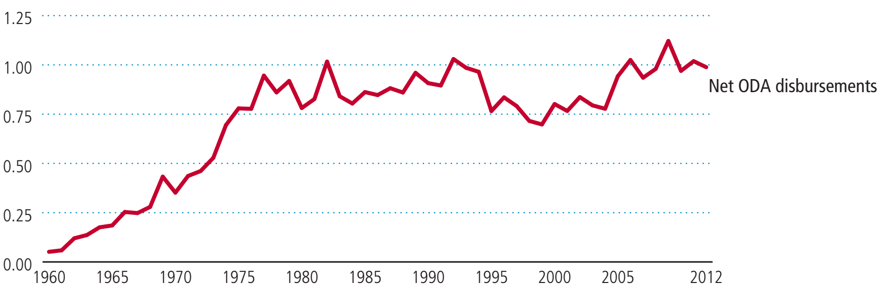


ODA per capita was US$593 in 2011; ODA was 1.02% of GNI



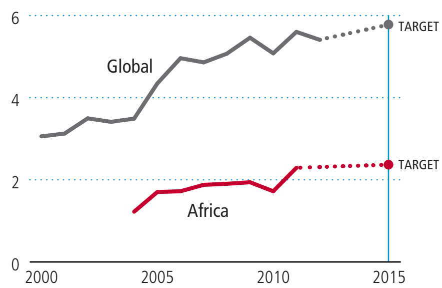
Aid has remained around 1% of Sweden's national income since the mid-2000s

% of GNI, 1960–2012



Sweden looks likely to meet its 2015 targets for global and Africa ODA

Net ODA, US$ billions, 2000–2015



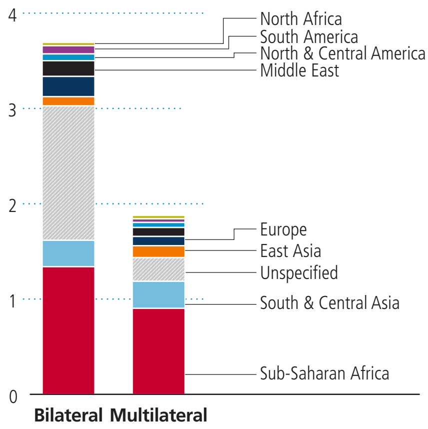
Note: EU member state ODA commitments agreed at May 2005 European Council. Sweden plans to maintain 1% into the future.

Where does aid from Sweden go?

Some 40% of ODA from Sweden goes to sub-Saharan Africa, though 30% is not allocated to a specific region. Sweden has bilateral aid relationships with 106 countries. Some 60% of bilateral aid goes to countries with high poverty rates and large numbers of poor people, but 20% goes to countries with both fewer than 1 million people in poverty and below-average poverty rates. About a quarter of bilateral aid goes to the ten largest recipients. The Democratic Republic of the Congo, the largest recipient, receives two-thirds of its aid from Sweden as non-transferred debt relief. Six of the ten remaining largest recipients are sub-Saharan countries; Afghanistan, West Bank and Gaza, and Ukraine round out the list. Cash grants and technical cooperation are important for most major recipients.

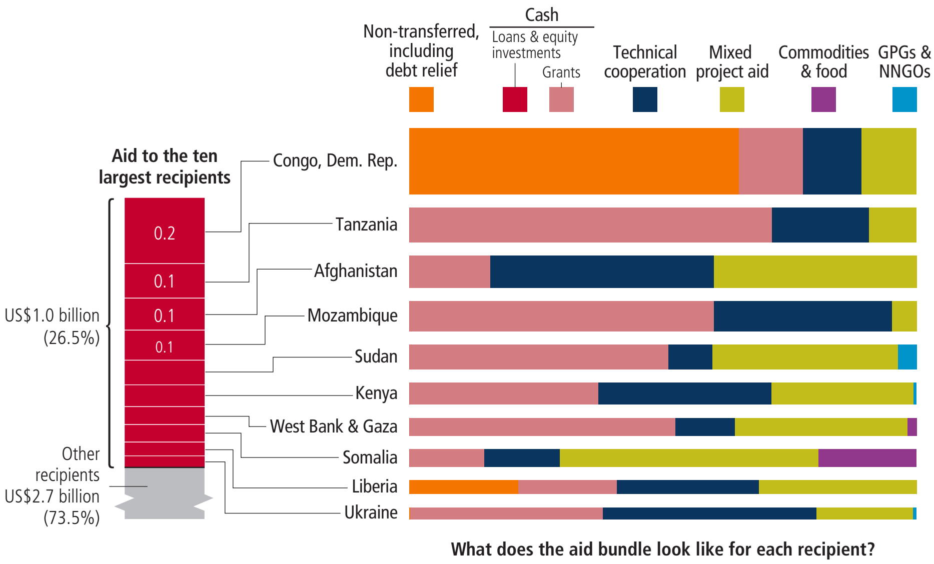
30% of aid (38% of bilateral aid) is not allocated to a specific region; around a third of aid is given multilaterally

Gross ODA, US$ billions, 2011



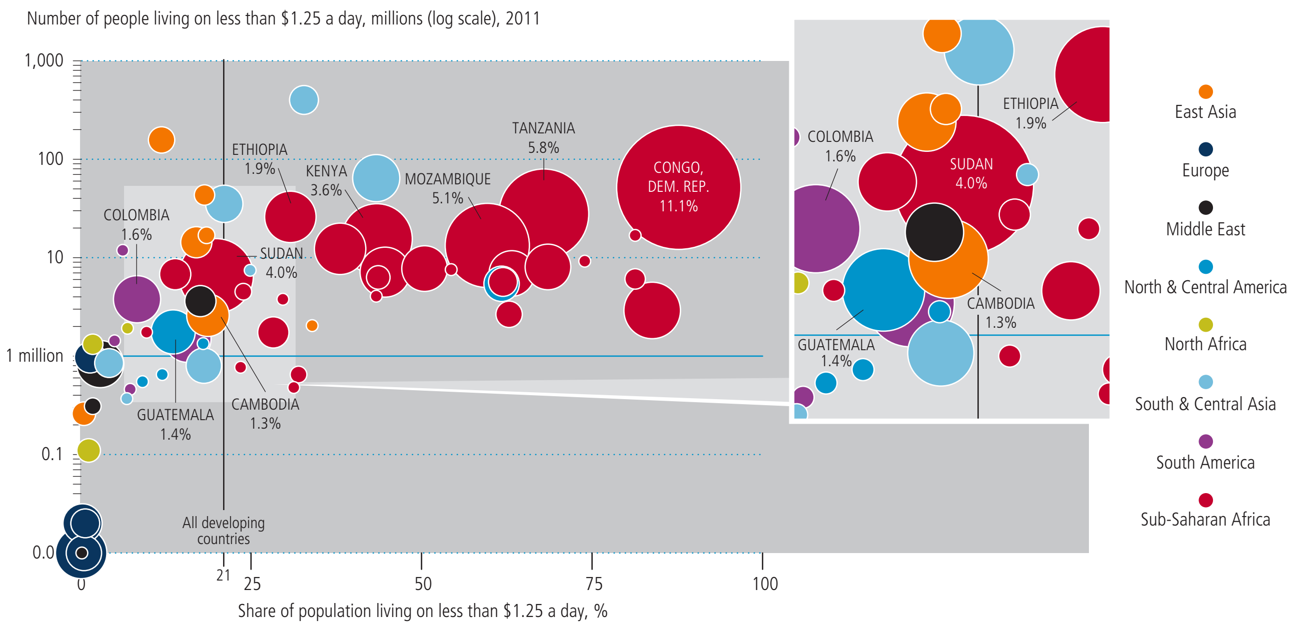
Cash grants and technical cooperation are important elements of aid to most major recipients

% of gross bilateral ODA, 2011



40% of aid from Sweden is allocated to sub-Saharan Africa

60% of bilateral aid from Sweden goes to countries with more than 1 million poor people and higher than average poverty rates, but 20% goes to countries with fewer than 1 million poor people and below-average poverty rates



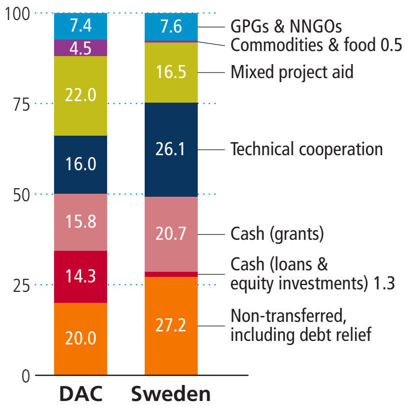
Note: Bubble size indicates the proportion of bilateral ODA allocated to the country in 2011. Afghanistan (5.4%) is among the top five aid recipients, but poverty data is unavailable.

What is in the ODA bundle from Sweden?

Sweden transfers a smaller share of aid than the DAC average: half of non-transferred aid is refugee costs, and a quarter is administrative costs. Sweden gives a larger share of aid as cash grants and technical cooperation than the DAC average. Governance and security has grown in importance since 2002 to become the largest identifiable sector and making Sweden the fifth largest DAC donor to the sector.

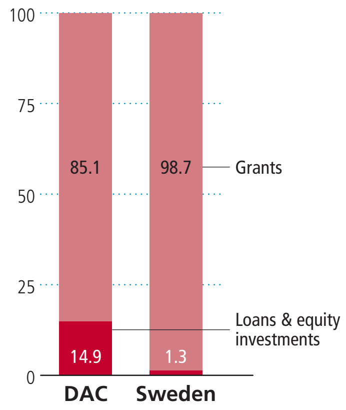
Non-transferred aid and technical cooperation are high

% of gross bilateral ODA, 2011



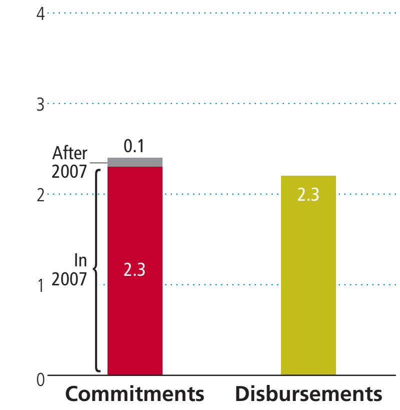
Sweden gives just 1.3% of ODA as loans and equity

% of gross bilateral ODA, 2011



93% of commitments to 2007 projects had been disbursed by 2011

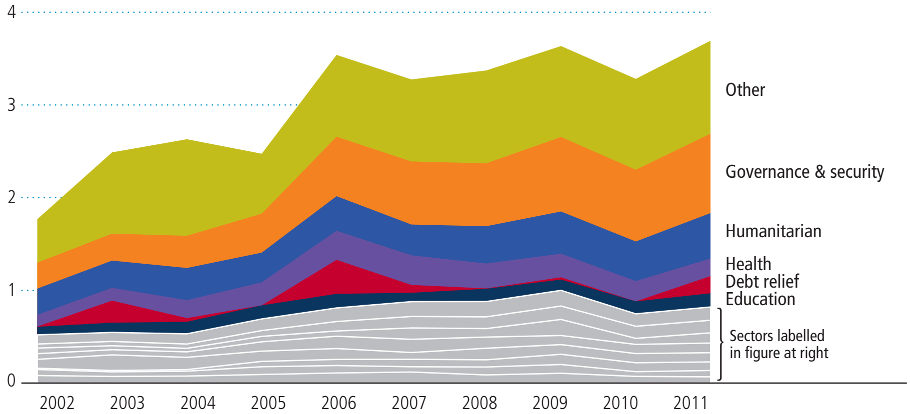
US$ billions, 2011



Note: This chart takes data from all projects for which commitments were recorded in 2007. It compares the commitments to these same projects, including any additional commitments made in 2008–2011, against the total disbursements made to these projects between 2007 and 2011.

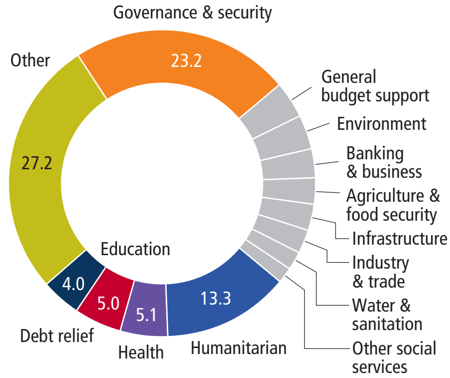
The governance and security sector has grown the most since 2002…

Gross bilateral ODA by sector, US$ billions, 2002–2011



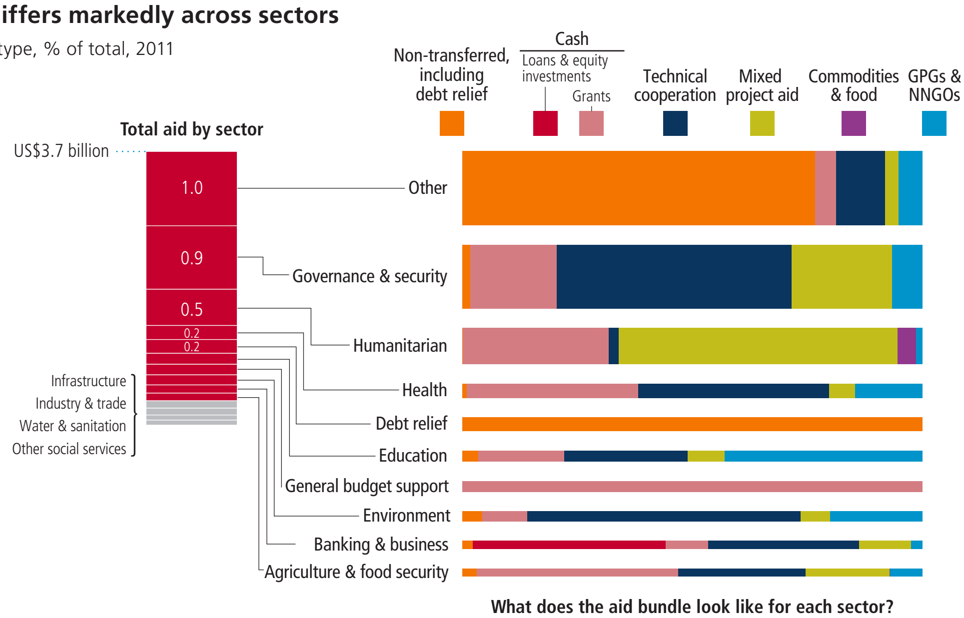
…to become the largest identifiable destination sector

Gross bilateral ODA by sector, % of total, 2011



The bundle of aid differs markedly across sectors

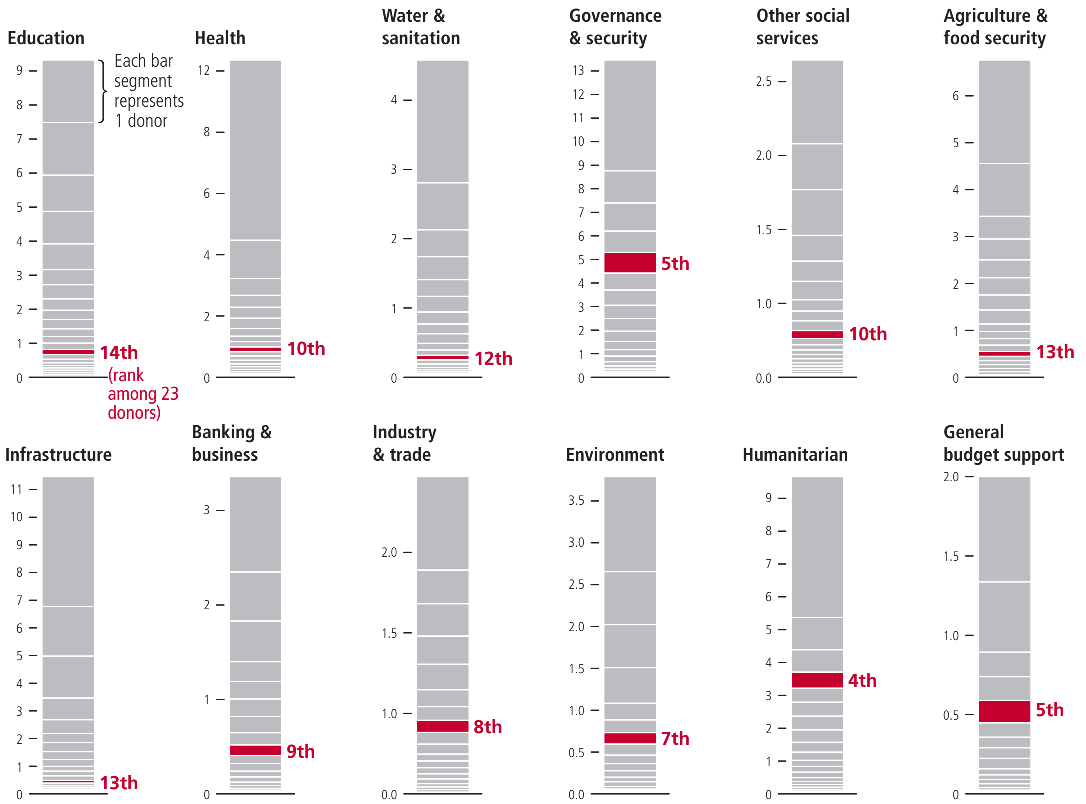
Gross bilateral ODA by aid type, % of total, 2011



Governance and security is the largest identifiable sector; most aid to this sector is technical cooperation

Sweden is the fourth largest DAC donor of humanitarian assistance and the fifth largest to governance and security

DAC donors ranked in descending order of ODA funding to each sector, US$ billions, 2011



What is Sweden's commitment to transparency?

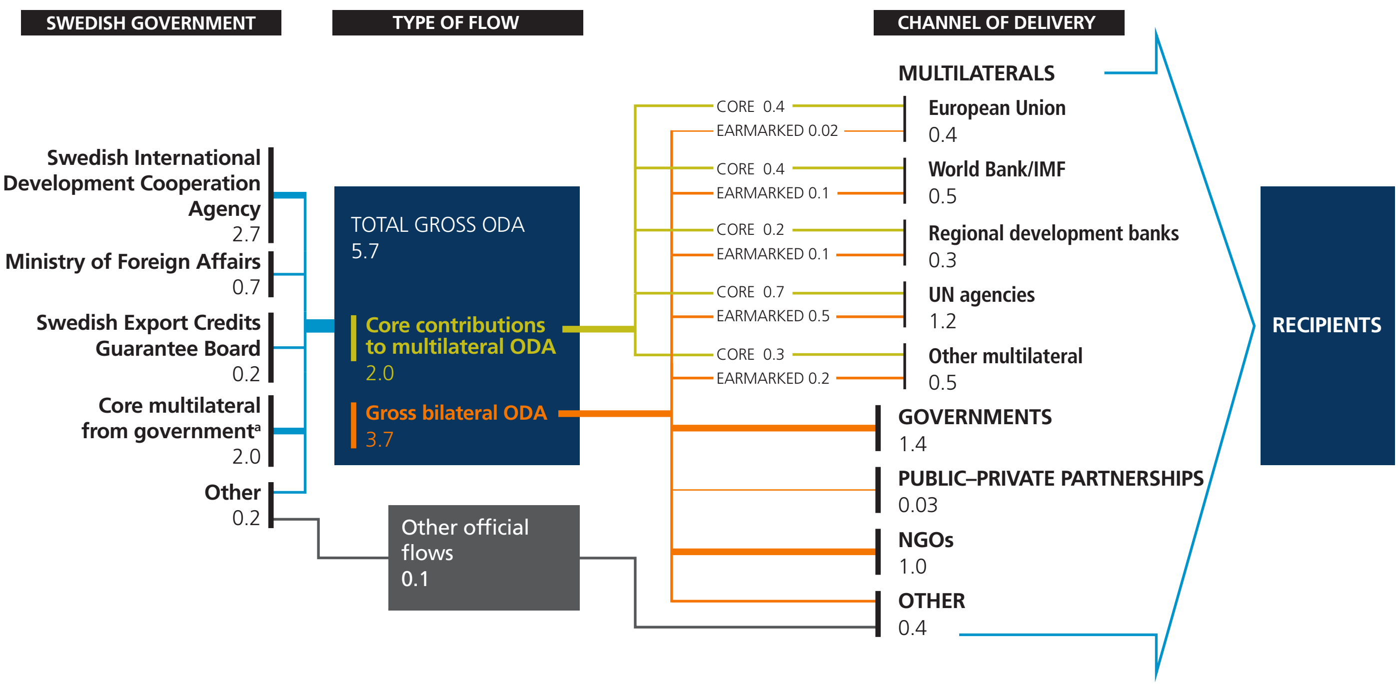
IATI	Publishing signatory
OGP	Member
EITI	Supportive government

Key

- Excellent/committed
- Good/moving forward
- Poor/no action

The majority of aid comes from the Swedish International Development Cooperation Agency, followed by the Ministry of Foreign Affairs; most is channelled through recipient governments, but NGOs are also a major delivery channel

Gross ODA and other official flows by source, type of flow and channel of delivery, US$ billions, 2011



a. Captures contributions to multilateral institutions that cannot be attributed to a particular ministry or institution in the country.

Note: Data is from the DAC (ODA and other official flows data), the World Bank (remittances, GNI and poverty), the United Nations Conference on Trade and Development (FDI) and Development Initiatives (private development assistance and development finance institutions). All data in US$ is in 2011 prices except the 2012 figure in the title area, which is in current (2012) prices. Some overlaps of international flows have been taken into account; see *Methodology*. 'Other' aid includes multisector ODA, administrative costs, support for refugees in the donor country and unallocated or unspecified ODA. DAC is the Development Assistance Committee of the Organisation for Economic Co-operation and Development. EITI is the Extractive Industries Transparency Initiative. FDI is foreign direct investment. GNI is gross national income. GPGs are global public goods. IATI is the International Aid Transparency Initiative. IMF is the International Monetary Fund. NNGOs are Northern non-governmental organisations. ODA is official development assistance (aid). OGP is the Open Government Partnership.

SWITZERLAND

Net ODA: US$3.0 billion in 2012, 11th largest DAC donor

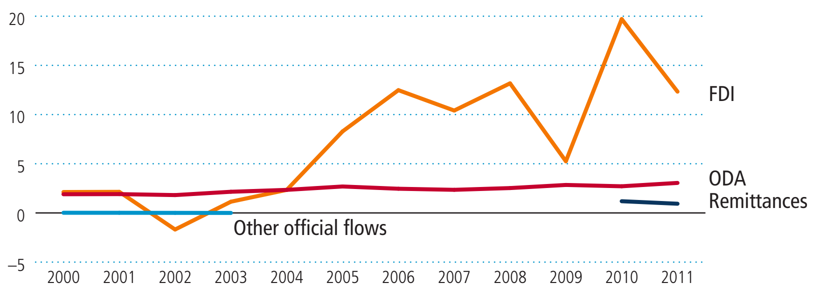
FDI accounts for almost three-quarters of outflows from Switzerland to developing countries. ODA accounts for about a fifth of outflows, having risen steadily over four decades to reach 0.45% of national income in 2012. While three-quarters of aid goes to countries with more than 1 million poor people, a quarter goes to countries with below-average poverty rates.

- Over a quarter of overall aid goes to sub-Saharan Africa; 38% is not allocated to a specific region.
- The shares of aid given both as support to GPGs and NNGOs and as non-transferred aid are double the DAC average.

Resource flows from Switzerland to developing countries

FDI has increased substantially, though it has been volatile compared with ODA

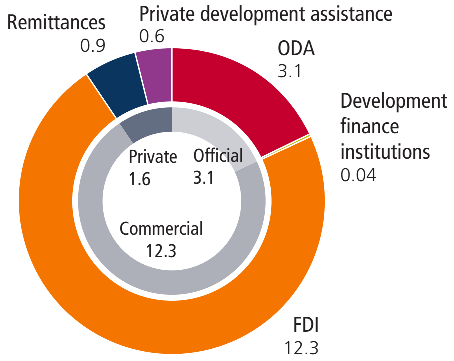
US$ billions, 2000–2011



Note: Data on remittances before 2010 is unavailable. Data on private development assistance is available only for 2011.

FDI accounts for 73% of outflows from Switzerland, ODA 18%

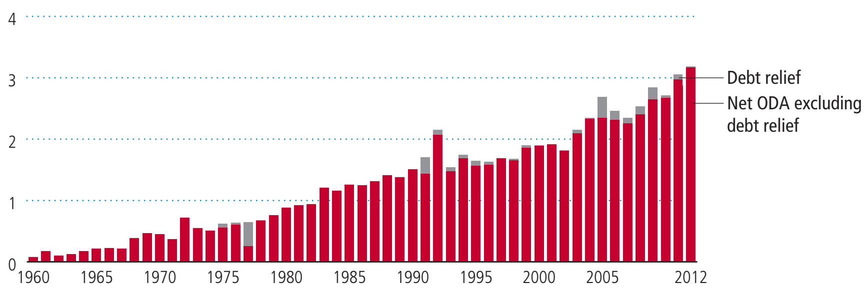
US$ billions, 2011



How much ODA does Switzerland give and where does it go?

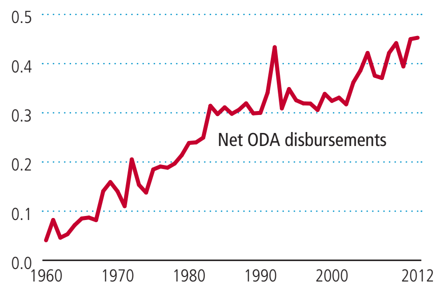
Aid levels have risen steadily over the past four decades

US$ billions, 1960–2012



Aid as a share of national income has also risen, reaching 0.45% in 2012

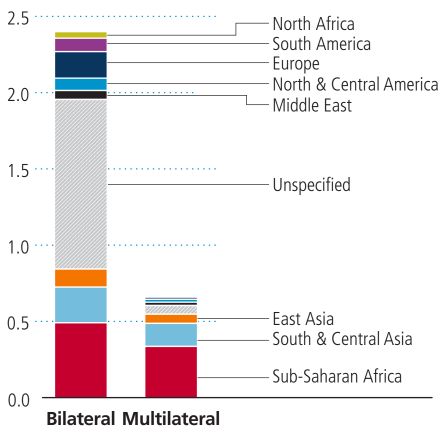
% of GNI, 1960–2012



Note: Switzerland has committed to reach 0.5% of GNI as ODA by 2015.

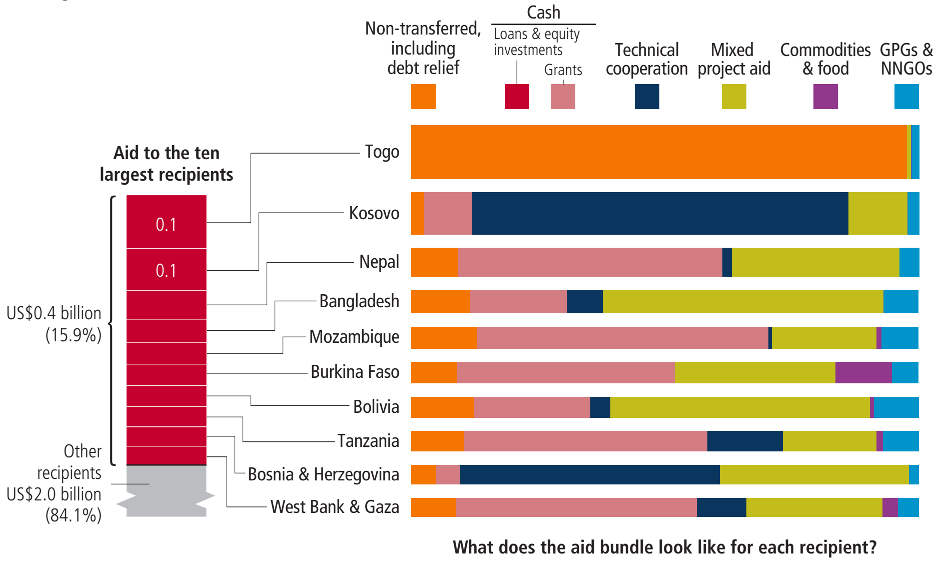
Over a quarter of overall aid goes to sub-Saharan Africa; 38% is not allocated to a specific region

US$ billions, 2011



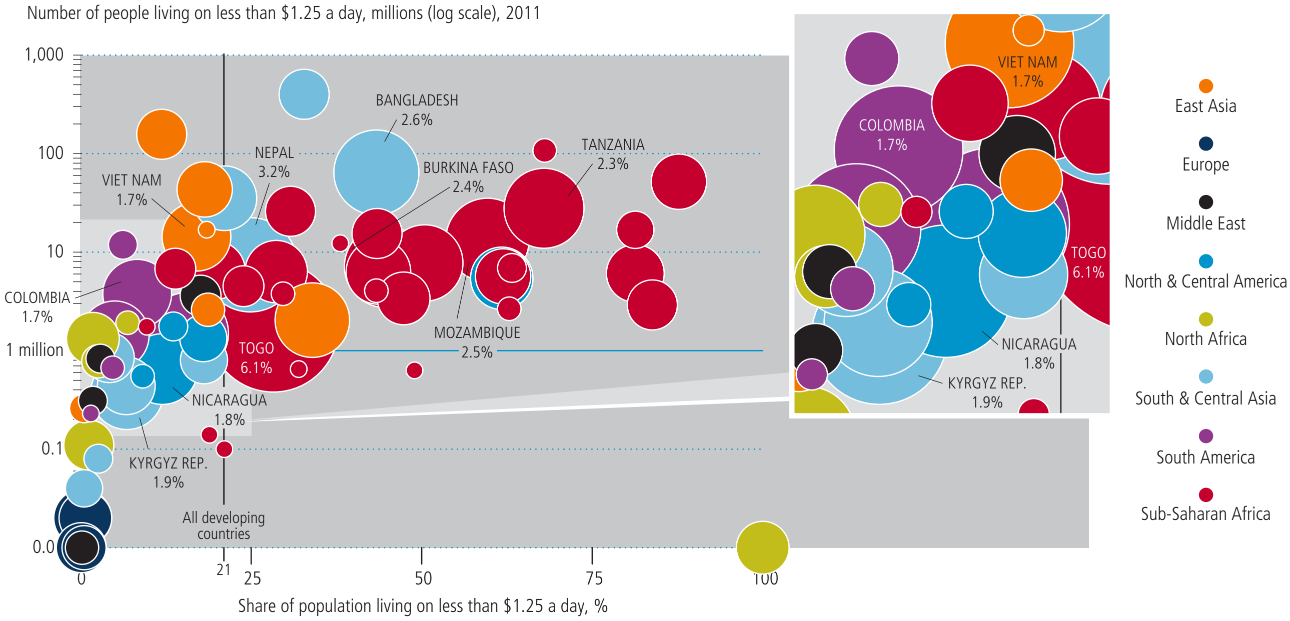
Major recipients are spread across regions; Togo is the largest recipient

% of gross bilateral ODA, 2011



73% of aid from Switzerland goes to countries with more than 1 million poor people

Number of people living on less than $1.25 a day, millions (log scale), 2011

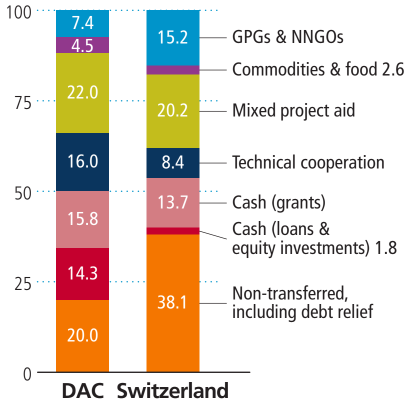


Note: Bubble size indicates the share of bilateral ODA allocated to the country in 2011. Kosovo (4.8%) is among the top five aid recipients, but poverty data is unavailable.

What is in the ODA bundle from Switzerland?

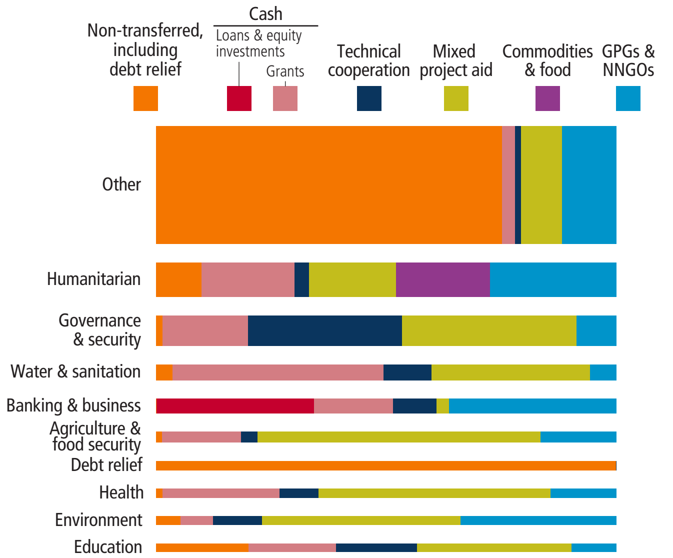
Non-transferred aid and support to GPGs and NNGOs are high

% of gross bilateral ODA, 2011



Almost a fifth of total bilateral aid is non-transferred refugee costs; administrative costs are a further tenth (both classified under 'other')

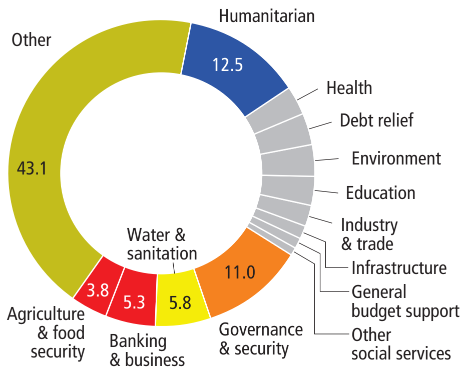
Gross bilateral ODA by aid type, % of total, 2011



What does the aid bundle look like for each sector?

Humanitarian assistance is the largest identifiable destination sector

Gross bilateral aid by sector, % of total, 2011



What is Switzerland's commitment to transparency?

IATI	Signatory
OGP	Non-member
EITI	Supportive government

Key

Excellent/committed
Good/moving forward
Poor/no action

Note: Data is from the DAC (ODA and other official flows data), the World Bank (remittances, GNI and poverty), the United Nations Conference on Trade and Development (FDI) and Development Initiatives (private development assistance and development finance institutions). All data in US$ is in 2011 prices except the 2012 figure in the title area, which is in current (2012) prices. Some overlaps of international flows have been taken into account; see *Methodology*. 'Other' aid includes multisector ODA, administrative costs, support for refugees in the donor country and unallocated or unspecified ODA. DAC is the Development Assistance Committee of the Organisation for Economic Co-operation and Development. EITI is the Extractive Industries Transparency Initiative. FDI is foreign direct investment. GNI is gross national income. GPGs are global public goods. IATI is the International Aid Transparency Initiative. NNGOs are Northern non-governmental organisations. ODA is official development assistance (aid). OGP is the Open Government Partnership.

UNITED KINGDOM

Net ODA: US$13.7 billion in 2012, 2nd largest DAC donor

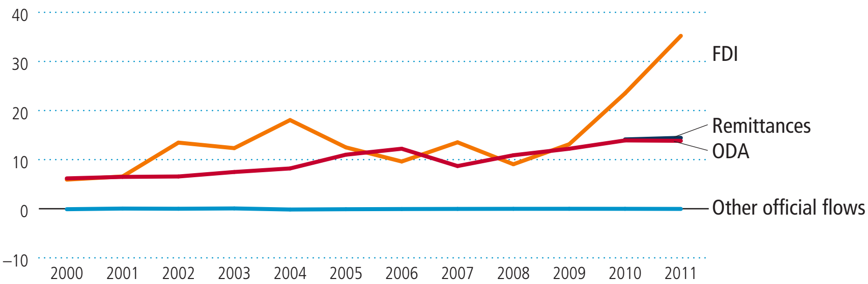
FDI has roughly tripled since 2008, and commercial flows from the UK to developing countries are almost as much as private and official flows combined. However, ODA has grown rapidly since 2000. The UK channels a higher proportion of ODA multilaterally than other large donors.

- The UK is on track from 2013 to become the first G8 member to give 0.7% of GNI as ODA. It gives a large proportion of ODA in the form of cash grants and support to GPGs and NNGOs.
- UK ODA has a strong poverty focus, and legislation requires that all ODA from the UK's main aid agency, DFID, be poverty-reducing.
- Health is an important sector, and the UK is the second largest donor to health worldwide.

Resource flows from the United Kingdom to developing countries

FDI has grown rapidly and is now the largest resource flow to developing countries

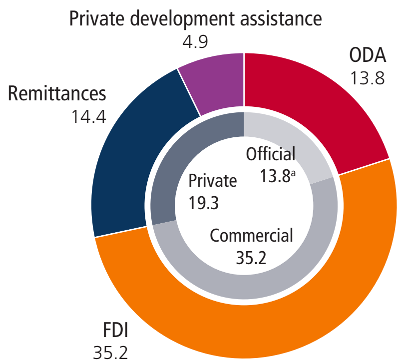
US$ billions, 2000–2011



Note: Data on remittances before 2010 is unavailable. Data on private development assistance is available only for 2011.

UK commercial flows exceed official and private flows combined

US$ billions, 2011

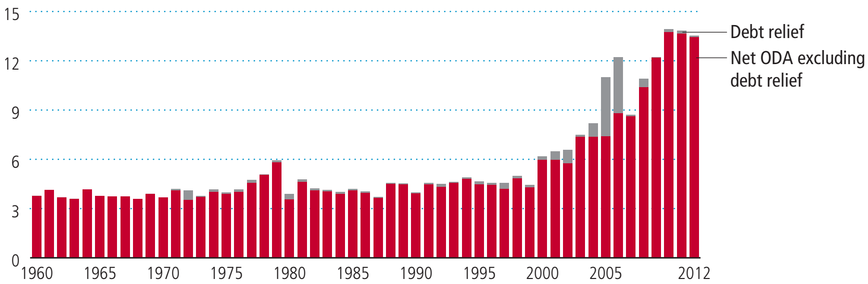


a. Excludes –US$0.4 billion in net other official flows.

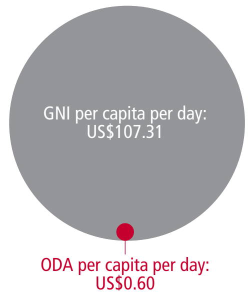
How much ODA does the United Kingdom give?

Following relatively steady volumes of ODA over the 1960s–1990s, ODA has grown rapidly since 2000

US$ billions, 1960–2012

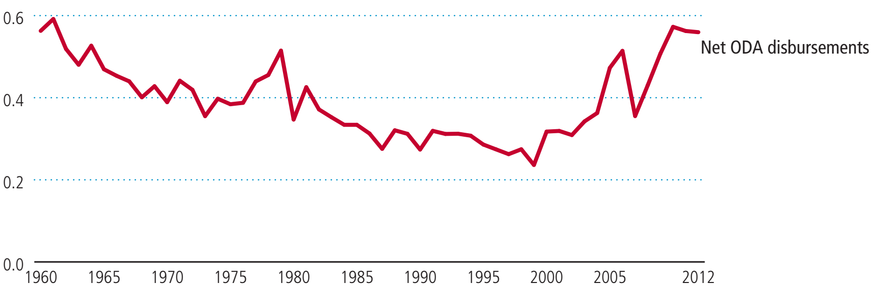


ODA per capita was US$220 in 2011; ODA was 0.56% of GNI



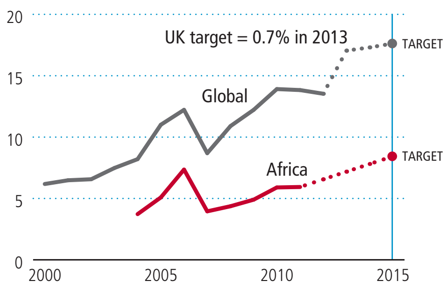
As a share of GNI, ODA from the UK fell over the 1960s–1990s but has grown rapidly since 2000 towards the UN target of 0.7%

% of GNI, 1960–2012



UK ODA to Africa and global ODA

US$ billions, 2000–2012



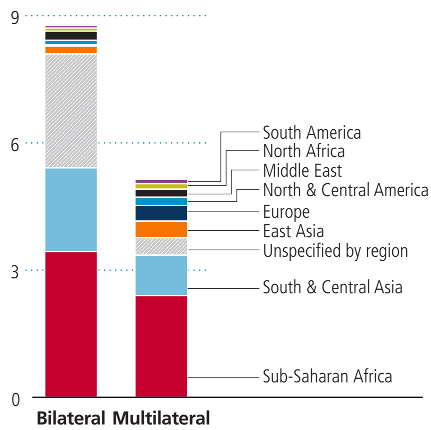
Note: EU member state ODA commitments agreed at May 2005 European Council. The UK government has set the ODA budget in order to reach the target level of 0.7% of GNI from 2013 to financial year 2015/2016.

Where does aid from the United Kingdom go?

The largest portion of UK ODA, 42%, was allocated to sub-Saharan Africa in 2011, followed by 21% to South and Central Asia. The largest single recipient of ODA was India, the country with the largest number of people living in poverty in the world, although the UK has announced a significant down-scaling of aid to India. UK aid to its top recipients is largely in the form of cash, mostly grants but with large amounts of ODA equity investments to India and Nigeria. Nigeria also receives more than half of its aid from the UK in the form of technical cooperation, and food aid accounts for one-third of UK aid to Ethiopia. The UK channels a higher portion of ODA to multilateral institutions than other large DAC donors do. The UK gives a higher proportion of ODA to countries with higher poverty rates than many other donors do and has legislated that all ODA from its main agency, DFID, must be poverty-reducing.

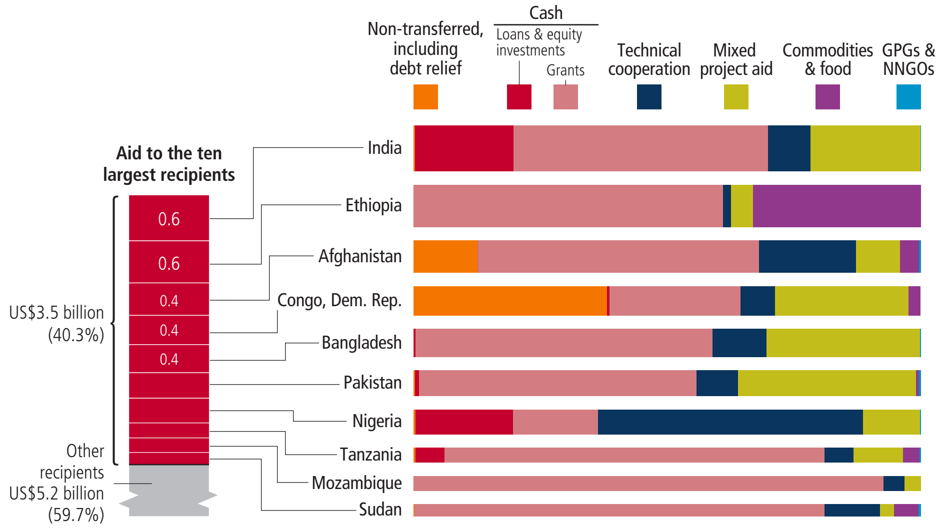
37% of UK ODA was channelled multilaterally

Gross ODA, US$ billions, 2011



The largest recipients of UK ODA are in South Asia and sub-Saharan Africa

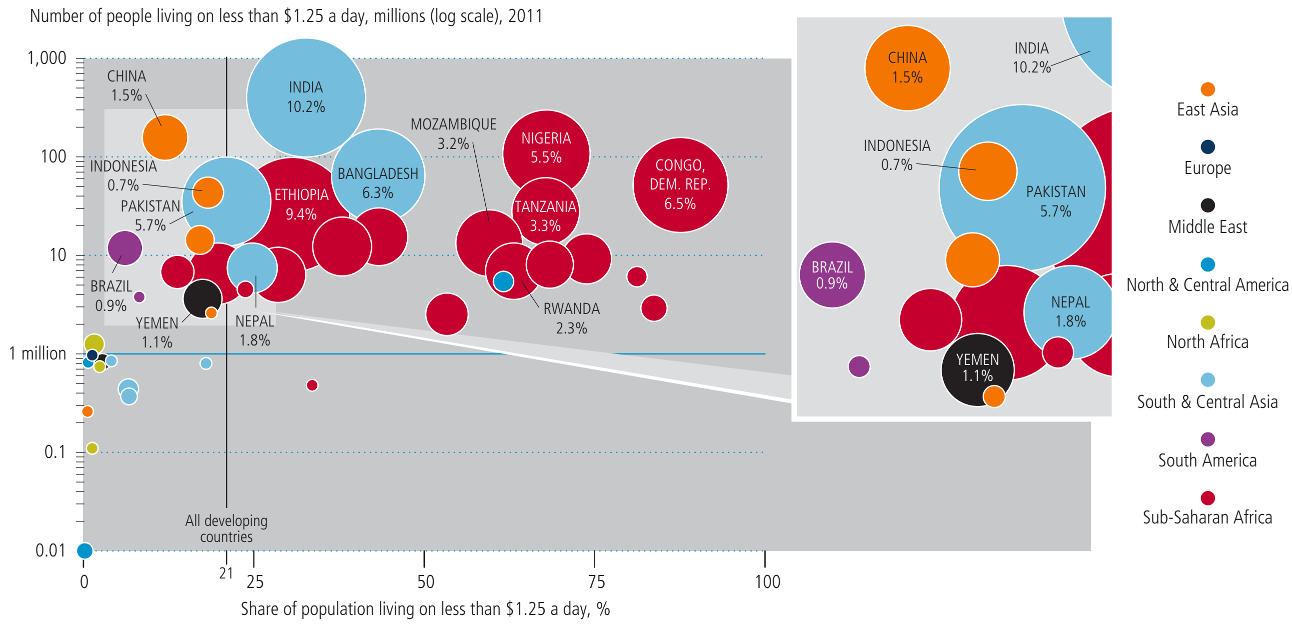
% of gross bilateral ODA, 2011



What does the aid bundle look like for each recipient?

Cash grants accounted for 53% of ODA to the top ten recipients

Most UK ODA goes to countries that have both large numbers of poor people and a high percentage of their populations living in poverty



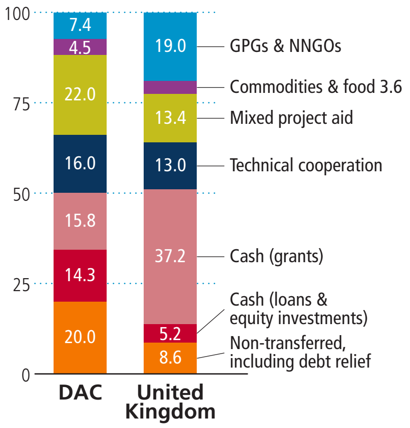
Note: Bubble size indicates the proportion of bilateral ODA allocated to the country in 2011. Two countries in Oceania receive aid, but the plotted data would not be legible. Afghanistan (7.2%) is among the top five aid recipients, but poverty data is unavailable.

What is in the ODA bundle from the United Kingdom?

The UK is the largest provider of budget support grants of all the donors and channels a high proportion of its aid as monetary contributions to specific-purpose funds. This means that cash grants form a much larger share of aid from the UK than from most donors. The UK reports very low amounts of student costs, refugee costs and debt relief, so most aid from the UK results in a transfer of resources to developing countries.

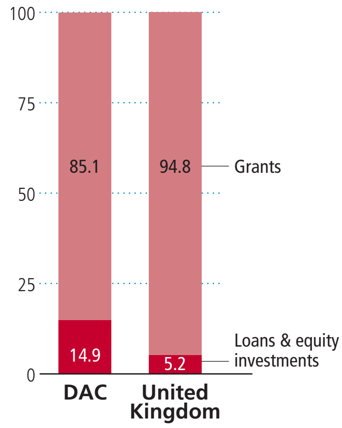
Cash grants and support for GPGs and NNGOs are high

% of gross bilateral ODA, 2011



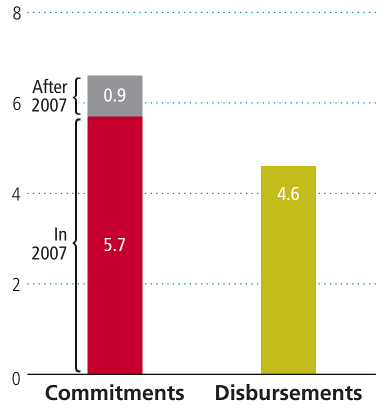
The UK gives no loans but is one of the two largest sources of ODA equity investments

% of gross bilateral ODA, 2011



69% of UK funding commitments from 2007 had been delivered by 2011

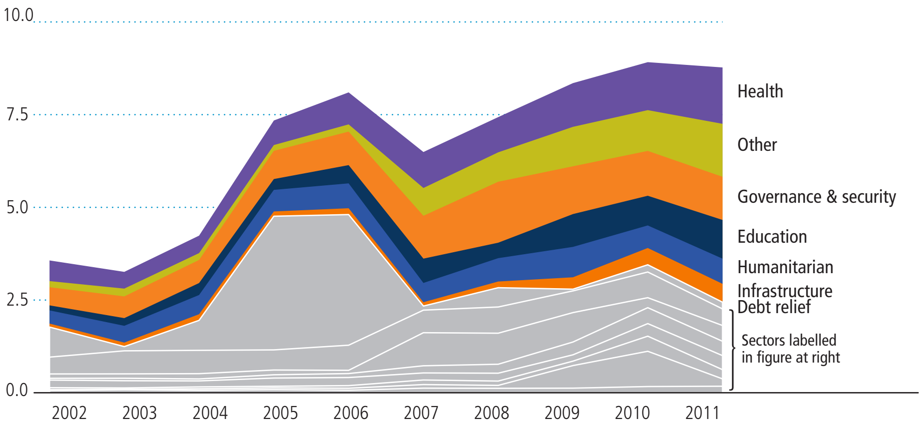
US$ billions, 2011



Note: This chart takes data from all projects for which commitments were recorded in 2007. It compares the commitments to these same projects, including any additional commitments made in 2008–2011, against the total disbursements made to these projects between 2007 and 2011.

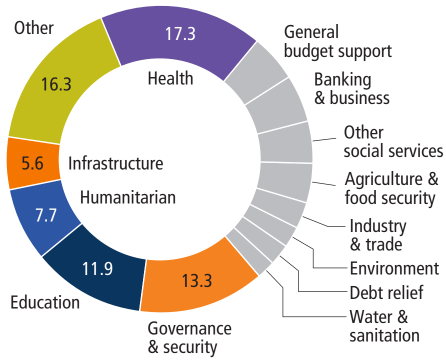
While UK aid to health and governance have more than doubled since the early 2000s, aid to education has grown more than seven-fold

Gross bilateral ODA by sector, US$ billions, 2000–2011



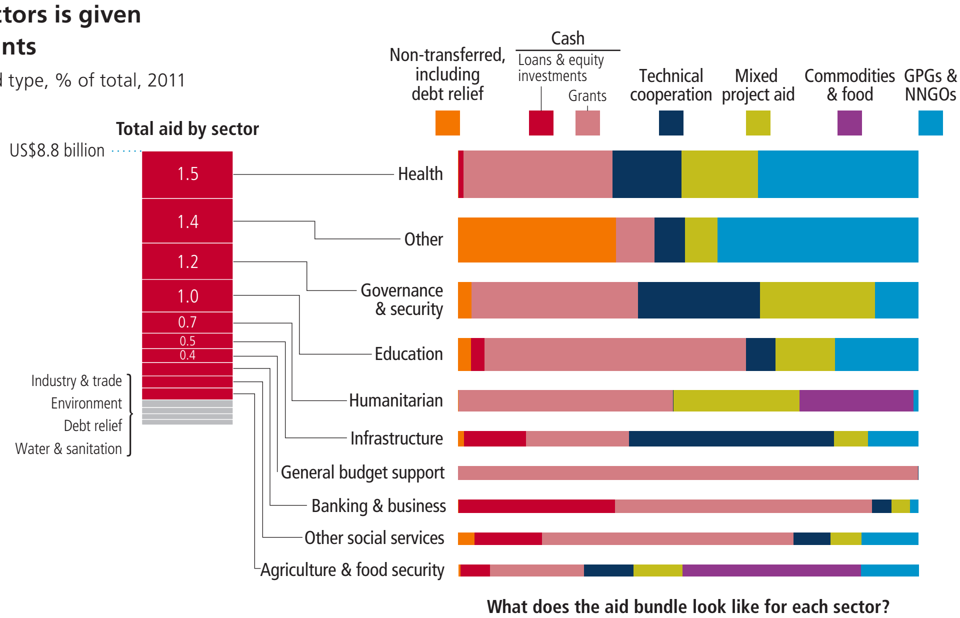
Health, education and governance account for 42% of UK ODA

Gross bilateral ODA by sector, % of total, 2011



UK aid to most sectors is given largely as cash grants

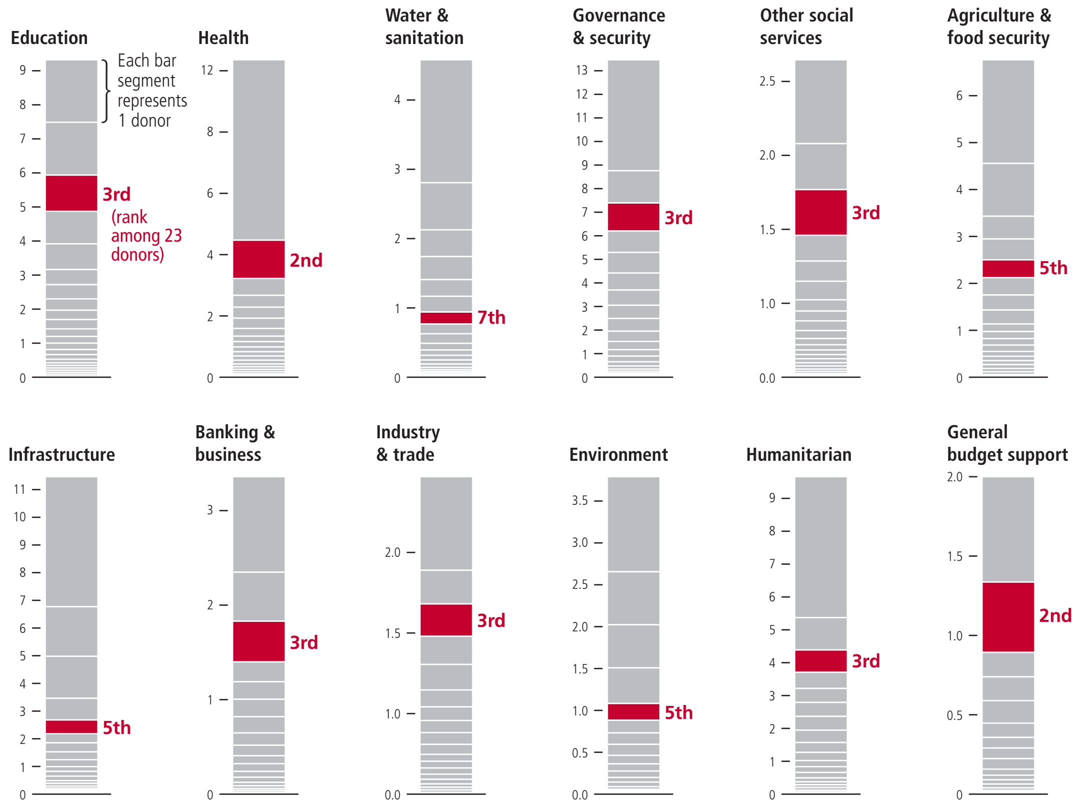
Gross bilateral ODA by aid type, % of total, 2011



Alongside cash grants, aid for GPGs and NNGOs is a large component of ODA to some sectors

The UK is the second largest donor in health and budget support and is an important donor in almost all other sectors

DAC donors ranked in descending order of ODA funding to each sector, US$ billions, 2011



What is the UK's commitment to transparency?

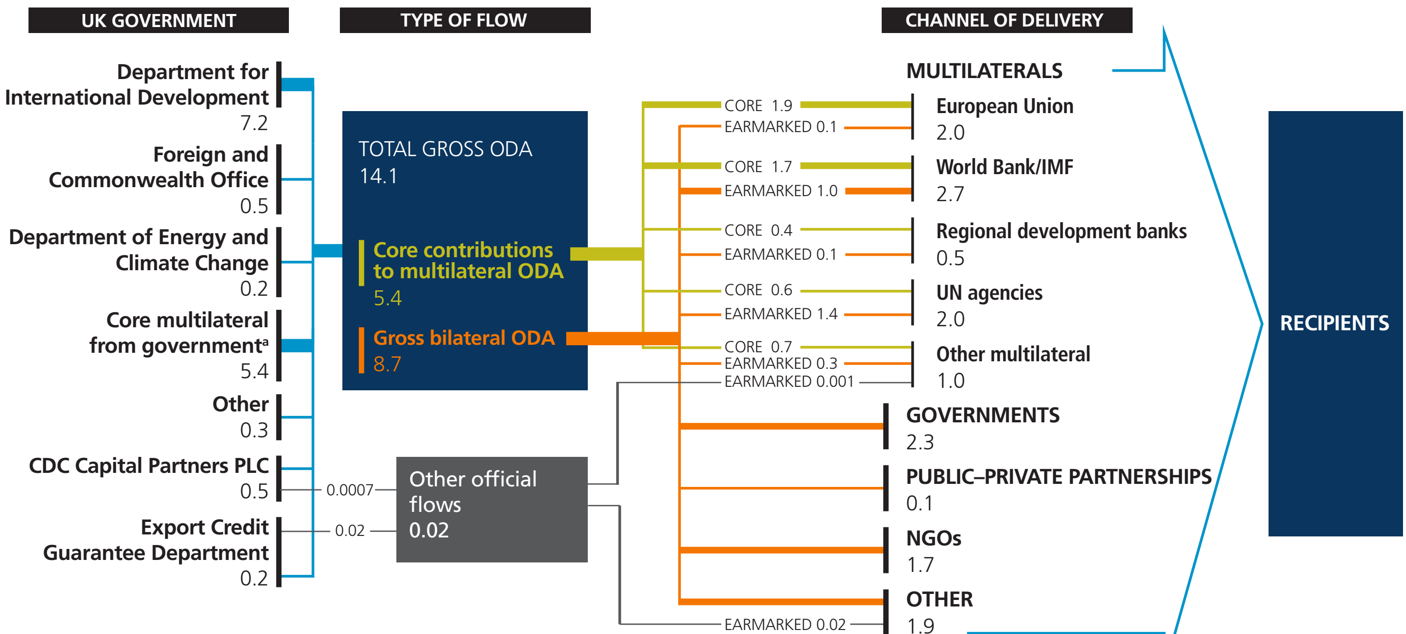
IATI	Publishing signatory
OGP	Steering committee member
EITI	Supportive government

Key

- Excellent/committed
- Good/moving forward
- Poor/no action

Most UK ODA is given through one government department: the Department for International Development

Gross ODA and other official flows by source, type of flow and channel of delivery, US$ billions, 2011



a. Captures contributions to multilateral institutions that cannot be attributed to a particular ministry or institution in the country.

Note: Data is from the DAC (ODA and other official flows data), the World Bank (remittances, GNI and poverty), the United Nations Conference on Trade and Development (FDI) and Development Initiatives (private development assistance and development finance institutions). All data in US$ is in 2011 prices except the 2012 figure in the title area, which is in current (2012) prices. Some overlaps of international flows have been taken into account; see *Methodology.* 'Other' aid includes multisector ODA, administrative costs, support for refugees in the donor country and unallocated or unspecified ODA. DAC is the Development Assistance Committee of the Organisation for Economic Co-operation and Development. EITI is the Extractive Industries Transparency Initiative. FDI is foreign direct investment. GNI is gross national income. GPGs are global public goods. IATI is the International Aid Transparency Initiative. IMF is the International Monetary Fund. NNGOs are Northern non-governmental organisations. ODA is official development assistance (aid). OGP is the Open Government Partnership.

UNITED STATES

Net ODA: US$30.5 billion in 2012, largest DAC donor

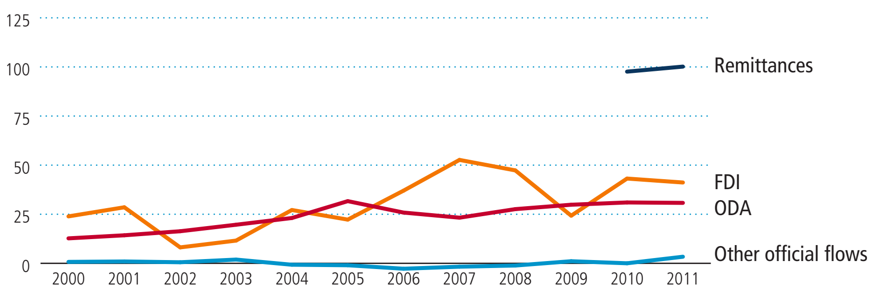
Remittances are the largest flow to developing countries, although the data on this flow is poor. They are often spent on family investments, which are difficult for governments to harness to broader objectives. The US is the largest ODA donor, although as a proportion of income, ODA is low compared with many other donors. But private voluntary contributions virtually match ODA in size. There are numerous US agencies involved in giving aid, many of them comparable in size to other DAC donor countries.

- Most ODA goes to sub-Saharan Africa and fragile states, many of which have high poverty rates.
- The US gives the lowest share of ODA to multilateral institutions of all DAC donors.
- Health is the largest sector for US ODA, totalling US$7.2 billion in 2011. US$5 billion of this goes to HIV/AIDS.

Resource flows from the United States to developing countries

Remittances are the largest resource flow from the US to developing countries

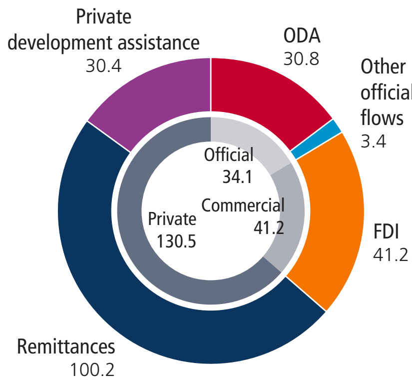
US$ billions, 2000–2011



Note: Data on remittances before 2010 is unavailable. Data on private development assistance is available only for 2011.

Private flows may account for almost two-thirds of US flows to developing countries

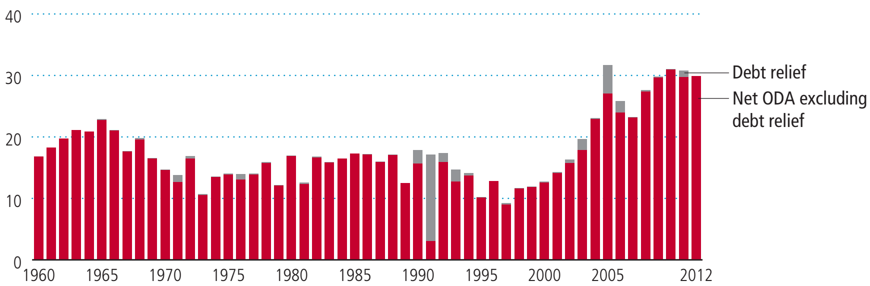
US$ billions, 2011



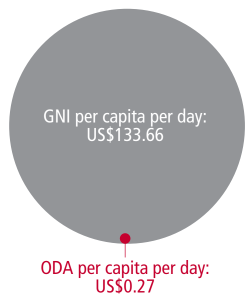
How much ODA does the United States give?

US ODA has grown rapidly since the late 1990s

US$ billions, 1960–2012

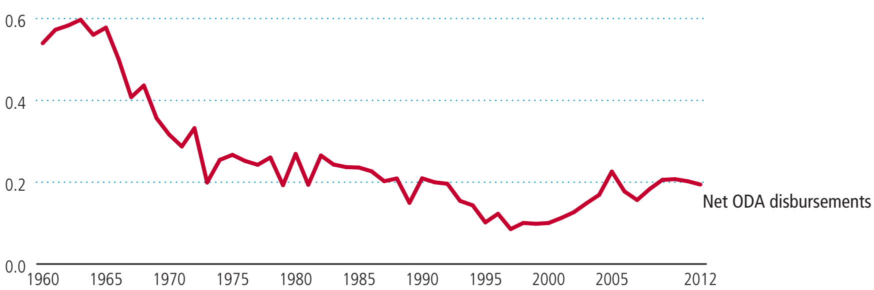


ODA per capita was US $99 in 2011; ODA was 0.20% of GNI



US ODA as a share of income fell from the mid-1960s to the mid-1990s but has almost doubled since 1995

% of GNI, 1960–2012



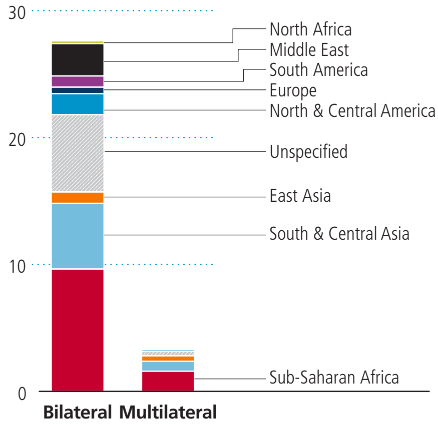
The US has made no overall ODA commitment. It has met its pledge to double aid to sub-Saharan Africa between 2004 and 2011

Where does aid from the United States go?

As the largest DAC donor, the US gives aid to numerous countries, 136 in 2011. Many of these relationships are very important to the recipients, and the US is the largest donor to 48 developing countries in total. The US gives the highest proportion of its aid bilaterally of any DAC donor, and the largest portion of this, 35%, goes to sub-Saharan Africa. The US is also the largest donor to the Middle East, allocating both the highest volumes and proportion of total ODA to this region of all DAC donors. Although mixed project aid is the dominant modality to its top recipients, there are large cash grants to Afghanistan, Pakistan, Iraq and the West Bank and Gaza. Large amounts of US food aid are transferred to some recipients, notably Kenya, South Sudan and Ethiopia. The vast majority of US reported aid to the Democratic Republic of Congo in 2011 was debt relief.

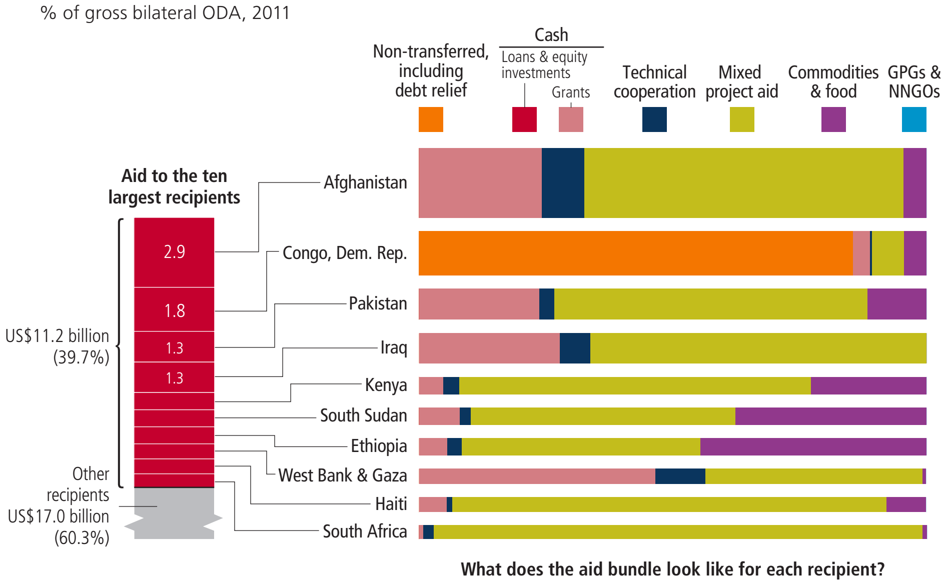
Almost 90% of US ODA is given bilaterally

Gross ODA, US$ billions, 2011



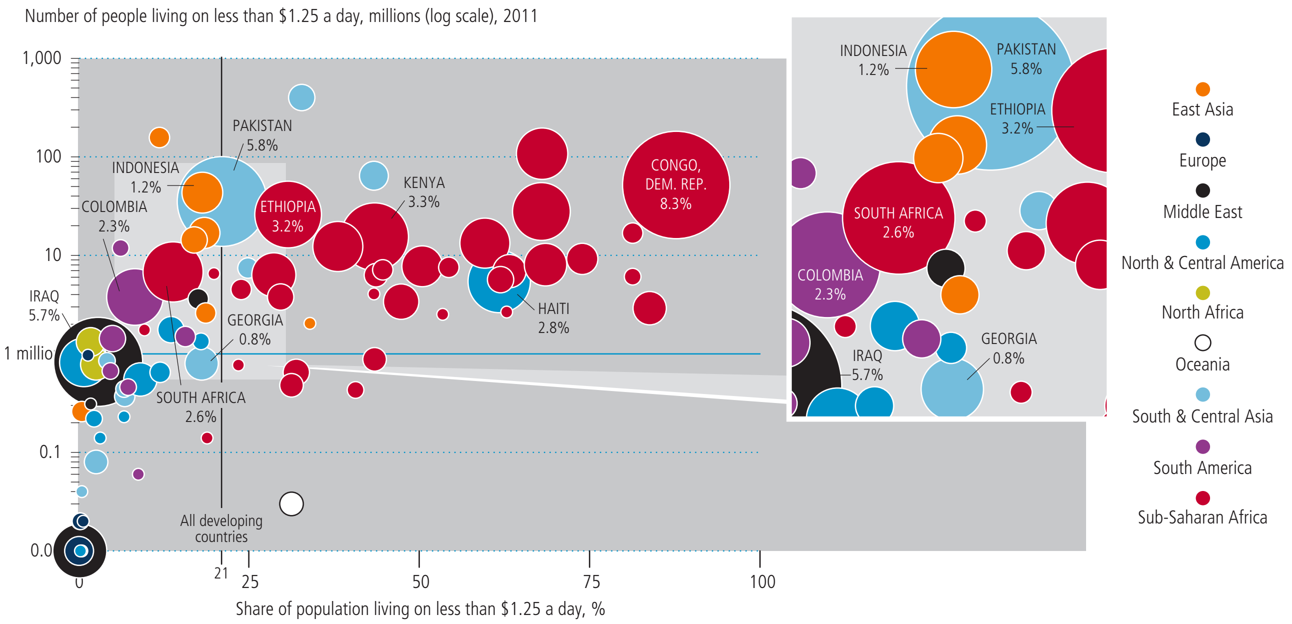
The largest recipients of US ODA are fragile states and sub-Saharan African countries

% of gross bilateral ODA, 2011



The US gives the lowest proportion of ODA to multilateral institutions of all DAC donors

A large amount of ODA goes to countries with high poverty rates, although the US also has strong partnerships with a few countries with low proportional poverty rates



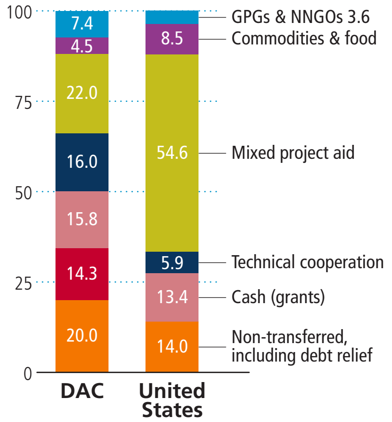
Note: Bubble size indicates the proportion of bilateral ODA allocated to the country in 2011. Afghanistan (13.2%) is among the top five aid recipients, but poverty data is unavailable.

What is in the ODA bundle from the United States?

Before 2007 the US gave a very small proportion of its ODA in the form of loans, but it has since given aid only in the form of grants. The large amount of mixed project aid is due largely to an earlier decision to not report the majority of US technical cooperation separately but to combine it with information on other project-based aid. This also explains the seemingly small proportion of technical cooperation in aid from the US. The proportion of food aid in US ODA is more than twice the average for DAC donors.

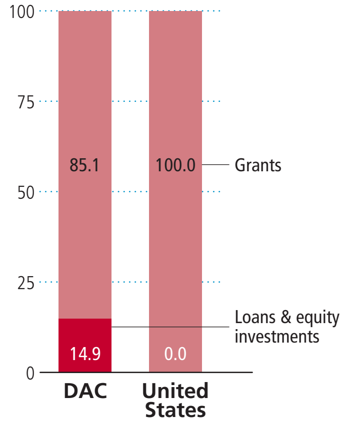
A large proportion of ODA is reported as mixed project aid, although this masks the true delivery modality

% of gross bilateral ODA, 2011



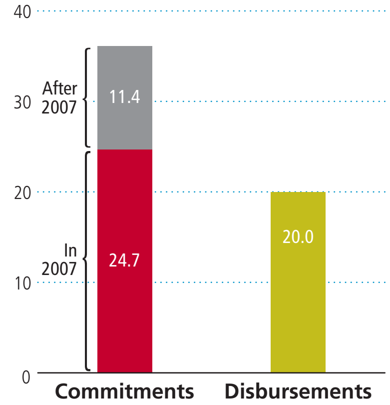
All ODA is in the form of grants; the US provides no ODA loans or equity investment

% of gross bilateral ODA, 2011



55% of US funding commitments from 2007 had been realised by 2011

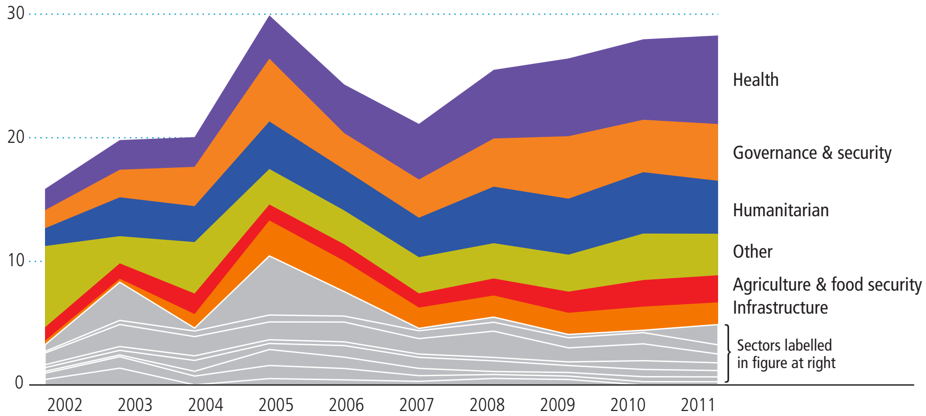
US$ billions, 2011



Note: This chart takes data from all projects for which commitments were recorded in 2007. It compares the commitments to these same projects, including any additional commitments made in 2008–2011, against the total disbursements made to these projects between 2007 and 2011.

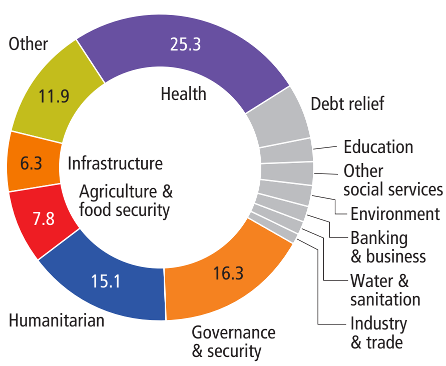
The three largest sectors of US ODA have grown three-fold since 2002, while agriculture and food security has doubled

Gross bilateral ODA by sector, US$ billions, 2000–2011



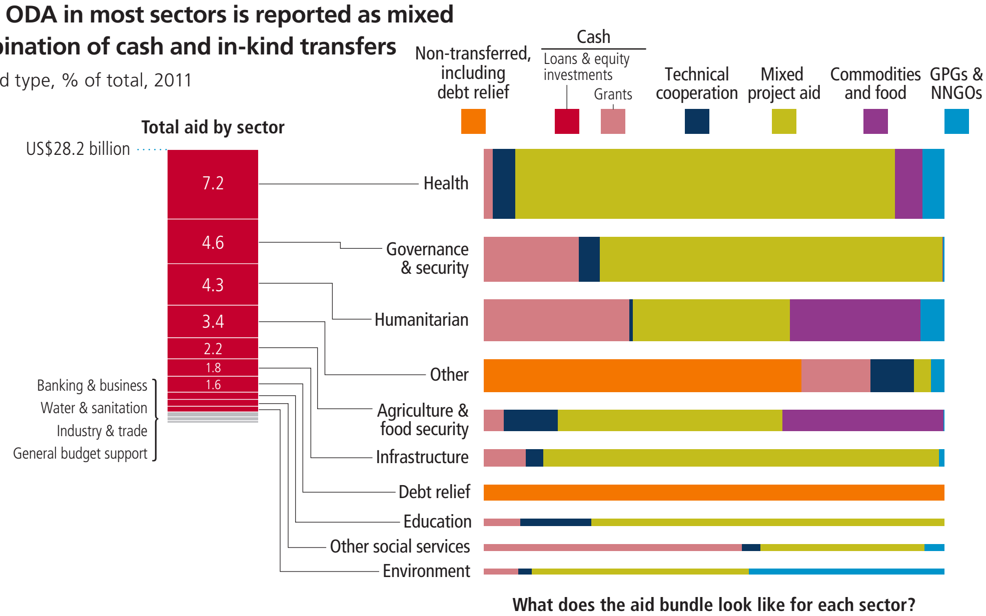
Health, humanitarian and governance ODA account for 57% of the US total

Gross bilateral ODA by sector, % of total, 2011



The majority of US ODA in most sectors is reported as mixed project aid, a combination of cash and in-kind transfers

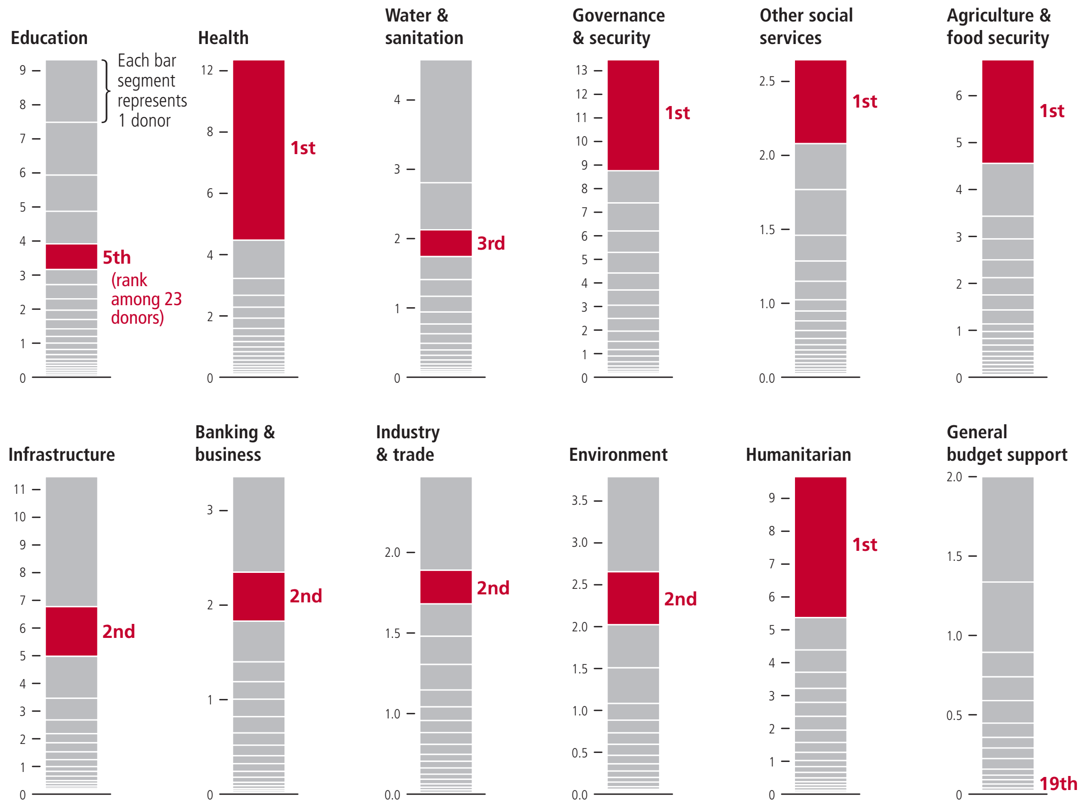
Gross bilateral ODA by aid type, % of total, 2011



Almost 70% of ODA to health in 2011 was for HIV/AIDS

As the largest overall donor, the US is important in almost all sectors, but it is especially large in health, humanitarian, governance, and agriculture and food security

DAC donors ranked in descending order of ODA funding to each sector, US$ billions, 2011



What is the US's commitment to transparency?

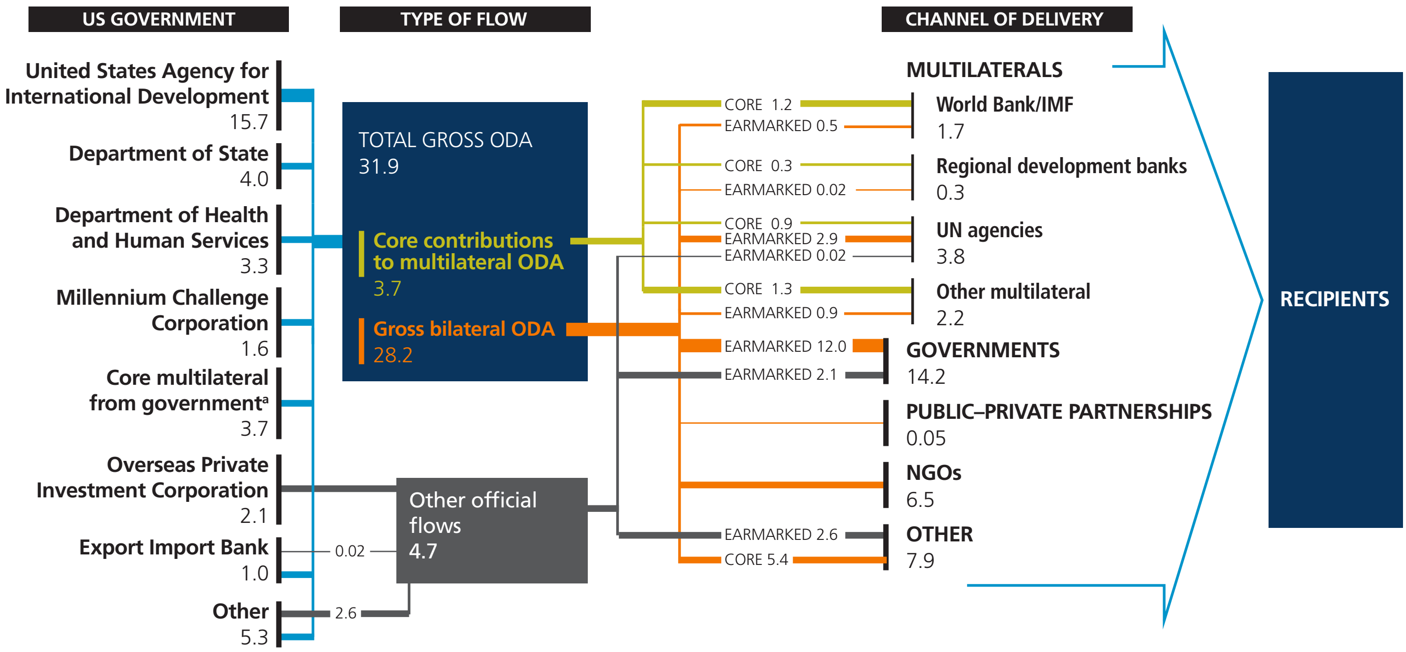
IATI	Publishing signatory
OGP	Steering committee member
EITI	Supportive government

Key

- Excellent/committed
- Good/moving forward
- Poor/no action

The United States Agency for International Development is the largest aid agency, although a number of other US institutions are comparable in size to other DAC donors

Gross ODA and other official flows by source, type of flow and channel of delivery, US$ billions, 2011



a. Captures contributions to multilateral institutions that cannot be attributed to a particular ministry or institution in the country.

Note: Data is from the DAC (ODA and other official flows data), the World Bank (remittances, GNI and poverty), the United Nations Conference on Trade and Development (FDI) and Development Initiatives (private development assistance and development finance institutions). All data in US$ is in 2011 prices except the 2012 figure in the title area, which is in current (2012) prices. Some overlaps of international flows have been taken into account; see *Methodology*. 'Other' aid includes multisector ODA, administrative costs, support for refugees in the donor country and unallocated or unspecified ODA. DAC is the Development Assistance Committee of the Organisation for Economic Co-operation and Development. EITI is the Extractive Industries Transparency Initiative. FDI is foreign direct investment. GNI is gross national income. GPGs are global public goods. IATI is the International Aid Transparency Initiative. IMF is the International Monetary Fund. NNGOs are Northern non-governmental organisations. ODA is official development assistance (aid). OGP is the Open Government Partnership.

Brazil

China

India

Russia

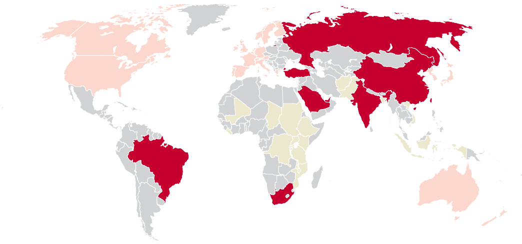
Saudi Arabia

South Africa

Turkey

United Arab Emirates

9



Other providers of development cooperation

These profiles present in a clear and concise form the available data on development cooperation flows from eight government providers outside the DAC: Brazil, China, India, Russia, Saudi Arabia, South Africa, Turkey and the United Arab Emirates. They show the scale and trends of development cooperation and other international outflows to developing countries. They detail key recipient countries and regions, modes of delivery and institutional arrangements for each provider. They also comment on data availability and the commitment to transparency.

Brazil, China, India, South Africa and Turkey are both providers of development cooperation and recipients of aid. Their profiles include development cooperation given and ODA received: trends, the bundle of aid and key donors and sectors, together with an overview of other resource inflows and outflows. Trends on people living on less than $1.25 a day are also presented.

These countries have been chosen because of their increasing economic and political weight in the development finance landscape. While none of the countries has joined the DAC, Russia, Saudi Arabia, Turkey and the United Arab Emirates have adopted the ODA definition of foreign aid. Brazil, China, India and South Africa have national understandings of what development cooperation includes.

More detailed and interactive information is available online at www.devinit.org, and Development Initiatives is always pleased to provide data and information through our helpdesks. Please refer to the profile endnotes and *Methodology* for more detailed explanations of terms and concepts used.

BRAZIL

Gross disbursements of development cooperation: US$1 billion in 2010, 4th largest government provider of development cooperation outside the DAC*
Gross ODA received: US$1 billion, 40th largest ODA recipient in 2011

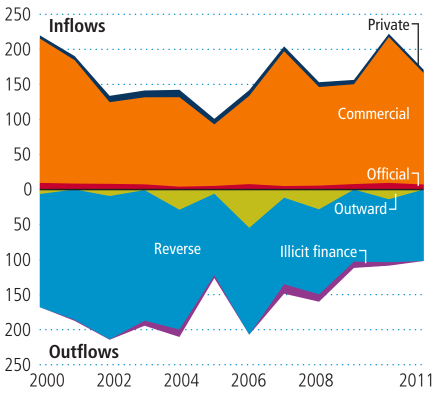
The largest non-aid flows to and from Brazil are loans. Brazil is both a provider of development cooperation and a recipient of aid. It disbursed US$1 billion in 2010, more than five DAC donors did in 2011.* Comparability is indicative because both the way aid is reported and its composition differ from DAC donors.

- Bilateral flows were the largest component of development cooperation from Brazil (66%) in 2010. Brazil focuses on Latin America, the Caribbean and sub-Saharan Africa.
- Growth in development cooperation from Brazil has been driven primarily by increases in humanitarian assistance and peacekeeping operations.
- Japan, Norway and Germany are the largest donors of ODA to Brazil.
- ODA to Brazil goes mostly to water and sanitation (primarily loans), agriculture and food security (primarily grants), and infrastructure (primarily loans).

Resource flows to and from Brazil

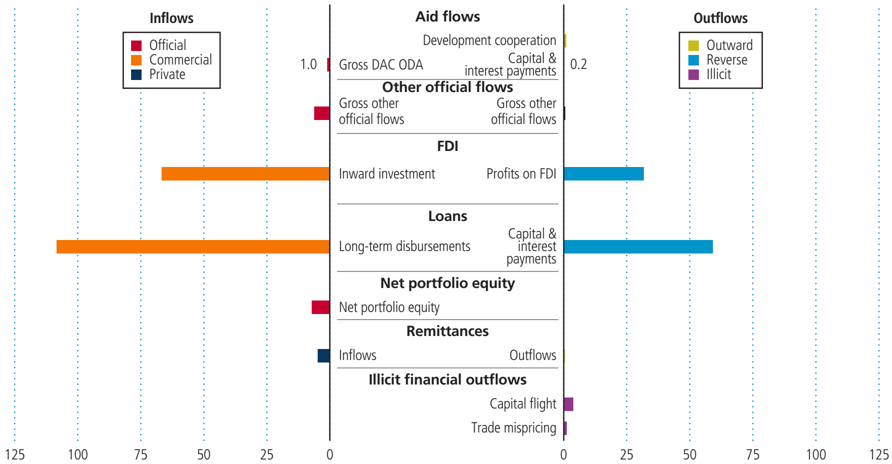
Commercial inflows and reverse outflows are the largest to and from Brazil

US$ billions, 2000–2011



Long-term loans and FDI account for the largest inflows and outflows

US$ billions, 2011

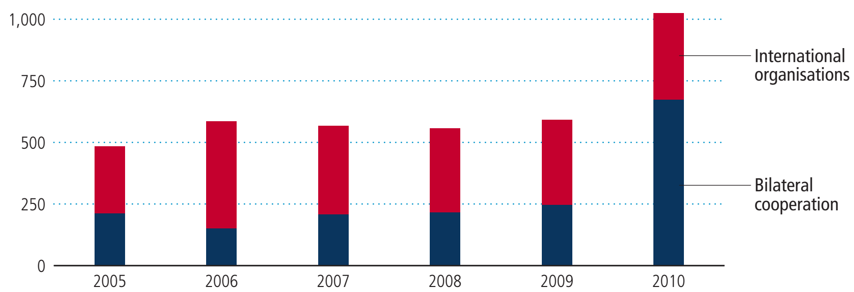


BRAZIL AS A PROVIDER OF DEVELOPMENT COOPERATION

How much wealth does Brazil share?

Development cooperation from Brazil jumped in 2010, driven by a threefold increase in bilateral flows

Gross disbursements, US$ millions, 2005–2010



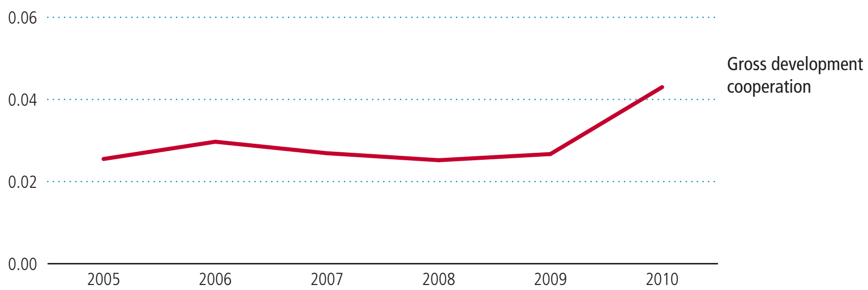
Development cooperation from Brazil more than doubled between 2005 and 2010. Bilateral cooperation has increased, to reach 66% of total development cooperation in 2010, while funding to international organisations fell to 34%, the lowest since 2005.

The most recent national survey reported flows from 91 national agencies, including its principal development cooperation agency, the Brazilian Cooperation Agency under the Ministry of External Relations. The large increase in 2009–2010 may be due partly to better reporting.

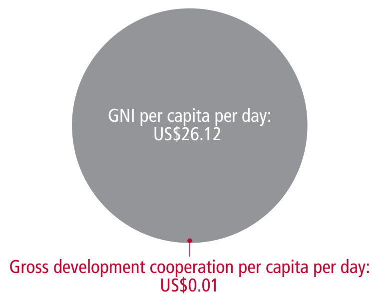
The survey includes federal government resources spent on development cooperation, which includes expenditure on technical cooperation that Brazil delivers through its public sector.

Development cooperation has also increased as a share of income

% of GNI, 2005–2010



Development cooperation was 0.04% of GNI

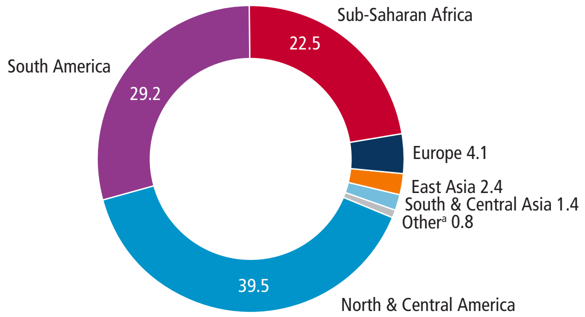


*2011 data for Brazil is unavailable; ranking is based on 2010 values for Brazil and 2011 values for other countries.

Where does development cooperation from Brazil go?

Latin America and the Caribbean is the largest recipient of development cooperation from Brazil

% of gross disbursements, 2010

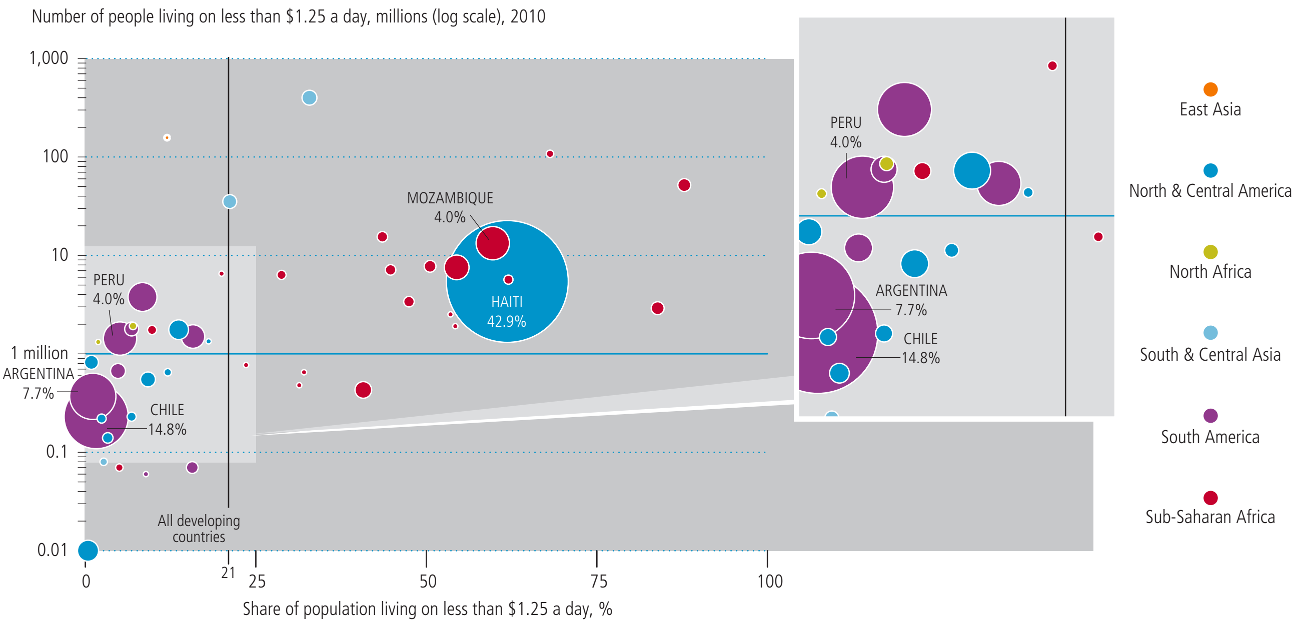


a. North Africa, Middle East and Oceania.

In 2010 Brazil disbursed development cooperation to 124 countries, 93 of them ODA-eligible recipients. Some 69% of development cooperation from Brazil that was directly allocated to countries went to Latin America and the Caribbean and 23% went to sub-Saharan Africa. Most went to developing countries.

Technical cooperation only partially targets poor countries, mostly because of the focus on Latin America: Haiti was the largest recipient, followed by Chile, Argentina and Cape Verde in 2010. Development cooperation to Latin America and the Caribbean quadrupled over 2005–2010, while development cooperation to sub-Saharan Africa doubled; the fastest growing regions were North Africa and the Middle East, which started from a very low base. Historical detail on regional allocation of other forms of cooperation, such as humanitarian assistance, scholarships, refugee costs and earmarked funding to international organisations, is not available.

Development cooperation from Brazil goes mainly to neighbours



Note: Bubble size indicates the proportion of development cooperation allocated to the country in 2011.

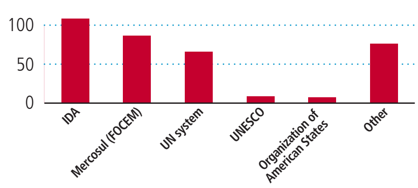
How is development cooperation from Brazil delivered?

In 2010 UN peacekeeping operations were the largest component of development cooperation from Brazil: US$377 million (37%), with 80% of that (US$301 million) going to the UN contingent in Haiti. Brazil gave 46% of its humanitarian assistance to Haiti. Peacekeeping, humanitarian and technical assistance flows include both funding delivered directly to countries and support channelled through international organisations.

IDA was the largest recipient of regular core contributions to international organisations (US$108 million, 31% of international organisations funding), followed by Mercosul's International Structural Convergence and Institutional Strengthening Fund (US$86 million, 24%).

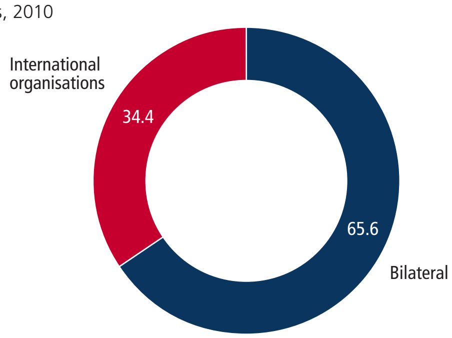
IDA and Mercosul are the largest recipients of international organisations' funding from Brazil

Gross disbursements, US$ millions, 2010



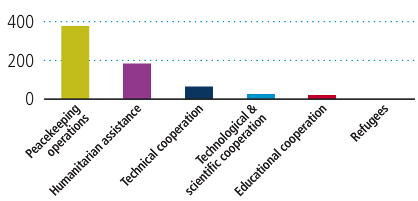
Most development cooperation from Brazil is channelled bilaterally

% of gross disbursements, 2010



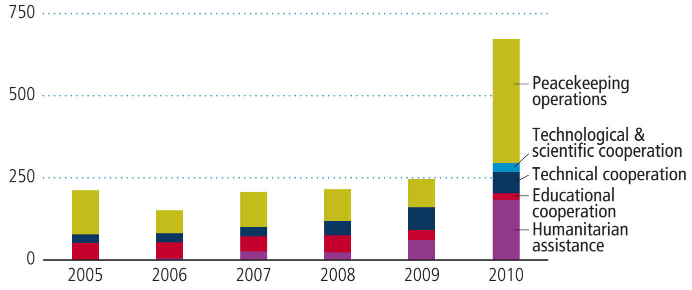
Peacekeeping and humanitarian assistance are the largest bilateral expenditures from Brazil

Gross disbursements, US$ millions, 2010



Development cooperation from Brazil has increased since 2005 thanks to growth of peacekeeping operations and humanitarian assistance

Gross disbursements, US$ millions, 2005–2010



What is Brazil's commitment to aid reporting and transparency?

Grants	Available
Zero interest loans	Available
Concessional loans	Not available
Debt relief	Not available
Contributions to international agencies	Available

IATI	Non-signatory
OGP	Steering Committee member
EITI	Unsupportive government

Key

Poor/no action
Good/moving forward
Excellent/committed

BRAZIL AS AN ODA RECIPIENT

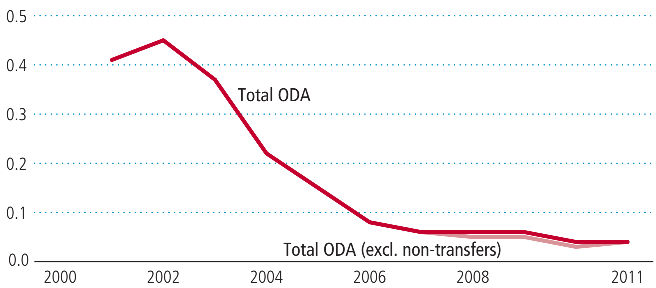
ODA to Brazil increased 70% over 2000–2011, to US$1 billion. It declined as a share of growing national income. Government expenditure per capita was PPP$3,977 in 2011. Brazil greatly reduced the number of people living on less than $1.25 a day, from 20 million (11% of the population) to 12 million (6%) over 1999–2009.

- Japan is the largest donor and disburses most ODA as loans and equity investments.
- Largest sectors are water and sanitation (mainly loans and equity investments) and agriculture and food security (mostly grants).

ODA and poverty

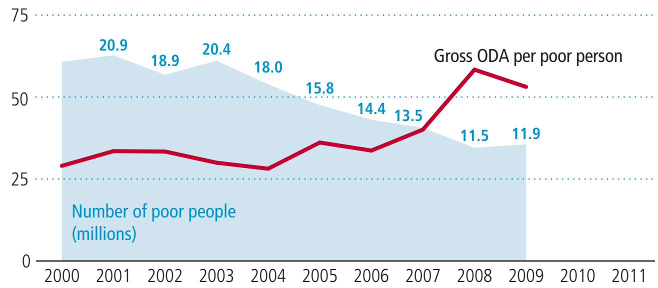
ODA received as a share of income has decreased since 2000

Gross ODA, % of GNI, 2000–2011



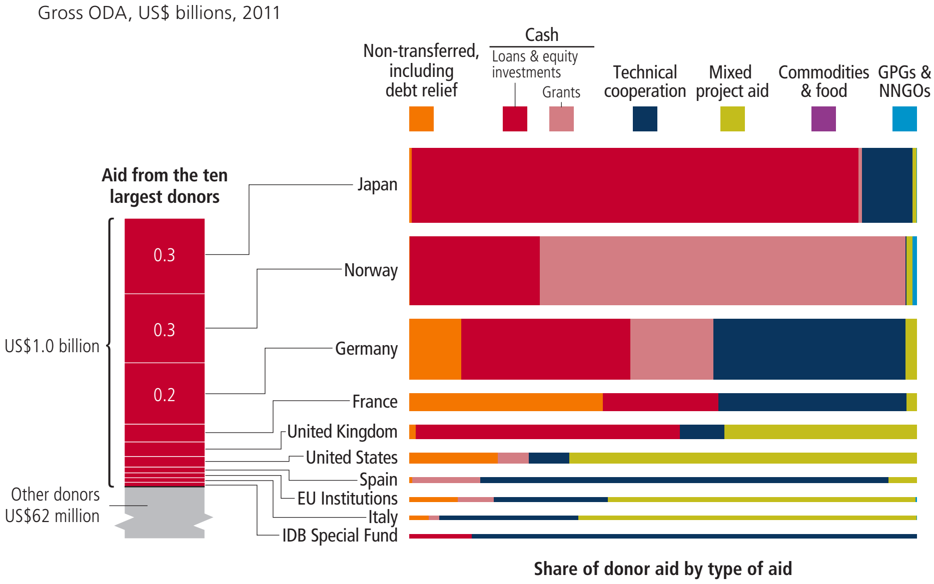
ODA received per person living on less than $1.25 increased as the number of people living in extreme poverty decreased

US$, 2000–2011



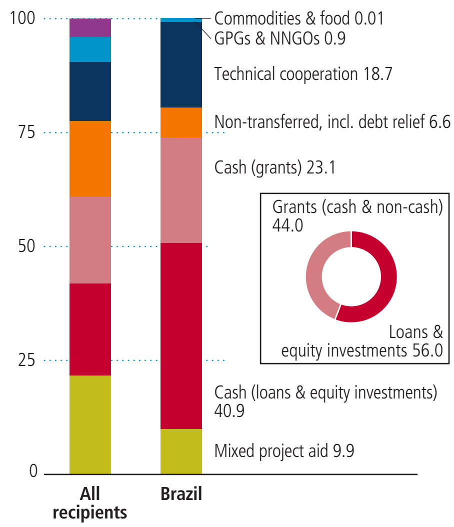
Japan is the largest donor, giving most ODA as loans and equity investments

Gross ODA, US$ billions, 2011



Most ODA is received as loans and equity investments

% of gross ODA, 2011

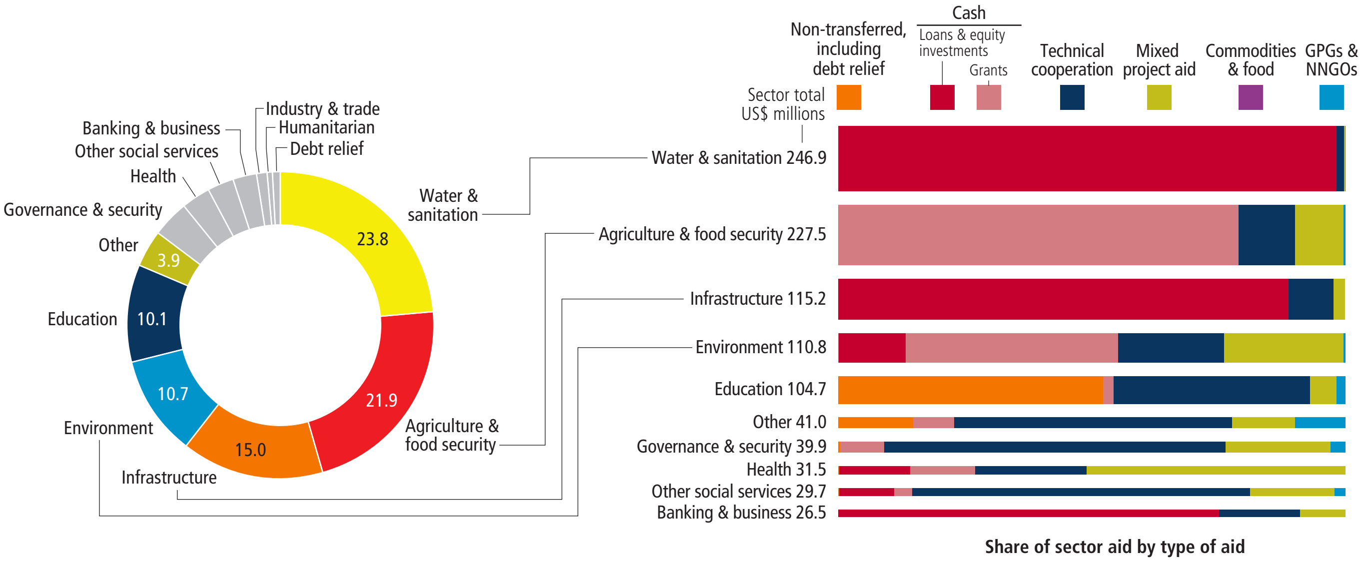


What is aid to Brazil spent on?

Three sectors account for over half of ODA to Brazil: water and sanitation, agriculture and food security, and infrastructure. Loans and equity investment fund most ODA to water and sanitation, infrastructure, and banking and business. Agriculture and food security and environment receive mostly grants. Technical cooperation dominates in ODA to governance and security and other social services. The water and sanitation sector is very concentrated, as it is funded almost entirely by Japan.

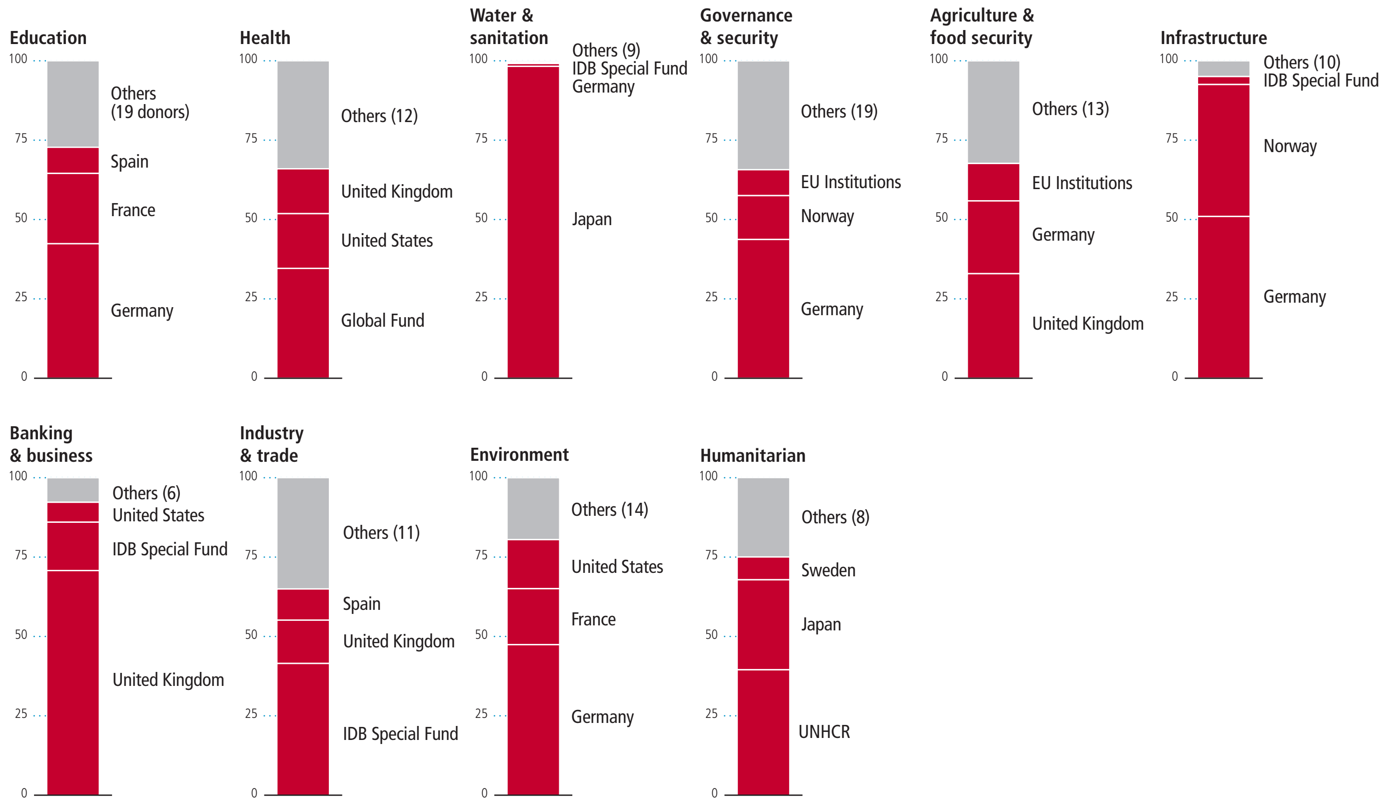
The three largest sectors account for 61% of ODA to Brazil; some of the largest sectors are funded by loans, but agriculture and food security and environment are funded mostly by grants

% of gross ODA, 2011



A handful of donors, primarily Japan and Germany, contribute to water and sanitation, infrastructure and environment; the UK is a large donor to agriculture and food security

% of gross ODA, 2011



Note: Data is from the Brazilian Cooperation Agency's 2010 and 2013 *Cooperação Brasileira para o Desenvolvimento Internacional* reports (development cooperation provided), the DAC (ODA and other official flows), the World Bank (remittances, GNI and poverty) and the United Nations Conference on Trade and Development (FDI). All data in US$ is in 2011 prices. Some overlaps of international flows have been taken into account; see *Methodology*. Data on ODA includes assistance from all donors that report to the DAC; aid bundle figures may not align with totals elsewhere as data is drawn from different OECD DAC data sets. 'Other' aid includes multisector ODA, administrative costs, support for refugees in the donor country and unallocated or unspecified ODA. DAC is the Development Assistance Committee of the Organisation for Economic Co-operation and Development. EITI is the Extractive Industries Transparency Initiative. FDI is foreign direct investment. GNI is gross national income. GPGs are global public goods. IDA is the International Development Association. IDB is the Inter-American Development Bank. Mercosul is the Southern Common Market. NNGOs are Northern non-governmental organisations. ODA is official development assistance (aid). OGP is the Open Government Partnership. PPP is purchasing power parity. UNESCO is the United Nations Educational, Scientific and Cultural Organization. UNHCR is the Office of the UN High Commissioner for Refugees.

CHINA

Gross disbursements of development cooperation: US$5.5 billion in 2011, largest government provider of development cooperation outside the DAC
Gross ODA received: US$2.7 billion, 9th largest ODA recipient in 2011

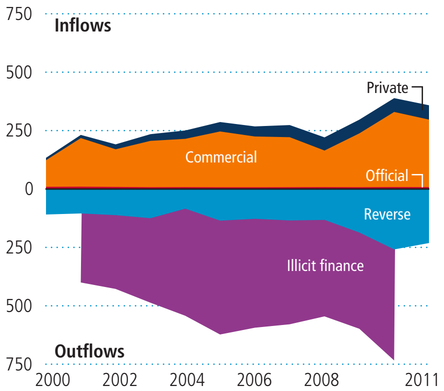
The largest inflows to China are short-term loans and FDI. Illicit outflows can be substantial. China is both a provider of development cooperation and an aid recipient. In 2011 China was estimated to give US$5.5 billion, more than 16 DAC donors and as much as Canada. Comparability is only indicative because both the way aid is reported and its composition differ from DAC donors.

- Some development cooperation is provided as concessional loans to finance infrastructure and industry.
- Japan, Germany and France are the largest ODA donors to China.
- Education is the largest sector for ODA to China, but most is non-transferred.

Resource flows to and from China

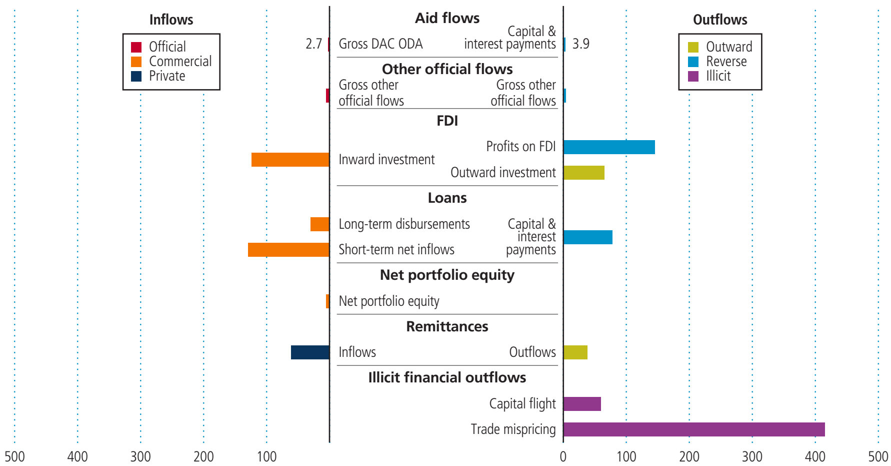
Commercial inflows have grown rapidly since 2000

US$ billions, 2000–2011



Short-term loans and FDI are the largest inflows

US$ billions, 2011

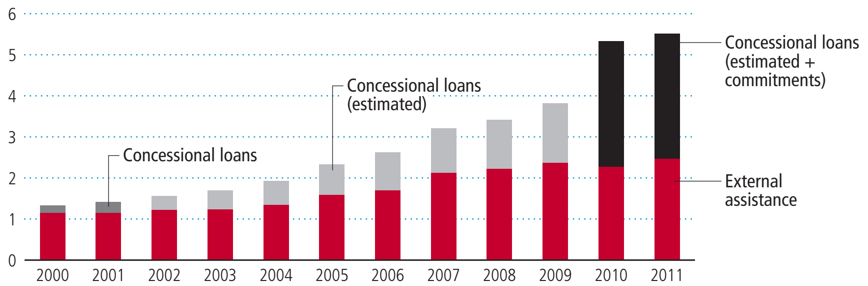


CHINA AS A PROVIDER OF DEVELOPMENT COOPERATION

How much wealth does China share?

Development cooperation from China tripled between 2000 and 2009

Gross disbursements, US$ billions, 2000–2011



Note: Excludes aid to multilateral agencies. Volumes of concessional loans for 2010 and 2011 present a scenario of total concessional loans from China. They assume that China will meet its commitment of increasing loans and aid to Africa by US$10 billion between 2010 and 2012, of which an estimated US$4 billion is concessional loans. They assume that this increase will occur annually in equal proportions, 33% each year, increasing total concessional loans from US$1.2 billion in 2009 to US$2.5 billion in the following years. As all the increase in concessional loans goes to Africa and the remaining envelope for concessional loans is assumed to remain unchanged, aid to other regions decreases in both absolute and relative terms in 2010 and 2011.

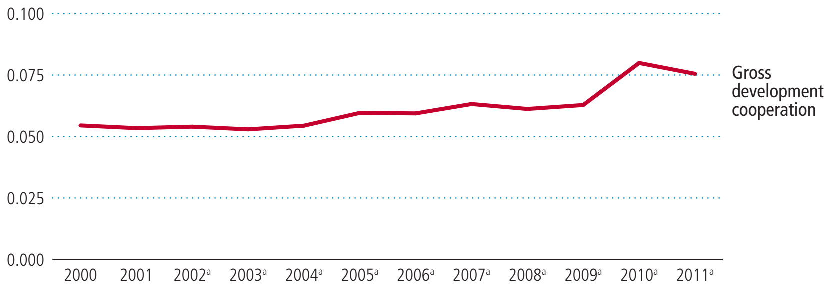
China's Ministry of Commerce and the Export-Import Bank disburse funds for development cooperation. The Ministry of Commerce disburses development cooperation, external assistance in China's terminology.

The Export-Import Bank administers concessional loans for larger projects that have to be awarded to a Chinese company and in which at least 50% of goods and services come from China. China considers only the interest subsidy on these loans as aid.

Data for 2010 and 2011 are estimated based on commitments to Africa at the Forum on China Africa Cooperation in November 2009. This data does not represent actual disbursements of concessional loans from China and should thus be treated with caution. In addition, China contributes to multilateral agencies. Core and earmarked contributions to key agencies amounted to US$425 million in 2010 (OECD 2012).

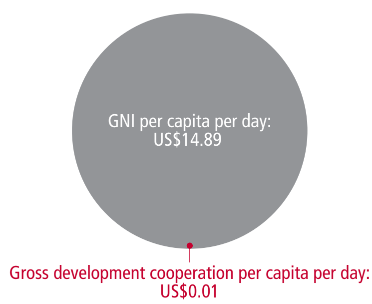
Gross development cooperation as a share of GNI has increased since 2000

% of GNI, 2000–2011



a. Estimated.

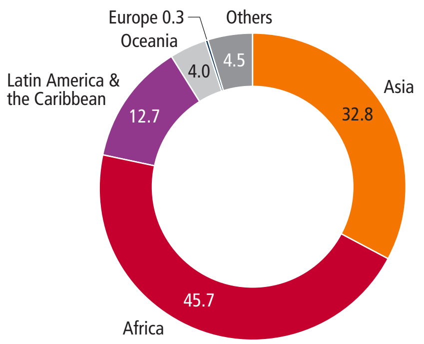
Development cooperation was 0.08% of GNI in 2011



Where does development cooperation from China go?

46% of development cooperation from China goes to Africa, 33% to Asia

% of development cooperation, 2009

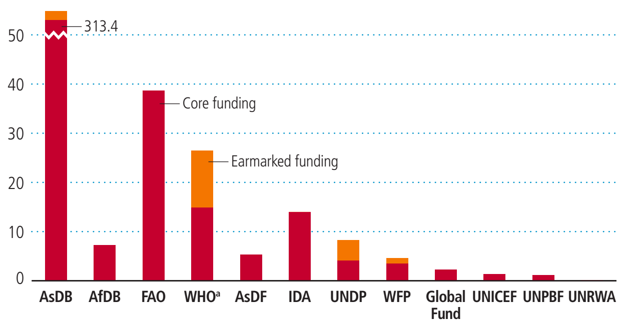


China has been providing development cooperation since the 1950s. It goes to more than 161 countries, 123 of them developing countries (51 in Africa, 30 in Asia, 18 in Latin America and the Caribbean, 12 in Oceania and 12 in Europe). Available data shows that Africa was the largest recipient region in 2009, followed by Asia. China has development cooperation relationships with all but four African countries (Burkina Faso, The Gambia, São Tomé and Príncipe, and Swaziland).

How is development cooperation from China delivered?

The AsDB receives large contributions from China; most contributions to selected development banks and UN agencies are core funding

Gross disbursements, US$ millions, 2010



a. Does not reflect the ODA coefficient of 76%.

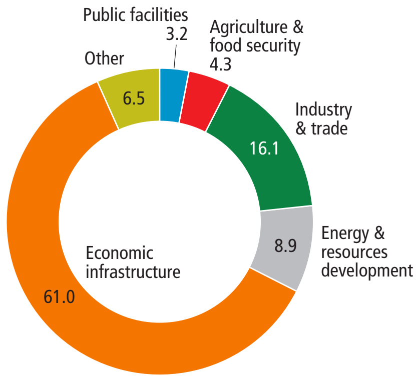
Most development cooperation from China is distributed bilaterally, but China also disburses funds to international and regional bodies as either core or earmarked contributions (US$425 million in 2010). Regional banks and UN agencies receive some of these contributions. China also cooperates under trilateral agreements, such as with the FAO for food security initiatives in Liberia and Senegal and the United Kingdom on natural disaster preparedness and response in Bangladesh and Nepal (OECD 2013).

China blends development cooperation with other official finance instruments. Standard agreements with developing countries include a mix of aid, export credits and export buyers credits as well as commercial loans. Details are scant, but China's major investments are in agriculture, industrial development, economic infrastructure, public facilities and social services. Climate change is a new area of intervention. Available data on concessional loans shows heavy investment in economic infrastructure and industry.

China provides relief and humanitarian aid as in-kind, relief teams and cash donations. Its largest contribution occurred in 2005 to support Asian countries hit by the tsunami. China also provides humanitarian assistance to countries in other regions. Between 2004 and 2009 it supported about 200 operations.

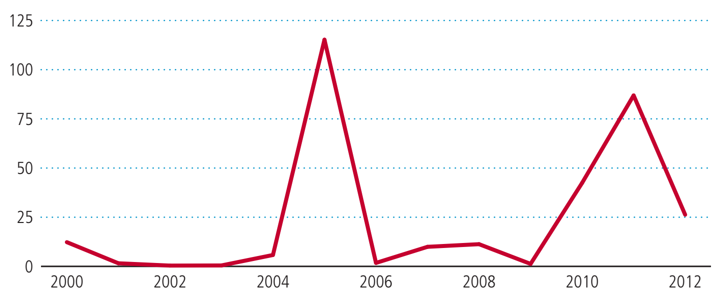
Most concessional loans from China go towards economic infrastructure

% of concessional loans, 2009



Humanitarian aid from China peaked in 2005 to provide relief to Asian countries affected by the tsunami

Gross disbursements, US$ millions, 2000–2012



What is China's commitment to aid reporting and transparency?

Grants	Available
Zero interest loans (interest subsidy)	Available
Concessional loans	Partially available
Debt relief	Not available
Contributions to international agencies	Partially available

IATI	Non-signatory
OGP	Non-member
EITI	Unsupportive government

Key

Poor/no action
Good/moving forward
Excellent/committed

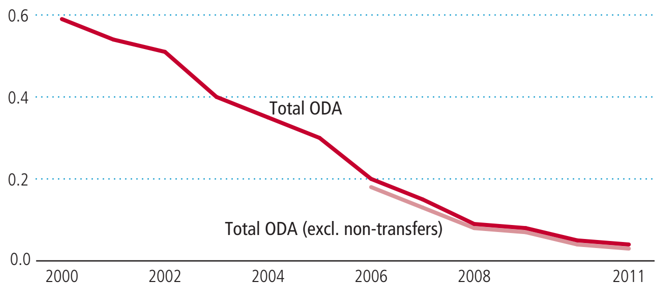
CHINA AS AN ODA RECIPIENT

Gross ODA to China has fallen 20% since 2000, to US$2.7 billion in 2011. ODA received by China has fallen as a share of rising national income. Government expenditure per capita was PPP$1,763 in 2011. China has achieved the largest reduction in the number of people living on less than $1.25 a day over 1999–2009, from 446 million (36% of the population) to 157 million (12%).

ODA and poverty

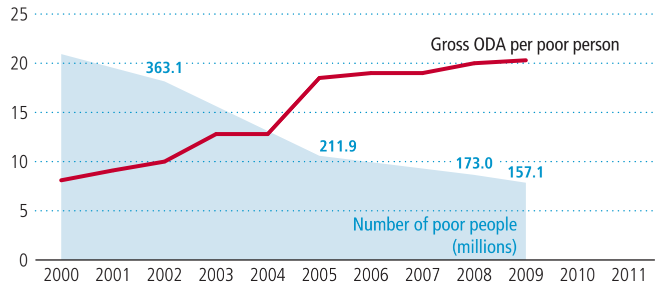
ODA received has dropped as a share of rising national wealth

Gross ODA, % of GNI, 2000–2011



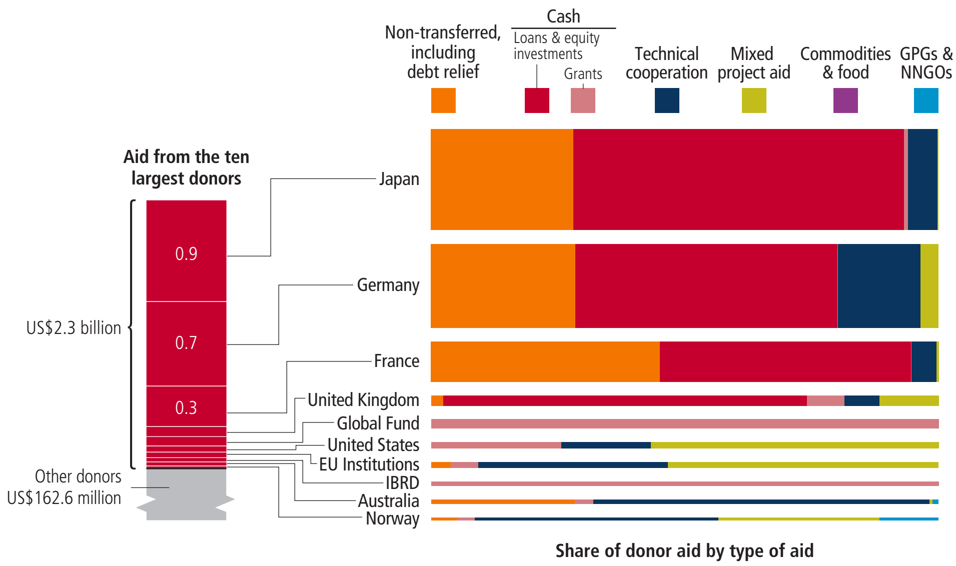
ODA per poor person remains low, although it increased as the number of poor people fell

US$, 2000–2011



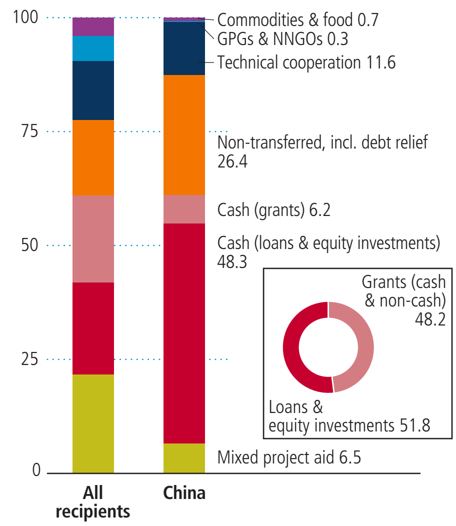
ODA from larger donors is mostly loans and equity investments; a large share of ODA is non-transferred

Gross ODA, US$ billions, 2011



The share of ODA to China given as loans and non-transferred resources is substantially greater than the developing-country average

% of gross ODA, 2011

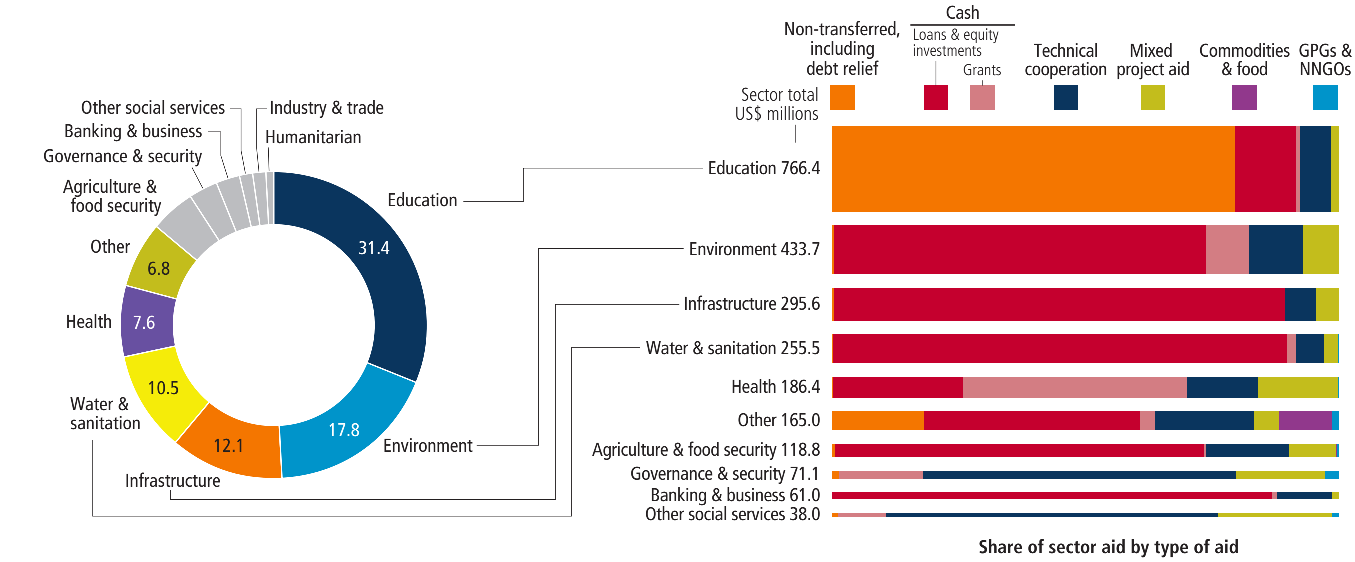


What is aid to China spent on?

Three sectors account for 61% of ODA to China: education, environment and infrastructure. Loans and equity investments fund most of these sectors and other sectors, such as water and sanitation, agriculture and food security, and banking and business. ODA to health is 44% grants. Technical cooperation is predominant in governance and security and other social services. Japan, Germany, France and the Global Fund provide the bulk of ODA funding to education, infrastructure, environment, water and sanitation, and health.

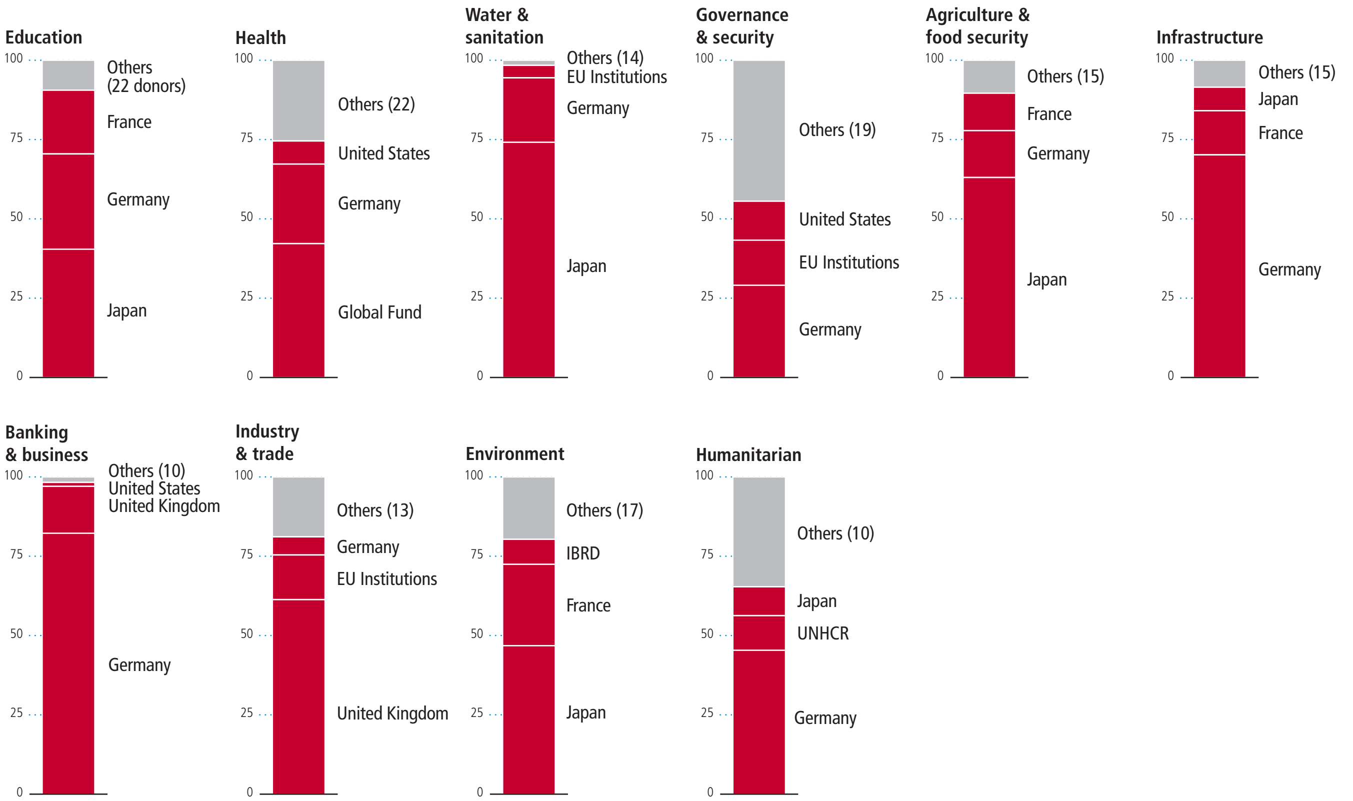
Education, environment and infrastructure account for 61% ODA to China, but most ODA to education is spent within the donor country as student grants; most aid to the largest sectors is loans

% of gross ODA, 2011



Japan, Germany and France provide most of the resources to the largest sectors

% of gross ODA, 2011



Note: Data is from the Ministry of Commerce's (2002–2011) *Statistical Yearbook* (external assistance for all years and concessional loans for 2001 and earlier); Deborah Brautigam's (2011) *The Dragon's Gift: The Real Story of China in Africa* (New York: Oxford University Press; concessional loans for 2002–2009); Development Initiatives calculations (concessional loans for 2010–2011); the OECD's *2012 DAC Report on Multilateral Aid* (core and earmarked contributions to key agencies) and (2013) *Triangular Co-operation: What's the Literature Telling Us?*; the DAC (ODA and other official flows); World Bank (remittances, GNI and poverty); the United Nations Conference on Trade and Development (FDI). The Information Office of the State Council of the People's Republic of China's (2011) "China's Foreign Aid"; and the United Nations Office for the Coordination of Humanitarian Affairs Financial Tracking System. All data in US$ is in 2011 prices. Some overlaps of international flows have been taken into account; see *Methodology*. Data on ODA includes assistance from all donors that report to the DAC; aid bundle figures may not align with totals elsewhere as data is drawn from different OECD DAC data sets. 'Other' aid includes multisector ODA, administrative costs, support for refugees in the donor country and unallocated or unspecified ODA. AfDB is the African Development Bank. AsDB is the Asian Development Bank. AsDF is the Asian Development Fund. DAC is the Development Assistance Committee of the Organisation for Economic Co-operation and Development. EITI is the Extractive Industries Transparency Initiative. FAO is the Food and Agricultural Organization. FDI is foreign direct investment. Global Fund is the Global Fund to Fight AIDS, Tuberculosis and Malaria. GNI is gross national income. GPGs are global public goods. IBRD is the International Bank for Reconstruction and Development. IDA is the International Development Association. NNGOs are Northern non-governmental organisations. ODA is official development assistance (aid). OGP is the Open Government Partnership. PPP is purchasing power parity. UNDP is the United Nations Development Programme. UNICEF is the United Nations Children's Fund. UNPBF is the United Nations Peacebuilding Fund. UNRWA is the United Nations Relief Works Agency for Palestine Refugees in the Near East. WFP is the World Food Programme. WHO is the World Health Organization.

INDIA

Gross disbursements of development cooperation: US$787 million in 2011, 6th largest government provider of development cooperation outside the DAC
Gross ODA received: US$5.4 billion, 3rd largest recipient in 2011

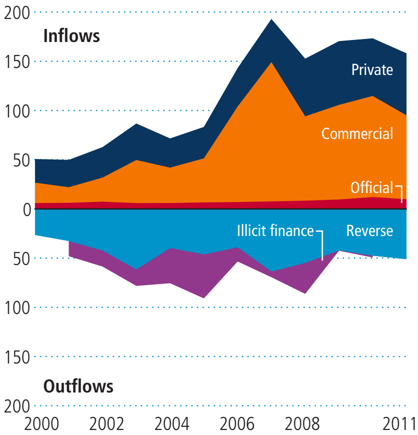
The largest non-ODA inflows to India are remittances, and the largest outflows are loans. India is both a provider of development cooperation and an aid recipient. In 2011 India gave US$787 million, more than four DAC donors (Greece, Luxembourg, Portugal and New Zealand). Comparability is only indicative because both the way aid is reported and its composition differ from DAC donors.

- Technical and economic cooperation is the largest component of development cooperation from India, amounting to US$479 million in 2011.
- India considers government-supported concessional lines of credit as part of its development cooperation. They support Indian exports and productive investments in developing countries (US$1.1 billion commitments in 2011).
- The largest ODA donors to India are IDA, Japan and Germany.
- Infrastructure, health and education are the largest sectors of ODA received.

Resource flows to and from India

Commercial resources are the largest flows to India

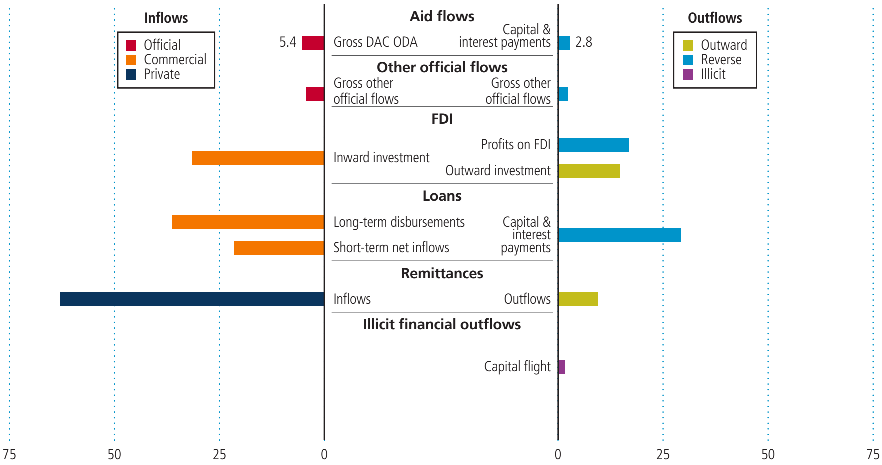
US$ billions, 2000–2011



Remittances are the largest resource flow to India, loan repayments the largest outflows

8.1.1

US$ billions, 2011

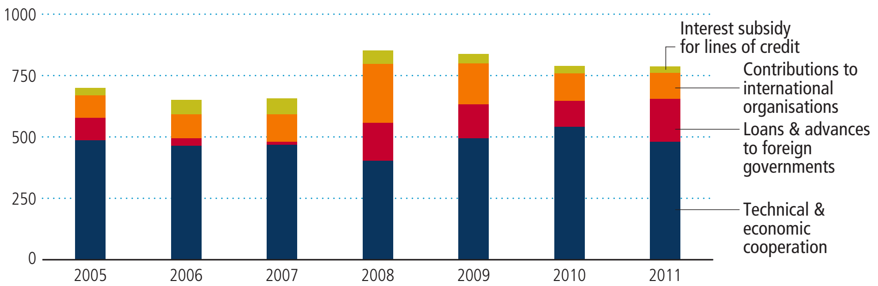


INDIA AS A PROVIDER OF DEVELOPMENT COOPERATION

How much wealth does India share?

Gross disbursements of development cooperation have increased 12% since 2005…

Gross disbursements, US$ millions, 2005–2011

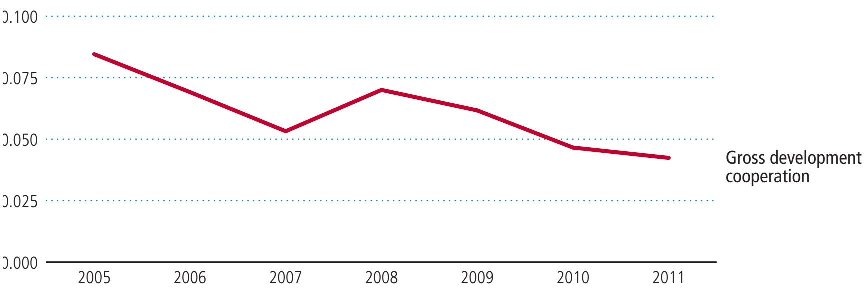


The Ministry of External Affairs is the main national agency providing development cooperation, and its newly established Development Partnership Administration Division will coordinate all development cooperation from India.

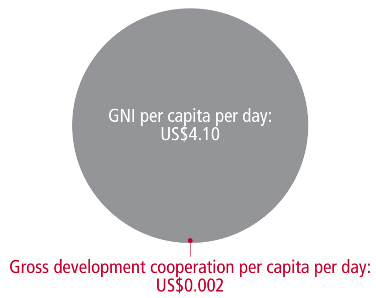
Other ministries contribute to international organisations. A comprehensive system of reporting is unavailable, rendering overall assessment challenging.

…but as a share of national income development cooperation from India has fallen by half since 2005

% of GNI, 2005–2011



Development cooperation was 0.04% of GNI in 2011



How is technical and economic cooperation and lending from India delivered?

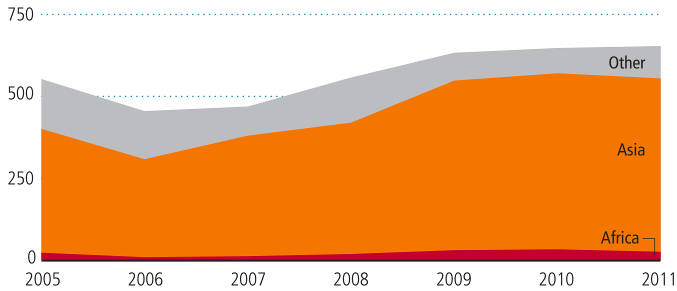
Inaugurated in 1964, the Indian Technical and Economic Cooperation Programme, together with the Special Commonwealth African Assistance Programme and the Technical Cooperation Scheme under the Colombo Plan, covers 161 countries across Asia, Africa, Latin America, Europe and Oceania.

Technical and economic cooperation and loans and advances to foreign governments are directed largely to Asia. All eight country recipients identified are in Asia; they received US$529 million in 2011. Of these, Bhutan is by far the largest, receiving US$387 million in 2011, 59% of total technical and economic cooperation from India, followed by Afghanistan (US$59 million) and the Maldives (US$40 million). African countries (for which only regional data is available) received US$26 million, and countries in other regions received US$59 million.

The largest recipients are countries where the number and rates of people living on less than $1.25 a day are low, though Nepal (7.4 million and 25%) and Bangladesh (64.3 million and 43%) are exceptions. Poverty data is not available for Afghanistan, Mongolia and Myanmar.

Technical and economic cooperation and loans and advances to Asia have driven overall increases in development cooperation from India

Gross disbursements, US$ millions, 2005–2011



India prioritises its neighbours in development cooperation

Gross disbursements, US$ millions, 2011

Recipient country or region	Development cooperation received
Bhutan	387.0
Afghanistan	59.0
Maldives	40.0
Nepal	30.0
Africa	26.0
Sri Lanka	24.0

Recipient country or region	Development cooperation received
Myanmar	21.0
Central Asia[a] & Eurasia	6.0
Bangladesh	1.0
Mongolia	0.3
Latin America & the Caribbean	0.3
Others	59.0

a. Data is for 2008–2009.

What is India's commitment to aid reporting and transparency?

Grants	Available
Concessional loans	Partially available
Government-supported lines of credit	Partially available
Contributions to multilateral agencies	Available

IATI	Non-signatory
OGP	Non-member
EITI	Unsupportive government

Key

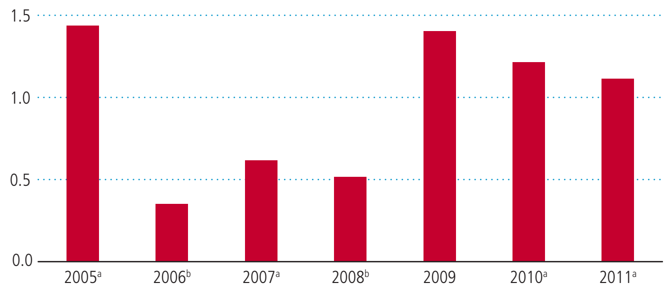
- Poor/no action
- Good/moving forward
- Excellent/committed

How are concessional lines of credit from India delivered?

Government-supported lines of credit are a key element of development cooperation from India. They are extended on concessional terms to developing countries to import Indian goods and services and to finance infrastructure, productive activities and capacity building. They are disbursed through the Export-Import Bank of India, and the government subsidises the interest. Commitments amounted to US$1.1 billion in April–December 2011, 53% of them to Africa and 45% (US$500 million) to Myanmar, the only Asian recipient that year. This regional focus contrasts with that of technical and economic assistance and loans and advances to foreign governments (US$655 million, of which 81% was disbursed to Asia). For the 52% of projects where sectoral detail is available, 62% of commitments were to infrastructure, including rural electrification, power generation and transmission, and building health facilities. Other funds went to agriculture and industry.

Concessional lines of credit jumped in 2009 and have declined since

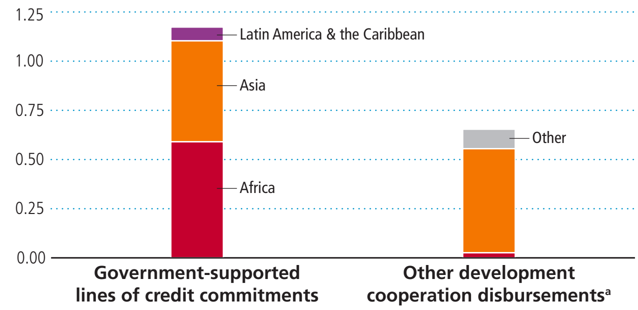
Commitments, US$ billions, 2005–2011



a. Data covers April–December.
b. Data covers January and April–December.

Most concessional lines of credit are committed to Africa; most other development cooperation is disbursed to Asia

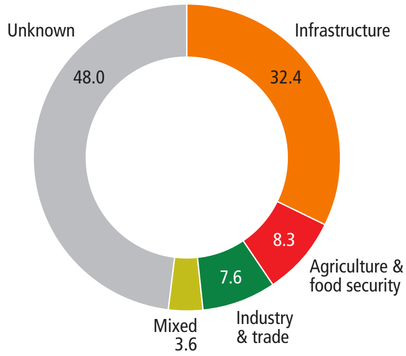
US$ billions, 2011



a. Includes technical and economic cooperation and loans and advances to foreign governments.

Concessional lines of credit fund mostly infrastructure, but 48% goes to unidentifiable sectors

% of concessional lines of credit commitments, 2011



Note: Data covers April–December.

INDIA AS AN ODA RECIPIENT

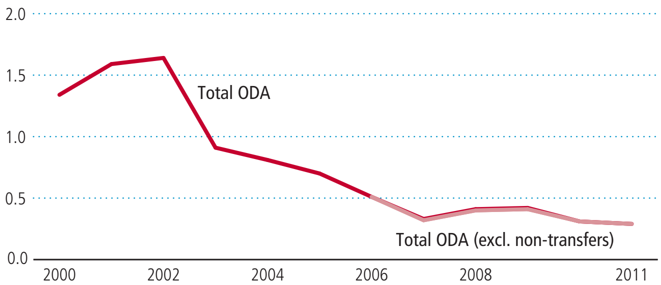
ODA volumes to India increased over 2000–2011, from US$3.6 billion to US$5.4 billion but have declined as a share of rising national income. ODA per poor person is very low due to large poor populations. Government expenditure per capita was PPP$864.1 in 2011. Although the data differs according to the source of information (see Chapter 6), around 400 million people in India live below the poverty line.

- IDA and Japan are the largest donors, and almost all their ODA is loans and equity investments.
- Infrastructure, health and education are the largest sectors.
- 75% of ODA is loans and equity investments, funding most sectors. Cash grants prevail in health, accounting for 44% of ODA to the sector.

ODA and poverty

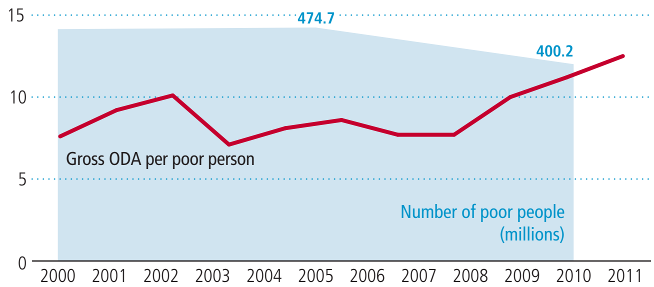
Gross ODA to India as a share of income has decreased since 2002

% of GNI, 2000–2011



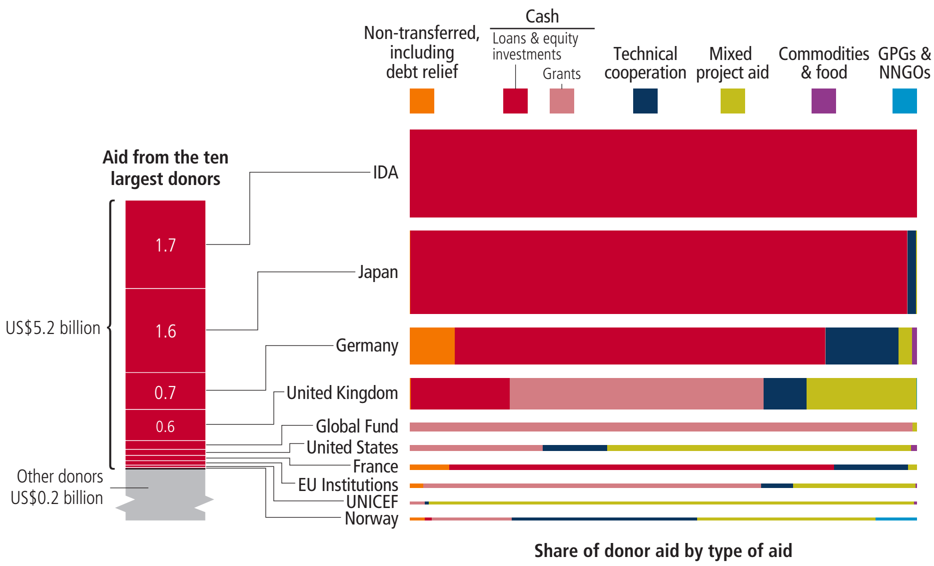
ODA per poor person has increased but remains low

US$, 2000–2011



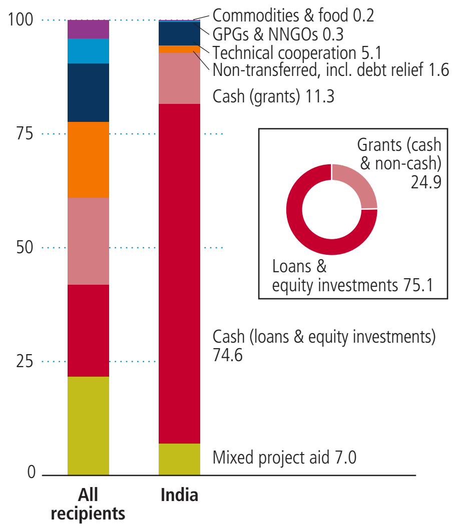
IDA and Japan are the largest donors, giving mostly loans and equity investments

Gross ODA, US$ billions, 2011



Loans account for a much larger share of ODA to India than to the average recipient

% of gross ODA, 2011

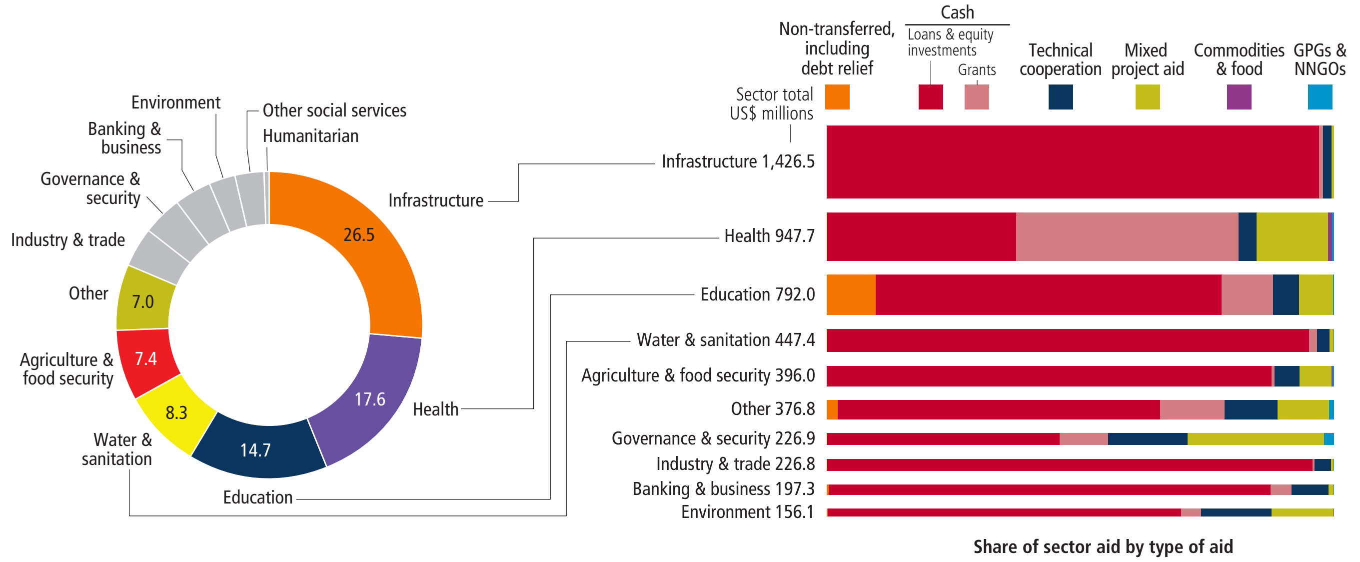


What is aid to India spent on?

Three sectors account for 59% of ODA to India: infrastructure, health and education. Loans and equity investments are a large component of ODA to most sectors. Health is the only sector where other aid types, cash grants in particular, prevail. Funding to the largest sectors is highly concentrated among a few donors, except in health.

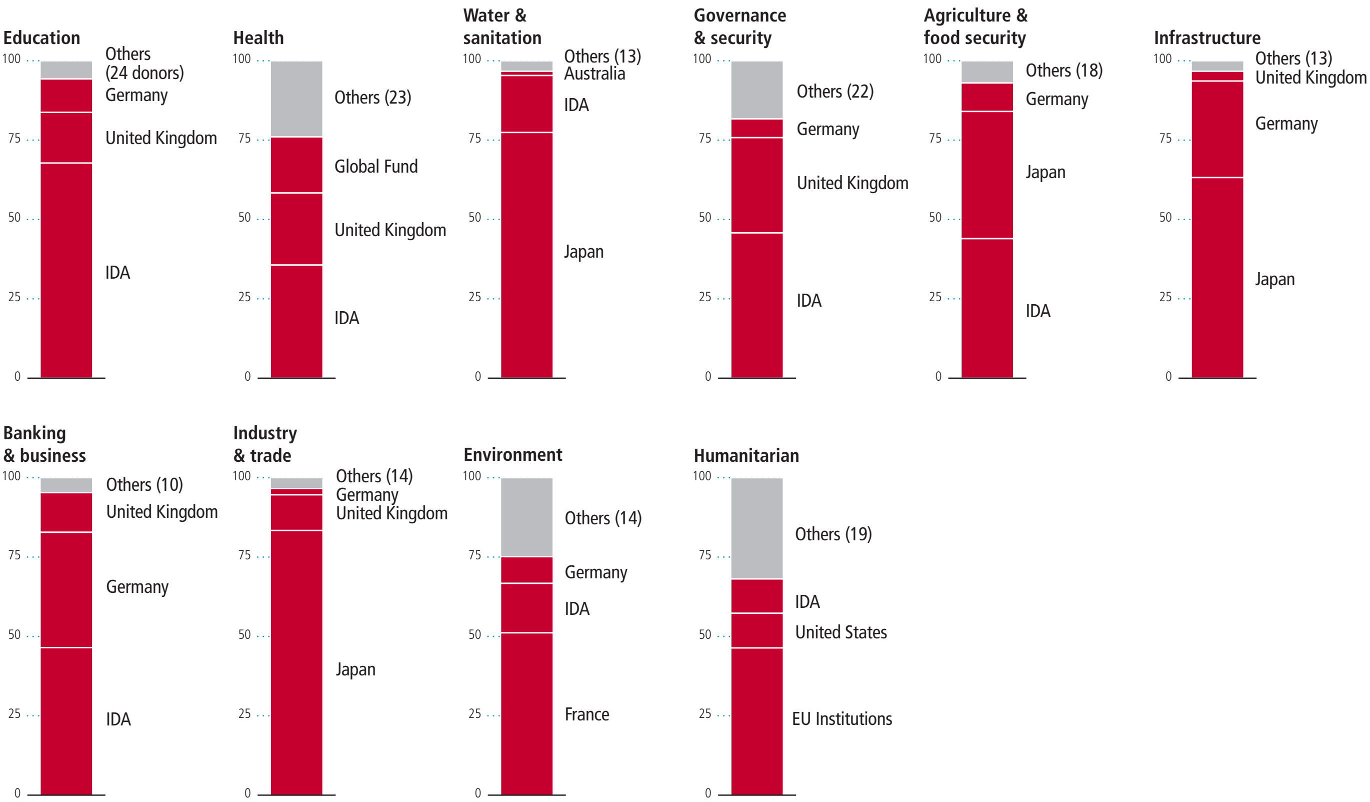
ODA to infrastructure, health and education accounts for 59% of total ODA to India; ODA loans are the largest ODA resource to many sectors – especially to infrastructure

% of gross ODA, 2011



A handful of donors – IDA, Japan, the UK and Germany – account for most ODA to India for many sectors

% of gross ODA, 2011



Note: Data is from national sources, including annual reports and Union Budgets from the Ministry of Finance (development cooperation disbursements, contributions to international organisations, concessional lines of credit commitments) and annual reports from the Ministry of External Affairs (technical and economic cooperation, loans and advances to foreign governments, concessional lines of credit commitments); the World Bank (remittances, GNI and poverty); the DAC (ODA and other official flows data); and the United Nations Conference on Trade and Development (FDI). All data in US$ is in 2011 prices. Some overlaps of international flows have been taken into account; see *Methodology*. 'Other' aid includes multisector ODA, administrative costs, support for refugees in the donor country and unallocated or unspecified ODA. Data on ODA includes assistance from all donors that report to the DAC; aid bundle figures may not align with totals elsewhere as data is drawn from different OECD DAC data sets. DAC is the Development Assistance Committee of the Organisation for Economic Co-operation and Development. EITI is the Extractives Industries Transparency Initiative. FDI is foreign direct investment. GNI is gross national income. GPGs are global public goods. IATI is the International Aid Transparency Initiative. IDA is the International Development Association. NNGOs are Northern non-governmental organisations. ODA is official development assistance. OGP is the Open Government Partnership. PPP is purchasing power parity. UNICEF is the United Nations Children's Fund.

RUSSIA

Gross disbursements of development cooperation: US$479 million in 2011, 8th largest government provider of development cooperation outside the DAC

The largest non-ODA outflows from Russia are FDI. Russia disbursed US$479 million in 2011, giving more than three DAC donors did in 2011 (Greece, Luxembourg and New Zealand). Development cooperation as a share of national income peaked in 2009 and fell in 2010 and 2011 but remains above 2008 levels.

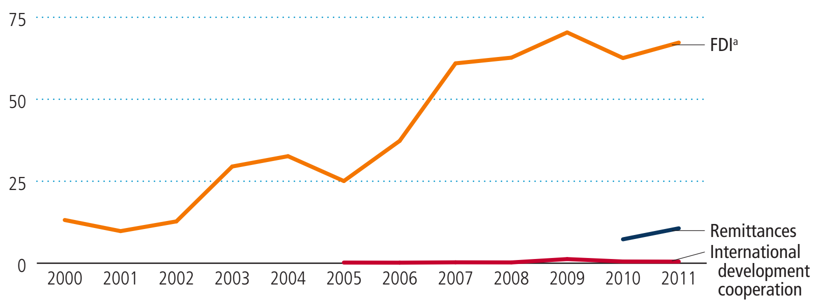
Russia allocated development cooperation to 27 countries and the available data does not suggest a priority to recipients with large numbers or high proportions of the population living on less than $1.25 a day in 2011. Data on development cooperation from Russia by sector is unavailable.

- Russia allocates most development cooperation to Nicaragua, which received US$73 million, 37% of country-allocable development cooperation from Russia in 2011.
- Half of ODA from Russia is multilateral (US$239 million in 2011).
- All ODA from Russia is grants.
- Russia has applied to join the OECD and currently reports its development cooperation to the DAC.

Resource flows from Russia

Foreign direct investment from Russia has increased rapidly

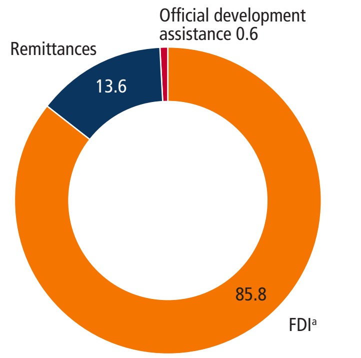
US$ billions, 2000–2011



a. Refers to investments worldwide, not just to developing countries.

ODA is a small component of resource flows from Russia

US$ billions, 2011

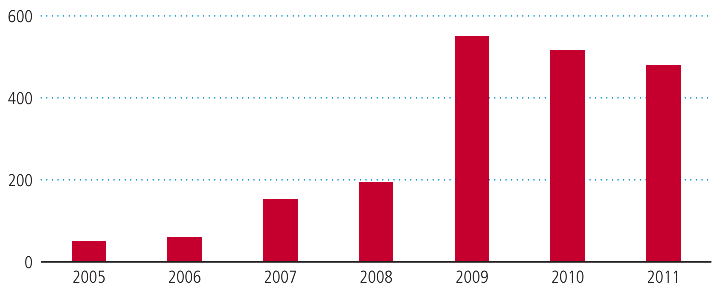


a. Refers to investments worldwide, not just to developing countries.

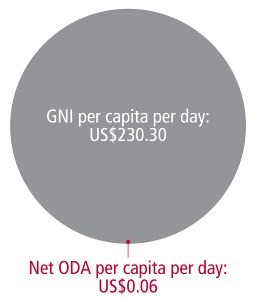
How much wealth does Russia share?

Net ODA has increased since 2005, peaking in 2009 and falling 7% between 2010 and 2011

Net disbursements, US$ millions, 2005–2011

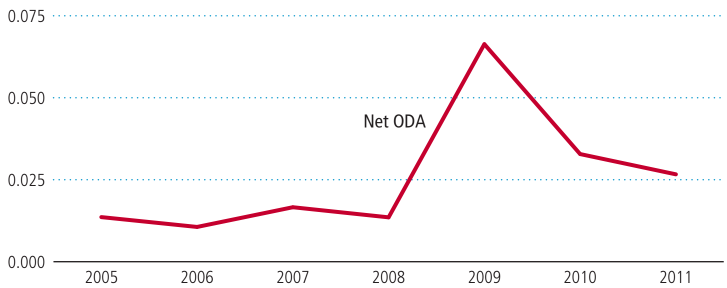


ODA per capita was US$22.40 in 2011; ODA was 0.03% of GNI



ODA as a share of income remains low, despite doubling since 2005

% of GNI, 2005–2011



What is Russia's commitment to aid reporting and transparency?

Grants	Reported
Concessional loans	Reported
Debt relief	Reported

IATI	Non-signatory
OGP	Non-member
EITI	Unsupportive government

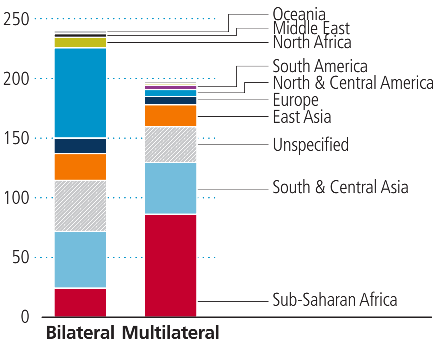
Key

Poor/no action
Good/moving forward
Excellent/committed

Where does aid from Russia go?

Most aid to sub-Saharan Africa is channelled through core contributions to multilateral agencies

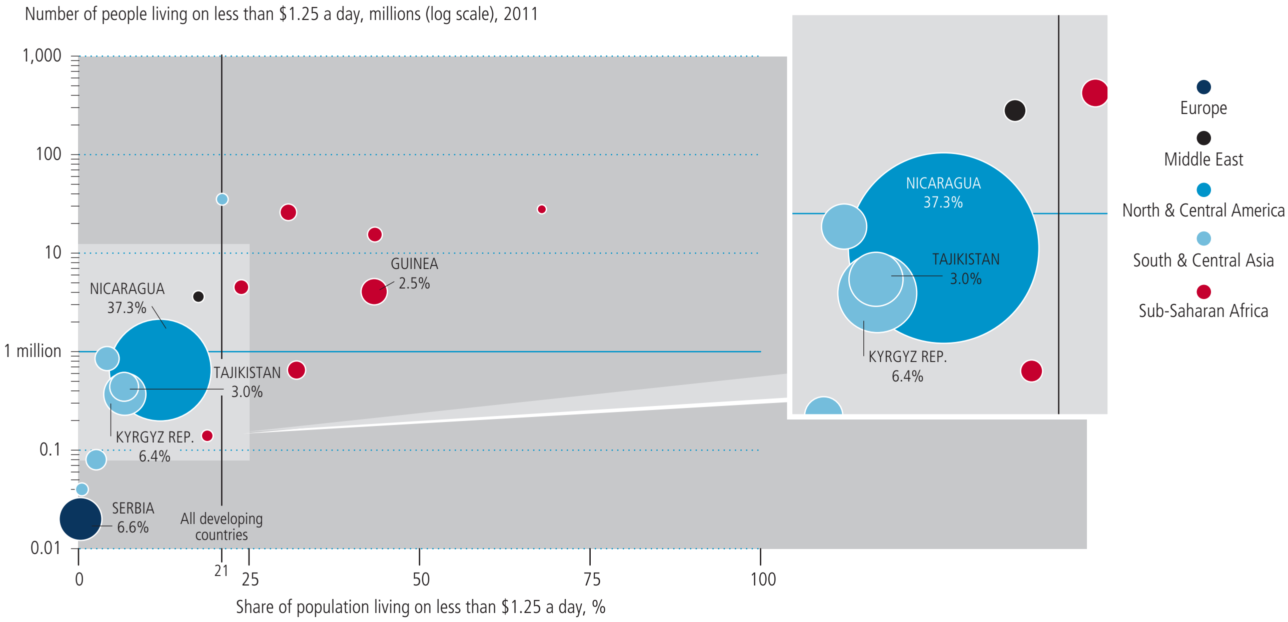
Gross disbursements, US$ millions, 2011



In 2011 Sub-Saharan Africa received 10% of bilateral development cooperation from Russia and 25% of total development cooperation (bilateral flows combined with aid from Russia channelled through multilateral agencies to the region). Russia gives comparatively small amounts of development cooperation to several sub-Saharan African countries. Russia's neighbours in Europe and South and Central Asia receive 25% of bilateral aid, and North and Central America receives around 32%.

Russia gives bilateral development cooperation to 27 countries. Nicaragua accounted for 37% of ODA from Russia (US$73 million), the only recipient in North and Central America in 2011. Russia was the largest donor to Nicaragua in 2011. The second largest recipient was the People's Democratic Republic of Korea. ODA from Russia does not prioritise countries with large numbers or high shares of people living on less than $1.25 a day.

ODA from Russia does not target countries with large numbers or percentages of people in poverty

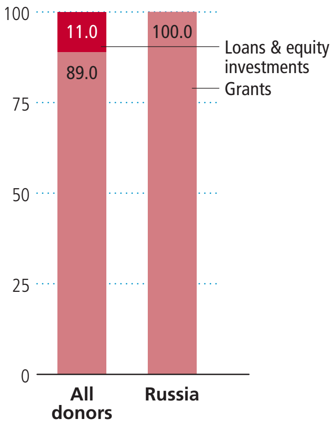


Note: Bubble size indicates the proportion of aid allocated to the country in 2011. Democratic People's Republic of Korea (11.3%), Libya (4.0%) and Afghanistan (2.5%) are among the top five aid recipients, but poverty data is unavailable.

How is ODA from Russia delivered?

All ODA from Russia is grants

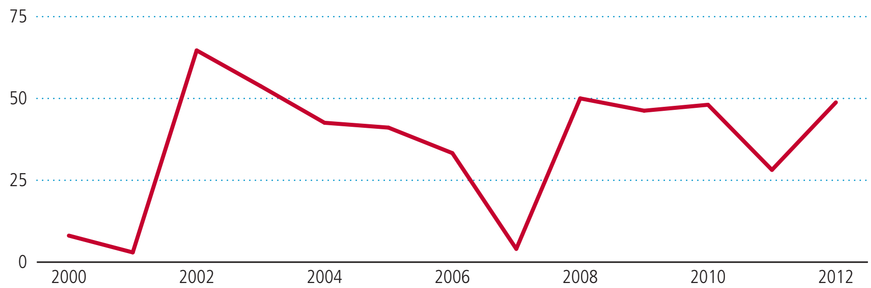
% of gross disbursements, 2011



Sectoral detail is not reported with other development cooperation data to the DAC. Available data suggests that humanitarian assistance from Russia quadrupled over the last decade. In 2011 all development cooperation from Russia was grants. Data on the aid bundle is also unavailable.

Humanitarian assistance from Russia increased 73% between 2011 and 2012

Gross disbursements, US$ millions, 2000–2012



Note: Data is from the DAC (development cooperation; data for 2005–2009 is from DAC table 33a), the World Bank (remittances, GNI and poverty), the United Nations Conference on Trade and Development (FDI) and the United Nations Office for the Coordination of Humanitarian Affairs Financial Tracking Service (humanitarian assistance). All data in US$ is in 2011 prices. Some overlaps of international flows have been taken into account; see *Methodology.* DAC is the Development Assistance Committee of the Organisation for Economic Co-operation and Development. EITI is the Extractives Industries Transparency Initiative. FDI is foreign direct investment. GNI is gross national income. GPGs are global public goods. IATI is the International Aid Transparency Initiative. NNGOs are Northern non-governmental organisations. ODA is official development assistance. OGP is the Open Government Partnership. PPP is purchasing power parity.

SAUDI ARABIA

Gross ODA disbursements: US$5.1 billion in 2011, 2nd largest government provider of development cooperation outside the DAC

The largest outflows from Saudi Arabia are remittances. ODA is small compared with remittances, while ODA and FDI volumes are comparable.

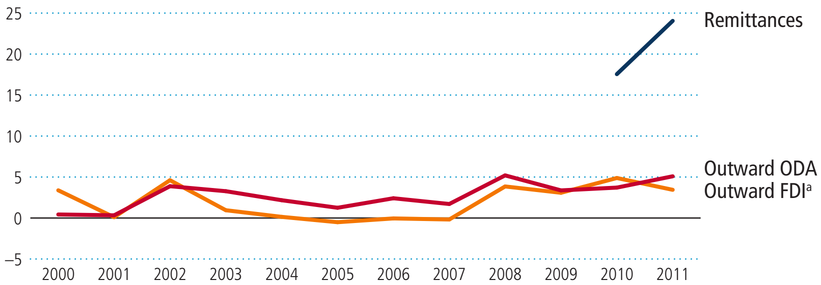
Saudi Arabia gave more than 15 DAC donors in 2011 and roughly the same amount as Canada (US$5.5 billion). ODA from Saudi Arabia is lower than at the beginning of the 1990s but has been increasing since 2005. ODA per capita has grown faster than income per capita since 2001. Data on recipients and sectors is unavailable. The country allocates ODA almost entirely to countries in the Middle East, where the numbers and shares of people living on less than $1.25 a day are relatively low.

- ODA from Saudi Arabia is channelled almost entirely bilaterally and goes to the Middle East.
- ODA as a share of Saudi Arabia's national income is 0.87%, the largest share among government providers outside the DAC and larger than all DAC donors except Luxembourg, Sweden and Norway.
- Saudi Arabia disburses most ODA as grants.
- Saudi Arabia is the largest provider of humanitarian assistance among Arab countries, but its humanitarian assistance has been decreasing since 2008.

Resource flows from Saudi Arabia

Remittances are the largest resource flow…

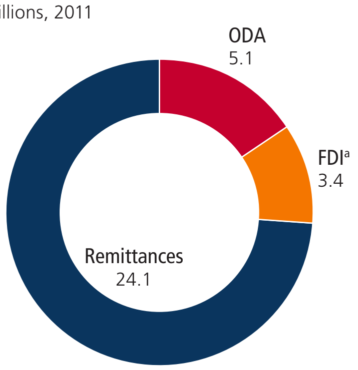
US$ billions, 2000–2011



a. Refers to investments worldwide, not just to developing countries.

…and are almost three times the volume of ODA and FDI combined

US$ billions, 2011

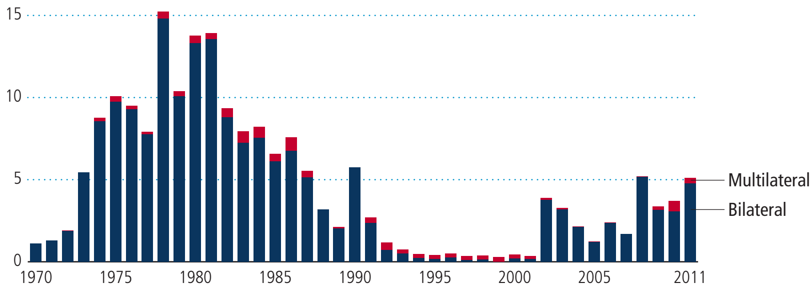


a. Refers to investments worldwide, not just to developing countries.

How much wealth does Saudi Arabia share?

ODA has increased 12-fold over the last decade, following a sharp decline during the 1990s

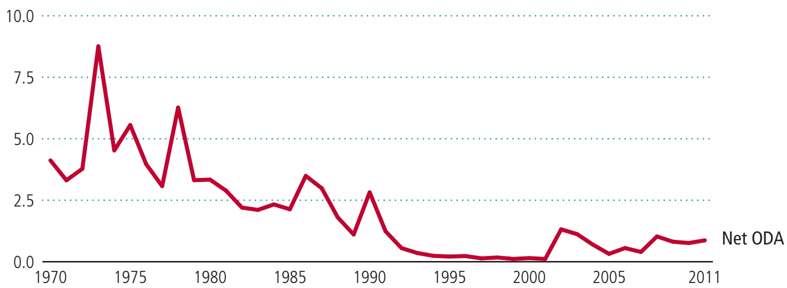
Net disbursements, US$ billions, 1970–2011



ODA per capita was US$181.40 in 2011; ODA was 0.87% of GNI

Although much lower than in the 1970s, net ODA as a share of income is higher than for most donors

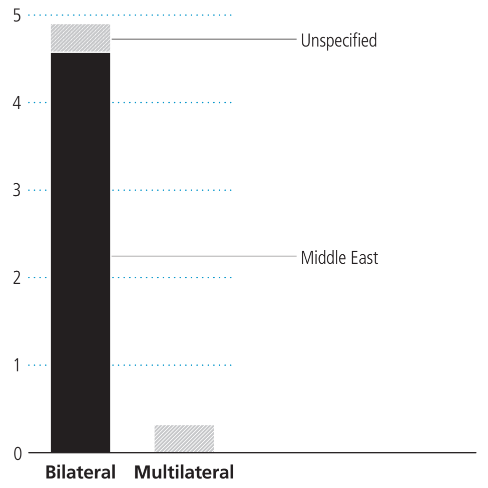
% of GNI, 1970–2011



Where and how is ODA from Saudi Arabia delivered?

Bilateral assistance dominates ODA from Saudi Arabia; most goes to the Middle East

Gross disbursements, US$ billions, 2011



Note: Bilateral aid includes US$14.5 million of regional ODA to Africa (not allocated to single country recipients).

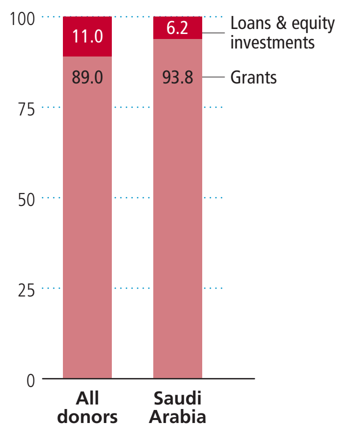
Saudi Arabia does not provide details of country recipients of ODA, though the regional breakdown shows that the country focuses on neighbours in the Middle East. These countries have low numbers and shares of people living on less than $1.25 a day.

Saudi Arabia was the 18th largest donor of humanitarian aid in 2012 and the largest among the Arab countries. Humanitarian assistance from Saudi Arabia peaked in 2001 due to a US$1.4 billion contribution to Palestine, and in 2008 Saudi Arabia gave US$367.9 million to the World Food Programme. Jordan (US$29 million), Turkey (US$20 million) and Syria (US$9 million) were the three largest recipients of humanitarian assistance from Saudi Arabia in 2012.

Sectoral detail is not reported with other ODA data to the DAC. In 2011 most ODA from Saudi Arabia was grants, consistent with the practice of previous years. Data on the aid bundle is also unavailable.

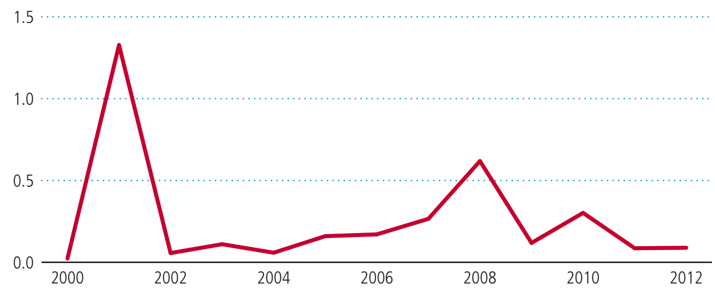
Most ODA from Saudi Arabia is grants

% of gross disbursements, 2011



Saudi Arabia is the largest Arab donor of humanitarian assistance, but flows decreased 71% between 2010 and 2012

Gross disbursements, US$ billions, 2000–2012



What is Saudi Arabia's commitment to aid reporting and transparency?

Grants	Reported
Concessional loans	Reported
Debt relief	Reported
Contributions to international agencies	Reported

IATI	Non-signatory
OGP	Non-member
EITI	Unsupportive government

Key

- Poor/no action
- Good/moving forward
- Excellent/committed

Note: Data is from the DAC (ODA), the World Bank (remittances, GNI and poverty), the United Nations Conference on Trade and Development (FDI) and the United Nations Office for the Coordination of Humanitarian Affairs Financial Tracking Service (humanitarian assistance). All data in US$ is in 2011 prices. Some overlaps of international flows have been taken into account; see *Methodology*. DAC is the Development Assistance Committee of the Organisation for Economic Co-operation and Development. EITI is the Extractives Industries Transparency Initiative. FDI is foreign direct investment. GNI is gross national income. IATI is the International Aid Transparency Initiative. ODA is official development assistance. OGP is the Open Government Partnership.

SOUTH AFRICA

Gross disbursements of development cooperation: US$209 million in 2011,12th largest government provider of development cooperation outside the DAC
Gross ODA received: US$1.5 billion, 22nd largest ODA recipient in 2011

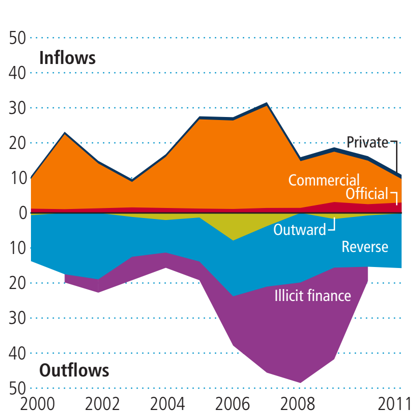
South Africa is both a provider of development cooperation and an aid recipient. Development cooperation flows from South Africa have been increasing over the last decade, by volume and as a share of national income.

- African development and contributions to international organisations are priorities for development cooperation from South Africa.
- The largest donors to South Africa are the United States, EU Institutions and Germany.
- ODA to health accounts for more than 55% of total ODA to the country.

Resource flows to and from South Africa

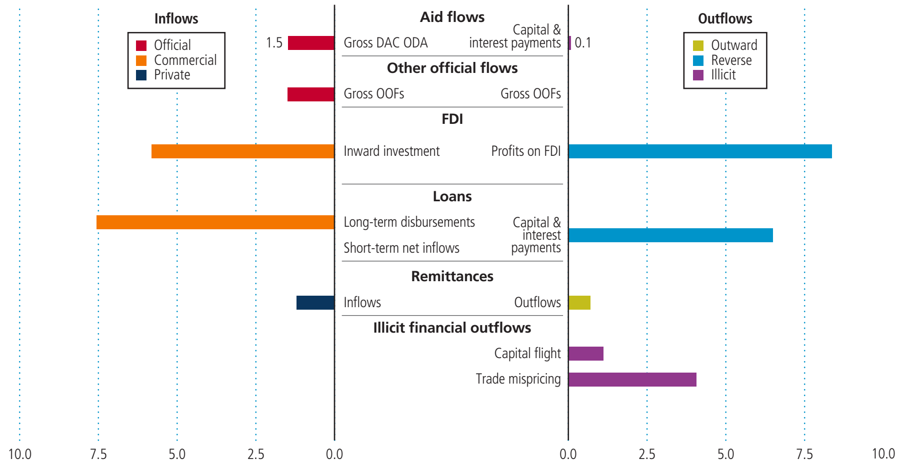
Commercial flows are the largest inflows to South Africa but have fluctuated considerably

US$ billions, 2000–2011



Long-term loans are the largest inflow; profits on FDI are the largest outflow

US$ billions, 2011

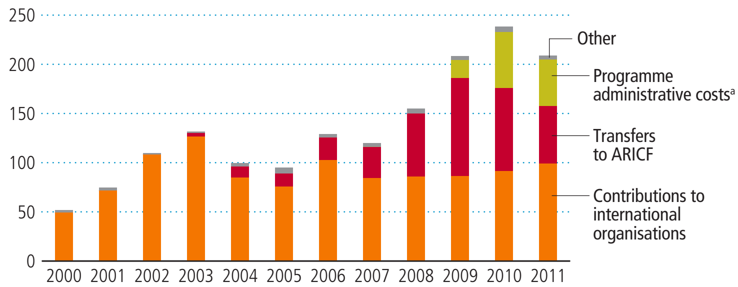


SOUTH AFRICA AS A PROVIDER OF DEVELOPMENT COOPERATION

How much wealth does South Africa share?

Development cooperation increased four-fold between 2000 and 2010 but decreased 12% in 2011

Gross disbursements, US$ millions, 2000–2011



a. Data is available only from 2009 onwards.

The principal instrument of development cooperation from South Africa is the African Renaissance and International Cooperation Fund (ARICF). Established in 2001 to foster African development, it receives funds from the Treasury and is administered by the Department of International Relations and Cooperation.

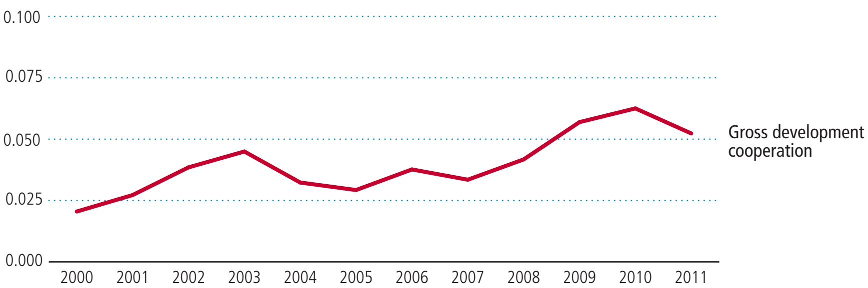
Core and earmarked contributions to international organisations from a number of ministries are the largest component of development cooperation from South Africa, amounting to US$99 million in 2011. In comparison, governmental transfers to the ARICF are smaller (US$59 million) but have grown quicker.

Other expenditures include a mix of humanitarian assistance, technical cooperation and non-transferred expenditures for programmes such as staff and administrative costs.

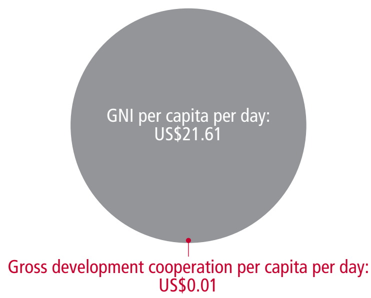
When established, the South African Development Partnership Agency within the Directorate of International Relations and Cooperation will manage future development cooperation from South Africa. Currently, numerous ministries and national bodies provide development cooperation. Their expenses are reported in the national budget under several headings, making it is difficult to account for all of them. Details on recipients, sectors and composition are only partially available.

Development cooperation as a share of South Africa's income more than doubled over the last decade

% of GNI, 2000–2011



Development cooperation per capita was US$4.13 and 0.05% of GNI in 2011



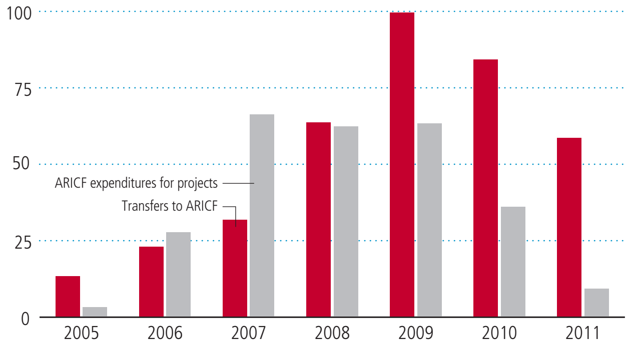
The African Renaissance and International Cooperation Fund

The ARICF disburses both grants and loans for ad hoc projects, implemented through international organisations or bilaterally. Central government transfers to the ARICF and its disbursements for development cooperation projects follow different patterns and do not match on a year-by-year basis. The difference between the two can be due to a combination of factors such as administrative procedures, project cycles and implementation timing and does not necessarily indicate inadequate performance. However, disbursements decreased 85% between 2009 and 2011, twice as fast as transfers (41%).

Governance and democracy and humanitarian assistance are the two largest sectors that the fund has supported. Beneficiaries are all African countries, except Cuba, which received humanitarian assistance in 2011. With the establishment of the South African Development Partnership Agency, the ARICF will be replaced by a new fund, the Partnership Fund for Development.

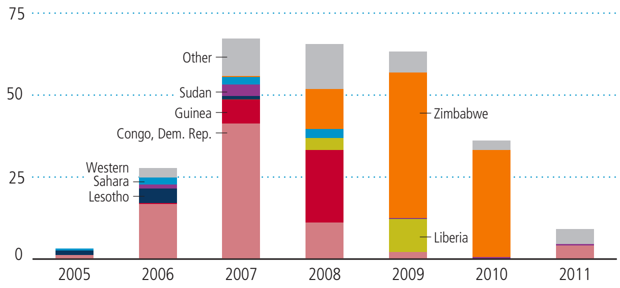
Both transfers to and disbursements from the African Renaissance and International Cooperation Fund peaked in 2009, but subsequent falls have been faster for disbursements

US$ millions, 2005–2011



Zimbabwe has been the largest recipient of funds from the African Renaissance and International Cooperation Fund, receiving US$93 million since 2005

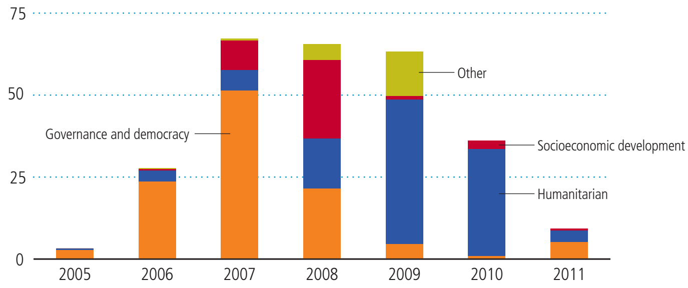
Gross disbursements, US$ millions, 2005–2011



Note: Data refers only to ARICF, not South Africa as a whole.

The African Renaissance and International Cooperation Fund has increased support to humanitarian assistance and to governance and democracy in recent years

Gross disbursements, US$ millions, 2005–2011

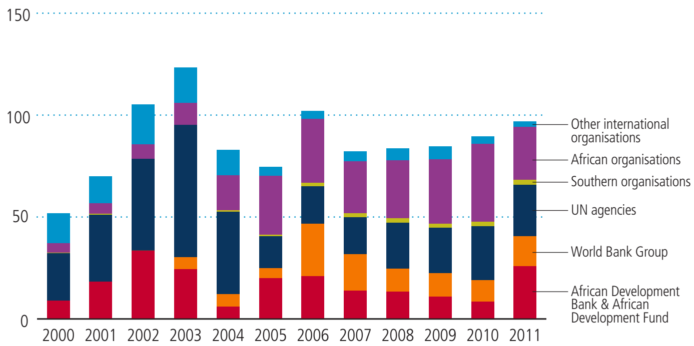


Note: Data refers only to ARICF, not South Africa as a whole.

How is development cooperation from South Africa delivered?

Contributions to Southern organisations increased 15-fold between 2000 and 2011, but African and UN organisations remain main recipients

Gross disbursements, US$ millions, 2000–2011

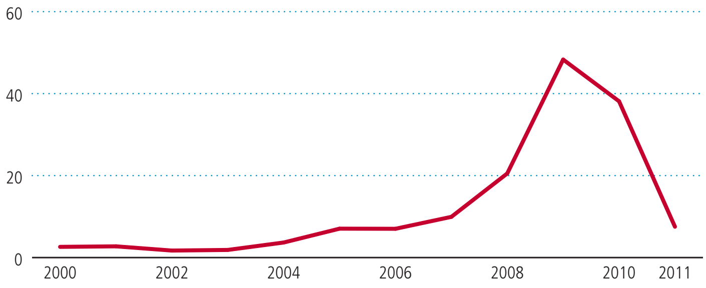


Note: Details on core and earmarked funding is not available, so figure may include both flows.

Bilateral transfers from South Africa occur mainly under the ARICF and within continental programmes and development cooperation from non-DAC providers, but a breakdown of delivery channels is not available. Core and earmarked contributions to international organisations account for a substantial proportion of development cooperation from South Africa, 47% in 2011. The African Development Bank and Fund has been the single largest recipient of contributions from South Africa since 2000. African organisations and UN agencies received comparable amounts in 2011, but funding to the former grew more, fivefold between 2000 and 2011. Funding to Southern organisations such as the India, Brazil and South Africa Trust Fund and the African Caribbean, and Pacific Group of States increased the most over the same period but remains low. National sources show that humanitarian assistance peaked in 2009 and then decreased 84% through 2011.

Humanitarian assistance from South Africa peaked in 2009 and then decreased 85% through 2011

Gross disbursements, US$ millions, 2000–2011



What is South Africa's commitment to aid reporting and transparency?

Bilateral development cooperation	Partially available
Humanitarian aid	Partially available
Technical cooperation	Partially available
Contributions to international organisations	Partially available

IATI	Non-signatory
OGP	Steering Committee member
EITI	Unsupportive government

Key

- Poor/no action
- Good/moving forward
- Excellent/committed

SOUTH AFRICA AS AN ODA RECIPIENT

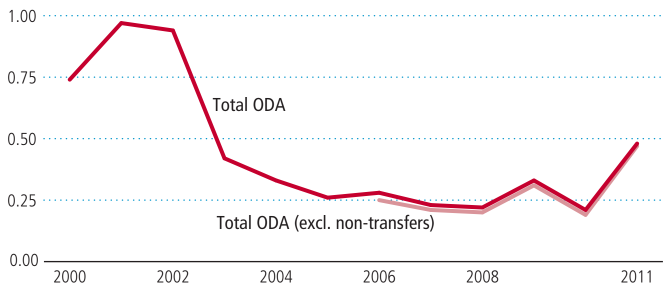
Gross ODA to South Africa has grown 79% since 2000, to US$1.5 billion in 2011. As a proportion of national income, ODA has decreased from 0.5% to 0.4% over 2008–2011. Government expenditure per capita was PPP$2,995 in 2011. Over 2000–2009 the number of people in South Africa living on less than $1.25 a day decreased from 11.5 million (26% of the population) to 6.8 million people (14%).

- The United States accounts for 38% of ODA to South Africa (US$564 million). Most ODA from the United States goes to health.
- Health accounted for more than half (55%) of overall ODA to South Africa. Education and other social services, governance and security, infrastructure, and banking and business accounted for other important areas.
- 53% of ODA to South Africa was delivered as mixed project aid through both in-kind and cash aid, mostly from the United States.

ODA and poverty

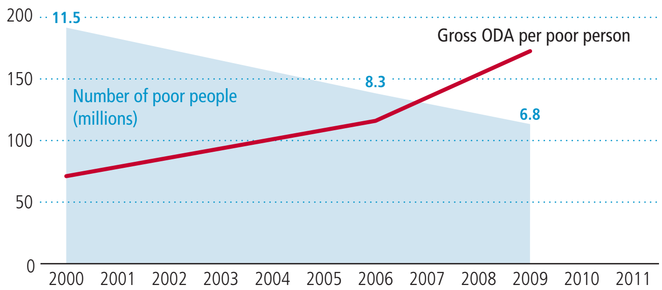
Gross ODA as a share of South Africa's income decreased from 0.5% in 2008 to 0.4% in 2011

% of GNI, 2000–2011



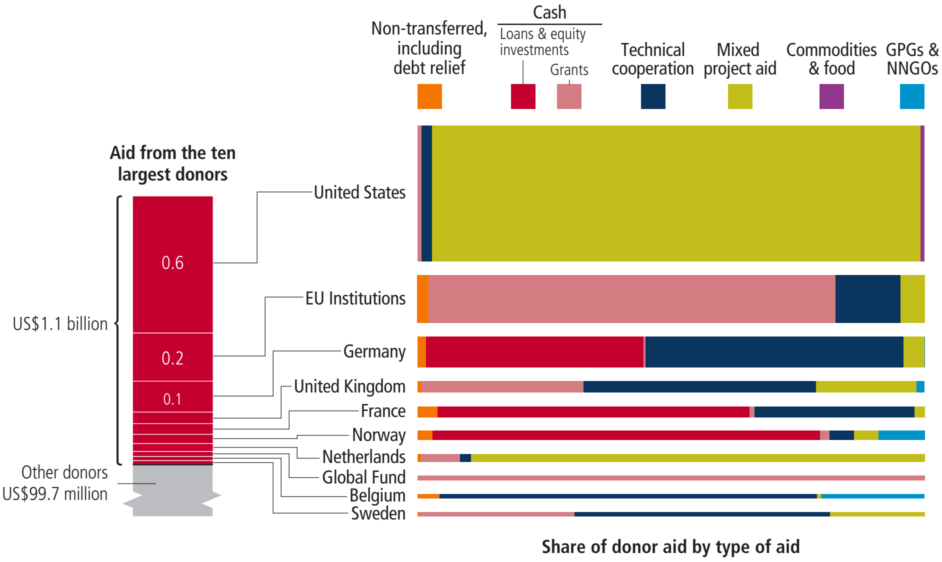
ODA per poor person has increased due to both higher aid volumes and fewer people living on less than $1.25 a day

US$, 2000–2011



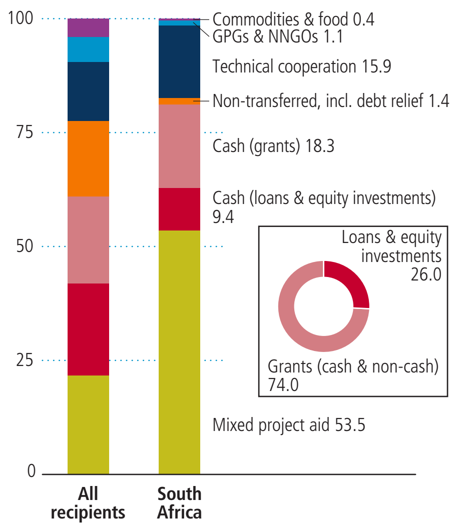
The United States provides 38% of ODA to South Africa, most of it a mix of cash and in-kind project-related aid

Gross ODA, US$ billions, 2011



Mixed project aid accounts for more than half of ODA

% of gross ODA, 2011

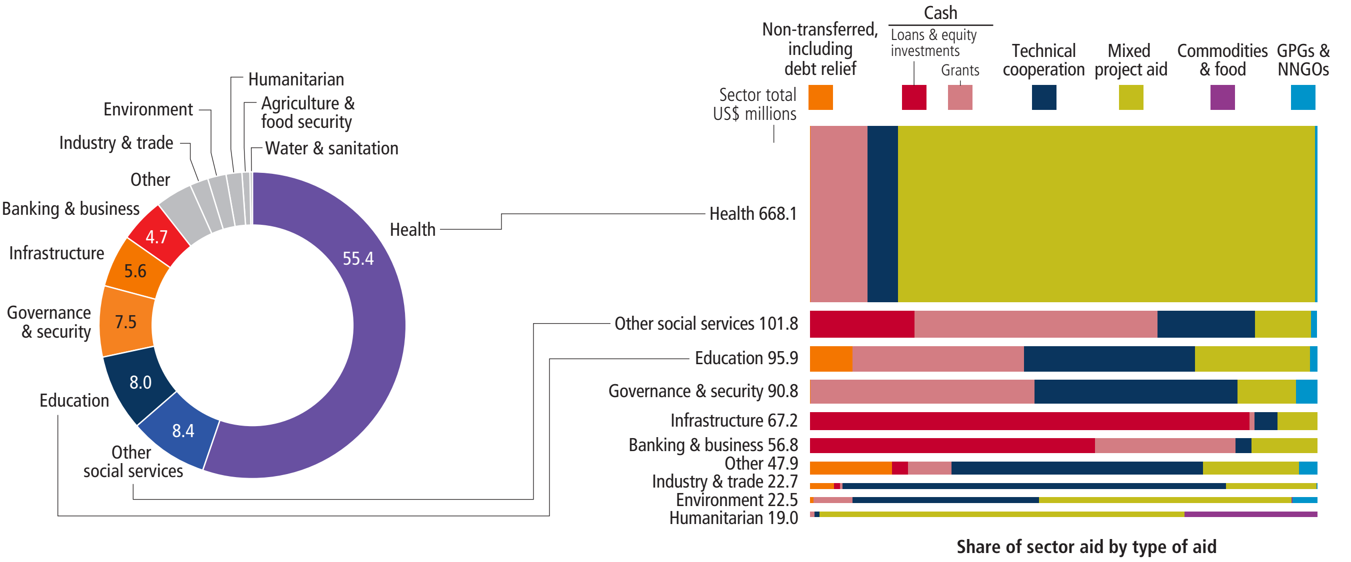


What is aid to South Africa spent on?

55% of ODA to South Africa goes to health, most of it from the United States as mixed project aid and the rest as cash grants and technical cooperation. The composition of the aid bundle varies across sectors. Governance and security, education and other social services are funded mainly through cash grants and technical cooperation. Loans account for 87% of ODA to infrastructure and 56% of ODA to banking and business.

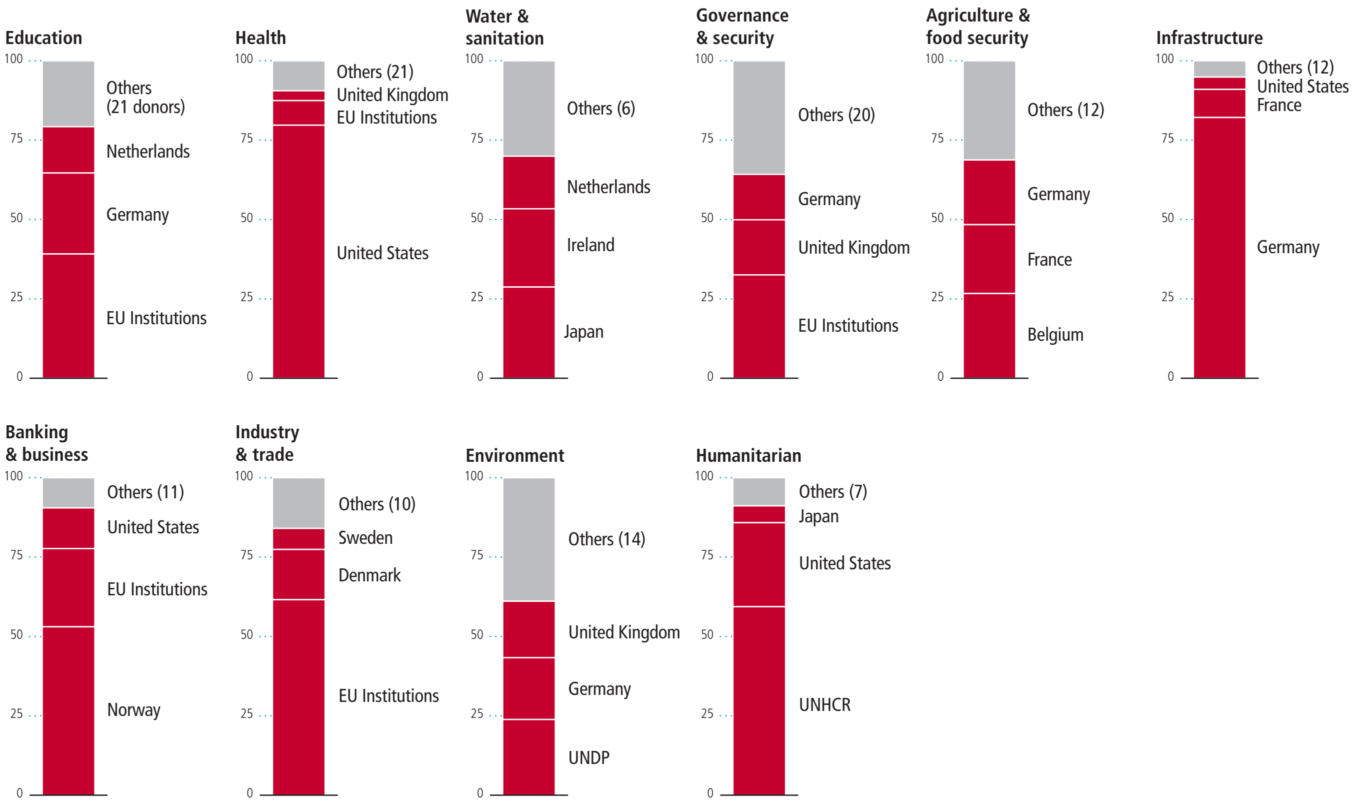
ODA to health is more than six times ODA to the next largest sector; ODA to governance and security, education and other social services is mostly cash grants and technical cooperation

% of gross ODA, 2011



ODA to health comes almost entirely from the United States

% of gross ODA, 2011



Note: Data is from national sources, including the Directorate of International Relations and Cooperation and the South Africa National Treasury, and African Renaissance and International Cooperation Fund Annual Reports (development cooperation disbursements), the DAC (ODA), the World Bank (remittances, GNI and poverty) and the United Nations Conference on Trade and Development (FDI). All data in US$ is in 2011 prices. Some overlaps of international flows have been taken into account; see *Methodology*. 'Other' aid includes multisector ODA, administrative costs, support for refugees in the donor country and unallocated or unspecified ODA. Data on ODA includes assistance from all donors that report to the DAC; aid bundle figures may not align with totals elsewhere as data is drawn from different OECD DAC data sets. DAC is the Development Assistance Committee of the Organisation for Economic Co-operation and Development. EITI is the Extractives Industries Transparency Initiative. FDI is foreign direct investment. Global Fund is the Global Fund to Fight AIDS, Tuberculosis and Malaria. GPGs are global public goods. IATI is the International Aid Transparency Initiative. NNGOs are Northern non-governmental organisations. ODA is official development assistance. OGP is the Open Government Partnership. PPP is purchasing power parity. UNDP is the United Nations Development Programme.

TURKEY

Gross ODA disbursements: US$1.3 billion in 2011, 3rd largest government provider of development cooperation outside the DAC
Gross ODA received: US$3.7 billion, 6th largest recipient in 2011

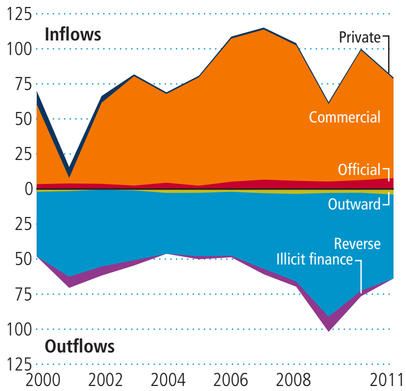
The largest non-ODA resource inflows to Turkey are long-term loans, and the largest outflows are capital and interest repayments. Turkey is both a provider and a recipient of ODA. Turkey gave US$1.3 billion in ODA in 2011, more than six DAC donors (Austria, Greece, Ireland, Luxembourg, New Zealand and Portugal).

- ODA from Turkey has increased sharply since 2004, in line with increases in national income.
- All ODA from Turkey is grants and is concentrated in neighbouring regions.
- EU Institutions are by far the largest donor to Turkey, accounting for US$2.9 billion (78%) of gross ODA in 2011.*
- Environment and infrastructure accounted for more than a third (38%) of ODA to Turkey, funded largely by loans.

Resource flows to and from Turkey

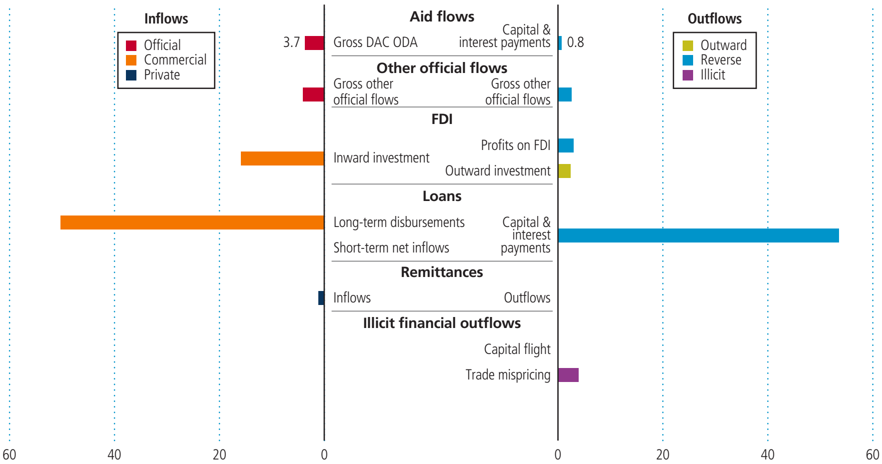
Commercial flows are the largest inflows; reverse flows the largest outflows

US$ billions, 2000–2011



Disbursements and repayments on loans are the largest inflows and outflows of resources

US$ billions, 2011

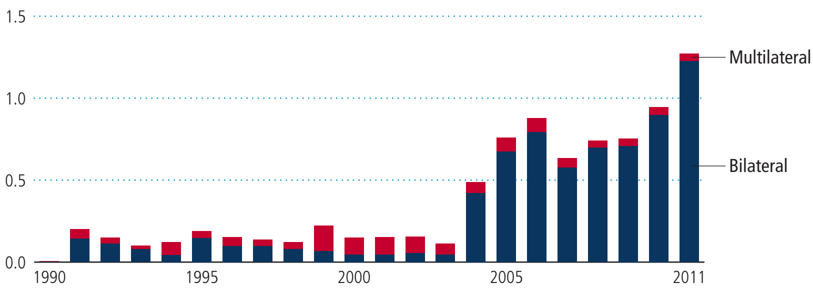


TURKEY AS A PROVIDER OF DEVELOPMENT COOPERATION

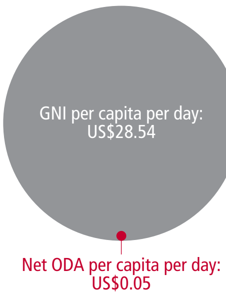
How much wealth does Turkey share?

Since 2004 net ODA from Turkey has increased eightfold driven by bilateral increases

Net disbursements, US$ billions, 1991–2011

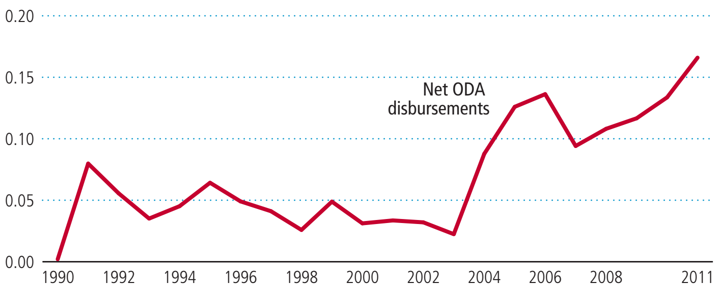


ODA per capita was US$17.30 in 2011; ODA was 0.17% of GNI



ODA as a share of Turkey's national income has increased sharply since 2004 to 0.17% in 2011

% of GNI, 1990–2011

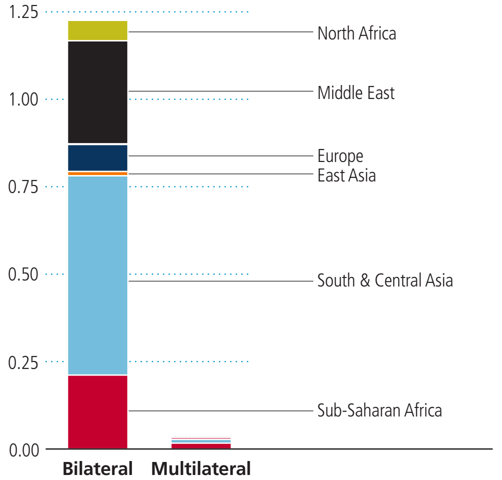


* Recent revisions to ODA data include almost US$2.5 billion in loans from the EU to Turkey in 2011 as ODA. These loans were previously considered not concessional enough to count as ODA, and their inclusion has increased reported ODA from the EU to Turkey from US$0.4 billion to US$2.9 billion, or 78% of gross ODA. These loans are excluded from the bundle analysis.

Where does ODA from Turkey go?

Middle East and South and Central Asia account for 70% of ODA from Turkey

Gross disbursements, US$ billions, 2011



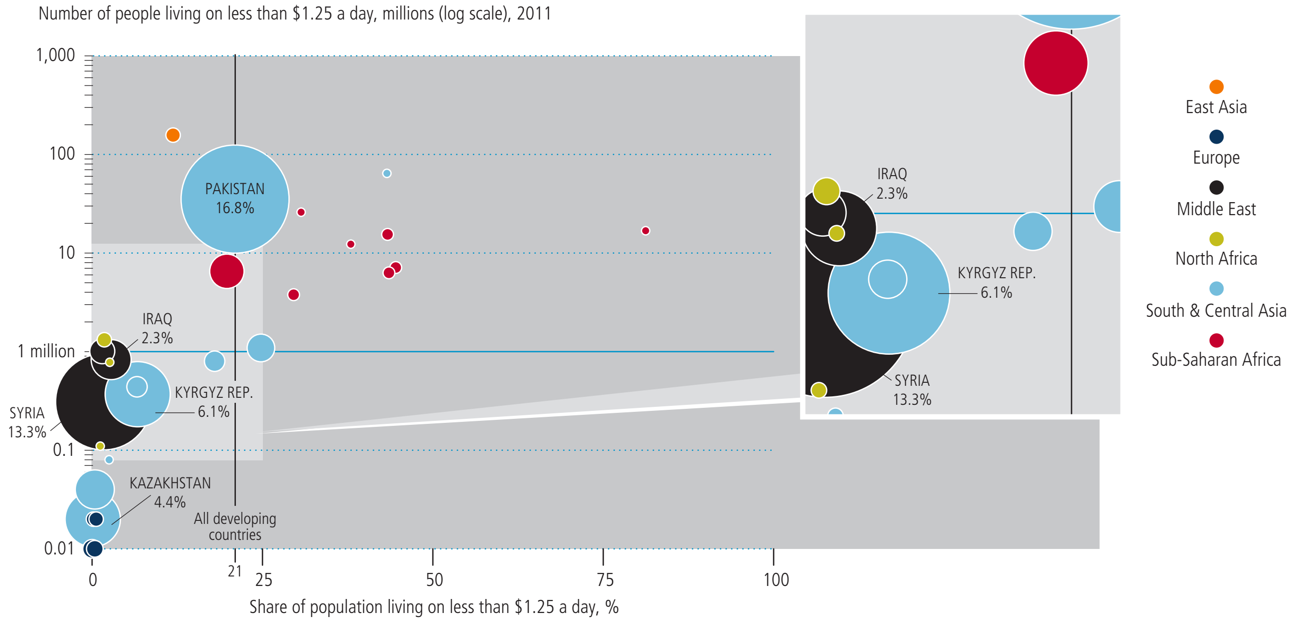
Note: Bilateral aid includes US$1.0 million to North and Central America, US$0.9 million to South America and US$0.5 million to Oceania.

The Turkish Cooperation and Development Agency was established in 1992. The agency operates in more than 100 countries in different regions and has increased the number of its field offices from 12 in 2002 to 33 in 2012.

In 2011 Turkey distributed 96% of ODA bilaterally. ODA reached 118 countries but was concentrated in neighbouring regions: South and Central Asia alone accounted for 46% of bilateral ODA from Turkey, the Middle East another 24%.

Pakistan (US$205 million), Syria (US$162 million) and Afghanistan (US$131 million) are the three largest recipients. Most of Turkey's ODA goes to countries with relatively low percentages of people living on less than $1.25 a day, though Pakistan is an exception together with some smaller recipients in sub-Saharan Africa.

Most ODA from Turkey goes to regional political hotspots with relatively low numbers of poor people and low poverty rates



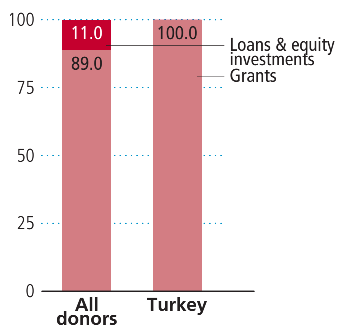
Note: Bubble size indicates the proportion of aid allocated to the country in 2011. Afghanistan (10.7%), Somalia (7.7%) and Libya (4.4%) are among the top five aid recipients, but poverty data is unavailable.

How is ODA from Turkey delivered?

Sectoral detail is not reported with other ODA data to the DAC. Available data shows that humanitarian assistance from Turkey increased substantially, making Turkey the fourth largest donor in 2012, likely to support Syrian refugees. In 2011 all ODA from Turkey was grants. Data on the aid bundle is also unavailable.

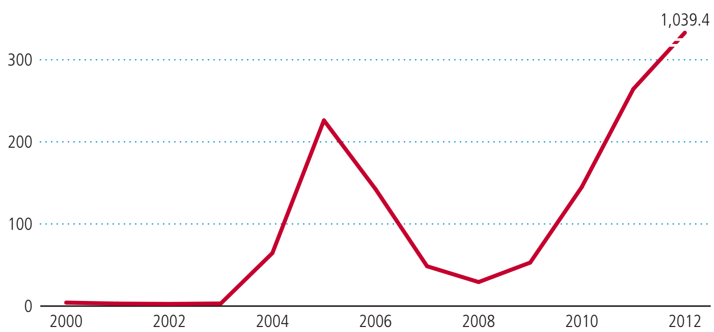
All ODA from Turkey is grants

% of gross disbursements, 2011



In 2012 Turkey was the fourth largest donor of humanitarian assistance, disbursing US$1 billion

Gross disbursements, US$ millions, 2000–2012



What is Turkey's commitment to aid reporting and transparency?

Grants	Available
Concessional loans	Available
Debt relief	Available
Contributions to international agencies	Available
Recipients	Available

IATI	Non-signatory
OGP	Non-member
EITI	Unsupportive government

Key

Poor/no action
Good/moving forward
Excellent/committed

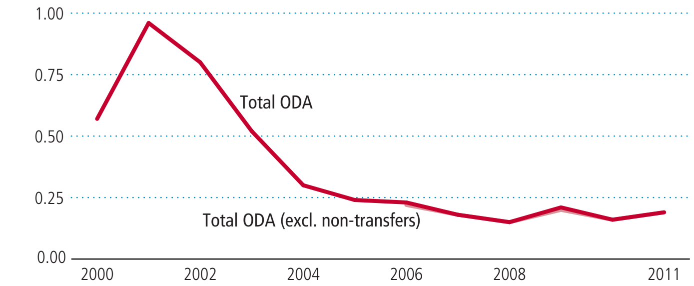
TURKEY AS AN ODA RECIPIENT

ODA to Turkey rose sharply in 2011 over previous years, driven by a US$2.5 billion increase from EU Institutions going mostly to infrastructure. ODA as a share of income also rose. EU Institutions account for 78% of ODA to Turkey, followed by France and Japan. Loans accounted for 47% of ODA in 2011.

ODA and poverty

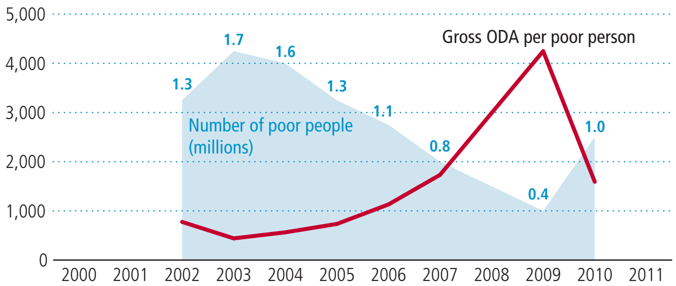
Gross ODA to Turkey has increased as a share of national income

Gross ODA, % of GNI, 2000–2011



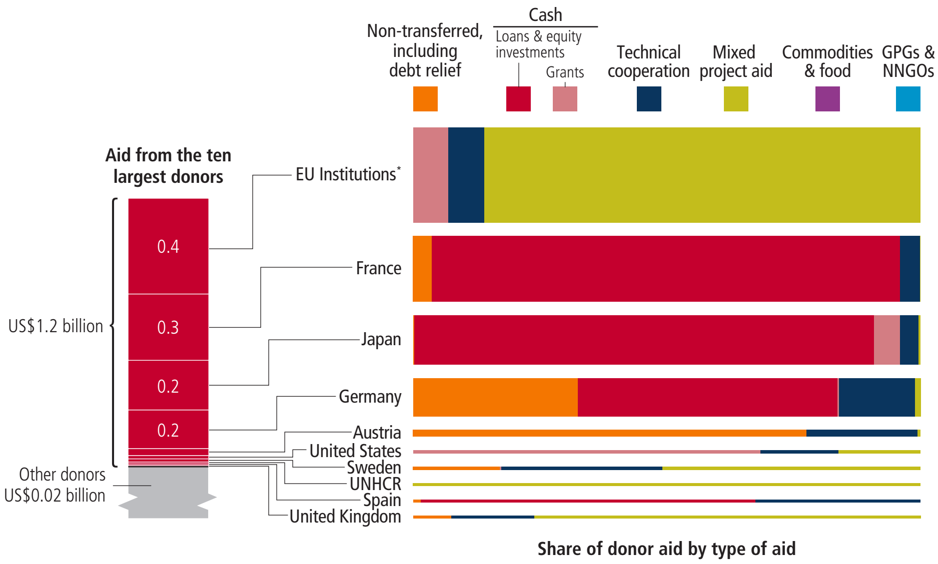
The proportion of the population living on less than $1.25 a day remains low, but the number of poor people more than doubled between 2009 and 2010

US$, 2000–2011



Large donors such as France, Japan and Germany disburse loans

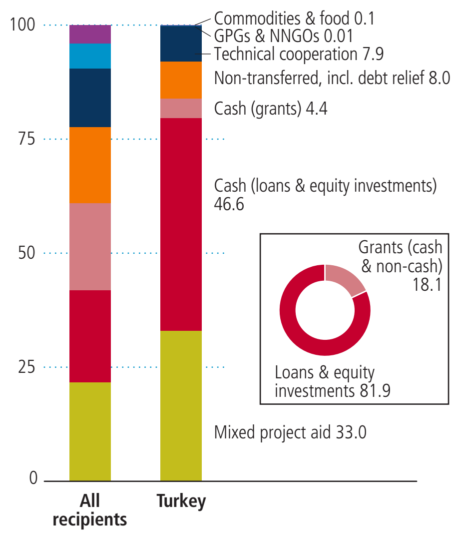
Gross ODA, US$ billions, 2011



Note: Data excludes a recent update of the DAC Creditor Reporting System that shows an increase of US$2.4 billion in ODA from EU Institutions, with a large loan component.

ODA loans are more than double the average

% of gross ODA, 2011

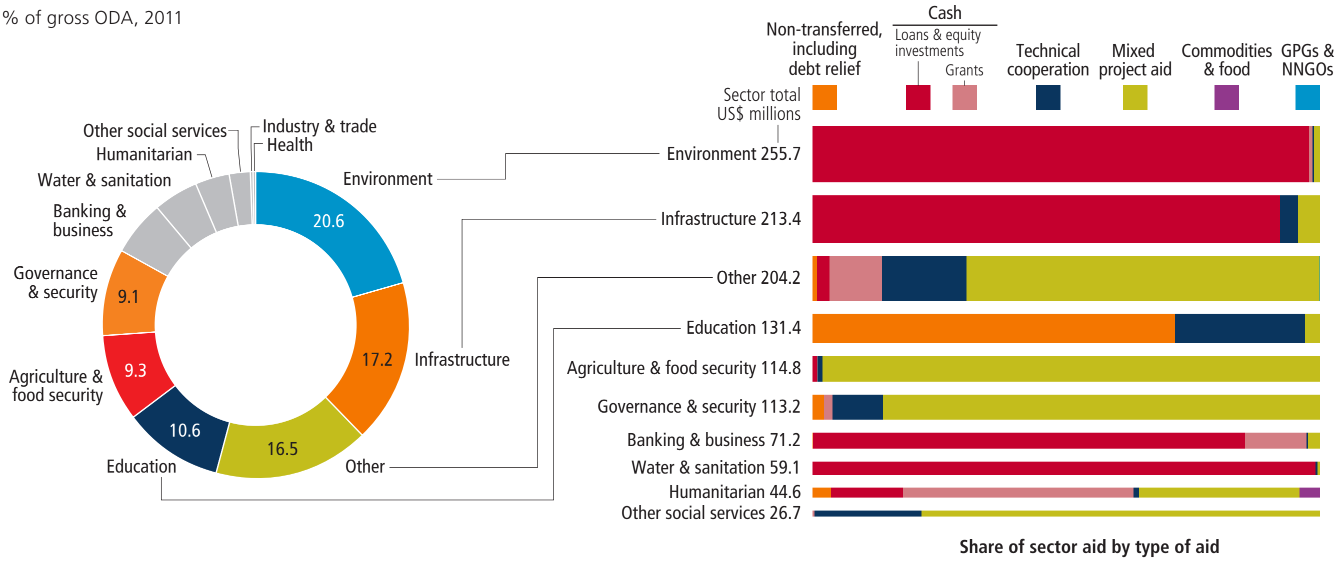


What is aid to Turkey spent on?

Two sectors – environment and infrastructure – account for 38% of ODA to Turkey. The third largest sector, 'other,' is a mix of administrative costs and donor in-country expenditure for refugees and students. Loans and equity investments fund environment and infrastructure sectors as well as banking and business and water and sanitation. Education is the fourth largest sector, but most ODA is not transferred to Turkey. Most ODA disbursements to Turkey are concentrated from a limited number of donors.

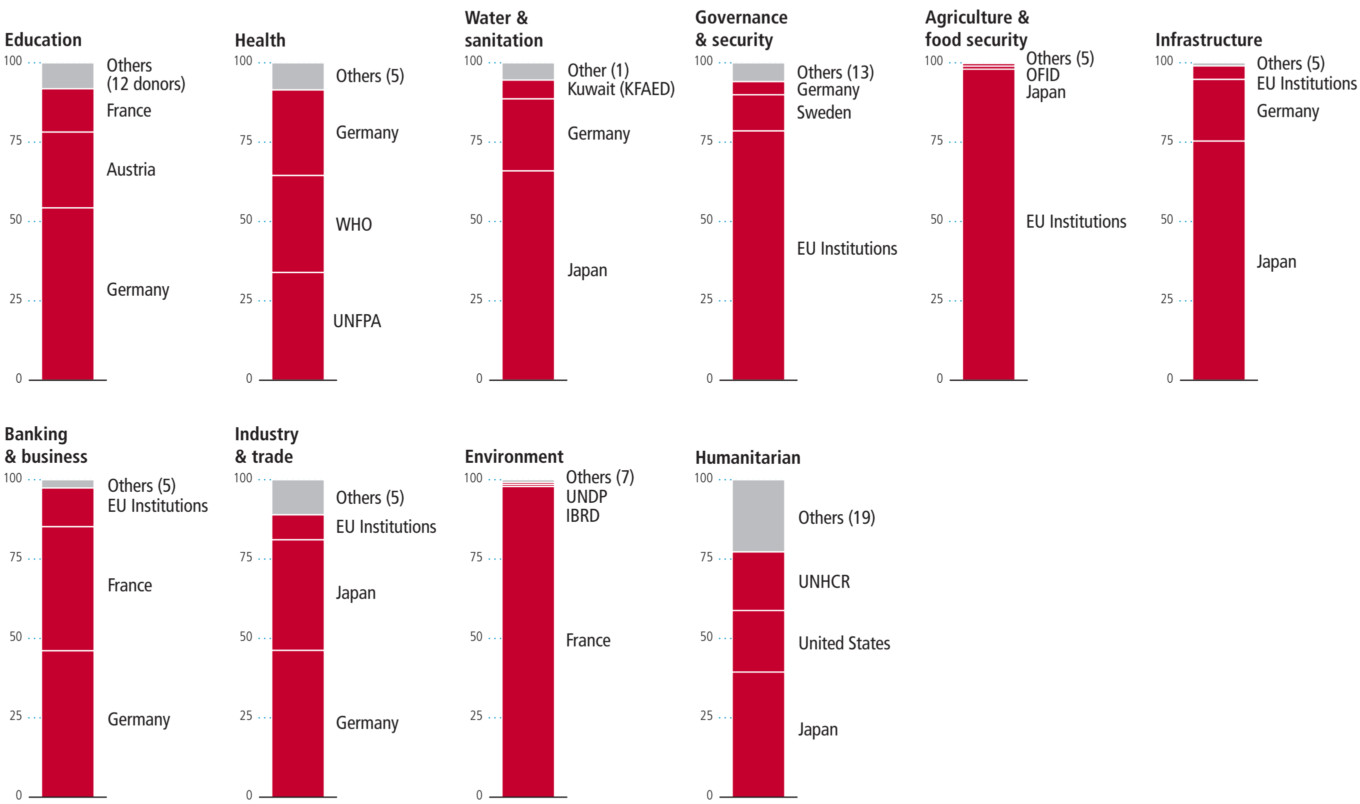
Environment, infrastructure and education account for 48% of ODA to Turkey; ODA to environment and infrastructure are loans; most ODA to education is non-transferred

% of gross ODA, 2011



For most sectors the four largest donors – EU Institutions, France, Japan and Germany – account for nearly all ODA

% of gross ODA, 2011



Note: Data is from the DAC (ODA and other official flows data), the World Bank (remittances, GNI and poverty) and the United Nations Conference on Trade and Development (FDI). All data in US$ is in 2011 prices. Some overlaps of international flows have been taken into account; see *Methodology*. 'Other' aid includes multisector ODA, administrative costs, support for refugees in the donor country and unallocated or unspecified ODA. Data on ODA includes assistance from all donors that report to the DAC; aid bundle figures may not align with totals elsewhere as data is drawn from different OECD DAC data sets. DAC is the Development Assistance Committee of the Organisation for Economic Co-operation and Development. EITI is the Extractives Industries Transparency Initiative. FDI is foreign direct investment. GNI is gross national income. GPGs are global public goods. IATI is the International Aid Transparency Initiative. IBRD is the International Bank for Reconstruction and Development. KFAED is the Kuwait Fund for Arab Economic Development. NNGOs are Northern non-governmental organisations. ODA is official development assistance. OFID is the OPEC Fund for International Development. OGP is the Open Government Partnership. PPP is purchasing power parity. UNDP is the United Nations Development Programme. UNFPA is the United Nations Population Fund. UNHCR is the Office of the UN High Commissioner for Refugees. WHO is the World Health Organization.

UNITED ARAB EMIRATES

Gross ODA disbursements given: US$816 million in 2011, 5th largest government provider of development cooperation outside the DAC

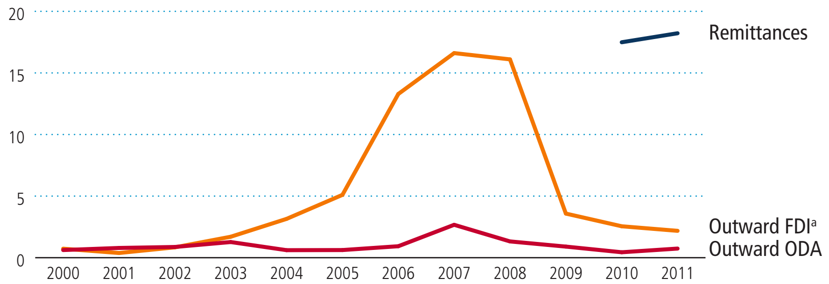
The largest outflows from the United Arab Emirates are remittances. The United Arab Emirates gave US$816 million in development cooperation in 2011, more than four DAC donors (Greece, Luxembourg, New Zealand and Portugal).

- Most ODA is channelled bilaterally and goes to the Middle East and to South and Central Asia.
- Grants are a large component of ODA. 28% of ODA is non-transferred.
- The three largest sectors are general budget support, humanitarian aid and infrastructure.

Resource flows from the United Arab Emirates to developing countries

FDI has dropped sharply since the 2009 global crisis

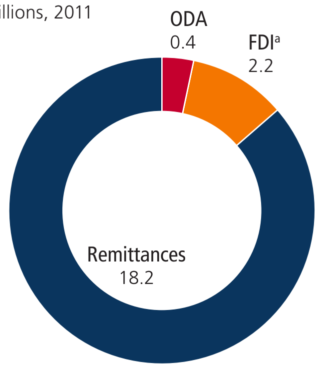
US$ billions, 2000–2011



a. Refers to investments worldwide, not just to developing countries.

Remittances are the largest flow to developing countries

US$ billions, 2011

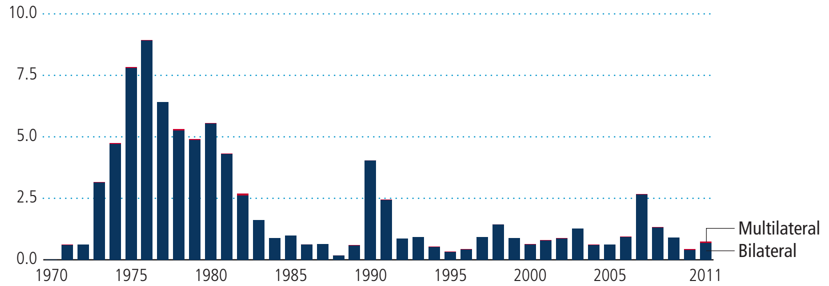


a. Refers to investments worldwide, not just to developing countries.

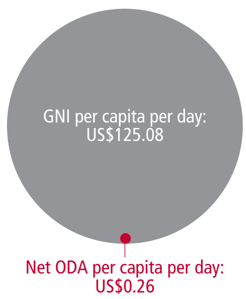
How much wealth does United Arab Emirates share?

After decreasing from a 2007 peak, net ODA increased 69% over 2010–2011

Net disbursements, US$ billions, 1969–2011

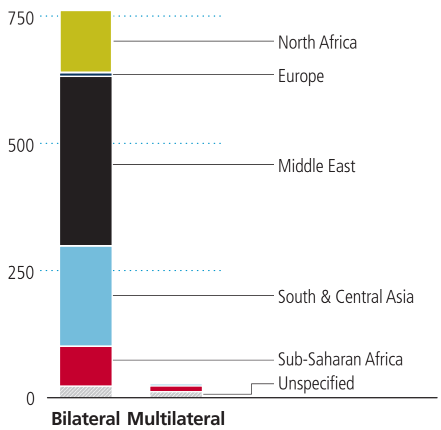


ODA as a share of GNI has decreased over the last decade



About 44% of bilateral aid goes to the Middle East

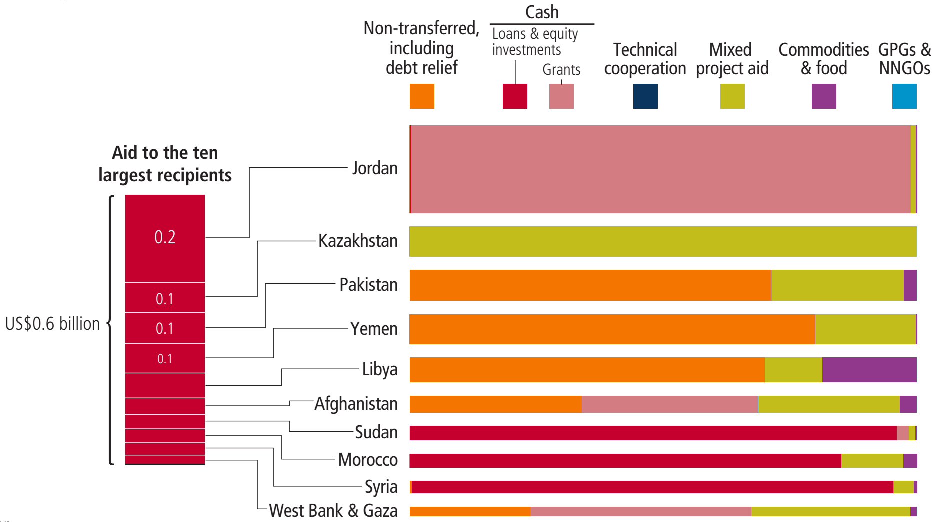
Gross disbursements, US$ millions, 2011



Note: Bilateral aid includes US$0.2 million each to North and Central America and South America, US$0.9 million to East Asia and US$0.1 million to Oceania.

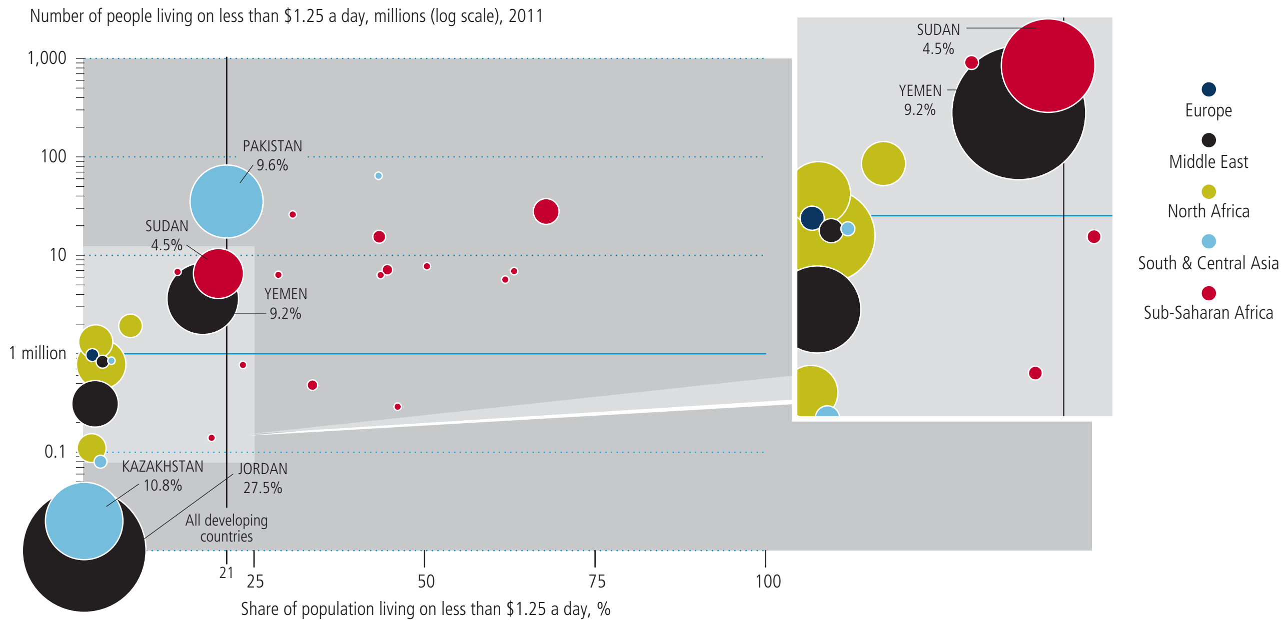
Most ODA to Jordan is grants; other large recipients receive mixed project aid and some smaller recipients receive loans

% of gross bilateral ODA, 2011



What does the aid bundle look like for each recipient?

ODA from the United Arab Emirates goes mostly to countries with a low share of the population living on less than $1.25 a day, although some have a large number of poor people

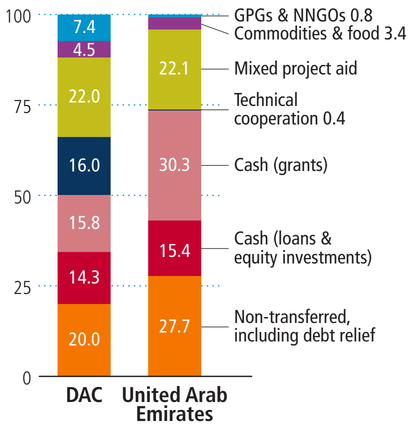


Note: Bubble size indicates the proportion of aid allocated to the country in 2011. Libya (7.8%) and Afghanistan (5.2%) are among the top five aid recipients, but poverty data is unavailable.

What is in the bundle of aid from the United Arab Emirates?

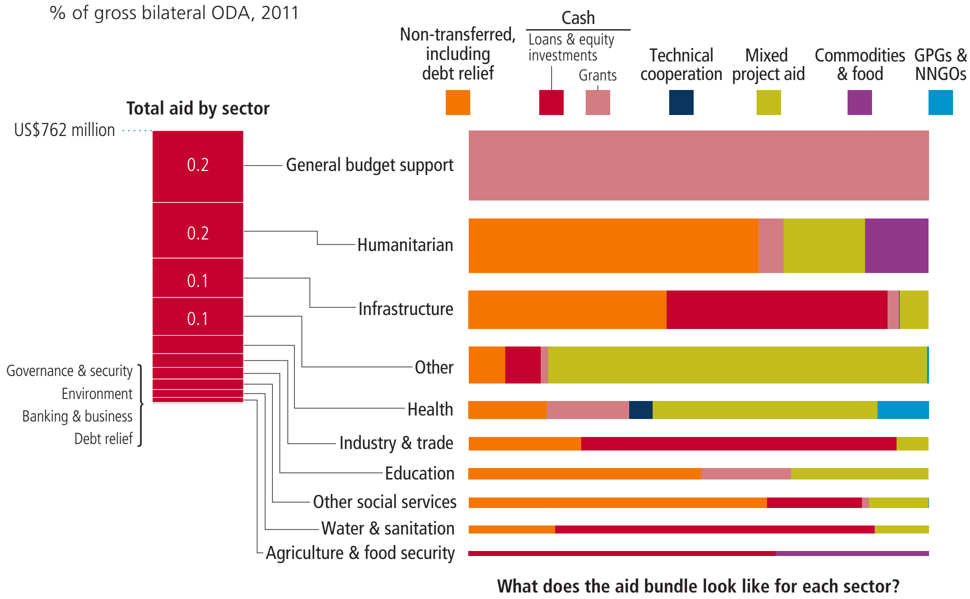
Most ODA is cash grants and non-transferred resources

% of gross bilateral ODA, 2011



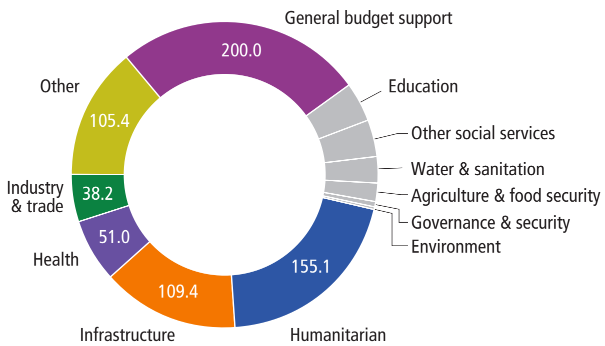
General budget support, the largest sector, receives mostly grants; 46% of ODA from the United Arab Emirates is cash grants and loans

% of gross bilateral ODA, 2011



General budget support, humanitarian assistance and infrastructure account for 61% of ODA from the United Arab Emirates

Gross bilateral ODA by sector, % of total, 2011



What is the United Arab Emirates's commitment to aid reporting and transparency?

Grants	Available
Concessional loans	Available
Debt relief	Available
Contributions to international agencies	Available

IATI	Non-signatory
OGP	Non-member
EITI	Unsupportive government

Key

- Poor/no action
- Good/moving forward
- Excellent/committed

Note: Data is from the DAC (ODA), the World Bank (remittances, GNI and poverty) and the United Nations Conference on Trade and Development (FDI). All data in US$ is in 2011 prices. Some overlaps of international flows have been taken into account; see *Methodology*. 'Other' aid includes multisector ODA, administrative costs, support for refugees in the donor country and unallocated or unspecified ODA. DAC is the Development Assistance Committee of the Organisation for Economic Co-operation and Development. EITI is the Extractives Industries Transparency Initiative. FDI is foreign direct investment. GNI is gross national income. GPGs are global public goods. IATI is the International Aid Transparency Initiative. NNGOs are Northern non-governmental organisations. ODA is official development assistance. OGP is the Open Government Partnership. PPP is purchasing power parity.

Summary statistics

ODA received in 2011

Rank among the 148 eligible recipients

Government spending per head in 2011, adjusted to account for differences in spending power in different countries (purchasing power parities)

Numbers and proportions of people living in extreme ($1.25 a day) poverty in the most recent year with available data

What is aid spent on?

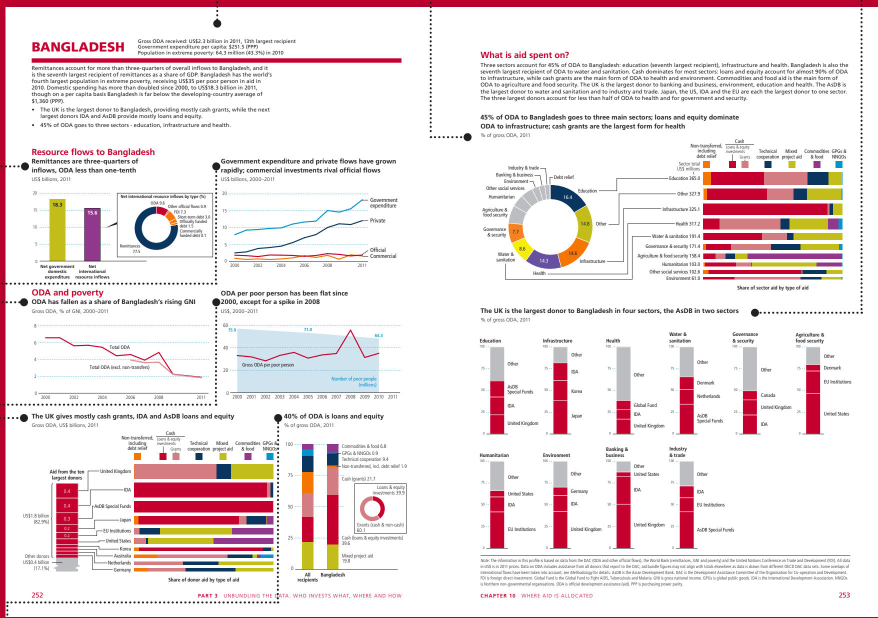
Proportional split of gross ODA by sector and the aid bundle for the ten largest sectors in 2011

The three largest donors and their share of the total aid to each sector

Resource flows to the country

2011 net international inflows and domestic government expenditure

Summary trends of government expenditure and inflows: official (ODA, other official flows, development finance institutions and other official loans), commercial (FDI, loans, portfolio equity) and private (remittances and private development assistance)



ODA and poverty

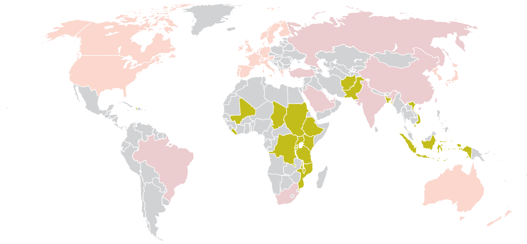
Gross ODA and aid excluding non-transferred aid as ratio of recipient-country GNI.

Poverty trends and ODA per poor person (ODA per capita where poverty data is unavailable)

Ten largest donors and their aid bundle

The overall aid bundle compared with the developing-country average

10



Where aid is allocated

These profiles provide clear and detailed visualisations of the scale and trends of official development assistance (ODA), other international resource flows to developing countries and their own domestic resources. They also show trends in aid and poverty levels. Because much greater detail is available for ODA from OECD databases, the analyses of aid to these countries is deeper and includes:

- The largest donors of ODA and the largest sectors to which aid is allocated;
- The aid bundle, which showing the types of aid provided by donors and to sectors, including estimates of ODA that is not transferred to recipients, such as debt relief and various administrative, refugee and student costs.

Presenting information in this way can improve donor and recipient decisionmaking about the allocation and use of aid – increasing the value from aid for poverty reduction.

These 20 countries were selected from the 148 currently eligible to receive ODA, based on criteria, including having high numbers of people living on less than $1.25 a and high rates of extreme poverty, being large aid recipients and having aid as the largest external resource inflow.

More detailed and interactive information is available online at www.devinit.org, and Development Initiatives is always pleased to provide data and information through our helpdesks. Please refer to the profile endnotes and *Methodology* for more detailed explanations of terms and concepts used.

AFGHANISTAN

Gross ODA received: US$6.7 billion in 2011, 2nd largest recipient
Government expenditure per capita: $230 (PPP)
Population in extreme poverty: (no data available)

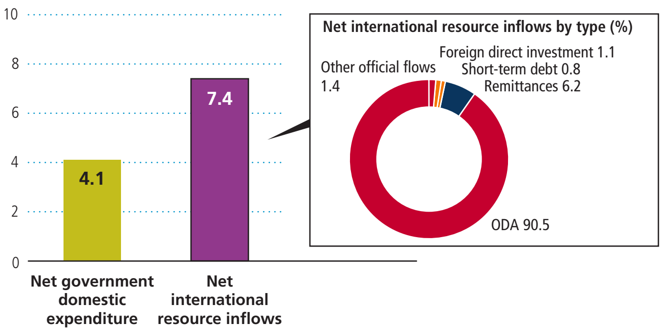
Afghanistan is the second largest ODA recipient after the Democratic Republic of Congo. While ODA as a share of national income is high – at 35%, ranking ninth globally – it has been declining, as national income has increased faster than aid.

- The US is the largest donor to Afghanistan, giving mostly mixed project aid, followed by Japan (mostly cash grants) and Germany (mostly technical cooperation).
- Cash grants and mixed projects are significant in most sectors.
- The US is the largest donor to most sectors, including governance and security, which receives the most ODA.

Resource flows to Afghanistan

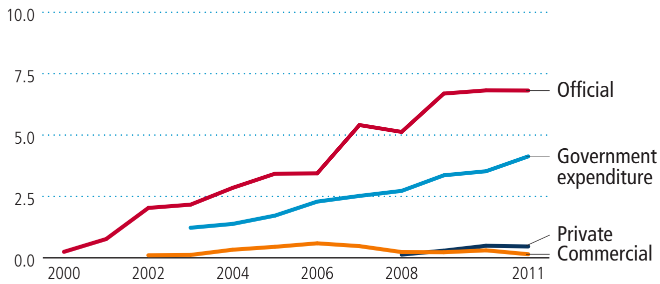
International flows are much larger than domestic expenditure, with ODA the dominant international flow

US$ billions, 2011



Official flows and domestic resources have been growing faster than other flows

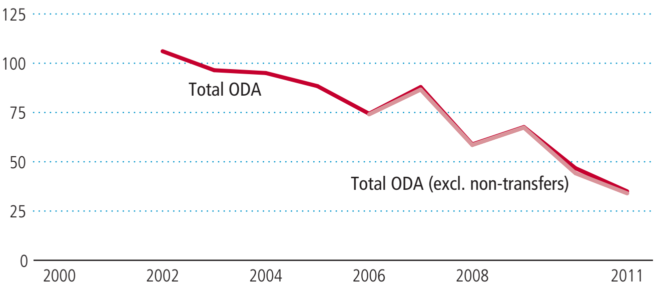
US$ billions, 2000–2011



ODA and poverty

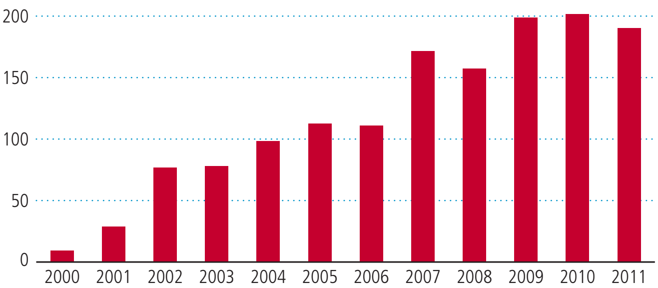
As national income has grown, ODA's share has fallen

Gross ODA, % of GNI, 2002–2011



Afghanistan has no recent poverty data, but ODA per capita has increased more than 20-fold since 2000

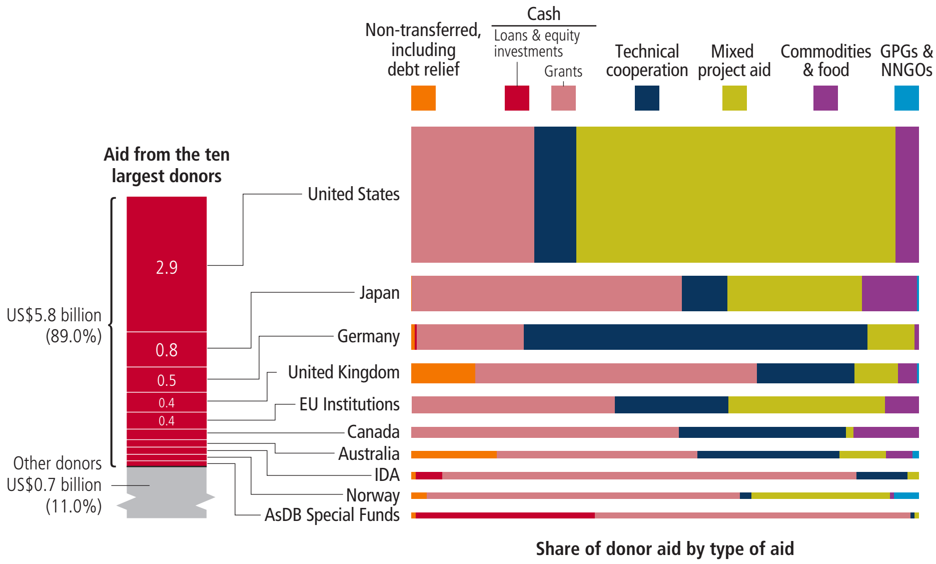
Gross ODA per capita, US$, 2000–2011



Note: Poverty data is insufficient to create a figure comparable to those in other profiles.

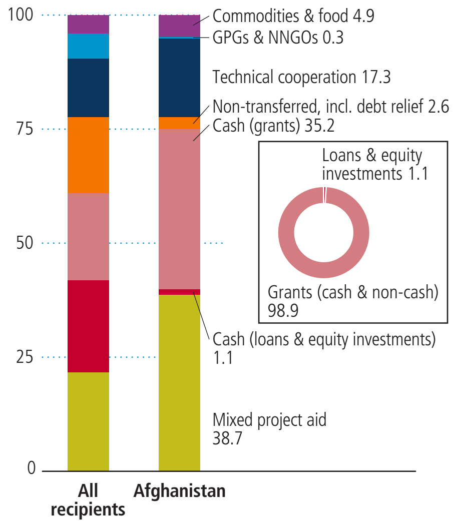
The US – the largest donor – gives mostly mixed project aid

Gross ODA, US$ billions, 2011



Cash grants, mixed project aid and technical cooperation are large

% of gross ODA, 2011

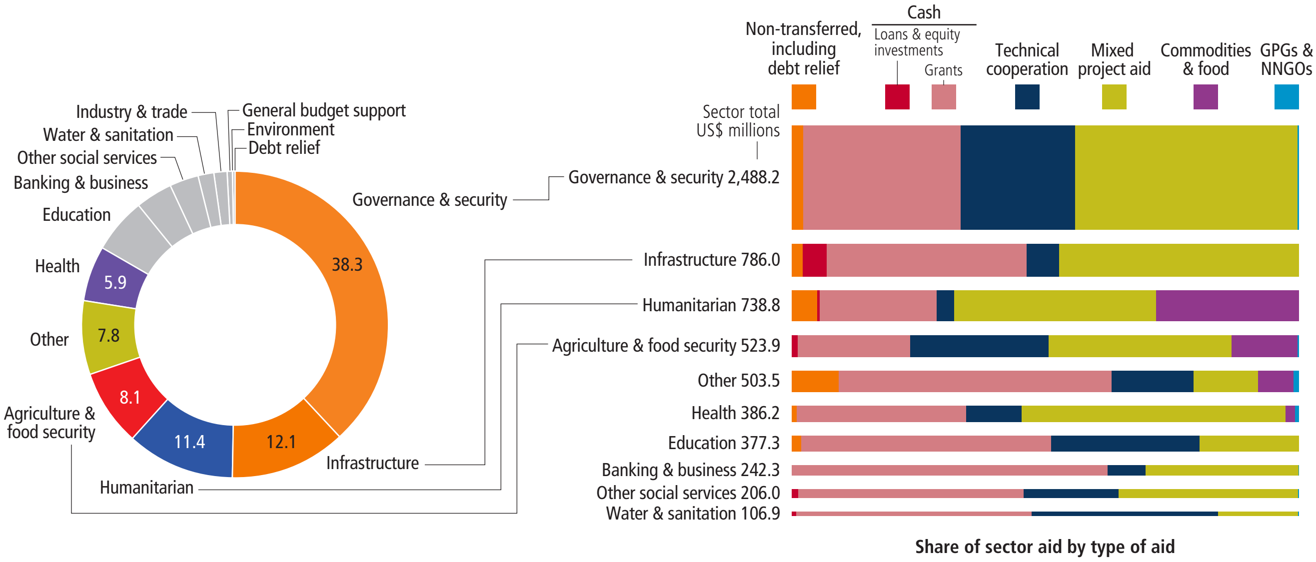


What is aid spent on?

About half of ODA to Afghanistan goes to two sectors: governance and security, and infrastructure. The country is the largest recipient of ODA to governance and security globally, the second largest recipient of ODA to banking and business and humanitarian assistance, and the fourth largest recipient of ODA to infrastructure. Mixed project aid and cash grants account for the majority of sectoral ODA, with cash grants dominating for banking and business. For all sectors the three largest donors combined provide more than half of ODA. The US is the largest single donor to most sectors, apart from general budget support (IMF) and environment (IDA).

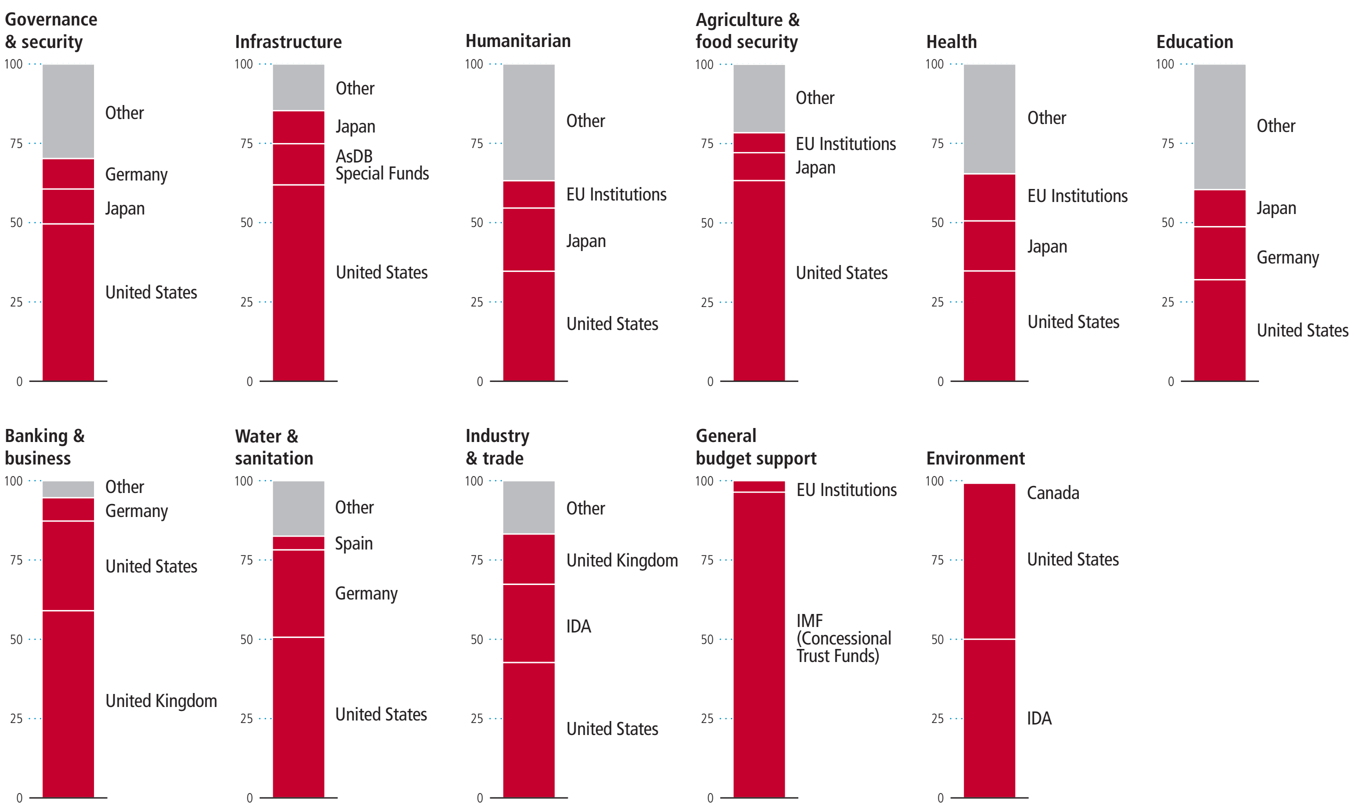
Governance and security accounts for over a third of Afghanistan's ODA; cash grants and mixed project aid are prevalent in most sectors, technical cooperation in some

% of gross ODA, 2011



The US is the largest donor to Afghanistan to all sectors other than general budget support and environment

% of gross ODA, 2011



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BANGLADESH

Gross ODA received: US$2.3 billion in 2011, 13th largest recipient
Government expenditure per capita: $251.5 (PPP)
Population in extreme poverty: 64.3 million (43.3%) in 2010

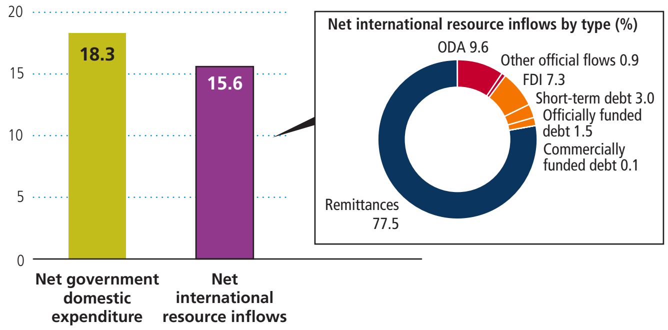
Remittances account for more than three-quarters of overall inflows to Bangladesh, and it is the seventh largest recipient of remittances as a share of GDP. Bangladesh has the world's fourth largest population in extreme poverty, receiving US$35 per poor person in aid in 2010. Domestic spending has more than doubled since 2000, to US$18.3 billion in 2011, though on a per capita basis Bangladesh is far below the developing-country average of $1,360 (PPP).

- The UK is the largest donor to Bangladesh, providing mostly cash grants, while the next largest donors IDA and AsDB provide mostly loans and equity.
- 45% of ODA goes to three sectors - education, infrastructure and health.

Resource flows to Bangladesh

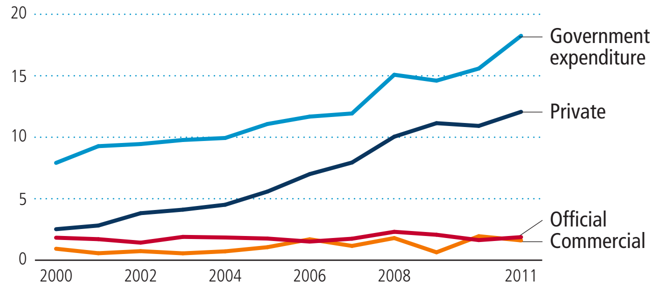
Remittances are three-quarters of inflows, ODA less than one-tenth

US$ billions, 2011



Government expenditure and private flows have grown rapidly; commercial investments rival official flows

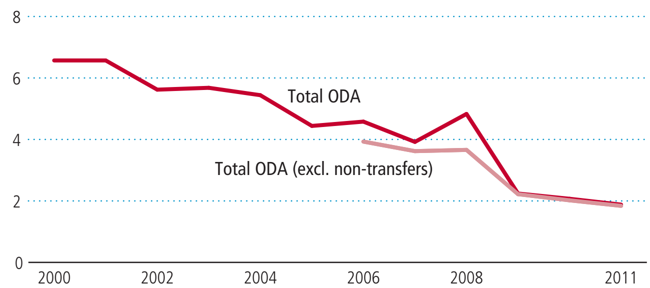
US$ billions, 2000–2011



ODA and poverty

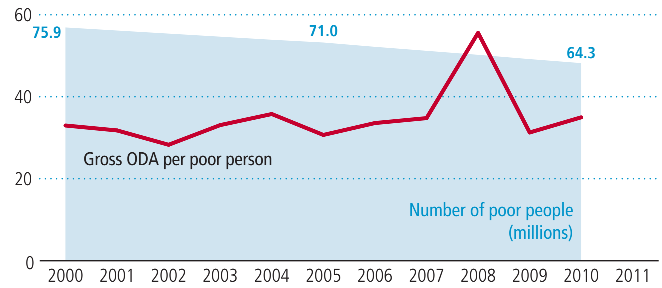
ODA has fallen as a share of Bangladesh's rising GNI

Gross ODA, % of GNI, 2000–2011



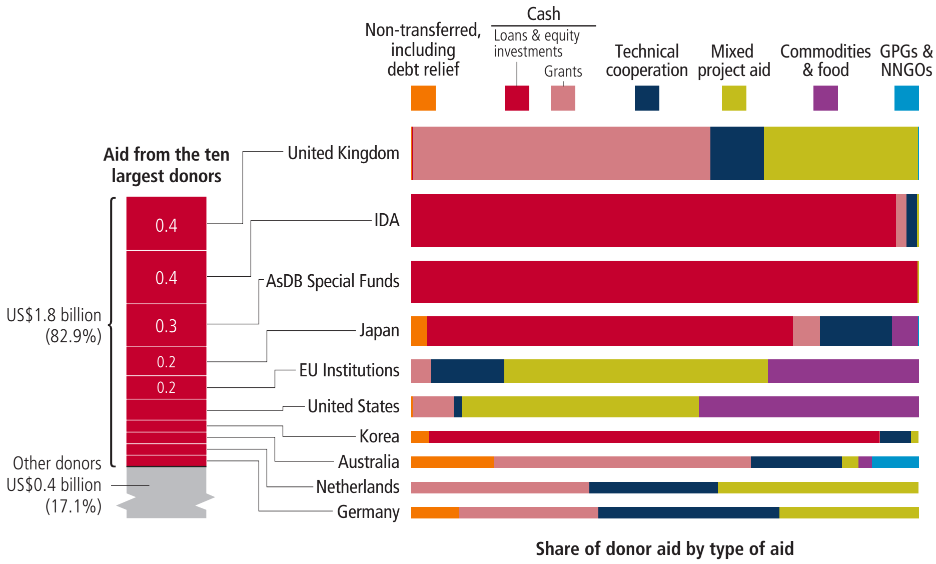
ODA per poor person has been flat since 2000, except for a spike in 2008

US$, 2000–2011



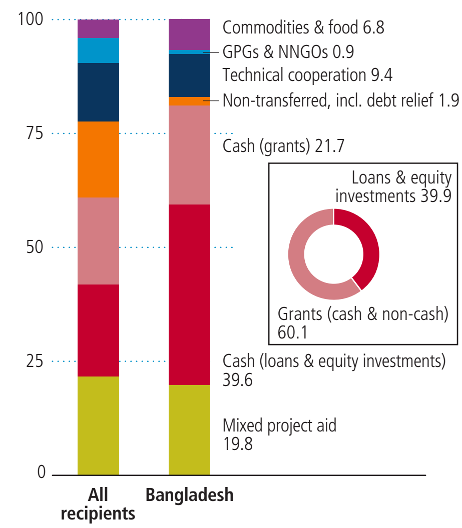
The UK gives mostly cash grants, IDA and AsDB loans and equity

Gross ODA, US$ billions, 2011



40% of ODA is loans and equity

% of gross ODA, 2011

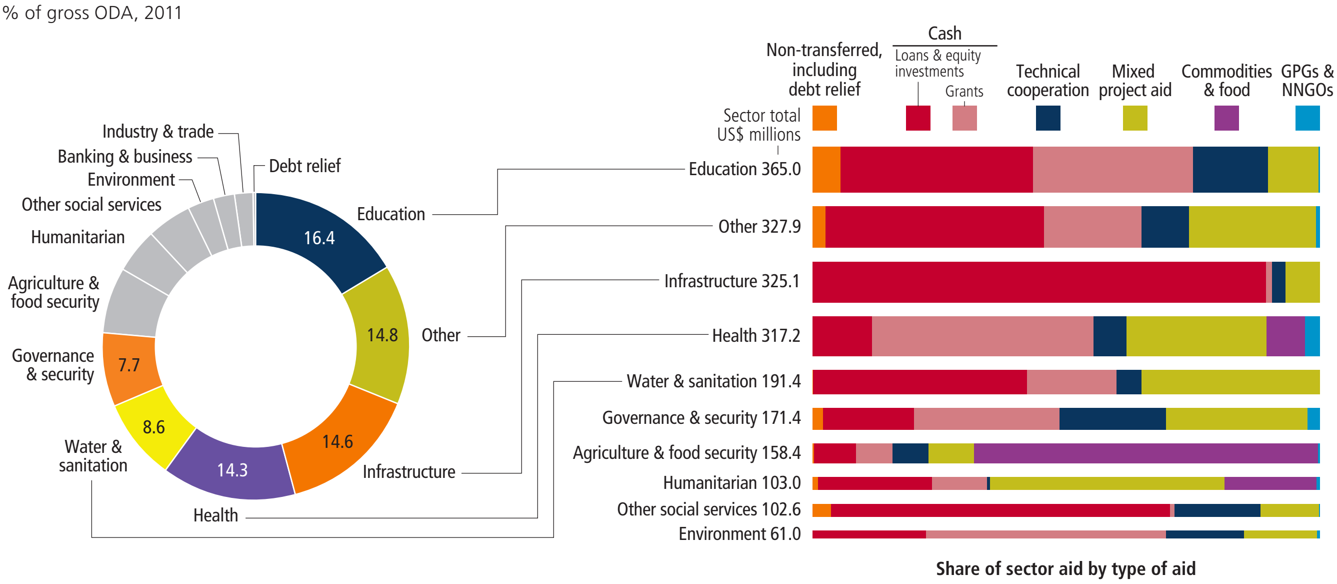


What is aid spent on?

Three sectors account for 45% of ODA to Bangladesh: education (seventh largest recipient), infrastructure and health. Bangladesh is also the seventh largest recipient of ODA to water and sanitation. Cash dominates for most sectors: loans and equity account for almost 90% of ODA to infrastructure, while cash grants are the main form of ODA to health and environment. Commodities and food aid is the main form of ODA to agriculture and food security. The UK is the largest donor to banking and business, environment, education and health. The AsDB is the largest donor to water and sanitation and to industry and trade. Japan, the US, IDA and the EU are each the largest donor to one sector. The three largest donors account for less than half of ODA to health and for government and security.

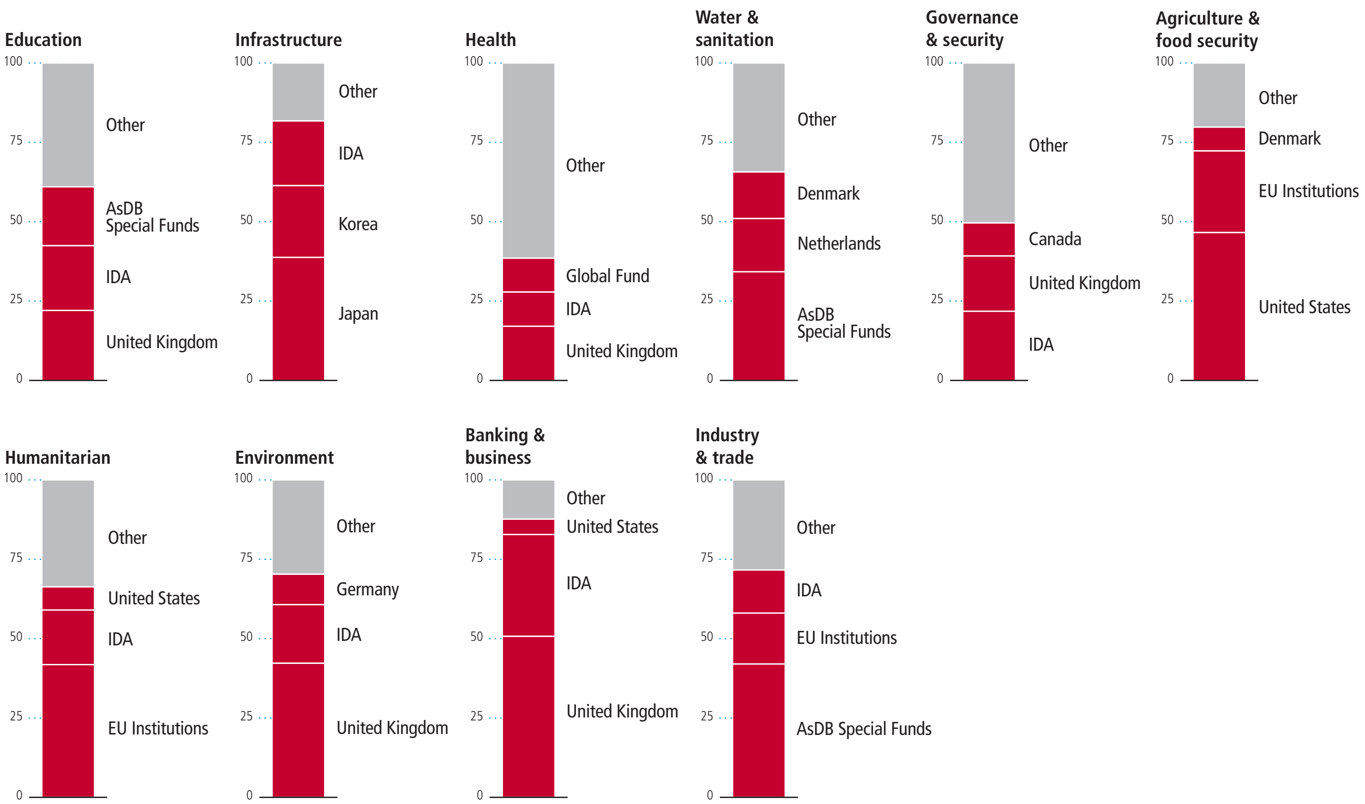
45% of ODA to Bangladesh goes to three main sectors; loans and equity dominate ODA to infrastructure; cash grants are the largest form for health

% of gross ODA, 2011



The UK is the largest donor to Bangladesh in four sectors, the AsDB in two sectors

% of gross ODA, 2011



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BURUNDI

Gross ODA received: US$0.6 billion in 2011, 60th largest recipient
Government expenditure per capita: $201.8 (PPP)
Population in extreme poverty: 6.1 million (81.3%) in 2006

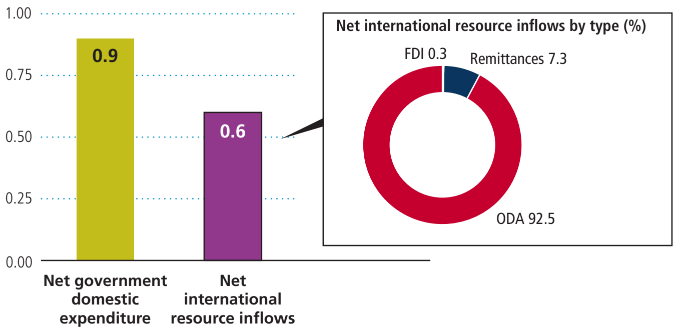
Burundi has the third highest rate of extreme poverty in the world. ODA is equivalent to 25% of national income (12th highest globally), or US$92 per poor person in 2006. Domestic spending remains low but has grown alongside official flows.

- The largest donors to Burundi provide ODA in very different ways: IDA prefers cash grants, EU mixed project aid and Belgium technical cooperation.
- Governance and security receives the most ODA followed by health, mostly as cash grants.

Resource flows to Burundi

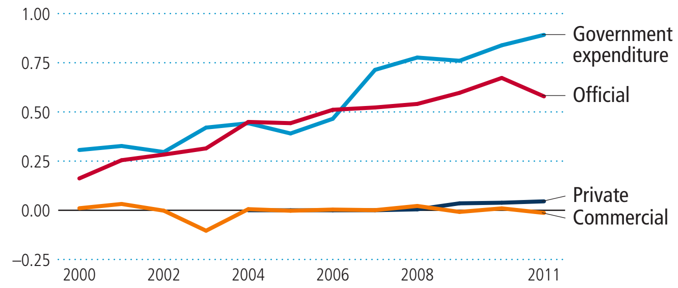
International flows are two-thirds the size of domestic spending; ODA accounts for 90% of international flows

US$ billions, 2011



Both official flows to and domestic spending in Burundi have grown rapidly

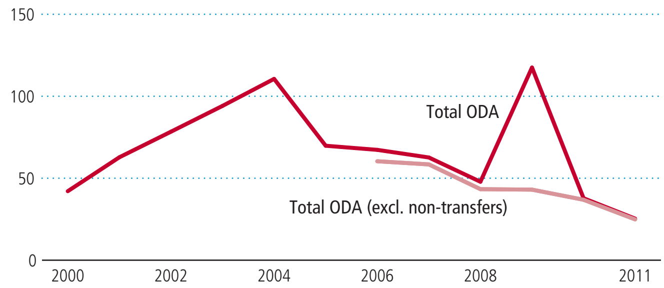
US$ billions, 2000–2011



ODA and poverty

ODA has fluctuated but is falling as a share of GNI

Gross ODA, % of GNI, 2000–2011



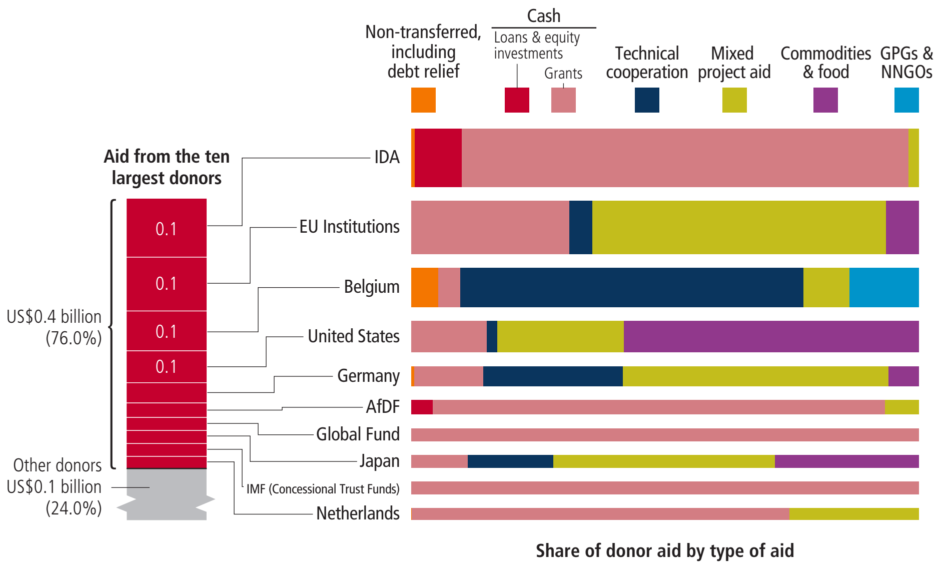
Note: The spike in 2009 is due to debt relief.

ODA per poor person increased between 2000 and 2006

US$, 2000–2011

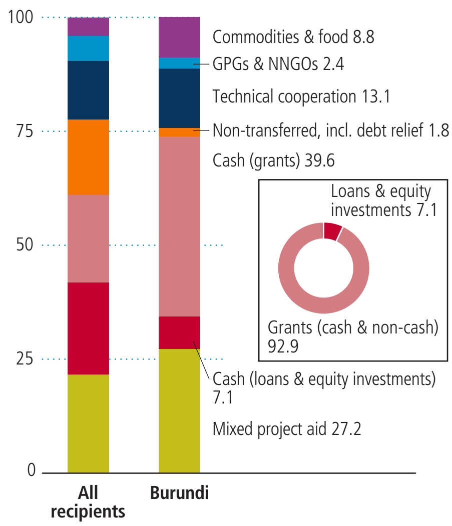
IDA is the largest donor, giving mostly cash grants

Gross ODA, US$ billions, 2011



40% of ODA to Burundi is cash grants

% of gross ODA, 2011

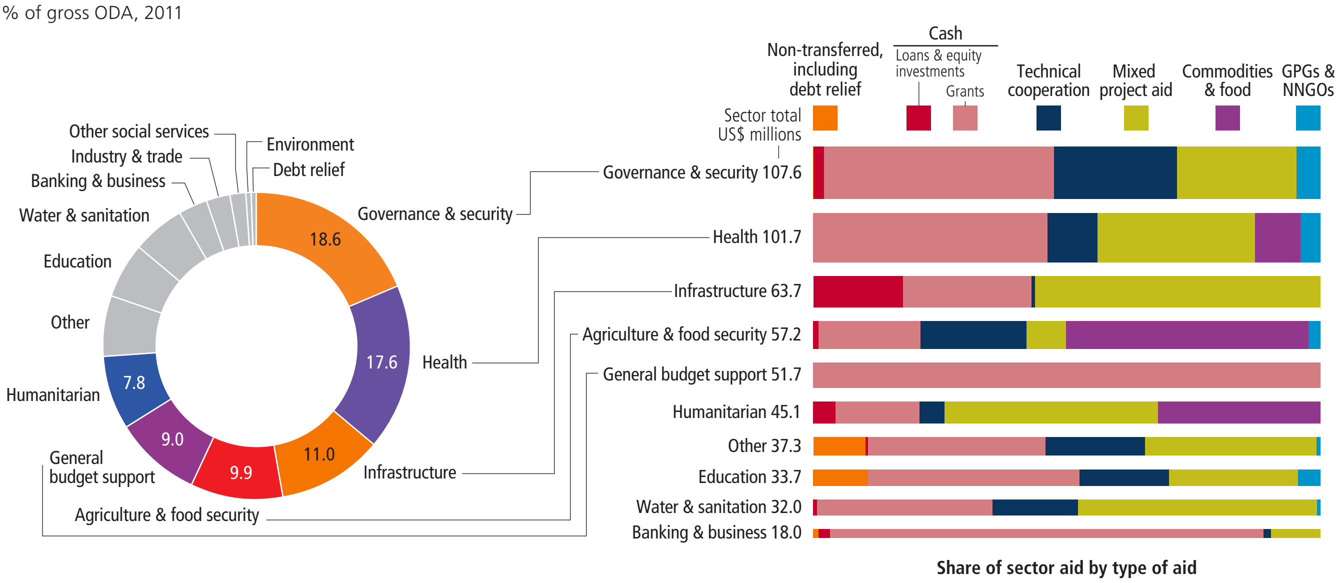


What is aid spent on?

The largest sector of ODA to Burundi is governance and security, followed by health. Cash grants make up around half of ODA to both sectors. Infrastructure is the third largest sector, receiving mostly mixed project aid. All general budget support is given as cash grants. Commodities and food aid is important to agriculture and food security and to humanitarian assistance. IDA is the largest donor to environment and to banking and business and the second largest donor to four other sectors. The three largest donors provide almost all ODA to general budget support and environment and over 90% of ODA to water and sanitation and to banking and business but less than half of ODA to health and to government and security.

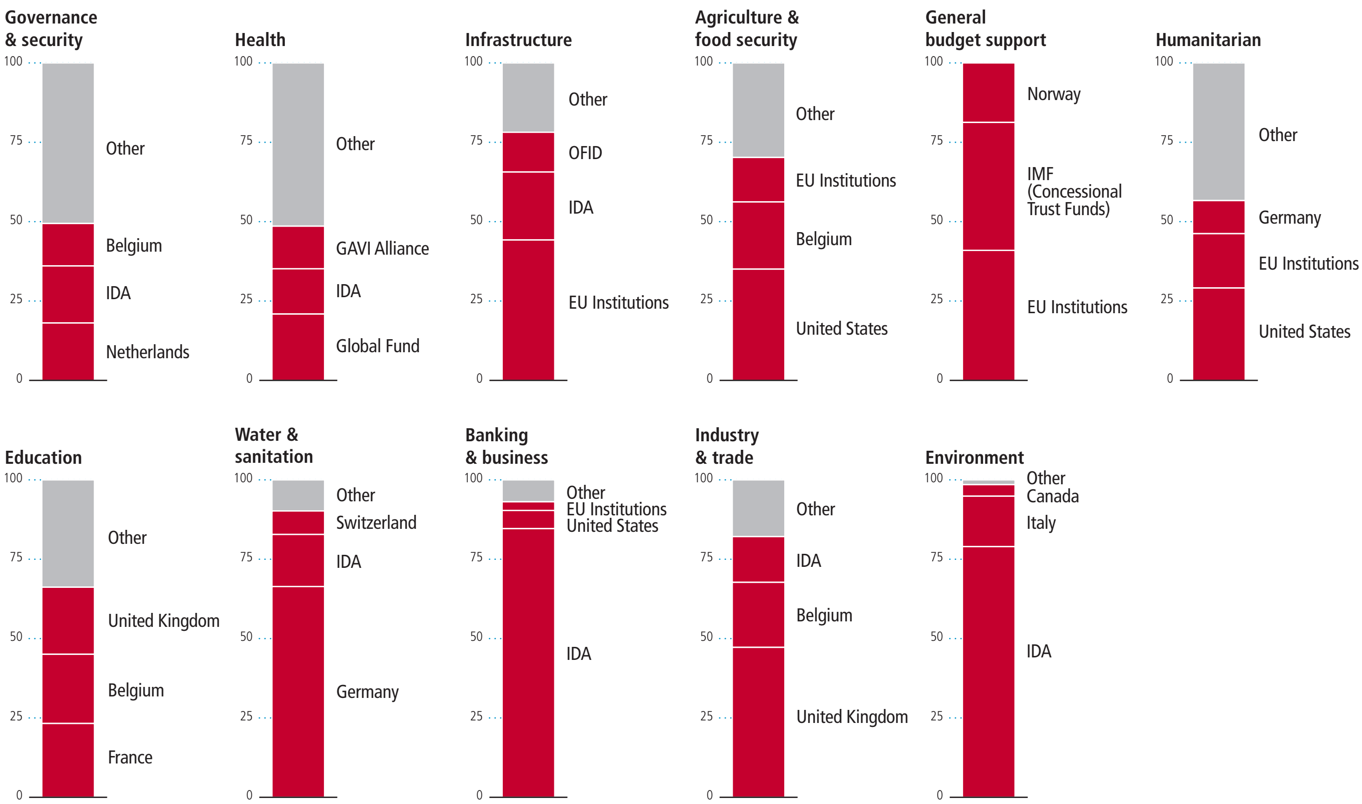
Close to half of funding to the two largest sectors – governance and security and health – is cash grants

% of gross ODA, 2011



Vertical funds and multilaterals dominate in two major sectors: health and infrastructure

% of gross ODA, 2011



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CHAD

Gross ODA received: US$0.5 billion in 2011, 65th largest recipient
Government expenditure per capita: $342.0 (PPP)
Population in extreme poverty: 5.7 million (61.9%) in 2003

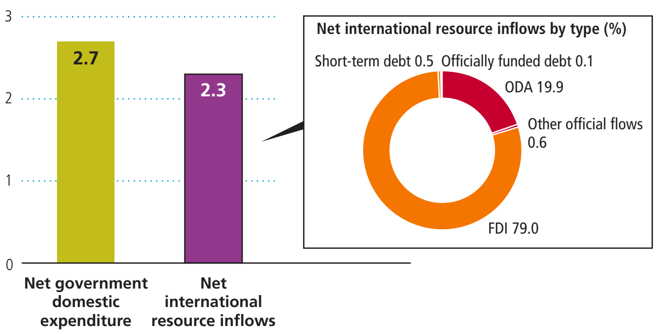
More than half of Chad's population lives in extreme poverty. ODA to Chad was equivalent to 6% of national income, or US$72 per poor person, in 2003. Domestic spending has grown in recent years, as have commercial flows (FDI), though these flows have fluctuated considerably.

- EU Institutions are the largest donor to Chad; second largest donor the US gives mostly commodities and food aid.
- Humanitarian assistance accounts for almost half of ODA, mostly commodities and food aid; multilateral agencies and vertical funds are the largest donors to most other sectors.

Resource flows to Chad

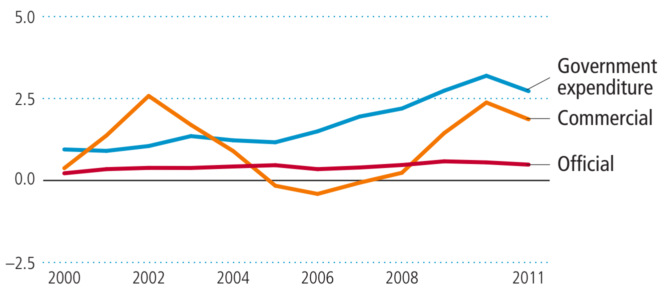
Levels of domestic spending and international flows, led by FDI, are similar

US$ billions, 2011



Chad's domestic spending has risen; commercial flows have fluctuated but risen recently

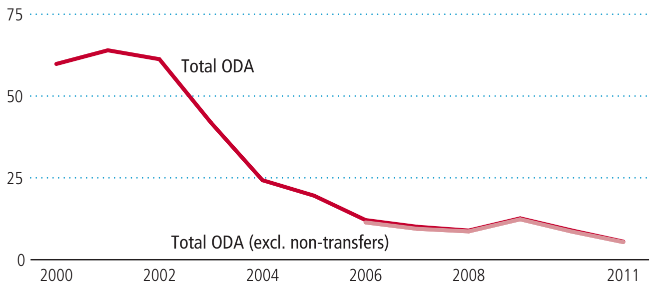
US$ billions, 2000–2011



ODA and poverty

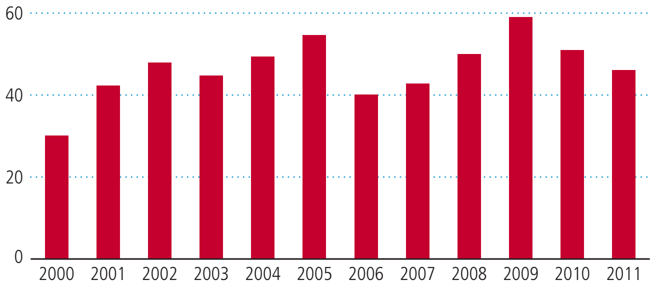
ODA to Chad has risen more slowly than national income

Gross ODA, % of GNI, 2000–2011



ODA per capita has risen by a quarter since 2000

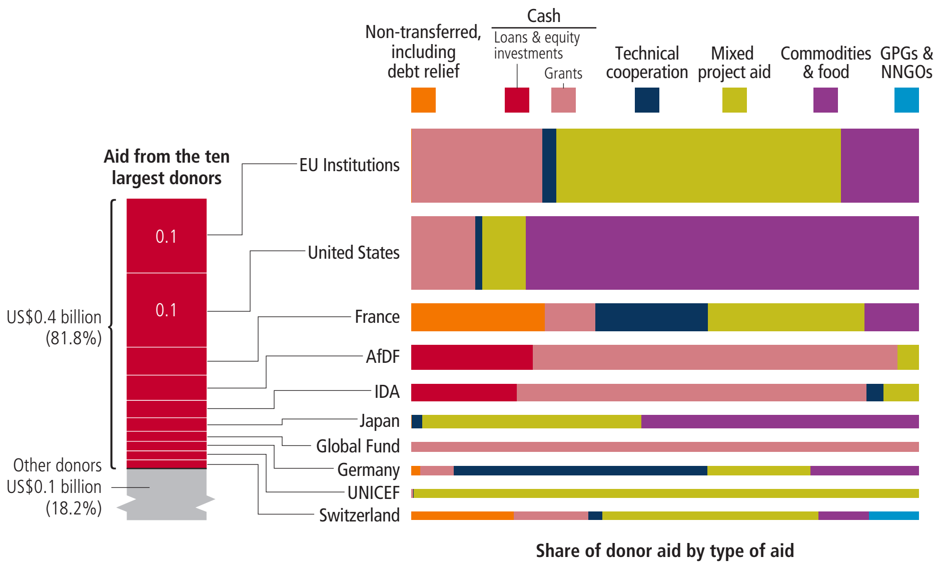
Gross ODA per capita, US$, 2000–2011



Note: Poverty data is insufficient to create a figure comparable to those in other profiles.

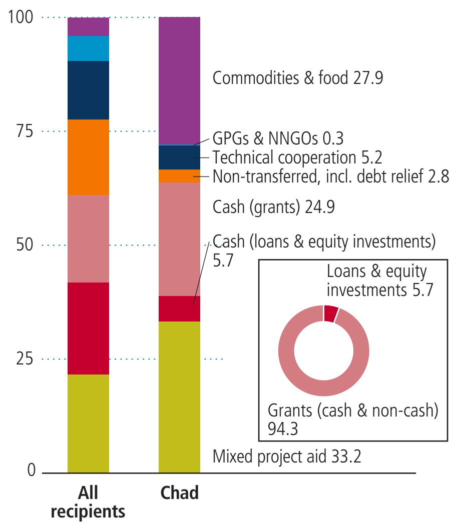
EU Institutions are the largest donor

Gross ODA, US$ billions, 2011



Commodities and food aid is seven times the average

% of gross ODA, 2011

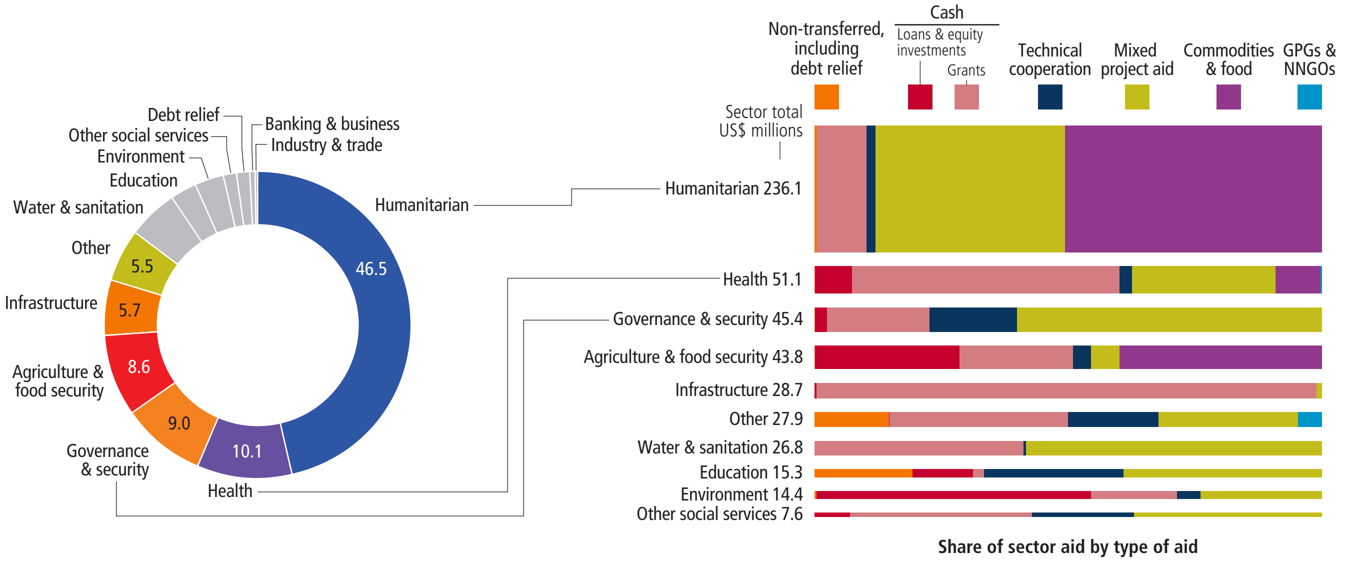


What is aid spent on?

Almost 50% of ODA to Chad is humanitarian assistance. Half of this is commodities and food aid. Health (the second largest sector for aid) and infrastructure receive mostly cash grants, while mixed project aid accounts for the largest share of ODA to governance and security and to water and sanitation. Multilateral agencies are the largest donors to eight sectors, including EU Institutions to two. All ODA to infrastructure comes from these donors. The three largest donors give just over half of ODA to agriculture and food security, compared with all or nearly all ODA to four other sectors.

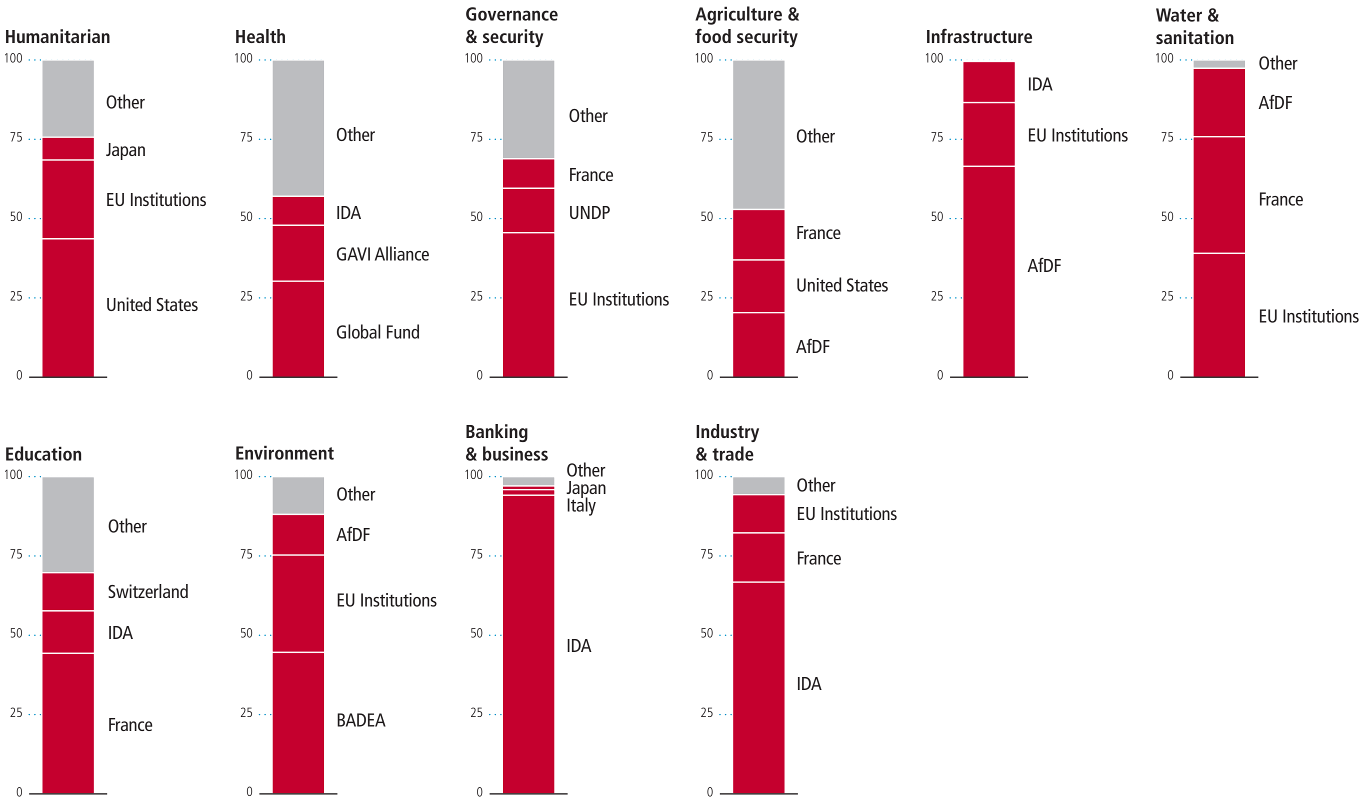
Humanitarian assistance accounts for almost half of ODA to Chad, provided mostly as commodities and food aid

% of gross ODA, 2011



Multilateral agencies and EU Institutions are the largest donors to Chad to all but two sectors

% of gross ODA, 2011



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CONGO, DEM. REP.

Gross ODA received: US$7.5 billion in 2011, world's largest recipient
Government expenditure per capita: $92.2 (PPP)
Population in extreme poverty: 51.8 million (87.7%) in 2006

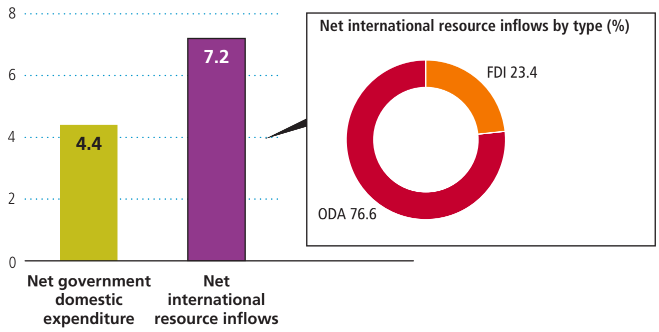
The Democratic Republic of Congo is the world's largest ODA recipient, with the fifth highest population in extreme poverty. ODA was equivalent to 52% of GNI, the third highest in 2006. Domestic spending has grown but remains extremely low by developing-country standards.

- Debt relief accounted for almost 70% of ODA in 2011, with the four largest donors providing almost all ODA in this form.
- Cash grants are important for ODA to health, infrastructure and general budget support.

Resource flows to Congo, Dem. Rep.

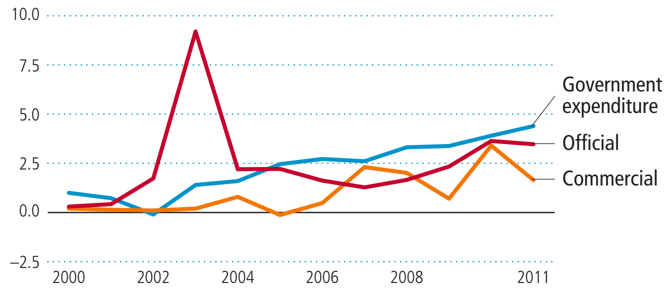
Domestic spending is around 60% of the level of international inflows

US$ billions, 2011



Domestic spending, official and commercial flows have all been growing

US$ billions, 2000–2011

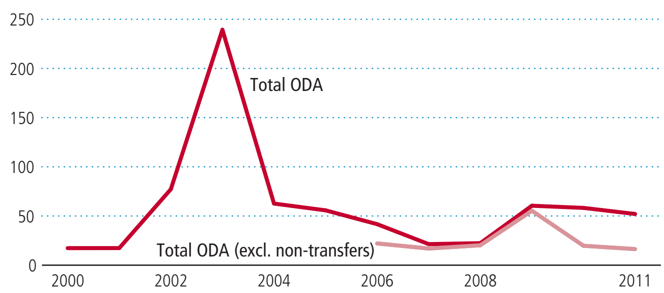


Note: The spike in 2003 is due to debt relief.

ODA and poverty

ODA is equivalent to over 50% of national income

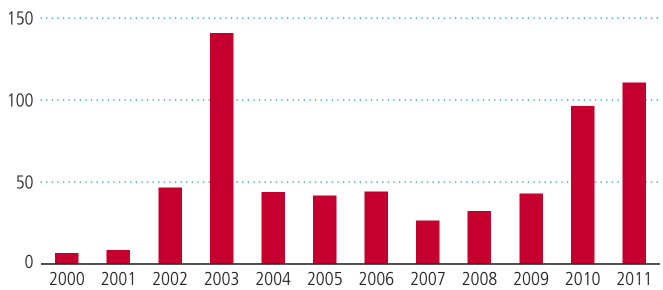
Gross ODA, % of GNI, 2000–2011



Note: The spike in 2003 is due to debt relief.

ODA per capita is 19 times higher than in 2000

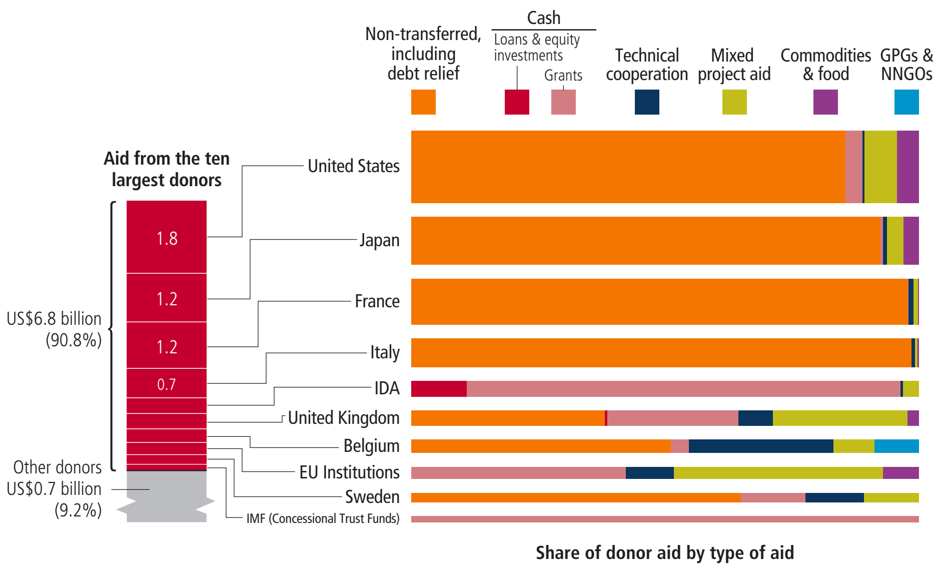
Gross ODA per capita, US$, 2000–2011



Note: Poverty data is insufficient to create a figure comparable to those in other profiles.

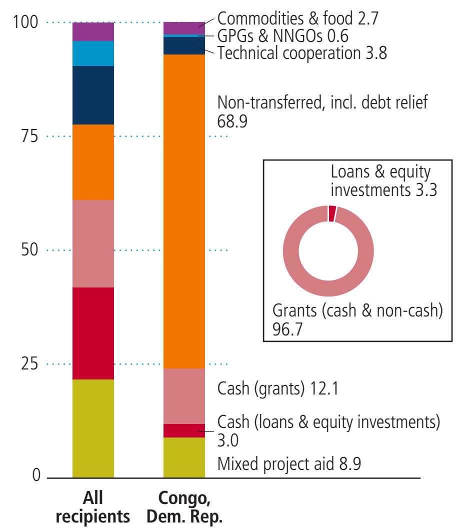
The four largest donors provided almost all their ODA as debt relief in 2011

Gross ODA, US$ billions, 2011



Debt relief accounted for almost 70% of ODA in 2011

% of gross ODA, 2011

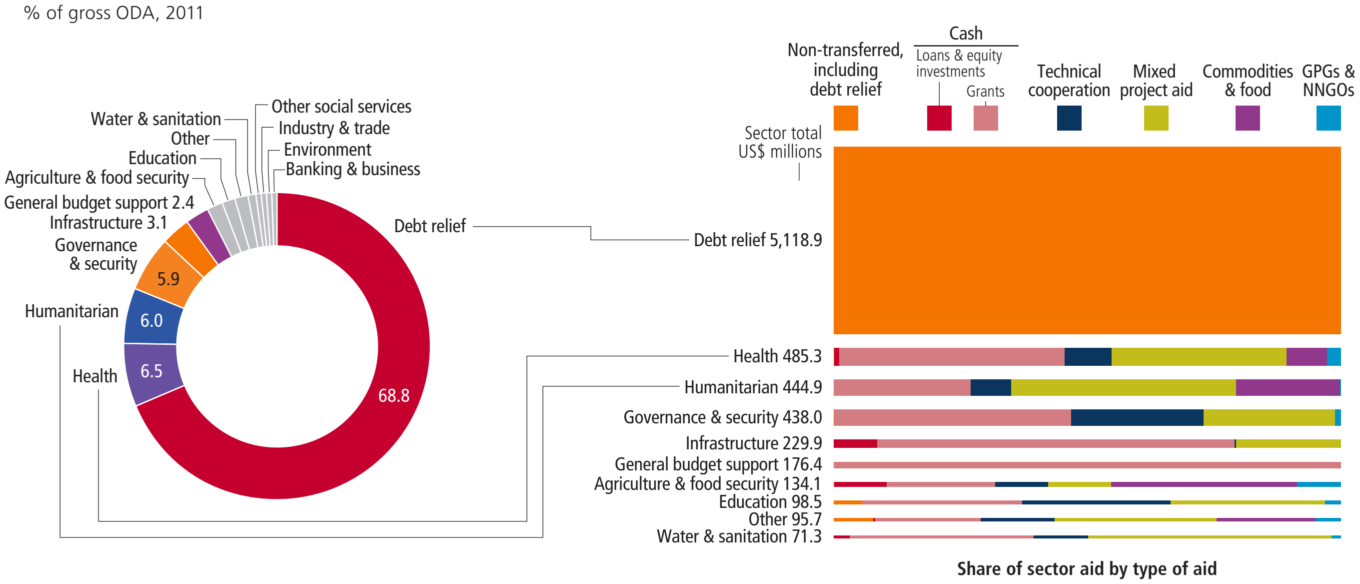


What is aid spent on?

The Democratic Republic of Congo was the largest recipient of debt relief in 2011; this form of aid accounted for almost 70% of ODA to the country in 2011. It is also the fifth largest recipient of ODA to governance and security, the seventh largest recipient of ODA to health and the eighth largest recipient of ODA to general budget support. Cash grants are important to health, governance and security, and infrastructure. IDA is the largest donor to five sectors, providing most of the ODA to infrastructure, industry and trade, and banking and business. The IMF provides almost 90% of ODA to general budget support; EU Institutions provide the rest. The three largest donors give less than half of ODA to humanitarian assistance and to water and sanitation but give 97% of ODA to industry and trade.

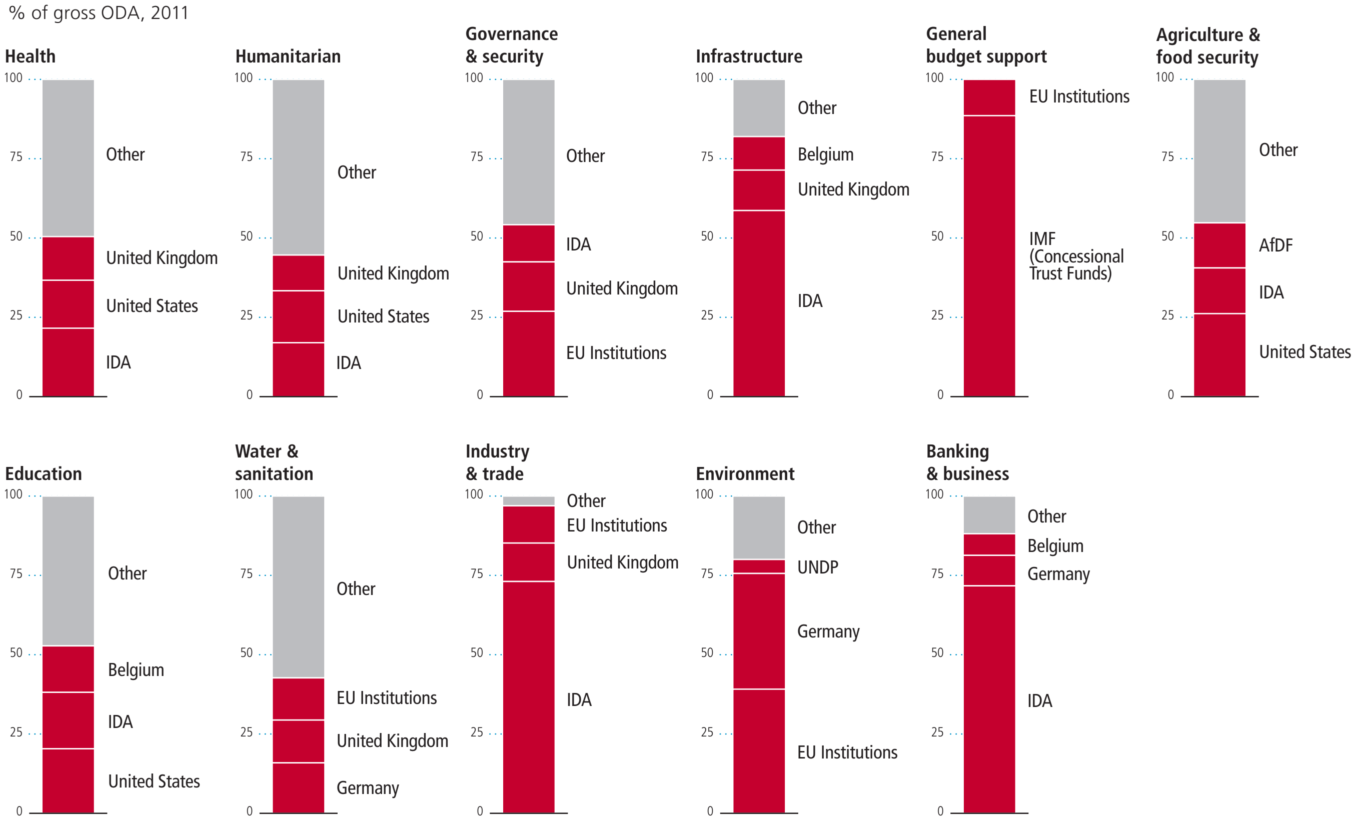
Almost 70% of ODA to the Democratic Republic of Congo is debt relief; cash grants are the main form of ODA in several sectors

% of gross ODA, 2011



IDA is the largest donor to the Democratic Republic of Congo for five sectors; the IMF provides most ODA to general budget support

% of gross ODA, 2011



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ETHIOPIA

Gross ODA received: US$3.6 billion in 2011, 7th largest recipient
Government expenditure per capita: $159.6 (PPP)
Population in extreme poverty: 26.0 million (30.7%) in 2011

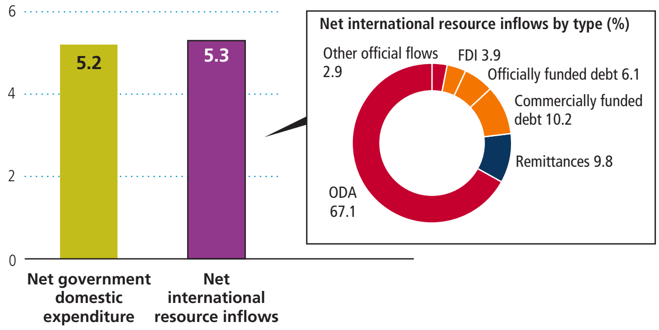
Ethiopia has the ninth largest population in extreme poverty in the world. ODA is equivalent to 12% of national income, or US$138 per poor person. Domestic spending has grown but remains slightly below international flows.

- IDA is the largest donor to Ethiopia, giving mostly loans and equity, followed by the US and the UK.
- Cash grants are an important form of ODA to health, the largest single sector of ODA to Ethiopia, and to several other sectors.

Resource flows to Ethiopia

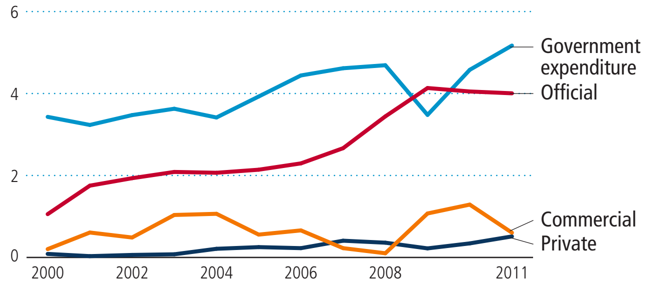
Domestic spending levels are slightly lower than international flows; ODA is the largest international flow

US$ billions, 2011



Ethiopia's official flows grew more rapidly than domestic spending until 2009

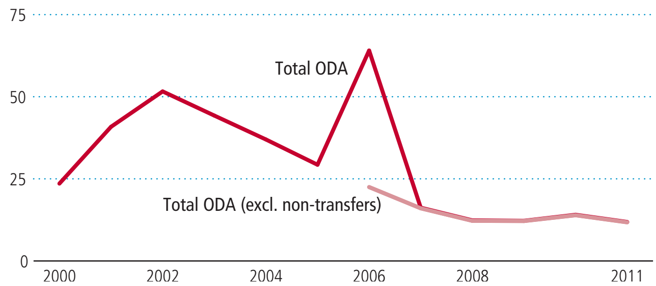
US$ billions, 2000–2011



ODA and poverty

ODA has risen more slowly than growing national income

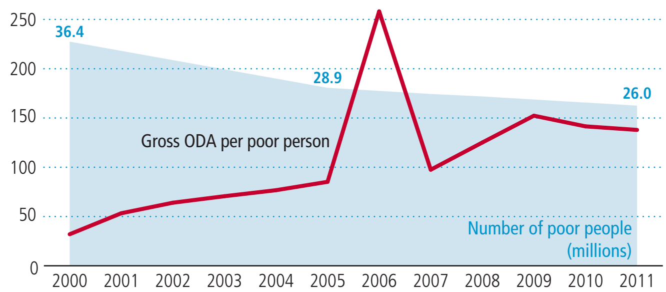
Gross ODA, % of GNI, 2000–2011



Note: The spike in 2006 is due to debt relief.

ODA per poor person is four times higher than in 2000, while numbers in poverty have fallen almost 30%

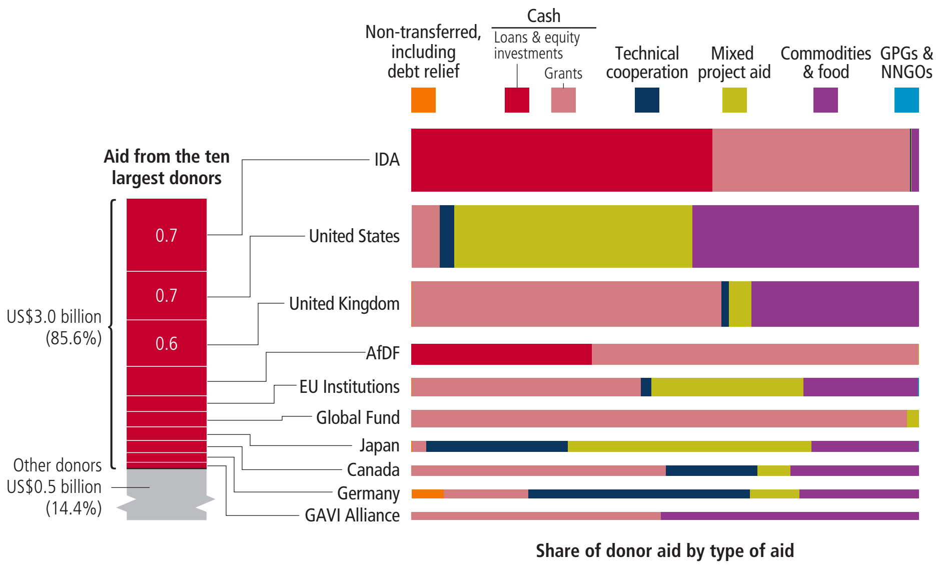
US$, 2000–2011



Note: The spike in 2006 is due to debt relief.

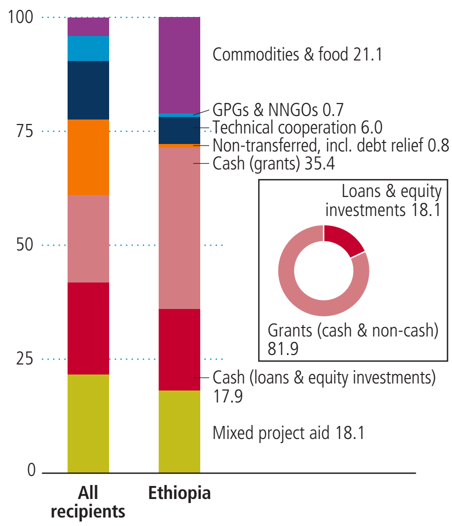
IDA is the largest donor, giving mostly loans and equity

Gross ODA, US$ billions, 2011



Commodities and food aid accounts for more than 20% of ODA

% of gross ODA, 2011

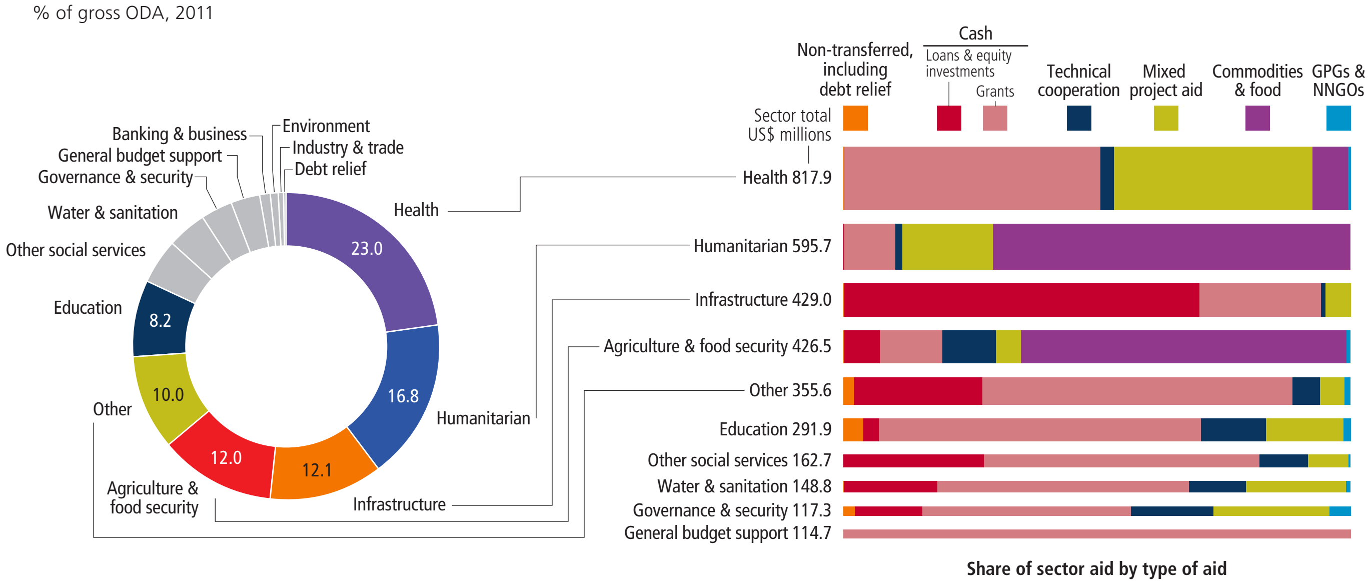


What is aid spent on?

Ethiopia is the second largest recipient of ODA to health and to agriculture and food security. Ethiopia is also the fourth largest recipient of humanitarian assistance, the country's second largest sector. Humanitarian assistance and aid to agriculture and food security is provided mostly as commodities and food aid. Infrastructure, the third largest sector, receives mostly loans and equity. The US is the largest donor of aid to health and humanitarian assistance. The UK is the largest donor to four sectors, including education and agriculture and food security, while IDA is the largest donor to infrastructure. The three largest donors give around 50% or less of ODA to governance and security and environment. All ODA to general budget support comes from the AfDF.

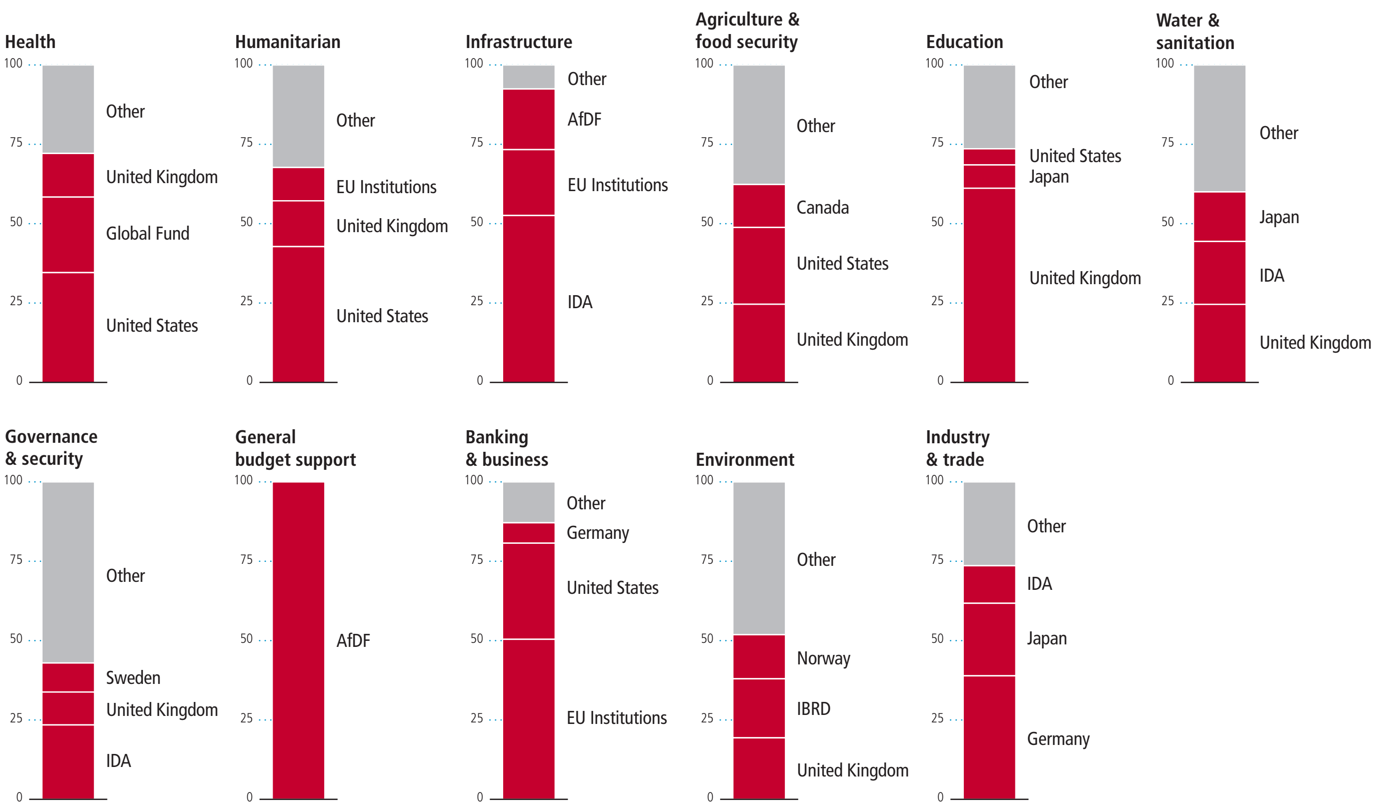
Health is the largest sector for ODA to Ethiopia, mostly as cash grants; humanitarian assistance is second largest

% of gross ODA, 2011



The UK, the US and IDA are the largest donors for most sectors, though the AfDF leads on budget support

% of gross ODA, 2011



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HAITI

Gross ODA received: US$1.7 billion in 2011, 19th largest recipient
Government expenditure per capita: $339.9 (PPP)
Population in extreme poverty: 5.4 million (61.7%) in 2001

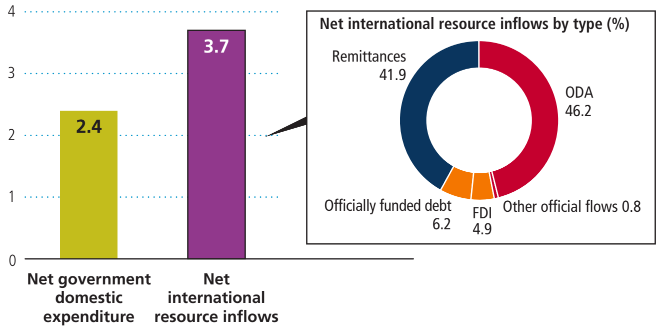
Almost 62% of Haiti's population lived in extreme poverty in 2001. ODA was equivalent to 23% of national income in 2001. Official flows peaked in 2010 with the response to the Haitian earthquake. Remittances are also important: Haiti is the eighth largest recipient of remittances as a share of GDP. Domestic spending has risen but is still low by developing-country standards.

- The US is the largest donor to Haiti; other major donors – Canada, the IDB and EU Institutions – give much ODA as cash grants, which are important to several sectors.
- The US is the largest donor to six sectors, including the largest: humanitarian assistance.

Resource flows to Haiti

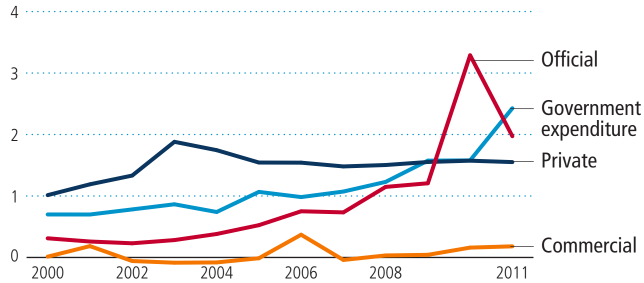
Domestic spending is two-thirds of international flows; ODA and remittances are the largest international flows

US$ billions, 2011



Haiti's private flows and domestic spending have grown, with official flows growing – peaking in 2010

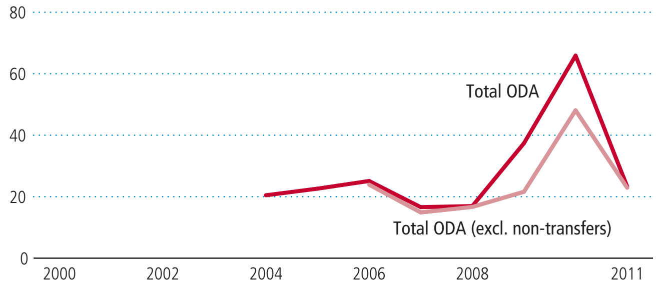
US$ billions, 2000–2011



ODA and poverty

ODA is equivalent to about a quarter of national income

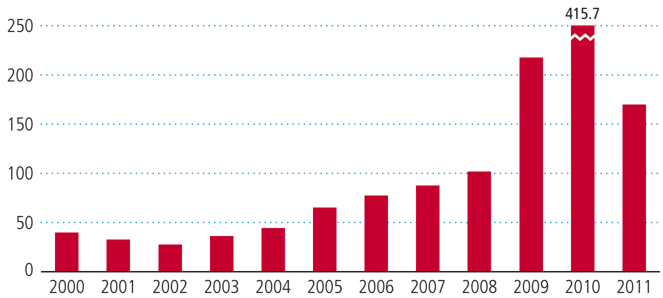
Gross ODA, % of GNI, 2000–2011



Note: The spike in 2010 is due to debt relief.

Haiti has no poverty data after 2001, but ODA per capita is eight times 2000 levels, having risen rapidly since 2009

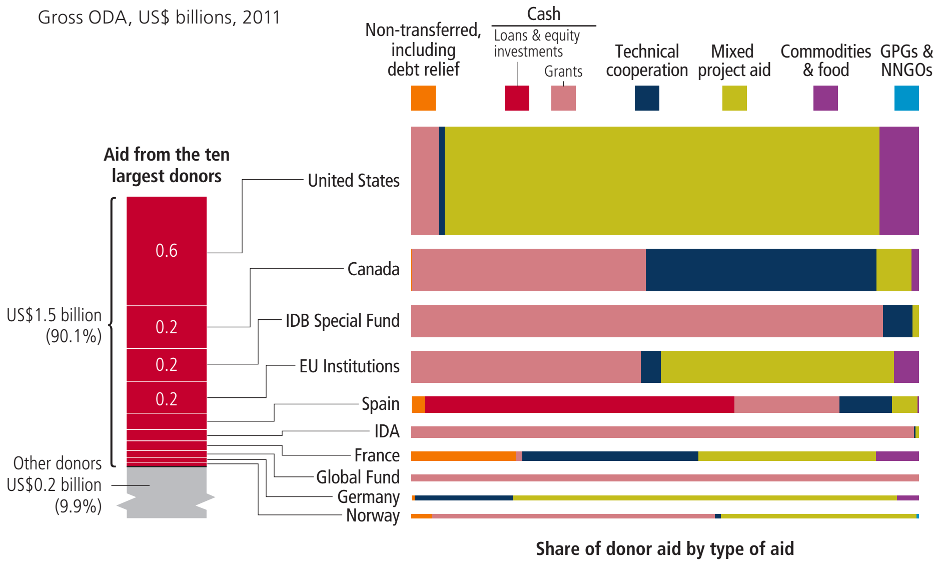
Gross ODA per capita, US$, 2000–2011



Note: Poverty data is insufficient to create a figure comparable to those in other profiles.

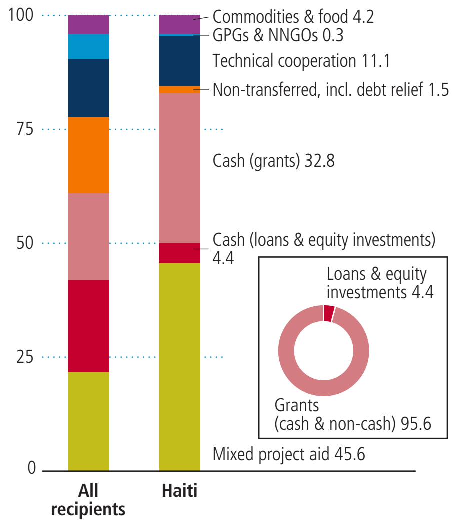
The US is the largest donor, with mostly mixed project aid; several other donors prefer cash grants

Gross ODA, US$ billions, 2011



Almost a third of ODA is cash grants; almost half is mixed project aid

% of gross ODA, 2011

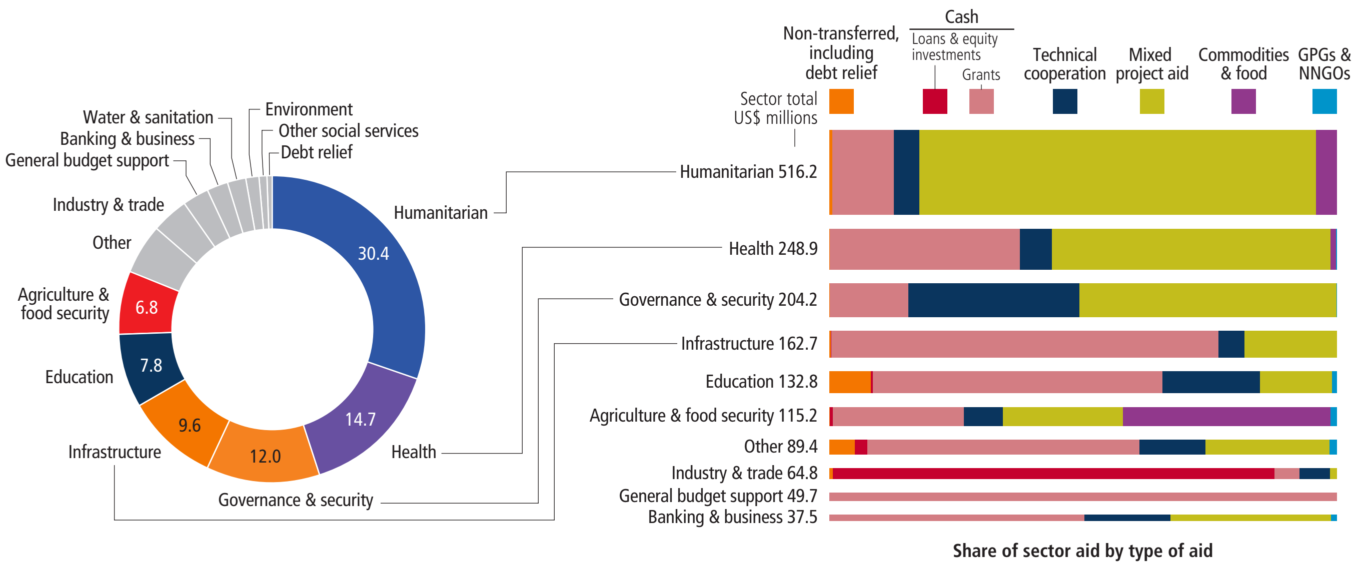


What is aid spent on?

Haiti is the seventh largest recipient of humanitarian assistance, which accounts for 30% of ODA to the country. This and the next largest sectors, health and governance and security, receive mostly mixed project aid, but technical cooperation is important to the latter. Cash grants account for all ODA to general budget support and are important to health, infrastructure and education. Haiti is the tenth largest recipient of ODA to industry and trade. The US is the largest donor to the three largest sectors, while the IDB is the largest donor to two sectors, including infrastructure. The three largest donors (the US, Canada and the IDB) account for more than 70% of ODA to all but three small sectors. ODA to general budget support comes from EU Institutions and the IMF.

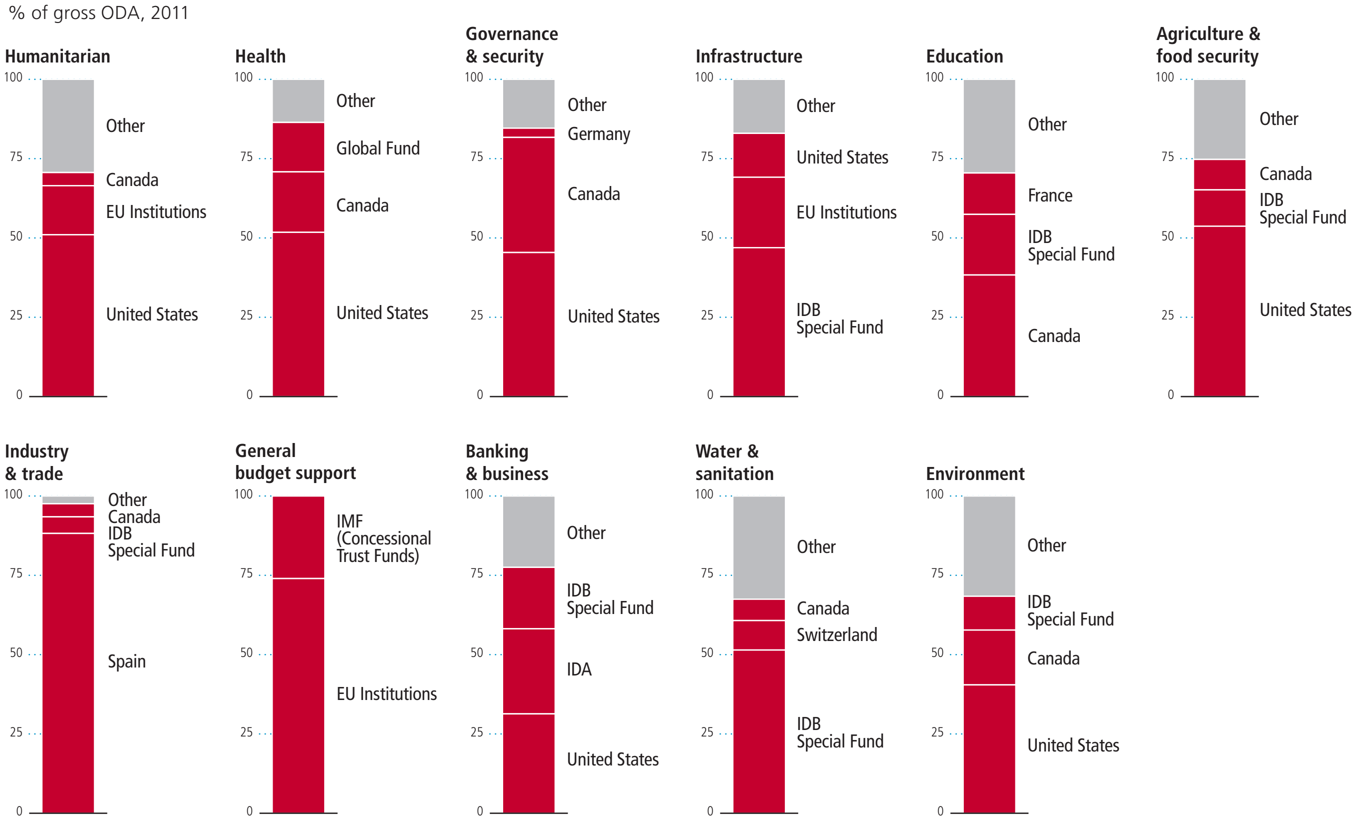
30% of ODA to Haiti is humanitarian assistance; the health sector is the second largest beneficiary of ODA in Haiti

% of gross ODA, 2011



The US is the largest donor to Haiti for six sectors, including the three largest; the IDB is the largest donor for two sectors, including infrastructure

% of gross ODA, 2011



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INDONESIA

Gross ODA received: US$2.7 billion in 2011, 10th largest recipient
Government expenditure per capita: $739.8 (PPP)
Population in extreme poverty: 39.3 million (16.2%) in 2011

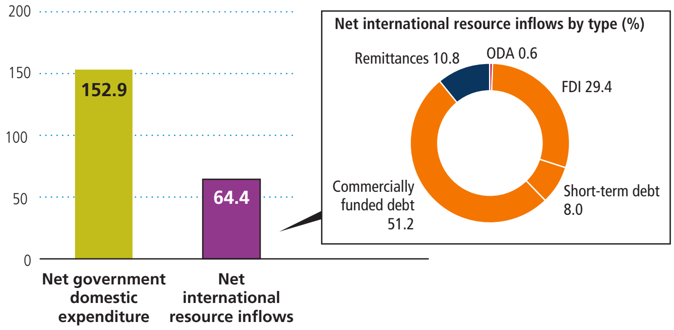
Indonesia has the sixth largest number of people in extreme poverty in the world. Receiving US$68 per poor person, it remains a major ODA recipient, but aid as a share of national income has been declining. While government spending has risen since 2000, spending per capita is a little over half the developing-country average.

- Japan is the largest donor to Indonesia, giving mostly loans and equity, while several donors provide mostly technical cooperation.
- Almost 25% of ODA goes to infrastructure, mostly as loans and equity, with cash grants and technical cooperation important to other sectors. Japan is the largest donor to five sectors.

Resource flows to Indonesia

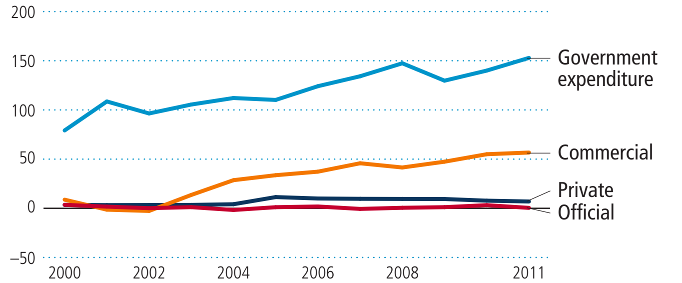
Government spending is more than twice the level of international flows

US$ billions, 2011



Government spending has grown more rapidly than international flows; commercial flows have also risen

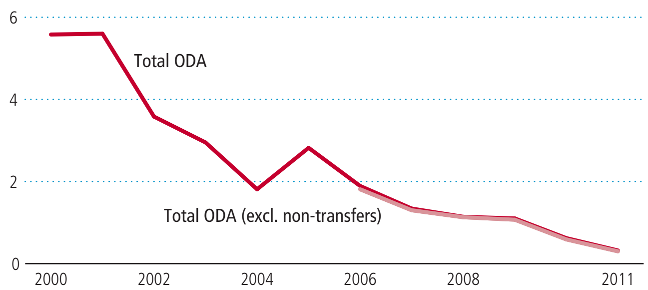
US$ billions, 2000–2011



ODA and poverty

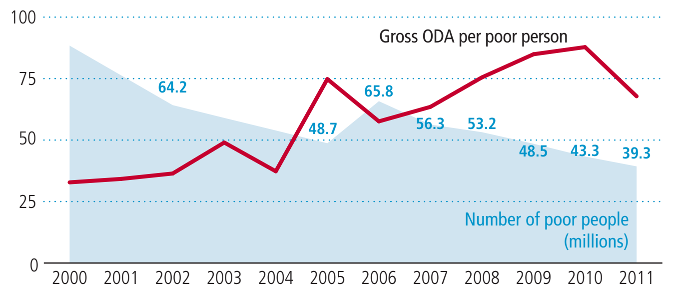
ODA's share of rapidly rising GNI has fallen steadily

Gross ODA, % of GNI, 2000–2011



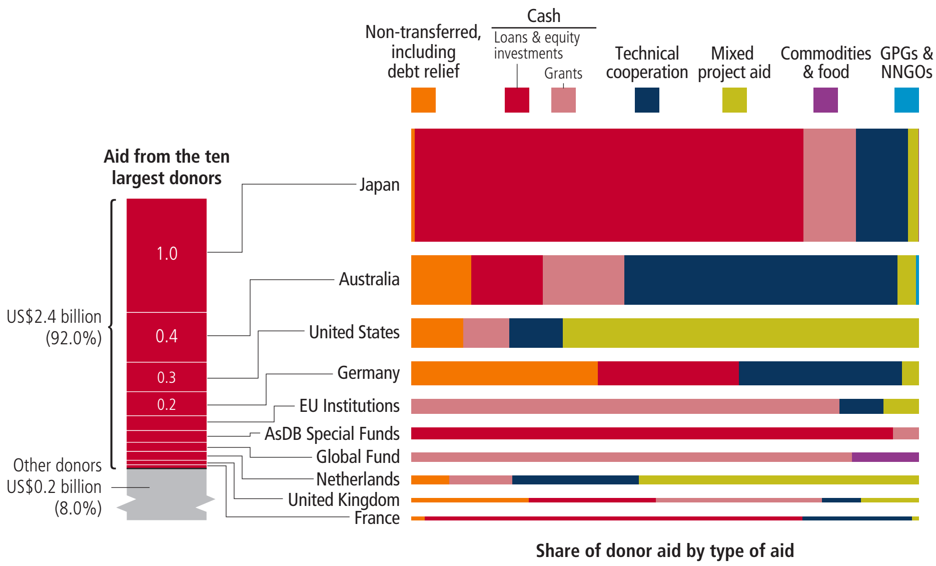
Aid per poor person has risen while the number of poor people has fallen

US$, 2000–2011



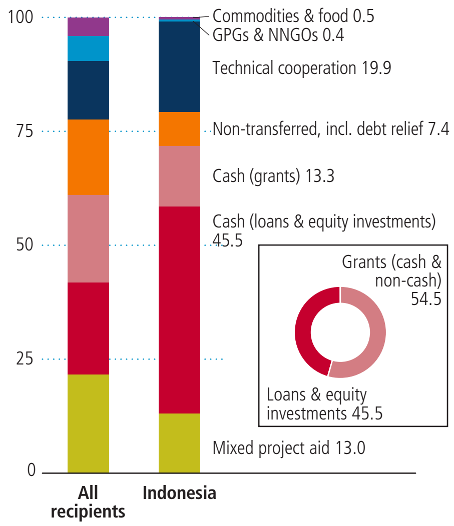
Japan is the largest donor, giving mostly loans and equity

Gross ODA, US$ billions, 2011



Almost half of ODA is loans and equity

% of gross ODA, 2011

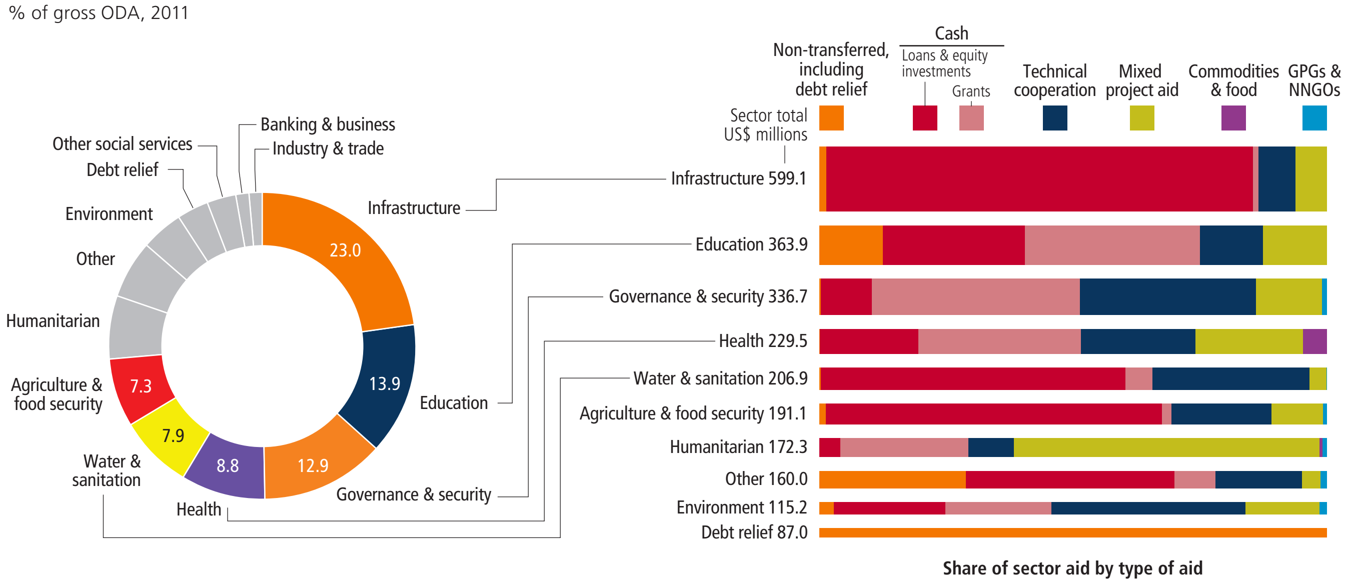


What is aid spent on?

Almost a quarter of ODA to Indonesia is to infrastructure, making it the sixth largest recipient. ODA to infrastructure and several other sectors is mostly loans and equity. The country is also the eighth largest recipient of ODA to education, the second largest sector. Cash grants are important to governance and security, the third largest sector, as well as to health, humanitarian assistance and environment. Technical cooperation is important to governance and security as well as several other sectors. Australia and Japan are among the largest donors to many sectors. Japan is the largest donor to five sectors, providing over 75% of ODA to infrastructure. European donors are the largest donors to some smaller sectors, and EU Institutions are the largest donor to education, while the UK is the largest donor to industry and trade.

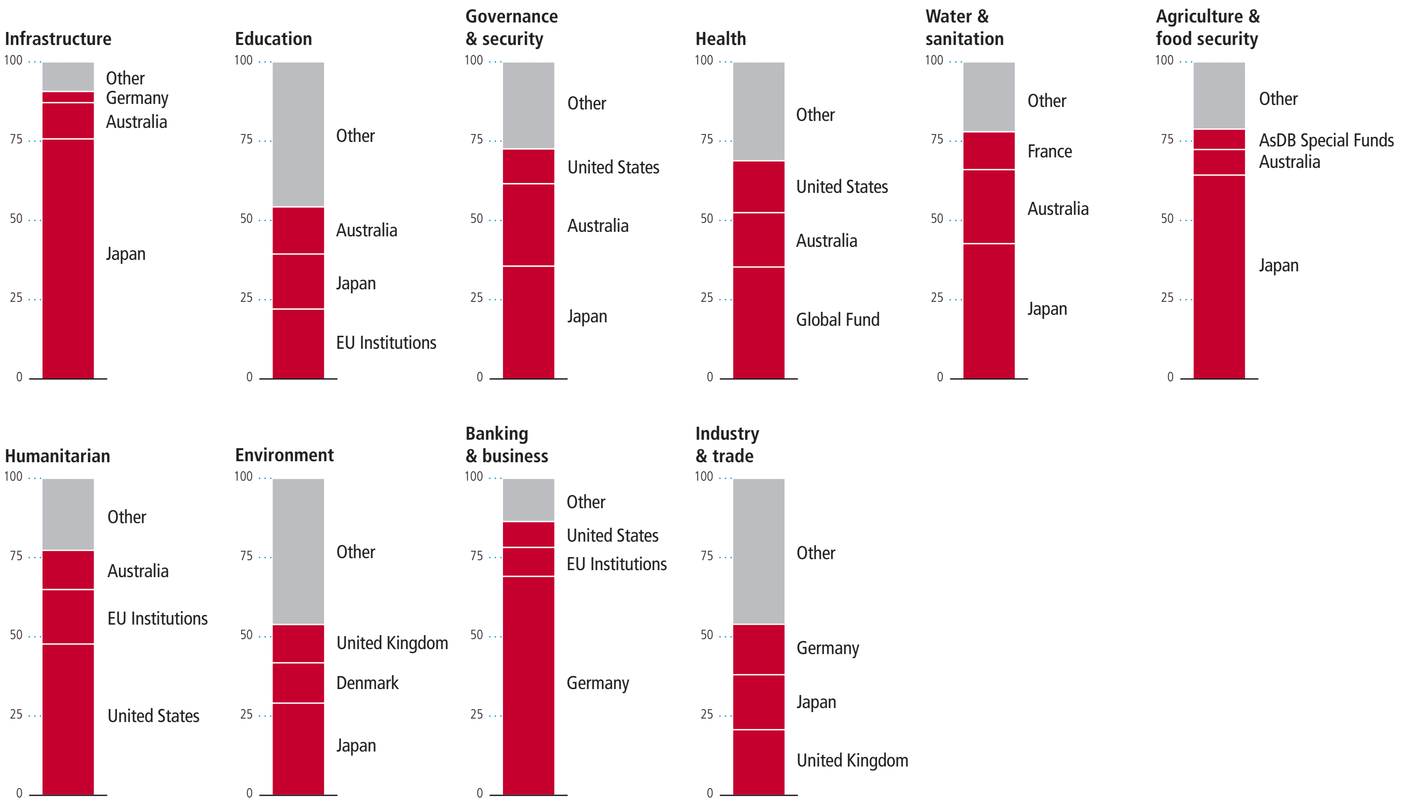
Some 23% of ODA goes to infrastructure, mostly as loans and equity

% of gross ODA, 2011



Japan is the largest donor to Indonesia to five sectors, while Australia also features prominently

% of gross ODA, 2011



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KENYA

Gross ODA received: US$2.8 billion in 2011, 8th largest recipient
Government expenditure per capita: $424.0 (PPP)
Population in extreme poverty: 15.4 million (43.4%) in 2005

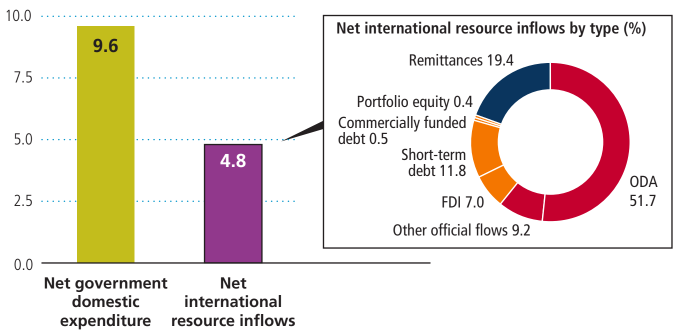
Kenya is a major recipient of ODA: US$71 per poor person in 2005. Rising national income since 2000 means that although ODA has increased, the ODA to national income ratio has fallen to 8%. Government spending has increased more quickly but remains low by developing-country standards.

- The US is the largest donor to Kenya, followed by IMF Trust Funds (giving cash grants) and IDA (giving mostly loans and equity).
- Commodities and food aid accounts for 13% of ODA, higher than average and much of it humanitarian assistance. Over a quarter of ODA goes to health, with more than half of that from the US.

Resource flows to Kenya

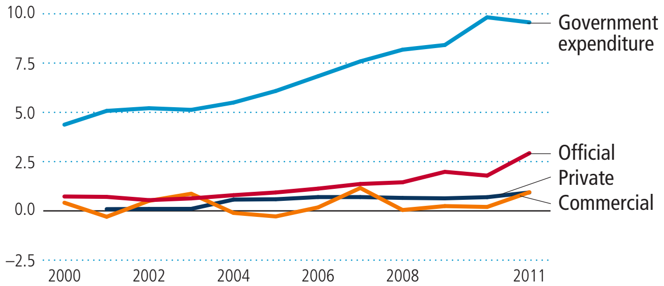
Domestic spending is almost twice the level of international flows, of which ODA is the largest

US$ billions, 2011



Domestic spending has doubled, while official flows have also gradually increased

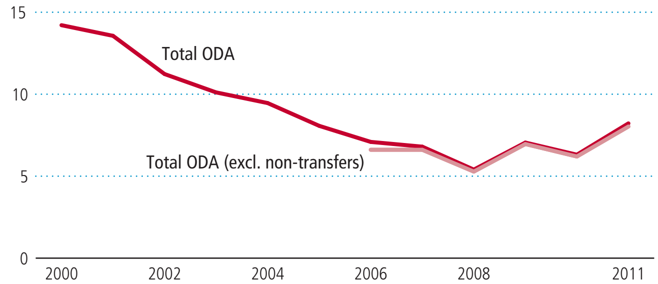
US$ billions, 2000–2011



ODA and poverty

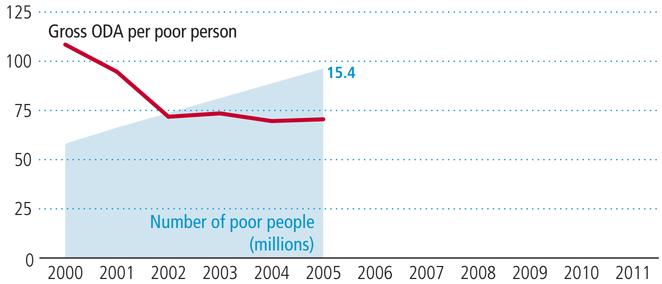
Over 2000–2008 GNI growth outpaced growth in ODA

Gross ODA, % of GNI, 2000–2011



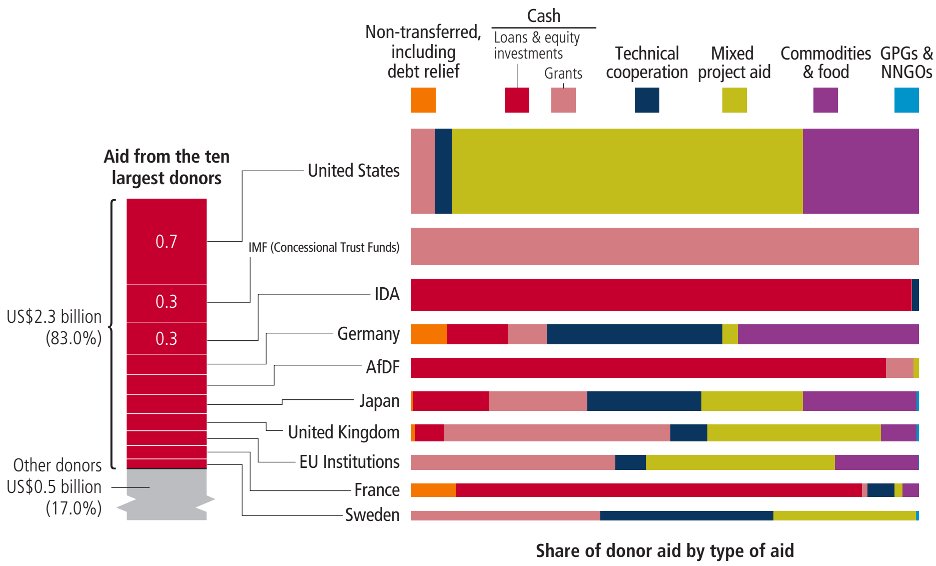
Poverty increased between 2000 and 2005, while ODA per poor person fell by a third

US$, 2000–2011



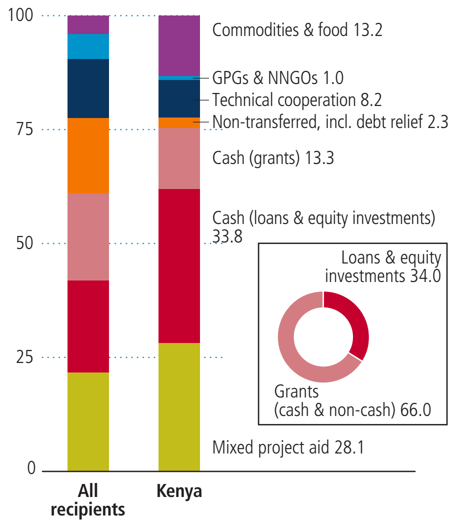
The US provides mostly mixed project aid, the IMF cash grants

Gross ODA, US$ billions, 2011



A third of ODA is loans and equity

% of gross ODA, 2011

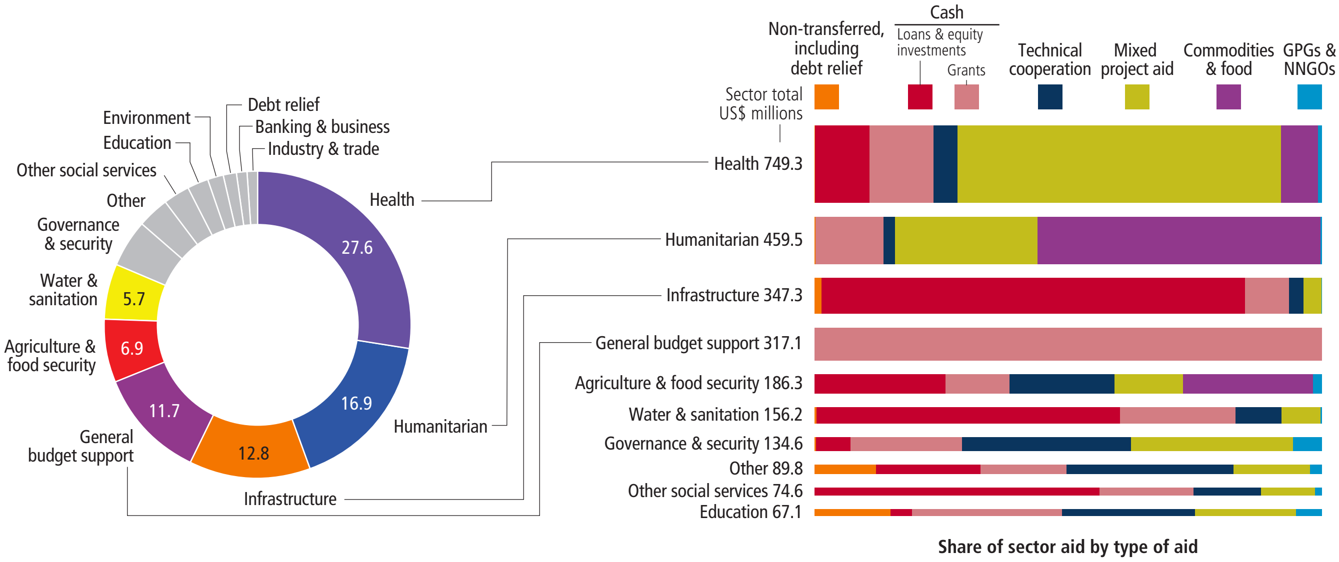


What is aid spent on?

Kenya is the fourth largest recipient of ODA to health, receiving over a quarter of ODA. Humanitarian assistance, mostly commodities and food aid, accounts for 17% of ODA. Aid to infrastructure is mostly loans and equity. Kenya is the fifth largest recipient of ODA to general budget support, all cash grants by IMF Trust Funds. The US gives over half of ODA to health and is the largest donor of humanitarian assistance. The three largest donors account for over half of ODA to all sectors except governance and security. Multilaterals are the largest donors to four sectors, including infrastructure and general budget support.

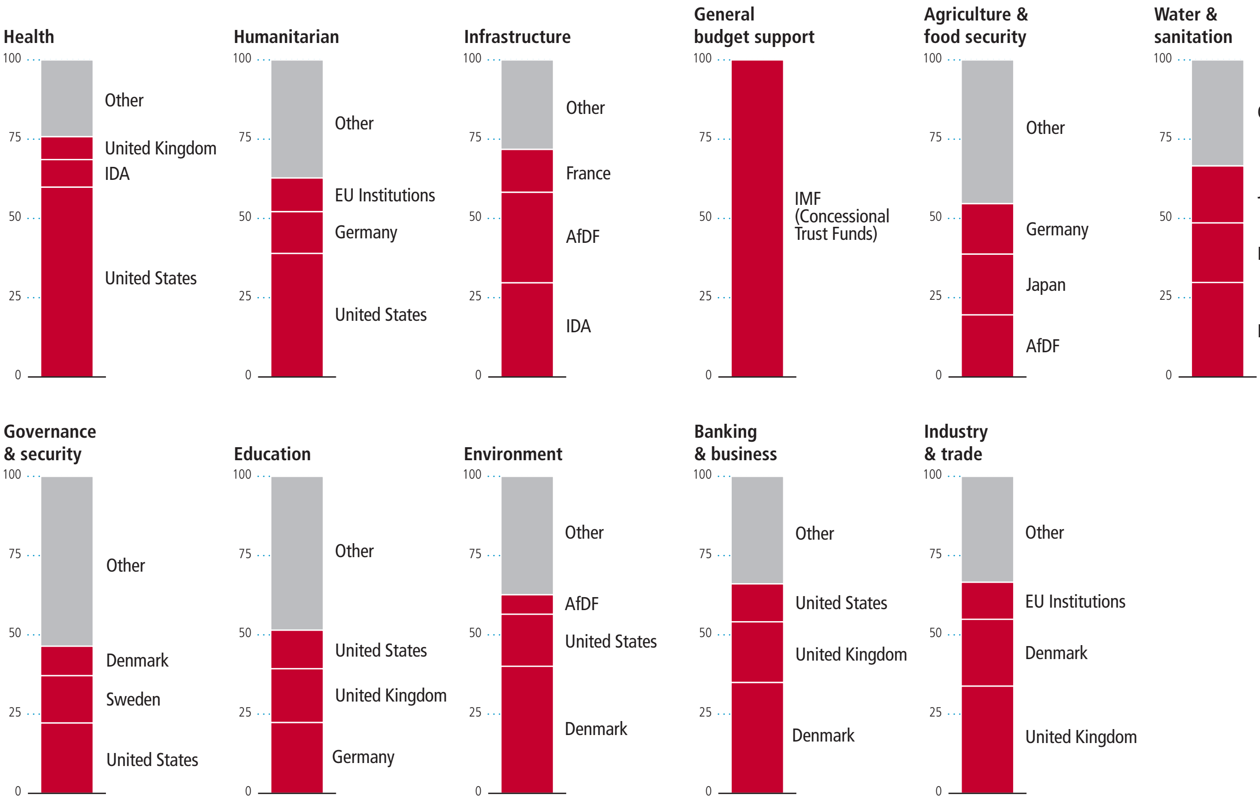
Over a quarter of ODA to Kenya goes to health; different forms of ODA dominate for the four main sectors

% of gross ODA, 2011



The US gives over half of ODA to Kenya to health and over a third of humanitarian assistance

% of gross ODA, 2011



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LIBERIA

Gross ODA received: US$1.0 billion in 2011, 41st largest recipient
Government expenditure per capita: $147.9 (PPP)
Population in extreme poverty: 2.9 million (83.8%) in 2007

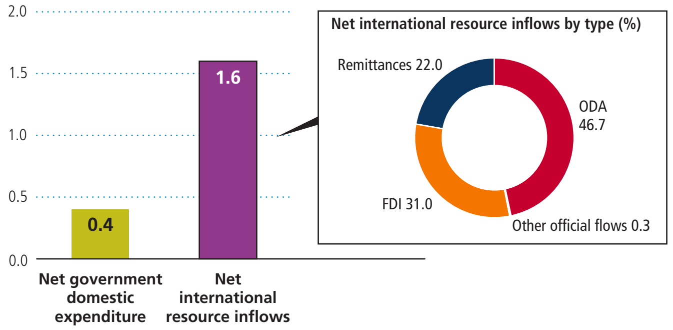
The majority of people in Liberia live in extreme poverty. ODA is equivalent to 70% of national income (second highest in the world), or US$281 per poor person in 2007. While government spending has risen in recent years, other flows have grown faster. Liberia is also the fourth largest recipient of remittances as a share of GDP.

- Debt relief dominated ODA to Liberia in 2011, accounting for almost 40% of ODA. Japan and Germany gave most of their ODA in this form.
- Governance and security is the next largest sector, led by the US, followed by infrastructure, led by IDA.

Resource flows to Liberia

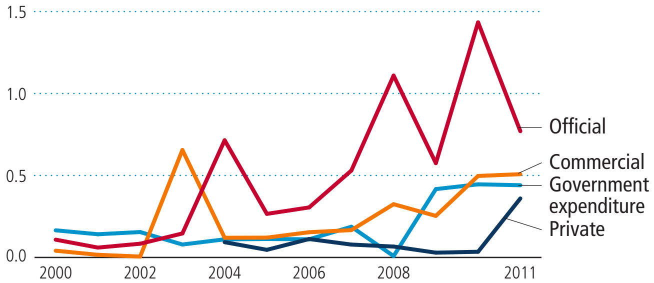
International flows – led by ODA and FDI – are more than four times government spending

US$ billions, 2011



Official inflows have grown quicker than domestic government spending and other international inflows

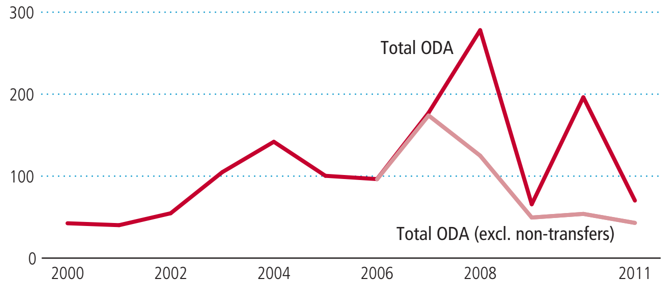
US$ billions, 2000–2011



ODA and poverty

ODA as a share of GNI has varied with debt relief

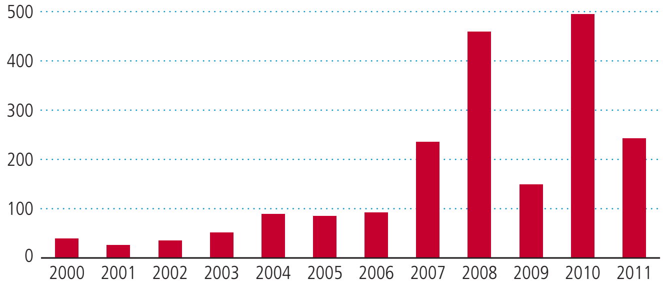
Gross ODA, % of GNI, 2000–2011



Note: The spike in 2004 is due to post-conflict reconstruction; the spikes in 2008 and 2010 are due to debt relief.

Liberia has recent poverty data only for 2007, but ODA per capita is nine times larger than in 2000

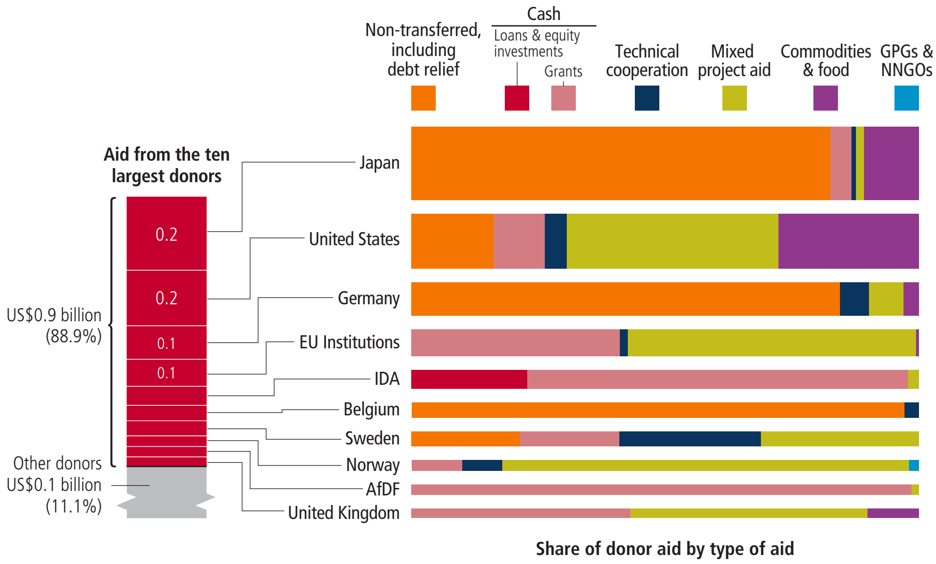
Gross ODA per capita, US$, 2000–2011



Note: Poverty data is insufficient to create a figure comparable to those in other profiles.

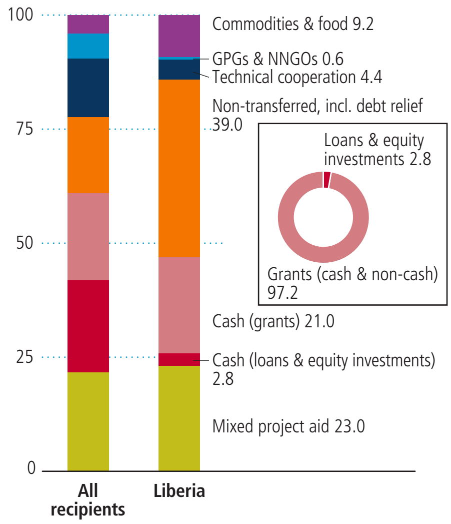
Japan and Germany gave ODA mostly as debt relief

Gross ODA, US$ billions, 2011



39% of ODA to Liberia in 2011 was non-transferred debt relief

% of gross ODA, 2011

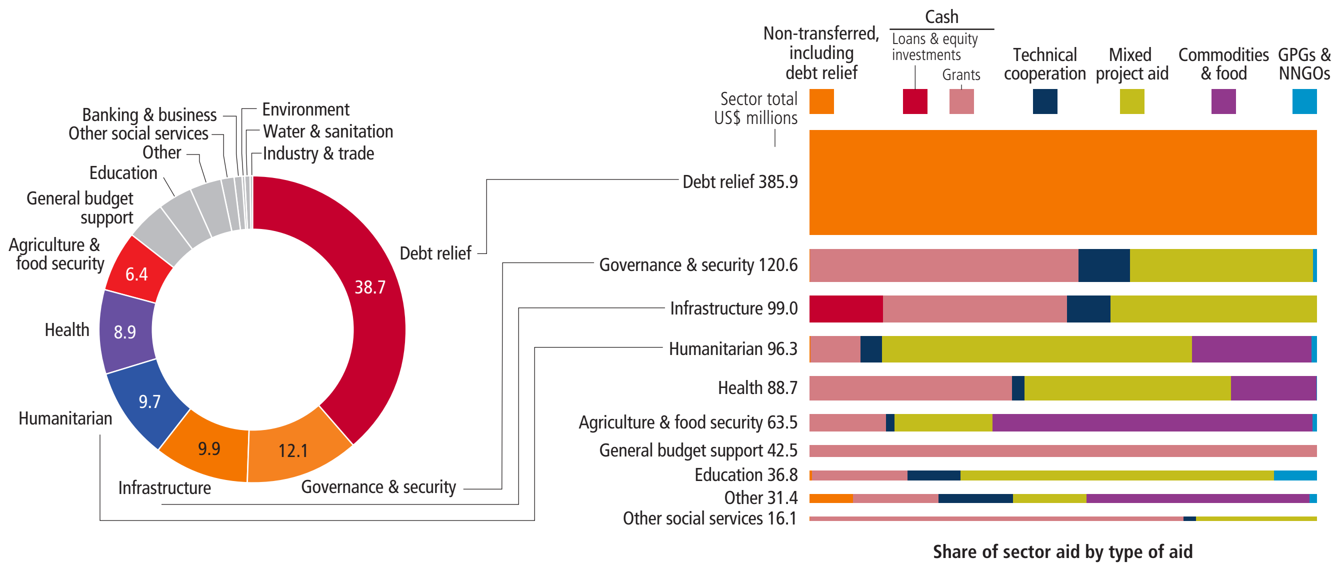


What is aid spent on?

Liberia is the third largest recipient globally of ODA to debt relief. ODA to the second largest sector, governance and security, is mostly cash grants and mixed project aid. ODA to infrastructure includes some loans and equity. Commodity and food aid is important to several sectors, dominating ODA to agriculture and food security and to the 'other' category (aid that cannot be allocated to a particular sector). The US is the largest donor to seven sectors, IDA provides 43% of ODA to infrastructure and EU Institutions provide more than a quarter of humanitarian assistance. ODA to general budget support comes from EU Institutions and IMF Trust Funds.

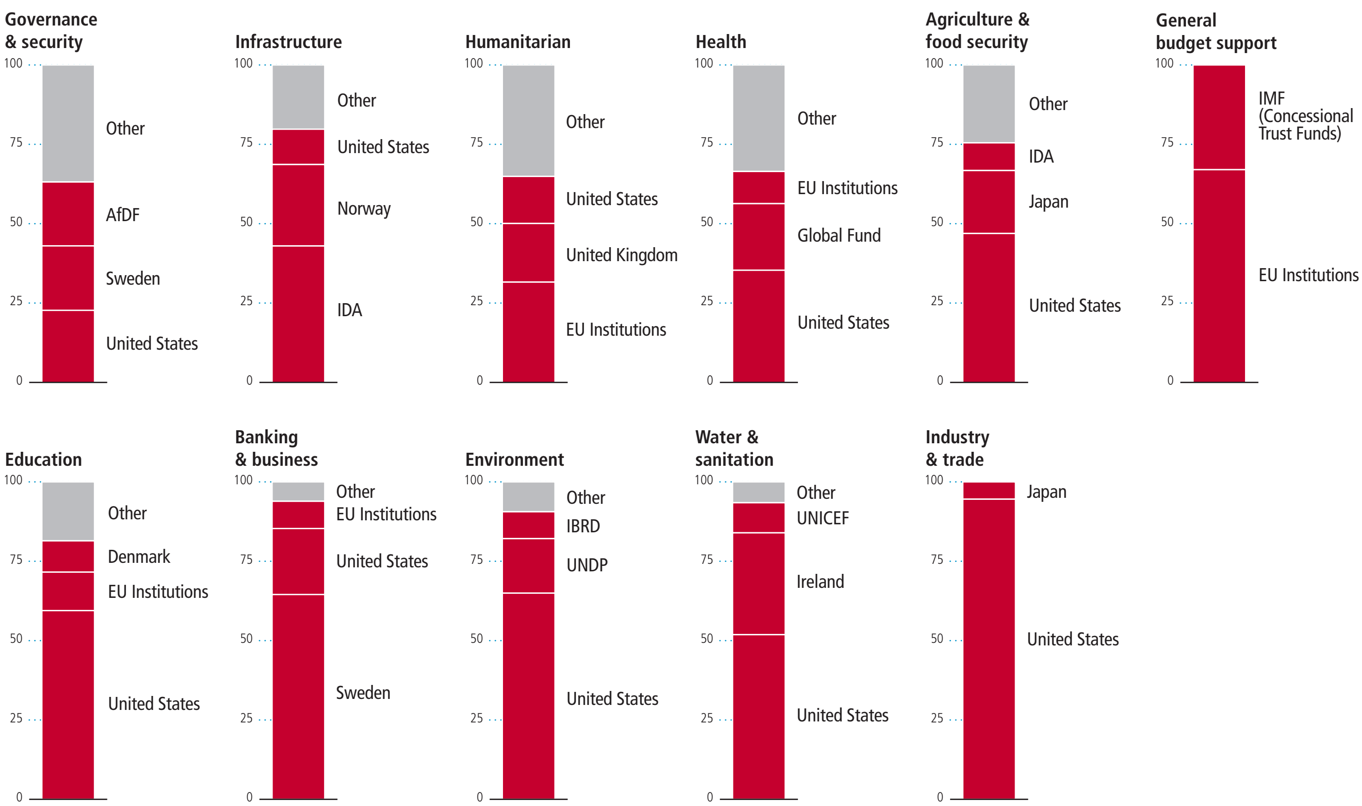
After debt relief, governance and security was the largest sector, where cash grants are favoured

% of gross ODA, 2011



The US is the largest donor to seven sectors; IDA is the largest donor to infrastructure

% of gross ODA, 2011



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MALAWI

Gross ODA received: US$0.8 billion in 2011, 44th largest recipient
Government expenditure per capita: $276.9 (PPP)
Population in extreme poverty: 9.2 million (61.6%) in 2010

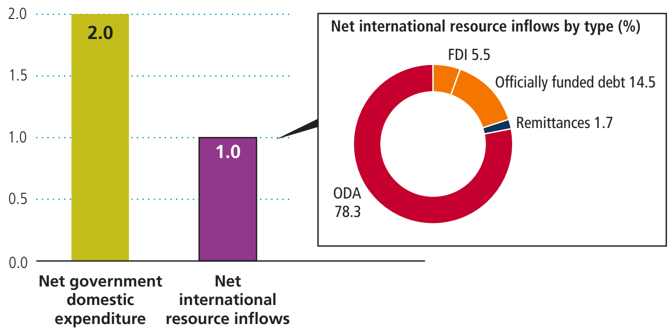
Over 60% of Malawi's population lives in extreme poverty, and ODA is an important flow – equivalent to 15% of national income, or US$120 per poor person. Government spending has doubled since 2002 but remains low on a per capita basis, while official flows – including ODA – have grown gradually.

- Over 40% of ODA to Malawi is cash grants, though over a third of aid from the largest donor, the US, is commodities and food aid.
- Health is the largest sector for ODA, accounting for over 40% of ODA, mostly as cash grants. The Global Fund is the largest donor to health, followed by the US and the GAVI Alliance.

Resource flows to Malawi

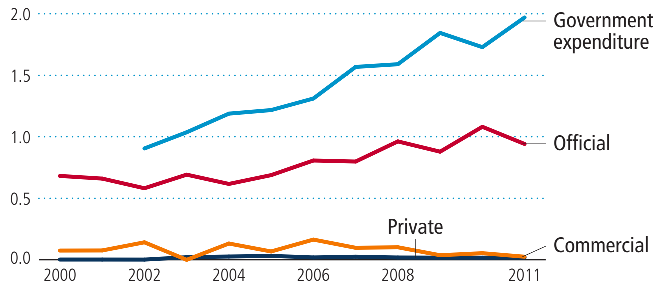
International flows, dominated by ODA, are about half of domestic spending levels...

US$ billions, 2011



...which have doubled since 2002, while official flows have increased gradually

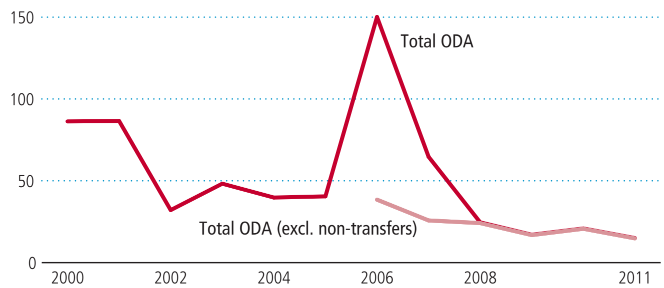
US$ billions, 2000–2011



ODA and poverty

ODA has fallen to around 15% of rapidly rising GNI

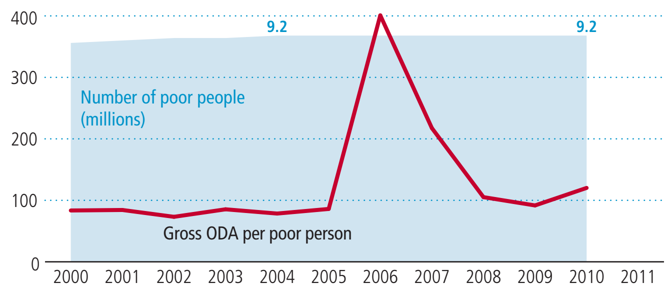
Gross ODA, % of GNI, 2000–2011



Note: The spike in 2006 is due to debt relief.

The number of people in extreme poverty has increased, as has ODA per poor person, by almost 50% since 2002

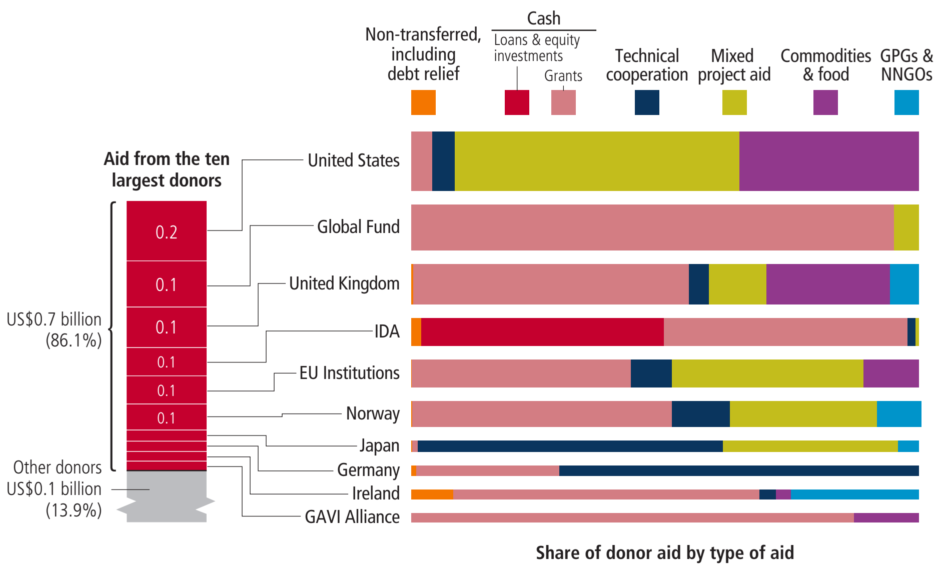
US$, 2000–2011



Note: The spike in 2006 is due to debt relief.

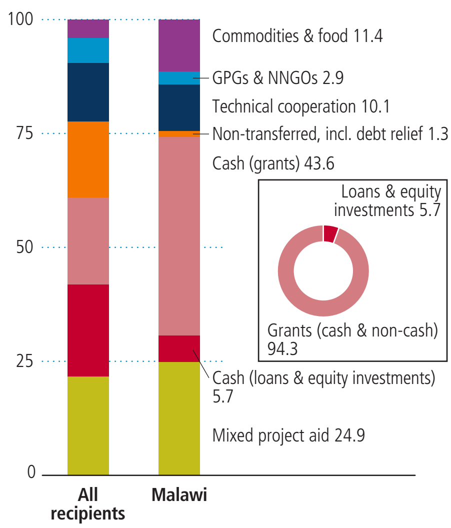
A third of aid from the US is commodities and food

Gross ODA, US$ billions, 2011



More than two-fifths of ODA is cash grants

% of gross ODA, 2011

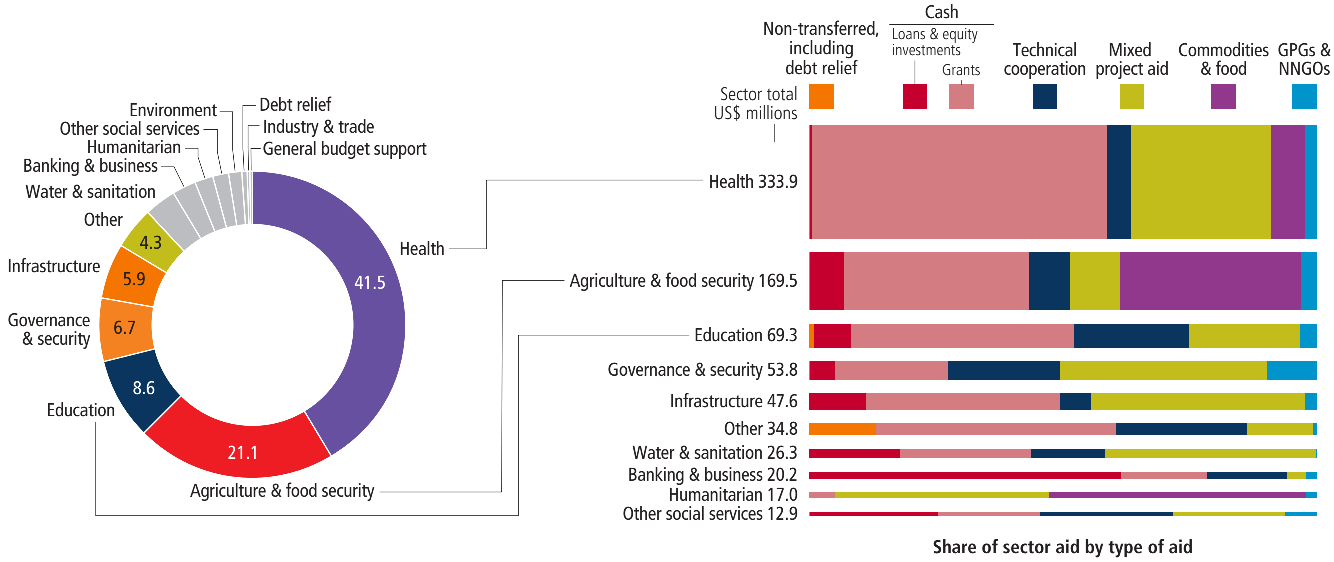


What is aid spent on?

Over 40% of ODA to Malawi goes to health, mostly as cash grants, with some commodities and food aid and technical cooperation. A further fifth goes to agriculture and food security, the next largest sector, which has a similar mix, with more commodities and food aid (36%) and equity and loans. The US is the largest bilateral donor to the three largest sectors, with vertical funds – the Global Fund and the GAVI Alliance – providing most ODA to health. EU Institutions are the largest donor to some smaller sectors (giving all of the limited ODA to general budget support). The only sector to which the three largest donors provide less than half of ODA is governance and security.

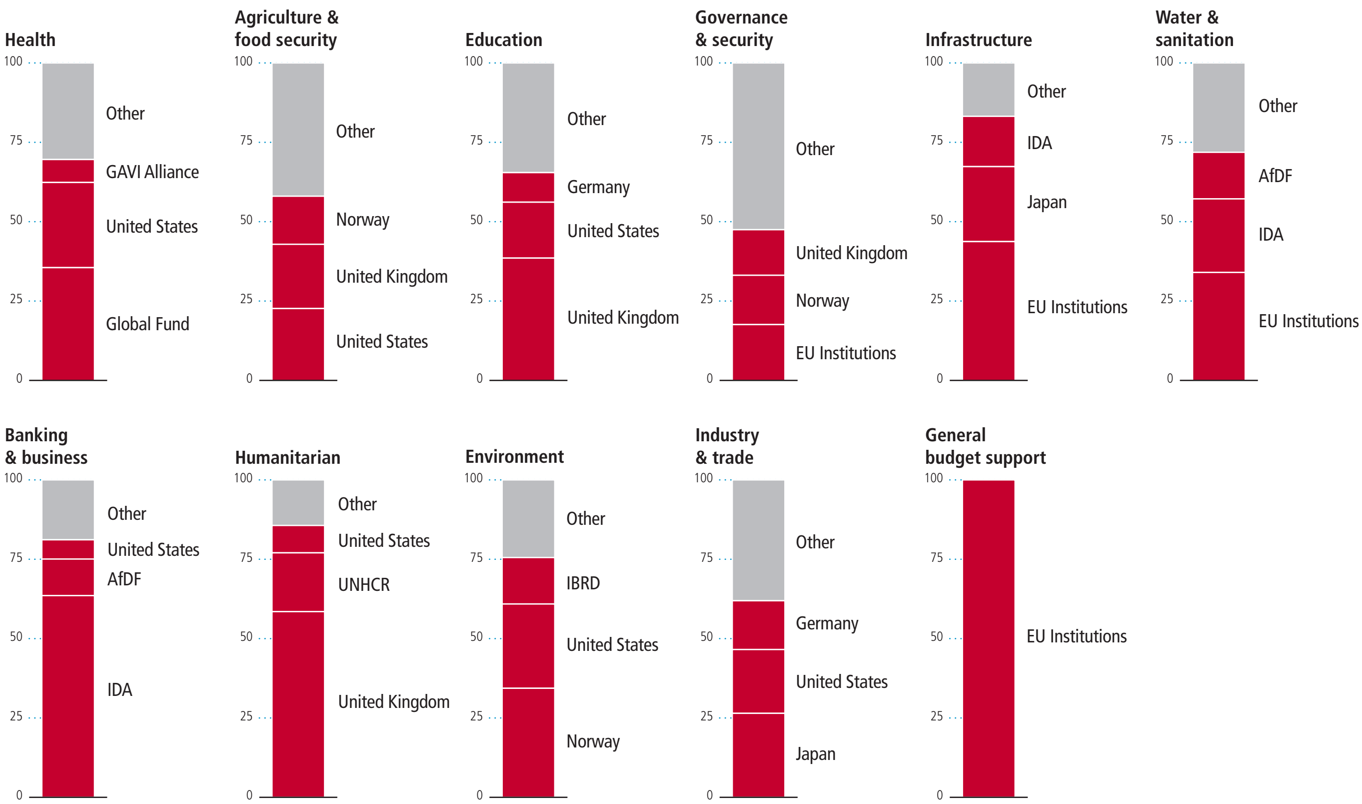
Over 40% of ODA to Malawi goes to health, mostly as cash grants, an important form of aid in most sectors

% of gross ODA, 2011



The Global Fund is the largest provider of ODA to health, while the US and the UK lead in the next two largest sectors

% of gross ODA, 2011



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MALI

Gross ODA received: US$1.3 billion in 2011, 24th largest recipient
Government expenditure per capita: $221.9 (PPP)
Population in extreme poverty: 7.8 million (50.4%) in 2010

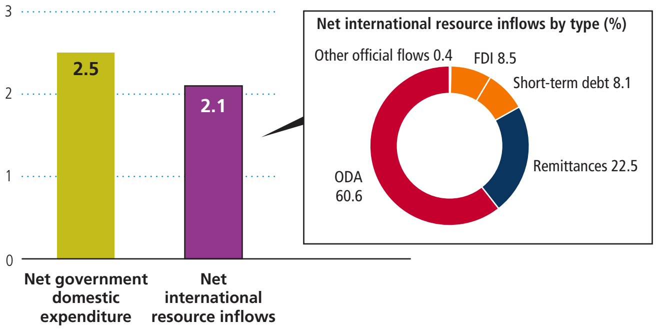
Half of Mali's population lives in extreme poverty, with the country receiving US$155 in ODA per poor person. However, aid has fallen rapidly to 13% of national income. Government spending has almost doubled since 2000 but remains low on a per capita basis compared with other developing countries.

- Several major donors provide ODA mostly as cash grants, which account for 30% of ODA.
- Agriculture and food security is the largest sector, followed by health and infrastructure; the US and Canada are the largest donors to these three sectors.

Resource flows to Mali

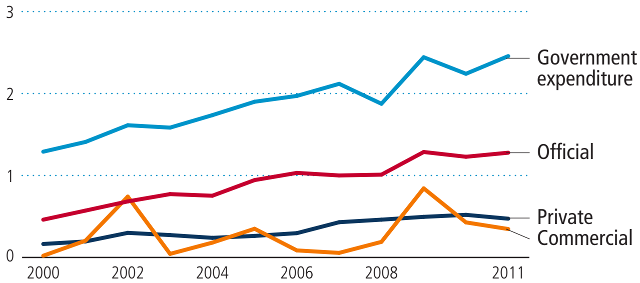
Domestic spending and international flows, led by ODA, are at comparable levels

US$ billions, 2011



Mali's domestic expenditure has almost doubled since 2000, while official and private flows have also increased

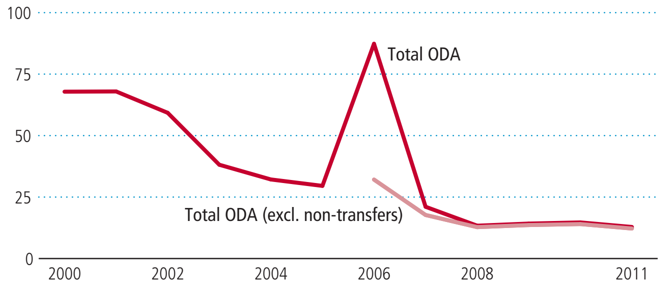
US$ billions, 2000–2011



ODA and poverty

ODA has grown more slowly than national income

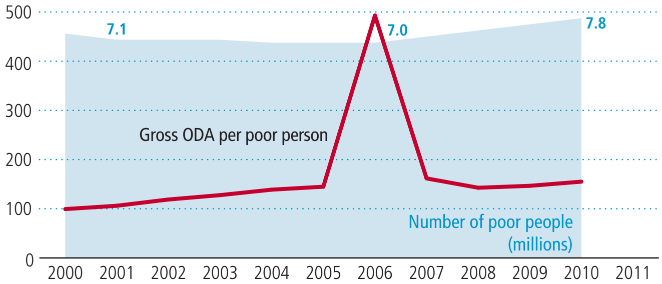
Gross ODA, % of GNI, 2000–2011



Note: The spike in 2006 is due to debt relief.

Poverty levels have increased, as has ODA per poor person, by over 50%

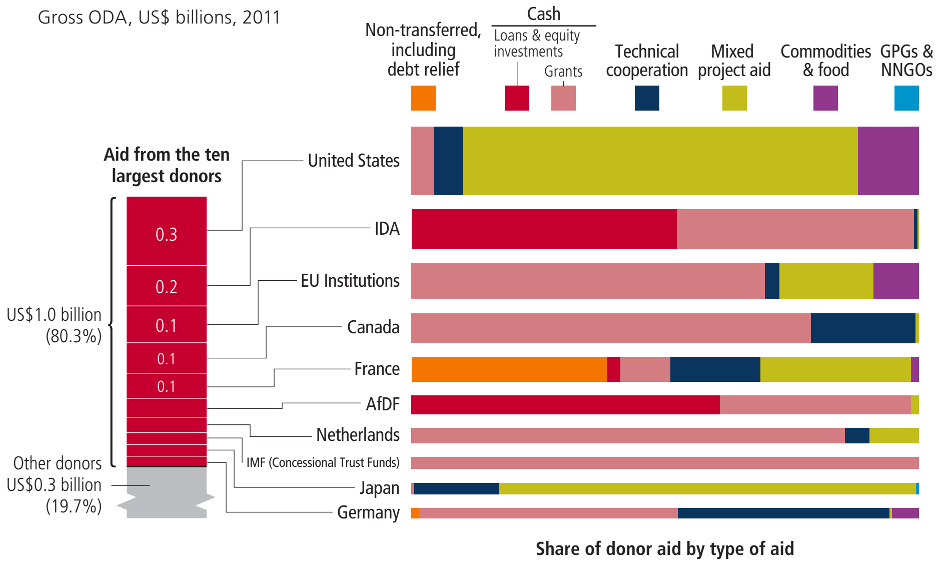
US$, 2000–2011



Note: The spike in 2006 is due to debt relief.

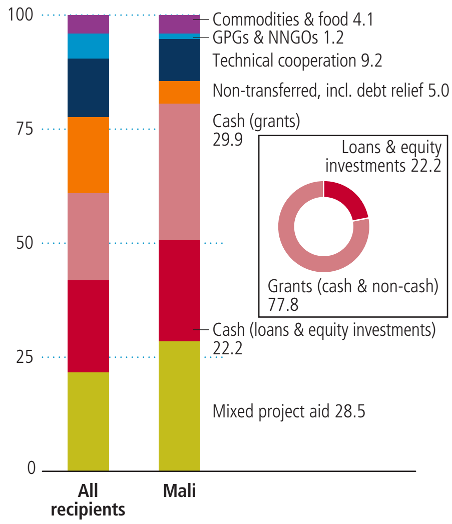
Several donors prefer to provide aid as cash grants, IDA and AfDF as loans and equity

Gross ODA, US$ billions, 2011



Almost a third of ODA to Mali is cash grants

% of gross ODA, 2011

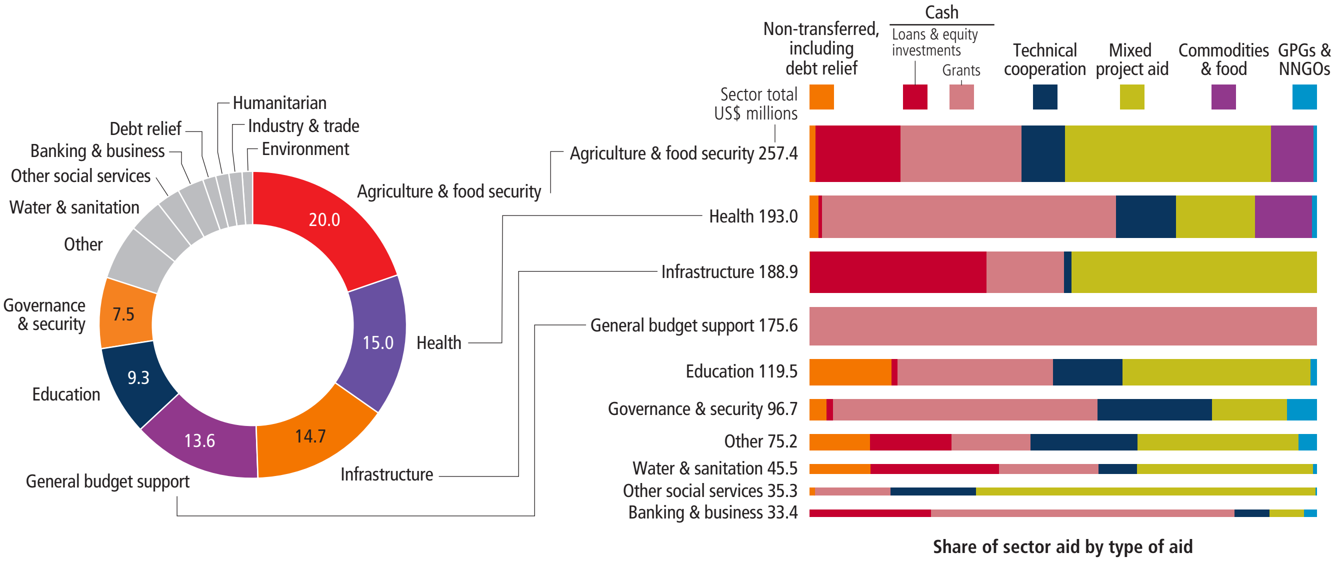


What is aid spent on?

Three sectors account for half of ODA to Mali. The country is the sixth largest recipient of ODA to agriculture and food security, the largest sector in Mali. ODA to agriculture and food security is provided in various forms, including as technical cooperation and as commodities and food aid. ODA to health is primarily cash grants, with a mix of other types. Loans and equity is important for ODA to infrastructure, the third largest sector. ODA to general budget support accounts for about 14% of ODA, provided as cash grants, with IMF Trust Funds and EU Institutions the largest donors. The US is the largest single donor to agriculture and food security and to infrastructure. Canada is the largest donor to health.

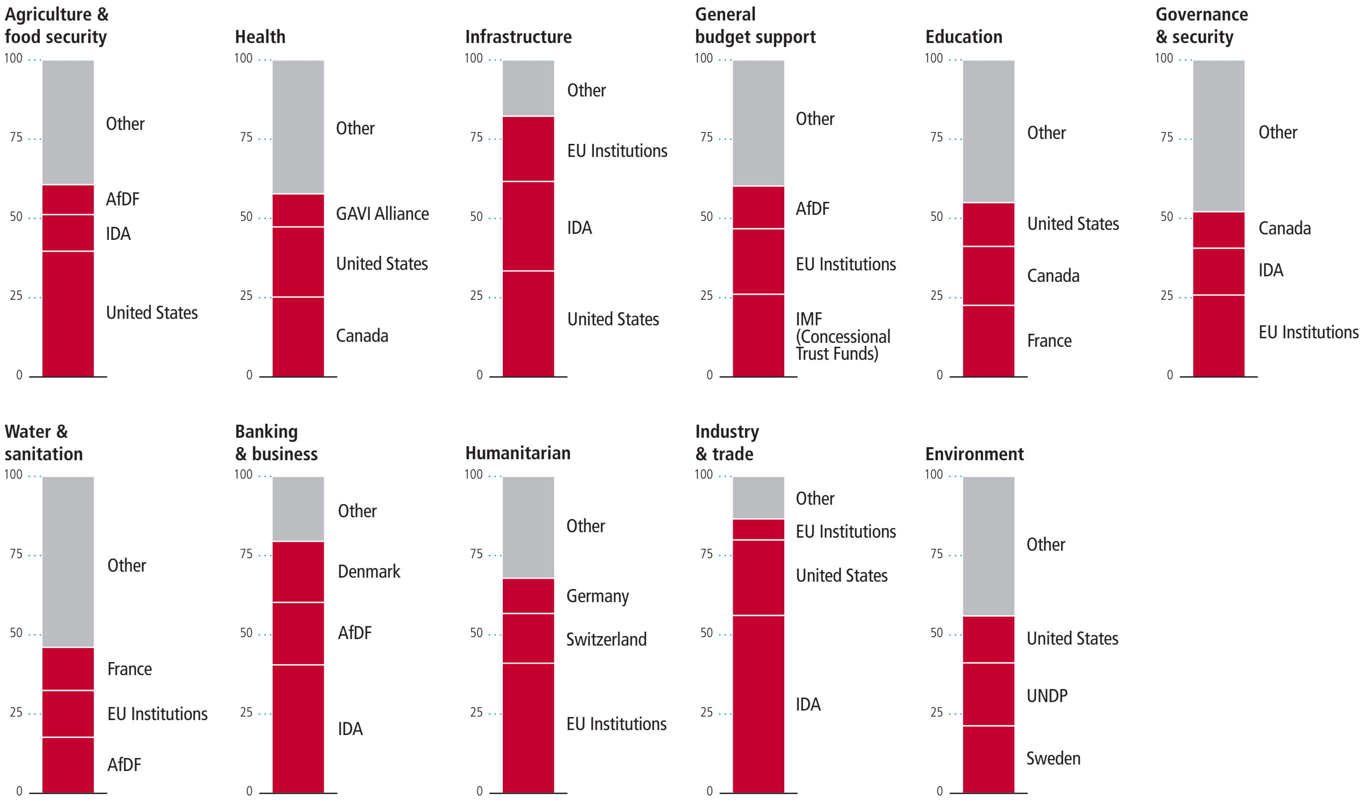
A fifth of ODA to Mali goes to agriculture and food security; cash grants are the majority of health and budget support

% of gross ODA, 2011



The US is the largest donor of aid to agriculture and food security and infrastructure; Canada is the largest donor to health

% of gross ODA, 2011



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MOZAMBIQUE

Gross ODA received: US$2.1 billion in 2011, 14th largest recipient
Government expenditure per capita: $255.1 (PPP)
Population in extreme poverty: 13.3 million (59.6%) in 2008

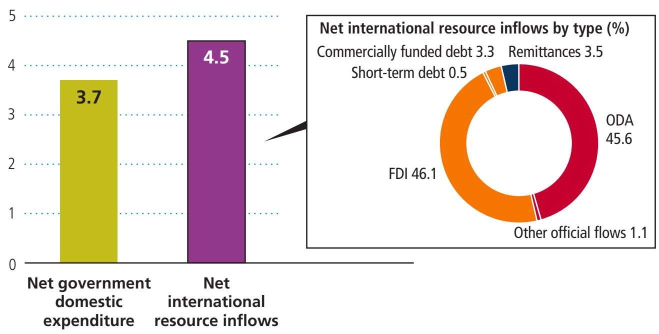
While domestic spending is rising, it remains slightly lower than international flows, led by FDI and ODA. ODA has fallen as a share of national income, to 17%, but Mozambique still received US$157 in ODA per poor person in 2008.

- 40% of ODA is cash grants; second largest donor Portugal gives almost 90% of aid as commodities and food aid.
- Nearly a quarter of ODA goes to health, led by the US; a fifth goes to general budget support, led by European donors.

Resource flows to Mozambique

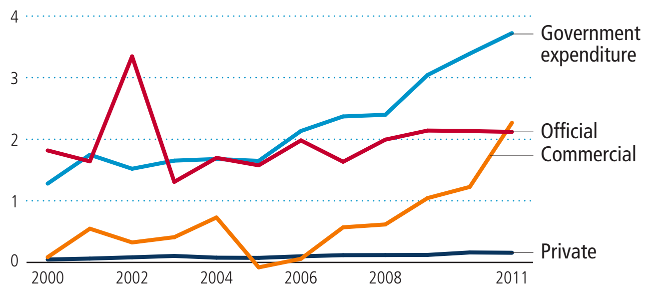
Levels of international flows, led by FDI and ODA, are above domestic spending

US$ billions, 2011



Mozambique's domestic expenditure has almost tripled since 2000

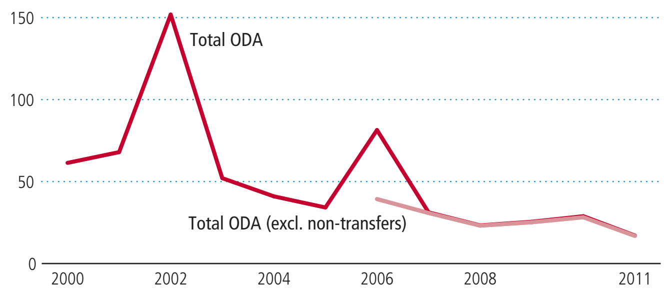
US$ billions, 2000–2011



ODA and poverty

ODA as a share of national income has been falling

Gross ODA, % of GNI, 2000–2011



Note: The spikes in 2002 and 2006 are due to debt relief.

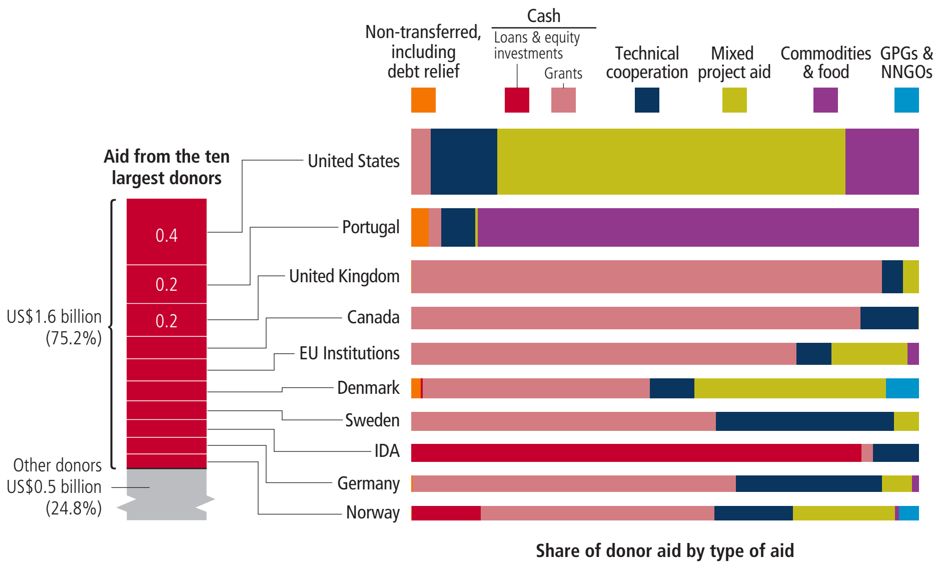
Poverty levels have fallen since 2002, while ODA per poor person has risen around 15%

US$, 2000–2011

Note: The spikes in 2002 and 2006 are due to debt relief.

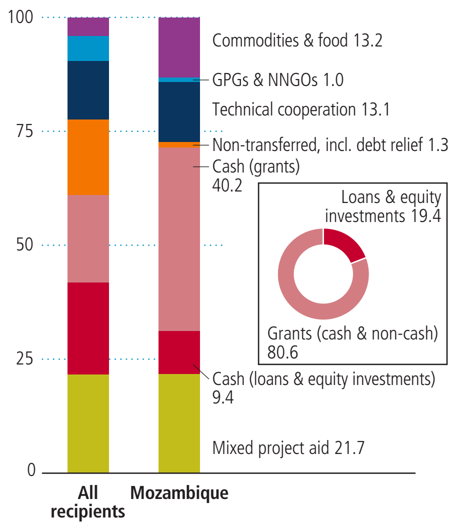
Second largest donor Portugal gives 87% of ODA as commodities and food aid

Gross ODA, US$ billions, 2011



Cash grants to Mozambique are twice the average share for all recipients

% of gross ODA, 2011

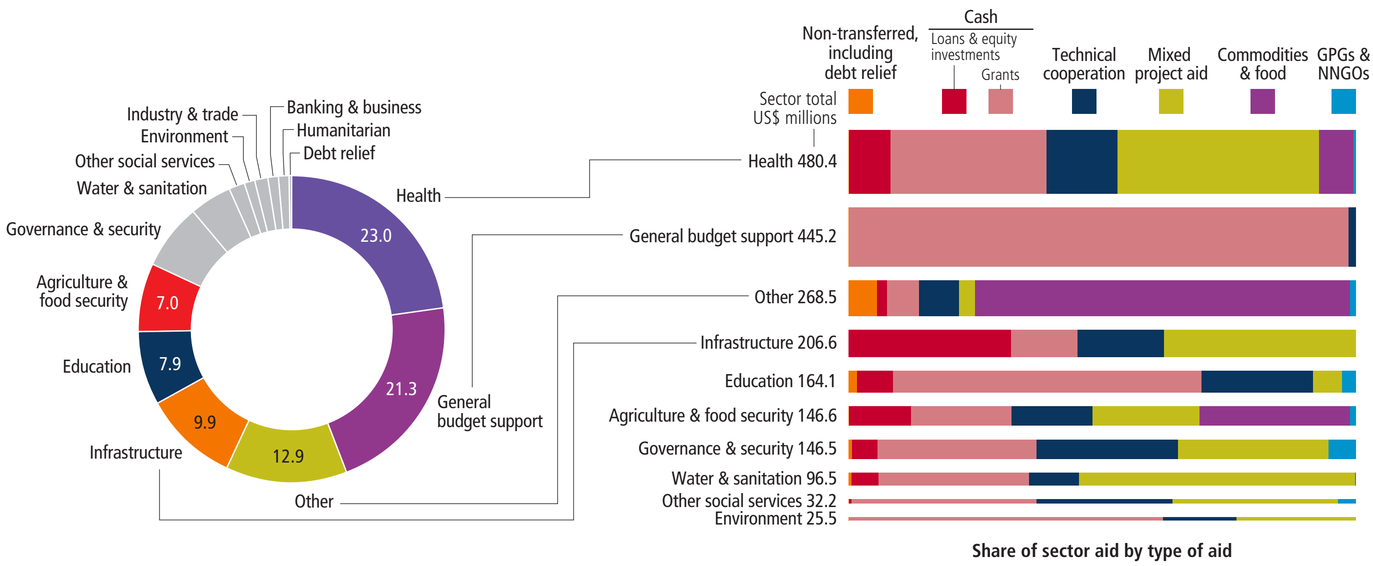


What is aid spent on?

Mozambique is the eighth largest recipient of ODA to health globally, with almost a quarter of the aid to the country going to the sector, mostly as cash grants and mixed project aid. Mozambique is also the second largest recipient of ODA to general budget support, the country's second largest sector – mostly as cash grants with some technical cooperation. ODA to 'other' sectors is mostly commodities and food aid; ODA to infrastructure accounts for a tenth of ODA. The US is the largest donor to health, infrastructure and three other sectors. The UK provides most general budget support.

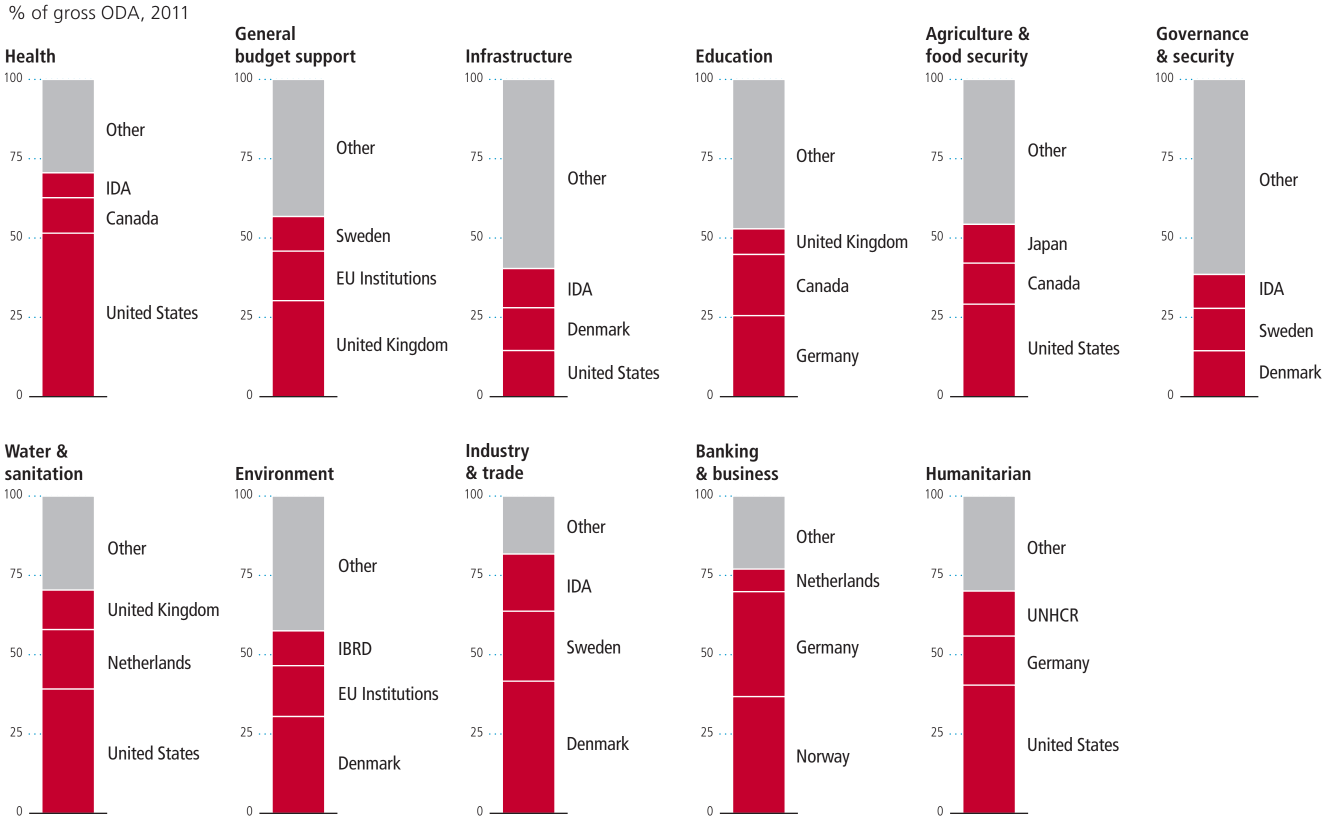
Almost a quarter of ODA to Mozambique goes to health; a fifth goes to general budget support

% of gross ODA, 2011



The US is the largest donor to Mozambique in five sectors, including the largest, health; European donors are the largest providers of general budget support

% of gross ODA, 2011



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PAKISTAN

Gross ODA received: US$4.4 billion in 2011, 4th largest recipient
Government expenditure per capita: $479.3 (PPP)
Population in extreme poverty: 35.2 million (21.0%) in 2008

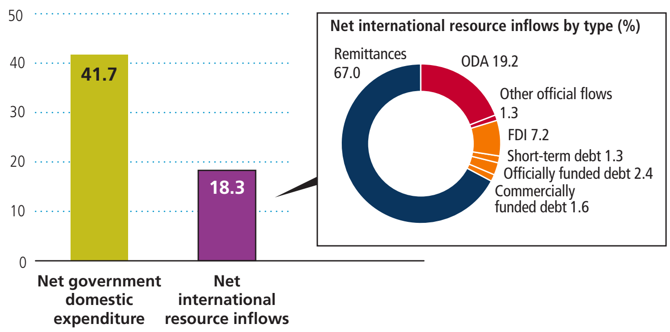
Pakistan has the seventh highest number of poor people in the world. While it is the fourth largest aid recipient, aid was equivalent to just 2% of national income, or US$63 per poor person, in 2008. Pakistan is also the sixth largest recipient of remittances, which account for 67% of international inflows.

- The US is the largest donor, providing one-third of aid to Pakistan, though IDA provides most loans and equity.
- The US is also the largest donor to most sectors; much sectoral aid is humanitarian, although education is significant.

Resource flows to Pakistan

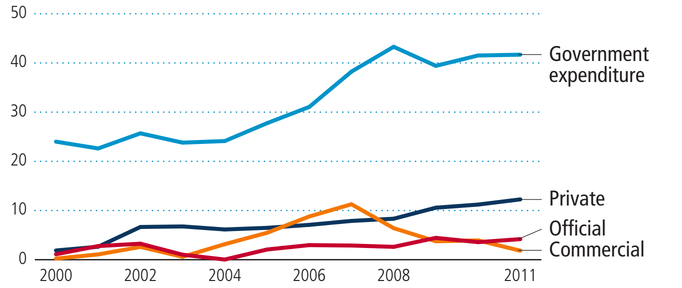
Remittances are about two-thirds of international inflows…

US$ billions, 2011



…and have grown rapidly; private and official flows are also rising, but commercial flows have fallen since 2007

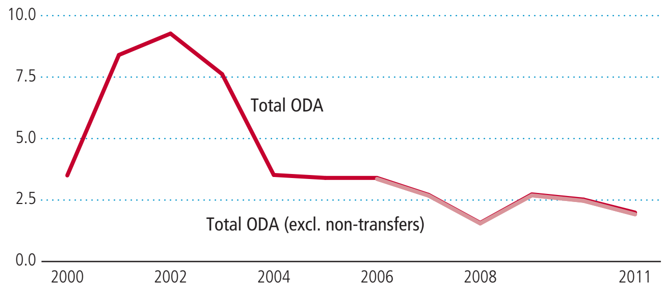
US$ billions, 2000–2011



ODA and poverty

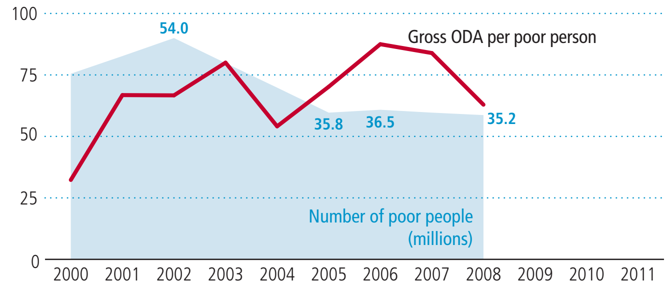
As a share of Pakistan's rising GNI, aid has fallen to 2%

% of GNI, 2000–2011



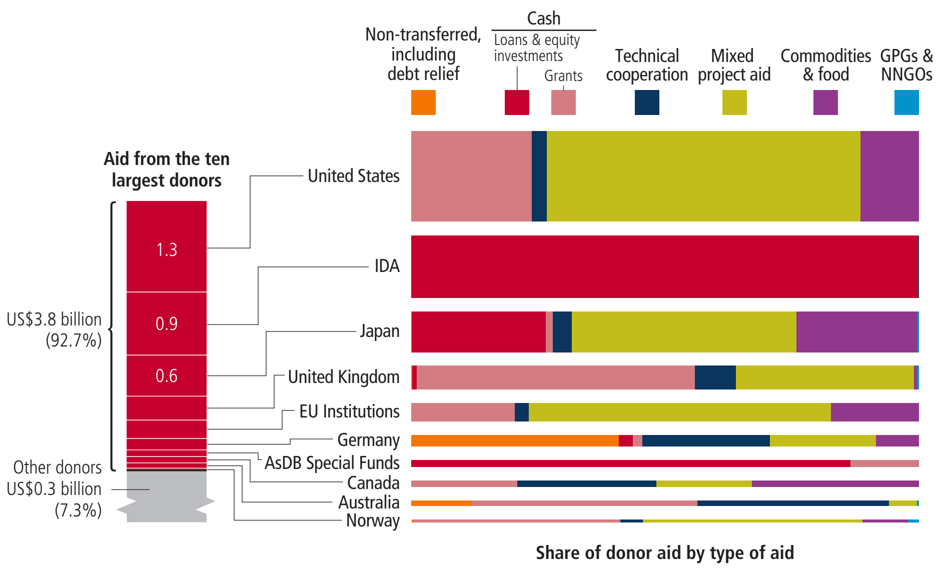
Poverty has fallen, as ODA per poor person has almost doubled from US$32 in 2000

US$, 2000–2011



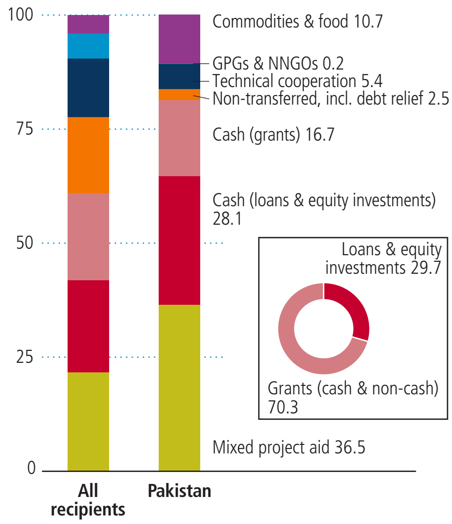
The US provides one-third of aid to Pakistan

Gross ODA, US$ billions, 2011



More than a third of Pakistan aid goes to mixed projects

% of gross ODA, 2011

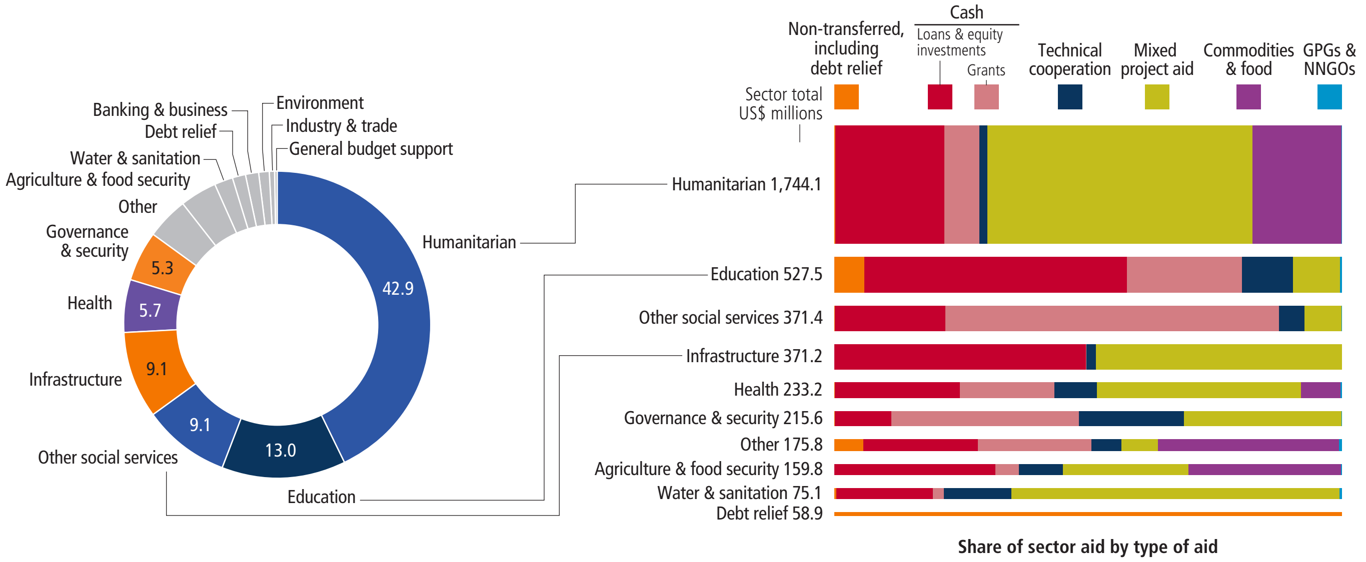


What is aid spent on?

Pakistan was the third largest recipient of humanitarian assistance in 2011, following the 2010 and 2011 floods. Aid to education, infrastructure and other social services each account for around 10% or more of ODA. ODA to education, infrastructure and environment is dominated by loans and equity investments, though for most sectors the largest element is mixed project aid. The US is the largest single donor to most sectors, but IDA is the largest donor to education and environment, and Japan is the largest donor to water and sanitation. The three largest donors provide 94% of ODA to infrastructure but just over half of ODA to health. The US provides all ODA to general budget support.

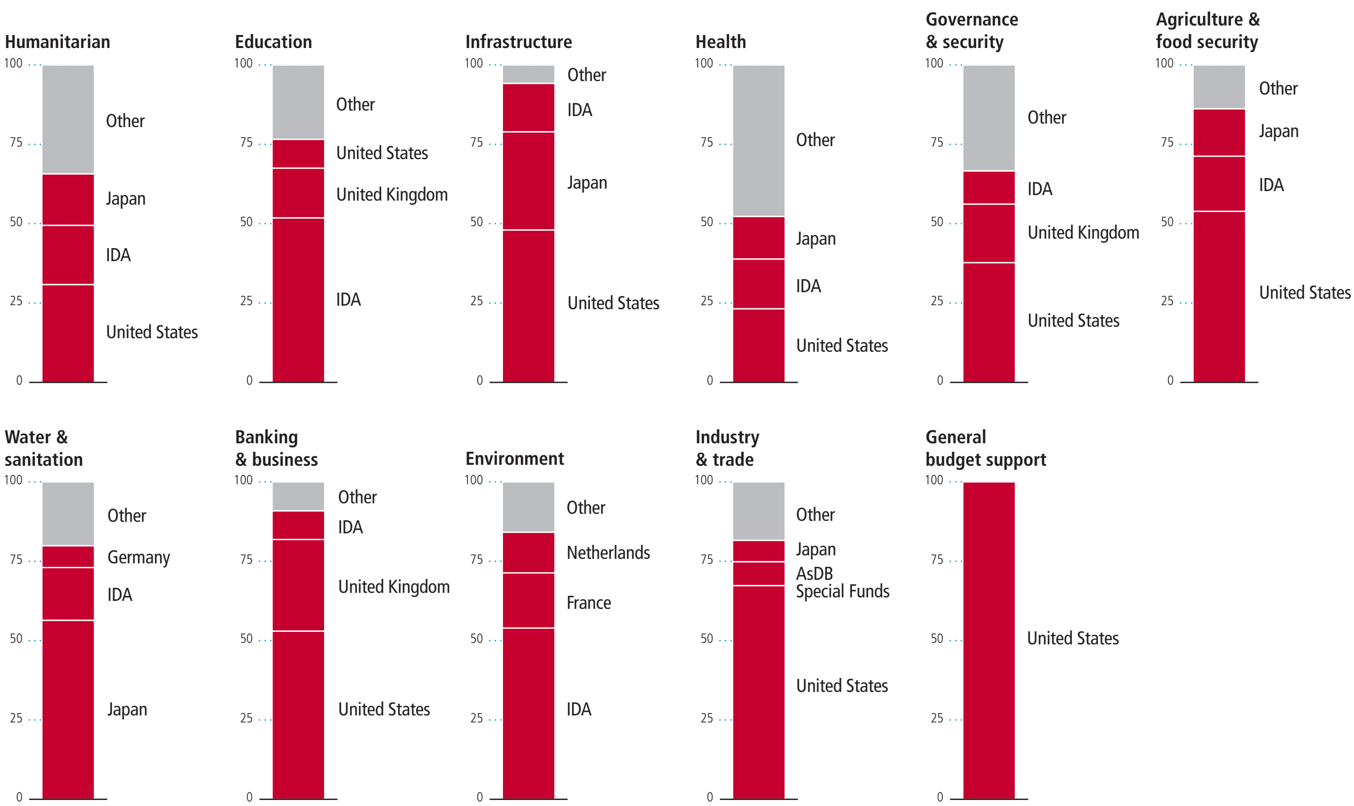
Humanitarian assistance is the largest sector for ODA to Pakistan, mostly as mixed project aid, followed by education, mostly as loans and equity

% of gross ODA, 2011



The US is the largest donor to most sectors; IDA is the largest to education and environment

% of gross ODA, 2011



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RWANDA

Gross ODA received: US$1.3 billion in 2011, 25th largest recipient
Government expenditure per capita: $274.9 (PPP)
Population in extreme poverty: 6.9 million (63.2%) in 2011

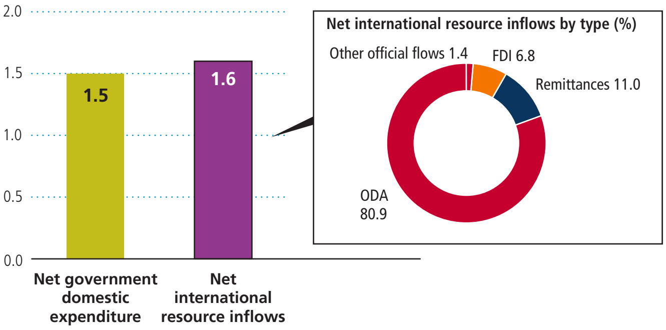
Nearly two-thirds of Rwandans live in extreme poverty. ODA is equivalent to 20% of national income, the 15th highest in the world, and amounts to US$186 per poor person. Government spending and official flows are both growing rapidly, with some increases in private flows in more recent years.

- Cash grants make up almost half of aid to Rwanda, with most major donors providing ODA primarily in this form.
- A quarter of ODA goes to health, led by the Global Fund and the US, while ODA to general budget support is the second largest sector, led by the UK and the AfDF.

Resource flows to Rwanda

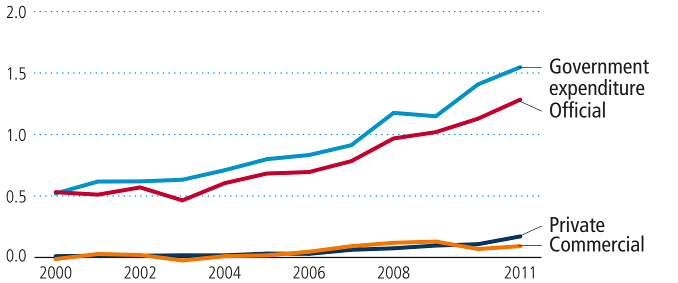
International flows, dominated by ODA, are comparable to levels of domestic spending

US$ billions, 2011



Rwanda's domestic expenditure and official flows have both grown rapidly

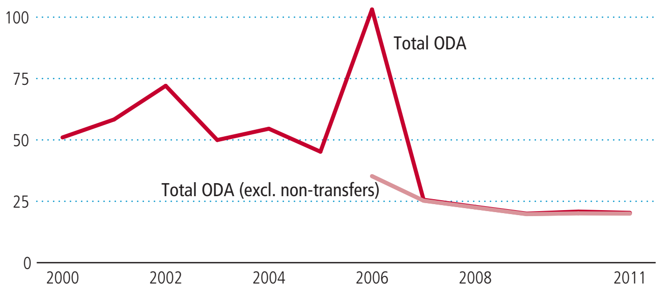
US$ billions, 2000–2011



ODA and poverty

Aid has fallen to 20% of faster growing national income

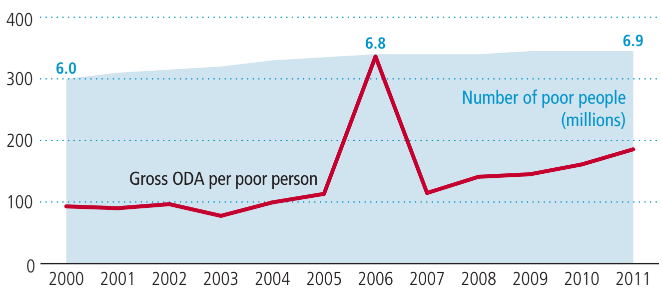
Gross ODA, % of GNI, 2000–2011



Note: The spike in 2006 is due to debt relief.

Rwanda's ODA per poor person has doubled, while numbers in poverty have increased

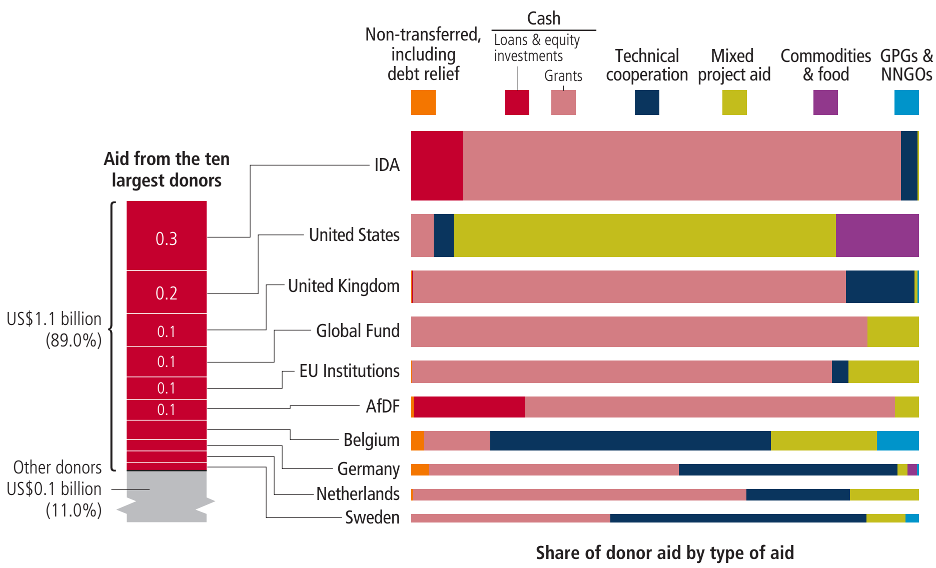
US$, 2000–2011



Note: The spike in 2006 is due to debt relief.

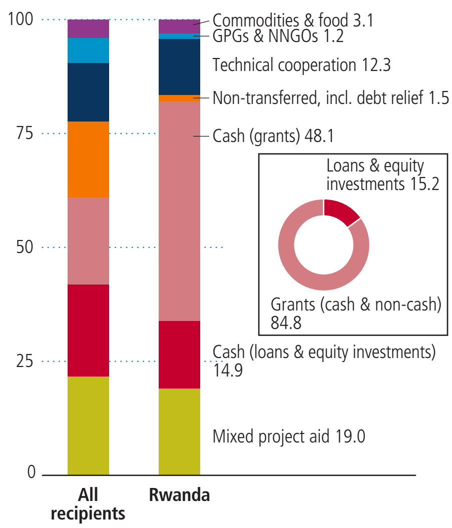
Most ODA from larger donors is cash grants; the US favours mixed project aid

Gross ODA, US$ billions, 2011



Almost half of ODA to Rwanda is cash grants

% of gross ODA, 2011

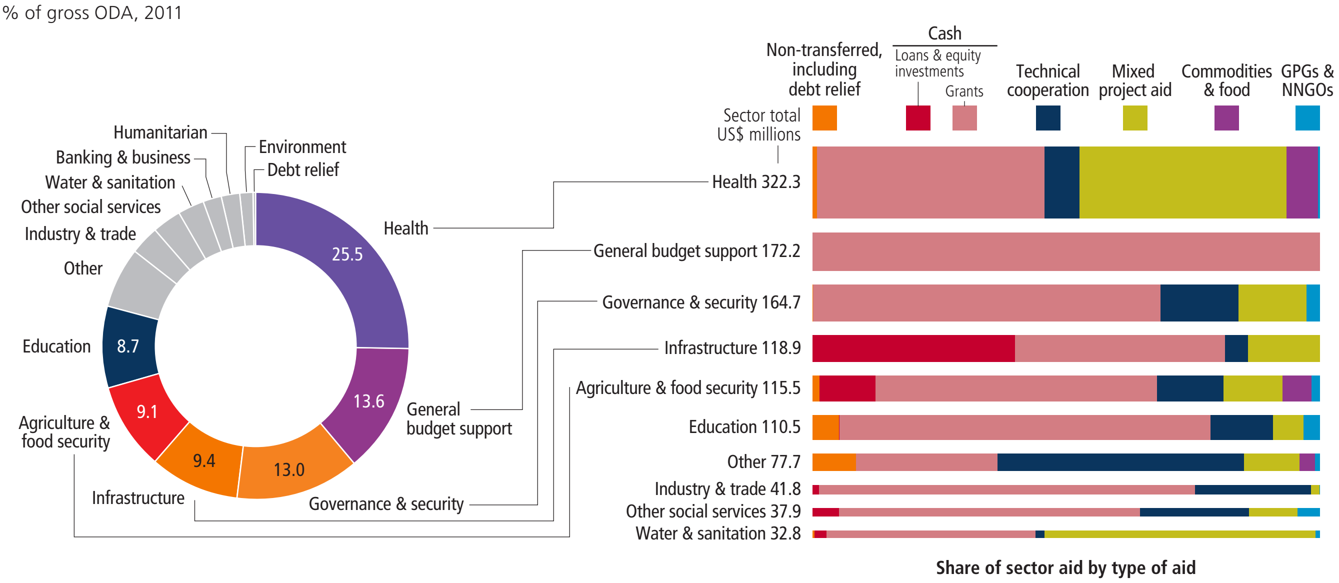


What is aid spent on?

More than a quarter of ODA to Rwanda goes to health, a large part of this is cash grants and mixed project aid. Cash grants dominate in the second and third largest sectors, namely general budget support, where Rwanda is the tenth largest recipient, and governance and security. Apart from budget support, the largest sectors all receive at least some technical cooperation. IDA is the largest donor to seven sectors, including governance and security and infrastructure, but not the two largest sectors. The Global Fund and the US are the largest donors to health, and the UK and the AfDF are the largest donors to general budget support. The three largest donors provide more than half of ODA to every sector.

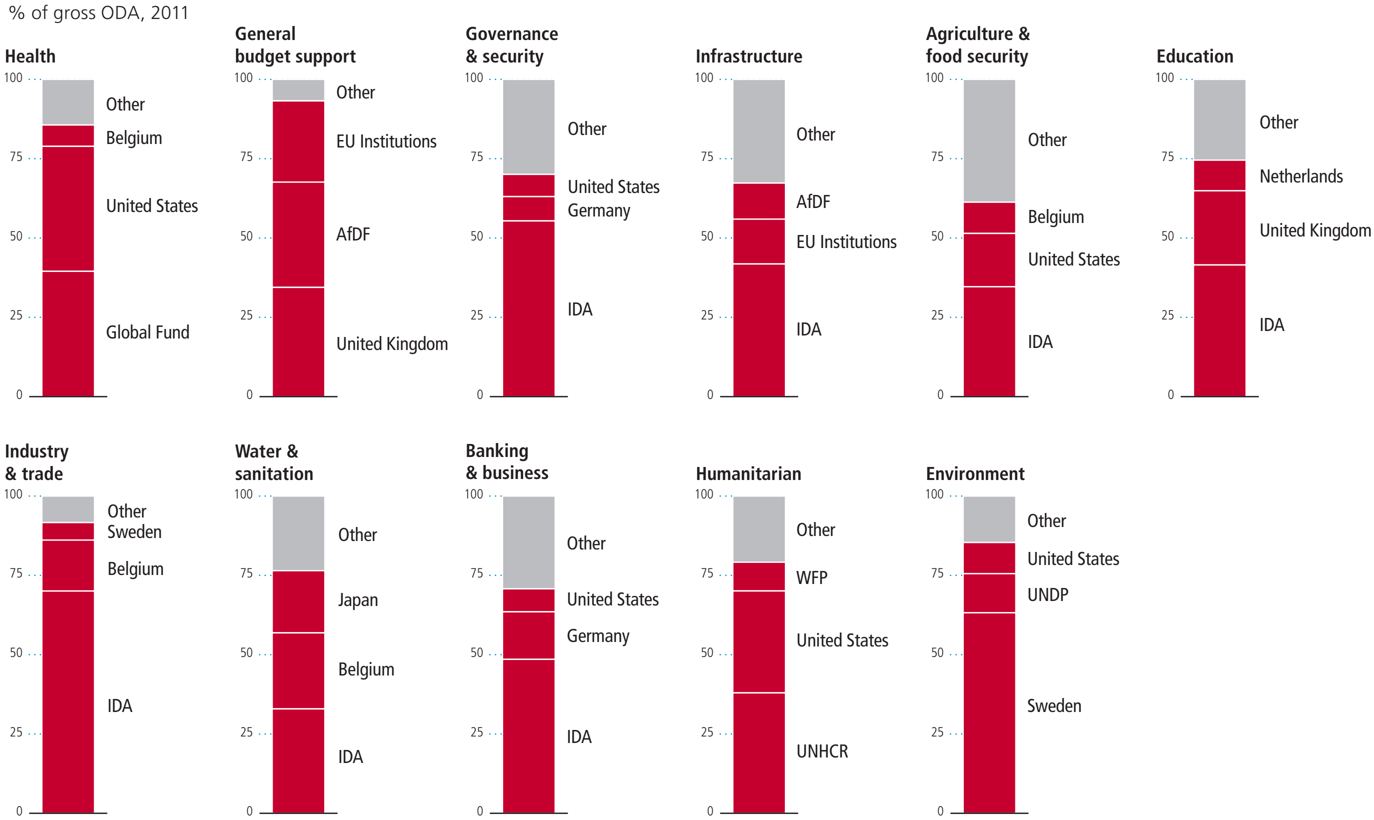
A quarter of ODA to Rwanda goes to health, followed by general budget support and governance and security, where cash grants dominate

% of gross ODA, 2011



The IDA is the largest donor to Rwanda for seven sectors, though the Global Fund and the UK are the largest donors to the two largest sectors

% of gross ODA, 2011



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SOLOMON ISLANDS

Gross ODA received: US$0.3 billion in 2011, 82nd largest recipient
Government expenditure per capita: $1,292.5 (PPP)
Population in extreme poverty: (no data available)

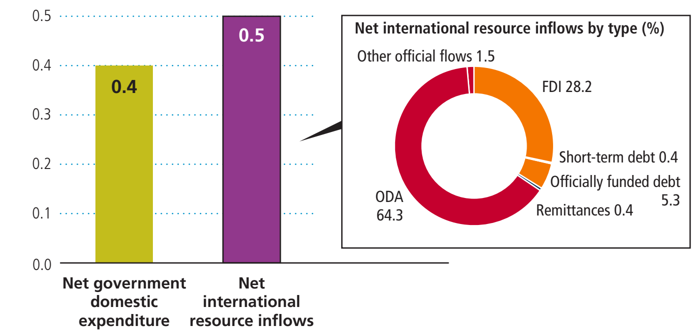
Aid is equivalent to half of the Solomon Islands' national income. It is the fourth highest in the world on this measure. Domestic spending levels are below international inflows, led by ODA, but have grown in recent years, almost tripling on a per capita basis since 2000, and is now close to the developing-country average.

- Australia is by far the largest donor, providing 75% of ODA, the majority as technical cooperation, a form of aid that accounts for two-thirds total ODA.
- Well over half of ODA goes to governance and security, mostly as technical cooperation. Australia is the largest donor to the three largest sectors.

Resource flows to Solomon Islands

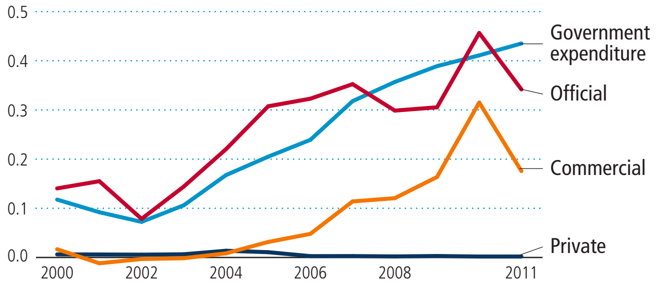
International flows, dominated by ODA and FDI, exceed domestic spending levels

US$ billions, 2011



Domestic resources, official flows and commercial flows have all grown in recent years

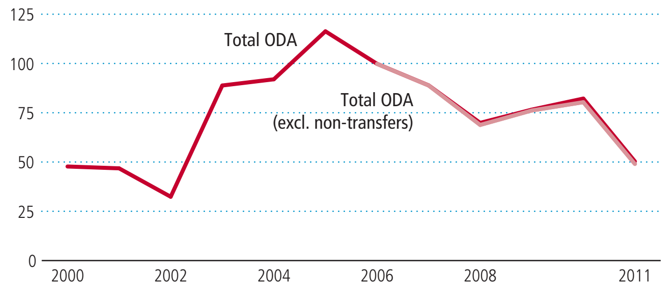
US$ billions, 2000–2011



ODA and poverty

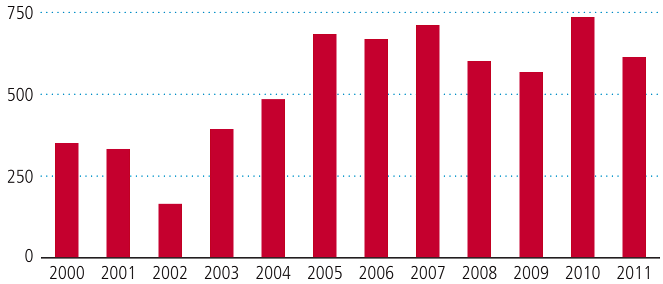
Aid as a share of GNI has fallen from 114% in 2005

Gross ODA, % of GNI, 2000–2011



No recent poverty data is available, but ODA per capita is almost quadruple 2000 levels

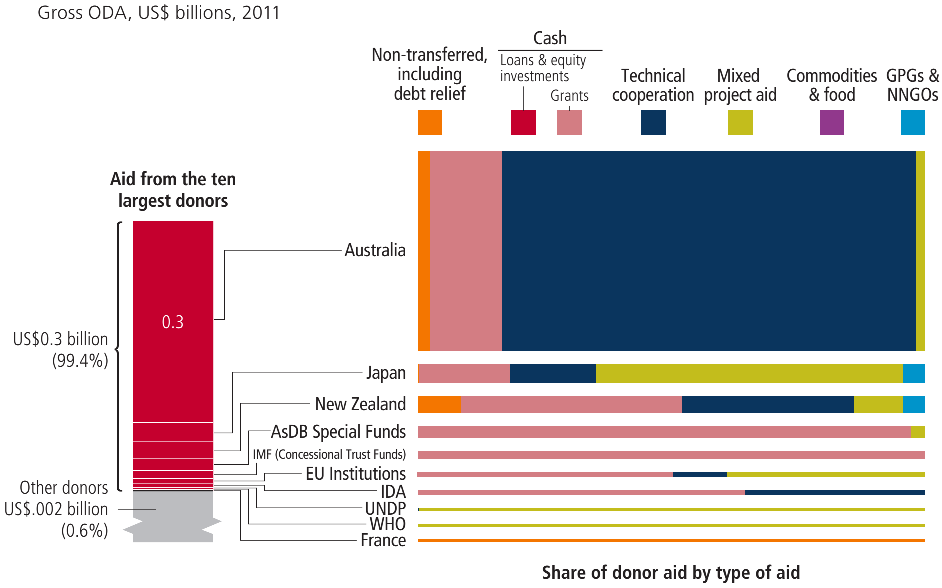
Gross ODA per capita, US$, 2000–2011



Note: Poverty data is insufficient to create a figure comparable to those in other profiles.

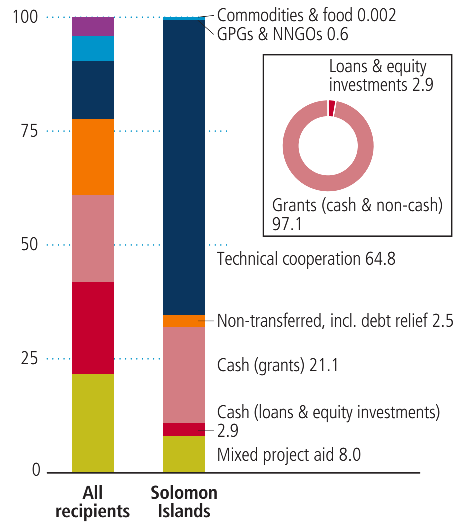
Australia provides 75% of ODA, more than 80% of it as technical cooperation

Gross ODA, US$ billions, 2011



Almost two-thirds of overall aid is technical cooperation

% of gross ODA, 2011

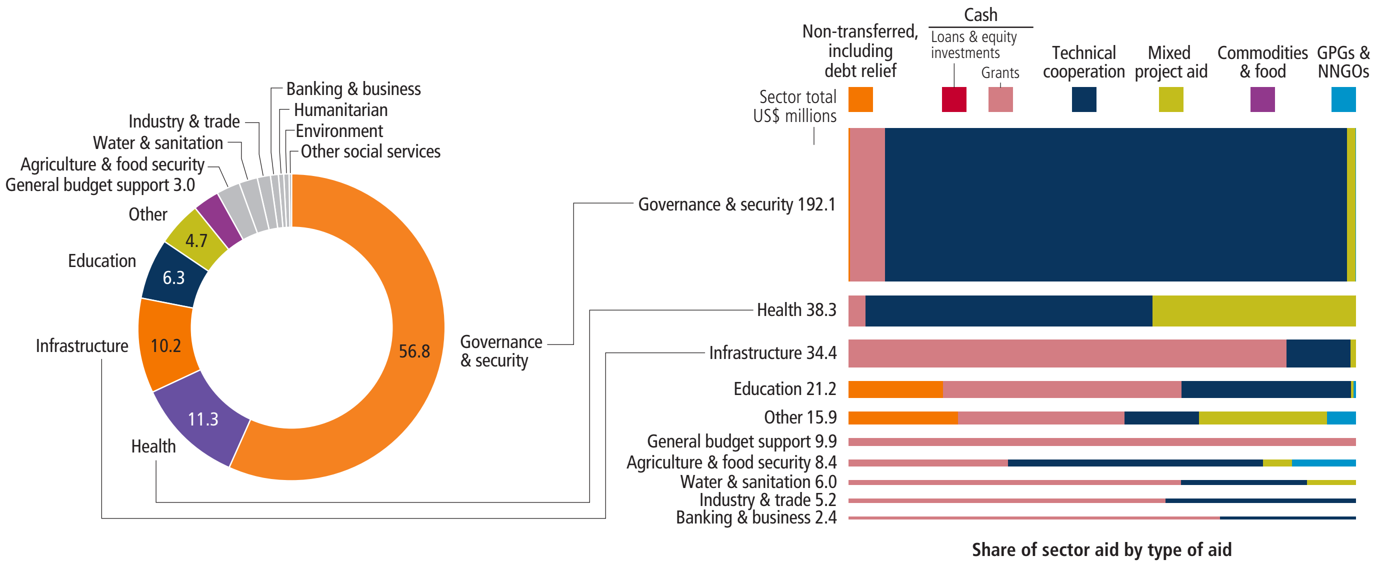


What is aid spent on?

Aid to governance and security accounts for well over half of total ODA to the Solomon Islands: over 90% of this is technical cooperation. Health is the second largest sector, accounting for just over one-tenth of the total, over half as technical cooperation. ODA to infrastructure accounts for a further tenth. Cash grants are also important to smaller sectors. Australia is the largest donor to seven sectors, including the largest three. New Zealand is the largest donor of ODA to education, and IMF Trust Funds provide almost all ODA to general budget support (all as cash grants). For all sectors the three largest donors provide more than three-quarters of ODA.

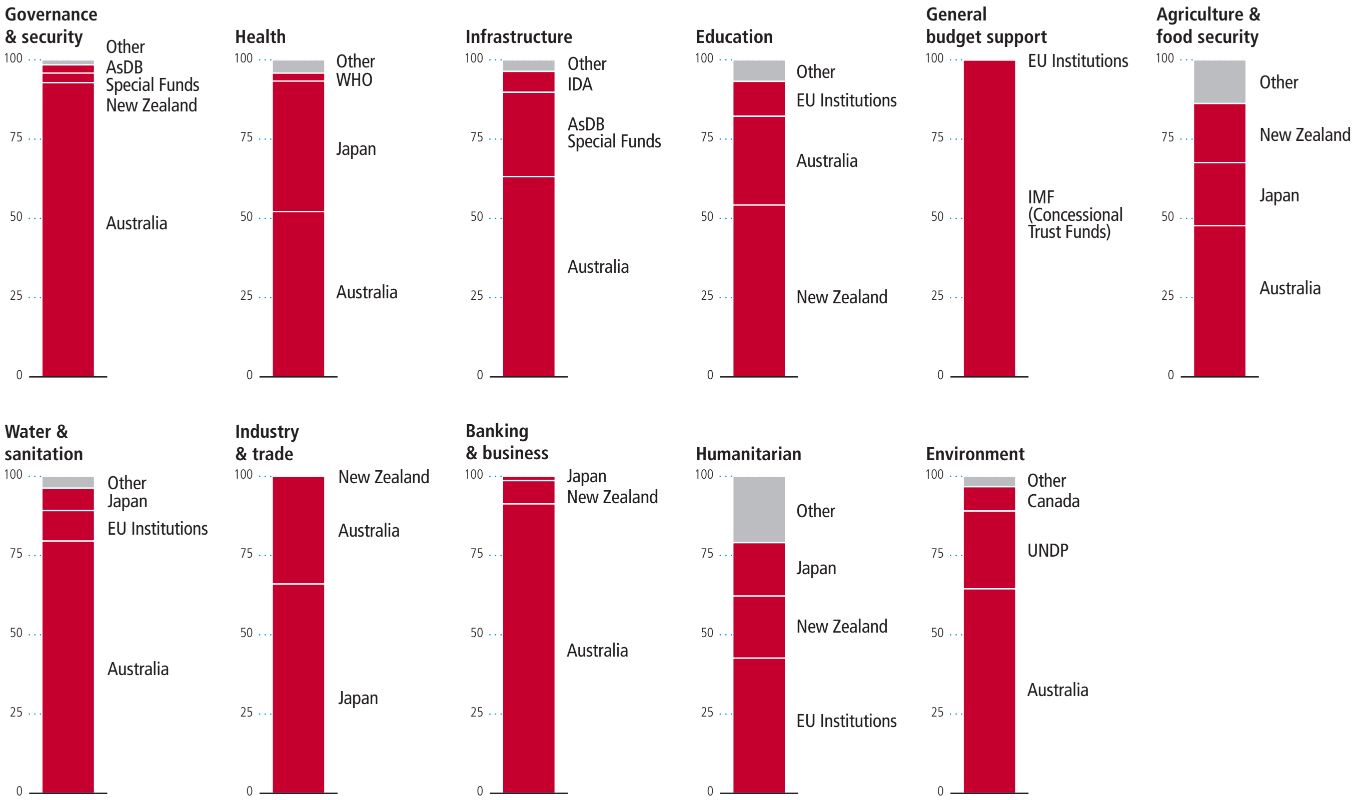
ODA to governance and security accounts for well over half of ODA to the Solomon Islands and is almost entirely as technical cooperation

% of gross ODA, 2011



Australia is the largest donor to the Solomon Islands for seven sectors – including the three largest

% of gross ODA, 2011



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SUDAN

Gross ODA received: US$1.2 billion in 2011, 30th largest recipient
Government expenditure per capita: $479.2 (PPP)
Population in extreme poverty: 6.5 million (19.8%) in 2009

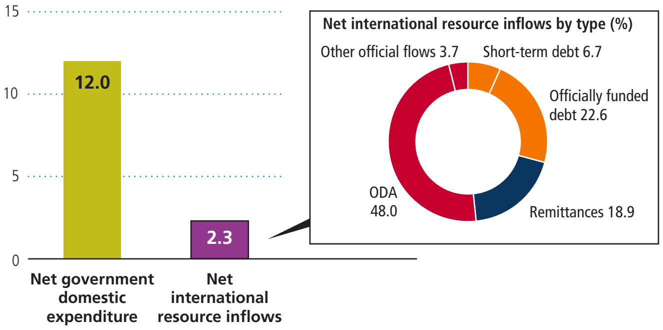
While Sudan received US$398 in aid per poor person in 2009, aid was equivalent to less than 2% of national income. Remittances and debt flows are also important international flows for Sudan. While government spending has more than tripled, it remains low compared with other developing countries.

- Cash grants account for a third of ODA to Sudan, although the largest donors provide ODA in very different forms.
- The four largest sectors account for 90% of ODA; almost half of ODA is humanitarian assistance.

Resource flows to Sudan

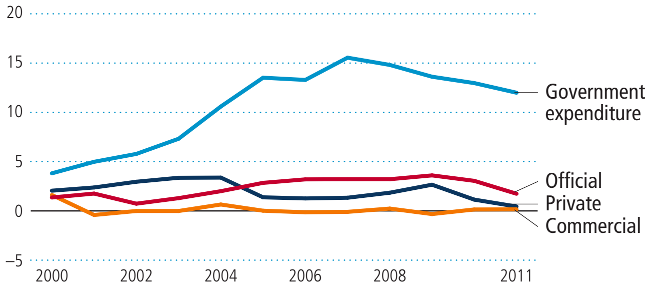
Domestic expenditure levels are over five times international flows; ODA is the largest international flow

US$ billions, 2011



Sudan's domestic resources increased rapidly until 2007 then declined

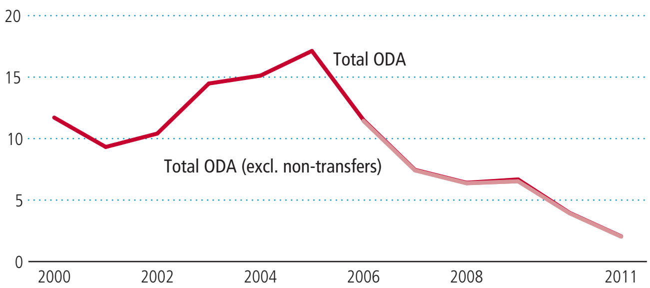
US$ billions, 2000–2011



ODA and poverty

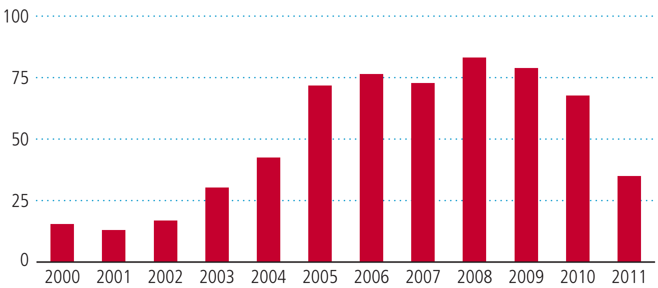
ODA as a share of national income has fallen

Gross ODA, % of GNI, 2000–2011



Sudan only has recent poverty data for 2008, but ODA per capita is now five times the 2000 level

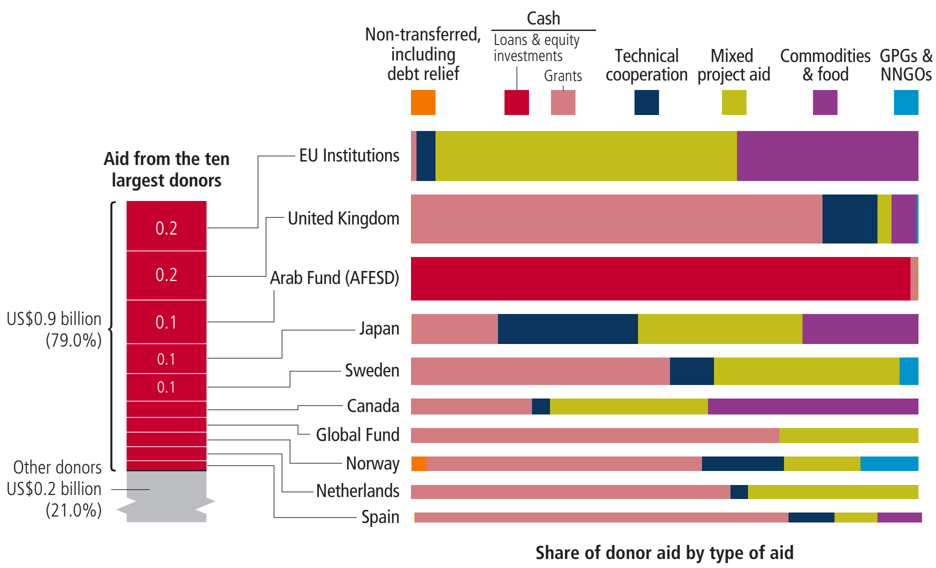
Gross ODA per capita, US$, 2000–2011



Note: Poverty data is insufficient to create a figure comparable to those in other profiles.

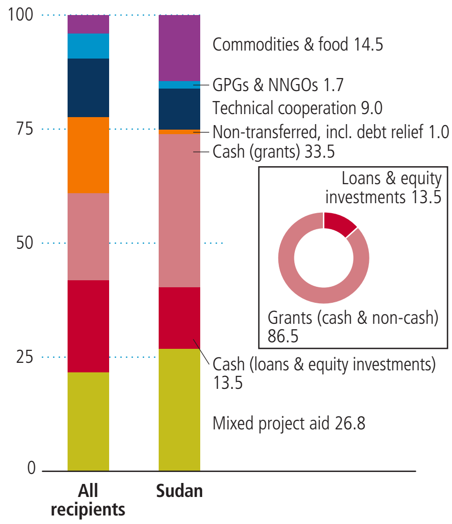
The three largest donors give ODA in very different forms

Gross ODA, US$ billions, 2011



Cash grants are a third of ODA to Sudan

% of gross ODA, 2011

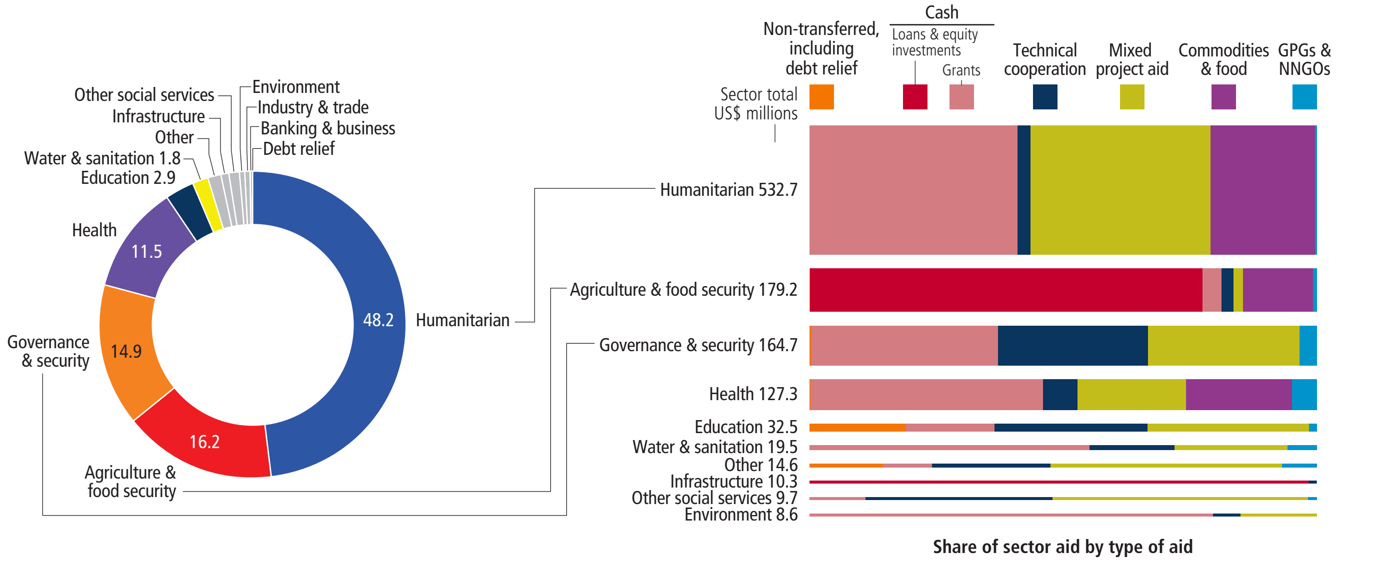


What is aid spent on?

Over 90% of ODA to Sudan goes to just four sectors. Almost half is humanitarian assistance, largely cash grants, mixed project aid, and commodities and food aid. Most aid to agriculture and food security, the second largest sector, is loans and equity. Cash grants and technical cooperation are important to governance and security. ODA to health is mostly cash grants, though commodities and food aid is also important. EU Institutions, the UK and Japan provide just over half of ODA as humanitarian assistance. The Arab Fund (AFESD) provides over 70% of ODA to agriculture and food security; the Global Fund and the GAVI Alliance are the largest donors to health.

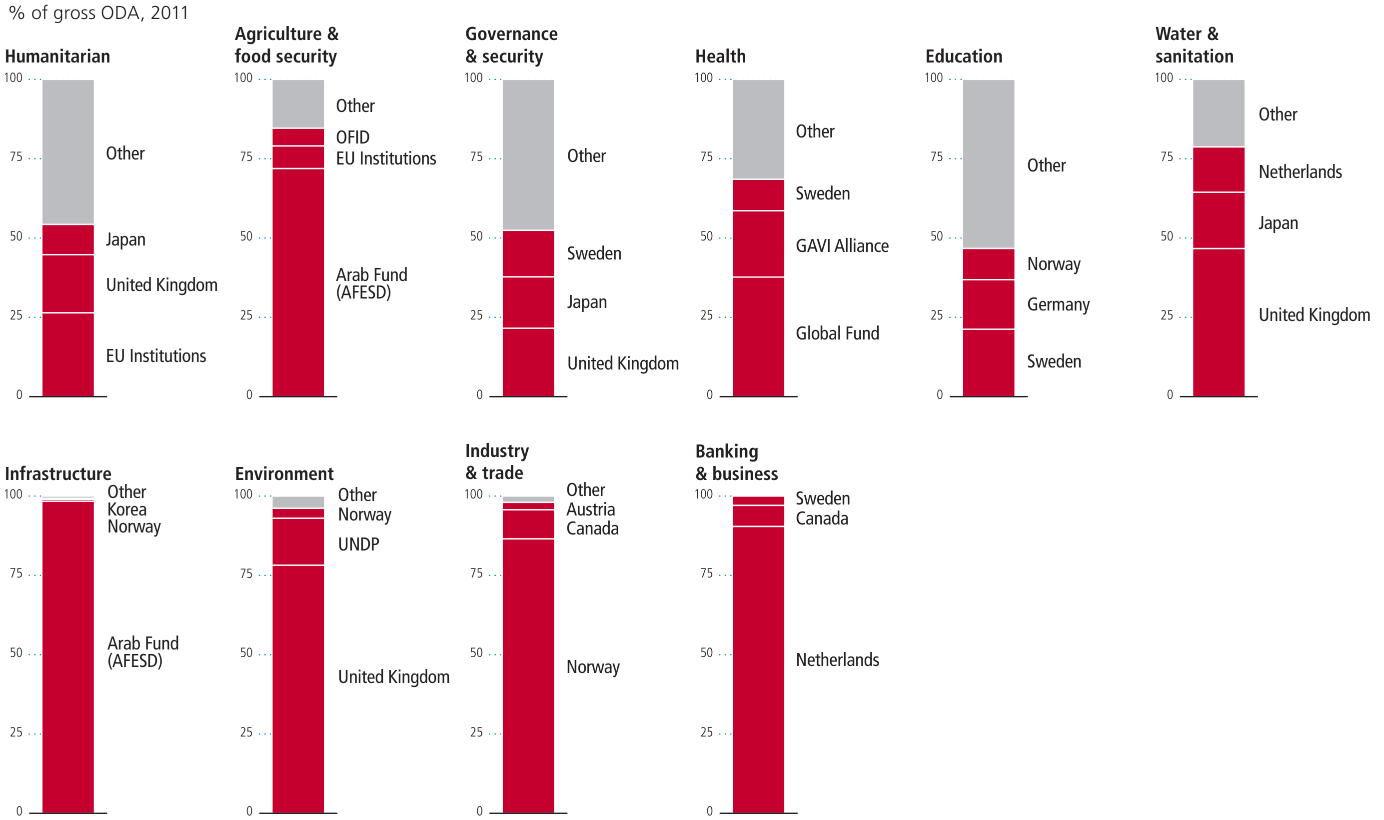
The four largest sectors account for 90% of ODA to Sudan, almost half of the total being humanitarian assistance

% of gross ODA, 2011



Half of humanitarian assistance to Sudan comes from the three largest donors; multilateral organisations dominate aid to agriculture and food security

% of gross ODA, 2011



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TANZANIA

Gross ODA received: US$2.5 billion in 2011, 11th largest recipient
Government expenditure per capita: $309.9 (PPP)
Population in extreme poverty: 27.9 million (67.9%) in 2007

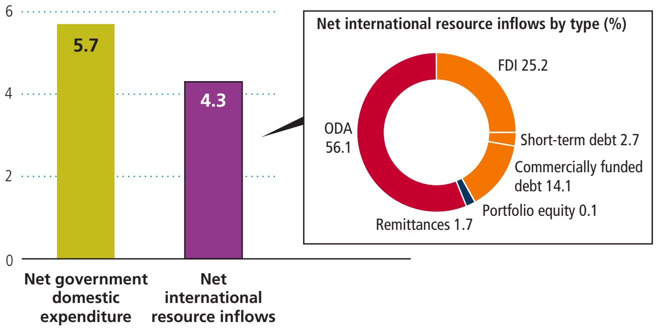
Tanzania has the eighth most people living in extreme poverty. Domestic expenditure has tripled since 2000. ODA makes up over half of international flows, and ODA per poor person was US$118 in 2007, while growth has led the ratio of ODA to national income to fall to 11%.

- 37% of ODA to Tanzania is cash grants, the form favoured by most major donors, though IDA and the AfDF provide mostly loans and equity.
- Three sectors account for over 60% of ODA to Tanzania. The largest is health, with 46% provided by the US, followed by general budget support.

Resource flows to Tanzania

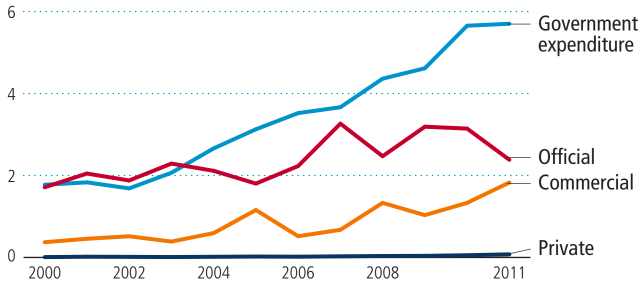
Domestic expenditure levels are higher than international flows; ODA is the largest international flow

US$ billions, 2011



Tanzania's domestic resources have tripled since 2000, growing faster than official and commercial flows

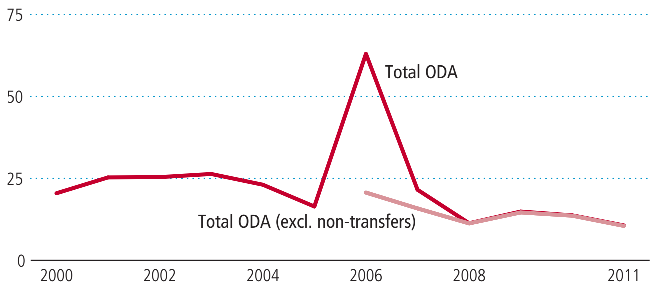
US$ billions, 2000–2011



ODA and poverty

Aid as a share of national income has generally fallen

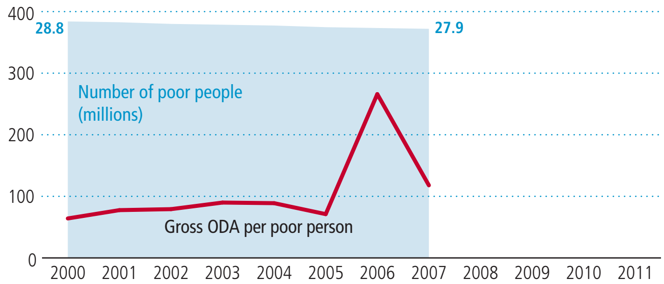
Gross ODA, % of GNI, 2000–2011



Note: The spike in 2006 is due to debt relief.

While poverty levels fell slightly, ODA per poor person almost doubled

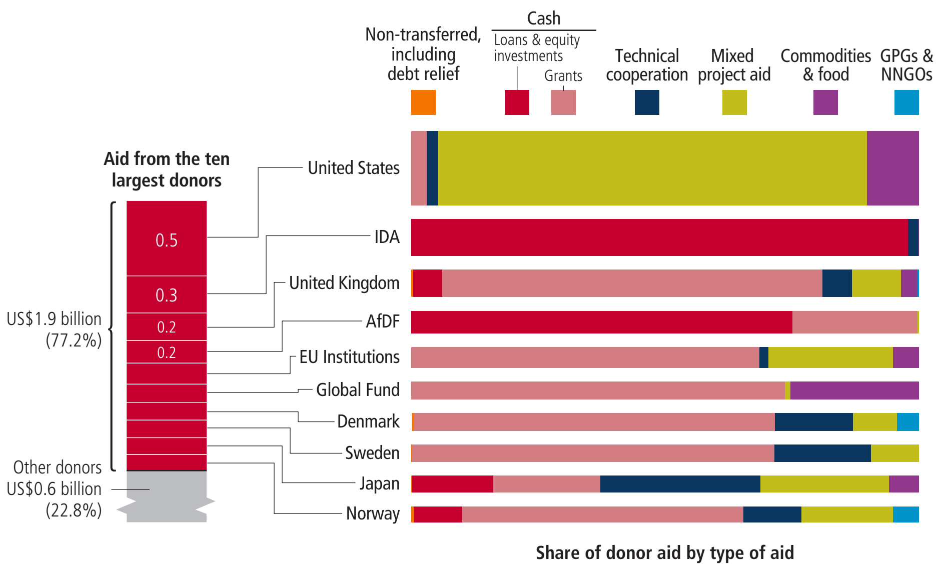
US$, 2000–2011



Note: The spike in 2006 is due to debt relief.

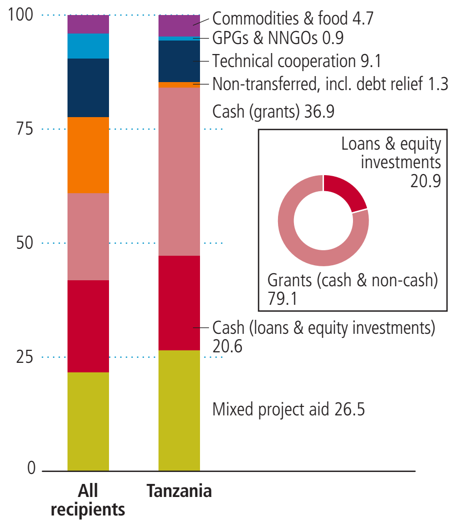
The largest donors tend to favour cash grants

Gross ODA, US$ billions, 2011



Cash grants account for over a third of aid to Tanzania

% of gross ODA, 2011

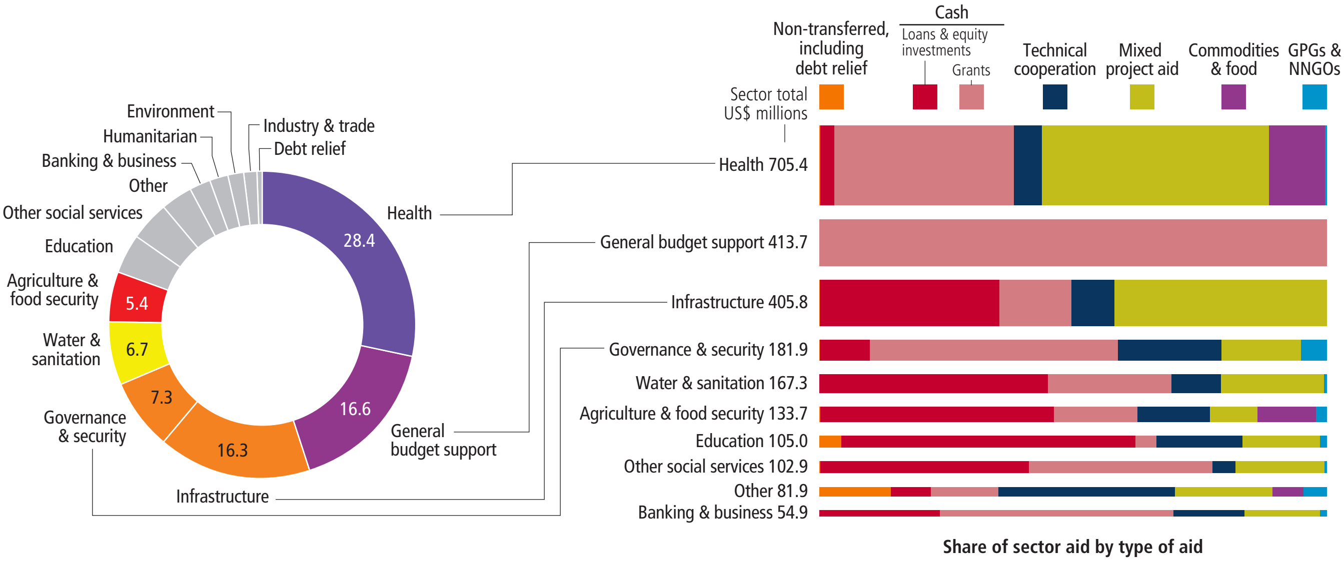


What is aid spent on?

Over 60% of ODA to Tanzania goes to three sectors. The country is the fifth largest recipient of ODA to health globally, which accounts for over a quarter of aid to the country. This is provided in a mix of forms, largely mixed project aid and cash grants. It is also the third largest recipient of ODA to general budget support (almost all as cash grants) and the tenth largest recipient of ODA to infrastructure (loans and equity account for about a third). The US provides almost half of ODA to health and more than a quarter of ODA to infrastructure. The UK is the largest donor to general budget support, providing around a quarter, alongside EU Institutions and Sweden. The three largest donors provide around half of ODA to the five largest sectors after health.

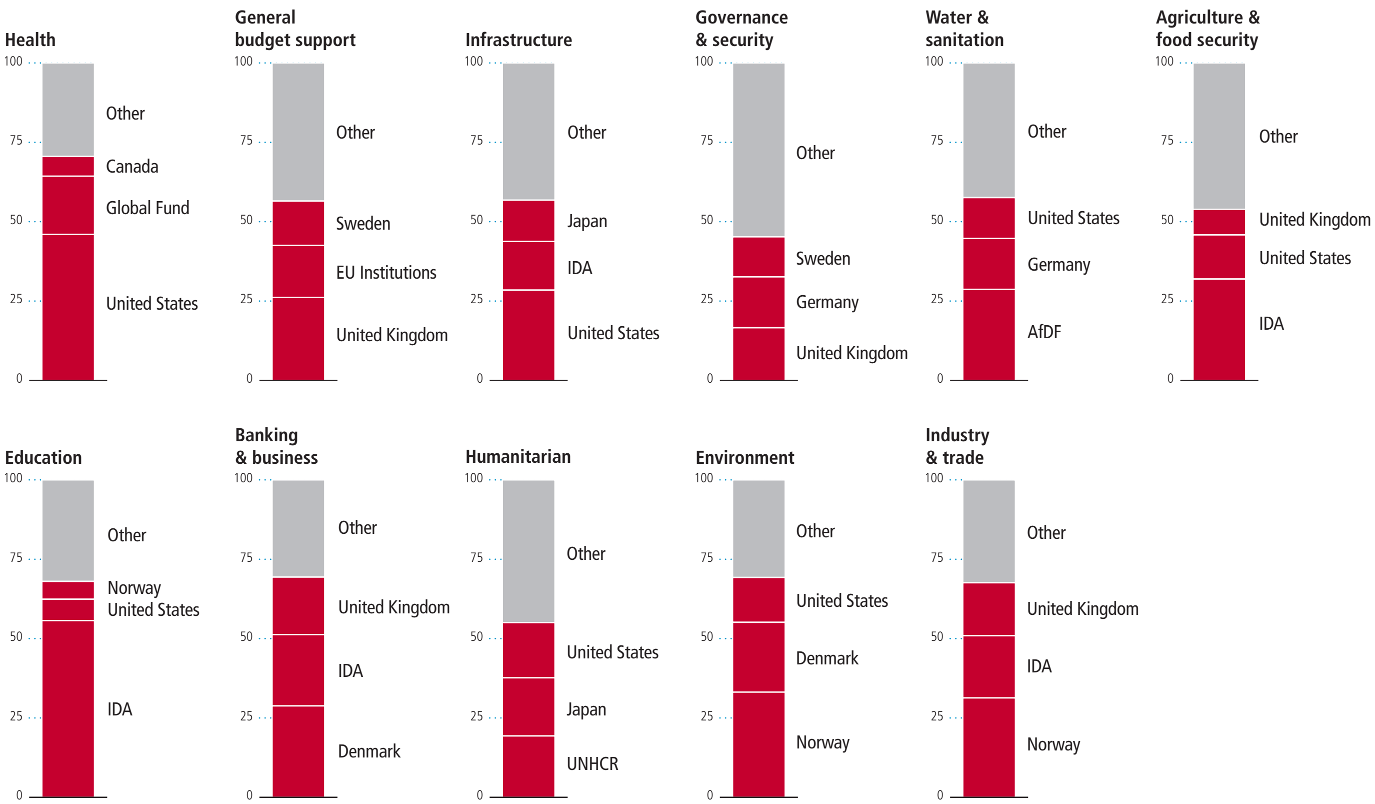
The three largest sectors account for 60% of ODA to Tanzania; about a quarter of aid goes to health

% of gross ODA, 2011



The US provides 46% of ODA to health, while the UK provides a quarter of general budget support

% of gross ODA, 2011



Note: The information in this profile is based on data from the DAC (ODA and other official flows), the World Bank (remittances, GNI and poverty) and the United Nations Conference on Trade and Development (FDI). All data in US$ is in 2011 prices. Data on ODA includes assistance from all donors that report to the DAC; aid bundle figures may not align with totals elsewhere as data is drawn from different OECD DAC data sets. Some overlaps of international flows have been taken into account; see *Methodology* for details. AfDF is the African Development Fund. DAC is the Development Assistance Committee of the Organisation for Co-operation and Development. FDI is foreign direct investment. Global Fund is the Global Fund to Fight AIDS, Tuberculosis and Malaria. GNI is gross national income. GPGs is global public goods. IDA is the International Development Association. NNGOs is Northern non-governmental organisations. ODA is official development assistance (aid). PPP is purchasing power parity. UNHCR is the Office of the United Nations High Commissioner for Refugees.

UGANDA

Gross ODA received: US$1.6 billion in 2011, 20th largest recipient
Government expenditure per capita: $239.6 (PPP)
Population in extreme poverty: 12.3 million (38.0%) in 2009

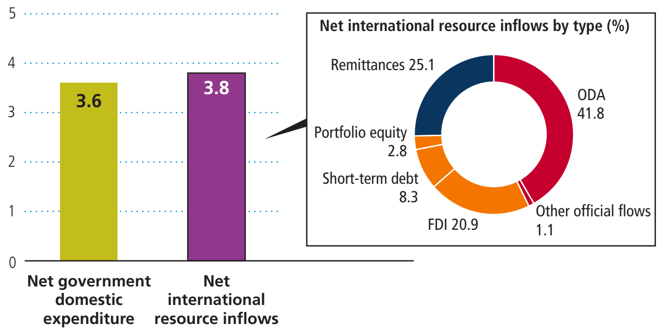
Aid remains an important resource for Uganda, but while economic growth means its share of national income is declining (9.9% in 2011), aid per poor person is on an upward trend, reaching US$183 in 2009. ODA per poor person was US$157 and has been on an upward trend.

- The US and IDA are the largest donors, with IDA giving mostly loans and equity.
- Health received the most aid, followed by infrastructure and governance and security; loans and equity are important to infrastructure.

Resource flows to Uganda

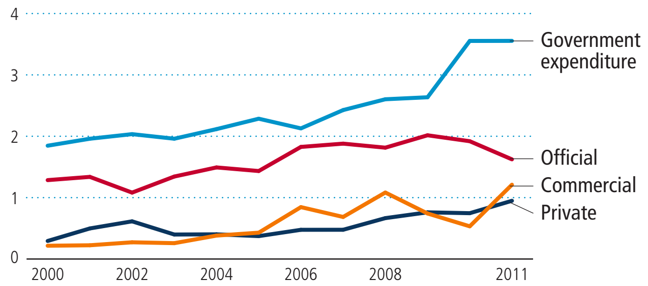
Domestic spending and international flows are at comparable levels; ODA is the largest inflow

US$ billions, 2011



Domestic resources have grown faster than other flows

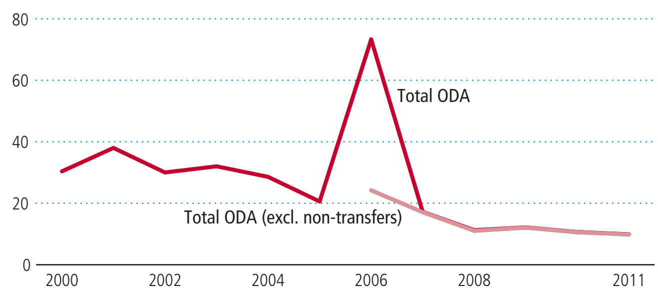
US$ billions, 2000–2011



ODA and poverty

GNI tripled over 2000–2011, but aid rose only 10%

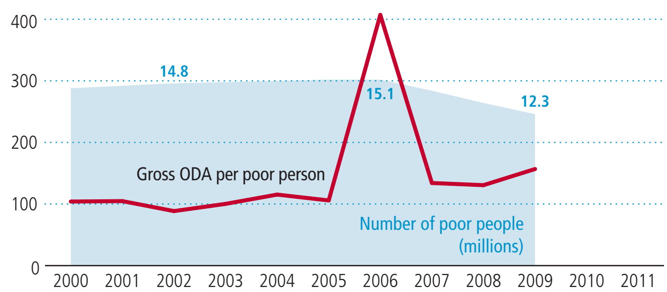
% of GNI, 2000–2011



Note: The peak in 2006 is due to relief.

While poverty levels fell between 2006 and 2009, ODA per poor person was 50% higher than in 2000

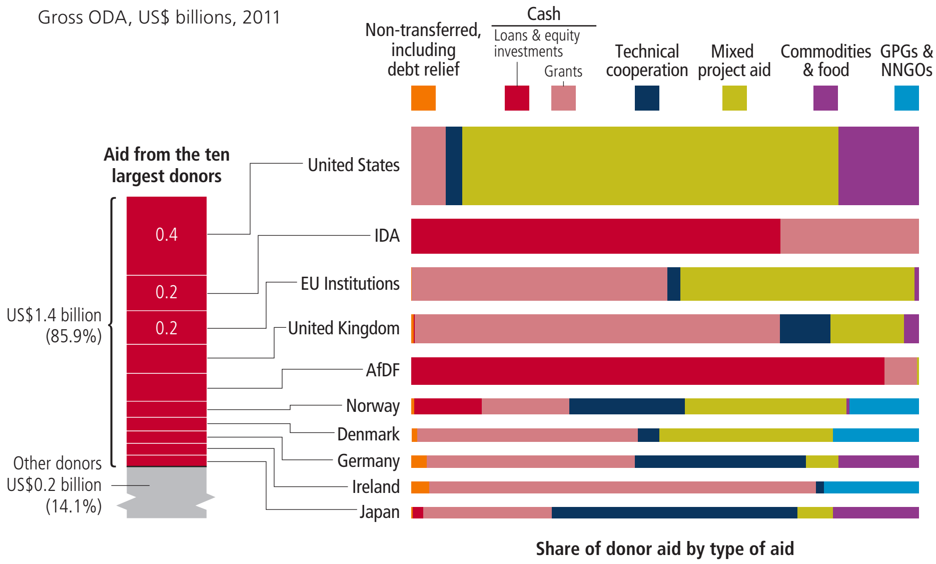
US$, 2000–2011



Note: The peak in 2006 is due to relief.

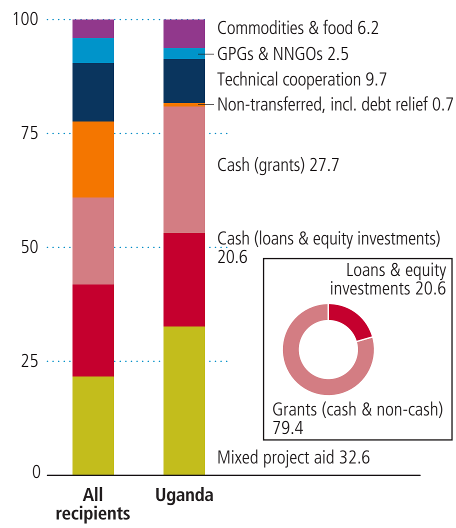
The US is the largest donor; IDA (the second largest) gives 73% of aid as loans and equity

Gross ODA, US$ billions, 2011



Uganda's aid profile is similar to the all-recipient average

% of gross ODA, 2011

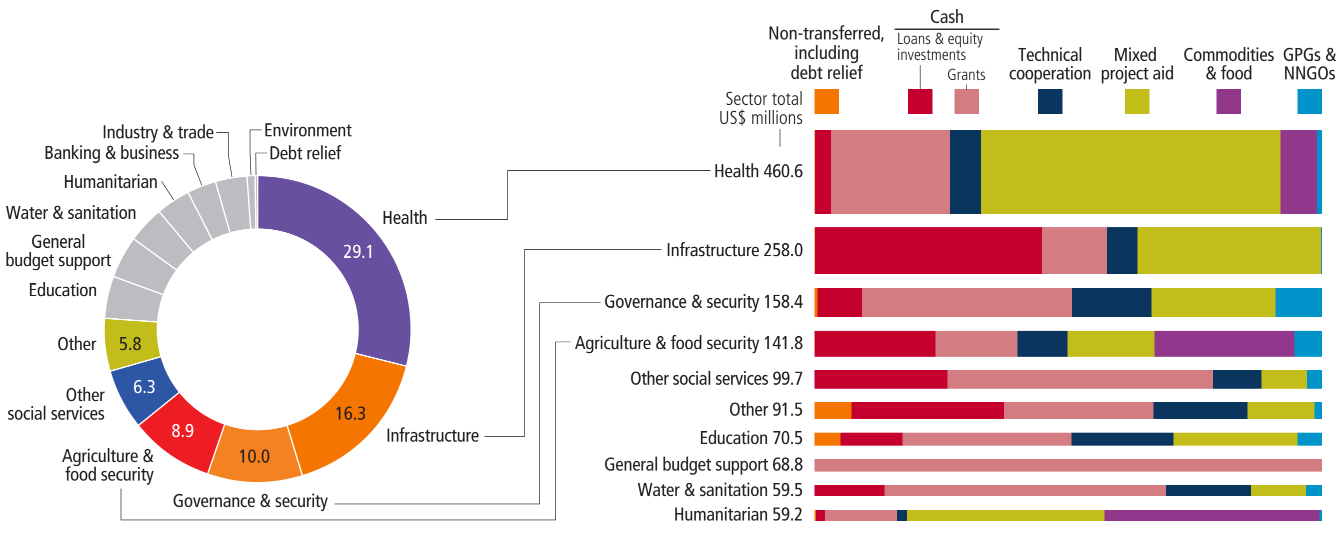


What is aid spent on?

The health sector receives the largest share of aid: Uganda is the ninth largest recipient of ODA to health. This, plus infrastructure and governance and security, accounts for over half of ODA to Uganda. The major sectors have varied mixes of forms of ODA: almost half of ODA to infrastructure is loans and equity, while 60% of ODA to health is mixed project aid. All ODA to general budget support comes from three donors. The three largest donors account for over 75% of ODA to health, infrastructure, and banking and business but 40% or less of ODA to governance and security and to education.

Almost a third of ODA to Uganda goes to health, mostly as mixed project aid, followed by infrastructure, mostly as loans and equity

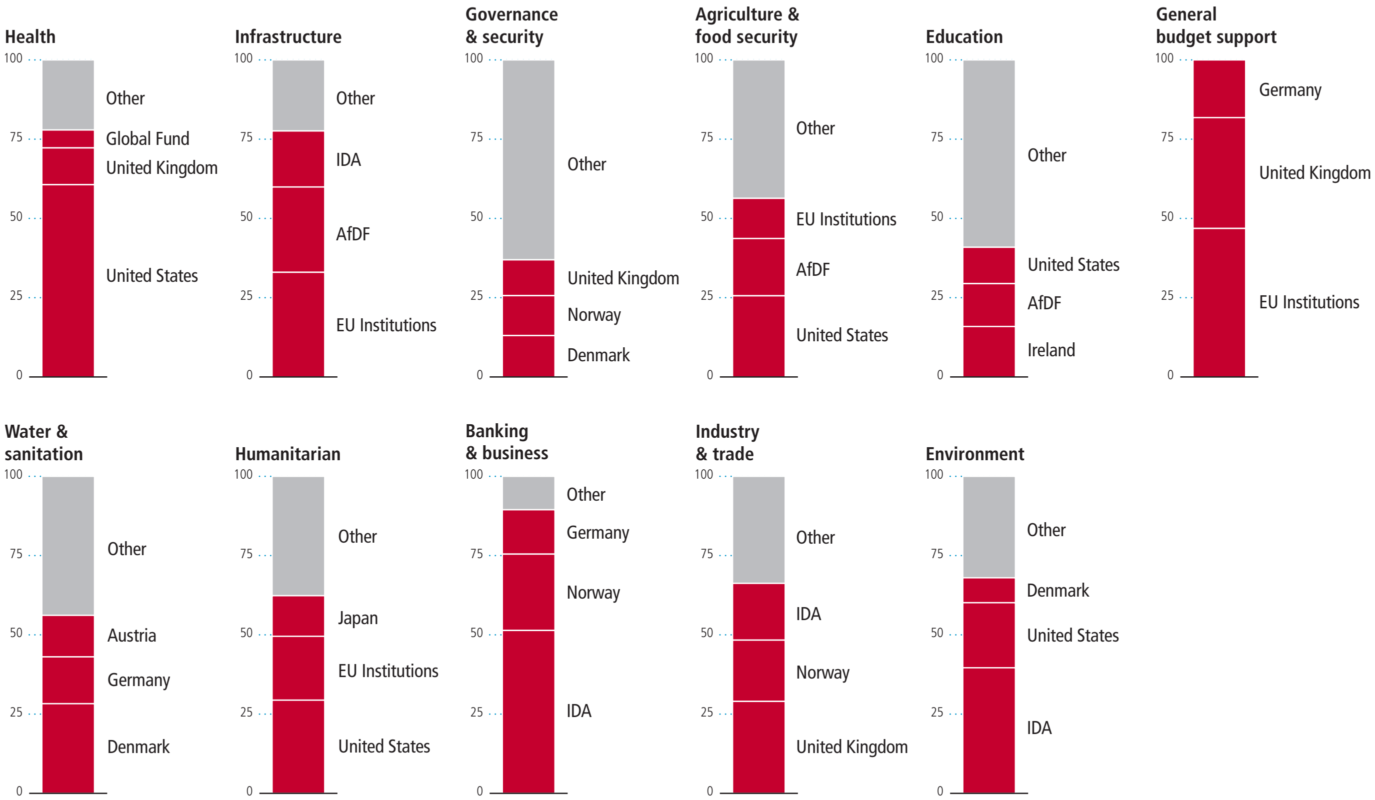
% of gross ODA, 2011



Share of sector aid by type of aid

The US provides over 60% of aid to health; multilateral organisations dominate in infrastructure

% of gross ODA, 2011



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VIET NAM

Gross ODA received: US$4.2 billion in 2011, 5th largest recipient
Government expenditure per capita: $911.8 (PPP)
Population in extreme poverty: 14.3 million (16.9%) in 2008

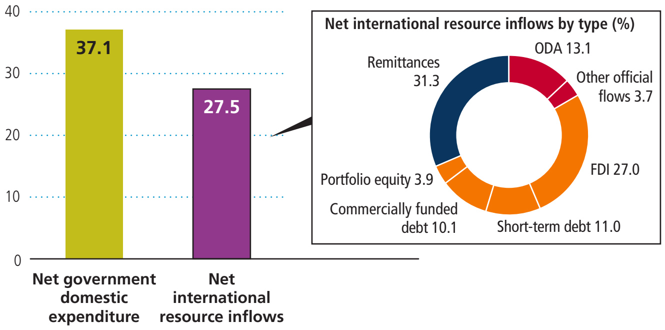
While Viet Nam is a major recipient of aid globally, aid is equivalent to less than 4% of national income. Government spending has almost tripled since 2000; international flows have also increased. ODA now represents just 13% of those international flows, while FDI and remittances now dominate.

- Japan is the largest donor, providing aid mostly as loans and equity, a form also favoured by IDA.
- Infrastructure accounts for a third of ODA, mostly provided by Japan.

Resource flows to Viet Nam

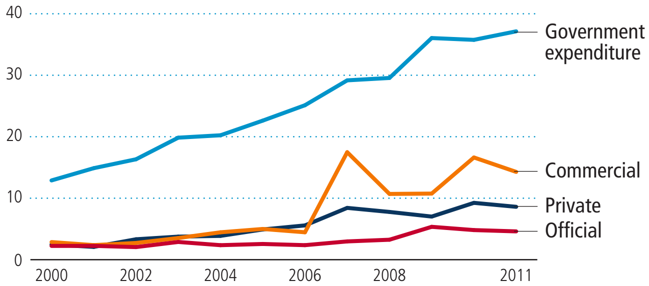
Domestic expenditure levels exceed international flows, dominated by remittances and FDI

US$ billions, 2011



Domestic resources have almost tripled since 2000; international flows have also increased

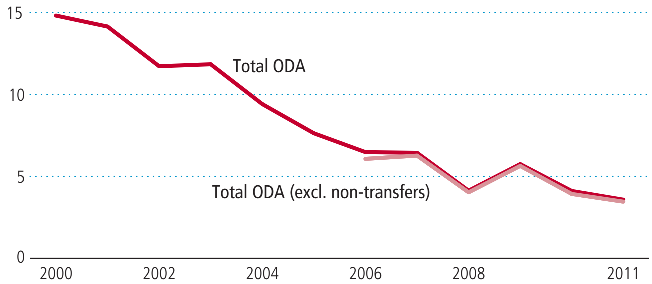
US$ billions, 2000–2011



ODA and poverty

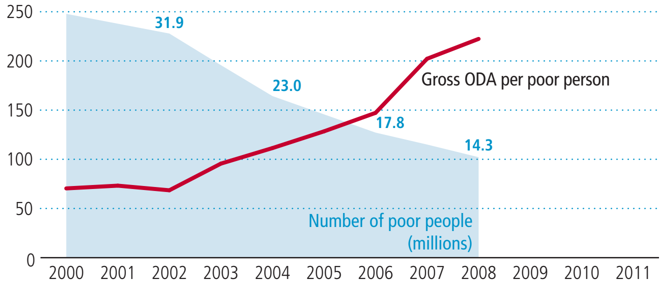
ODA has steadily fallen to 3.6% of rapidly growing GNI

Gross ODA, % of GNI, 2000–2011



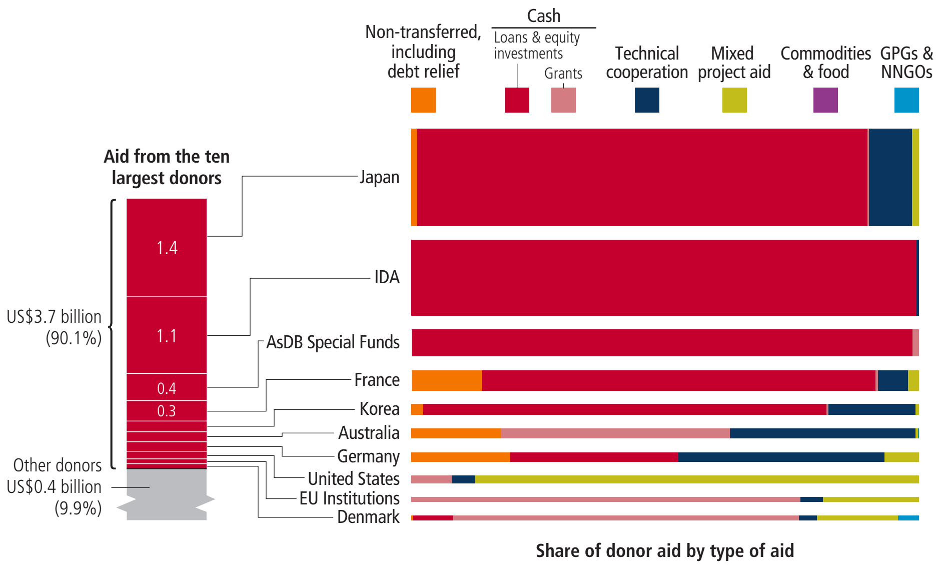
Poverty has fallen 40% since 2000, while ODA per poor person has more than tripled

US$, 2000–2011



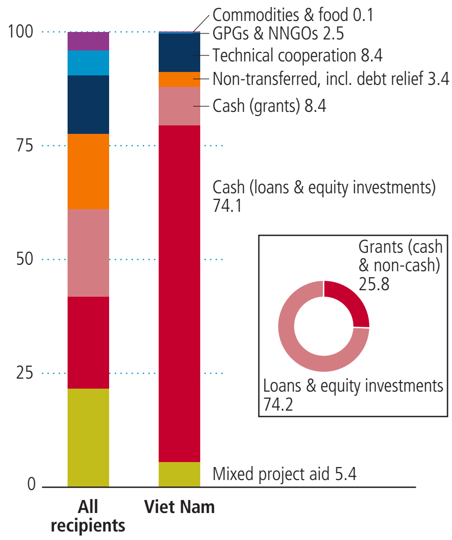
Japan provides a third of aid to Viet Nam, almost 90% of it as loans and equity

Gross ODA, US$ billions, 2011



Almost 75% of aid is loans and equity

% of gross ODA, 2011

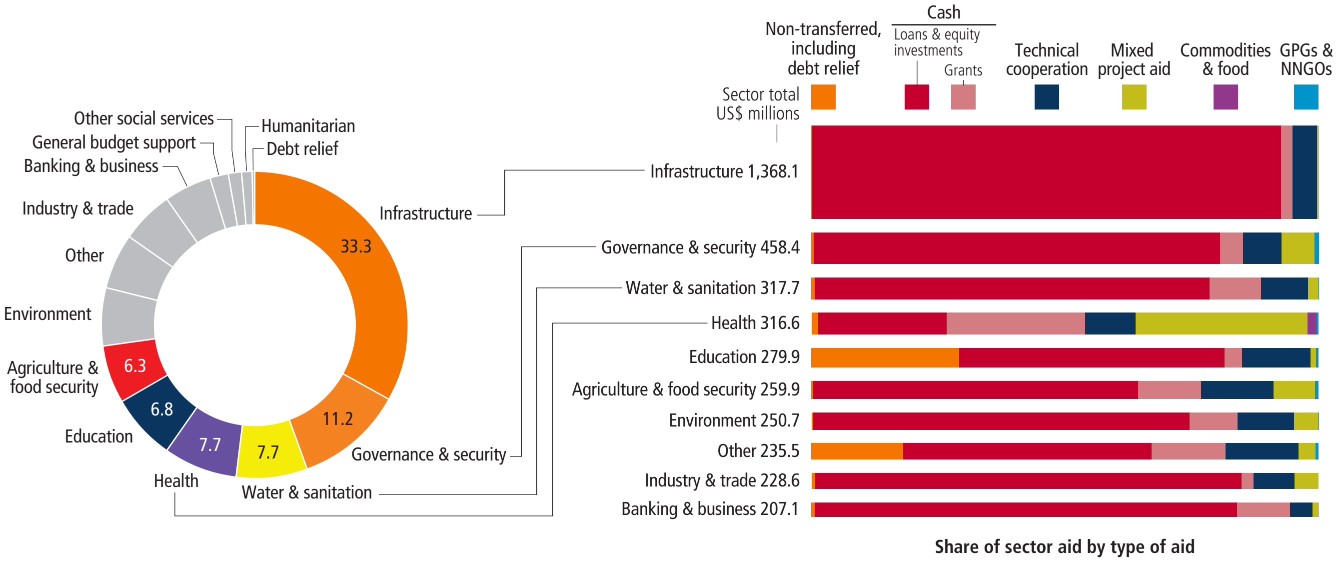


What is aid spent on?

One-third of aid to Viet Nam goes to infrastructure. Some 77% or more of ODA to this and the other two largest sectors – governance and security and water and satiation – is provided as loans and equity, though this form accounts for less than a third of ODA to health, the fourth largest sector. Japan provides almost two-thirds of aid to infrastructure. IDA provides 70% of ODA to governance and security and is the largest donor to education (the fourth largest sector) and humanitarian assistance.

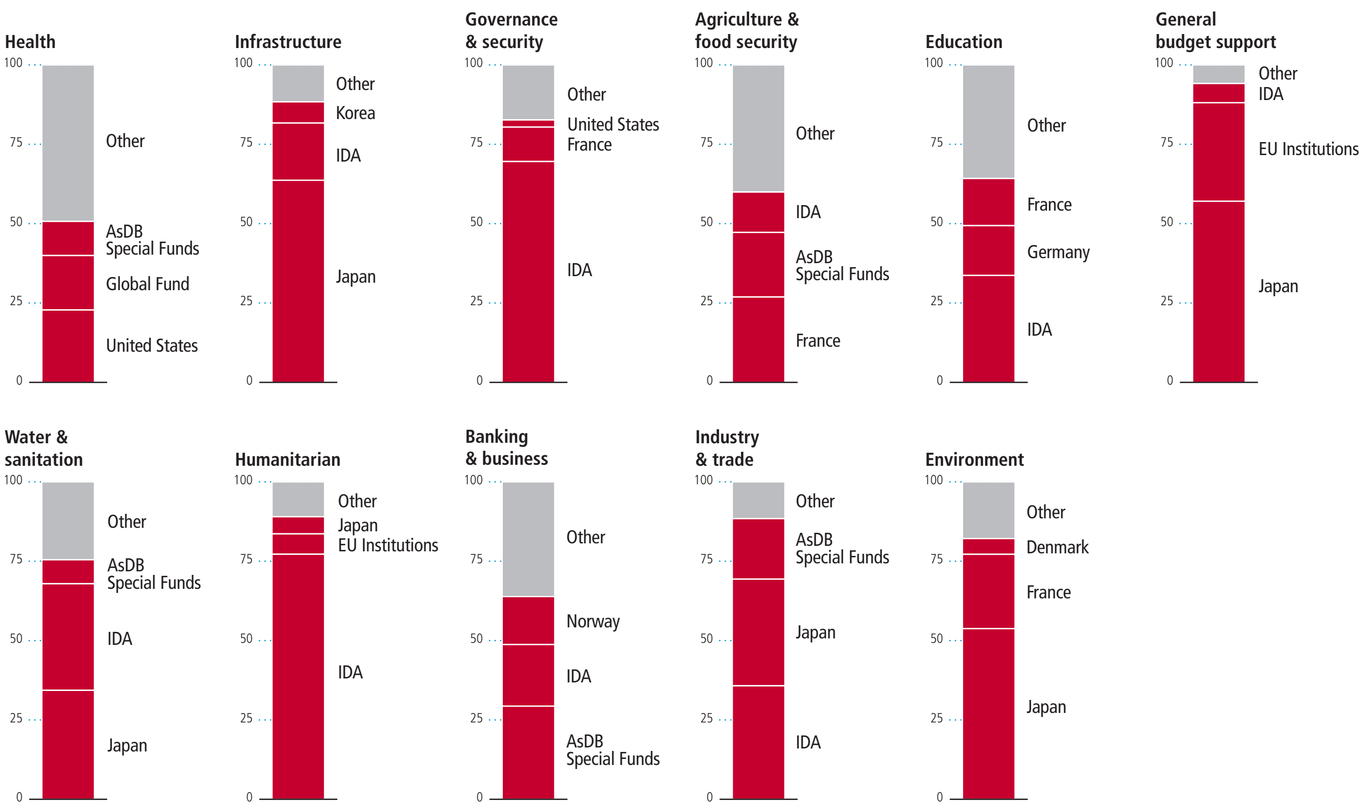
The infrastructure sector receives a third of ODA to Viet Nam, 92% of it as loans and equity

% of gross ODA, 2011



Japan provides almost two-thirds of aid to infrastructure; 70% of ODA to governance and security is provided by IDA

% of gross ODA, 2011



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What resources are allocated to the sector?

2011 gross volumes of official sources to the sector, including ODA and other official flows and 2011 gross ODA flows and other official flows to the sector as a share of respective flow totals

Where does aid to the sector come from and where does it go to?

Ten largest sector ODA disbursers and their bundles

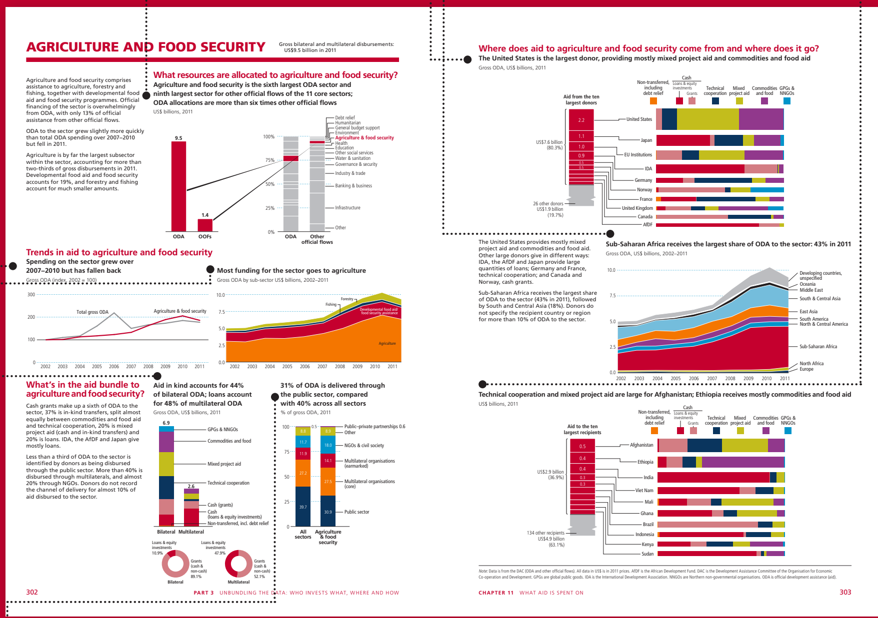
Sector ODA by region

Largest sector recipients showing sector ODA bundle

Trends in aid to the sector

Change in gross ODA flows compared to all sector-allocable ODA average

Gross ODA volume of sub-sector components



What is in the aid bundle to the sector

Bundle of bilateral and multilateral gross disbursements

Delivery channels of gross ODA to sector compared with all sectors average

Sectors

Education

Health

Water and sanitation

Governance and security

Other social services

Agriculture and food security

Infrastructure

Banking and business

Industry and trade

Environment

Humanitarian assistance

General budget support

Debt relief

11

What aid is spent on

These profiles provide clear and detailed visualisations of the scale and trends of official development assistance (ODA) to 11 key sectors for poverty reduction. These include education, health, water and sanitation, governance and security, other social services, agriculture and food security, infrastructure, banking and business, industry and trade, environment and humanitarian assistance, together with two shorter profiles for general budget support and debt relief. Volumes include bilateral and multilateral disbursements.

The aid bundle is unpacked to show the composition of sectoral assistance for each sector and for each major donor and recipient of ODA to that sector. It shows how much sectoral ODA is cash in the form of either grants or loans, how much is given in kind as commodities or food, how much is technical cooperation, mixed project aid or support to global public goods and how much is never transferred out of the donor country.

The profiles display notable differences in the composition of ODA across sectors and sometimes across donors and recipient countries. They provide objective information for decisionmakers and campaigners to help identify where greater value can be achieved from sectoral aid for poverty reduction.

More detailed and interactive information is available online at www.devinit.org, and Development Initiatives is always pleased to provide data and information through our helpdesks. Please refer to the profile endnotes and *Methodology* for more detailed explanations of terms and concepts used.

EDUCATION

Gross bilateral and multilateral disbursements: US$12.3 billion in 2011

Education comprises assistance to basic, secondary and post-secondary education programmes as well as central administration of education in developing countries. Official financing of the sector is overwhelmingly from ODA, with only 12% of official assistance to the sector from other official flows.

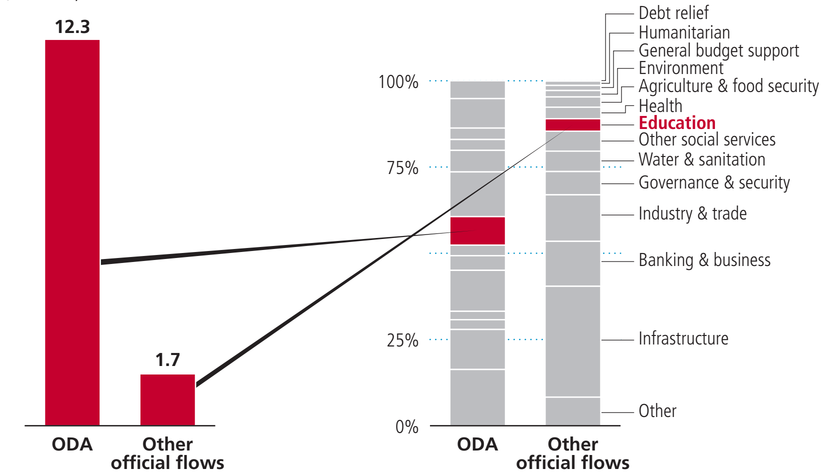
ODA to the sector has grown more slowly than total ODA since 2009.

The largest sub-sector is post-secondary education. However, ODA disbursements to post-secondary education are overwhelmingly spent within donor countries in the form of imputed student costs of scholarships. Basic education accounts for 29% of the total.

What resources are allocated to education?

Among the 11 core sectors, education is the fifth largest ODA sector and the seventh largest sector for other official flows; ODA allocations are more than seven times other official flows allocations

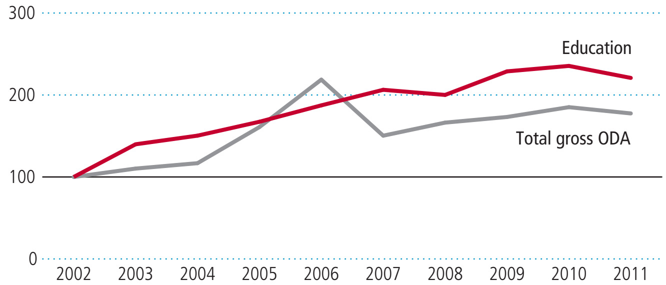
US$ billions, 2011



Trends in aid to education

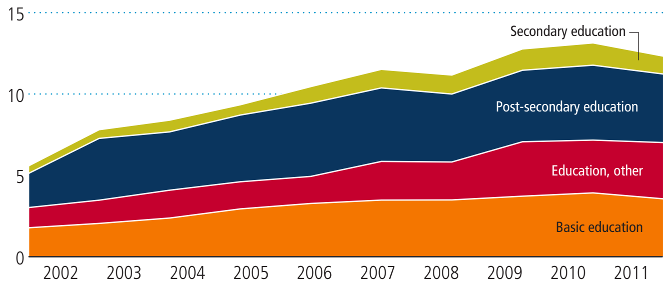
Spending on the sector has grown more slowly than total ODA spending since 2009

Gross ODA (index, 2002 = 100)



Post-secondary education receives the largest share of ODA, secondary education the smallest

Gross ODA by sub-sector US$ billions, 2002–2011



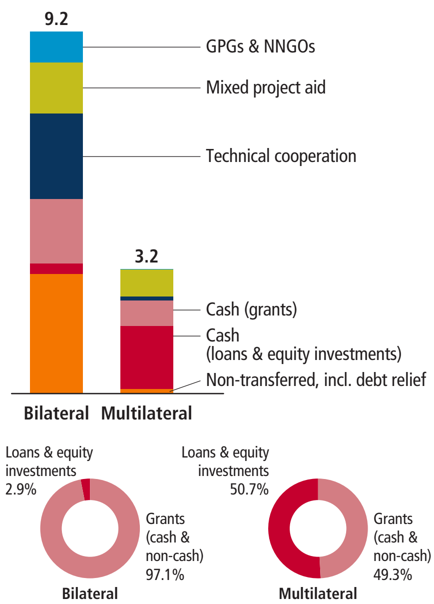
What's in the aid bundle to education?

Over 25% of ODA to the sector is spent within donor countries, and almost 20% is technical cooperation. Around 15% is cash, and a similar amount is mixed project aid (cash and in-kind transfers). Loans account for only 3% of bilateral ODA but more than 50% of multilateral ODA.

Around 35% of ODA to the sector is identified by donors as being disbursed through the public sector, and a similar share is disbursed through multilaterals. NGOs implement less than 10%, other bodies, including universities and teaching institutions, more than 10%.

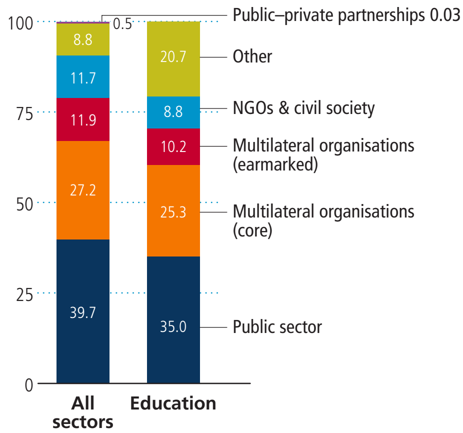
ODA to education contains high levels of spending within donor countries

Gross ODA, US$ billions, 2011



35% of ODA is delivered through the public sector, compared with 40% across all sectors

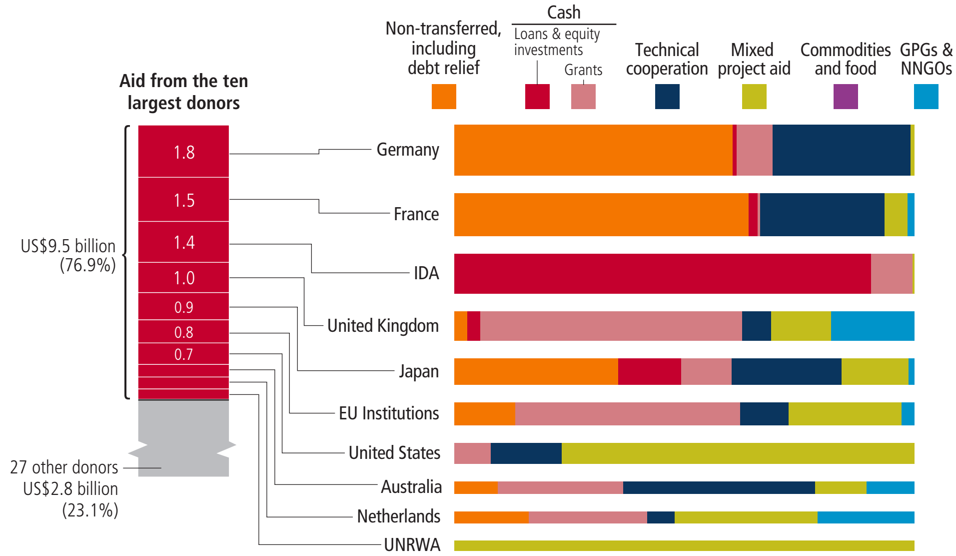
% of gross ODA, 2011



Where does aid to education come from and where does it go?

Germany and France are the largest donors, due to high levels of in-donor spending

Gross ODA, US$ billions, 2011



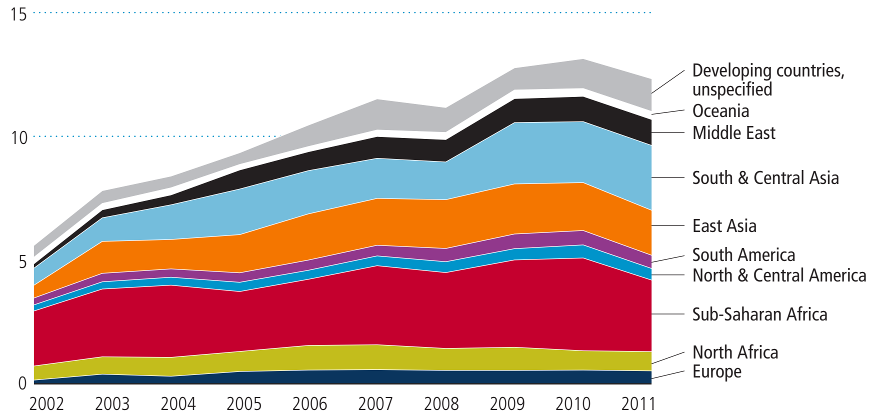
France and Germany – the two largest donors to the sector – have the highest spending on students within the donor country. The largest providers of cash to the sector are the United Kingdom (mostly grants) and IDA (mostly loans).

Sub-Saharan Africa receives the largest share of ODA to the sector (23% in 2011, down from 29% in 2010), followed by South and Central Asia (21%) and East Asia (15%). Donors do not specify the recipient country or region for 11% of the ODA to the sector.

India is the largest recipient of aid to the sector, due mainly to lending from IDA. China is the second largest recipient thanks to large numbers of Chinese students attending universities in donor countries.

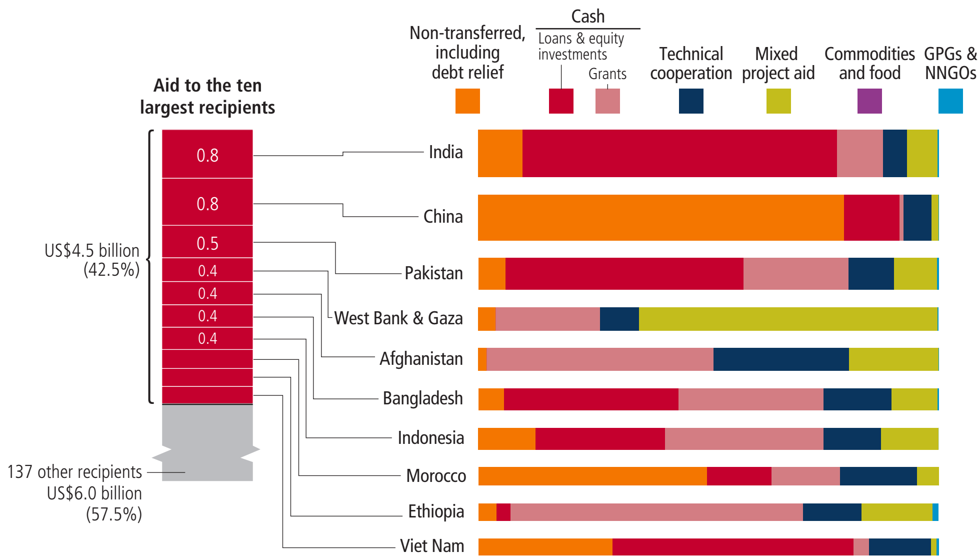
Sub-Saharan Africa receives the largest share of ODA to the sector, but its share fell in 2011

Gross ODA, US$ billions, 2002–2011



Large numbers of Chinese students in donor-country universities boost reported ODA to education in China

US$ billions, 2011



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HEALTH

Gross bilateral and multilateral disbursements: US$19.3 billion in 2011

Health comprises both general health care together with family planning and reproductive health care, including HIV/AIDS-related programmes. Official financing to the sector is overwhelmingly as ODA, with only 7% as other official flows.

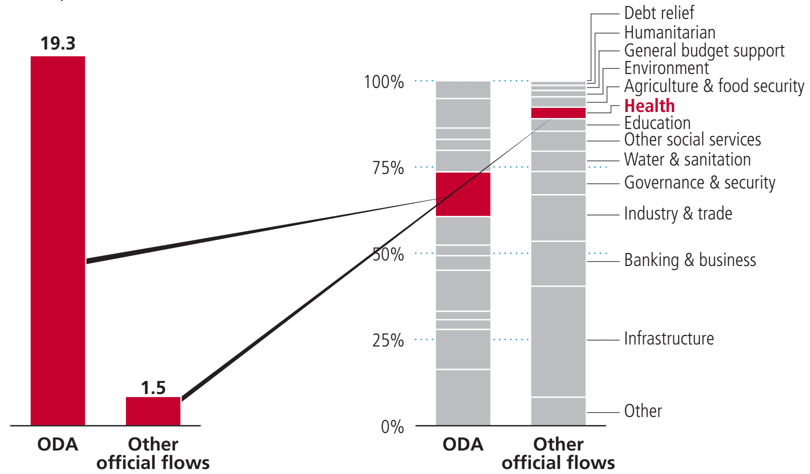
ODA to the sector has grown much faster than overall ODA since 2005.

This growth has been driven mainly by increased US spending on HIV/AIDS, which has made population and reproductive health care (which includes spending on HIV/AIDS) the largest health sub-sector. The United States gives mostly mixed project aid (cash and in-kind transfers). The vast majority of ODA to the sector is grants, with loans and equity investments accounting for less than 2% of bilateral ODA and 15% of multilateral ODA.

What resources are allocated to health?

Health is the largest sector for ODA of the 11 core sectors, and the eighth largest for other official flows; ODA allocations are more than 12 times other official flows

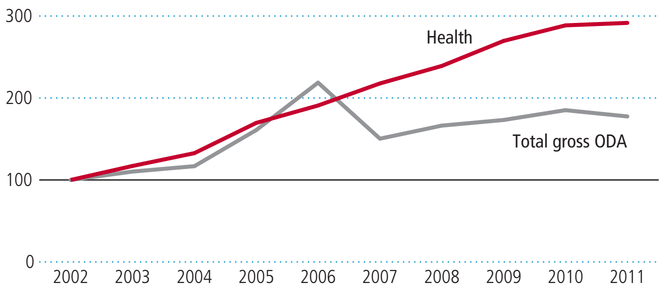
US$ billions, 2011



Trends in aid to health

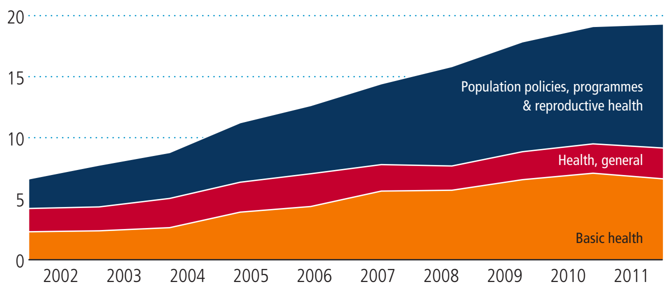
Spending on the sector has grown faster than total ODA spending since 2002

Gross ODA (index, 2002 = 100)



Population policies and reproductive health care (including HIV/AIDS) receives the largest share of ODA

Gross ODA by sub-sector US$ billions, 2002–2011



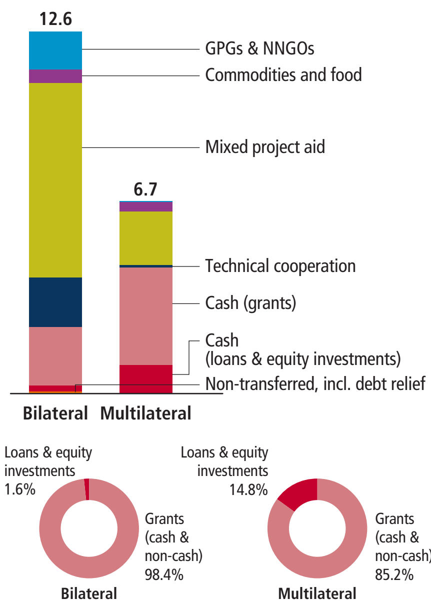
What's in the aid bundle to health?

Almost 45% of ODA to the health sector is mixed project aid (cash and in-kind transfers). Over a third is cash, mostly grants; loans account for 6%.

Around 27% of ODA to the sector is identified by donors as being disbursed through the public sector, and 43% is disbursed through multilaterals. NGOs implement almost 20%.

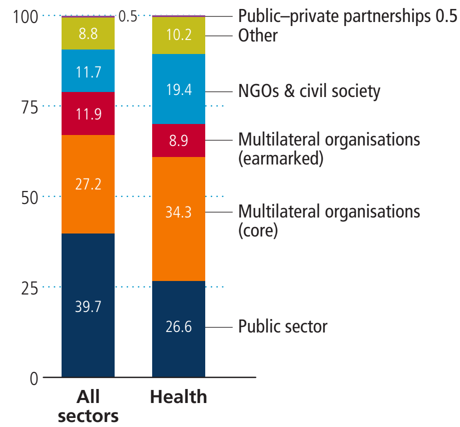
ODA to health is mainly cash and mixed project aid grants with few loans

Gross ODA, US$ billions, 2011



27% of ODA is delivered through the public sector, compared with 40% across all sectors

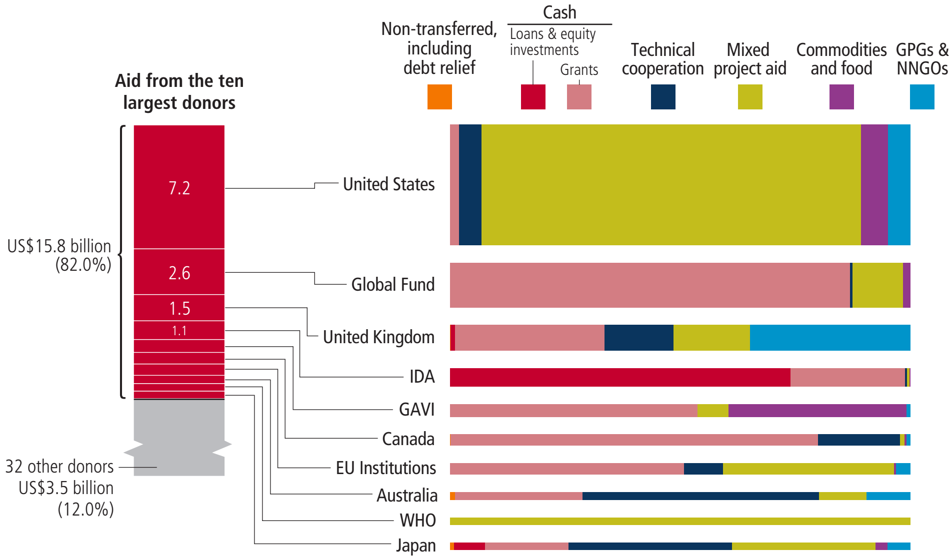
% of gross ODA, 2011



Where does aid to health come from and where does it go?

The United States is by far the largest donor to health, mostly to HIV/AIDS-related projects

Gross ODA, US$ billions, 2011



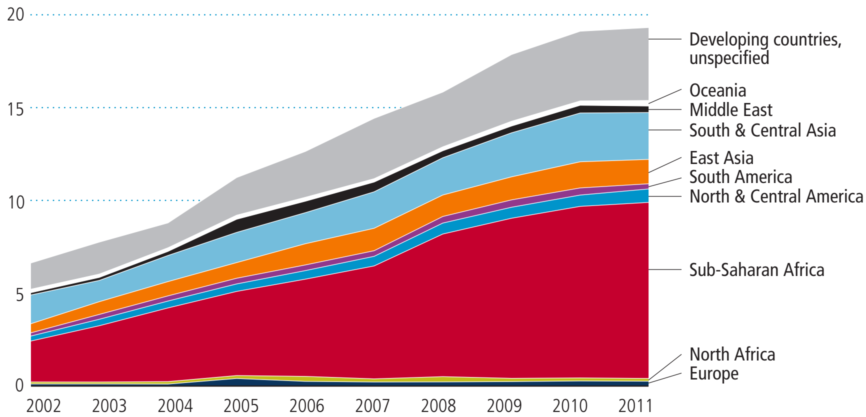
The United States gives more than two-and-a-half times as much ODA to health as the next largest donor. However, this is not due to a focus on health in general, but to a focus on a single disease, HIV/AIDS, which accounts for almost 70% of US ODA spending on health. The Global Fund, the second largest source of ODA to the health sector, also gave 58% of its disbursements in 2011 to HIV/AIDS. The other main donors to the sector tended to spread their support over a broad range of health interventions.

Sub-Saharan Africa receives by far the largest regional share of ODA to health, with almost half of gross recorded disbursements in 2011, followed by South and Central Asia (13%). Donors do not specify the recipient country or region for over a fifth of ODA to the sector.

India is the largest recipient of aid to health, helped by large loans from IDA, but the other nine largest recipients are all in sub-Saharan Africa.

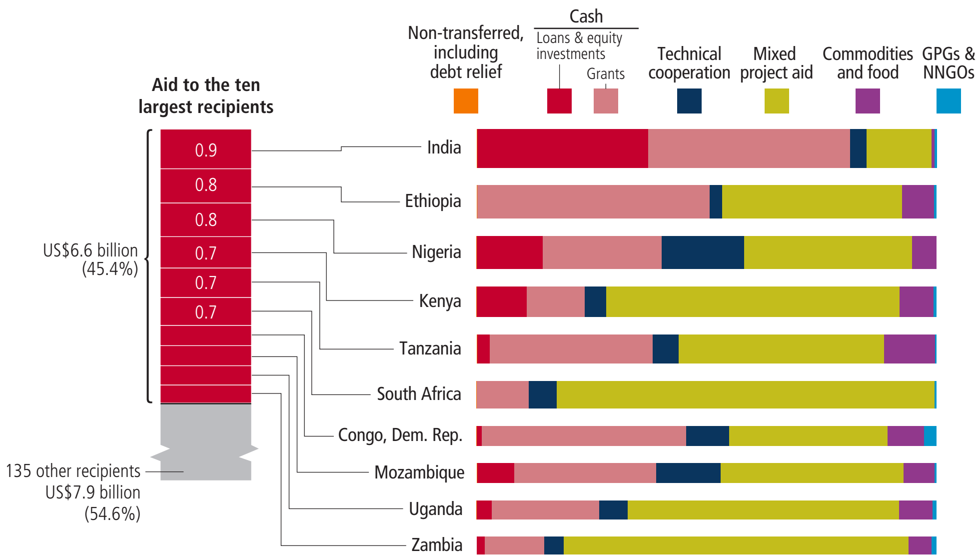
Sub-Saharan Africa receives by far the largest share of ODA to the sector

Gross ODA, US$ billions, 2002–2011



All but one of the largest recipients of ODA to health are in sub-Saharan Africa

US$ billions, 2011



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WATER AND SANITATION

Gross bilateral and multilateral disbursements: US$6.3 billion in 2011

Water and sanitation comprises assistance to a wide variety of water and sanitation–related projects and programmes – from large-scale water treatment plants, pumping stations and sewerage works to small-scale interventions such as handpumps and latrines. It also includes water sector policy, water conservation and river basin development activities. Official financing is mostly from ODA, but other official flows are also considerable, accounting for 30% of official assistance to the sector.

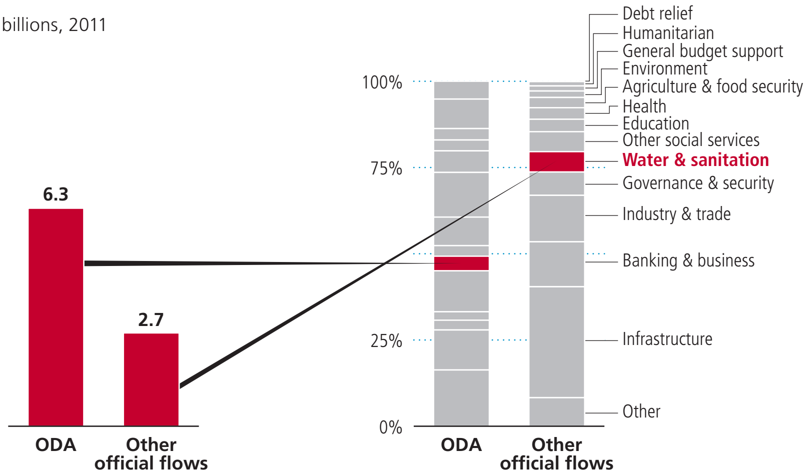
ODA to the sector has grown more rapidly than overall ODA in over the past decade.

Most ODA for the sector goes to large-scale systems, with a much smaller proportion spent on basic water supply and sanitation.

What resources are allocated to water and sanitation?

Water and sanitation is the seventh largest ODA sector of the 11 core sectors and the fifth largest for other official flows; ODA allocations are more than double other official flows

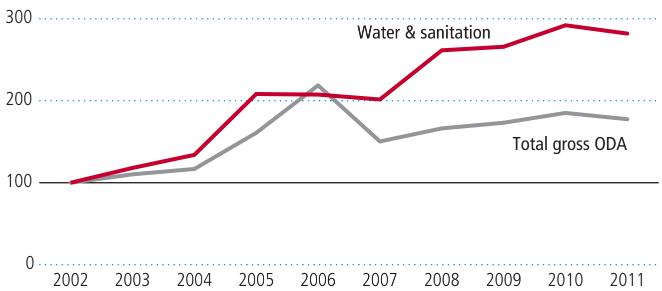
US$ billions, 2011



Trends in aid to water and sanitation

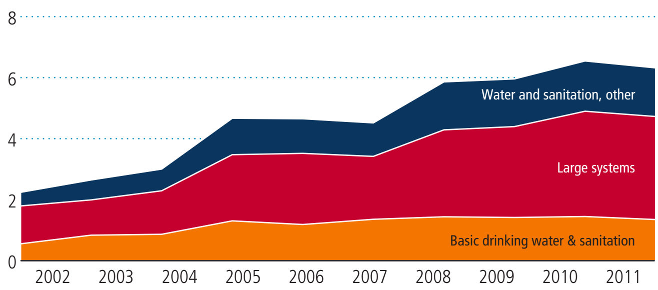
The sector overall has grown 12% a year since 2002

Gross ODA (index, 2002 = 100)



Water and sanitation systems was the largest sub-sector, accounting for 55% of ODA to the sector

Gross ODA by sub-sector US$ billions, 2002–2011



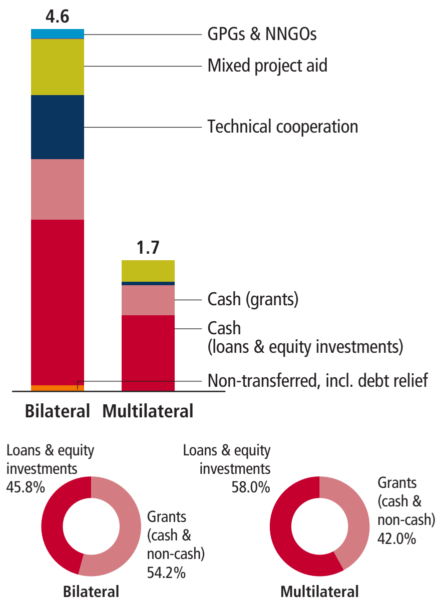
What's in the aid bundle to water and sanitation?

Loans are a large component of ODA disbursements, accounting for nearly half of gross ODA to the sector in 2011. Cash grants, technical cooperation and mixed project aid (cash and in-kind transfers) make up smaller shares. Almost no ODA to the sector is spent within donor countries.

More than half of ODA to the sector is identified by donors as being disbursed through the public sector, and 35% is disbursed through multilaterals. NGOs act as implementing partners for only 5%.

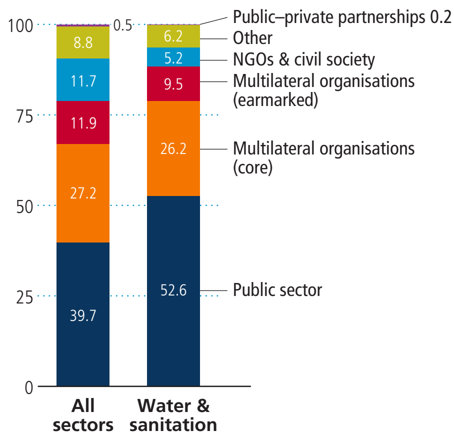
Loans account for almost half of bilateral ODA and more than half of multilateral aid

Gross ODA, US$ billions, 2011



53% of ODA is delivered through the public sector, compared with 40% across all sectors

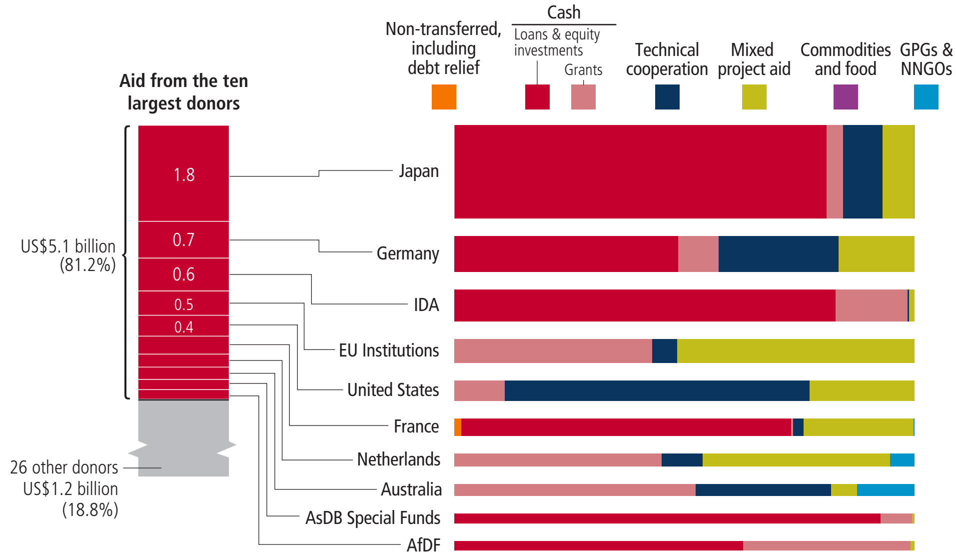
% of gross ODA, 2011



Where does aid to water and sanitation come from and where does it go?

The three largest donors – Japan, Germany and IDA – provide aid mostly as loans

Gross ODA, US$ billions, 2011



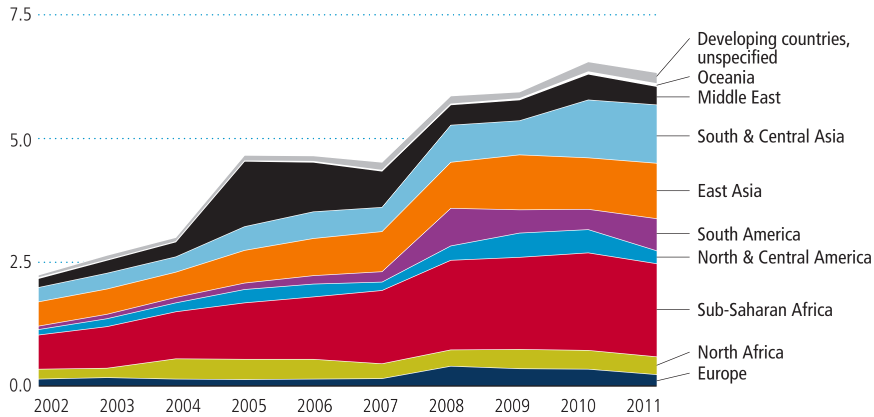
Japan is the largest donor to the sector, giving more than two and a half times what the second largest donor, Germany, gave in 2011. Six of the ten largest donors give most of their aid to the sector as loans, three give a large share as cash grants and the United States favours technical cooperation.

Sub-Saharan Africa receives the largest share of ODA to the sector (30% in 2011), followed by South and Central Asia (19%), and East Asia (18%). Donors do not specify the recipient country or region for 3% of ODA to the sector.

The ten largest recipients of ODA to the sector receive at least 40% as loans – much more, for many of them. Only two of the ten largest recipients are in sub-Saharan Africa.

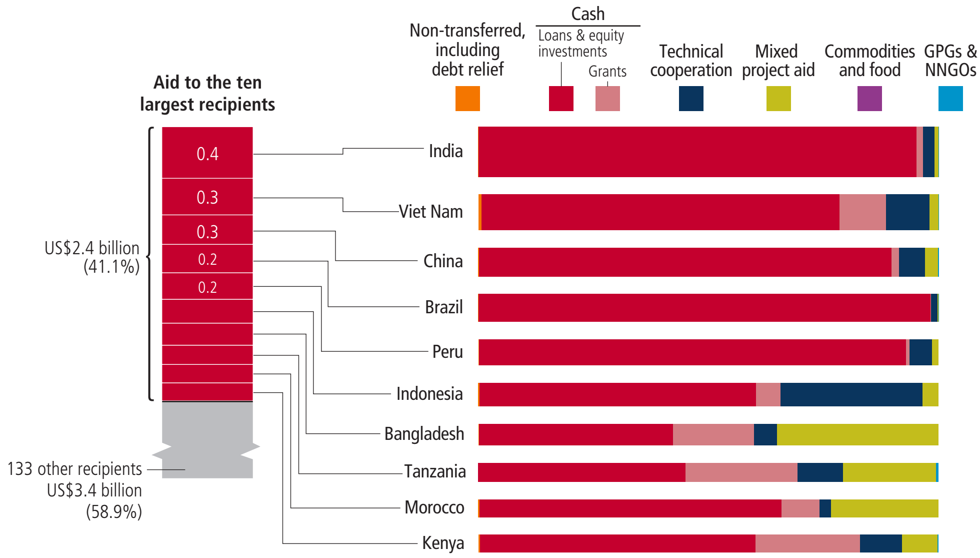
Sub-Saharan Africa is the largest recipient of ODA to the sector, 30% of the 2011 total

Gross ODA, US$ billions, 2002–2011



The six largest recipient countries – all higher income developing countries – receive the majority of aid as loans

US$ billions, 2011



Note: Data is from the DAC (ODA and other official flows). All data in US$ is in 2011 prices. AfDF is the African Development Fund. AsDB is the Asian Development Bank. DAC is the Development Assistance Committee of the Organisation for Economic Co-operation and Development. GPGs are global public goods. IDA is the International Development Association. NNGOs are Northern non-governmental organisations. ODA is official development assistance (aid).

GOVERNANCE AND SECURITY

Gross bilateral and multilateral disbursements: US$17.7 billion in 2011

Governance and security comprises aid to support recipient-country government and civil society institutions such as legislatures, the judiciary, media and human rights groups. It also includes support for conflict resolution and peace and security activities, including clearing land mines and demobilising child soldiers. Official financing to the sector is overwhelmingly from ODA, with less than 15% as other official flows.

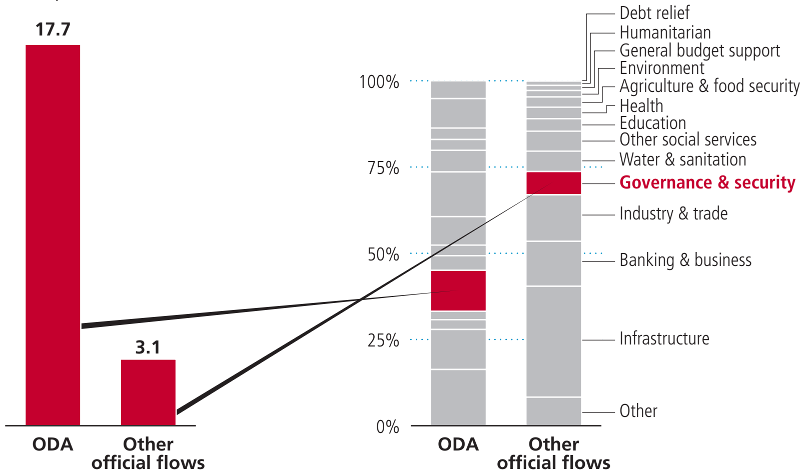
ODA to the sector has grown at a similar rate to overall ODA over the past decade.

ODA to the development of government and civil society bodies is much larger than that to conflict, peace and security. A large share of ODA goes to public policy and administration and to legal and judicial development (more than US$3 billion each in 2011).

What resources are allocated to governance and security?

Of the 11 core sectors, governance and security is the second largest sector for ODA and the fourth largest sector for other official flows; ODA allocations are more than five times other official flows

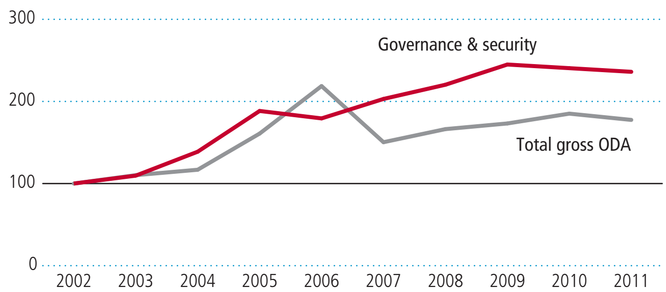
US$ billions, 2011



Trends in aid to governance and security

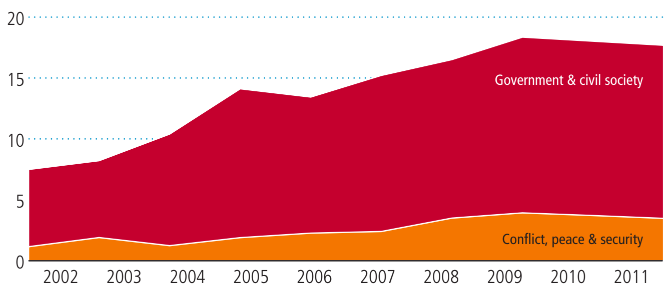
Spending on the sector has outpaced ODA over the last decade

Gross ODA (index, 2002 = 100)



Government and civil society receives four times the amount of ODA that conflict, peace and security receives

Gross ODA by sub-sector US$ billions, 2002–2011



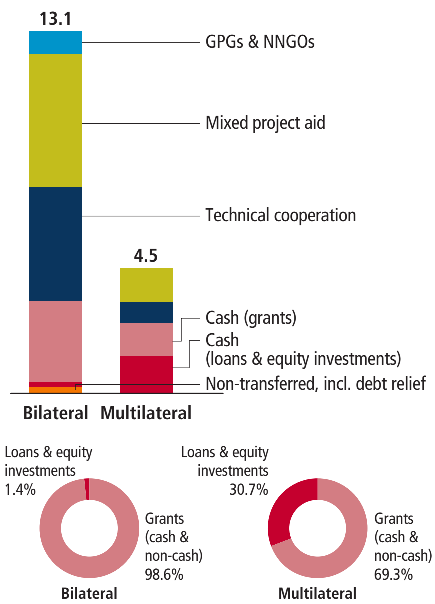
What's in the aid bundle to governance and security?

Very little ODA to the sector is spent within donor countries, but around 5% is targeted at global initiatives. The remaining ODA is split almost equally among cash, technical cooperation and mixed project aid (cash and in-kind transfers). Loans make up less than 2% of bilateral ODA to the sector but almost a third of multilateral disbursements.

Around 28% of ODA to the sector is identified by donors as being disbursed through the public sector, and over 40% is disbursed through multilaterals. NGOs are active, acting as implementation partners for almost 20%.

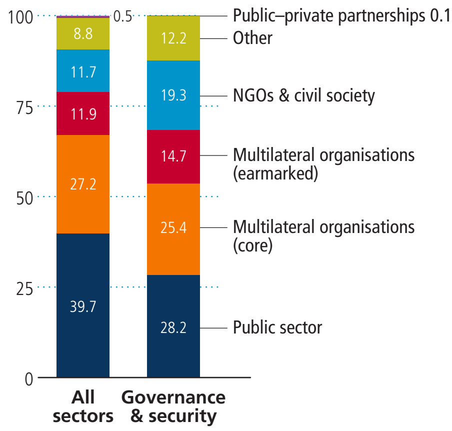
Technical cooperation and mixed project aid dominate bilateral ODA

Gross ODA, US$ billions, 2011



28% of ODA is delivered through the public sector, compared with 40% across all sectors

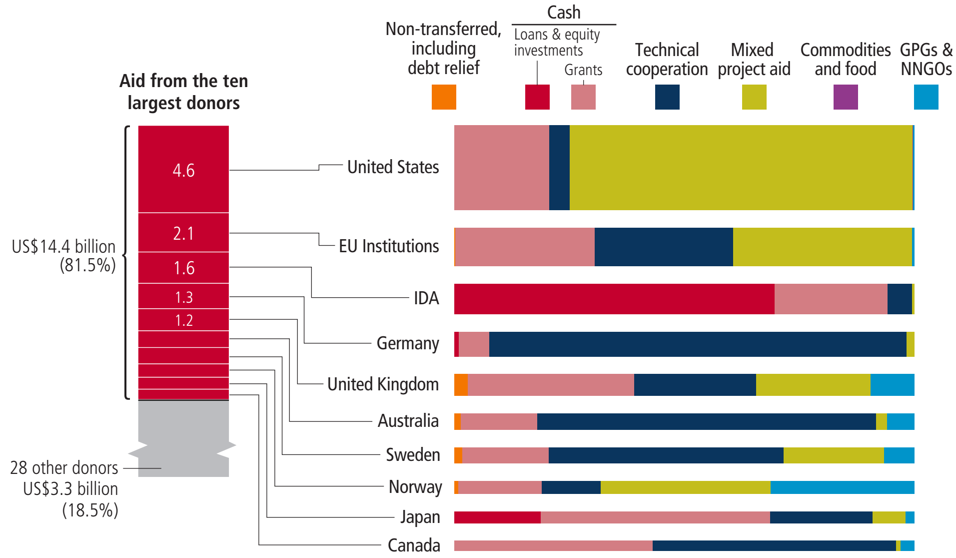
% of gross ODA, 2011



Where does aid to governance and security come from and where does it go?

The United States is the largest donor to the sector

Gross ODA, US$ billions, 2011



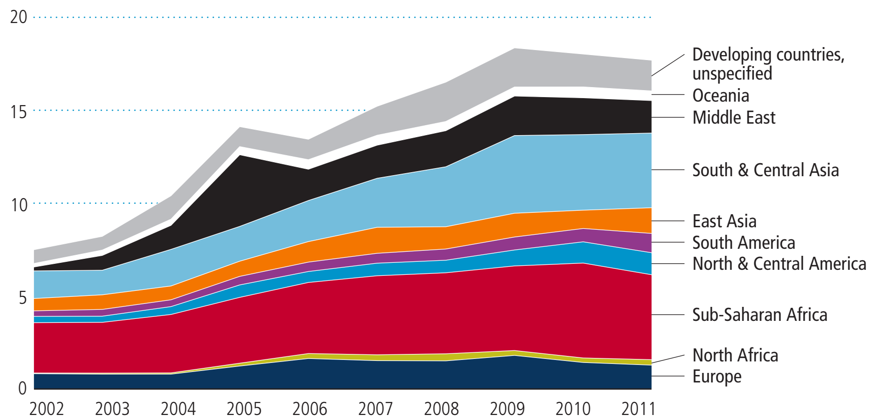
Aid from the United States, the largest donor to the sector is dominated by project support, the country's preferred modality. The second largest donor, the EU, splits ODA to the sector among cash grants, technical cooperation and mixed project aid. IDA, the third largest donor, favours loans. ODA from several of the largest donors to the sector (Germany, Australia, Sweden and Canada) contains very high levels of technical cooperation.

Sub-Saharan Africa receives the largest share of ODA to the sector (26% in 2011), followed closely by South and Central Asia (23%). Donors do not specify the recipient country or region for almost 10% of ODA to the sector.

Afghanistan is by far the largest recipient of ODA to the sector, reflecting efforts to develop national institutions. Other fragile and post-conflict countries such as Iraq, Democratic Republic of Congo, Kosovo and the West Bank and Gaza are also among the largest recipients of aid to the sector.

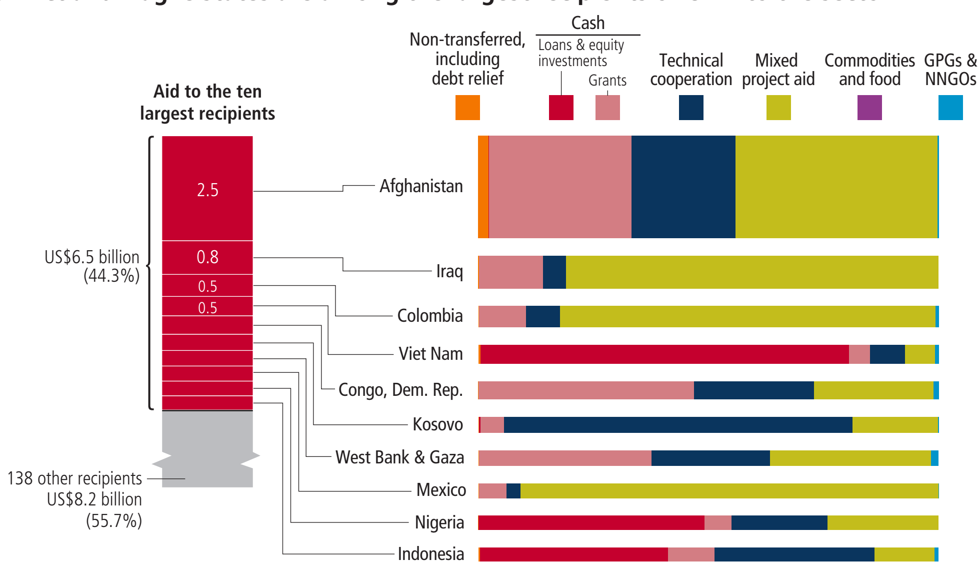
Almost half of ODA to the sector goes to sub-Saharan Africa and South and Central Asia

Gross ODA, US$ billions, 2002–2011



Several post-conflict and fragile states are among the largest recipients of ODA to the sector

US$ billions, 2011



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OTHER SOCIAL SERVICES

Gross bilateral and multilateral disbursements: US$4.6 billion in 2011

Other social services comprises projects and programmes concerned with basic social and welfare services, employment and housing policy, and the like. Official financing of the sector is mainly from ODA, but other official flows account for 37% of the total.

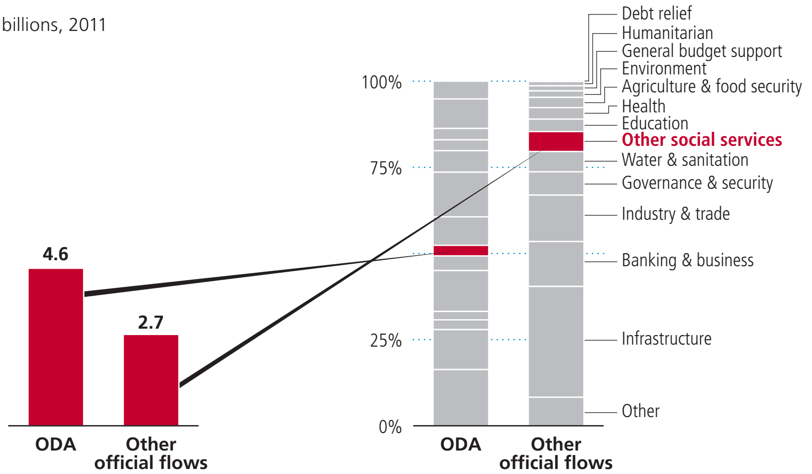
Growth in ODA to the sector has fallen behind that of total ODA since 2008.

General social and welfare services make up over half of disbursements to the sector. ODA to culture and recreation projects and to employment policy are also considerable. Loans and equity investments account for 25% of gross ODA disbursements to the sector (11% of bilateral ODA and 45% of multilateral ODA).

What resources are allocated to other social services?

Of the 11 core sectors, other social services is the ninth largest ODA sector and the sixth largest for other official flows; ODA allocations are 170% the level of other official flows

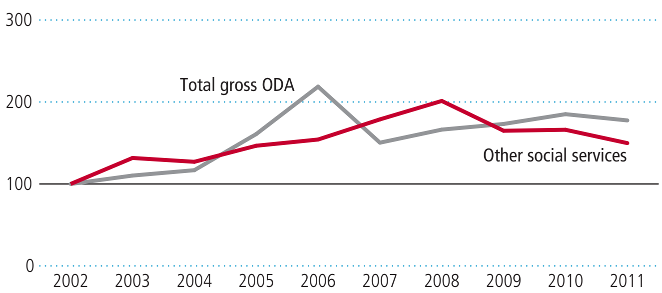
US$ billions, 2011



Trends in aid to other social services

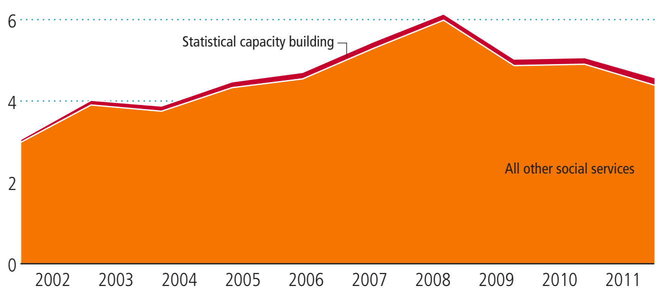
Spending on the sector has fallen since 2008

Gross ODA (index, 2002 = 100)



Statistical capacity building receives a small share of ODA

Gross ODA by sub-sector US$ billions, 2002–2011



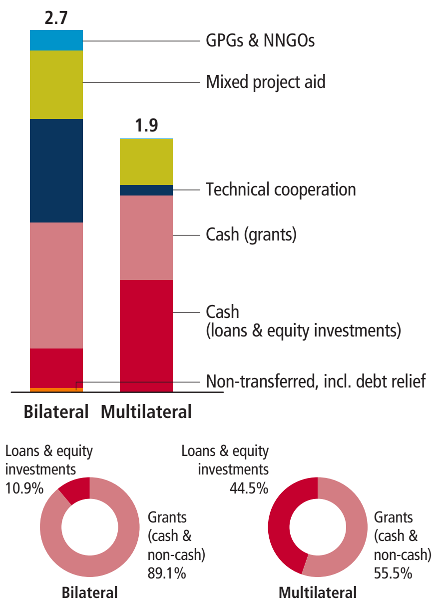
What's in the aid bundle to other social services?

Almost 60% of ODA to the sector is cash, with 34% as cash grants and 25% as loans. A further 19% is technical cooperation.

Around 27% of ODA to the sector is identified by donors as being disbursed through the public sector, and 52% is disbursed through multilaterals. NGOs implement almost 14%.

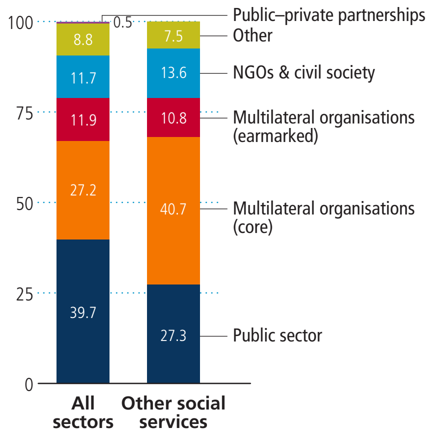
Cash, in the form of grants and loans, makes up most of the ODA to the sector

Gross ODA, US$ billions, 2011



27% of ODA is delivered through the public sector, compared with 40% across all sectors

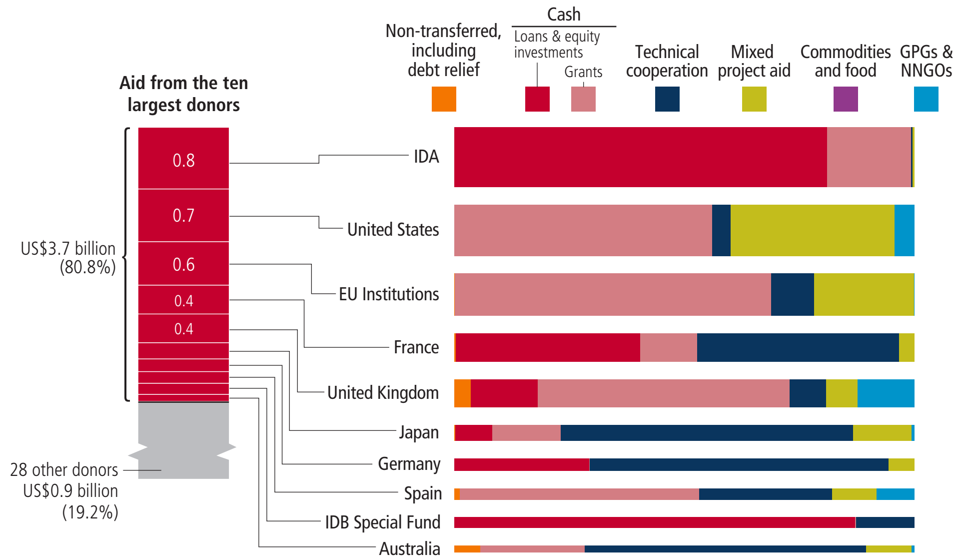
% of gross ODA, 2011



Where does aid to other social services come from and where does it go?

Disbursements of cash and technical cooperation dominate for most of the largest donors to the sector

Gross ODA, US$ billions, 2011



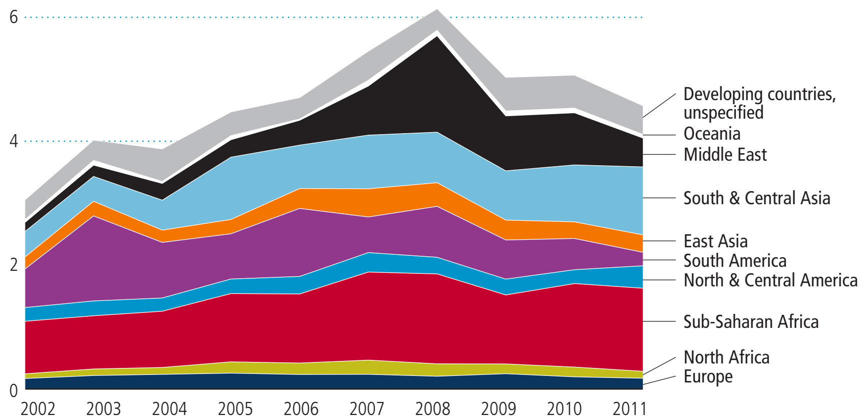
Of the largest donors to the sector IDA, France, Germany and the IDB give large amounts of cash in the form of loans. The United States, EU Institutions, the United Kingdom and Spain disburse cash mostly as grants. In addition France, Japan, Germany and Australia give large amounts of technical cooperation.

Sub-Saharan Africa receives the largest share of ODA to the sector (29% in 2011), followed by South and Central Asia (24%). Donors do not specify the recipient country or region for over 10% of ODA to the sector.

Five of the eight largest recipients of ODA to the sector are in South and Central Asia or the Middle East. ODA to the sector is especially important to Pakistan and the West Bank and Gaza.

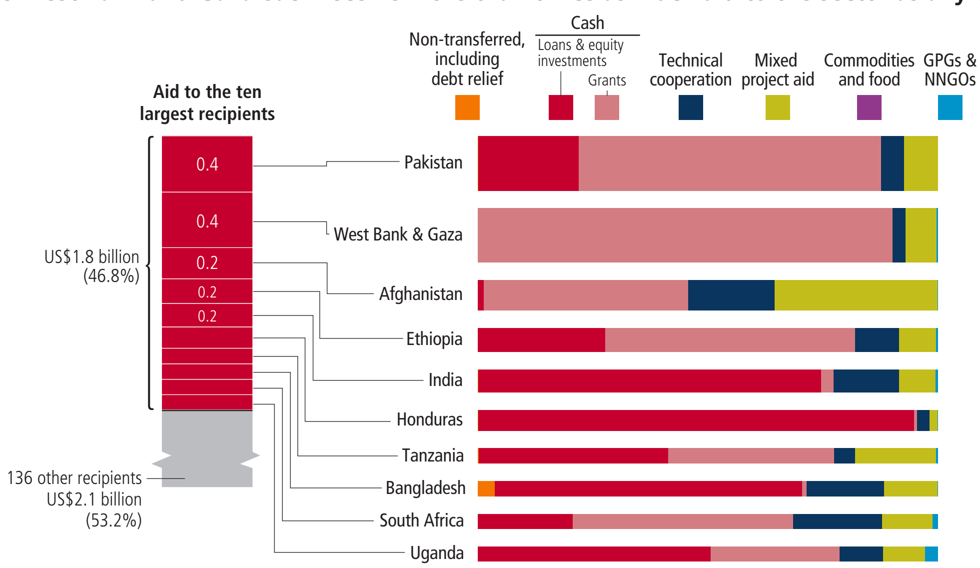
South and Central Asia's share of ODA to the sector is rising; the Middle East's is falling

Gross ODA, US$ billions, 2002–2011



Pakistan and the West Bank and Gaza each receive more than twice as much aid to the sector as any other recipient

US$ billions, 2011



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AGRICULTURE AND FOOD SECURITY

Gross bilateral and multilateral disbursements: US$9.5 billion in 2011

Agriculture and food security comprises assistance to agriculture, forestry and fishing, together with developmental food aid and food security programmes. Official financing of the sector is overwhelmingly from ODA, with only 13% of official assistance from other official flows.

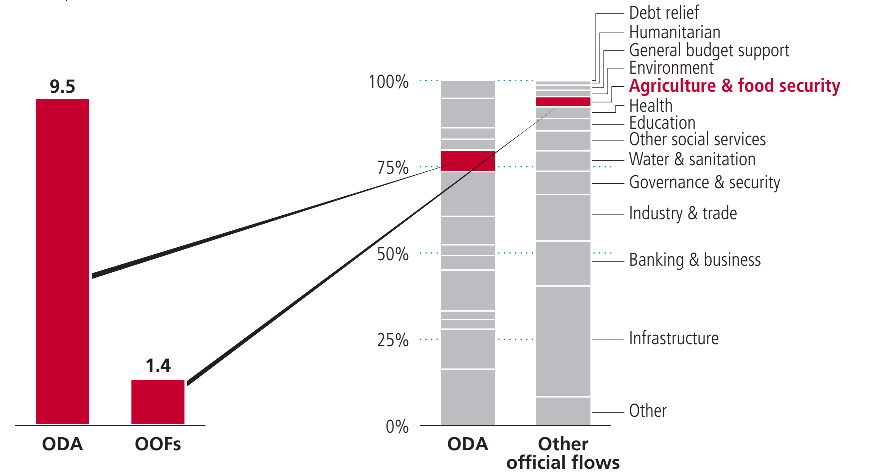
ODA to the sector grew slightly more quickly than total ODA spending over 2007–2010 but fell in 2011.

Agriculture is by far the largest subsector within the sector, accounting for more than two-thirds of gross disbursements in 2011. Developmental food aid and food security accounts for 19%, and forestry and fishing account for much smaller amounts.

What resources are allocated to agriculture and food security?

Agriculture and food security is the sixth largest ODA sector and ninth largest sector for other official flows of the 11 core sectors; ODA allocations are more than six times other official flows

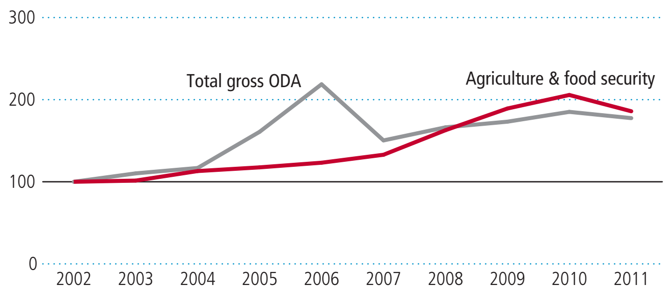
US$ billions, 2011



Trends in aid to agriculture and food security

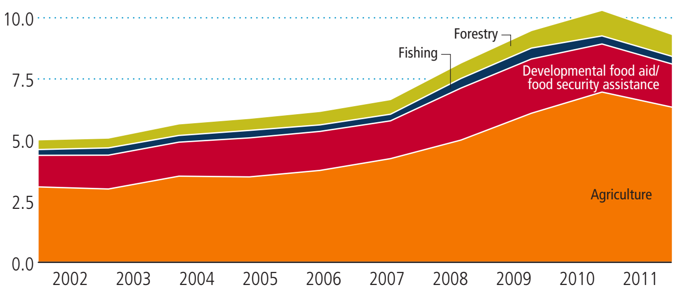
Spending on the sector grew over 2007–2010 but has fallen back

Gross ODA (index, 2002 = 100)



Most funding for the sector goes to agriculture

Gross ODA by sub-sector US$ billions, 2002–2011



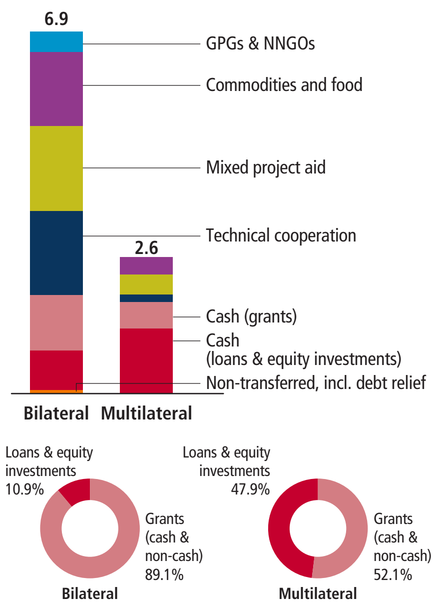
What's in the aid bundle to agriculture and food security?

Cash grants make up a sixth of ODA to the sector, 37% is in-kind transfers, split almost equally between commodities and food aid and technical cooperation, 20% is mixed project aid (cash and in-kind transfers) and 20% is loans. IDA, the AfDF and Japan give mostly loans.

Less than a third of ODA to the sector is identified by donors as being disbursed through the public sector. More than 40% is disbursed through multilaterals, and almost 20% through NGOs. Donors do not record the channel of delivery for almost 10% of aid disbursed to the sector.

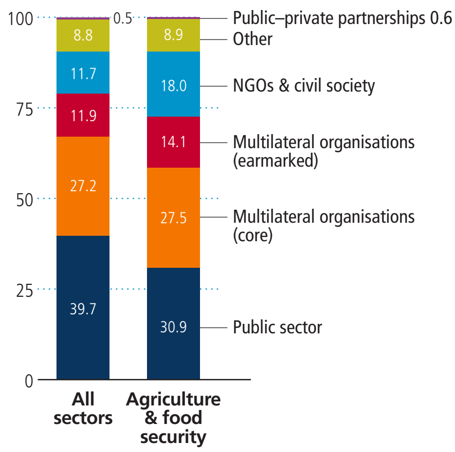
Aid in kind accounts for 44% of bilateral ODA; loans account for 48% of multilateral ODA

Gross ODA, US$ billions, 2011



31% of ODA is delivered through the public sector, compared with 40% across all sectors

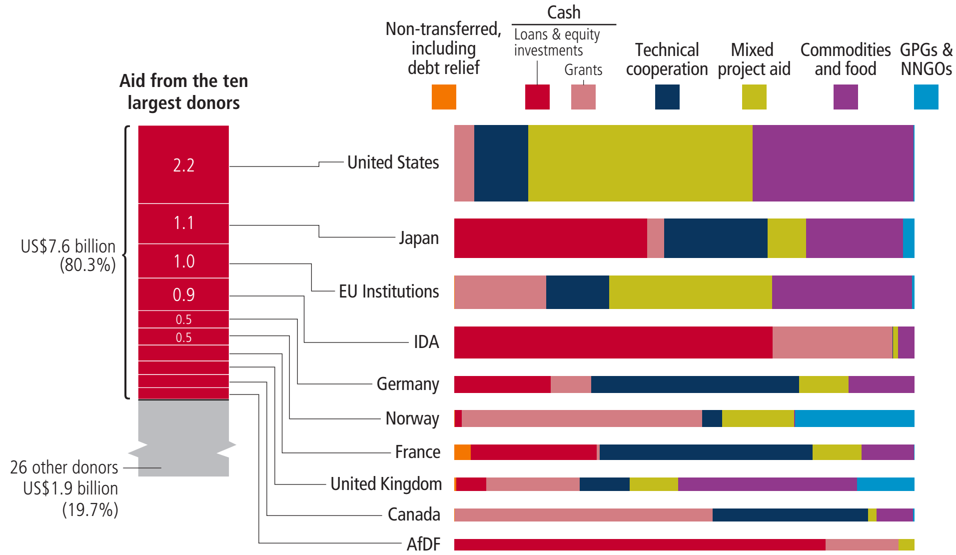
% of gross ODA, 2011



Where does aid to agriculture and food security come from and where does it go?

The United States is the largest donor, providing mostly mixed project aid and commodities and food aid

Gross ODA, US$ billions, 2011

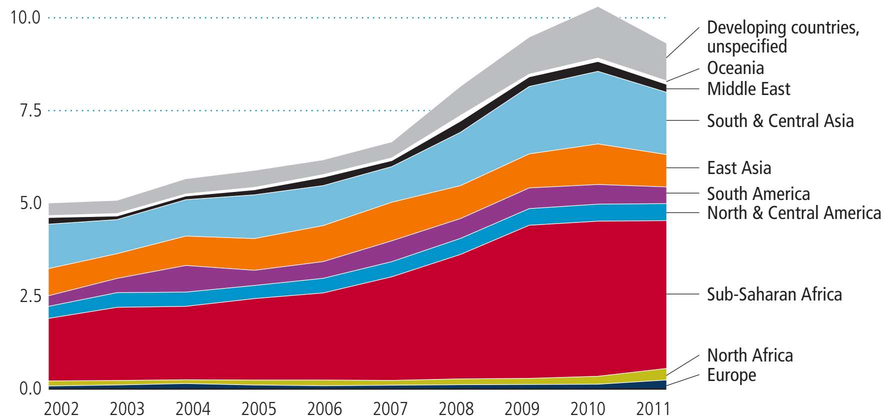


The United States provides mostly mixed project aid and commodities and food aid. Other large donors give in different ways: IDA, the AfDF and Japan provide large quantities of loans; Germany and France, technical cooperation; and Canada and Norway, cash grants.

Sub-Saharan Africa receives the largest share of ODA to the sector (43% in 2011), followed by South and Central Asia (18%). Donors do not specify the recipient country or region for more than 10% of ODA to the sector.

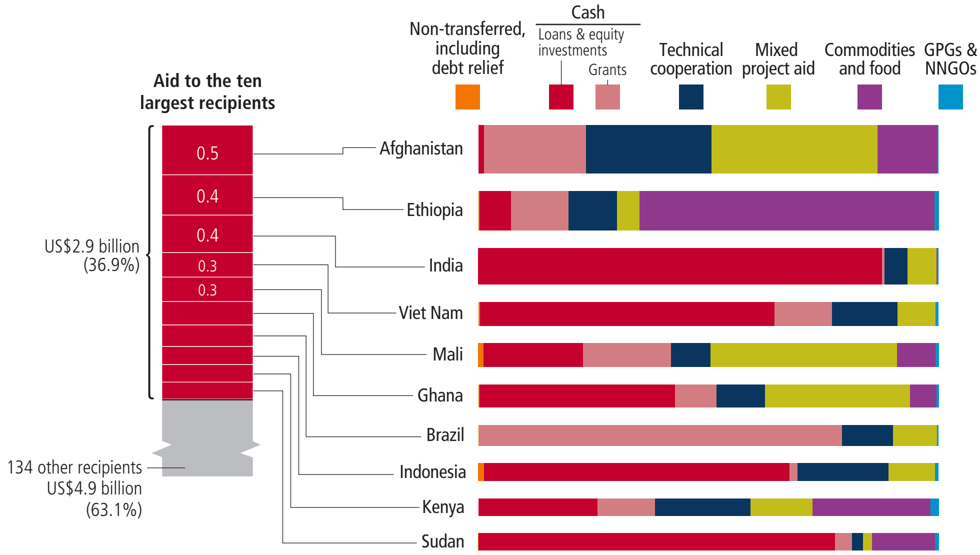
Sub-Saharan Africa receives the largest share of ODA to the sector: 43% in 2011

Gross ODA, US$ billions, 2002–2011



Technical cooperation and mixed project aid are large for Afghanistan; Ethiopia receives mostly commodities and food aid

US$ billions, 2011



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 Gross bilateral and multilateral disbursements: US$17.3 billion in 2011

Infrastructure comprises assistance to transportation, communication, and energy generation and supply programmes. Both ODA and other official flows are major sources of finance to the sector, with US$14.7 billion (46%) of official financing coming from other official flows.

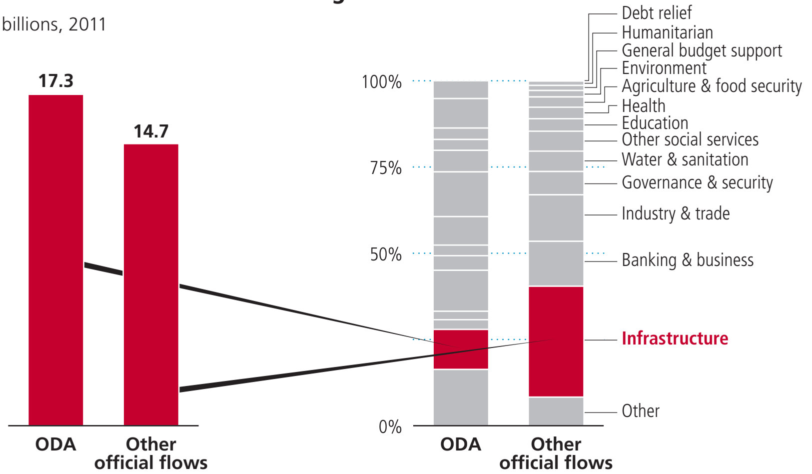
ODA to the sector has grown more rapidly than overall ODA over the past decade.

The largest sub-sector is transport and storage (57% of gross disbursements in 2011). ODA to the energy sub-sector is also considerable (40%). By contrast, communications receives only a small fraction (less than 3%) of ODA to the sector.

What resources are allocated to infrastructure?

Infrastructure is the third largest ODA sector of the 11 core sectors and the largest for other official flows, which account for 46% of total official financing to the sector

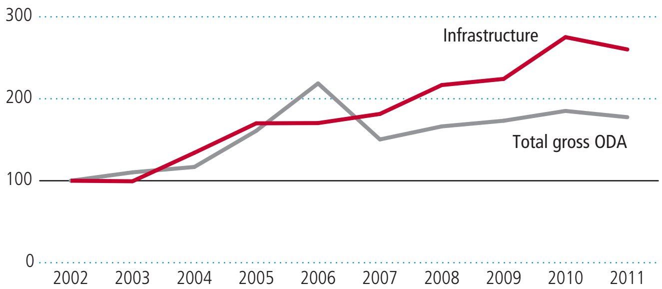
US$ billions, 2011



Trends in aid to infrastructure

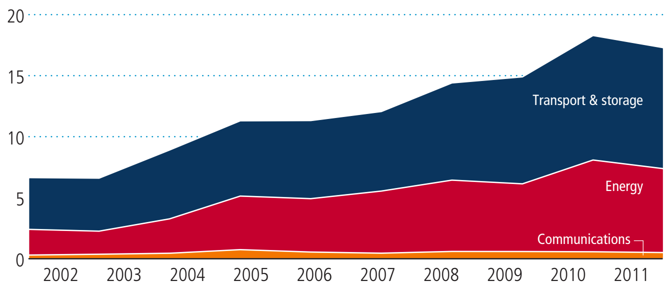
Spending on the sector has grown faster than total ODA spending since 2009

Gross ODA (index, 2002 = 100)



Transport and storage receives the largest share of ODA to infrastructure, communications the smallest

Gross ODA by sub-sector US$ billions, 2002–2011



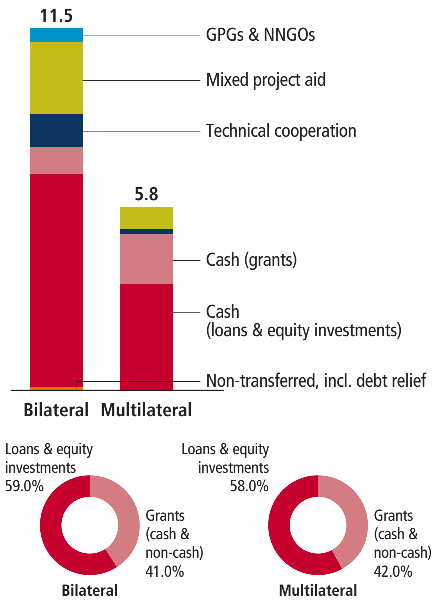
What's in the aid bundle to infrastructure?

Loans are a major component of ODA disbursements to the sector, accounting for nearly 60% of gross ODA in 2011. Cash grants, technical cooperation and mixed project aid (cash and in-kind transfers) make up smaller shares of ODA to the sector. Almost no ODA to the infrastructure sector is spent within donor countries, aside from a small proportion given for global initiatives.

More than half of ODA to the sector is identified by donors as being disbursed through the public sector, and almost 40% is disbursed through multilaterals. NGOs are not important actors in ODA to the sector, implementing only 1%.

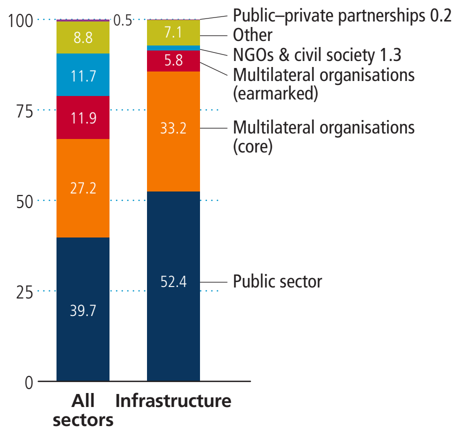
The majority of ODA funding to the sector is loans

Gross ODA, US$ billions, 2011



52% of ODA is delivered through the public sector, compared with 40% across all sectors

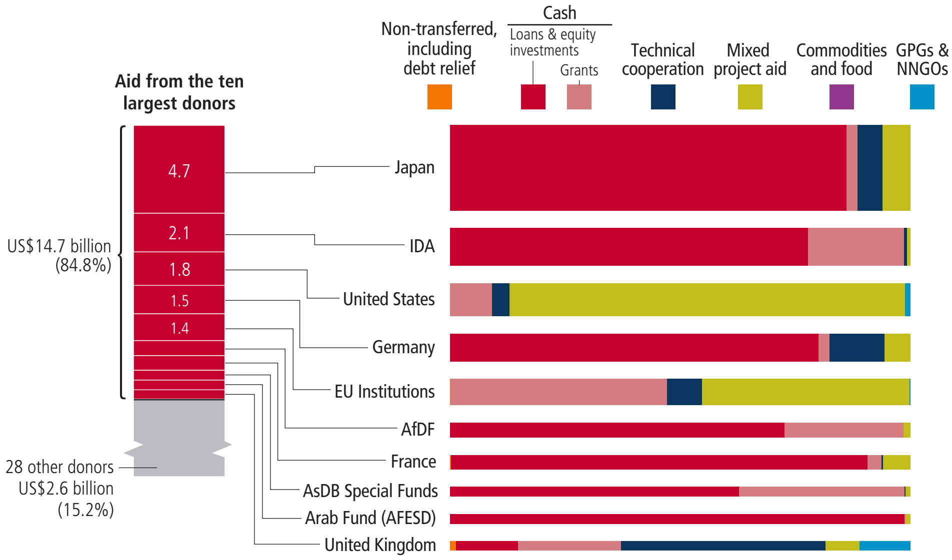
% of gross ODA, 2011



Where does aid to infrastructure come from and where does it go?

Seven of the ten largest donors to the sector give most ODA as loans

Gross ODA, US$ billions, 2011



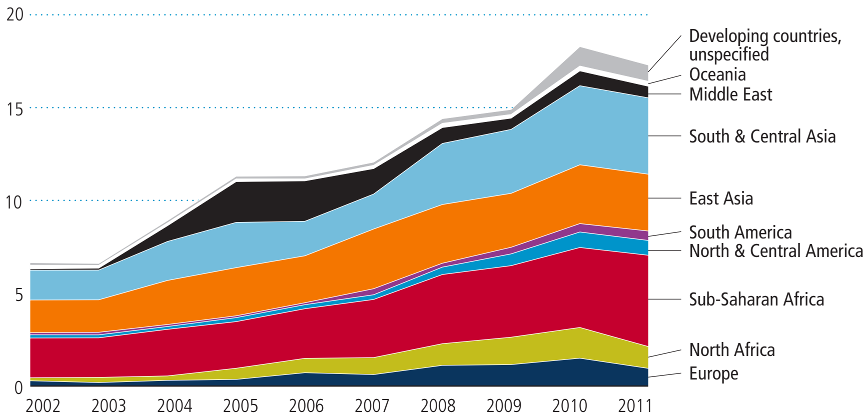
The three largest donors of bilateral loans – Japan, Germany and France – together with loan-giving multilateral bodies such as IDA and the regional development banks provide most of the ODA to the sector. Japan is the largest donor, giving US$4.7 billion in 2011, the vast majority of it as loans.

Sub-Saharan Africa receives the largest share of ODA to infrastructure (28% in 2011), just ahead of South and Central Asia (24%). East Asia also receives a considerable share of funding (18%). Donors do not specify the recipient country or region for 5% of ODA to the sector.

India and Viet Nam are the largest recipients of aid for infrastructure, both of them receiving almost all their ODA to the sector in the form of loans. Afghanistan is the third largest recipient, reflecting donor efforts in reconstruction.

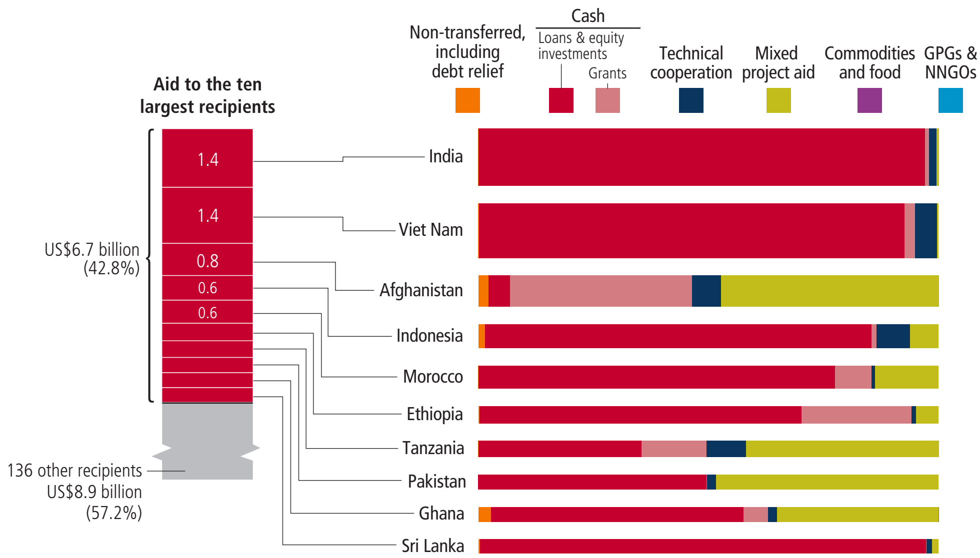
Sub-Saharan Africa receives the largest share of ODA to the sector, with its share growing in 2011

Gross ODA, US$ billions, 2002–2011



India and Viet Nam are the largest recipients, three countries from sub-Saharan Africa are among the ten largest

US$ billions, 2011



Note: Data is from the DAC (ODA and other official flows). All data in US$ is in 2011 prices. AfDF is the African Development Fund. AFESD is the Arab Fund for Economic and Social Development. AsDB is the Asian Development Bank. DAC is the Development Assistance Committee of the Organisation for Economic Co-operation and Development. GPGs are global public goods. IDA is the International Development Association. NNGOs are Northern non-governmental organisations. ODA is official development assistance (aid).

BANKING AND BUSINESS

Gross bilateral and multilateral disbursements: US$4.2 billion in 2011

Banking and business comprises assistance to banking and financial services, including financial policy management, central banks, the formal banking sector and informal sector operations such as micro-credit and savings and credit cooperatives. It also includes assistance to business support institutions and privatisation programmes. The sector is not among the largest recipients of ODA, but other official flows funding is more than 40% higher than ODA.

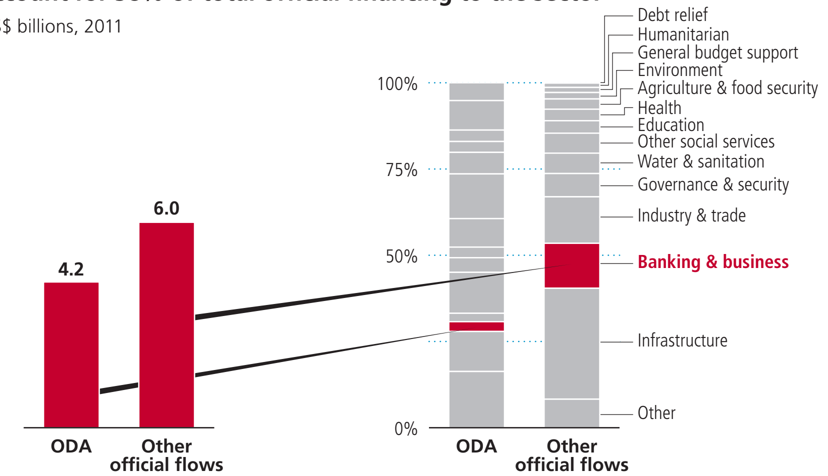
ODA to the sector grew more rapidly than overall ODA from 2006 to 2009 but then declined sharply after the financial crisis, before recovering in 2011.

The largest sub-sector is banking and financial services, which receives 64% of gross disbursements. Business services receive 36%.

What resources are allocated to banking and business?

Of the 11 core sectors, banking and business is the tenth largest for ODA and the third largest for other official flows, which account for 58% of total official financing to the sector

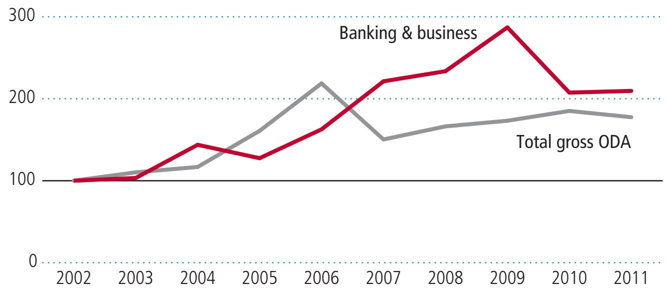
US$ billions, 2011



Trends in aid to banking and business

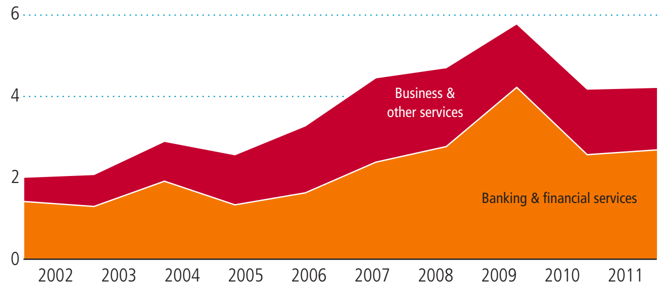
Spending on the sector grew faster than total ODA spending over 2006–2009, fell back, then recovered

Gross ODA (index, 2002 = 100)



Banking and financial services receives the highest share of ODA

Gross ODA by sub-sector US$ billions, 2002–2011



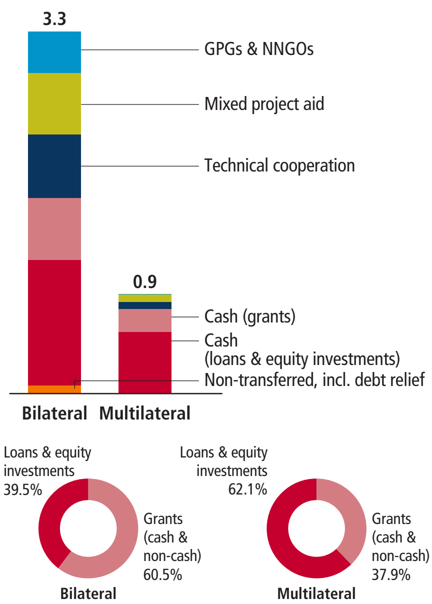
What's in the aid bundle to banking and business?

Cash accounts for 60% of ODA to the sector. The value of cash loans is more than double the value of cash grants. Technical cooperation and mixed project aid (cash and in-kind transfers) each account for 15% of ODA to the sector.

Nearly 25% of ODA to the sector is identified by donors as being disbursed through the public sector, and 34% is disbursed through multilaterals. Almost half of global ODA through public–private partnerships goes to banking and business, and public–private partnerships implement 8% of ODA to the sector.

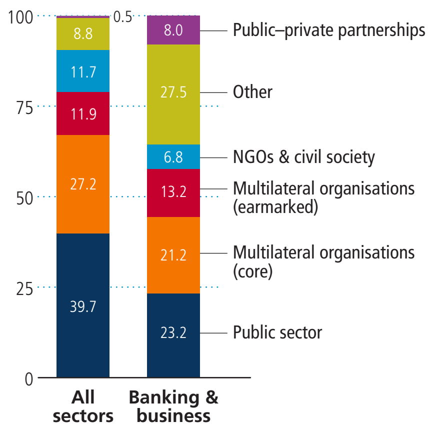
The majority of ODA funding to the sector is cash, mostly loans

Gross ODA, US$ billions, 2011



23% of ODA is delivered through the public sector, compared with 40% across all sectors

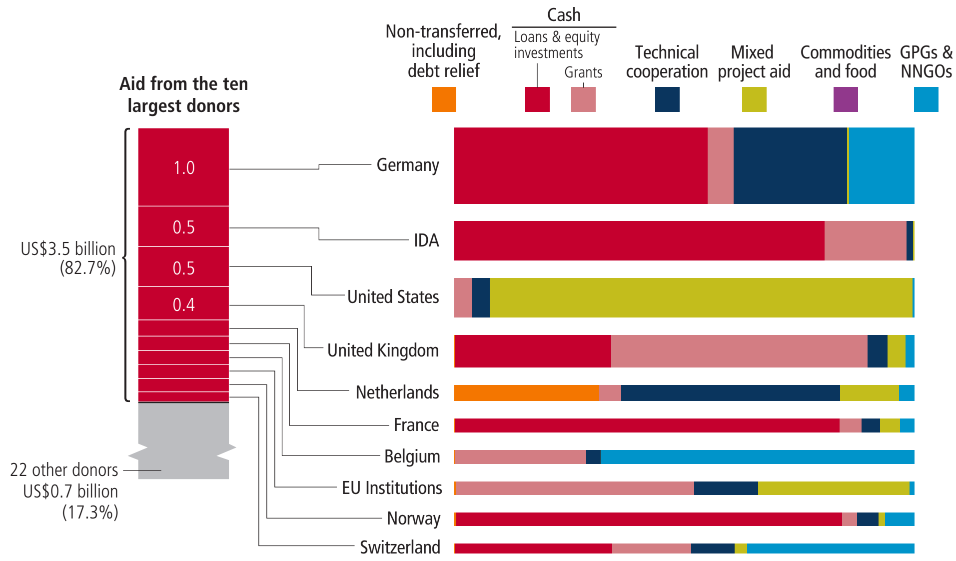
% of gross ODA, 2011



Where does aid to banking and business come from and where does it go?

Germany is the leading donor to the sector

Gross ODA, US$ billions, 2011



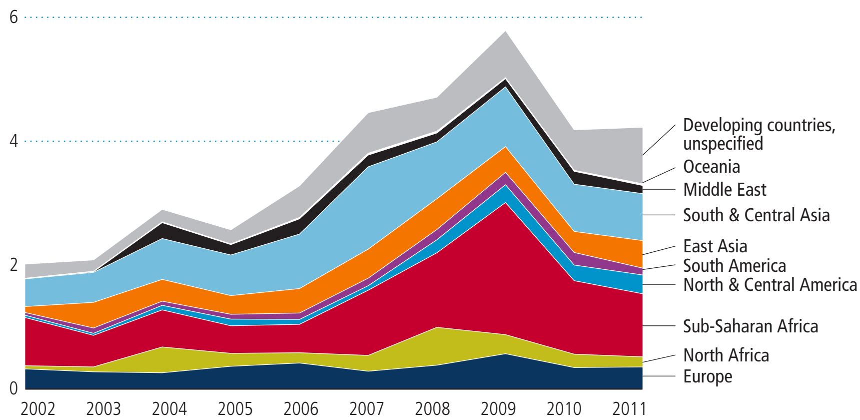
Germany gives twice as much ODA to the sector as the next largest donor, IDA. Most ODA from Germany, France, IDA and Norway is loans. The United States provides mixed project aid (cash and transfers). The United Kingdom gives large amounts of both cash grants and equity investments.

Sub-Saharan Africa receives the largest share of ODA to the sector (24% in 2011, down from 28% in 2010), followed by South and Central Asia (18%). Donors do not specify the recipient country or region for 22% of ODA to the sector.

Afghanistan is the largest recipient of ODA to the sector, just ahead of Viet Nam and India. Seven of the 10 largest recipients receive most ODA to the sector as loans or equity investments.

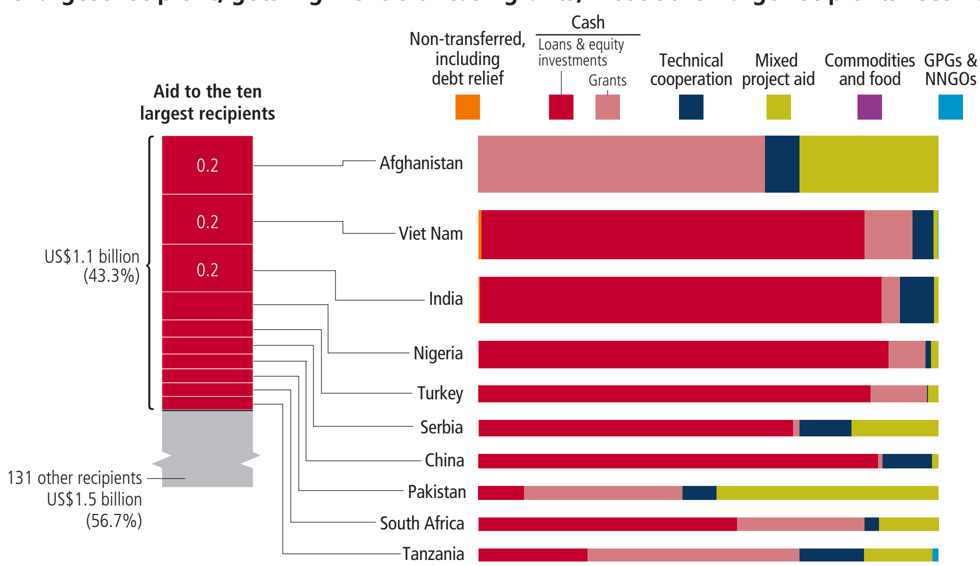
Sub-Saharan Africa receives the largest share of ODA to the sector, but its share fell in 2011

Gross ODA, US$ billions, 2002–2011



Afghanistan, the largest recipient, gets high levels of cash grants; most other large recipients receive mainly loans

US$ billions, 2011



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INDUSTRY AND TRADE

Gross bilateral and multilateral disbursements: US$3.6 billion in 2011

Industry and trade comprises assistance to a broad range of industrial sub-sectors, including, manufacturing, textile, chemical, construction, mining and other mineral resource extraction. It also covers trade policy, regulation and facilitation. The sector is not among the largest recipients of ODA, but other official flows funding is almost 70% higher than ODA.

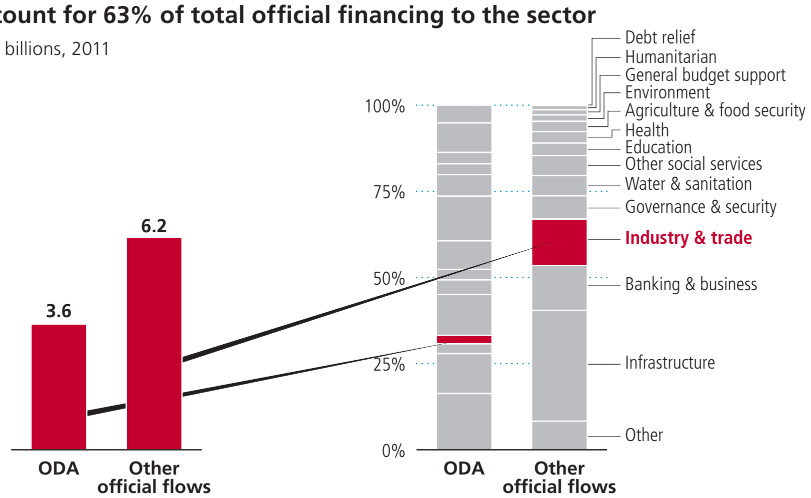
ODA to the sector has grown more slowly than overall ODA since 2002, but growth has accelerated since 2009.

General industry is the sub-sector that receives the largest share of ODA to the sector (55% of gross disbursements in 2011). Trade policies and regulations receives 26%, and mining receives 13%.

What resources are allocated to industry and trade?

Industry and trade is the 11th largest ODA sector of the 11 core sectors and the 2nd largest for other official flows, which account for 63% of total official financing to the sector

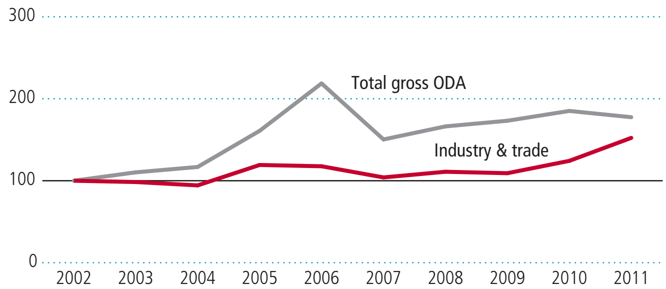
US$ billions, 2011



Trends in aid to industry and trade

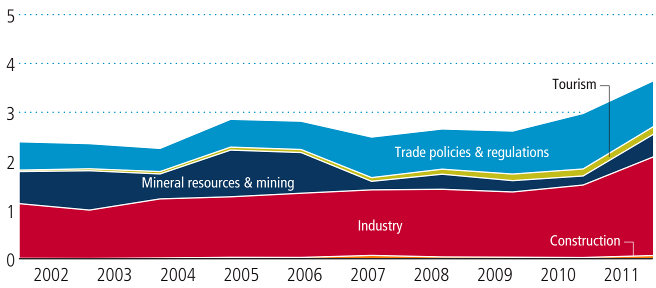
Spending on the sector has been almost static over the decade, but rising since 2009

Gross ODA (index, 2002 = 100)



General industry receives the largest share of ODA

Gross ODA by sub-sector US$ billions, 2002–2011



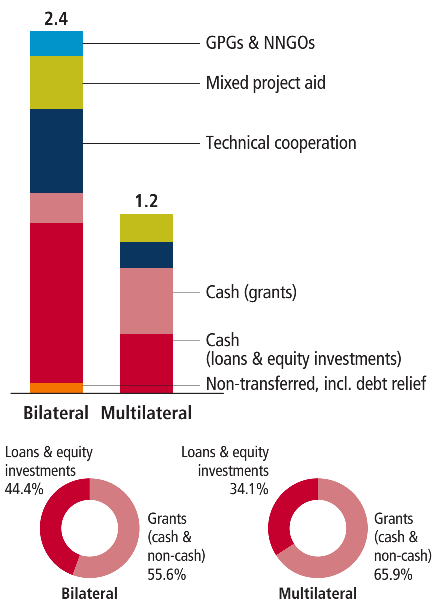
What's in the aid bundle to industry and trade?

Cash accounts for almost 60% of ODA to the sector. The value of cash loans is more than double the value of cash grants. Technical cooperation accounts for 20% of ODA to the sector, mixed project aid (cash and in-kind transfers) for 15%.

Nearly 30% of ODA to the sector is identified by donors as being disbursed through the public sector, and 48% is disbursed through multilaterals. NGOs acted as implementing partners for 7%.

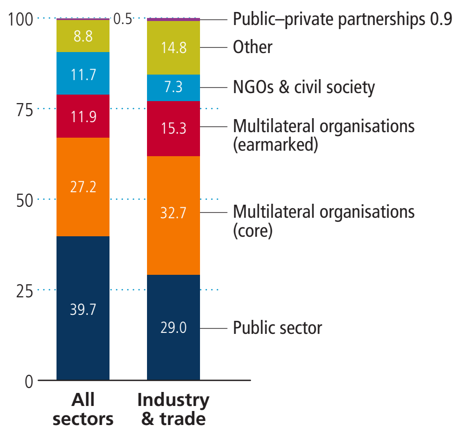
The majority of ODA funding to the sector is cash, mostly loans

Gross ODA, US$ billions, 2011



29% of ODA is delivered through the public sector, compared with 40% across all sectors

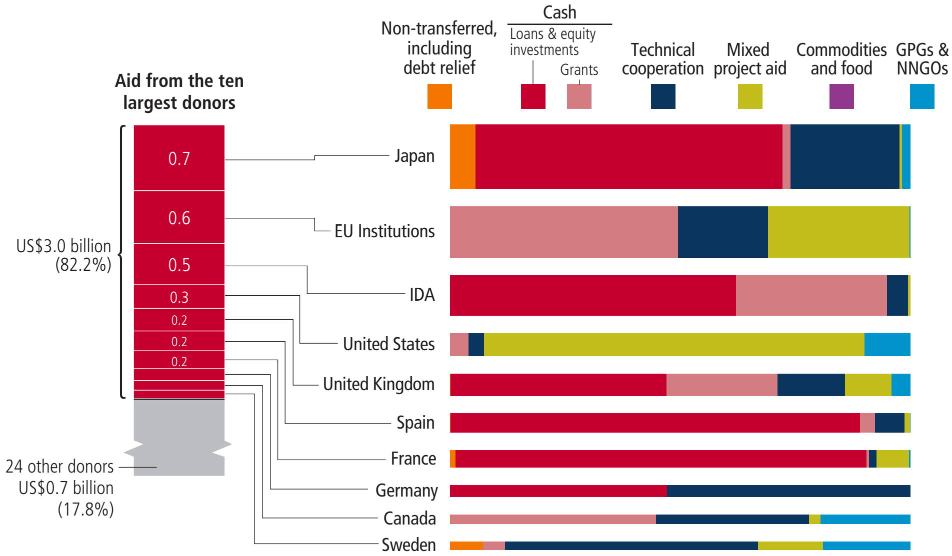
% of gross ODA, 2011



Where does aid to industry and trade come from and where does it go?

Japan is the leading donor to the sector

Gross ODA, US$ billions, 2011



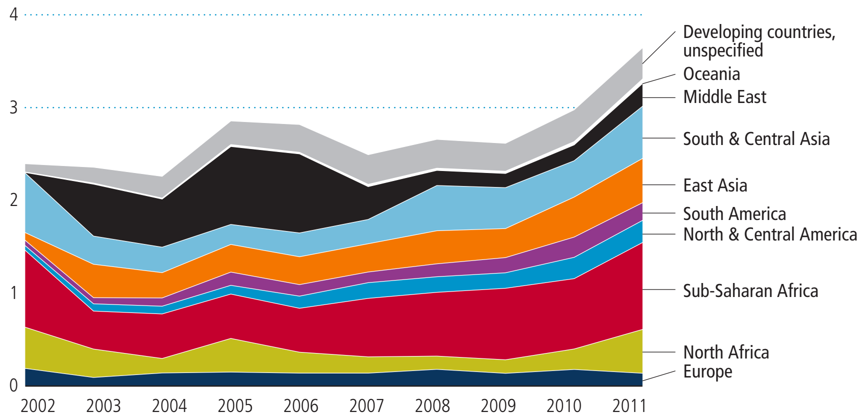
The three largest donors to the sector – Japan, the EU and IDA – give mostly cash, with Japan and IDA favouring loans and the EU favouring grants. The United States provides mixed project aid (cash and transfers). The United Kingdom gives large amounts of equity investments and some cash grants.

Sub-Saharan Africa receives the largest share of ODA to the sector (26% in 2011), followed by South and Central Asia (15%) and East Asia (13%). Donors do not specify the recipient country or region for 9% of ODA to the sector.

Viet Nam and India are the largest recipients of ODA to the sector. Seven of the ten largest recipients receive most ODA to the sector as loans or equity investments.

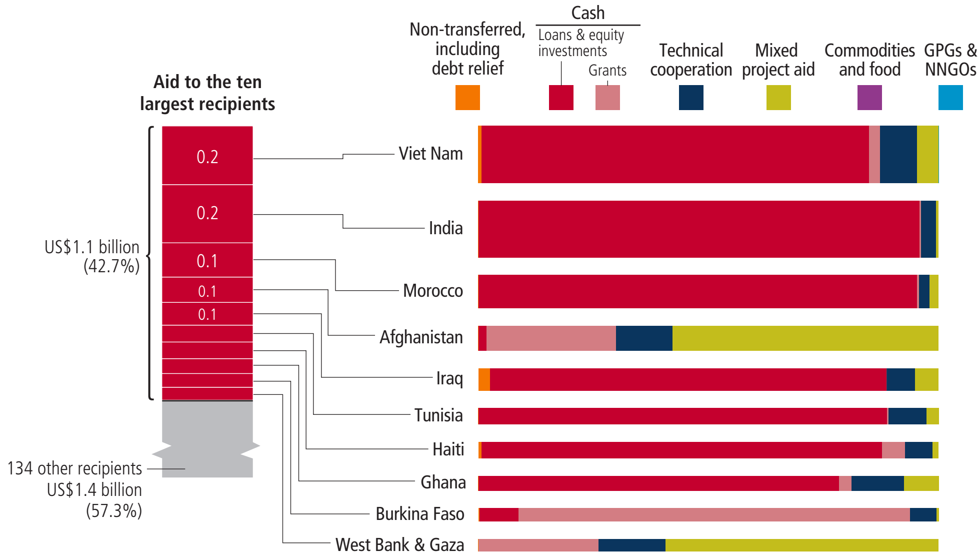
Sub-Saharan Africa receives the largest share of ODA to the sector

Gross ODA, US$ billions, 2002–2011



Most of the largest recipients of ODA to the sector receive mainly loans

US$ billions, 2011



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ENVIRONMENT

Gross bilateral and multilateral disbursements: US$4.7 billion in 2011

Environment comprises environmental policy, pollution control, biodiversity, and landscape preservation and flood prevention. Official financing of the sector is largely from ODA, with only 15% of official assistance from other official flows.

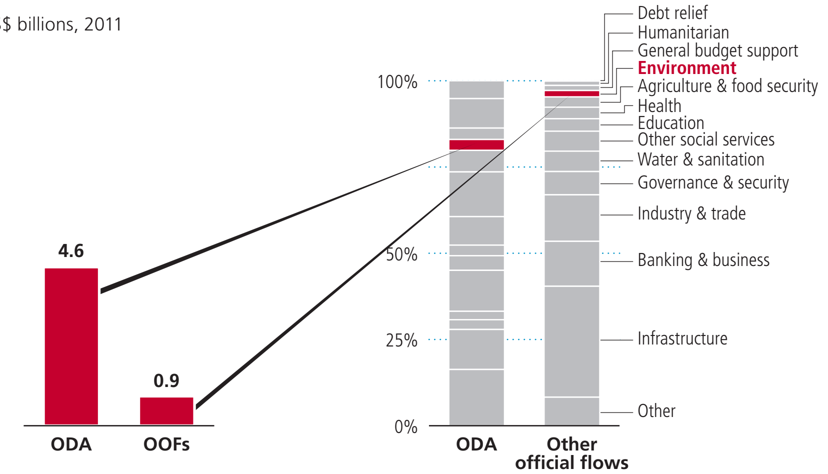
Starting from low levels, ODA to the environment sector has grown faster over the past decade than ODA to any other sector and easily surpassed growth in total ODA. However, funding to the sector fell significantly in 2011.

Most growth has been in environmental policy and administration, the largest single sub-sector. However, spending on biosphere protection (which covers air pollution control, including greenhouse gases, ozone layer preservation and marine pollution control) and biodiversity protection have also increased, though from a much lower base. Loans are important in ODA to the sector (40% of bilateral ODA and 36% of total ODA).

What resources are allocated to environment?

Of the 11 core sectors, environment is the eighth largest sector for ODA and the tenth for other official flows; ODA allocations are more than five times other official flows

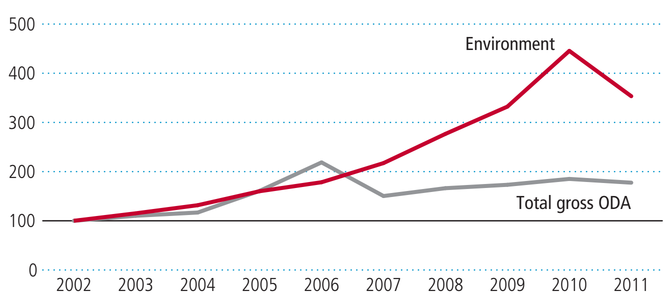
US$ billions, 2011



Trends in aid to environment

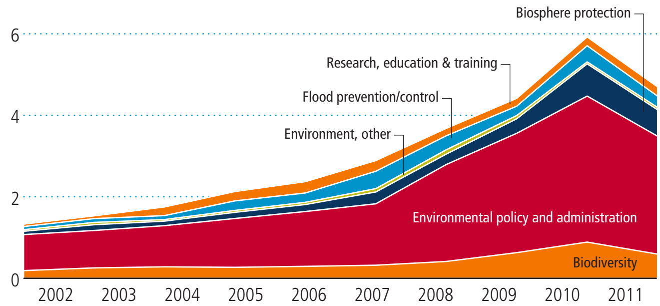
Spending on the sector has largely outpaced total ODA spending since 2002 but fell in 2011

Gross ODA (index, 2002 = 100)



Environmental policy and administration makes up over 60% of spending on the sector

Gross ODA by sub-sector US$ billions, 2002–2011



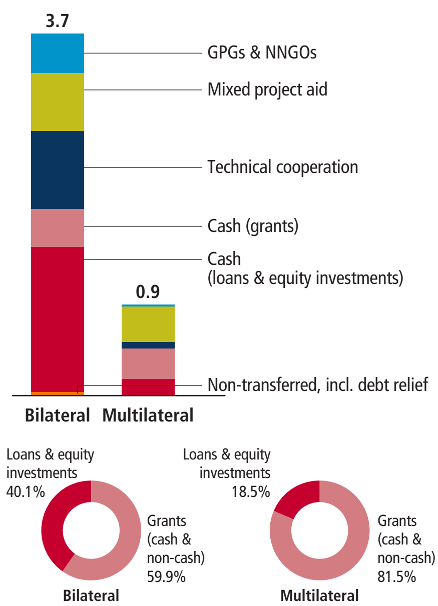
What's in the aid bundle to environment?

Over half of ODA to the sector is cash, mostly loans. Just under 20% of aid is technical cooperation, and just over 20% is mixed project aid (cash and in-kind transfers).

Over 50% of ODA to the sector is identified by donors as being disbursed through the public sector, and 34% is disbursed through multilaterals. NGOs are not widely used as implementation partners, disbursing just 7%.

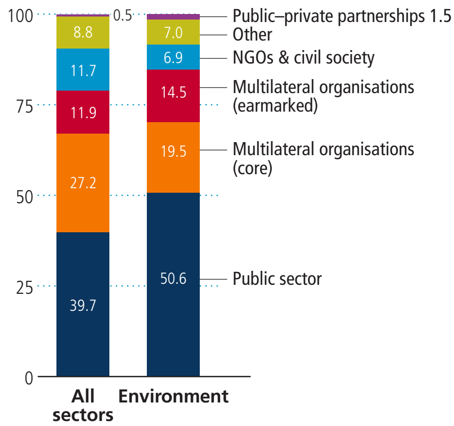
Loans account for a large proportion of aid to the sector

Gross ODA, US$ billions, 2011



51% of ODA is delivered through the public sector, compared with 40% across all sectors

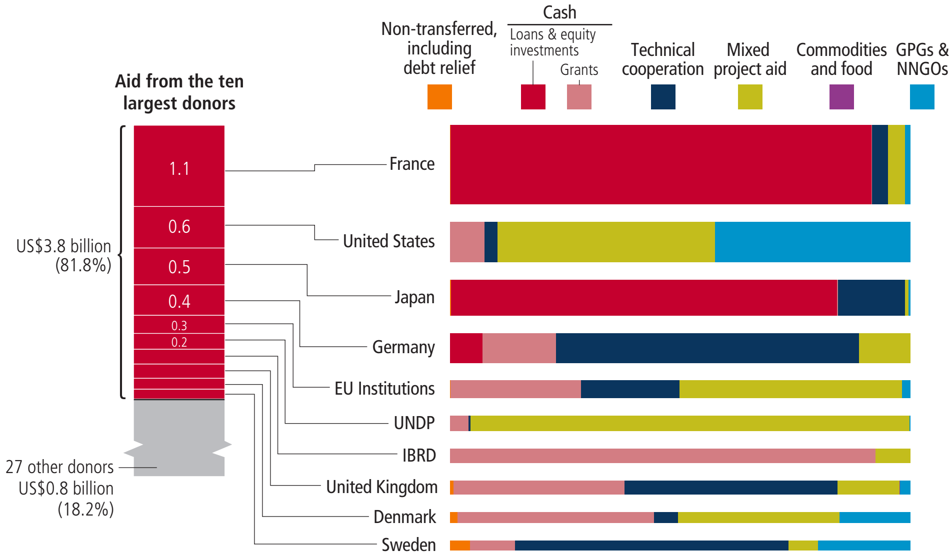
% of gross ODA, 2011



Where does aid to environment come from and where does it go?

France is the largest donor to the sector, accounting for almost 25% of total ODA

Gross ODA, US$ billions, 2011



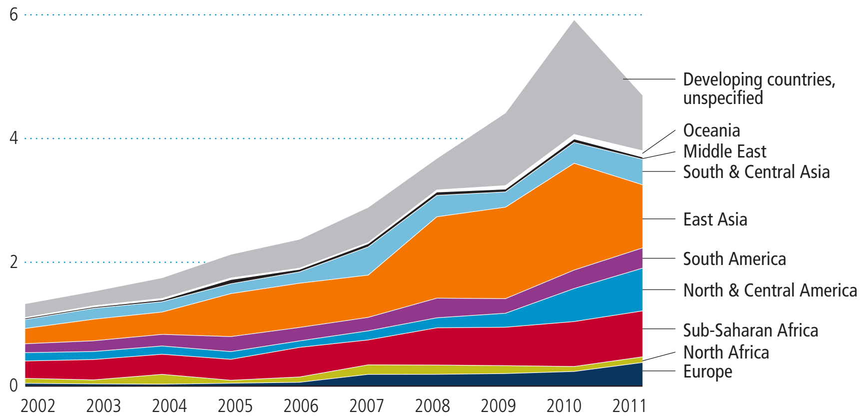
France is by far the largest donor to the environment sector (over $1.1 billion in 2011, 24% of total ODA to the sector). The vast majority of ODA from France to the sector is loans for environmental projects to more prosperous developing countries such as China, Mexico and Turkey. The United States is the second largest donor, giving substantial funding to international efforts on environmental protection such as the Clean Technology Fund. Like France, most of Japan's funding to the sector is loans; Germany is a major provider of technical cooperation.

East Asia receives the largest share of ODA to the sector. Almost 20% of ODA to the sector was not disbursed to a specific recipient country or region because of the high level of IDA funding going to international funds in the sector.

All of the ten largest recipients of ODA to the sector are middle-income countries, and seven of them receive the majority of ODA to the sector as loans.

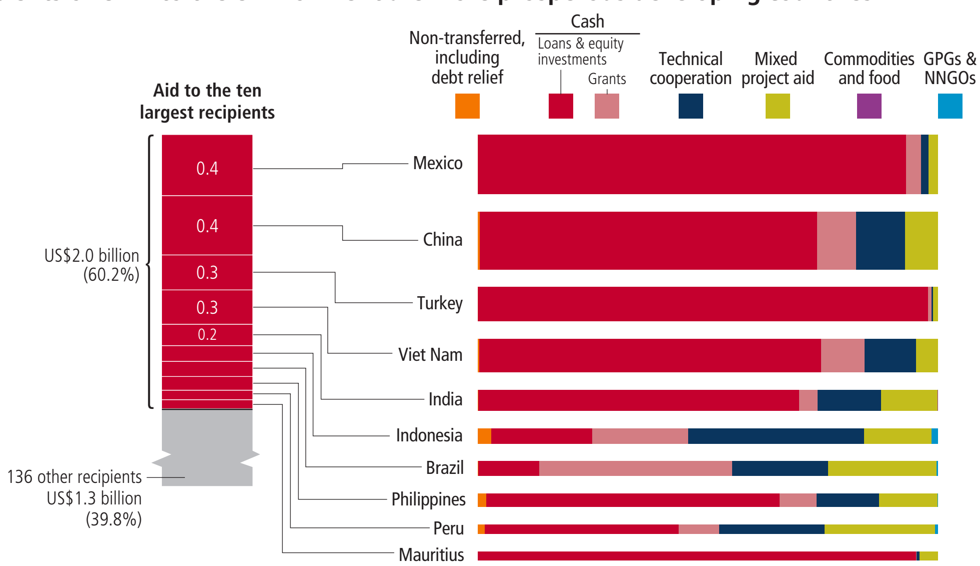
East Asia receives the largest share of ODA to the sector

Gross ODA, US$ billions, 2002–2011



All the top recipients of ODA to the environment are more prosperous developing countries

US$ billions, 2011



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HUMANITARIAN ASSISTANCE

Gross bilateral and multilateral disbursements: US$12.7 billion in 2011

Humanitarian assistance comprises assistance given in emergency situations, whether due to natural or human-caused crises. It includes material relief, emergency food aid, and the coordination and support services associated with such relief operations. ODA funding dominates the sector, with only 4% of official financing from other official flows.

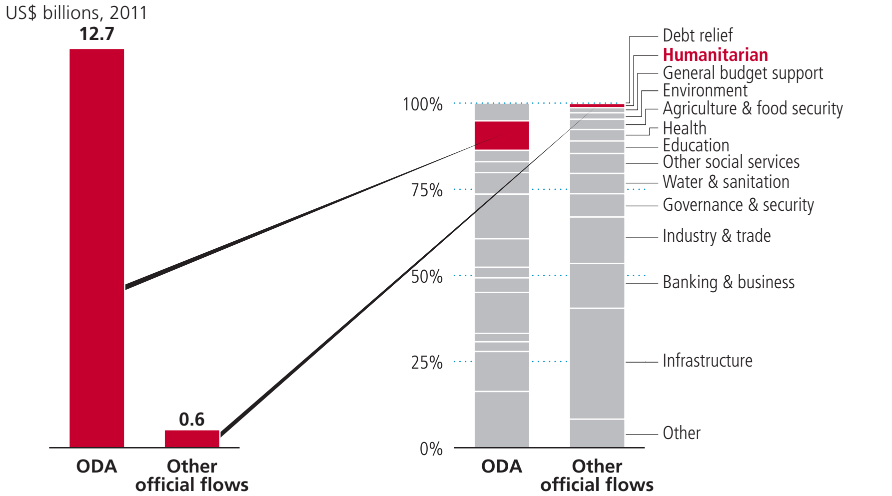
ODA to the sector has grown more quickly than overall ODA since 2002.

General emergency response receives the largest share of ODA for humanitarian assistance (84% of gross disbursements in 2011). Reconstruction and rehabilitation efforts receive 11%.

What resources are allocated to humanitarian assistance?

Of the 11 core sectors, humanitarian assistance is the 4th largest ODA sector and the 11th largest for other official flows, which accounts for just 4% of official humanitarian funding

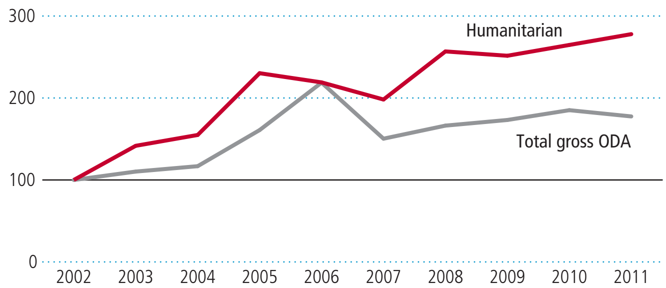
US$ billions, 2011



Trends in humanitarian assistance

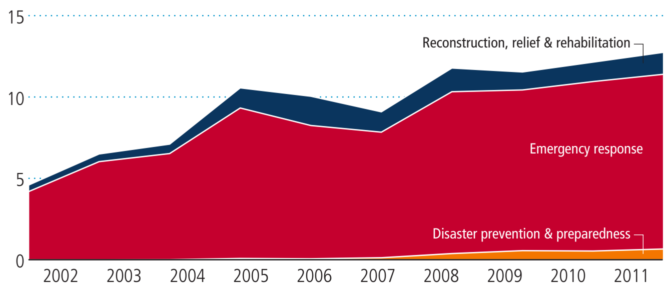
Spending on the sector has grown faster than total ODA spending since 2002

Gross ODA (index, 2002 = 100)



General emergency response receives the largest share of ODA; prevention remains small

Gross ODA by sub-sector US$ billions, 2002–2011



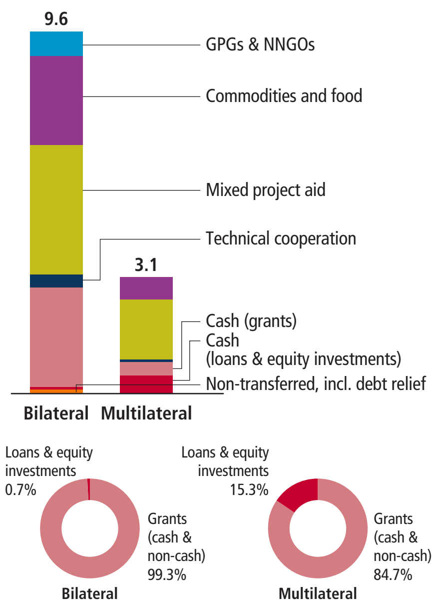
What's in the bundle for humanitarian assistance?

Some 40% of humanitarian assistance is mixed project aid (cash and in-kind transfers); 28% is cash, mostly grants. Commodities, especially food, comprise almost 25%. Technical cooperation is not widely used in the sector, accounting for just 3%.

Just 7% of ODA to the sector is identified by donors as being disbursed through the public sector, and 68% is disbursed through multilaterals. NGOs are very active, acting as implementing partners for 23%.

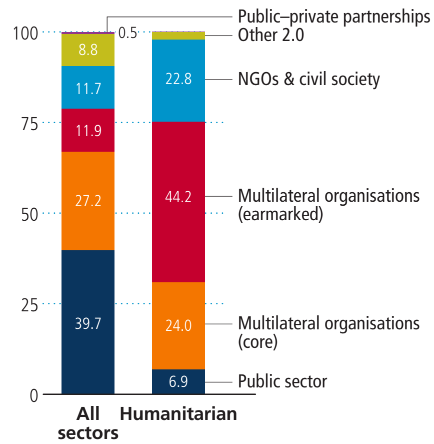
ODA funding to the sector is a combination of cash, commodities and food aid, and mixed project aid

Gross ODA, US$ billions, 2011



Just 7% of ODA is delivered through the public sector, compared with 40% across all sectors

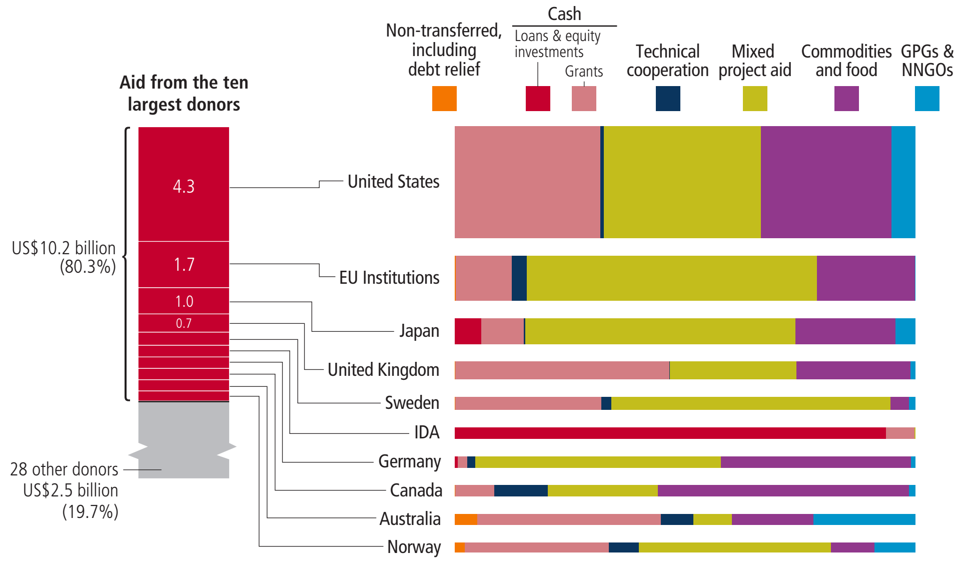
% of gross ODA, 2011



Where does humanitarian assistance come from and where does it go?

The United States is by far the largest donor to the sector

Gross ODA, US$ billions, 2011



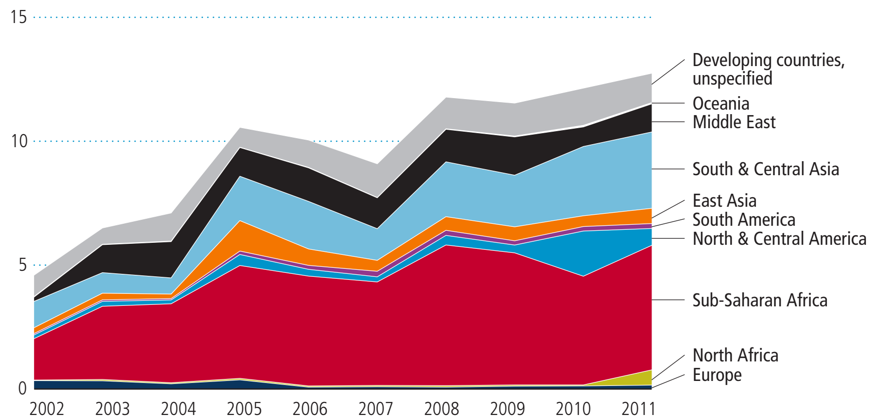
The United States gives more than two and a half times as much ODA to the sector as the next largest donor (the EU) and more than four times as much as the next largest bilateral donor (Japan). Most of the largest donors to the sector disburse ODA in a variety of different ways, both cash and in kind (especially food aid); however, IDA provides some loans.

The nature of the sector means that aid can vary sharply by region across time – for example, the spikes in Asia in 2005 (following the tsunami) and Central America in 2010 (the Haiti earthquake). However, sub-Saharan Africa is consistently the largest recipient of humanitarian ODA (39% in 2011).

In 2011 Pakistan suffered floods and was by far the largest recipient of humanitarian ODA to the sector. Half of the ten largest recipient countries are in sub-Saharan Africa.

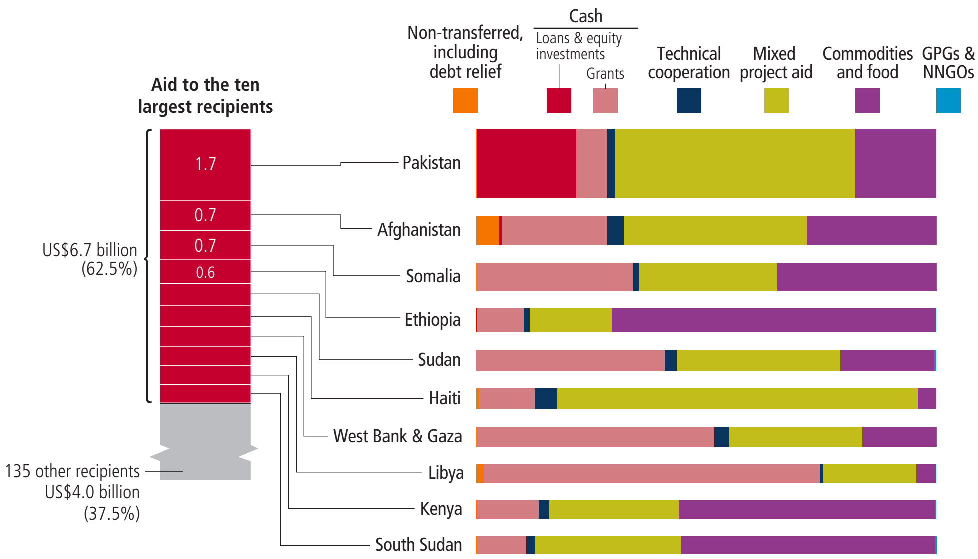
Despite annual variations, sub-Saharan Africa consistently receives the largest share of ODA for humanitarian assistance

Gross ODA, US$ billions, 2002–2011



Humanitarian assistance to Pakistan was more than double that of the next largest recipient in 2011

US$ billions, 2011



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GENERAL BUDGET SUPPORT

Net ODA: US$4.9 billion in 2011

General budget support is ODA given directly to developing-country governments to use as they choose in support of their development strategies.

While ODA has increased over the last decade, levels of general budget support have not.

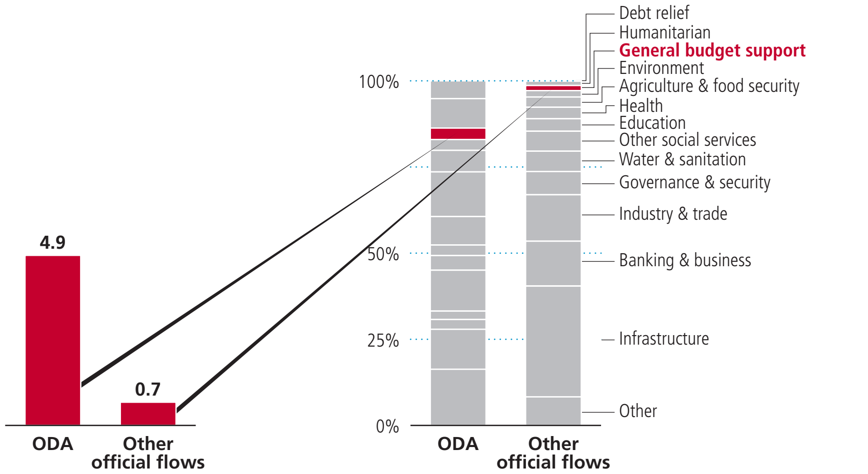
The IMF, EU, France and the United Kingdom are the largest providers of general budget support. France provides most general budget support as loans; the United Kingdom provides all budget support as grants.

Sub-Saharan Africa receives by far the largest share of general budget support. Côte d'Ivoire is the largest recipient.

What resources are allocated to general budget support?

ODA allocations are seven times other official flows

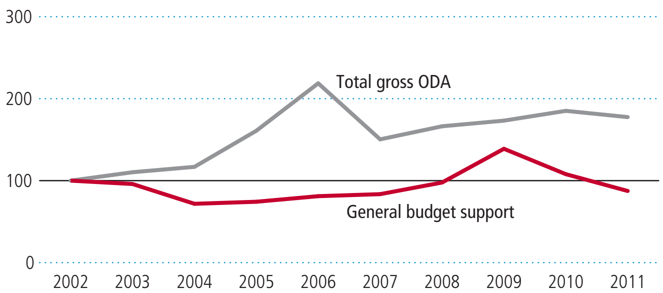
US$ billions, 2011



Trends in aid to general budget support

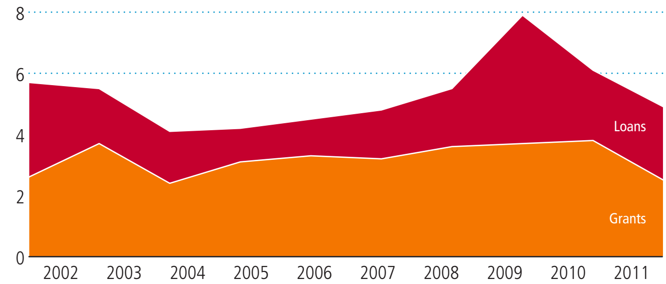
General budget support was slightly lower in 2011 than in 2003

Index, 2002 = 100



General budget support is provided almost equally through grants and loans

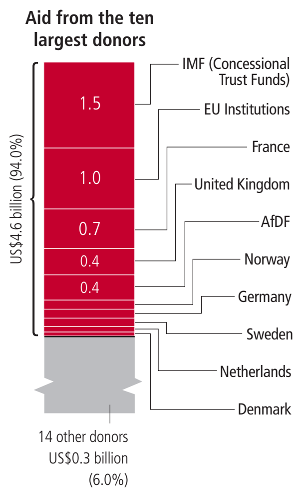
US$ billions, 2002–2011



Where does aid to general budget support come from and where does it go?

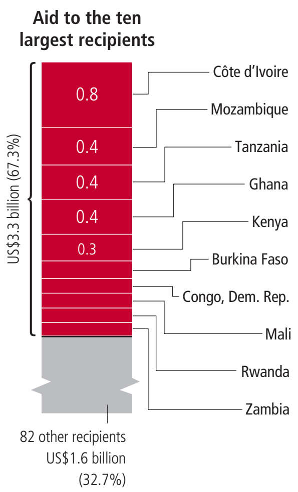
The IMF and EU Institutions are the largest donors

% of total, 2011



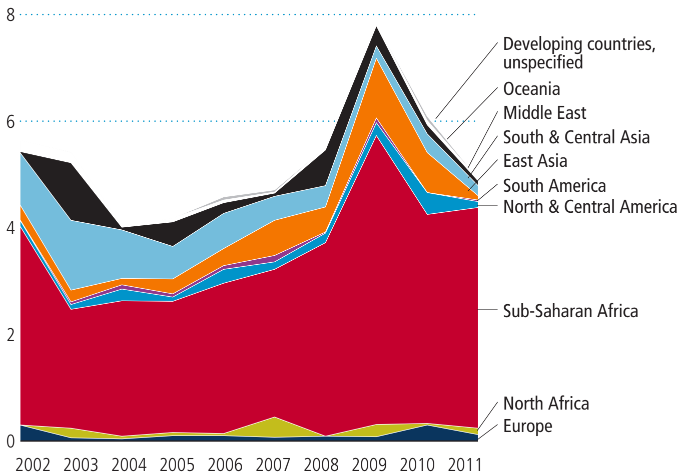
Côte d'Ivoire is the largest recipient

% of total, 2011



Most general budget support goes to sub-Saharan Africa

US$ billions, 2011



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DEBT RELIEF

Net ODA: US$7.7 billion in 2011

Debt relief peaked in 2006 following the Gleneagles G8 Multilateral Debt Relief Initiative and the delivery of major debt relief in sub-Saharan Africa. In 2006 debt relief was nearly eight times the 2004 level.

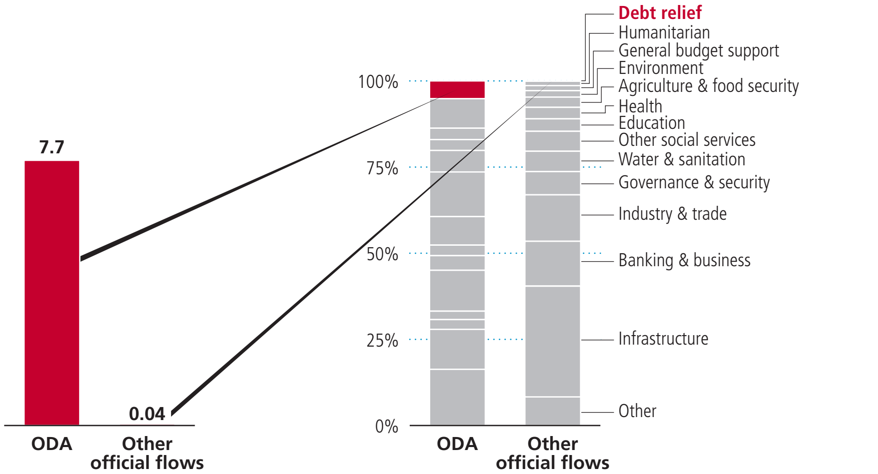
Headline figures for debt relief do not reflect real transfers of resources to developing countries. For example, the principal value of old ODA loans covered by the US$7.7 billion in gross debt relief reported by donors in 2011 was US$3.5 billion, recorded as off-setting entries. That gave a net debt relief figure of US$4.2 billion for 2011. Although this did mean a reduction in debt for recipients (and a reduction in servicing payments where debts were being serviced), it did not represent any transfer of resources to developing countries.

In 2011 the United States, Japan, France and Italy provided the most debt relief. For Italy debt relief accounted for 38% of overall ODA.

What resources are spent?

Debt relief accounted for 5% of ODA in 2011

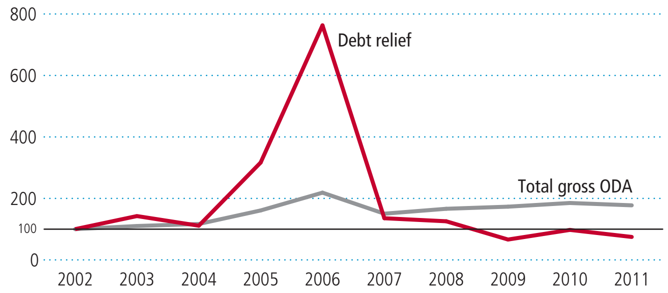
US$ billions, 2011



Trends in sector aid

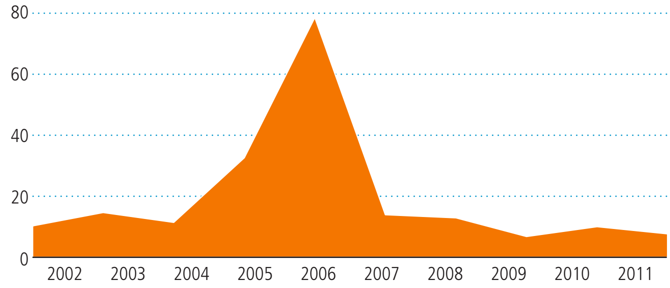
Debt relief peaked in 2006 but by 2011 had fallen back to below 2002 levels

Index, 2002 = 100



Since 2007 debt relief has not risen above $15 billion

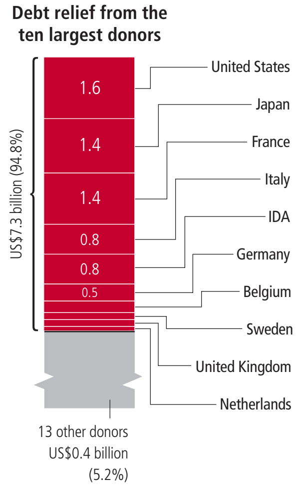
US$ billions, 2002–2011



Where does debt relief come from and where does it go?

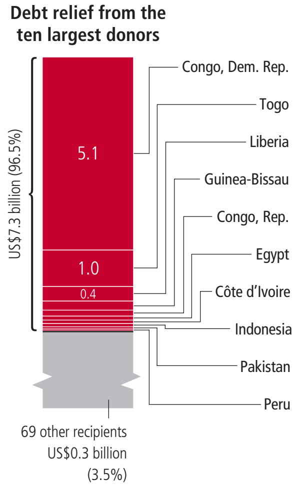
Three donors provided debt relief exceeding US$1.0 billion in 2011

% of total, 2011



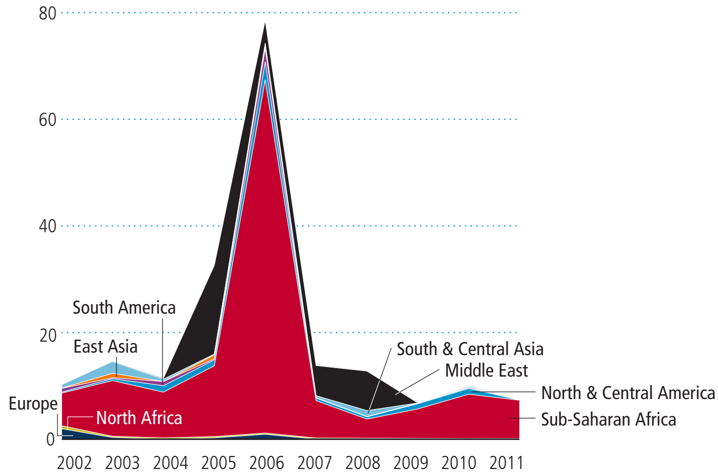
The Democratic Republic of Congo was the largest recipient of debt relief

% of total, 2011



Debt relief has fallen following large debt relief initiatives in the mid-2000s

US$ billions, 2011



Note: Figure excludes debt relief to Oceania (which peaked at US$30 million in 2006) and to unspecified developing countries (peaking at US$169 million in 2008).

Note: Data is from the DAC (ODA and other official flows). All data in US$ is in 2011 prices. DAC is the Development Assistance Committee of the Organisation for Economic Co-operation and Development. IDA is the International Development Association. ODA is official development assistance (aid).

Glossary

See www.devinit.org for a more detailed glossary.

Term	Definition
aid	Covers a wide range of development assistance. In this report, it includes but is not limited to *ODA* provided by 'traditional' *DAC* member governments. It includes *ODA* reported by *non-DAC donors* and development cooperation from governments such as China and Brazil.
aid bundle	Concept that ODA is not a single, undifferentiated mass, but can be usefully broken down to analyse the relative value of its constituent elements, the relative shares of cash versus in-kind resources, and increase understanding of actual volumes that are transferred across geographic borders. See *Methodology* for details and the categories of aid within the bundle. (see also *non-transferred aid, unbundling*)
bilateral aid/ ODA	Development assistance that is provided country to country, or through multilateral organisations where country providers retain some control. The *DAC* definition includes *ODA* that is: • Provided directly to the government of a developing country. • Provided to national/international NGOs for humanitarian and development activities. • Development-related but within a donor country, e.g. *interest subsidies*, spending on promotion of development awareness, debt relief and *administrative, refugee-related and migrant-related costs*. • Provided to multilateral agencies where the donor has control over its use and *disbursement*, e.g. by specifying aspects of its use, such as recipient, purpose, where it can be used, terms of that usage and how any repayments can be used. (see also *multilateral aid and total ODA*)
budget support	A direct transfer of resources from a donor government to a partner government's national treasury. It allows the recipient government control of spending to meet its own priorities. General budget support is not earmarked; it can be used at the recipient government's discretion and managed in accordance with the recipient government's budgetary procedures. Sector budget support is allocated to a specific sector in which it must be used, but the recipient government controls how it is to be spent within that sector. (see also *earmarked*)

Term	Definition
cash transfers	Cash transfers are direct, regular and predictable non-contributory cash payments that help poor and vulnerable households to raise and smooth incomes. The term encompasses a range of instruments (e.g. Social pensions, child grants or public works programmes) and a spectrum of design, implementation and financing options. *Source:* DFID
channel of delivery	The channel of delivery is the 'first-level recipient' of ODA – the implementing partner. There may be multiple levels of implementation, e.g. the donor agency hires a national implementer, who in turn hires a local implementer. This level of detail is not reported in aggregate DAC figures.
commercial flows	In this report, *FDI*, *portfolio equity* and long and short term loans.
commitments	For ODA, firm written obligations, backed by an appropriation or availability of the necessary funds to provide resources of a specified amount under specified financial terms and conditions to a recipient country or a multilateral agency. The whole (total) value of a commitment is reported in the year in which it was made even in cases where the accompanying disbursements will be made over a number of years. (see also *disbursements*) [*Source:* OECD glossary of statistical terms]
concessionality	Loans are concessional when lending conditions benefits the borrower compared with a loan from the market. These benefits can include longer repayment periods, grace period (before repayments have to begin), or in the interest rate. The latter is a discount (reduction) compared with commercial interest rates. Such concessions are typically provided directly by a government agency or, for a commercial loan, as a government grant to a lending bank. [*Source:* OECD glossary of statistical terms] Lenders may accept in-kind repayments from developing countries.
core (funding)	Donor contributions to multilateral development organisations that is pooled and used to meet those organisations' running and programme costs. No restrictions on the use of this funding are permitted (or it is classified as bilateral ODA). This means that the link to the specific donor is lost. Most UN agencies receive core funding from donor governments (the World Food Programme as a notable exception). Donor governments also provide core funding to NGOs, research institutes and other private bodies.
corporate giving	Includes direct giving for international development from a private profit-making company, including matching gift schemes, or giving through corporate foundations tied to a company.
debt relief	Granted by DAC donors and multilateral institutions to developing countries can be counted as ODA. While recipients may benefit, this form of aid does not represent a new transfer of resources to the developing country. A large proportion of debt forgiven normally represents accumulated interest on past loans.

Term	Definition
Development Assistance Committee (DAC)	A specialised committee of the *OECD*, the main body handling issues relating to cooperation with developing countries. It is made up of senior officials from 25 member governments and the European Union, with the Development Co-operation Directorate acting as its secretariat. Country members are: Australia, Austria, Belgium, Canada, Czech Republic, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Japan, Korea, Luxembourg, the Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, the United Kingdom and the United States. The Czech Republic and Iceland joined in 2013. They were not members in 2011, the year for which the majority of the data in this report refers, so they are classed in this report under their previous *non-DAC donor* status. *Non-DAC donors* which are *OECD* members have full observer status and participate in DAC meetings. Turkey has applied for DAC membership. The World Bank, the IMF and the UNDP also have permanent observer status (see www.oecd.org/dac/developmentassistancecommitteedac.htm).
development cooperation from government providers outside the DAC	While *DAC* members are important providers, development cooperation is provided by a range of official (government) providers beyond the *DAC*. This may be directly to countries or through international organisations. These providers adopt their own definitions that do not necessarily align with *ODA*. Some of these countries have been providing development cooperation since the 1950s, creating their own institutions, procedures, relationships and standards.
development finance institutions (DFIs)	Occupy an intermediary space between public aid and private investment, providing a range of financing instruments to public and private institutions in developing countries. Although they mostly work under a mandate of fostering economic growth and development, they are often distinct from aid agencies through their focus on profitable investment and operations according to market rules. Their main objective is often to support and catalyse private investment in developing countries where access to capital markets is limited, using loans, equity and guarantees as well as other risk mitigation instruments. They vary widely in structure and organisation, from national bilateral to regional/sub-regional/multilateral DFIs.
disbursements	For ODA, this is defined as money and other resources that a donor has spent, although it also includes activities such as debt relief where no additional spending takes place. Aid in kind can be counted as disbursed at time of purchase, receipt or transfer. The term is also used in national accounts and other reports that notify expenditures by *providers of development cooperation outside the OECD DAC* (see also *commitments*).
earmarked (funding)	Where restrictions are placed on the use of assistance by a donor, such as pre-allocating to specific projects, sectors, regions or countries. These restrictions can range from global themes to allocation for spending on specific goods or services to a particular recipient group within a specified timeframe. Any ODA to multilateral organisations that has such conditions attached is deemed bilateral ODA (see also *bilateral ODA*, *multilateral ODA*, *core funding*).
eligible recipients (of ODA)	Currently the 148 countries or territories on the *OECD* List of Aid Recipients, which the *DAC* has defined as eligible to receive *ODA*. This definition is revised every three years, with the next review in 2014. Countries that have been above the World Bank's high-income country threshold for three years in a row at review time are removed from this list. G8 member countries are also ineligible, as are EU members and countries which are prospective EU members with a firm entry date for accession. (see www.oecd.org/dac/stats/daclistofodarecipients.htm)

Term	Definition
EU-15, EU-10 and EU-12	EU-15 refers to the European Union member countries prior to the accession of ten countries (EU-10) in 2004. The EU-15 comprises: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden, and the United Kingdom. The EU-10 comprise: Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia. EU-12 includes Bulgaria and Romania which joined in 2007.
extreme poverty	In this report this term refers to income poverty measured against the $1.25 a day (PPP 2005) threshold, particularly in relation to the goal of ending poverty on this definition by 2030 as an initial step towards addressing multidimensional poverty and poverty compared with higher income thresholds, such as $2 a day (PPP 2005).
foreign direct investment (FDI)	A cross-border investment that acquires a lasting interest in the company (and country) being invested in. Such investments result in a 10% or greater level of ownership of or control over the asset being invested in. Net FDI data subtract disinvestments (sale of investments) from new investments.
foundations	There is no single legal definition of foundation accepted across countries. The generally accepted definition of 'foundations' meets the following four criteria: non-governmental; non-profit; self-managed by its own trustees and directors; and promotes social, educational, charitable or other activities serving the common welfare. A distinction is generally made between private and public foundations. A private foundation possesses a principal fund of its own, while a public foundation, sometimes called charitable foundation, raises funds from multiple sources, including private and official sources. While trusts are similar to foundations, they can be used for commercial as well as charitable activities. In this report, used to designate public foundations, private foundations or charitable trusts involved in *PDA*. (see also *corporate giving*)
G20	The Group of Twenty (G20) has declared itself "the premier forum for international cooperation on the most important issues of the global economic and financial agenda". It exists to promote policy coordination between members for global economic stability and sustainable growth, regulations to reduce risk and prevent future crises, and modernise the international financial architecture. The G20 brings together finance ministers and central bank governors from 19 countries: Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, the Republic of Korea, Mexico, Russia, Saudi Arabia, South Africa, Turkey, the United Kingdom, the United States of America. The European Union is also a member. Meetings at leader level have taken place since 2008. Like the G8, the presidency of the G20 rotates among its members: Russia holds the 2013 presidency, while Australia will hold the presidency in 2014. A G20 Development Working Group was established in June 2010 with G20 leaders adopting the Seoul Development Consensus in November 2010. The G20 published the St. Petersburg Accountability Report in September 2013 to measure progress on development commitments, alongside a development outlook.

Term	Definition
G8, G7	The Group of Eight developed economies (Canada, France, Germany, Italy, Japan, Russia, the United Kingdom and the United States) holds annual summits and other events organised by an agenda-setting presidency. This rotates among members: the UK holds the presidency in 2013, while Russia will in 2014. The G8 generally focuses on global issues, including economic growth, crisis management, security and terrorism and energy. The Group of Seven, or G7, is a group of finance ministers from Canada, France, Germany, Italy, Japan, the United Kingdom and the United States, which meets several times a year to discuss economic issues. Russia is not a member of this grouping.
global public goods	Global public goods are important for development and poverty-reduction. They can be commodities, resources, services, systems of rules or policy regimes with substantial cross-border externalities that can be produced in sufficient supply only through cooperation and collective action by developed and developing countries. [*Source:* World Bank]
grants	Transfers made in cash, goods or services for which no repayment is required. Activities that do not involve a transfer of resources, such as imputed student costs and debt relief, are also counted as grants in the ODA statistics.
gross domestic product (GDP)	A measure of economic output often used as an indicator of relative wellbeing. It includes only economic production (or 'value-added') within a territorial unit (see *GNI*).
gross national income (GNI)	A measure of economic output often used as an indicator of relative wellbeing. In addition to *GDP*, this measure includes income received from other countries (interest or dividends), less similar payments made to other countries. For example, profits of a UK-owned company operating in India will contribute to UK GNI (but not UK *GDP*) and India's *GDP* (but not India's GNI). GNI has particular significance as it is often used as a yardstick of donor *ODA* commitments, as an indicator of commitment to development. *ODA* spending is divided by GNI to arrive at a percentage figure. The origins of this measure are in the 1969 Pearson Commission on International Development. It recommended that governments should aim to provide 0.7% of their gross national product (GNP, which should be equivalent to GNI) as aid. This aspiration was endorsed by UN members. Governments have variously committed to 0.7% with a specific target, such as the UK (in 2013) and the *EU-15* (by 2015), or to other ratios of GNI as aid.
gross ODA	Total ODA given or received, without deducting repayment of the principal (original amount) of ODA loans (see *net ODA*). For donor ODA outflows this comprises bilateral disbursements of concessional funds to both developing countries and multilateral institutions. For developing country recipients, this comprises disbursement of concessional finance from both bilateral and multilateral sources.

Term	Definition
High-Level Panel (UN HLP)	Appointed by the UN Secretary-General in July 2012, a panel of eminent persons to advise on the *post-2015 development agenda*. It provided recommendations on possible future development goals in a May 2013 report, proposing for example an end to *extreme poverty* by 2030, to be further considered at UN General Assembly in September 2013. The three co-chairs were: President Susilo Bambang Yudhoyono (Indonesia); President Ellen Johnson Sirleaf (Liberia); and Prime Minister David Cameron (the United Kingdom). See http://www.un.org/sg/management/hlppost2015.shtml.
International Aid Transparency Initiative	A global transparency standard that enables information about aid spending to be easier to access, use and understand. It is a multi-stakeholder initiative, involving traditional bilateral and multilateral donors and developing country governments, civil society organisations and philanthropic foundations. It consists of an agreement of data items that should be published, and a common electronic format in which this should be published. *Source:* www.aidtransparency.net/.
International Development Association (IDA)	Part of the World Bank Group, an international financial institution that provides concessional grants and loans to the world's poorest countries. Established in 1960, IDA aims to reduce poverty by supporting programmes that boost economic growth, reduce inequality and improve people's living conditions. [*Source:* World Bank]
least developed countries (LDCs)	Group of countries with the poorest economic and human development indicators. The UN-determined criteria are a combination of persistent low per capita income over three years (using World Bank Atlas data, see *LICs*), and low scores on specific indices of human assets and economic vulnerability. *LDCs* are not necessarily the same as *LICs*, because of the different criteria. See www.unohrlls.org/en/ldc/164/.
loans	Transfers either in cash or in kind for which the recipient incurs a legal debt. Official loans are those with fixed maturities made by governments (central or local) or official (non-monetary) agencies, for which repayment is to be made by the recipient country. This includes loans repayable in the borrower country's currency, regardless of whether the lender intends to repatriate the repayments or use them in the borrowing country.
low-income countries (LICs)	World Bank definition based on GNI per capita in US dollars (using Atlas methodology which smoothes market exchange rate-based values). Data is revised annually. See http://data.worldbank.org/about/country-classifications.
middle-income countries (MICs)	See *LICs* and *LDCs*
Millennium Development Goals (MDGs)	A set of eight international development goals officially established following the UN Millennium Summit in 2000, following the adoption of the UN Millennium Declaration, to be met by 2015. The goals cover poverty and hunger, education, gender equality and empowering women, child mortality, maternal health, HIV/AIDS, malaria and other diseases, environmental sustainability, and a global partnership for development. [*Source:* United Nations]

Term	Definition
multidimensional poverty	An alternative conception of poverty that measures deprivations across a wider range of deprivations than income alone, including nutrition, health, education and housing. The Multidimensional Poverty Index (MPI) is a widely-used measure, internationally comparable measure across 109 developing countries, with 14 dimensions, including empowerment, quality of work and security. While income and the multidimensional poverty measured by the MPI are correlated, their association is complex (see www.ophi.org.uk/policy/multidimensional-poverty-index/).
multilateral aid/ODA	Development assistance provided to regional and multilateral organisations. The DAC defines this aid that is provided as 'core' or un-earmarked contributions, to the UN and other multilateral organisations, programmes and funds which are wholly or partly developmental or humanitarian in their mandate. Where donors impose any restrictions on the use of funds, ODA automatically becomes bilateral. Differs from multilateral disbursements, which are ODA disbursements from multilateral agencies rather than contributions to them. (see also *bilateral aid and total ODA*)
net ODA	*Total ODA* given or received, net of repayment of principal on ODA *loans* (see also *gross ODA*).
non-DAC donors	Countries beyond *DAC* members also provide development cooperation. In this report, this term refers to governments that are not members of the *DAC* that have chosen to report *ODA* allocations to the OECD. This report focuses on 2011 data and as such has 22 non-DAC donors as at 2011, although two have since joined the DAC (see *DAC* and *Government providers outside the OECD DAC*).
non-transferred (ODA or aid)	Used in this report for ODA that does not represent a new transfer of resources to developing countries. This includes *debt relief*, administrative costs, costs of students within donor countries, costs of refugees within donor countries and subsidies paid to donor-country banks. Also included in this category are any other CRS records which are specifically flagged as the donor as being spent through donor-country government bodies (not including technical cooperation, food, or commodity aid). See *Methodology* for details.
nongovernmental organisations (NGOs) & civil society organisations (CSOs)	Not-for-profit organisations involved in development and public fundraising activities. The UN definition of an NGO is "any non-profit, voluntary citizens' group which is organised on a local, national or international level." NGOs are characterised by their independence from government, and value-based actions which promote welfare or development. For specific countries, this report uses the nomenclature commonly used to define NGOs and their local equivalents, for example using private voluntary organisations in the United States. For China, we include non-profit organisations, such as China Red Cross which, despite being controlled by the state, receive revenue from the public.

Term	Definition
official development assistance (ODA)	ODA and the term '*aid*' are often used interchangeably, but ODA has a specific technical definition which has been adopted in this report. ODA is *grants* or *loans* to *eligible recipients* meeting criteria for the promotion of economic development and welfare from an official source (i.e. government or multilateral organisation) to a set of developing countries agreed by the Development Assistance Committee (*DAC*) of *the OECD*. While poverty reduction is not a specific ODA eligibility criterion, such allocations would generally qualify. ODA includes development assistance across sectors. ODA is reported to the *DAC* by member governments and several regional and global institutions (see *multilateral aid*). In addition, several *non-DAC* members report spending that meets the ODA criteria, as does the Bill & Melinda Gates Foundation. (see also *Total ODA, bilateral ODA/aid, multilateral ODA/aid*)
Organisation for Economic Co-operation and Development (OECD)	Established in 1961 when the US and Canada joined the then Organisation for European Economic Cooperation (formed in 1948). The grouping focuses on economic, social and development research and policies. Russia is in the process of accession, while the OECD has an 'enhanced engagement' programme with five countries: Brazil, China, India, Indonesia and South Africa (see also www.oecd.org/about).
other official flows (OOFs)	Transactions by the official sector with countries on the list of eligible recipients which do not meet the conditions for eligibility as official development assistance or official aid, either because they are not primarily aimed at development, or because they have a grant element of less than 25%. *Source:* OECD Glossary of Statistical terms.
portfolio equity	A form of international investment that does not confer significant control or influence. 'Portfolio' refers to a group of assets. Investments of 10% or more of the value or control of an asset or company are considered *FDI*, while investments below this threshold are portfolio equity. Investors receive returns though interest payments or dividends and can use equity to spread financial risks across different markets. They can also sell their equity on to other investors.
post-2015 development agenda	The process led by the UN to define future global development framework to succeed the UN MDGs from 2015. (see also *MDGs* and *UN HLP)*
private development assistance (PDA)	International concessional resource flows voluntarily transferred from private sources to international development, including private finance channelled by corporations, *foundations* and *NGOs*.
private flows	In this report, *remittances* and *PDA*.
Purchasing Power Parity (PPP) exchange rates	Attempt to go beyond using market exchange rates, adjusting for the relative buying power across different countries so enabling international comparisons of welfare of inhabitants. Controlling for price levels, PPPs measure how much money would be needed to purchase the same goods and services in two countries, and uses that to calculate an implicit foreign exchange rate. These are generally based on International Comparison Program data, a global statistical partnership to estimate PPPs through collecting comparative price data and compiling detailed expenditure values of countries' GDPs. The notation PPP$ is used in this report, while market exchange rate comparisons use US$. One exception to this approach is the commonly used $1.25 a day and $2 a day poverty thresholds.

Term	Definition
remittances	Cash transfers made by a migrant worker or immigrant to their country of origin, often to family or relatives. Remittances can also be funds invested, deposited or donated by the migrant to the country of origin. A broader definition can include inkind (non-cash) personal transfers and donations. [*Source:* www.iom.int]
reverse flows	Refers to international resource flows that come out from developing countries that are generated by previous inflows, such as repayments and returns to investments.
South–South cooperation	South–South cooperation is a broad framework for political, economic, social, cultural, environmental and technical collaboration among countries of the global South, that is excluding developed countries. Involving two or more developing countries, this may be on bilateral or other bases (e.g. trilateral, sub-regional, regional, inter-regional). Sharing of knowledge, skills, expertise and resources to meet development goals is a characteristic of this form of cooperation. Recent years have seen increased South–South trade and *FDI* flows, moves towards regional integration, technology transfer, sharing of solutions and expertise and other forms of exchange. [*Source:* United Nations Office for South–South Cooperation]
tied aid	Tied aid credits are official or officially supported loans, credits or associated financing packages where procurement of the goods or services involved is limited to the donor country or to a group of countries which does not include substantially all developing countries. *Source:* OECD
total ODA	Total ODA is donors' *bilateral ODA* plus their *multilateral ODA* contributions. Differs from total ODA disbursements, which is the sum of bilateral disbursements made by bilateral and multilateral agencies (see also *bilateral aid* and *multilateral aid*)
unbundle (aid)	Unpacking ODA into constituent elements to enhance transparency and enable assessments of its poverty reduction value (see *aid bundle*).
upper income countries (UICs)	See *LICs* and *LDCs*

Methodology

Investments to End Poverty is based on data from various sources, including estimates developed by Development Initiatives. This section outlines the data sources used for different information and the particular data used in each section of the 2013 report. More detailed methodological notes are available on our website (www.devinit.org).

Resource flows data

Official development assistance. Estimates of ODA are sourced from the OECD DAC aggregate tables and Creditor Reporting System (CRS). The figures reported here are inclusive of debt relief unless expressly stated otherwise. The report presents both gross and net data: these are specified in the notes alongside each figure. The report uses data on disbursements unless otherwise stated. CRS data for the aid bundle analysis was downloaded in January 2013. Other ODA data was downloaded in May 2013. Chapter 3 and Chapter 8 focus on ODA from 23 DAC country donors. Chapter 10 looks at ODA disbursements to recipient countries from all donors that report to the OECD (with the exception of the aid bundle analysis which, as in Chapter 4, is limited to ODA disbursements from DAC bilateral donors and multilaterals). Chapter 11 looks at ODA disbursements from DAC donors and multilaterals. Iceland and Czech Republic joined the data while this report was being produced and are therefore treated as non-DAC donors.

Foreign direct investment data was taken from UNCTAD stat (FDI received by developing countries) and the OECD FDI by partner database (FDI from OECD countries to developing countries). Data on *profits on FDI* is sourced from the World Bank DataBank. Data on *illicit financial flows* is taken from the Global Financial Integrity Programme although these flows – capital flight and trade mispricing – are unrecorded or misrecorded by nature so estimates are difficult to verify. Data on *innovative finance mechanisms* was collected from the GAVI Alliance, the Global Fund, IFFIm, UNITAID, Product (RED) and Belgian and French national sources. Estimates of *military and security expenditure* are sourced from Stockholm International Peace Research International and track international expenditure on multilateral peacekeeping operations. *Loans* data on inflows (gross long-term and net short-term disbursements) and outflows (interest and capital repayments) was sourced from the World Bank's International Debt Statistics database. *Other official flows* data was taken from the OECD DAC aggregate tables and Creditor Reporting System (CRS). *Portfolio equity* data is taken from the World Bank DataBank. *Remittances* data was taken from the World Bank. Total flows received by developing countries are taken from the Migration and Remittances Factbook database; bilateral remittances are taken from the Bilateral Remittances Matrices for 2010 and 2011.

Data on *development finance institutions* is based on an exercise undertaken by Development Initiatives for this report. Available data on approvals and disbursements was collected from the published annual reports of 35 bilateral and multilateral development finance institutions for the period 2000 to 2011. A small proportion of missing disbursements data was estimated using published figures for approvals and approvals data was estimated using published disbursement figures for one institution. A more detailed methodology note is available on our website.

Private development assistance (PDA) data covering NGOs, foundations and corporate giving is based on a review undertaken by Development Initiatives for this report. To define what is included as PDA, we use the ODA definition and sector coding by the DAC as a guide. 32 national sources were used to estimate PDA in 16 countries. Two international data sources were used: the OECD DAC 'net private grants' line and the Center for Global Prosperity's (CGP) Index of Global Philanthropy and Remittances. In addition data on PDA trends was estimated from a review of the annual reports of 31 international NGOs and confederations, data on 1330 US foundations from the Foundation Center, and data on 213 corporations that report to the Committee Encouraging Corporate Philanthropy. Full details are available on our website.

Government expenditure data is taken from the IMF World Economic Outlook. To avoid double counting with international resource flows, general budget support ODA and disbursements on loans to the public sector were subtracted from government expenditure data at the country level. Total expenditure figures are expressed in US$ values and government expenditure per person figures are expressed in PPP$ values, unless specified otherwise.

Data on *government providers of development cooperation outside the OECD DAC* was sourced by the DAC dataset for all 26 countries excluding Brazil, China, India and South Africa. For the latter, data has been drawn from national sources (ministerial reports, Export Import Bank reports, national statistics and budgets). All data is gross or net disbursements as indicated, with the exception of Government of India concessional lines of credit, which are commitments, as are estimates of China's lines of credit from 2002 to 2011. Estimates for the latter have been sourced from Brautigam (2011) for 2002–2009 and modelled by Development Initiatives for 2009 and 2010 based on China's commitment to increase concessional financing to Africa made at the Forum on China-Africa Cooperation in November 2009.

Data on *climate change finance* is sourced from the OECD DAC's climate markers, Heinrich Böll Stiftung's and the Overseas Development Institute's Climate Funds Update and the Landscape of Climate Finance 2011 and 2012 reports from the Climate Policy Initiative.

All resource flow figures used in this report are for developing countries only unless otherwise specified. Where data from the sources listed above was given in currencies other than US$, oanda.com was used to source exchange rates. Data in current US$ was converted to constant 2011 US$ using deflators calculated using GNI data from the IMF World Economic Outlook. PPP$ exchange rates were sourced from the World Bank DataBank.

The aid bundle

In order to estimate the proportions of ODA that are transferred to a recipient country and, of this, what are the relative shares of cash versus in-kind resource transfers this report uses a number of categorisations of aid, taken from the OECD CRS database.

This database does not state explicitly how much ODA is in the form of money, how much is in other forms or how much is spent within the donor country. Development Initiatives has examined each record in the CRS database for the years 2006–2011 and classified these records according to whether the record was most likely to represent a transfer of cash, an in-kind transfer, ODA not transferred to the recipient country, or spending on global public goods and core support to Northern NGOs. This required an analysis of the aid type, flow code, finance type, purpose code, channel code, technical cooperation marker and recipient code of each record. This was supplemented by a text analysis of the short and long descriptions associated with CRS records in order to classify some of the ODA for which the analysis of the record codes was inconclusive.

Non-transfer aid. This consists of CRS records that were marked as debt relief, administrative costs, students within donor countries, refugees within donor countries and subsidies paid to donor-country banks. Also included in this category are any other CRS records which are specifically flagged by the donor as being spent through donor-country government bodies (not including technical cooperation, food, or commodity aid).

Global public goods (GPGs) and donor-country NGOs. ODA to research bodies, or to special-purpose funds with no specific geographic focus were counted as contributing to GPGs. CRS records coded as promotion of development awareness were also considered to be a form of GPG. Also in this category is ODA that was given as core support to donor-country NGOs.

Aid in kind. This category consists of aid records marked as free-standing technical cooperation, food aid or commodity aid.

Cash. The CRS database contains no explicit information on how much ODA is actually transferred as money to developing countries. Therefore the cash category of the aid bundle consists of those types of ODA considered to be most likely to result in cross-border flows of money. These categories are: budget support grants (both general and sector budget support), pooled and special-purpose funds with a specific geographic focus, core support to developing-country NGOs, ODA to public-private partnerships, grants by development banks over $1million, all loans and equity investments. Any record with apparently contradictory coding, such as a record with an aid type of budget support, but a marker or purpose code indicating that it is actually technical cooperation or food aid, is counted under the relevant non-cash category. For example $122 million of ODA with an aid type of budget support has been classified in the report as aid in kind as the technical cooperation flag for the records shows that this ODA has been delivered in the form of free-standing technical cooperation.

Mixed project aid. For a proportion of the records in the CRS database, it is not possible to make a meaningful assessment of the form that the ODA was delivered in and this is recorded in the report as 'mixed project aid' as all of these records have an aid type of 'project support'. As these records do not come under any of the categories of spending within the donor country, it is assumed that they represent transfers to recipient countries consisting of a mixture of cash and in-kind components.

Overlaps between international resource flows

It is known that there are overlaps in the flows captured by data series estimating different resource flows (Chapter 6). Where possible these overlaps have been quantified to avoid any double counting between series. Loans reported as ODA and OOFs were subtracted from disbursements of long-term loans from official sources at the recipient country level, and at the institutional level from data collection on approvals and disbursements by development finance institutions. Data on PDA is based on non-official sources of income in order to avoid overlaps with ODA. Estimates of innovative finance and climate change finance are not added to international flows on the assumption that these flows are captured entirely in data on other flows such as ODA, OOFs, loans and FDI. It is known that there are other potential overlaps between international resource flows, but there is insufficient data available to quantify these overlaps.

Other data

Estimates of *$1.25 a day poverty* are based on the latest data from the World Bank. Estimates for OECD DAC regions were calculated by aggregating and weighting the country estimates. Regional averages have been applied to calculate any missing country-level data, in line with international practice. Note that regional estimates differ from World Bank regional estimates because they refer to different regions and for methodological issues. Projections of $1.25 a day poverty are from the Brookings Institution (Chandy, Ledley and Penciakova 2013c) and some estimates in Chapter 1 differ slightly from figures elsewhere in the report due for methodological reasons. Data on *multidimensional poverty* are from the Oxford Poverty and Human Development Initiative.

Data on *population, GNI* and *GDP* was sourced from the World Bank DataBank.

Sector definitions

Our sectoral ODA analysis is based on 13 sector groups, which are closely aligned with, but not identical to, the OECD DAC's sectors. These groups are built by aggregating figures reported under different OECD DAC purpose codes.

Agriculture and food security includes all agricultural purpose codes, including policy and administration, agricultural education and research, land and water resources, agriculture and farming and related services, plus figures reported as forestry, fishing, rural development and development food aid. *Banking and business* covers banking and financial services, including financial policy and management, monetary institutions, formal and informal sector financial intermediaries, education training in banking and financial services; business services, including privatisation. *Debt relief* covers debt forgiveness, rescheduling and refinancing, and other actions related to debt. *Education* includes all identifiable general education components from policy and administration, to provision at primary, secondary and tertiary level (including multi-sector and vocational training). *Environment* includes multi-sector projects related to general environmental protection. *General budget support* includes figures specifically reported as general budget report. *Governance and security* includes a wide range of activities including government and civil society general and conflict peace and security. *Health* includes general health activities, including medical services, medical research and the management of health policy; basic healthcare interventions such as basic nutrition and infectious disease control; and population policy and reproductive healthcare, including HIV/AIDS programmes. *Humanitarian* includes emergency response (including emergency food aid, emergency relief and relief co-ordination); reconstruction, relief and rehabilitation; and prevention and preparedness. *Industry and trade* includes figures reported towards industry, mineral resources and mining, construction, tourism and trade policy and regulation. *Infrastructure* covers transport and storage; energy generation and supply; communication (including information communications technology, printing and publishing); construction; housing policy and administrative management; and urban development and management. *Other social services* includes social and welfare services, policies related to employment and housing, culture and recreation, statistical capacity building and other social services. *Water and sanitation* includes water supply, basic drinking and sanitation facilities, waste management; water and sanitation policy, administration and education. *Other* includes figures reported outside of the sectors listed above, including multisector ODA, administrative costs, support for refugees in the donor country and unallocated or unspecified flows.

Eleven of the thirteen sectors are considered 'core sectors' (this excludes debt relief and general budget support). These sectors classifications are used in sectoral analysis of ODA and OOFs throughout the report. Sectoral analysis of other flows has been aligned to this system as much as possible but is not fully consistent given the different sector classifications used in data for FDI, PDA and donors who do not report to the OECD.

Developing countries

This report uses the OECD's 2012 list of ODA recipient countries as the definition of 'developing countries' which includes 148 countries. Aggregate figures of resource flows to all developing countries are the sum of flows to these 148 countries.

Regional data is based on the OECD's regional classifications, which group developing countries into nine regions: Europe, East Asia, Middle East, North and Central America, North Africa, Oceania, South and Central Asia, South America and sub-Saharan Africa. Some imputations are made to calculate regional totals. For example, ODA reported as 'Africa, regional' has been attributed to the regional totals for North Africa and sub-Saharan on the basis of the ratio of ODA reported to countries in these regions.