SOUTHERN VOICE

Southern perspectives. Global debates.

OCCASIONAL PAPER SERIES N° 55

An Enquiry into the Evolving Landscape of Development Finance Flows

Towfiqul Islam Khan
Kazi Golam Tashfiq

OCCASIONAL
PAPER
SERIES
N°
55

An Enquiry into the Evolving Landscape of Development Finance Flows

Towfiqul Islam Khan
Kazi Golam Tashfiq

Publisher
Southern Voice
Website: www.southernvoice.org
E-mail: info@southernvoice.org

First Published May 2019
© Southern Voice

Disclaimer: The views expressed in this study are those of the authors alone and do not necessarily reflect the views of Southern Voice or any other organisation(s) with which the authors are affiliated.

ISSN 2307-9827 (Online)
ISSN 2307-681X (Print)

Preface

With the advent of the Sustainable Development Goals (SDGs), discussions on development finance have been revitalised. Mobilising sufficient financial support to meet the resource gap in SDG implementation is a critical challenge for developing countries.

Traditional aid flows to these countries have been restrained by both supply-side limits and demand-side pulls. However, new actors and innovative financial instruments develop opportunities for additional funding. In this context, improving the quality of development cooperation (including financial flows) and assessing its effectiveness have become more pertinent than ever.

Economic and political factors aggravate the challenge of effective development cooperation. The current global development finance architecture lacks necessary political ownership and momentum. Further, the discourse suffers from an obvious lack of credible knowledge that reflects realities on the ground. Demand is thus high for Southern perspectives so as to embed them in future reforms.

That is what Southern Voice, a network of over 50 think tanks from Africa, Asia, and Latin America, is facilitating. It provides structured inputs from the Global South for debates on the 2030 Agenda for Sustainable Development. With capacity gained through the successful execution of various research programmes, Southern Voice aims to contribute to the global discussion on the effectiveness of development cooperation in the era of SDGs.

The new initiative, "Rethinking Development Effectiveness: Perspectives from the Global South," is being carried out in partnership with the Centre for Policy Dialogue (CPD) in Dhaka, Bangladesh and with support from the Bill & Melinda Gates Foundation. The present study is the fifth in a series of nine occasional papers on rethinking development effectiveness. The study describes the current landscape of development finance flow and how this has evolved with the global development agenda.

Debapriya Bhattacharya, PhD
Chair, Southern Voice and Distinguished Fellow, CPD
Dhaka, Bangladesh

Acknowledgement

We express our sincere gratitude to Debapriya Bhattacharya, Chair of Southern Voice and Distinguished Fellow at the Centre for Policy Dialogue (CPD) for his guidance and advice in preparing this paper. We are thankful Andrea Ordóñez, Director of Southern Voice for extending her valuable comments on an earlier draft. We would like to recognise the valuable feedback received from the participants of the expert group meetings held in Bangkok, New York, and Washington DC. We would also like to thank several colleagues of Southern Voice and CPD their excellent support during this research.

Abstract

This paper reviews how the landscape of global development finance flow has evolved over the last decade and half with the evolution of the global development agenda. External flow of development finance, particularly the official development assistance (ODA), could not live up to the greater financing needs for attainment of the ambitious Sustainable Development Goals (SDGs) by 2030. Indeed, incremental ODA has largely catered the growing need of humanitarian assistance during the early years of SDGs era. In contrast, South-South financial flows and new innovative financing sources, such as blended finance, have become more prominent. In view of the current landscape, the paper finds it imperative to rethink the issues related to harmonisation, transparency and accessibility of data for external development financial flows, both traditional and non-traditional, as they remain critical for assessing development effectiveness. The paper reinforces the significance of efficient allocation of development finance along with scaling up the volume when it comes to the generation of development results.

Authors

Towfiqul Islam Khan is an economist and currently a senior research fellow at the Centre for Policy Dialogue (CPD), Bangladesh. His research includes SDGs, financing for development, data revolution and fiscal policy.

Kazi Golam Tashfiq is a research associate at the Centre for Policy Dialogue (CPD). His primary areas of research interest are macroeconomics and global public policy.

Content

Preface .... *iv*
Acknowledgement .... *v*
Abstract .... *vi*
List of tables .... *viii*
List of figures .... *ix*
Acronyms and abbreviations .... *x*
Introduction *11*
Current landscape of development finance: trends and dynamics *13*
Immediate outlook of external development finance *47*
Conclusion *49*
References *52*

List of tables

Table 1. Region-wise the loan-to-grant ratio of net ODA (Total) over the period 2000 to 2016........ ***15***
Table 2. Ranking of the countries based on the loan-to-grant ratio for the years 2000 and 2016 .... ***17***
Table 3. Growth of ODA and CPA between 2000 and 2016 .... ***21***
Table 4. Volatility of ODA across sectors (measured in standard deviation)........ ***24***
Table 5. Growth of ODA across regions and sectors over the period 2007-2016 ...... ***25***
Table 6. List of heavily aid-dependent countries as of 2004-2016........ ***28***
Table 7. List of aid-dependent countries in terms of ODA as a percentage of GDP.. ***30***
Table 8. List of aid-dependent countries in terms of ODA per capita ***30***
Table 9. Changes in sectoral composition of multilateral aid (%)........ ***32***
Table 10. Earmarked fund distribution (2016) by DAC members ***33***
Table 11. Flow of ODA disbursement for 2016 (in million USD) ***35***
Table 12. Annual distribution (%) of Chinese project aid across regions over the period of 2000 to 2014........ ***40***
Table 13. Compositional shift in the concentration of SSC in Latin America ***43***
Table 14. Instrumental share of private capital mobilised (%)........ ***46***
Table 15. Overall share of private finance mobilised in 2012-15 (%) ***46***

List of figures

Figure 1. Expanded principal-agent framework on the chain of development cooperation ***13***
Figure 2. ODA as a percentage of GNI (2017) ***14***
Figure 3. Loan and grant composition of ODA in Africa region over the period 2000 to 2006 .... ***16***
Figure 4. Trend of ODA and humanitarian aid (in million USD) ***18***
Figure 5. Trend of ODA, total and humanitarian id for non-DAC ***19***
Figure 6. CPA as a percentage of GNI (2016) ***22***
Figure 7. Trend of ODA and CPA over the period 2000 to 2016 .... ***23***
Figure 8. Growth of sectoral ODA across country groups over the period 2000 to 2016 .... ***26***
Figure 9. CPA as a share of ODA (% ***34***
Figure 10. Foreign aid China (USD mln unadjusted)) ***38***
Figure 11. India's foreign aid budget in million USD ***41***
Figure 12. Region wise share of private finance mobilised in 2012 to 2015 .... ***44***
Figure 13. ODA and CPA scenarios in the context of SDG implementation ***49***

Acronyms and abbreviations

CPA	Country Programmable Aid
GNI	Gross National Income
MDGs	Millennium Development Goals
ODA	Official Development Assistance
OECD	Organization for Co-operation and Development
OECD-DAC	OECD-Development Assistant Committee
SDGs	Sustainable Development Goals
UN	United Nations

An Enquiry into the Evolving Landscape of Development Finance Flows

Towfiqul Islam Khan
Kazi Golam Tashfiq

Introduction

The landscape of development finance has evolved over the years with a changing global economic scenario, the rise of new (Southern) providers along with the traditional Development Assistance Committee (DAC) donors, the emergence of new instruments, and a shift in sectoral priorities influenced by contemporary development thoughts. During the post-2000 period, the external development landscape dominated by official development assistance (ODA) was shaped by Millennium Development Goals (MDGs), humanitarian crises and debt relief. In 2008, due to the global financial crisis, there was a sharp decrease in ODA, which has not returned to its previous trajectory. In the post-MDG era, development finance flow was expected to be driven by the new international development agenda in the form of Sustainable Development Goals (SDGs) (Organisation for Economic Co-operation and Development [OECD], 2015). SDGs called for higher financing in view of the estimated financing gap of USD 2.5 trillion per annum (United Nations Conference on Trade and Development [UNCTAD], 2014). As the world has moved towards implementing a more comprehensive global development agenda, mobilising adequate public and external resources and spending them effectively remain critical.

Despite overall foreign aid disbursement in developing countries increased by five-fold since 1960, aid provided by DAC providers, increased by only three-fold over the same period. This indicates that a fair share of aid is coming from non-DAC sources. In coming years, the emerging Southern providers are expected to more prominent in the landscape of development finance flow (UNCTAD, 2018). Non-conventional instruments such as blended finance are receiving more attention in financing for SDGs. With the changing dynamics of external development finance flow, it is now critical for the countries to comprehend the context under which they should choose among different providers and what are the issues those different influence providers in terms of providing development assistance to the beneficiary countries.

To implement Sustainable Development Goals by 2030 globally, the United Nations (2014) has mentioned several options for financing the SDGs which were: domestic public and private finance, international public and private finance and blended finance. Despite

the presence of a large amount of literature, the scope of further exploration of the landscape of overall aid allocation remains valid as the recent global trends in external development finance will be critical to drawing a new approach for understanding its development effectiveness. In this context, the current study will seek answers to the following research questions:

- How did global development finance flows in the form of ODA evolve over the last decade with the evolution of the global development agenda?
- How have the emergence of non-traditional sources (such as South-South financial flows) as well as innovative financing sources (such as blended finance) shaped the current landscape of development finance?
- How may the landscape of future development finance flows look like? What are the key lessons for Southern recipient countries?

Development finance flows include a diverse set of instruments from both public and private sources. The present study will focus on three instruments: ODA, South-South Cooperation (SSC) and blended finance. Indeed, conceptualisations and definitions of the instruments described above may vary, which this study will take into account while presenting the analysis. It is also acknowledged that availability and harmonisation of data, particularly in cases of SSC and blended finance, will be challenging.

Along with data challenges, conceptual and definitional challenges still exist when it comes to define development effectiveness. Given this, the study seeks to shed light on the issue of harmonisation of definitions, concepts and reporting from both recipient and provider perspectives. Comparative analysis of mirror data and cost appropriation related issues is considered. This study also emphasises the issue of data reporting from both flow and impact domains. Alongside a diverse set of data sources including OECD, AIDDATA and individual governments' budget documents, the study draws references from existing literature and official reports as appropriate.

The following section describes the current landscape of development finance while analysis of credible global institutions and literature regarding the future scenario of

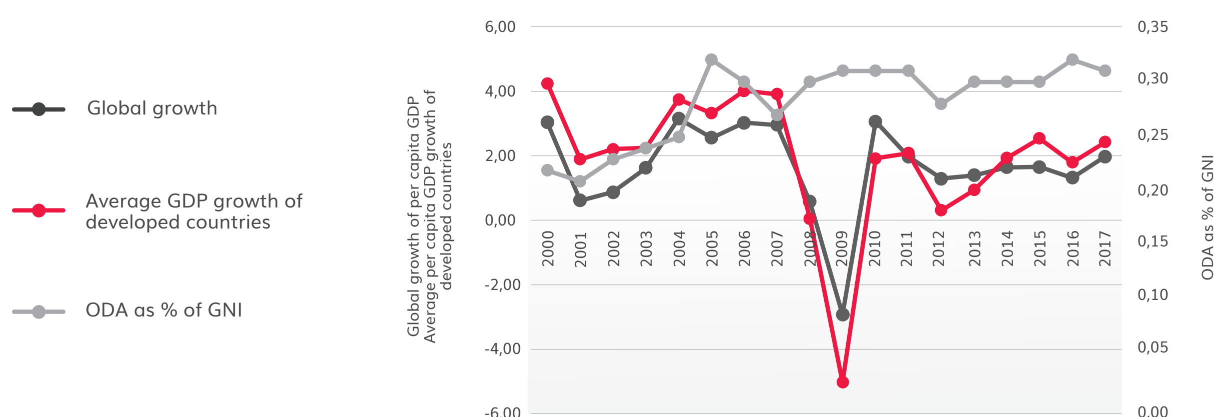
development finance is discussed in Section 3. The final section will draw concluding observations from the preceding sections for future research on development effectiveness from the perspectives of the global South.

Current landscape of development finance: trends and dynamics

Current global economic recovery is inadequate to deliver the ODA target of SDGs

While global economic growth became stronger, total (global) ODA as a share of Gross National Income (GNI) declined to 0.31% in 2017 from 0.32% in 2016. According to OECD data, the net ODA provided by the DAC members has experienced a decrease of 0.6% in 2017 from 2016. ODA withstood a further decline by 2.7% in real terms in 2018 compared to 2017 (OECD, 2018). Provider wise growth of total ODA between 2000 to 2016 reveals that non-DAC ODA growth was the highest followed by multilateral and DAC providers. Throughout 2000 to 2016, the share of DAC providers in total ODA remained at 68%, followed by the multilateral providers (27%) and non-DAC providers (6%). Moreover, from 2000 to 2016, the incremental share of contribution of non-DAC providers is 13.1% while the rest of the contribution attributes to the DAC and multilateral providers. Although in recent years, incremental share of non-DAC providers in total ODA spiked but interestingly from 2015 it started to fall.

Figure 1. Expanded principal-agent framework on the chain of development cooperation

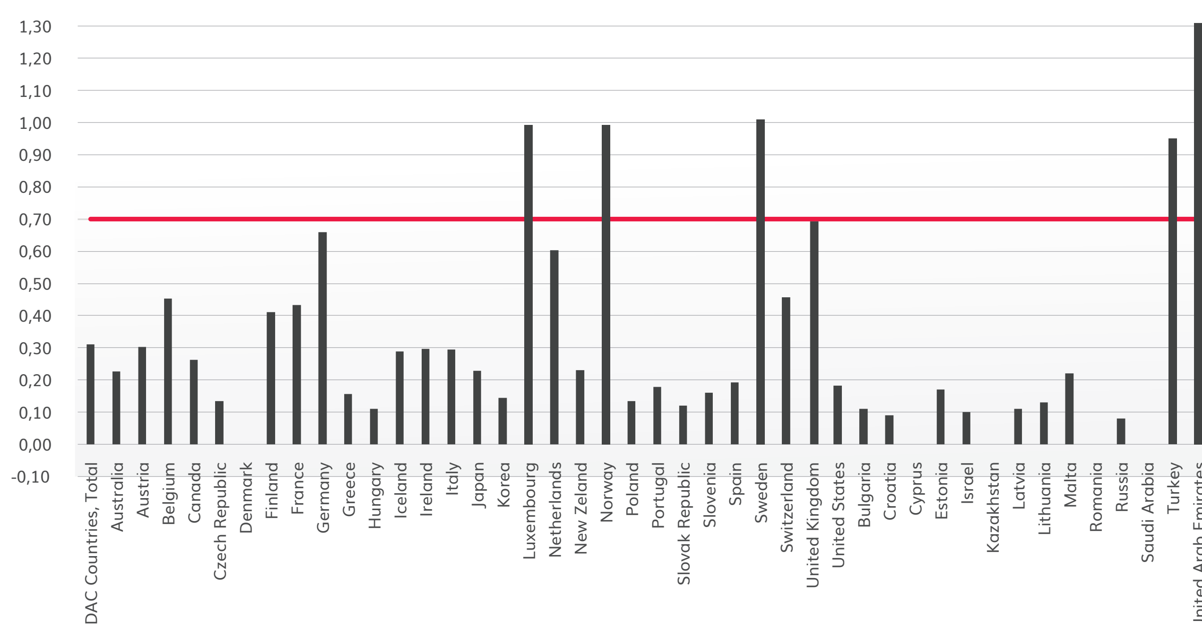


Source: Authors'estimation from OECD data

ODA levels remain well below the United Nations ODA target of 0.7% of GNI

The United Nations (UN) target of 0.7% ODA of the GNI dates back to 1958 when discussions of official aid targets were based on total flow of both official and private resources going to developing countries. The process of acceptance of the ODA target, i.e. 0.7% of provider country's GNI as a long-term objective by the countries in UN resolutions went through a long journey starting from the proposal of the World Council of Churches in 1960s to the Pearson Commission report in 1969. In 2017 net ODA fell for 18 countries, and most of the decrease can be attributed to the lower spending on in-donor refugees (OECD, 2018b). Preliminary data in 2018 also reflects the persistence of this decrease (OECD, 2018)[1]. However, the gap was well-recovered by another 11 countries which increased their net ODA. Although in 2016, USA, Germany, United Kingdom, Japan and France are listed as the most significant providers, this list falls in stark contrast with the effort (in terms of their respective ODA as percentage of GNI) of these countries to meet the UN target of 0.7% ODA of GNI.

Figure 2. ODA as a percentage of GNI (2017)



Source: Authors'estimation from OECD data

1 On a flow basis, net ODA rose in seventeen countries, with the most significant increases in Hungary, Iceland and New Zealand, by contrast it fell in twelve countries, with the most significant falls recorded in Austria, Finland, Greece, Italy, Japan and Portugal. Most of these falls were due to lower in-donor refugee costs (OECD, 2018, p.3).

The loan-to-grant ratio seems to be increasing globally for DAC providers

Despite the loan-to-grant ratio for the developing countries decreasing slightly after 2000, the global average of the loan-to-grant ratio of the ODA increased from about 3.0 to about 4.3. Analysis reveals that the loan-to-grant ratio globally increased most for Africa while for Asia, it remained more or less the same (Table 1). The scenario seems to be different for the aid composition of the traditional providers.

Table 1. Region-wise the loan-to-grant ratio of net ODA (Total) over the period 2000 to 2016

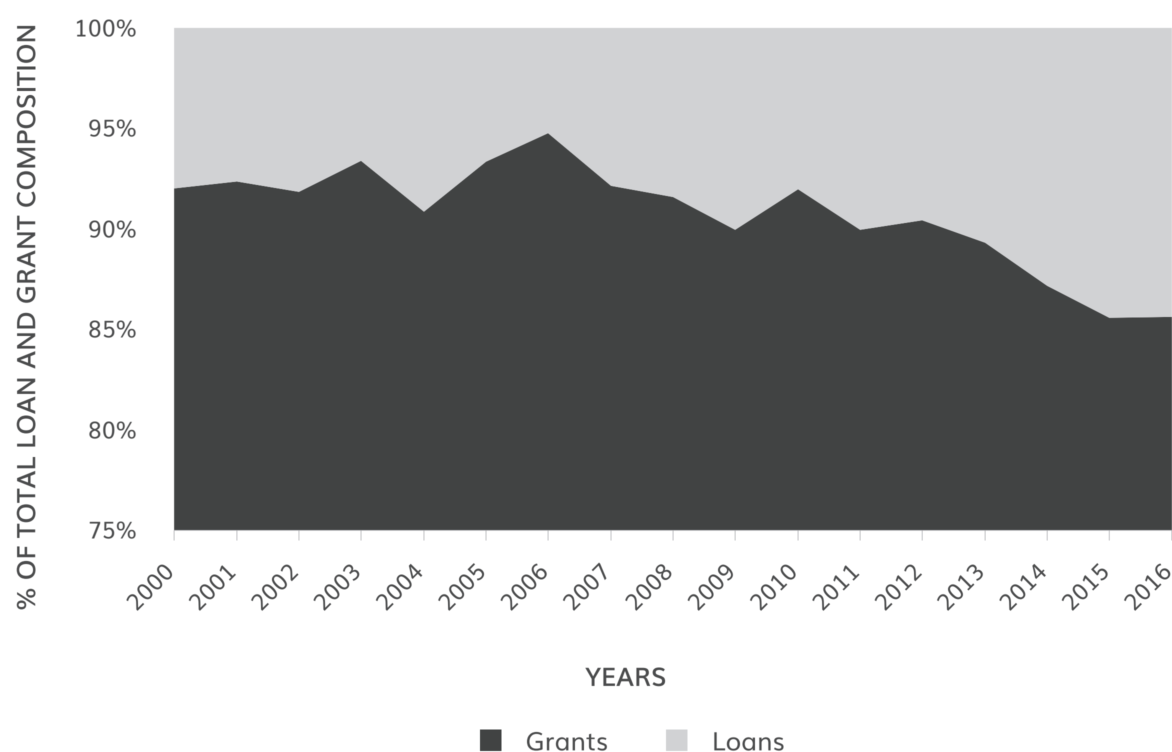
Region	2000	2005	2010	2015	2016
Developing Countries, Total	0.4	0.2	0.3	0.3	0.3
Europe, Total	0.2	0.2	0.4	0.8	0.7
Africa, Total	12.9	10.7	10.1	19.3	18.6
America, Total	0.1	0.0	0.1	0.1	0.1
Asia, Total	1.9	1.6	1.3	2.4	1.9
Oceania, Total	0.0	0.0	0.0	0.0	0.0
Global average	3.0	2.5	2.4	4.5	4.3

Source: Authors'estimation from OECD data

For aid sourced from DAC members, the loan-to-grant ratio increased most for Europe and America region while decreased most for Asia. However, for Africa, the ratio has also slightly increased. From the perspective of development finance, the increasing trend of the loan-to-grant ratio in Africa contradicts the conclusion that poorer countries receive a more significant amount of ODA as grants (Johansson, 2009). Studies also suggest, at least for poorer countries grants should be preferred as they do not have the burden of repayment and do not have adverse fiscal implications for the recipient countries (Morrissey, Islei, & M'Amanja, 2006). Besides, literature also concluded regarding the strong causal relationship between the grant portion of aid and income level of provider countries (Odedokun, 2004). The increasing global average of the loan-to-grant ratio

seems to contradict this well-accepted conclusion too in the context of increasing global per capita income. However, one of the suggested reasons for this consistent increase of the loan-to-grant ratio is, a more substantial portion of aid in the form of grants promote government consumption spending and retard investment spending (Odedokun, 2004). The grant share of aid in Africa over the period 2000 to 2016 has been declining from 2006 right after the 31st G8 summit at Gleneagles where global development partners committed to extending development assistance to Africa (Figure 2) (Infrastructure Consortium for Africa [ICA], 2018).

Figure 3. Loan and grant composition of ODA in Africa the region over the period 2000 to 2016



Source: Authors' estimation from OECD data

Furthermore, a ranking (high to low) of countries in terms of the loan-to-grant ratio between 2000 and 2016 reveals that the dominance of countries from Africa increased (Table 2). Recipient countries like El Salvador, Albania, Paraguay, Zimbabwe and Armenia stayed in the top 15 countries over the mentioned time in terms of higher the loan-to-grant ratio. Moreover, the debt as a percentage of GDP in these listed countries is also higher than 50% on average in the last five years.

Table 2. Ranking of the countries based on the loan-to-grant ratio for the years 2000 and 2016

2000		2016	
Countries	The loan-to-grant ratio	Countries	The loan-to-grant ratio
Mali	1.5	Central African Republic	3.2
El Salvador	1.4	Mayotte	3.1
Albania	1.4	**Armenia**	2.6
Paraguay	1.2	Croatia	2.0
Kyrgyzstan	1.1	Timor-Leste	1.8
Pakistan	0.8	**Zimbabwe**	1.8
Nicaragua	0.7	Cuba	1.6
Zimbabwe	0.6	Côte d'Ivoire	1.4
Cameroon	0.5	Colombia	1.4
Ecuador	0.5	Lebanon	1.3
Uzbekistan	0.5	**El Salvador**	1.2
Viet Nam	0.4	**Paraguay**	1.1
Armenia	0.4	**Albania**	1.0
India	0.4	Belize	0.9
Mauritius	0.3	Iraq	0.9

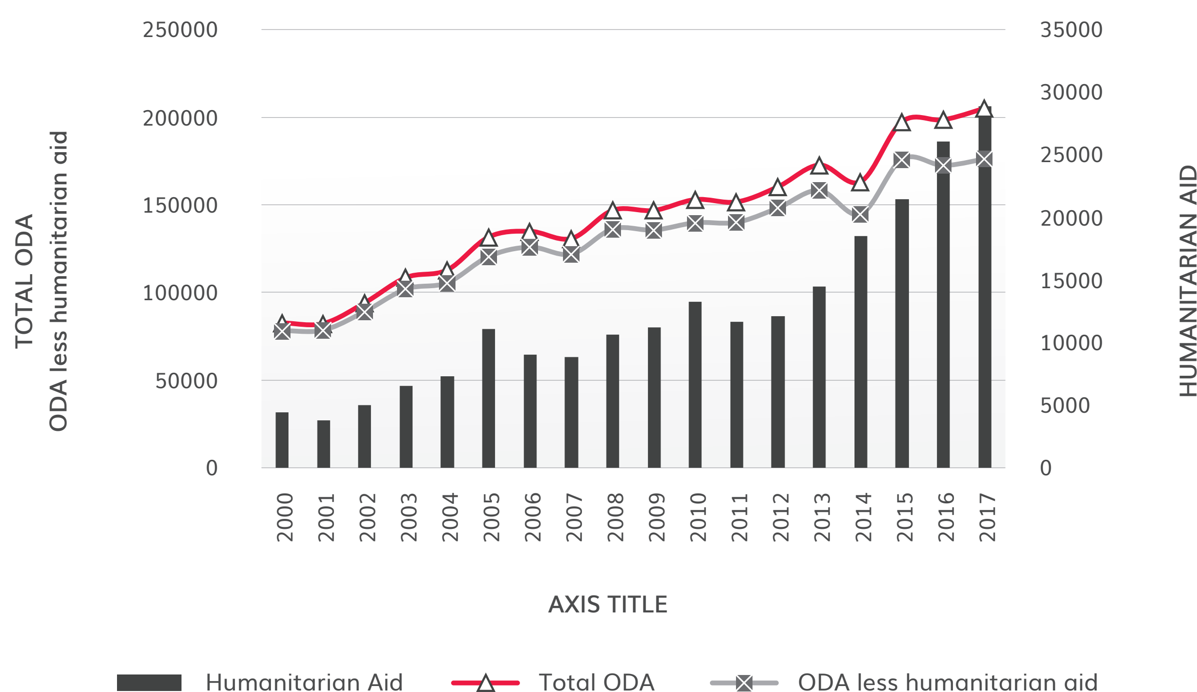
Source: Authors' estimation from OECD data

Growing focus on humanitarian aid is a significant concern

The landscape has also changed from the perspective of the sectoral intervention of the providers. Indeed, non-DAC providers' sectoral preference towards social infrastructure sector to economic infrastructure and humanitarian response for aid provision seems to move in the opposite direction to the DAC providers. The share of humanitarian aid increased from 5.2% to 13.2% from 2000 to 2016. The surge of humanitarian aid in total net ODA which helped the global economies tackle the humanitarian crises, it also posed concern regarding the diversion of ODA from more productive sectors to less productive ones. In the post-2015 period, among the top 17 providers, ODA excluding humanitarian

aid has fallen for ten providers. For Denmark net, ODA increased in total but excluding humanitarian aid the trend reverses. In 2017 ODA increased by almost USD 16 billion of which the incremental share of humanitarian aid was 18%. Humanitarian aid has risen sharply between 2000 and 2017 (Figure 3). The rise of humanitarian aid has been led by DAC ODA. For DAC member countries, although net ODA increased marginally (4%) since 2015, it has experienced an annual growth decrease of 0.38% in 2017.

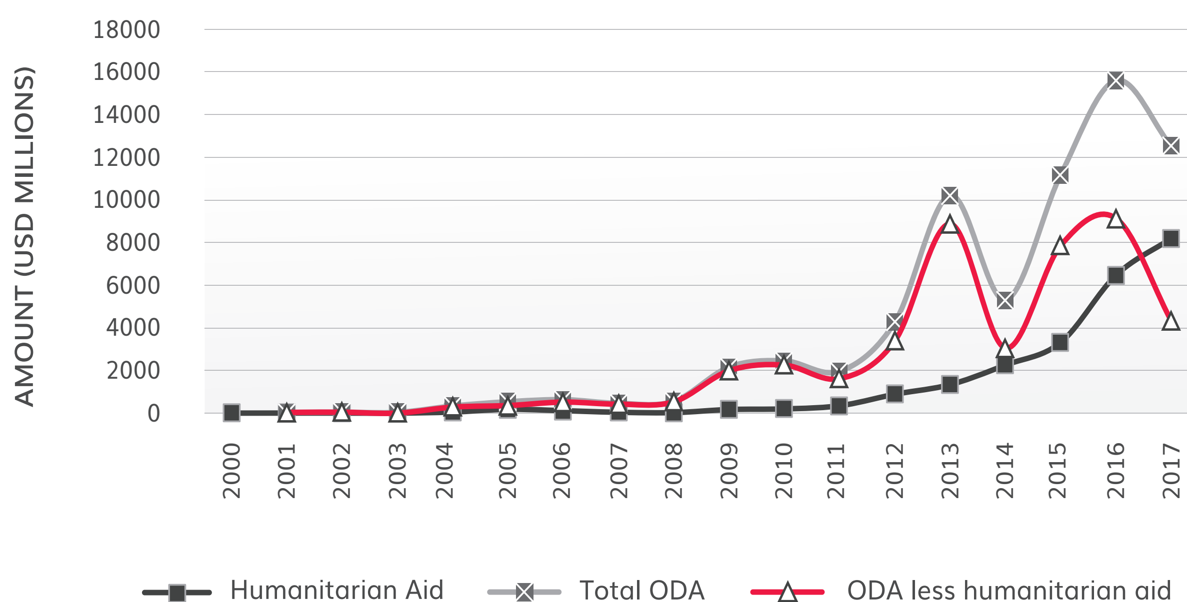
Figure 4. Trend of ODA and humanitarian aid (in million USD)



Source: Authors' estimation from OECD data

For non-DAC OECD members in terms of total volume, the rise of ODA after a substantial drop in 2014 did not continue in 2017 (Figure 4). Compared to 2015, although the overall volume of ODA remained almost the same but ODA excluding humanitarian aid fell significantly in 2017. Figure 4 also shows the humanitarian aid curve crossed the curve of ODA-less humanitarian aid very recently, which implies that the share of humanitarian aid has become dominant in the composition of non-DAC ODA.

Figure 5. Trend of ODA, Total and Humanitarian Aid for non-DAC providers (million USD)



Source: Authors' estimation from OECD data

With the sharp rise of humanitarian aid in total ODA, ODA allocations to development sectors (include social, economic, sector, and cross-cutting sectors) is becoming challenging. A closer look at the sectoral composition reveals that incremental share of humanitarian aid increased gradually over the period 2000 to 2017 and the opportunity cost of this overwhelming humanitarian aid was a declining share of ODA in the economic infrastructure and services sector, multi-sectors or cross-cutting sectors, and commodity aid/general program assistance sector. The share of ODA allocated to development sectors has fallen from 76% to 70% since 2010.

Since 2000, humanitarian aid rose increasingly for Africa, followed by Asia compared to other regions. This increased humanitarian aid in Asia and Africa has adversely affected the ODA allocation of economic infrastructure and services sector and multi-sector/cross-cutting sectors of these two regions (OECD, 2018). Throughout 2005 to 2016, for Africa, the share of humanitarian aid increased from 10% to 15.5% while for Asia, the share increased from 9.5% to 17.1%. OECD data shows that the sharp rise in humanitarian aid to countries like, Zimbabwe, Uganda, Tanzania, South Sudan, Somalia, Malawi, Mozambique and Nigeria in 2016 has resulted in the significant decrease of ODA in social infrastructure, services sector and economic infrastructure. Recognising this global shift in aid composition, the UN and its Inter-agency Task Force on Financing for Development Report stated that a longer-term approach to addressing humanitarian needs must

include development investments on the drivers of fragility (IATF, 2018). Moreover, there is significant difference between unspecified aid share between traditional and non-traditional sources of aid. Non-DAC providers seem to have a lower share of unspecified aid compared to DAC providers.

Share of traditional providers in total humanitarian aid appears to be declining consistently whereas non-traditional providers seem to fill the gap to some extent

In 2009, DAC members provided USD 13.14 billion for humanitarian assistance which is equivalent to, USD 14 provided by each citizen of a DAC country and representing 10.1% of total ODA. The top recipients of humanitarian assistance in 2009 were Sudan, Palestinian Administered Areas and Afghanistan. The share of traditional providers in humanitarian aid has been declining since 2011 due to the rise of in-donor refugee costs, whereas non-traditional providers are filling the gap (OECD, 2016a). However, in 2015 there were ten members for whom in-donor refugee costs were between 10% and 34% of total ODA.

Growth of Country programmable aid (CPA) falls in stark contrast with the growth of ODA

Streamlining the climate-related development finance data

Climate-related development finance has gained attention since the first Rio Summit in 1992, where it was agreed that finance for global private goods like climate change should be added and taken out of the ODA. The OECD DAC Creditor Reporting System (CRS) published comprehensive, publicly available, activity-level data on climate-related development finance. Although the reporting is mandatory for ODA by the members of the DAC, and voluntary in all the other cases. However, climate-related develops finance mainly comprise ODA, OOF and private donors. According to OECD, in 2015-2016. DAC provider alone held a 57% share of the total climate-related development finance while multilateral providers accounted for the rest of the share. In terms of purpose of financing, adaptation accounted for 60% of the funds against 27%, which accounted for mitigation. The rest of the share accounted for mutually overlapping purposes (OECD, 2018a). From a sectoral perspective, climate-related development finance accounted for around 21% of the total ODA in 2015-2016. In terms of destination, a significant concern is the fact LDCs are receiving only 20% of the climate-related development finance while LMICs received 35% and UMICs received 30% in 2015-2016.

Moreover, the share of loan against grant and equity is unusually high (around 85%) for LMICs in the same year (OECD, 2018a). There have been debates in the literature regarding the issue of

separating the climate-related development finance from the conventional ODA in the context climate-related development finance is a payment for a service rather than a transfer. Research suggests the recipient countries adopt a dual-track budgeting approach for separating green climate fund from that of conventional development fund (Kaul, Davies, Glasser, & Lu, 2015). Other literature asks to consider the climate fund for mitigation purpose as additional funding on top of the conventional ODA while climate-related development finance for adaptation can be counted as ODA (Shine & Campillo, 2016).
However, considering climate change as an eminent global risk provider should recognize the fact climate change can very well reverse the progress towards reducing poverty and achieving the Sustainable Development Goals. In that context, streamlining the data and the reporting system of climate-related development finance is critically important for the assessment of development effectiveness of climate-related development financial flows.

Although traditional providers report data based on the OECD definition of ODA in practice, the resources transferred as development assistance appears to be a subset of the total reported ODA (United Nations Economic and Social Council, 2008).In response to this concern, DAC has recently introduced the concept of CPA, which represents the amount of resources recipient countries are left with to spend for development purposes, CPA excludes humanitarian assistance, debt relief, administration costs, in-donor country refugee costs and imputed student costs from ODA. The growth of CPA falls in stark contrast with the growth of ODA over the period 2000 to 2016 (OECD, 2018c). Table 3 below provides an approximate representation of the growth of ODA and growth of CPA at both current price and constant price over the considered period.

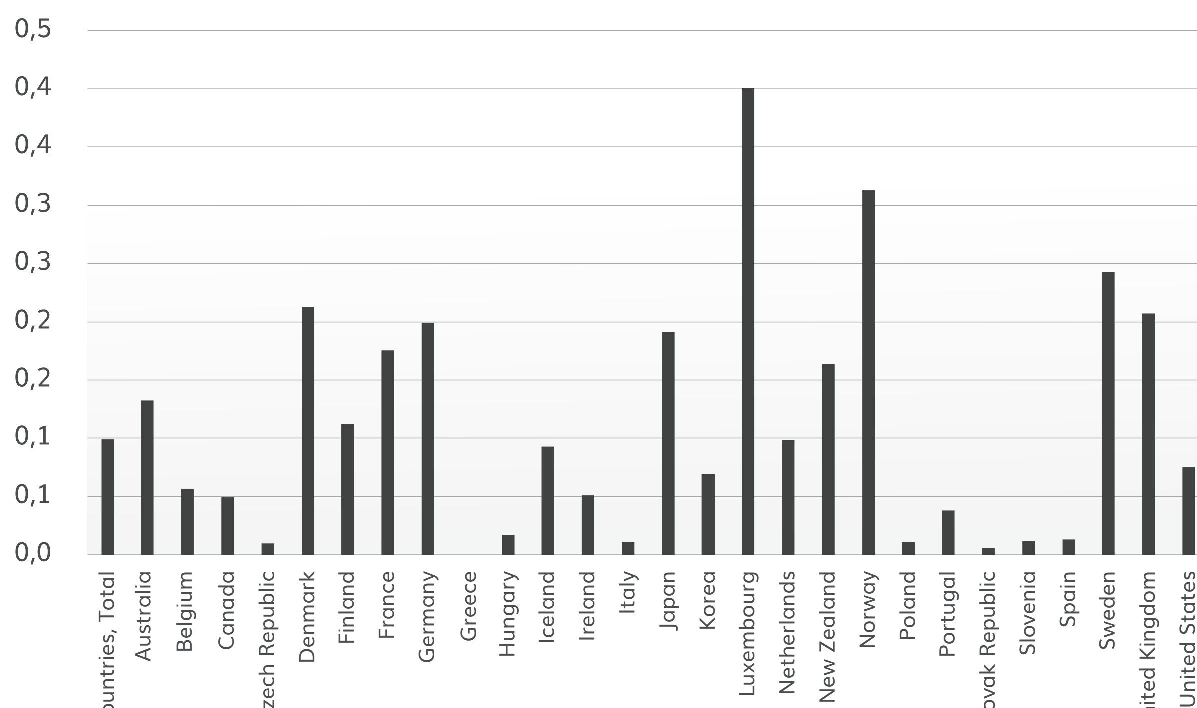
Table 3. Growth of ODA and CPA between 2000 and 2016

Price	ODA growth (%) since 2000	CPA growth (%) since 2000
Constant price	135	77
Current price	202	130

Source: Authors'estimation from OECD data

Although presently the efforts of global development partners are assessed in terms of ODA as a percentage of GNI, recipient countries do not usually receive the total amount of the disbursed ODA; instead they receive an amount that is close to the CPA. In that context, it will be useful if the efforts of the providers are seen through the lens of CPA as a percentage of GNI (Figure 5).

Figure 6. CPA as a percentage of GNI (2016)

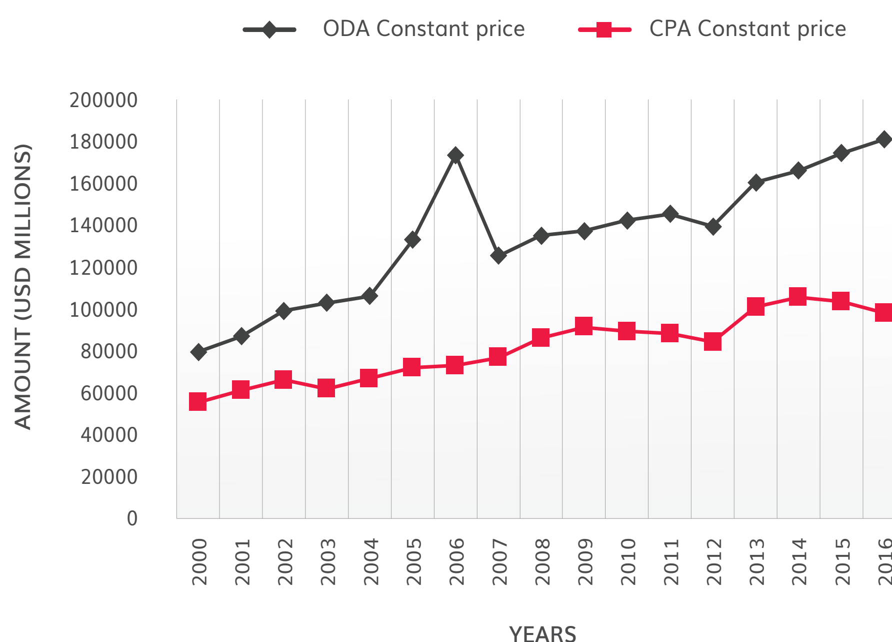


Source: Authors' estimation from OECD data

CPA as a percentage of GNI of the OECD DAC member countries revolves around 0.2% on average. From the perspective of development effectiveness, a rethinking of the metric for measuring the efforts of development partners are crucial to getting the real picture of the global aid scenario.

The rising gap between ODA and CPA is a significant concern because ODA forms the basis for commitments made by DAC countries whereas CPA is more relevant for financing that can be used for development goals or for meeting balance of payments gaps (Figure 6) (Kharas, 2014). A closer look at Figure 6 also reveals that after the year 2000, the gap was highest in 2006, when surprisingly, ODA growth was a record high of 30% followed by the fact most members of the DAC announced necessary medium-term plans to increase ODA in 2005 (OECD, 2006).

Figure 7. Trend of ODA and CPA over the period 2000 to 2016



Source: Authors' estimation from OECD data

However, the annual growth of ODA and CPA poses some more interesting questions. As shown in Figure 15, the growth of ODA as well as CPA was higher than usual in 2002, 2005 and 2013. According to the OECD, the increase in ODA and CPA in 2002 can be attributed to DAC members' commitment to increase their ODA to achieve the Millennium Development Goals (MDGs) and eradicate poverty. Besides, as mentioned earlier, the higher annual growth in the year 2005-06 represents the medium-term plans to increase ODA by the DAC members along with the Paris High-Level Forum on Aid Effectiveness in 2005. And finally, in 2013, the unusually high growth of both ODA and CPA can be explained by the Rio Earth Summit that called for higher financing for sustainable development.

CPA appears to be more volatile than total ODA in the case of non-DAC providers

Often the effectiveness of aid is measured in terms of stability over time. The development assistance provided by the DAC providers is found to be more volatile than the non-traditional (non-DAC) counterpart in terms of both ODA and CPA. While for both DAC and multilateral providers, the volatility of CPA appears to be lower than that of ODA, for non-DAC providers, the scenario is the opposite. Sectoral volatility of ODA disbursement across the providers shows that except the humanitarian aid, the volatility

of non-DAC aid is the least (Table 4). The higher volatility of the non-DAC aid in terms of humanitarian assistance is mainly for the fact that unlike traditional providers, non-DAC providers higher share of their aid as humanitarian assistance and food relief very recently. Between 2000 and 2016, the share of non-DAC providers in total humanitarian aid increased from 0.1% to 24.1%.

Table 4. Volatility of ODA across sectors (measured in standard deviation)

Sectors	Total ODA disbursement	DAC ODA disbursement	Multilateral ODA disbursement	Non-DAC ODA disbursement
Social Infrastructure & Services	19971.0	12348.5	7561.7	511.0
Economic Infrastructure & Services	10368.9	4743.6	6175.4	536.8
Production Sectors	7973.1	3020.2	6586.3	236.7
Multi-Sector / Cross-Cutting	5664.3	3476.5	2201.7	559.7
Action Relating to Debt	5940.3	5777.0	888.5	188.3
Humanitarian Aid	5970.6	4040.3	1235.0	1706.0
Unallocated / Unspecified	4347.7	3732.8	722.5	248.6

Source: Authors' calculation from the OECD database

Concentration of ODA has shifted gradually from the production sector to economic infrastructures and humanitarian aid

Over the period 1990 to 2016, the concentration of ODA has been shifted gradually from the production sector to economic infrastructures while concentration towards social infrastructures has prevailed. This sustained concentration towards social infrastructure has been led by the DAC providers. The provider inclination towards social infrastructures and services sector can be explained with the post-2000 global development agenda, the Millennium Development Goals (Kenny, 2013). From 2000 to 2016, the share of debt relief has exceptionally reduced (Figure 18) mainly due to large Paris Club debt relief operations for Iraq and Nigeria (Deutscher, 2009). The sectoral preference of social infrastructure and services and economic infrastructure and services remains consistently dominant while humanitarian aid share is seen to be increasing due to global crises like such as

tsunamis, earthquakes, refugee crises along with the crisis in the Middle East region during the aforementioned period of time (Development Initiatives, 2018).

The OECD has reinforced that since 1990, ODA has consistently declined in terms of debt relief and increased in terms of humanitarian aid along with economic infrastructures to social infrastructures (OECD-DAC, 2018). However, the dominance of social infrastructure and the service sector as well as economic infrastructure and service sector is expected to prevail as the implementation of the Sustainable Development Goals remains mostly dependent on ODA as one of its primary financing sources. The share of unspecified aid (as a share of total aid) for DAC providers has been predominantly higher and increased by 9% between 1990 to 2016, indicating higher administrative costs. Throughout 2001 to 2016, the focus of non-DAC providers has shifted from social infrastructure sector to humanitarian aid (59%) followed by economic infrastructure (11%) (although reduced recently). The gap of humanitarian aid share created by the DAC and multilateral providers has been partly compensated for by the non-DAC providers. The unspecified aid share of non-DAC providers has also reduced significantly, indicating a lower administrative cost.

Africa and Asia are receiving a more significant share of ODA

Region-wise distribution of total ODA shows that Asia and Africa are preferable regions providers (Deutscher, 2010). During the last decade (2007-2016), in Asia, ODA in social infrastructure and services sector has fallen by almost 13% since 2007 while, sharp growth in ODA is noticed in the humanitarian sector, economic infrastructure and services sector and multi-sector. Interestingly, the sector-specific growth trend of ODA in Africa matches with that of Asia in terms of economic infrastructure and services sector and multi-sector. However, across the regions, the dominance of humanitarian aid in terms of volume is also evident from growth figures (Table 5). Only Africa and Europe have experienced growth of ODA in the social infrastructure and services sectors. This poses a concern regarding the fact that, in recent years, whether more aid in economic infrastructure and service sector indicate commercial purposes as its major driving factor or not.

Table 5. Growth of ODA across regions and sectors over the period 2007-2016

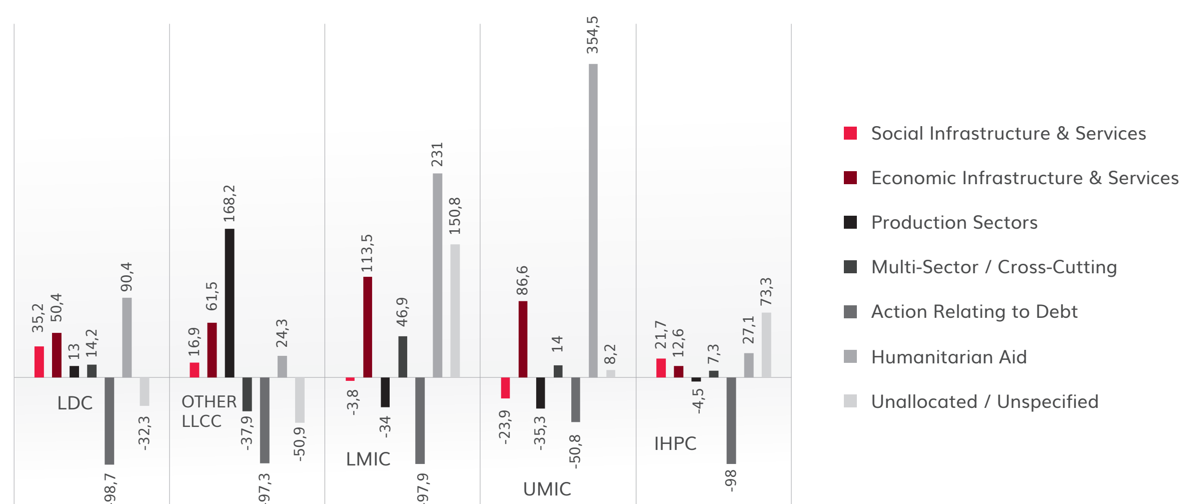
Region	Social Infrastructure & Services	Economic Infrastructure & Services	Production	Multi-Sector	Action Relating to Debt	Humani tarian Aid	Unallocated / Unspecified
Asia	-12.8	96.9	-42.3	74.8	-99.8	195.0	-4.1
Africa	25.5	87.7	32.5	13.8	-97.3	60.3	43.0

Europe	23.0	86.0	151.1	174.8	-100.0	1625.2	85.2
America	-13.1	111.6	-26.6	118.1	547.3	68.3	-43.5
Oceania	-14.3	25.9	122.7	-12.5	0.0	995.7	12.3

Source: Authors' estimation from OECD data

Surprisingly, sectoral growth of ODA across different country groups also casts similar doubt. LDCs have experienced the highest growth (35.2%) of ODA in social infrastructure and services sector across all country groups (Figure 7). Although LDCs shows a good growth figure in social infrastructure and services sector across country groups, the picture looks grim when compared to the growth of ODA across sectors. Over the last decade, the growth of ODA in LDCs has been highest in economic infrastructure and services sector if humanitarian aid is put aside. Also, in LMICs, growth of ODA is seen to be driven by the economic infrastructure and services sector. Humanitarian aid increased the most in UMICs, which is quite impressive. Another interesting fact is that in LMICs, the growth of ODA in unspecified sector appears to be unusually high. Net bilateral ODA to other country groups like LMICs, LDCs, except high-income countries, also appears to decrease in 2018 (OECD, 2018).

Figure 8. Growth of sectoral ODA across country groups over the period 2000 to 2016



Source: Authors' estimation from OECD data

From a provider perspective, the absolute change in ODA contribution over the last decade reveals that apart from maintaining higher ODA commitment to the social infrastructure and services sectors, providers have also recently increased ODA volume (in terms of commitment) in the economic infrastructure and services sectors.

In social infrastructure and services sector, DAC EU members contributed the most significant volume followed by non-DAC providers. For DAC EU member countries, the unspecified ODA increased considerably. DAC providers are inclined more towards humanitarian aid and economic infrastructure and services sector while non-DAC providers have increased the highest amount of ODA in the humanitarian sector.

Throughout 1995 to 2000, the leading non-DAC providers were the Czech Republic, Korea, Poland and Turkey (Faure, 2000). All of the four mentioned non-DAC development partners seem to concentrate on mainly three areas: sustainable economic and social development, environmental concerns, and humanitarian crisis. In 2001, more than 50% of the bilateral non-DAC aid from each of the four providers were allocated to Asia. After 2010, the emergence of the new non-DAC providers has contributed most to the increased aid allocation to the Asia and Africa. Non-DAC ODA disbursement in Asia increased consistently until 2015, after which concentration appears to shift towards Africa. Since 2010, bilateral ODA was the major contributing factor to the increased aid allocation to Asia and Africa (OECD, 2015). Asia's predominance is driven by large allocations of aid for trade, whereas Africa seems to be preferred for MDGs, countries with unique features, and also due to debt relief grants (Basnett et al., 2012). Interestingly, aid disbursements in these two regions appear to be countercyclical in recent years.

The increase of ODA channelled towards Africa over the period of 2005 to 2010 reflects the commitments of global development partners to tackle climate change and foster economic development in Africa at the 31st G8 Summit at Gleneagles (ICA, 2018). However, within Africa, the larger share of the increased ODA has been channelled to the region south of the Sahara compared to the north. A simultaneous decrease in ODA to Asia from 2005 onwards can be attributed to the consistent decrease of ODA to the Middle East due to declining projected aid to Iraq. While non-DAC providers appear to be more interested in Asia, DAC providers have historically maintained a balance between Asia and Africa.

ODA from DAC countries increased to developing countries but not to LDC

When it comes to total net ODA from DAC countries, the least developing countries, unlike the developing countries, are receiving a roughly constant amount of ODA from the DAC countries since 2000. However, LDCs experienced a temporary rise of ODA (in real terms) in 2017, which fell again in 2018 by 2.7%. In case of multilateral ODA, growth of received ODA by LDCs appears to be slower compared to the developing countries.

ODA concentration in terms of destination has primarily shifted from LMICs to Fragile states

According to the development cooperation reports of OECD, after 2000, providers started to become more inclined towards fragile countries as they realized that most of the lower-middle-income countries (LMICs) were capable of sustaining their level of development unlike the fragile countries (Manning, 2005). From 1960 to 2016, the preference of the provider countries, in general has shifted from lower-middle-income countries (LMICs) to the fragile states.

Due to debt relief and humanitarian emergency, aid appeared to be high between 2005-2006. Besides, data from highly aid-dependent countries (Table 6) in 2004-2005, of which most are small states or fragile countries, also justifies the compositional shift of the providers (OECD, 2006). However, the list of the highest aid-dependent countries in 2004-2005 reveals that the scenario has not changed that much. This can be explained with two different hypotheses. Firstly, the previously aid-dependent countries may not have had enough economic growth to escape their aid dependency. Secondly, the previously aid-dependent countries have experienced growth in terms of both aid and gross national income (GNI), but aid growth has been higher than the growth of GNI. Figure 29 also illustrates that multilateral providers seem to put less emphasis on low-income countries and small island countries, unlike non-DAC providers.

Table 6. List of heavily aid-dependent countries as of 2004-2016

Net ODA receipts as a percentage of GNI (2004-2005)		Net ODA receipts as a percentage of GNI (2007-2008)		Net ODA receipts as a percentage of GNI (2015-2016)	
Sao Tome & Principe	60.2	Liberia	181.22	Liberia	44.79
Solomon Islands	59.1	Nauru	74.38	Tuvalu	44.44
Liberia	53.8	Afghanistan	47.63	Central African Republic	28.5
Burundi	50.9	Solomon Islands	43.64	Burundi	24.86
Micronesia, Fed. States	40.0	Micronesia	35	Malawi	23.32
Afghanistan	37.7	West Bank and Gaza Strip	33.63	Kiribati	23.22
Eritrea	32.7	Tuvalu	33.06	Sierra Leone	21.11
Sierra Leone	32.0	Burundi	32.39	Tonga	20.91

Marshall Islands	30.9	Marshall Islands	27.06	Afghanistan	20.66
Timor-Leste	28.8	Sao Tome and Principe	25.16	Somalia	20.42
Guinea-Bissau	28.5	Palau	22.96	Nauru	17.72
Congo, Dem. Rep.	28.4	Rwanda	19.38	Guinea-Bissau	17.53
Malawi	27.7	Mozambique	18.36	West Bank and Gaza Strip	16.03
Rwanda	27.3	Malawi	17.45	Solomon Islands	15.22
Madagascar	23.6	Guinea-Bissau	15.94	Mozambique	14.21
Congo, Rep.	21.8	Zimbabwe	15.43	Rwanda	14.05
Mozambique	21.5	Vanuatu	15.2	Sao Tome and Principe	13.36
Nicaragua	21.5	Haiti	14.15	Haiti	13.29

Source: Authors' estimation from OECD data

Countries most in need should remain in focus of the providers

Looking at recipient countries, countries receiving the highest volume of ODA are mostly the countries engaged in conflicts or humanitarian crises. These include Syria, Afghanistan, Turkey, India, Pakistan, Bangladesh, Myanmar, Iraq, Yemen, and Ukraine. Although these aid-darling countries have historically received an increasing amount of ODA, many LICs and LMICs like, Samoa, Gambia, Congo, and Eritrea appeared on the list of countries receiving the least volume of ODA. As such, these countries can be named aid orphans.

In terms of ODA as a percentage of GDP, the scenario changes due to the size and distinct feature of the economies. The list of most aid-dependent countries is mainly dominated by the island states as well as landlocked countries (Table 7). A major concern about these countries is the fact that the dependency on aid increased at a faster rate since 2010. Surprisingly, Tuvalu as an upper-middle-income country, appears to be a highly aid-dependent country. Between the period 2010 and 2015 the significant increase in net ODA inflow to Tuvalu has resulted from the partnership between Australia and Tuvalu established in 2010 and the Tuvalu Trust Fund formed in 1987 by New Zealand, Australia and the United Kingdom, dedicated to solely benefiting Tuvalu. Although the goal of the Trust Fund was to help Tuvalu reach financial autonomy, Tuvalu remains at the top of the list in terms of aid dependency among all global recipients of ODA.

Table 7. List of aid-dependent countries in terms of ODA as a percentage of GDP

Country Name	1990	1995	2000	2005	2010	2015	2016
Comoros	31.9	52.3	60.8	148.5	121.5	226.6	181.0
Tuvalu	37.4	44.2	24.9	35.8	38.8	134.9	62.3
Liberia	19.1	60.9	8.3	26.9	101.1	66.4	50.1
Central African Republic	24.9	11.8	6.3	5.6	12.2	34.0	33.5
Burundi	20.8	21.2	9.3	24.0	28.5	15.9	32.3
Kiribati	23.4	15.2	17.5	19.5	13.6	34.3	31.5
Sierra Leone	4.5	18.1	17.8	17.6	16.5	29.0	20.7
West Bank and Gaza Strip	N/A	12.7	14.9	15.7	26.9	16.6	20.4
Tonga	18.5	15.8	9.0	10.1	17.1	17.7	20.3
Solomon Islands	16.6	9.4	21.8	44.4	44.1	22.1	19.5

Source: Authors' estimation from OECD database

In terms of ODA per capita, some upper-middle-income countries are also present in the list, namely, Jordan and Palau among others (Table 8). The presence of these upper-middle-income countries is in stark contrast with the presence of some low-income countries and lower-middle-income countries in the list of the countries with low per capita ODA namely, Philippines, India, Bangladesh, and Nepal.

Table 8. List of aid-dependent countries in terms of ODA per capita

Country Name	1990	1995	2000	2005	2010	2015	2016
Tuvalu	890.8	1193.9	765.4	1043.2	1172.7	4666.8	2202.4
Nauru	29.5	383.2	544.0	1123.2	2420.9	2534.7	1738.1
Palau		11794.5	2200.8	1329.2	1394.2	674.1	825.9
Tonga	471.8	481.1	293.2	355.8	606.6	655.2	771.2
Kiribati	395.5	248.4	302.2	332.2	202.3	581.3	531.8
Syrian Arab Republic	99.5	25.0	11.6	4.2	5.9	255.5	481.2

Vanuatu	498.3	326.7	381.1	224.9	421.1	713.4	477.3
Samoa	438.4	306.0	249.5	271.7	722.4	491.8	454.3
Solomon Islands	215.7	155.1	273.0	514.4	569.2	327.5	292.8
Jordan	368.1	128.7	143.1	142.1	133.6	236.8	289.6

Source: Authors' estimation from OECD database

According to OECD data from 2016, LDCs comprise the most considerable share (23%) of the ODA provided by the OECD DAC member countries followed by the LMICs with a share of 20%. Surprisingly, low-income countries comprise only 2% of the total ODA provided by DAC member countries, which needs to be increased further (OECD, 2016b). However, the unallocated share of ODA provided by the DAC members is almost 40% which mostly goes towards different developing countries other than the LDCs, LICs and LMICs. This high share poses a question: are the countries most in need of the development assistance receiving the adequate amount of the global ODA?

Bilateral ODA continues to grow faster than multilateral ODA

From mid-1970, aid has grown almost 2.6 times over with an average compound growth of 3.1% per year. Within the aggregate, bilateral aid accounted for almost three-quarters of the total. Until 2005, multilateral aid dominated bilateral aid in terms of growth; after 2005, the pattern reversed. Although change in this pattern seems to be predictable, this consistent increase in bilateral aid from 1990 was primarily driven by political interest along with the provider inclination towards the implementation of Millennium Development Goals in the post-2005 period (Kharas, 2007). The growth fatigue of the mid-1990s can be attributed to the Cold War era, whereas the aid fatigue in the mid-2000s was due to the global economic downturn (Faure, 2002). Later on, increase in bilateral aid continued to rise as implementing SDGs called for greater financial cooperation across the globe after 2012. Preliminary ODA data for 2018 also justifies this rising trend of bilateral aid as net ODA flows for bilateral projects, programmes and technical assistance rose slightly by 1.3% in real terms in 2018 compared to 2017 (OECD, 2018).

Multilateral providers are increasingly inclined towards the upper-middle-income countries (UMICs)

Recently, multilateral ODA has become a major contributor to global aid. Multilateral aid growth in UMICs has been significantly higher than that of developing countries since 2010. However, in terms of sectoral preference, multilateral aid share for the

social infrastructure and service sector has significantly decreased while the economic infrastructure and service sector has gained more importance since 2000 (Table 9).

Table 9. Changes in sectoral composition of multilateral aid (%)

Sectors	2000	2005	2010	2015	2016
Social Infrastructure & Services	44.0	49.6	44.7	40.5	38.5
Economic Infrastructure & Services	22.5	19.7	21.7	24.6	26.8
Production Sectors	12.9	10.3	8.8	10.1	11.2
Multi-Sector / Cross-Cutting	7.3	8.5	12.1	12.8	11.7
Action Relating to Debt	0.1	0.2	1.6	0.4	0.0
Humanitarian Aid	6.8	7.7	7.2	7.6	7.5

Source: Authors' estimation from OECD data

Increased aid volatility due to proliferation of multi-bi aid may adversely affect economies

The share of aid delivered through multilateral organizations has risen significantly since the mid-1990s. Currently, aid delivered by multilateral organizations accounted for more than 40% of total official development assistance (OECD, 2018f). In 2010, multilateral share of aid reported by twenty-one non-DAC members to the OECD DAC was 22% of total financing for development. The emerging economies have become essential contributors to the multilateral system, which include Brazil, China, India and South Africa among others. In recent years multi-bi aid[2] has gained considerable attraction among traditional and non-traditional providers due to its distinctive features which enable greater coordination and harmonisation between the provider country and recipient country. Research literature suggests that the share of earmarked aid of total ODA increased from 29% in 1995-2000 to about 38% during 2001-2006 (Adugna, 2009). Moreover, a recent dataset published by AIDDATA reveals that earmarked aid currently represents around 20% of total global aid which amounts to more than USD 20 billion.

In a multi-bi aid system, bilateral providers provide their aid to multilateral organisations voluntarily without losing authority over provided resources by earmarking

2 Multi-bi aid can be defined as donor contributions to multilateral organisations that are earmarked for specific development purposes.

a specific amount of aid to a specific sector, theme or country. This system successfully addresses the issue of the fragmentation of individual provider interventions. Through earmarking, this system also helps address sector or country-specific development challenges as part of the global development agenda 2030 (Tortora & Steensen, 2014). However, literature also suggests that the proliferation of earmarked multi-bi aid has contributed to the increased volatility of aid in developing countries.

Earmarked aid contributes to the aid effectiveness by enhancing accountability and efficiency but it may cause economic distorsion too.

From the perspective of development effectiveness, earmarked multi-bi aid poses significant challenges in terms of alignment with recipient-country priorities, aid fragmentation, and increased transaction costs. Furthermore, earmarked aid is susceptible to special interest groups in the economy, although one of the objectives of earmarking is to protect revenue for a specific theme or sector. While some literatures suggest, earmarked aid contributes to the aid effectiveness by enhancing accountability and efficiency, studies also show, earmarking may cause economic distortion unless the full recovery of the economic cost of earmarking is not ensured (Eichenauer & Reinsberg, 2017). Interestingly, literature suggests that smaller states are more inclined towards the use of earmarked aid. This statement contradicts the evidence of increased level of adoption of earmarked aid globally by advanced high-income economies. Empirical evidence (Table 10) shows that Asia and Africa receive the highest amount of earmarked aid through the multilateral system from the DAC providers. The earmarked amount received by Asia and Africa amounts to almost 6-fold of the amount received by the other three regions.

Table 10. Earmarked fund distribution (2016) by DAC members

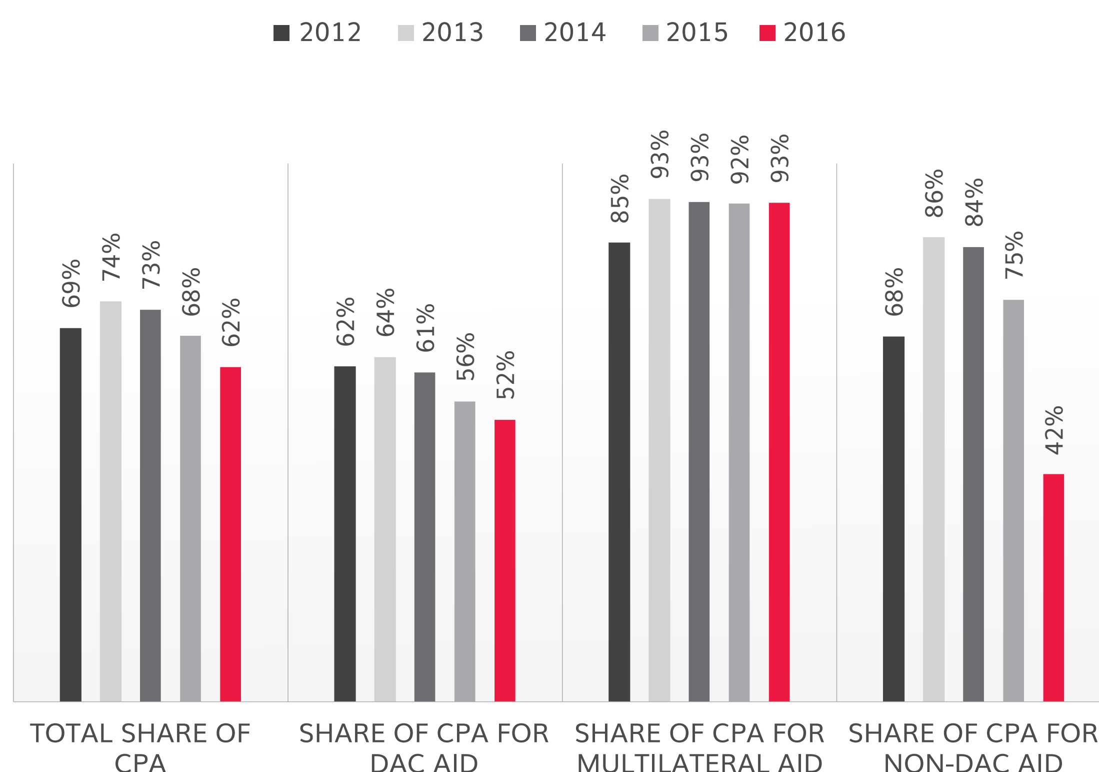
Indicator	Asia	Africa	Europe	America	Oceania
Earmarked fund distribution (2016) by DAC members to Multilateral Institutions (In Mln USD)	22,475.1	17,884.4	3,564.9	2,342.2	589.4

Source: Authors' estimation from OECD data

Share of ODA from the non-DAC providers are increasing

Since 1995 the share of non-DAC aid has gradually increased while multilateral aid and DAC aid has decreased. This changing pattern in the composition of global development finance points towards the evolution of the development finance landscape in line with the evolving global development agenda from MDGs to SDGs. Although the current global development agenda SDGs called for greater cooperation among development partners across the globe in terms of financing the implementation, the share of CPA across different class of providers appears to be on a decline except for multilateral aid (Figure 8).

Figure 9. CPA as a share of ODA (%)



Source: Authors' calculation from the OECD database

Growth of non-DAC aid complemented the slower growth of DAC aid in the last two decades

Apart from the share of CPA, the overall growth of ODA sourced from DAC countries seems to have slowed down compared to the other development partners in the last two decades. Decade-length growth of ODA across different classes of providers since 1976

shows that growth of non-DAC aid has compensated the lack of growth in aid sourced from the DAC providers. Although the picture of multilateral aid appears to be optimistic as it shows an increasing positive growth path, there is yet to be complacent about that, as multilateral providers seem to be more inclined towards the UMICs as mentioned earlier.

Data mismatch constrains transparency in accountability of ODA at the country level

Many critics have argued there remains a significant difference between the reported official development assistance (ODA) figures of the OECD creditor reporting system (CRS) and government agencies of different countries because a considerable amount of resources are spent in provider countries throughout the whole aid disbursement process (The Guardian, 2018). Comparative studies in some countries showed harmony between the ODA data reported by the OECD and national government agencies; however, in some countries, the differences are striking (Petras, 2009). As an example, untangling the data reported by the Government agency Economic Relations Division of Bangladesh reveals that the figures on ODA disbursed by the top 20 providers significantly differ from the figures reported by the OECD creditor reporting system. Table 11 shows the contrasting picture between the ODA figures reported by the OECD creditor reporting system (CRS) and those reported by the Economic Research Division of Bangladesh for 2016 (Table 11). Surprisingly for multilateral sources, the data on net ODA is not even reported in Bangladesh case.

Table 11. Flow of ODA disbursement for 2016 (in million USD)

Development Partners	Net ODA reported by OECD	CPA reported by OECD	Net ODA reported by ERD, Bangladesh
IDA	752.5	957.1	NA
ADB	111.7	385.7	NA
Japan	461.3	561.3	10367.9
UN System	67.4	N/A	NA
USA	244.2	211.9	33588.54
UK	200.5	209.8	18013.11
Canada	45.9	33.5	3961.87
Germany	61.1	34.4	24669.53
EU	115.1	85.9	81308

Unicef	22.2	22.1	NA
Netherlands	38.2	33.6	4988.22
Denmark	24.5	25.5	2371.56
Sweden	30.0	22.5	4870.44
Norway	2.7	1.3	4352.24
IFAD	42.2	50.4	NA

Source: Author's estimation from MOF Bangladesh data

This discrepancy of ODA data between OECD and national agencies points towards either definitional or methodological disharmony of ODA between the two sources. ODA reported by OECD includes different kinds of spending in the provider countries which makes the development aid left to the recipient countries shrink. Besides, many countries may not have streamlined the disharmony both in terms of the definition of the concepts (like ODA, CPA) and in terms of the accounting mechanism of ODA at a national level, such as in Bangladesh. Literature shows that the amount of bilateral aid available to country partners excluding all administrative and other cost accrued inside the provider countries (those considered as ODA according to the 'ODA' definition of OECD) amounts to less than half of the reported ODA amount.

Although OECD-DAC members introduced the concept of CPA, studies found that the DAC providers systematically overestimate the amount of CPA concerning technical assistance; in reality, technical assistance remains tied to provider country consultants and provider country personnel. In the case of Bangladesh, the ODA figures reported by the Economic Research Division of Bangladesh stands merely close to (even) the CPA figures published by OECD. Additionally, CPA reported by the OECD members does not include the loan repayments from recipient countries, which is a considerable amount for many developing countries like Bangladesh. So, harmonisation of an accepted definition of ODA as well as an accounting mechanism of ODA at both national and international level is a precondition for resolving complications arising due to inconsistency of data reported by provider and recipient sides. This will also facilitate the process of assessing the development effectiveness of development finance at country level more effectively.

Non-DAC partner countries are providing a larger share of total aid as CPA compared to the DAC counterpart

CPA, being a subset of ODA, arguably represents the amount of actual amount of development aid reaching to the recipient countries. Compared to DAC counterparts,

non-DAC providers are providing a larger share of aid as CPA, as reported by OECD data. From the development perspective, studies have shown that CPA has a positive causal relationship with the economic growth of recipient countries. However, research has also shown that there is still a scope for revisiting the concept of CPA as a measure of the quality of providers' ODA. CPA, as being defined by OECD, still includes technical assistance and loan repayment. It is argued by a number of studies that technical assistance and loan repayment should not be put under the CPA bracket (United Nations Development Programme, 2011). Between 2000 and 2016, the average share of technical cooperation was around 25% of the total CPA for developing countries. Taking cue from above, one may argue that, CPA, as being reported by OECD, was inflated by 25%.

Growing importance of non-traditional providers in the form of South-South Cooperation is changing the external development finance landscape

South-south cooperation (SSC) has become an essential source of new external resources in recent years, accounting for about 10% of global aid in 2006. SSC drew the attention of traditional providers as a new model of international cooperation (Cabana, 2014). Southern bilateral providers, including Brazil, China, India, Korea, Kuwait, Saudi Arab and Venezuela, provide both grants and loans, as do southern multilateral providers such as the Arab Bank for Economic Development in Africa (BADEA), the Islamic Development Bank (IDB) and the OPEC Fund for International Development (OFID). Although the First United Nations High-level Conference on South-South Cooperation at Nairobi was the significant political boost to SSC in terms of recognising its particularities and realising its potential, the history of SSC dates back to the 1955 Bandung Conference known as the Asian-African Summit and Non-Aligned Movement (NAM). The Millennium Summit in 2000 with its new global development agenda for working against poverty gave southern providers renewed importance as a part of global development finance landscape. In the post-2000 period, when OECD countries faced significant economic downturn due to the financial crisis, the developing countries of the global South like China, India, Brazil and South Africa maintained steady economic growth. Moreover, the BRICS Bank and the Asian Infrastructure Investment

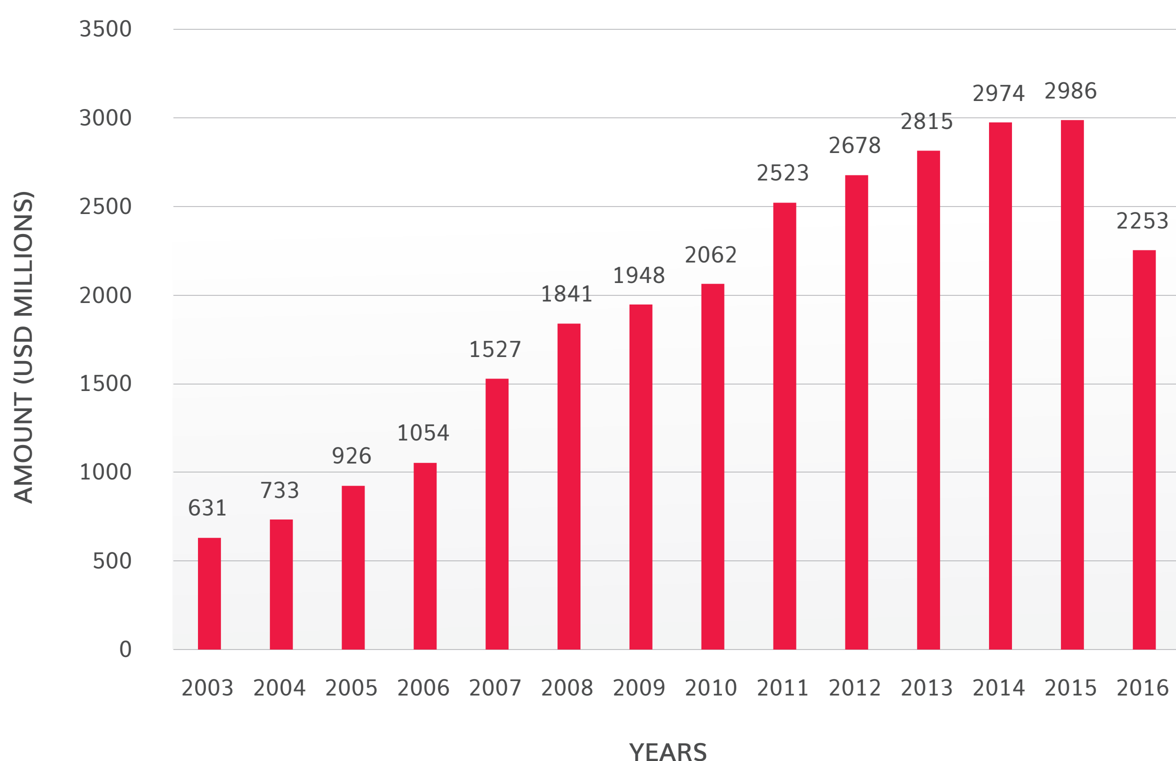
South-south cooperation has become an essential source of new external resources in recent years, accounting for about 10% of global aid in 2006.

Bank (AIIB) were established, resulting in the emergence of a new class of Southern development partners. Later on, after the First Nairobi conference on South-South Cooperation, the second United Nations High-Level Meeting on South-South in Buenos Aires in 2019 aimed to review the progress and prospect of the past commitments made by the international community.

China has emerged as the dominant Southern provider

China, despite being one of the largest Southern development partners, does not publish data on the financial volume of its foreign aid as traditionally it has been an essential part of China's foreign policy. However, from the budget documents and several online sources, the overall foreign budget of China is available, although the disaggregated sectoral data is not published. However, based on available data, China's foreign aid budget increased by almost 3.6-fold since 2003 (Figure 9).

Figure 10. Foreign Aid China (USD mln unadjusted)



Source: Authors' calculation from the OECD database

The White paper (2014) provides the most authoritative data on Chinese aid. It reports that since 1950, China has provided a total of USD 37.5 billion aid to foreign

countries, of which grant share was 41.4%, interest-free loan share was 29.9% and 28.7% was the share of concessional loans (OECD, 2012). The White paper details an average growth rate of 20.4% over the years of 2003 to 2009, which seems to be higher compared to growth rates in the post-2009 period. Interestingly China's aid growth was highest at the time of the financial crisis of 2008.

China has launched around 5000 projects in different regions of the world, especially in Africa and Asia since 2000. China generally provides aid as a part of a broader package of investment, trade deals, blended with much larger non-concessional loans and export credits in energy, transport and connectivity sector (OECD, 2012). In this regard, Bhattacharya and Rashmin (2016) concluded the LOCs provided by the EXIM Bank of China were found to be not concessional (UNDP Bureau for Development Policy, 2016). Analysis of the project-level aid data of China since 2000 reinforces the observation that China's official finance is less concessional than that of other significant players. However, China gives aid mainly to Africa, but commercial interests are more geographically dispersed. Interestingly, the top ten recipients of Chinese ODA indicate the dominance of Africa despite China's proximity to the Asian economies.

According to the White paper, historically 45.7% of Chinese aid has gone to Africa compared to Asia. Besides, China's aid is found to be firmly allocated towards the low-income countries (LICs) as well as towards the LDCs. Although most of the aid provided by China was targeted to improving the trade capacity of the country groups (namely, LICs and LDCs) mentioned above, a large amount of aid is also provided by this country in the form of debt relief. A large part of Chinese aid was also provided bilaterally to developing countries and international financial institutions. Project-level data reveal the distribution is more concentrated on Asia and Africa while in 2014 the Middle East received an unusually high amount of aid.

The share of total aid distributed over the period 2000 to 2014 shows that after 2008, China has distributed a significant share of its total aid. Moreover, over the years of the financial crisis, China has disbursed most of its aid to African and Latin American countries (Table 12).

Table 12. Annual distribution (%) of Chinese project aid across regions over the period of 2000 to 2014

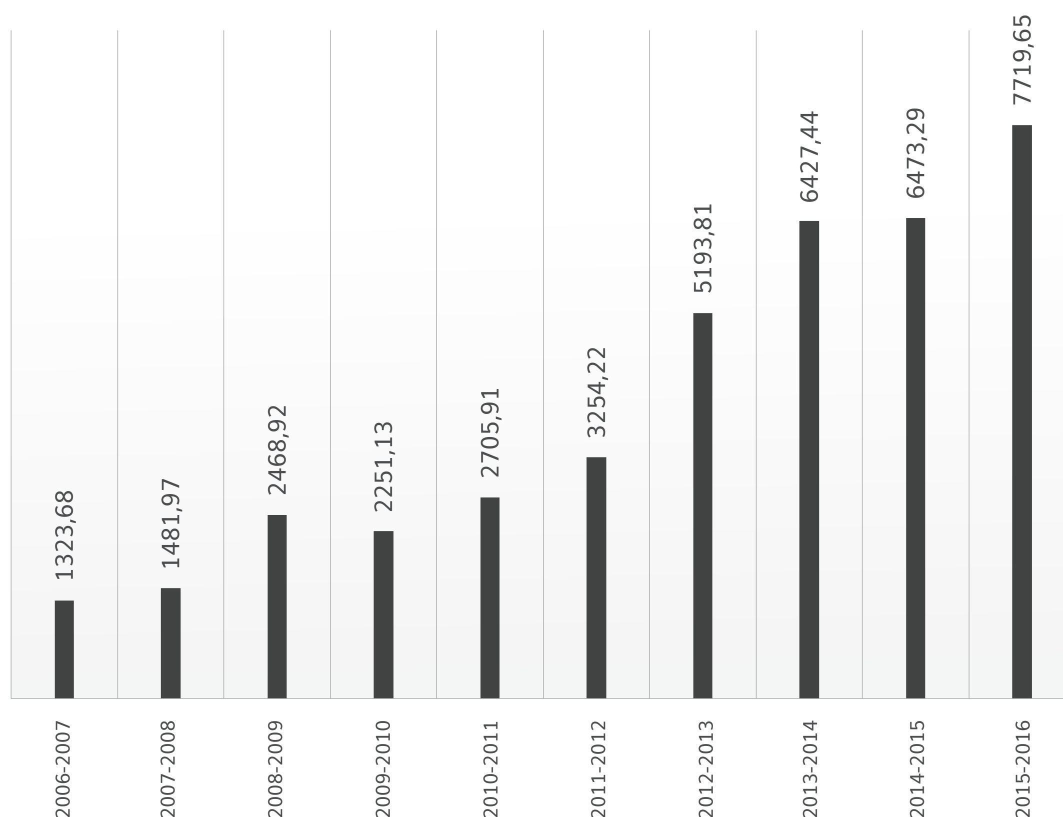
Year	Asia (Share)	Africa	Central and eastern Europe (Share)	Latin America and Caribbean (Share)	Middle East (Share)	Pacific (Share)	Total project aid in Bln USD (Share)
2000	1.5	0.7	0.0	0.0	0.2	0.6	0.6
2001	0.8	0.5	0.1	0.0	0.0	0.3	0.4
2002	3.0	0.5	0.5	0.2	0.2	5.1	1.1
2003	1.4	0.8	0.2	0.6	0.1	0.2	0.7
2004	1.6	2.0	0.2	0.1	0.1	1.2	1.1
2005	2.2	2.0	1.1	0.2	0.1	0.7	1.4
2006	6.5	4.5	0.2	0.2	0.5	5.1	3.2
2007	2.7	7.2	2.1	3.8	0.2	22.6	4.0
2008	2.8	4.8	0.4	8.4	0.5	15.6	3.8
2009	9.9	7.8	24.5	15.2	0.5	14.8	12.6
2010	23.8	17.1	24.3	21.2	0.1	4.6	20.0
2011	11.7	11.1	3.9	19.5	0.0	7.6	11.6
2012	12.2	9.2	22.6	5.8	0.1	8.8	11.4
2013	6.0	15.5	2.9	10.7	1.5	8.0	8.7
2014	14.0	16.3	16.9	14.1	95.8	4.8	19.5

Source: Author's estimation from AIDDATA database

India appears as an emerging Southern provider in recent years

From one of the highest recipients of multi-lateral development aid, India has transitioned into a net provider of aid over time. In the last three years it has given more aid to foreign countries than it has received (Sharma, 2017). Since 2007, foreign aid provided by India increased by more than three-fold and after 2012 India has expanded its aid provision at an increasing rate (Figure 10).

Figure 11. India's foreign aid budget in crore Rupees



Source: Ministry of External Affairs, Republic of India (2017)

India, being an emerging Southern provider, also does not officially report data on its foreign aid like China; unlike China, India provides most of its development assistance to the neighbouring countries of South Asia under the "Neighbourhood First" policy of Government. However, research literature uses India's foreign aid budget as a proxy for its ODA. India's foreign aid program dates back to the 1950s and 1960s when it committed Rs 100 million in multi-year grants to Nepal and Rs. 200 million loans to Myanmar. Bhutan for years have received the most significant chunk of Indian aid with Rs. 5,368.46 crores in 2015-2016, primarily aimed at developing hydro-electric power in the Himalayan Kingdom. In the same financial year, the second-largest recipient of the assistance was post-conflict Afghanistan where India has been constructing a Parliament building and cricket stadium, among other things. It is followed by Sri Lanka where India is undertaking the construction of houses for the rehabilitation of the Tamil population displaced by nearly three decades of civil war (Sharma, 2017).

Apart from the neighbouring recipient countries, India provides a large amount of aid to Africa. India seems to have shifted from near to far geographically since 1999.

Over the period of 1999 to 2009, the compound annual growth rate of India's foreign aid to Africa was above 22% (Chanana, 2009). Literature suggests while OECD countries promote developing the social sector and China offers an infrastructure-first approach, India's approach to aid is informed by its own experience of development with democracy and growth (Channa, 2010). Studies suggest sectoral preference of India's aid is mainly rural development, education, health, and Technical Co-operation for infrastructure (UN ECOSOC, 2008). India mainly provides aid bilaterally; although, the country is also engaged in regional and triangular South-South Cooperation modalities of delivering external finance (Lengyel & Malacalza, 2011). Fuchs and Vadlamannati (2012) in their study examined the features of India's aid-darling countries to understand the dynamics of its aid decision and concluded both commercial and political interest dominate India's aid decisions; India generally provides aid to countries which are geographically closer, and at a similar developmental stage (Fuchs & Vadlamannati, 2012).

Seven countries in Latin America accounted for 90% of the 721 Bilateral SSC projects in 2015

Composition of SSC in Latin America into bilateral, triangular and regional dimension reveals the dominance of bilateral SSC in 2015. In 2015, 19 Latin American countries participated in a total of 721 Bilateral South-South Cooperation projects and 155 actions in 2015. Compared to the data of 2014, although the projects increased by 30.6%, the actions decreased by more than 50%.

Most of the SSC projects in Latin America are concentrated in social infrastructure and services and productive sector

According to the Ibero American report (2017), the concentration of the projects and actions has gradually shifted towards the productive sector recently although social infrastructure and service sector still has a considerable number of projects. However, at the disaggregated level, health, agriculture and government sector received a considerable

number of projects in Latin America. Although the top providers in Latin America remain the same over the time of 2010 to 2015, concentration appears to have shifted (Table 13). From 2010 to 2015, the concentration of the providers has altered towards the productive sectors. However, more than half of the Regional SSC programs and projects underway in 2015 focused on social (26.7%) and economic problems (another 26.7%).

Table 13. Compositional shift in the concentration of SSC in Latin America

Countries	2010				2015			
	Social	Infrastructure and economic services	Productive sectors	Other spheres	Social	Infrastructure and economic services	Productive sectors	Other spheres
Brazil	37.9	11.3	27.8	22	44.8	12.8	18.4	24
Cuba	84.2	3.6	5	7.2	88.9	1.7	1.7	7.7
Mexico	23.6	16.9	27	32.6	18.4	8.8	44.8	28
Argentina	10.5	14	33.3	42.1	21.1	10	41.7	27.2
Chile	57.7	0	15.4	26.9	28.8	6.3	31.3	33.6

Source: Ibero-American report on South-South Cooperation (2015)

Comparing the top recipients' (Bolivia, Argentina, Mexico, Uruguay, Costa Rica) need in Latin America, it can be shown the providers' area of concentration is driven by the need of the recipient.

Blended finance has become a globally popular solution to bridge the USD 2.5 billion investment gap for SDGs

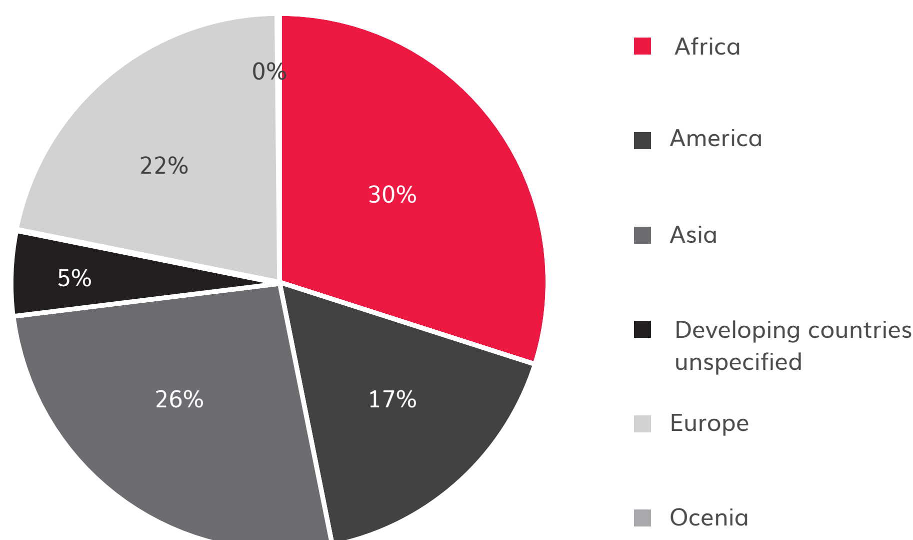
As countries across the globe have committed to implement the ambitious 2030 agenda, they realised the achievement of the SDGs would require scaling up existing financing as well as utilising new innovative forms of financing strategies. If the global investment scenario remains on its current trajectory, it will not be sufficient to achieve the SDGs. In this backdrop, blended finance has emerged as a popular solution to mobilise the private sector to bridge the investment gap for SDGs. Other objectives of blended finance are to overcome market failure and accelerate market evolution in developing countries where sources of financing are low. Unlike ODA which has a standard definition among all the countries (those who report to OECD), blended finance is understood differently both across and within the class of development partners. According to OECD DAC blended finance principle, blended finance is defined as the strategic use

of development finance towards sustainable mobilisation of additional[3] finance towards sustainable development in developing countries (OECD, 2018, p. 3). At present, provided we take the varying individual understanding of blended finance, 17 out of the 26 OECD-DAC member countries are engaged in blended finance in some form.

Most of private finance has been mobilised in Africa

Region-wise distribution of gross private capital mobilized throughout 2012-2015 reveals that a significant share has mobilised in Africa followed by Asia (Figure 11). A small share of the amount mobilised (5%) was unallocated, reflecting the global or multiple-continent scope of some large CIVs and guarantee programmes. Guarantees were the main leveraging instruments in Africa (62%), and in sub-Saharan Africa with 73%, Asia and Oceania, while syndicated loans mobilised the most in Latin America (45%) and credit lines in European developing countries (50%). However, Turkey was the largest recipient of mobilised private finance, mainly due to European Investment Bank credit lines.

Figure 12. Region-wise share of private finance mobilised in 2012 to 2015.



Source: Ibero-American report on South-South Cooperation (2015)

3 Additional finance refers to the commercial finance (both public and private sources) that is not currently deployed to support development outcomes.

Share of private capital mobilised in LDCs and LICs continues to below

There has been growing concern regarding the fact that 77% of the funds mobilised were for projects in middle-income countries. According to the OECD blended finance report (2016), USD 5.5 billion (7%) was mobilised for projects in LDCs and USD 2.2 billion (2%) in other LICs. In the latest OECD report, the concern regarding the financing gap for the missing middle, i.e. small and medium-sized enterprises (SME) has been highlighted. The report also found that LDCs received only 6% of total private finance mobilised by official development finance interventions between 2012 and 2017, which was 7% until 2015 (OECD, 2019). Apart from LDCs, small islands and conflict-afflicted states continue to be missing in the list of countries where private capital was mobilised since 2012. Guarantees mobilised a significant portion of the financing in LDCs and LICs while credit lines were mostly used in case of UMICs and LMICs.

Throughout the period 2012-2015, the highest share of private capital has been mobilised in UMICs followed by LMICs, whereas in LDCs and LICs the share appears to be low but stable. This issue takes us back to the question of rethinking about the objective of blended finance which was accelerating market evolution by removing the market failure caused by the inadequacy of finance in developing countries. However, in 2012-2015 private capital has mostly mobilised in economic infrastructure and services sector and lowest in multisector.

Guarantees appear to be the most popular tool to mobilise private capital between 2012-15

Provided that blended finance approach is basically objected to mobilise private sector resources in the developing countries, this naturally brings forth the risk-return aspect of the investment. In this regard, a wide array of instruments can be of use in a blended finance framework to alter the risk-adjusted returns. During 2012-2015, ODA has mobilised USD 81.1 billion of private sector finance, a majority of which was mobilised by guarantees (USD 35.9 billion), syndicated loans (USD 15.9 billion) and credit lines (USD 15.2 billion) (Table 14). The recent OECD blended finance report 2019 also included two additional leverage instruments to mobilise private finance which are: project finance and public-private partnership (PPP) of simple co-financing. The report found a wide prevalence of simple co-financing in LDCs even though the volume of mobilised private finance was small (OECD, 2019). Mobilisation took place mainly in Africa (30% of amounts mobilised), followed by Asia (26%), with the majority of financing mobilised in middle-income countries (43% in Upper Middle-Income Countries and 34% in Lower

Middle-Income Countries) (OECD, 2017). However, the popularity of guarantees as an instrument can be explained by the risk mitigation property of guarantees.

Table 14. Instrumental share of private capital mobilised (%)

Year	Guarantees	Syndicated loans	Shares in CIVs	Direct investment in companies	Credit lines
2012	53.4	7.3	10.8	7.3	21.1
2013	49.4	11.5	14.5	5.9	18.7
2014	38.6	24.5	11.7	4.5	20.7
2015	40.3	27.5	10.4	5.9	15.9

Source: Authors' estimation from OECD blended finance report

The yearly share of mobilised private finance (Table 15) through different instruments over the period 2012 to 2015 shows that annually, the larger share of private finance has been mobilised through guarantees. Although the larger share of private capital has been mobilised through guarantees annually, private finance mobilised through guarantees has reduced, and syndicated loans and credit lines have been more popular as tools for private capital mobilization over time (Table 15).

Table 15. Overall share of private finance mobilised in 2012-15 (%)

Year	Guarantees	Syndicated loans	Shares in CIVs	Direct investment in companies	Credit lines
2012	22.3	17.1	23.4	20.8	18.5
2013	24.5	27.2	22.5	21.9	22.0
2014	23.1	26.4	20.5	29.3	26.5
2015	30.1	29.4	33.6	28.0	33.1

Source: Authors' estimation from OECD blended finance report

Critical issues associated with blended finance mechanism need to be addressed to reap the full benefit of this innovative approach to financing

Although in the last decade the blended finance mechanism has been widely used

as a financing source to address market failure in different countries and sectors, this approach is also associated with several critical issues which need to be addressed to maximise its development impact. Firstly, blended finance has been accessible in most middle-income countries while the LICs, as well as LDCs, appear to be the country groups who need development financing the most due to their large SDG financing gap. Secondly, the blended mechanism has a lack of standard methodology to account for ODA for blending and mobilised finance which results in reporting the non-concessional finance as ODA. Moreover, this may also lead to the double-counting problem of ODA. Thirdly, the risk-averse nature of providers and essential robust financial sustainability criteria of the blended mechanism may discourage providers from providing finance to the countries most in need. Additionally, the sectoral preference of ODA may also shift due to these aforementioned inherent requirements of blended mechanism which may adversely affect some recipient countries. Lastly, the lack of transparency and accountability mechanism in blended finance makes it difficult to assess the development effectiveness of blended finance projects. Addressing these downsides of a blended finance mechanism will ensure better results in terms of development impacts for the countries which demand more financing for implementing the global agenda of Sustainable Development by 2030.

Immediate outlook of external development finance

Based on the current dynamics of the global economic scenario, the outlook of development financing seems to be positive and challenging in the context of the global development agenda. According to the latest World Economic Outlook, global growth is projected to be around 3.9% in 2019 (International Monetary Fund, 2018). Given the trade tension among the global players, tightened financial conditions and uncertain political outlook, the share of ODA (as a percentage of GNI) seems to experience a further downturn. According to OECD projections (2019), the GDP growth (5.07%) of non-OECD economies will be higher than the growth (2.48%) of OECD economies. From that perspective, non-traditional aid is expected to grow at a comparatively higher rate than the traditional counterpart.

Humanitarian aid is about to rise at a faster rate in the face of growing crises in Syria, Iraq, Afghanistan, Myanmar, Bangladesh, Sudan, South Sudan, Nigeria, Somalia, Ethiopia, and Somalia. According to a preliminary report on ODA, by the OECD (2017), humanitarian aid rose by 6.1% in real terms in 2017 compared to 2016. The global humanitarian assistance report also reinforced the level of humanitarian assistance where overall ODA has grown faster (at 124%) than overall ODA (at 41%) since 2007 (Development Initiatives, 2018). However, the growth of humanitarian aid in coming years will be shared by both traditional and non-traditional providers. This rising humanitarian aid share will continue to consume a more substantial portion of the total ODA left for the countries to utilise on development purposes. This implies from the perspective of development effectiveness, the contribution of aid to development will decline in general.

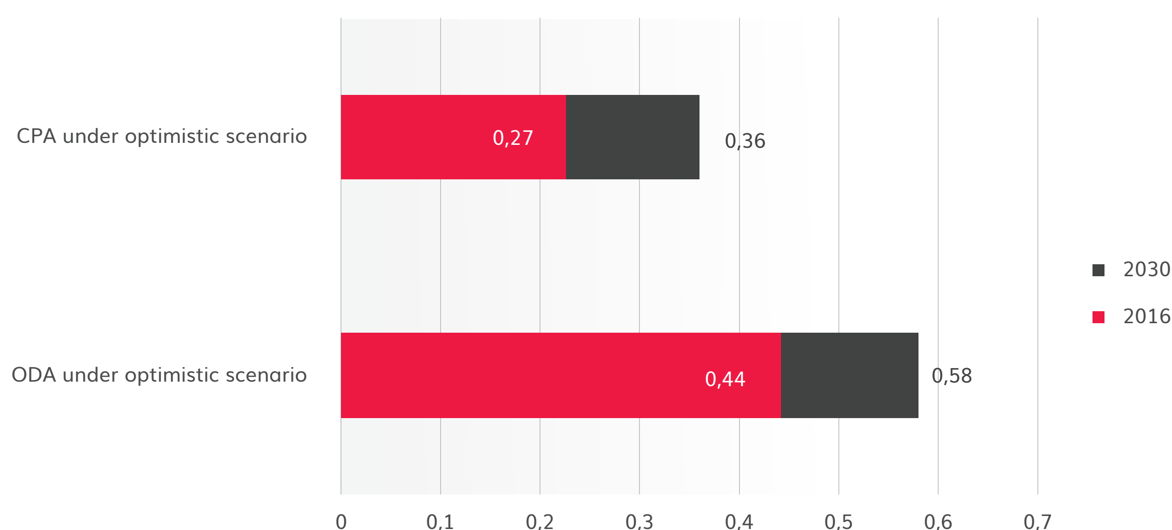
Aid flows to LDCs remain far below the SDG targets (UNCTAD, 2017). In coming years, net ODA disbursement to the LDCs and developing countries is about to rise on the backdrop of the commitment[4] by the partner countries to ensure more funds to the countries most in need of aid (Development Initiatives, 2018). In the context of the global development agenda 2030, mapping of aid programmes of most development partners indicate that, the aid flows to social and economic sectors will gain more traction in coming years (OECD , 2018). While the increase in ODA allocation in the social sector will be led by DAC providers, multilateral providers are expected to allocate more aid to economic sectors. Although the aid outlook of Asia and Africa (especially the LICs, small island and fragile states) seems to be positive in terms of net ODA disbursement, according to OECD projections, the picture does not look encouraging in these regions in terms of CPA.

Apart from the current business as usual scenario, it will be interesting to assess the probable implications of arbitrary assumptions imposed on development finance flows from the lens of the SDG financing gap. Firstly, if we assume OECD DAC member countries will grow at a rate of 2% per annum from 2016 to 2030 and consider that all the OECD DAC members will provide the present share 0.31% of their GNI as ODA (indicated by the term optimistic scenario), we see there remains a consistent gap of resources in terms of financing SDGs by 2030 for developing countries. Secondly, to bridge the financing gap, if we consider for instance all of the OECD DAC member countries manage to meet the committed criteria of 0.7% ODA as a share of GNI over the period mentioned above, then we observe significant increase of the mobilised finance in terms of ODA. We will see the ODA volume increase by almost more than two-fold provided the fact that considering the current CPA-ODA ratio, CPA increased only 1.5-fold (Figure 12).

---

4 The 2011 Istanbul Programme of Action for LDCs recommended that donors spend 0.15–0.20% of GNI on LDCs.

Figure 13. ODA and CPA scenarios in the context of SDG implementation (trillion USD)



Source: Authors' estimation from OECD database

This simple exercise provides us with some secure messages regarding the prospect of financing SDGs by 2030 in developing countries. One is the fact that SDG financing in developing countries not only needs the fulfilment of the commitment of the DAC providers to meet the 0.7% ODA/GNI target, but also put further efforts to increase the share of CPA within ODA. Besides, it is also to be noted that even meeting the 0.7% ODA/GNI target by the DAC providers will not serve the purpose of bridging the gap of USD 2.5 trillion per annum. To bridge the total SDG financing gap, Southern providers may play a more prominent role. Private sector will also need to come forward while innovative financing instruments like blended finance may leverage private investment. However, development effectiveness of development finance flows must be considered by the recipient Southern countries.

Conclusion

The current landscape of development finance

From the perspective of development effectiveness, this analysis used the measure 'ODA as a percentage of GNI' to assess the effort of traditional development partners. Results show the amount as inadequate, as the reported ODA does not appear to be disbursed in recipient countries. The CPA, as a share of GNI, appears to provide a better

assessment of provider efforts in terms of development effectiveness. Moreover, the current measure of CPA seems to provide an inflated figure of the amount disbursed in the recipient countries due to its inherent methodological bias. Rethinking the concept as well as the definition of CPA is vital to getting the real picture of the development finance landscape from the perspective of development effectiveness.

Along with these conceptual issues, our analysis also found that data transparency remains a vital barrier when it comes to the assessment of the development effectiveness of different development financial flows. There remains significant disharmony in terms of accounting mechanisms as well as conceptual understandings of different financial flows like ODA, CPA, SSC, and blended finance. This will need to be identified and addressed for the assessment of development effectiveness of different development financial flows.

In terms of data reporting, although the Southern flows in no way can be compared with the traditional development finance, a data reporting system similar to that of the traditional counterpart will facilitate the assessment of the development effectiveness of the Southern development finance and will also enhance the predictability of the Southern flows. Given the fact that the use of blended finance to bridge the SDG financing gap in the countries most in need remains crucial, tracking of blended finance is critically important to assess the development effectiveness of this instrument. The existing data on private finance mobilisation only provides the outcome data while country studies would require the flow data of how much concessional finance triggered the outcome flow. As blended finance should remain complementary rather than a substitute to ODA in terms of SDG financing the lack of standard methodology to account for ODA needs to be also addressed for its effectiveness to serve its development purpose.

Lastly, streamlining the accounting and reporting mechanism of climate-related development finance with that of the first Rio Summit in 1992 is also essential for ensuring the climate finance serves its purpose of efficient production and preservation of global public goods. Separation of the mitigation fund on top of ODA may solve the issue, but the accrued incremental cost of sharing the burden of negative externality triggered by the development is also associated with the process. In the era of SDGs, it is high time to streamline these structural issues of climate-related development finance.

The future concern of development finance

Although the ambitious global SDG agenda calls for more significant development financing in coming years, development finance in the form of ODA is expected to decrease further in the face of rising geopolitical tensions and tight financial conditions. The analysis found that to bridge the total SDG financing gap, a committed financing

effort from Southern providers are required on top of meeting the 0.7% ODA/GNI target by DAC providers. Private sector should also play its pivotal role by means of new financing instruments to complement filling the financing vacuum. Furthermore, with rising long-term humanitarian crises, humanitarian aid will continue to consume a more significant portion of the total ODA left for the countries to utilise for development purposes. These facts reinforce the significance of efficient allocation of aid when it comes to the generation of development results. Country studies should assess whether aid diversion is taking place at a country level and if so, which sectors have significant setbacks. In terms of instruments of development finance, the current landscape indicates the rising share of loans compared to the grants in the ODA to the more impoverished regions like Africa, Asia, and others. Country studies may investigate whether the debt sustainability of recipient countries is being affected due to rise of South-South financial flows and higher loan-to-grant ratio of ODA at country level.

Takeaway for Southern recipients:

Firstly, Southern recipients should make strategic use of development finance by leveraging the availability of the different classes of development finance and its instruments. As there is a well-established view that bilateral ODA will not be enough to meet the infrastructure financing gap of the southern recipients, they need to move towards emerging Southern providers, but they should equip themselves with better negotiation capacity as well as a better understanding of pros and cons of welcoming Southern development finance.

Secondly, Southern recipient countries should critically consider the new global development context before welcoming different development financial inflows. Countries should be cautious regarding the country priorities in view of SDGs, systematic concerns and the inclusiveness of Leave No One Behind while adopting development financial flows mainly from the Southern providers. Furthermore, Southern developing countries should also be careful about the appropriate balance between external development finance in social, economic and environmental sectors.

Thirdly, Southern recipients, as well as providers, should strengthen their transparency and accountability mechanism when it comes to external development financing. Southern providers will need to systematically generate disaggregated data on their external development finance to ensure its efficient allocation as well as better utilisation at the recipient country level.

References

Adugna, A. (2009). *How Much of Official Development Assistance is Earmarked?* Washington, DC: World Bank.

Basnett, Y., Engel, J., Kennan, J., Kingombe, C., Massa, I., & Velde , D. W. (2012). *Increasing the effectiveness of Aid for Trade: the circumstances under which it works best.* London: ODI.

Bhattacharya, D., & Khan, S. S. (2018). *Is blended finance trending in the LDCs? Perspectives from the ground.* Dhaka: Southern Voice on Post-MDG International Development Goals.

Blended Finance Task Force. (2018). *Better Finance, Better World.* London: Blended Finance Task Force.

Cabana, S. L. (2014). *Chonology and History of South-South Cooperation: An Ibero-american Contribution.* Uruguay: Secretariat General of Ibero Americana.

Chanana, D. (2009). India as an Emerging Donor. *Economic and Political Weekly.*

Channa, D. (2010, July 23). *India's Transition to Global Donor: Limitations and Prospects.* Retrieved from Elcano Royal Institute Website: http://www.realinstitutoelcano.org/wps/wcm/connect/cdde8a804350e71cafc1ef9b8a04b37a/ARI123-2010_Chanana_India_Transition_Global_Donor_Limitation_Prosopects.pdf?MOD=AJPERES&CACHEID=cdde8a804350e71cafc1ef9b8a04b37a

Colin, S. (2014). *A matter of high interest: Assessing how loans are reported as development aid.* Brussels: Eurodad.

Deutscher, E. (2009). *Development Cooperation Report 2009.* Paris: OECD Publishing.

Deutscher, E. (2010). *OECD Development Cooperation Report.* France: OECD Publishing.

Development Initiatives. (2018). *Global Humanitarian Assistance Report 2018.* Washington, DC: Development Initiatives Ltd.

Development Initiatives. (2018). *Global Humanitarian Assistance Report 2018.* Bristol: Development Initiatives ltd.

Development Initiatives. (2018). *Preliminary ODA data for 2017 factsheet.* Washington, DC: Development Initiatives Ltd.

Eichenauer, V. Z., & Reinsberg, B. (2017). What determines earmarked funding to international development organizations? Evidence from the newmulti-bi aid data. *Springer Journal.*

Eurodad. (2015). *A dangerous blend? The EU's agenda to 'blend' public development finance with private finance.* Brussels: Eurodad.

Faure, J.-C. (2000). *Development Cooperation Report.* Paris: OECD Publlishing.

Faure, J.-C. (2002). *Development Cooperation Report 2001.* Paris: OECD Publishing.

Fuchs, A., & Vadlamannati, K. C. (2012, July). *The Needy Donor: An Empirical Analysis of India's Aid Motives.* Retrieved from University of Heidelberg Web site:

http://archiv.ub.uni-heidelberg.de/volltextserver/13577/1/Fuchs Vadlamannati_2012_dp532_1.2.pdf

German Development Institute. (2018). *Financing Global Development: What Role for Official Development Assistance?* Bonn: DIE.

Gulrajani, N. (2016). *Bilateral versus multilateral aid channels.* London: ODI.

International Monetary Fund. (2018). *Less Even Expansion, Rising Trade Tensions.* Washington, DC: IMF.

Johansson, P. (2009). *Grants or loans? Determinants of aid composition.* Retrieved from Researchgate Website : http://www.umb.no/statisk/ncde-2009/pernilla_johansson_grants_vs_loans.pdf

Joyce, J., Granit, J., Frot, E., Hall, D., Haarmeyer, D., & Lindström, A. (2010). *The Impact of the Global Financial Crisis on Financial Flows to the Water Sector in Sub-Saharan Africa.* Trosa: Stockholm International Water Institute.

Kaul, I., Davies, R., Glasser, R., & Lu, M. G. (2015, September 01). Policy Debate | Financing the SDGs: Global vs Local Public Goods. International Development Policy | Revue internationale de politique de développement. doi:10.4000/poldev.2068

Kenny, C. (2013, July 17). *Centre for Global Development.* Retrieved from Centre for Global Development Web site: https://www.cgdev.org/blog/aid-and-mdgs

KfW Development Bank. (2012, October 29). Official Development Assistance (ODA) - is the concept still in step with the times? *KFW-Development Research.*

KfW Development Bank. (2017, September 21). How will development assistance loans be recognized in the OECD's ODA statistics in future? *Development in Brief.*

Kharas, H. (2007). *Trends and Issues of Development Aid.* Washington, DC: The Brookings Institution.

Kharas, H. (2014). *Reforming ODA to Increase Development Impact.* Washington DC: Brookings Institution.

Lengyel, M., & Malacalza, B. (2011). What do we talk when we talk about South-South Cooperation? The construction of a concept from empirical basis. *IPSA-ECPR Joint Conference.* São Paulo.

Manning, R. (2005). *OECD Development Cooperation Report.* Paris: OECD Publishing.

Manning, R. (2006). OECD Development Cooperation Report 2006.

Ministry of External Affairs, Republic of India. (2017, November 19). *Question No. 3245 Foreign Aid.* Retrieved from Ministry of External Affairs Website: https://mea.gov.in/Images/attach/ANNEXURE_1_lu3245.pdf

Ministry of Finance, People's Republic of China. (2018, September 10). *Financial Data.* Retrieved from Ministry of Finance of the People's Republic of China: http://yss.mof.gov.cn/zhengwuxinxi/caizhengshuju/index.html

Morrissey, O., Islei, O., & M'Amanja, D. (2006). Aid Loans Versus Aid Grants: Are The Effects Different? *WIDER Conference on Aid: Principles, Policies and Performance.* Helsinki.

Odedokun, M. (2004). Multilateral and Bilateral Loans versus Grants: Issues and Evidence. *The World Economy.* Retrieved from CGD Website.

Organisation for Economic Co-operation and Development. (2005a). *Development Co-operation Report 2005*. Paris: OECD Publishing.

Organisation for Economic Co-operation and Development. (2005b). *Outcome of the Gleneagles G8 Summit: Evaluation by the TUAC Secretariat*. Paris: OECD.

Organisation for Economic Co-operation and Development. (2006). *Development Co-operation Report 2006*. Paris: OECD Publishing.

Organisation for Economic Co-operation and Development. (2012, June). From Aid to Development: The Global Fight Against Poverty. *OECD Insights*.

Organisation for Economic Co-operation and Development. (2012). *Trade related South-South Cooperation: China*. Paris: OECD Publishing.

Organisation for Economic Co-operation and Development. (2013, April 3). *Aid to poor countries slips further as governments tighten budgets: OECD*. Retrieved from OECD Web site: http://www.oecd.org/development/stats/aidtopoorcountriesslipsfurtherasgovernmentstightenbudgets.htm

Organisation for Economic Co-operation and Development. (2015, January 19). *Beyond the Millennium Development Goals: Towards an OECD contribution to the post-2015 agenda*. Paris: OECD Publishing.

Organisation for Economic Co-operation and Development. (2016a, April 13). *Development aid in 2015 continues to grow despite costs for in-donor refugees*. Retrieved from OECD Web Site: http://www.oecd.org/dac/stats/ODA-2015-detailed-summary.pdf

Organisation for Economic Co-operation and Development. (2016b). *Workbook: OECD-DAC Aid at a glance*. Retrieved from OECD Web site: https://public.tableau.com/views/AidAtAGlance/DACmembers?:embed=y&:display_count=no?&:showVizHome=no#1

Organisation for Economic Co-operation and Development. (2017). *Blended finance Mobilising resources for sustainable development and climate action in developing countries*. Paris: OECD Publishing.

Organisation for Economic Co-operation and Development. (2018). *Development aid drops in 2018, especially to neediest countries*. Paris: OECD Publishing.

Organisation for Economic Co-operation and Development. (2018a). *Climate-related Development Finance Data*. Paris: OECD Publishing.

Organisation for Economic Co-operation and Development. (2018b). *Development aid stable in 2017 with more sent to poorest countries*. Paris: OECD Publishing.

Organisation for Economic Co-operation and Development. (2018c). *Development Cooperation Report 2018: Joining Forces to Leave No One Behind*. Paris: OECD Publishing. Retrieved from: https://doi.org/10.1787/dcr-2018-en.

Organisation for Economic Co-operation and Development. (2018d). *Global Outlook on Financing for Sustainable Development 2019*. Paris: OECD Publishing.

Organisation for Economic Co-operation and Development. (2018e). *OECD DAC Blended Finance Principles*. Paris: OECD Publishng.

Organisation for Economic Co-operation and Development. (2018f). *What do we know about multilateral aid? The 54 billion dollar question* (OECD Policy Brief, pp. 1-2).

Organisation for Economic Co-operation and Development. (2018g, April). *What is ODA*. Retrieved from OECD Website: https://www.oecd.org/dac/stats/What-is-ODA.pdf

Organisation for Economic Co-operation and Development and World Economic Forum. (2015). *Blended Finance Vol. 1: A Primer for Development Finance and Philanthropic Funders*. Geneva: World Economic Forum (WEF).

Pereira, J. (2017). *Blended Finance: What is it, how it works and how it is used.* Oxford: Oxfam GB.

Petras, R. (2009). *Comparative Study of Data Reported to the OECD Creditor Reporting System (CRS) and to the Aid Management Platform (AMP).* Washington, D.C: Development Gateway.

Public Affairs Division, OECD. (2008). OECD *Annual Report*. Paris: OECD Publishing.

Reinsberg, B. (2017). *Five steps to smarter multi-bi aid: A new way forward for earmarked finance.* London: Overseas Development Institute (ODI).

Sharma, R. (2017, March 22). *Emerging power India gives more aid than it receives.* Retrieved from The New Indian Express Website: http://www.newindianexpress.com/nation/2017/mar/22/emerging-power-india-gives-more-aid-than-it-receives-1584604.html

Sharma, R. (2017, March 22). *Emerging power India gives more aid than it receives.* Retrieved from The New Indian Express Web site: http://www.newindianexpress.com/nation/2017/mar/22/emerging-power-india-gives-more-aid-than-it-receives-1584604.html

Shine, T., & Campillo, G. (2016). T*he Role of Development Finance in Climate Action Post-2015.* Paris: OECD Publishing.

Solheim, E. (2015). *Development Cooperation Report 2015: Making Partnerships Effective Coalitions for Action.* Paris: OECD Publishing.

The Infrastructure Consortium for Africa. (2018). *Infrastructure Financing Trends in Africa – 2017.* Abidjan: The Infrastructure Consortium for Africa (ICA).

The Guardian. (2018). *How much aid money is spent in donor countries? – get the data.* London: The Guardian.

Tomlinson, B. (2012). *Reality of Aid 2012 Report.* Quezon City: IBON International.

Tortora, P., & Steensen, S. (2014). *Making earmarked funding more effective: Current practices and a way forward.* Paris: OECD Publishing.

Uneze, E. (2015). I*mpact of South-South Co-operation in achieving the Millennium Development Goals (MDGs) in Low-Income Countries.* Brussels: European Commisssion.

United Nations Economic and Social Council. (2008). *Trends in South-South and triangular development cooperation.* New York: United Nations.

United Nations Conference on Trade and Development . (2017). *The Least Developed Country Report*. Geneva: United Nations.

United Nations Conference on Trade and Development . (2018). *Scaling Up Finance for*

the Sustainable Development Goals: Experimenting with Models of Multilateral Development Banking. Geneva: United Nations.

United Nations Department of Economic and Social Affairs. (2015). Workshop in preparation for the Third International Conference on Financing for Development: the role of catalytic aid. *DCF [Development Cooperation Forum] Republic of Korea High-Level Symposium.* Incheon: United Nations.

United Nations Development Programme. (2007). *Evaluation of UNDP Contribution to South-South Cooperation*. New York: UNDP.

United Nations Development Programme. (2011). Official Development Assistance. *In Towards Human Resilience: Sustaining MDG Progress in an Age of Economic Uncertainty.* New York: UNDP.

United Nations Development Programme Bureau for Development Policy. (2016). *Concessional Financial Flows Among Southern Countries*. New York: UNDP .

United Nations. (2014). *Report of the Intergovernmental Committee of Experts on Sustainable Development Financing.* New York: United Nations.

United Nations. (2018). F*inancing for Development Progress and Prospects 2018*. New York: Uniter Nations.

United Nations. (2018, September). *United Nations*. Retrieved from United Nations Website: https://www.un.org/pga/72/wp-content/uploads/sites/51/2018/01/Summary-financing-for-SDGs.final_.pdf

World Bank. (2006, July). *Development Policy Lending Retrospective*. Retrieved from The Word Bank Website: http://documents.worldbank.org/curated/en/596631468314057624/pdf/367720rev0pdf.pdf

southernvoice.org

SVoice2030

@SVoice2030