

## **Marrying new global players with the international aid transparency initiative: the future of aid data governance<sup>1</sup>**

**Pranay Sinha and Michael Hubbard<sup>2</sup>**

### **Abstract**

Development aid forms an important link between rich countries, poor countries and poor people. But there have been serious concerns raised by aid critiques about the quality and accuracy of the global aid data (Riddell 2007, Easterly and Pfutze 2008 and Birdsall et al, 2010). It is often incomplete and of poor quality. Though OECD DAC has long played a key role in defining and capturing data on development finance and monitoring its global standards for DAC donors (OECD, 2011), question arises as whether its existing standards or categorization are inclusive enough to integrate the new global players or not? Given the growth in the number of players in development finance and when the new global players are continuously increasing their respective aid financing, it becomes apparent that their exclusion will prohibit getting a full picture of the future global aid governance.

There are ongoing efforts like International Aid Transparency Initiative (IATI) to improve aid data transparency and reform the way aid data is disclosed by established players as well as new global players. The lack of aid data availability of the new players in existing global aid governance is difficulty attributed to their data capture, methodology and different data categorisations.

So against this backdrop, the paper aims to explore the relationship between established players and new global players as they both grapple with rival definitions of aid quality. Whether the newly established transparency standards of aid data provide any way forward to the future of aid data governance where all new players will adhere to IATI standards. The paper will investigate the incentives and disincentives for the new global players to adhere to IATI standards and in the wake of any binding standards (IATI or OECD), what challenges and opportunities they bring to the future of aid data governance. And how does the existence of IATI standards shape the dynamics of rising power under South-South Development Cooperation?

Recent initiatives like AidData have attempted to build upon the existing OECD database and included other new players like India, South Africa and Brazil in their comprehensive development finance database but unable to do so for China. As the IATI has finalized a standard which all the established players having signed the IATI leaving behind a few major players like USA and Japan, the larger issue remains as how IATI as new 'governance through standards' tool would bring rising powers on board to adhere to its data standards and improve the overall governance of aid. What would be the norms, authority and legitimacy of involving emerging donors with this proposed aid data governance through standardization (IATI)?

Drawing on current research into the categorisations of aid data by new donors, the paper discusses options for bringing in new donors into the IATI standard, including south-south cooperation in forming acceptable standards. The future of aid data governance very much depends upon if and how the new global players marry with the International Aid

---

<sup>1</sup> The paper is based on the ongoing research titled 'A Future for Aid Data: Research towards a South-South Cooperation Data Categorization to complement on-going IATI Categorizations' funded by DFID through its Future of Aid and Beyond Research Competition 2010-11

<sup>2</sup> [p.sinha@bham.ac.uk](mailto:p.sinha@bham.ac.uk) & [M.E.V.Hubbard@bham.ac.uk](mailto:M.E.V.Hubbard@bham.ac.uk) (International Development Department, University of Birmingham)

Transparency Initiative, which is a tool for aid data governance through standardization. The Fourth High Level Forum on Aid Effectiveness is scheduled to take place in late Nov 11 and how this marriage of IATI with new global powers will take place is yet to unfold.

## **Introduction**

Aid transparency through availability of aid data is a necessary pre condition to assess the aid effectiveness either from a donor's or from a recipient's perspective. Given the growth in the number of official donors, and especially when the Non DAC donors like BRICs are continuously increasing their respective aid financing, it becomes apparent that exclusion of their aid data will prohibit getting a full picture of the future aid architecture.

In the presence of new donors, it seems that the aid transparency movement of DAC donors is at a crossroads. On the one hand, there have been serious concerns raised by aid critiques about the quality and accuracy of the aid data of DAC donors (Riddell 2007, Easterly and Pfutze, 2008 and Birdsall et al, 2010) which poses a question as whether their existing standards are adequate or not? On the other hand, there is lack of aid data availability of Non DAC donors, which can be attributed to non-access to data. It is either because the data is not captured in Non DAC donor's aid institutions or their methodology to measure the data is not in accordance with existing set standards.

So to get a full picture of the future aid architecture, the way forward is to capture the Non DAC donor's aid data but question arises as what should be the standards/ categorization or format to capture the Non DAC donor's aid data? As one of the core issues of Non DAC donor's data is that their methodology in measuring aid data is not in accordance with existing set standards, this calls for them either to reform their existing standards/ categorizations to become acceptable to Non DAC donor's or to ask them to comply with the existing (OECD CRS classification) standards or ongoing International Aid Transparency Initiative (IATI). IATI is aimed at improving the overall quality of aid data of DAC donors and reforming the way it is published by DAC donor governments and agencies.

## **Convergence & Divergence among established players and new global players**

In the emerging aid architecture which includes both established players (predominantly DAC donor nations) as well as new global players (mostly BRICS) it's important to explore the relationship between them as they both grapple with rival definitions of aid quality (Gulrajani, 2011). It's difficult to generalise since the new global players are a diverse group, as are the established players as well. Despite being part of OECD DAC, their practices are not all similar. For instance not all DAC donors are the signatories of the IATI. A few major donors like USA and Canada are still not IATI signatories but have published their aid information to reflect their own transparency standards. Others like Austria, Belgium, France, Greece, Japan, Italy, Korea, Luxembourg and Portugal have still not signed IATI.

Much of the analysis of global player's foreign aid has been conducted from point of view of the established player's norms i.e. OECD DAC rules. It's possible that if there had been alternative norms or a distinct south-south cooperation standard, the answer might have been different. Thus an analysis of various aspects of foreign aid of established players and new global players is proposed. The seven aspects focused on below are: what are the different definitions of 'ODA', what are the different aid instruments, affiliation with DAC/ UNDCF, sustainability framework followed to provide aid, adherence to aid effectiveness framework, conditionalities practised and ministries/ institutions involved for aid delivery.

## **1) Definition of 'Official Development Assistance'**

Puri (2010; 8) argue that southern players neither adhere to 'international ODA commitments' nor measure their financial flows as per 'universally recognised benchmarks of ODA'. With the Paris declaration on Aid Effectiveness, he further argues that 'there has been a concerted push led by OECD countries to superimpose the principles of donor-recipient relationships flowing out of the Paris Declaration and the Accra Agenda onto South-South Cooperation. This is perceived as an attempt to co-opt Southern providers into the international aid architecture and mitigate the burden of obligations undertaken by Northern donors' (ibid, 8). The assumption was made on the basis of lack of any official and explicit role played by foreign aid in south-south cooperation policy till 2010. However the recent white paper on foreign aid policy announced by the Chinese government (Govt. of China, 2011) marks a major shift in the way south-south cooperation is being pursued. By officially announcing its white paper on foreign aid, China has made clear that its foreign aid activity is to serve its interests in south-south cooperation policy. So now China's new position opens up a policy dilemma for other southern providers as to whether they should also have a dedicated foreign aid policy over and above their south-south cooperation policy and how can they have different 'donor-recipient relationships' within their 'mutual interest' policy. South-south cooperation can be defined as cooperation among southern donors (India and China) as well as cooperation between southern donors and southern recipients (China and Ghana).

Asian donors argue that the difference between N-S & S-S cooperation are two different principles. 'North-South cooperation is part of the obligation of developing countries to meet ODA commitments and targets; SSC in contrast is based more on an equal partnership and is supplementary or complementary to N-S' (KDI, 2011: 12). Analysts have observed that S-S cooperation has often been perceived mostly as an alternative and either supplementary or complimentary by various analysts (M'clead & Kebbey, 2010: 22 & KDI, 2011: 12). According to OECD definitions, DAC donors use 'official development finance' that includes ODA as well as other official flows whereas new global players prefer using term like development cooperation. Chaturvedi clarify that 'development cooperation is just one component of S-S cooperation' and other components are trade and investment (KDI, 2011; 4). So for DAC donors it's largely aid and aid for trade which forms part of ODA whereas for non DAC donors it includes aid finances as well as trade finances. For instance China through its recent white paper (Govt of China, 2011) has openly embraced its Exim loans as part of its official foreign aid thus making its commercial interests explicit in its foreign aid policy. But will China's new position of including its export credits challenge the DAC donors 'ODA' architecture and will we see any accommodation on part of DAC donors to consider southern donors perspective of integrating trade finance in their official development finance? Whether will there be any widening of the scope of how ODA is defined by the club of DAC donors following the Busan High Level Forum later this year? With the above background we now explore the different aid instruments deployed by established and new global players.

## **2) Aid instruments**

Most of the established and new global players are using concessional loans, grants and technical cooperation as aid instruments. For instance there are eight Chinese aid instruments i.e. complete projects, goods and materials, technical cooperation, human resource development cooperation, medical teams sent abroad, emergency humanitarian aid, volunteer

programs in foreign countries, and debt relief (Govt. of *ibid*, 5). ODI has identified eight types of financial aid namely; Balance of payments support, General budget support, Aid funded debt relief, Sectoral budget support, Project aid using government systems, Project aid using parallel systems, Project aid through NGO/ private providers, Multilateral aid (Foster and Leavy, 2001:). Agrawal (2007) has mapped 'project assistance, purchase subsidies, lines of credit, travel costs and technical training costs'. It's argued that the aid instruments irrespective of DAC or Non DAC donors are either extended as grant or loan. The loan could have been concessional or non concessional in nature or it could be termed as 'official development assistance', 'other official finance' or 'officially supported export credit' according to DAC standards. It could be interest free loans as well (Govt. of China, 2011). It throws a few basic questions and an important point of divergence between DAC and Non DAC donors as whether lines of credit are concessional enough to qualify as an ODA; if they are not ODA then are they 'aid for trade', and what are the links between tied aid and export credits (Sinha, 2010).

### **3) Institutions involved in aid delivery**

It's not only important which are the institutions involved in aid delivery but also which is the lead agency and how much aid is indicated as flowing from these agencies. For instance Burall et al (2009:5) observed that DFID is the principal or lead aid agency delivering almost all UK aid whereas USAID despite being the lead aid agency is managing less than half of the total USA foreign aid.

The nature of official statistics for any non DAC donor is less well understood. However, the new white paper on foreign aid published by the Chinese government shows that as at 2009, out of a total of 256 billion Yuan, 41% is provided as grant, 30% as interest free loans and 28% as concessional loans (Govt of China, 2011). Much of the grant and interest free loans have been provided by different departments within the Ministry of Commerce and concessional loans are provided by EXIM bank. 'The Executive Bureau of International Economic Cooperation, China International Centre for Economic and Technical Exchanges and Academy of International Business Officials affiliated to the Ministry of Commerce are entrusted with tasks of managing the implementation of complete projects and technical cooperation projects, material aid projects and training programs connected with China's foreign aid. The Export-Import Bank of China is responsible for the assessment of projects with concessional loans, and the allocation and recovery of loans' (*ibid*)

In the case of India the Ministry of External Affairs and the Ministry of Finance are the main agencies involved in delivering aid except for a few cases where the Ministries of Agriculture, Shipping and Commerce are involved (Sinha, 2010). 'The Ministry of External Affairs is the main conduit of delivery for India's development assistance, delivering 85.75% (Rs 146.59 billion) of the total development assistance of Rs 170.94 billion offered by the GOI over the last ten years. The remaining 12.37% (Rs 21.14 billion) is delivered by the Ministry of Finance' (*ibid*). It does not have Exim bank figures and till 2009-10, US\$ 4.5 billion worth LOC was operational from the Exim bank.

In brief, it can be said that for most of the DAC donors there has been a dedicated aid agency whereas in the case of Non DAC donors either they have established their development cooperation agency (Brazil) quite recently or are on the verge of creation of one (India & South Africa).

#### **4. Sustainability framework – development vis-a-vis debt**

In the recent past, large export credit inflows have caused concerns regarding debt sustainability in African countries but there is no clear indication yet of the contribution to the problem by the additional finance from Non DAC donors. Furthermore, there is a concern that limited absorptive capacity supplemented by large aid inflows may lead to over indebtedness in Africa with the potential of hurting the recent debt relief efforts initiated by the World Bank, IMF and DAC donors. It's important to note that China considers 'development sustainability' as a key to its investment decisions over 'debt sustainability' and bank on 'untapped capacity to service future debt' (Brautigam, 2009, p29). China's Exim bank works on this lending principle and lends for export oriented investment as well as infrastructure projects.

Wenping (2011) argue that 'while debt may be a problem in some cases, targeted loans based on the recipient's ability to repay can actually contribute to development sustainability' (KDI, 2011; 7). It's also being argued that though Chinese development sustainability provides policy space to recipient nations to exercise and choose their lenders from both DAC as well as Non DAC donor horizon, it's the natural resource that is served as collateral to service future debts (Huse and Muyakwa, 2008). The principle of responsible lending need to be established across the donor horizon irrespective of DAC or non DAC donors. This is to ensure that a safeguard is in place and that future generations will not fall into a vicious cycle of debt (including resource repayment ) generated by export credits (Sinha and Hubbard, 2011 forthcoming). The principle takes the form of transparency over the terms of conditions of all export credits and disclosure of relevant project information both from DAC and Non DAC donors (ibid).

#### **5. Institutional Affiliation**

While DAC donors are primarily affiliated to OECD as members, non DAC donors are not affiliated to any collective institution like OECD DAC. In a recently organised workshop on Asian approaches to development cooperation it was observed that there exists a complex aid architecture where bodies like OECD/ DAC, G20, UNDCF and South-South Cooperation Forums represent different development paradigms and Asian donors 'struggle to identify which, if any, body aligns with their interests' (KDI, 2011:4). Some non DAC donors argue that the current global aid architecture is 'exclusive to DAC donor discourse', 'unequal as the donor vs. recipient dichotomy accentuates the power discrepancy amongst nations' and 'limited as it does not include large-scale economic infrastructure projects' (ibid:4)

#### **6. Aid Effectiveness Framework**

Chaturvedi (2011:11) argues that DAC donors adhere to an aid effectiveness framework like the Paris Declaration because they have 'evolved it as an instrument for effectiveness' whereas Non DAC donors do not adhere to the same as they were not involved during the negotiations; therefore they are 'out of the purview of any such global arrangement'. Davies (2008:8) also acknowledged that there is a 'perceived legitimacy gap and lack of ownership of the Paris Declaration agenda on the part of non DAC donors'. Though a consensus was reached between the Working party on Aid Effectiveness and non DAC donors in 2007 that the 'declaration principles are about improving the effectiveness and quality of aid' how much ownership it has brought on part of the Non DAC donors is questionable (ibid,9). Many of the aid instruments of Non DAC donors are similar to those of DAC donors except export credits; therefore an important area for Non DAC donors to explore is the implications of

adhering to Paris declaration principles for export credit as a modality. As DAC donors do not include their export credit as ODA, it is worth watching how this will unfold post Busan forum.

### **Where is the common ground?**

There currently seems to be an approach taken by various DAC and Non DAC donor analysts that is hostile to each other. On the one hand Non DAC donor's aid has been termed as rogue and toxic (Naím, 2007), neo colonial (Clinton, 2011)<sup>3</sup>, free riding on debt relief, pursuing resource diplomacy and highly tied aid whereas on the other hand DAC donor's aid has been termed as promoting welfare colonialism (Sundaram, 2011:18), conditional and dead aid (Moyo). Despite this hostility to each other one area of common ground or at least where the two actors are neutral to each other is aid data collection and monitoring and evaluation. Chaturvedi (2011:11) acknowledge that in the south-south development partnership 'no such mechanisms exist - except some occasional reporting of data and anecdotal details' whereas in the North-South aid programme, 'it's 'peer reviewed by DAC/ OECD. And data is compiled and periodically released by the national governments and DAC/OECD'. The Chinese concern in aid information release is threefold; a) 'whether the public will support aid activities, b) whether the recipient countries would like the aid information released and c) aid volume still small compared with developed countries' (Xiaojing, 2011: 14). However it's argued that to achieve aid predictability and transparency China might publicise aid information in diversified ways in the future (ibid:16). Finally one of the recommendations for Asian donor's future dialogue was to 'discuss the lack of statistics on countries' development cooperation' (KDI, 2011:14).

### **Data quality & existing standards vis-à-vis DAC Donors**

Though OECD DAC has long played a key role in defining and capturing data on development finance and monitoring its global standards for DAC donors (OECD, 2011), the question arises whether its existing standards or categorizations are adequate. Riddell suggest that data quality at the national and international level coupled with data gaps at the project level are a significant methodological challenge to assessing the impact of aid (2007).

A few of the limitations identified by IATI in existing DAC CRS data are as follows – a) out of date (approximately between 11 to 23 months) information by the time it is published in CRS, b) statistics rather information, c) limited level of information such as where the money has been spent and what it is planned to be spent on, d) limited type of information such as lack of information on policy and project documents, e) coverage limited to DAC donors and f) the classifications used within the DAC are designed to meet the needs for international statistical reporting rather meet the needs for partner countries to align aid flows with their own budget classifications (IATI, 2011).

This calls for better standards through categorization, improving data quality at the national and international level for bilateral and multilateral donors and plugging data gaps at the project level. IATI attempts to overcome these challenges under the umbrella of aid transparency commitments made by donors in the Accra Agenda of Action especially to 'publicly disclose regular, detailed and timely information on volume, allocation and, when available, results of development expenditure to enable more accurate budget, accounting and

---

<sup>3</sup> Reported by Jackson, Flavia K (2011) Clinton Chastises China on Internet, African 'New Colonialism

audit by developing countries’ as well as to ‘regularly make public all conditions linked to disbursements’ (OECD, 2008:6).

Recently the Publish What You Fund (PWYF) initiative has assessed DAC donors’ performance on aid transparency and its findings and conclusion confirms that a) ‘there is a lack of comparable and primary data which means that it is not currently possible to assess donor aid transparency in the degree of detail that would be desirable and b) there is a wide variation in levels of donor transparency’ (2010, 8-12).

### **DAC Donors’ Data**

Four types of DAC donors are taken as a sample. The first set are those which have signed the IATI and are compliant to the IATI (UK), the second set those which have signed the IATI but not published yet (Germany, Australia), the third set those which have not yet signed the IATI (Austria & Japan) and finally those which have not yet signed the IATI (USA and Canada) but have published their database with standards other than IATI.

**Table 1 Comparison of DAC Donors Data recorded in the DAD and AidData Database**

<b>Funding Source</b>	<b>No. of Projects</b>		<b>Committed (USD)</b>		<b>Disbursed (USD)</b>	
	<b>AidData</b>	<b>DAD</b>	<b>AidData</b>	<b>DAD</b>	<b>AidData</b>	<b>DAD</b>
UK	315	153	1,492,599,151	778,041,869	607,628,030	453,788,631
Australia	148	75	269,404,604	163,890,141	130,632,830	73,399,113
Germany	914	209	1,196,581,496	1,277,719,200	787,855,957	761,281,534
USA	1261	985	11,657,160,620	22,150,957,900	3,793,478,630	7,040,165,163
Canada	259	238	1,401,444,852	697,685,304	424,438,429	404,567,212
Austria	105	8	48,911,855	4,388,310	46,471,679	4,388,310
Japan	308	436	828,341,156	1,983,966,330	628,265,511	1,523,716,186

Source: DAD Afghanistan & AidData: Report generated on 07 Jun 2011

In all the cases except the USA and Japan, aid is reportedly disbursed less at the country level (DAD) compared to what it is reported at global level (AidData). It could be due to delivery of aid outside the public financial management system or through parallel implementation unit or NGOs. It could be because of different exchange rate as well. In the case of Austria, less than 10% of its aid reported in AidData is reported at the country level i.e. Afghanistan DAD. USA and Japan aid is opposite to this trend and disbursed twice the amount reported at the global level (AidData). This is because of lack of capture of most USAID project’s disbursement figures in AidData.

### Data quality & existing standards vis-à-vis Non DAC Donors

One of the main hypotheses of this research is - lack of aid data availability of the non traditional donors can be attributed to non-access to data because of two reasons. Firstly either the data is not captured or secondly the methodology to measure the data is not in accordance with existing set standards like OECD's CRS classification. A quick comparison of quantity of aid & sources of nine Non DAC donors was conducted to test the above hypothesis, as well as to throw light on the issues emerging out of the academic literature and policy documents regarding availability of aid data of Non DAC donors (Table 2).

**Table 2 A Comparison of Non DAC Donors Quantity of Aid & Sources**

Serial No.	Non DAC Donors	Quantity of Aid	2006 (US\$ million)	As % of GNI	Source
1.	China	ODA Gross Disbursements	2000	.07%	Lower range from estimates by Brautigam (2007a and 2007b), Lancaster (2007) and Alden (2007)
2.	India	Gross Development Assistance	524-1000	.0007-.0013%	MOF (2006), data for the budgetary year ending March 2006
3.	Kuwait Fund	ODA Net Disbursements	158	.20%	Calculated with 2005 GNI, as GNI not available for 2006. OECD/DAC database
4.	Malaysia	ODA Net (=Gross) Development Assistance	15.51	.012%	Development Assistance Questionnaire (EPU, 2007), Malaysia 9th 2006- 2010 five-year plan (GoM, 2005)
5.	Saudi Fund	ODA Net Disbursements	2094.7	.72%	OECD/DAC database (For calculating % of GNI, Saudi GNI of 2005 was used)
6.	Taiwan	ODA Net Disbursements	513	.14%	OECD/DAC database
7.	Thailand	ODA Net Disbursements	73.7	.04%	OECD/DAC database
8.	Turkey	ODA Gross & Net Disbursements	714.2	.018	All aid is grants so net and gross disbursements are the same. OECD/DAC database
9.	Venezuela	NA	NA	NA	Venezuelan aid is hard to quantify, as Venezuelan authorities do not publish aid figures that correspond to the DAC definition ODA. Venezuelan aid through the Petrocaribe agreement can currently be put between US\$ 2 & 2.5 billion.

Source: researcher's compilation based on various Non DAC donors' profile of HIPS 2008 guide



It is observed that a) individual aid analysts are estimating the quantity of aid for Non DAC donors where authorities do not publish aid figures that correspond to the DAC definition<sup>4</sup> and b) the aid data available for few Non DAC donors are generated either through their official published document like budgetary data or five year plan<sup>5</sup> c) otherwise largely from OECD DAC database<sup>6</sup> or generated through Development Assistance Questionnaire<sup>7</sup>. Agrawal (2007) & Sinha (2010) have also estimated Indian aid data with government's budget figures where authorities do not publish aid figures that correspond to the DAC definition.

Further the accuracy and comprehensiveness of aid data is questionable as in the case of China only lower range estimates are used whereas in the case of India it is estimated at .0007-.0013% of GNI and in the case of Venezuela it's not known and was only estimated through the Petrocaribe agreement. Jerve and Selbervik (2009:11) similarly observed that 'when it comes to India, which is not reporting to the DAC, the aid data is much more fragmented and the figures given must be treated with caution. In the case of China, "it is difficult to depict the process of quantitative change, since China does not publish any data on the development aid it provides. There are no reliable data available on the volume of aid provided by China" (Hoffman, 2006:4). It is hoped that following the Chinese government's recently published white paper subsequent publications on foreign aid might provide a more reliable trend of the volume of the aid.

Lack of common categories for quantity of aid (ODA Gross Disbursements, Gross Development Assistance, ODA Net Disbursements, ODA Net (=Gross) Development Assistance) and consistent data availability for GNI and year (calculated with 2005 GNI for Kuwait & Saudi Fund) results in incomparability of aid figures. Peter Kragelund (2008:573) observed that "because of a combination of non-disclosure of official data and incomparability of aid figures, China's real aid spending remains indeterminate".

Non DAC donors are not identical, rather a complex and diverse group. There are two groups<sup>8</sup> - those which report their aid data to OECD DAC, such as Kuwait Fund, Saudi Fund, Taiwan, Thailand, Turkey; and the others, which do not report their aid data to OECD DAC - like India, China and Venezuela. It is important to note that reporting to OECD DAC does not necessarily mean the groups reporting to OECD DAC are necessarily aligned to DAC guidelines and adhere to OECD DAC standards or classification. Manning (2006) has mentioned that though Israel and Chinese Taipei report to OECD DAC they do not report their aid to DAC norms, whereas Turkey adheres to DAC standards. Thus this makes these Non DAC donors a complex, diverse group rather an identical one.

---

<sup>4</sup> As evident in the case of China - Brautigam, Lancaster and Alden and in Venezuela through the Petrocaribe agreement

<sup>5</sup> As evident in the case of India and Malaysia

<sup>6</sup> Kuwait Fund, Saudi Fund, Taiwan and Thailand

<sup>7</sup> As evident in the case of Malaysia

<sup>8</sup> Other categorizations of Non DAC groups are offered by Manning (2006), Kragelund (2008) and Grimm et al (2009) where Manning and Kragelund have identified four groups on the basis of their affiliation with OECD, DAC, EU, Middle East and OPEC countries namely a) Group of OECD members who are not members of the DAC, b) Group of the new EU member states not members of the OECD, c) Middle East and OPEC countries and funds and d) The non-OECD donors which provide aid but fall outside the second and third groups especially India and China. Grimm looked the categories from the perspective of donors/ state actors and grouped those under five categories on the basis of their perceived impact on global development and especially European policies.

### Non DAC Donors' Data

A comparison of data of non DAC donors' aid to Afghanistan as recorded in two databases (AidData and Afghanistan's donor assistance database DAD) is shown in the following tables, revealing the differences in the data of non DAC donors recorded at the global level and at the country level.

**Table 3 Comparison of Non DAC Donors Data recorded in the DAD and AidData Database**

Funding Source	No. of Projects		Committed (USD)		Disbursed (USD)	
	AidData	DAD	AidData	DAD	AidData	DAD
China	NA	27	NA	139,250,000	NA	58,200,000
India	32	79	554,820,803	825,597,667	NA	434,508,632
Kuwait	3	3	61,876,760	4,190,000	NA	4,190,000
S. Arabia	2	17	60,002,662	90,087,620	NA	73,078,421
S Africa	NA	2	NA	48,383	NA	6,000
UAE	NA	65	NA	4,190,000	NA	4,190,000
<b>Total</b>	<b>37</b>	<b>193</b>	<b>676,700,225</b>	<b>1,063,363,670</b>	<b>NA</b>	<b>574,173,053</b>

Source: DAD Afghanistan & AidData: Report generated on 07 Jun 2011

It is observed that the number of projects recorded in AidData is less compared to data recorded in DAD Afghanistan. This is because China, S. Africa and UAE data are not captured at the global level in AidData but are captured at the country level in DAD Afghanistan. Further it can be observed that in the case of India and S Arabia, there are more projects captured at the country level compared to the global level. Disbursed amounts are captured in DAD whereas in AidData they are not captured. In the case of Kuwait where the number of projects is equal in both the database, the amount committed is different.

This raises the following questions as to why there are huge discrepancies between these two databases; why Chinese, S Africa & UAE data are not captured in AidData but are captured in DAD? Why some non DAC donors have provided the data to AidData and some have not? Why the data for project cost and disbursement is not captured in AidData whereas it is captured in DAD? Whether the details of the projects reported at the country level are the same at the global level? These practical questions guide us to bigger issues as to who asked for the data and who provided the data – who are the owners of the database? In the case of Afghanistan DAD, it is assumed that the donors are providing information directly in the database or the Afghanistan (recipient) government is disclosing on its own.

### **Why are Non DAC donors' aid data not captured yet?**

In the above circumstances, it's important to understand why aid data from Non DAC donors are not captured yet and what are the issues faced by various actors. Kharas (2007:12) argues that since these Non DAC donors don't 'have any formal place in the aid architecture, that's why they do not report their activities according to standards of DAC donors'. 'Collecting and evaluating this data from emerging economies is especially challenging, as there is no standardised reporting' (One Data Report, 2010). 'The main difficulty here is the absence of an adequate statistical database for SSDC' (Das et al, 2008:20). An absence of Non DAC donor's data further is attributed to lack of data transparency (Paulo and Reisen, 2010). Betancourt and Schulz (2009:3) recognises that 'the systematization of practice and learning is still pending' for South-South cooperation and suggest 'to invest in better information systems, statistics, reporting and monitoring and evaluation systems'. The three main constraints identified by Johnson et al (2008, 9) for developing a comprehensive information base on South-South development cooperation flows are a) 'technical and institutional problems of data definitions and collection, b) lack of coordination of data collection at country-level and c) lack of a forum for coordinating the collection of such data'. But with above said constraints, the larger question still remains as 'whether the governments in the South are really prepared to cooperate and do they have the capacity to do so' (Andrade, 2009)? The answer is yet to be formed.

### **IATI Standard**

'IATI is a global aid transparency standard that makes information about aid spending easier to access, use and understand' (IATI Standard, 2011). It is encouraged by IATI standard to use and publish IATI data because it's 'a truly global aid transparency standard', it can 'show, when and where aid is used', it's 'open and comparable aid information', it's 'timely and transactional level financial data' can be tracked and finally it is based on the principle of 'publish once, use often – no duplicated effort by reporting multiple times' (ibid). The IATI standard can be subdivided under two themes i.e. organisational and activities. 'The organisational standard is designed for reporting the total future budgets of organisations and forward planning budget data for recipient institutions and countries. The activity standard is designed for reporting the details of individual aid activities' (ibid).

### **Will non DAC donors follow the IATI standards?**

For the non DAC donors, following the IATI standards would mean 'establishing some degree of consistency' between the transparency standards expected to be followed by IATI signatories and what transparency standards they themselves are following in reporting their aid flows (Brunson & Jacobsson, 2000:127). If agreed, this consistency is expected to be achieved by non DAC donors by either adjusting their own aid reporting practice to befit the IATI requirements or by changing the presentation of aid reporting practice in accordance with the IATI standards (ibid).

It is observed that both the USA and Canada are not IATI signatories therefore they have not agreed to publish their aid data as per the IATI standards and instead have published as per their own transparency standards. Is this because adhering to IATI standards will significantly require changing their domestic aid governance practise? For instance the USA could be unable to comply with IATI requirement of providing three years future budget projection because budget for foreign aid is not authorised annually rather are appropriated only on a yearly basis in the USA congress (Curt and Nowels, 2004). Changing

organisational practise can be expensive; Aid info (2011) reported that ‘with annual savings of around \$7million, the costs for the Canadian government to implement the initiative would be somewhere between \$50,000 to \$500,000.’

So can we expect in the near future that the recipients (those who are IATI signatories) will start insisting that they are only prepared to accept development assistance from donors who are IATI compliant? For instance, can Bangladesh, Ghana, Nepal have any incentive to announce that since Japan and the USA are non IATI compliant, they will not accept development assistance from these DAC donors? Further, since non DAC donors are not members of IATI and compliant to its standards, their assistance will not be assessed by recipients. Unless the standards are made binding and as long as they are voluntary in nature, the recipients have no incentive to exert pressures on donors to follow IATI standards. They can exercise their policy choice to disclose information at their own country level as evidenced in the case of Afghanistan, which has required Non DAC donors like India & China to publish which have not been publishing detailed project level aid at the global level to provide this information at the country level.

IATI TAG might wish to pursue three kind of arguments to involve Non DAC donors by demonstrating a) the support for themselves and their transparency standards, b) that the standards are beneficial for Non DAC donors who adopt them and c) the need of aid transparency to different groups i.e. recipient governments, Non DAC donors and its aid agencies, donor as well as recipient citizens and their representatives (Henning, 2000: 117-123 & PWYF, 2011: 1-2). Since the IATI standards are non-binding and voluntary in nature, Non DAC donors cannot be forced to adhere to the IATI standards. It’s important to figure out what is the problem that Non DAC donors are grappling with and whether adopting the standard can provide any solution or not. For instance, regarding the challenge of the definition of ODA: whether Non DAC donors agree to the definitions of OECD DAC that forms the basis of IATI standards? If the non DAC donors are not taken on board in deciding these standards, it would be difficult to convince them to adhere to the standards. However, as the standards are dynamic in nature, there is a possibility of continuous up gradation and expansion in the standards to include non DAC donors’ diverse interests.

### **What’s the way forward – capture the Non DAC aid data but how?**

So to get a full picture of the future aid architecture, the way forward is to capture the southern provider’s aid data; but the question arises as what should be the standards/ categorization or format to capture it? As noted earlier one of the constraints identified by Johnson et al (2008) was ‘technical and institutional problems of data definitions and collection’ which is further echoed by Nairobi High-level United Nations Conference on South-South Cooperation outcome document that suggests that ‘south-south cooperation should not be seen as official development assistance rather it is a partnership among equals based on solidarity’ (UN General Assembly, 2009:3). It throws up the larger question of approaches or principles of development cooperation between DAC donors and southern providers at the same time southern donor’s strong preferences about the way DAC donors define their ODA and argue that it should not be the yardstick to define southern aid flows. Rathin Roy argues that "South South co-operation is not a technocratic issue. It is multilateral in conception and is about not accepting the 'rules of the game' as given. It is a partnership in which knowledge and experience, rather than resources and power, form the basis for co-operation" (Osava, 2011).

This complex situation calls for four propositions which come along with existing challenges as well –

1<sup>st</sup> proposition

**To encourage southern provider's to comply/ report in accordance with the existing OECD CRS classification** – This necessarily means that capturing the non DAC donor's aid data in DAC CRS is possible only when Non DAC donors have intentions to allow DAC<sup>9</sup> to do so by a) 1<sup>st</sup> capturing data in their own aid governance structure and b) reporting the aid data in accordance with existing set (OECD) standards. But there are challenges ahead and Andrade argue that, 'in the South there is little systematic capacity development to enable countries to deliver cooperation, and little investment in expanding governments' capacity to cooperate' (2009). As in the case of DAC donors individual donors are expected to raise their levels to come to the standards with the support of DAC, which institution would act as the technical support provider for the non DAC donors? UNDCF could possibly be interested?

2<sup>nd</sup> proposition

**To ask southern provider's to join/ comply with the ongoing International Aid Transparency Initiative (IATI)** - IATI is aimed to overcome the overall issue of aid data quality of the DAC donor's and further reform the way it is published by traditional donor governments and agencies. IATI aims to be inclusive and is expected to be tailored for use by Non DAC donors also in the future. But with only 18 bilateral or multilateral agencies having signed the IATI leaving behind a few major DAC donors like USA and Japan, the larger issue remains as how IATI as a new aid data standardization tool would bring non traditional donors on board to adhere to its data standards and improve the overall quality of aid.

Whether IATI standards are binding or voluntary in nature? Especially when Non DAC donors were not part of developing the IATI standard, will they allow themselves to be exposed to this (possibly) regulatory instrument? What were the consequences considered by those DAC donors who are yet to become signatories to IATI? However question arises as whether existence of OECD CRS and IATI, which is not universal yet but seeks to be, are competing with or complimenting to each other to achieve aid transparency? Whether the standards or categorization sourcing data only from donors or allowing compatibility from the recipients requirement too? Does it mean that the unwillingness of emerging donors to adhere to ongoing standardization efforts through aid transparency initiative would end up in creating deadlocks in the changing aid architecture because of an absence of effective and inclusive development cooperation forum?

3<sup>rd</sup> proposition

**To create a separate southern development cooperation standard-** How to define south-south cooperation and whether to include trade as well as foreign direct investment? Whether it's only cooperation between southern providers to other southern provider or from southern provider to southern recipient or triangular cooperation where one DAC donor is also involved over and above? Whether any creation of a separate southern standards/ categories would further compete, undermine or compliment the ongoing International Aid Transparency Initiative? Which institution will coordinate the coordination of data collection at country-level and what's the forum for coordinating the collection of such data at the international level?

4<sup>th</sup> proposition

**To reform the existing OECD DAC standards acceptable to southern providers** - In this changing development landscape, the key question yet to be answered is how to make inclusive and effective global aid architecture in the context of new challenges, new actors

---

<sup>9</sup> As in the case of Kuwait Fund, Saudi Fund, Taiwan, Thailand, Turkey, Israel and Chinese Taipei

and new approaches (Hur, 2010)? Korea which is hosting 4<sup>th</sup> High Level Forum on Aid Effectiveness and chairing G20 in 2011 has called the way forward by embracing the benefits and diversity brought by new players in this evolving global aid architecture (ibid).

## Conclusion

It could be argued by Non DAC donors as well as DAC donors, those who are not yet signatories of IATI, that Technical Advisory Group is acting as 'standardisers' and want to influence and control global aid transparency agenda (Brunsson & Jacobsson, 2000:3). This technical advisory group as a form of transnational governance might have legitimacy to do so because they represent not only bilateral and multilateral aid donors but aid recipients as well as civil society organisations (IATI, 2011). Therefore we argue that the IATI standard should have the potential of 'coordination and cooperation' between the diverse sets of DAC as well as non DAC donors because of its ability to create 'similarity and homogeneity' among these 'far apart' actors (Brunsson & Jacobsson, 2000:3). However IATI can be termed as 'implemented' or 'practised' only when the practice of all the signatories is changed i.e. they start reporting their aid flows according to IATI standards.

At the more operational level, it is hoped that the challenge of collecting and evaluating aid data from Non DAC donors would significantly reduce as there will be a standardised reporting. IATI provides an opportunity to Non DAC donors to appraise various classifications such as DAC, OCHA, World Bank and AidData classifications and policy space to adjust their own classifications, if found incoherent. It would also enable Non DAC donors to work towards their own policy and sectoral vocabulary and reach to a consensus about their financial flows.

If Paris principles rule then the focus on recipients should be primary in aid transparency; because main value of aid transparency is for in country use and effectiveness at the country level. Further it's also important to revisit who is the main constituency for aid transparency at the recipient level. It's the budgetary accountability lobbies in the recipient countries and can they pressure their governments to sign to IATI principles and disclose aid information irrespective of DAC or Non DAC donors?

As the paper discussed four options for bringing in new players into the IATI standard, the future of aid data governance very much depends upon how the new global players get married with the International Aid Transparency Initiative. The Fourth High Level Forum on Aid Effectiveness is scheduled to take place in late Nov 11 and how this marriage of IATI with new global powers will take place, is yet to unfold. The two elements which are prerequisite for any technical specifications to be considered standard are consensus and its subsequent use – whether IATI would pass this test after Busan is yet to unfold.

## References

Agrawal, Subhash (2007) 'Emerging Donors in International Development Assistance: The Indian Case', Report prepared for IDRC, Partnership and Business Development Division, IDRC: Ottawa

Aid Info (2011) Canadian NGO calls for more transparent aid  
<http://www.aidinfo.org/canadian-ngo-calls-for-more-transparent-aid.html>

Betancourt, María Clara Sanín and Nils-Sjard Schulz (2009), South-South Cooperation in Latin America and the Caribbean: Ways Ahead Following Accra, FRIDE Backgrounder, Madrid

- Birdsall, Nancy, Homi Kharas, Ayah Mahgoub & Rita Perakis (2010) Quality of Official Development Assistance, Centre of Global Development, Washington
- Brautigam, Deborah (2009) The Dragon's Gift: The Real Story of China in Africa, Oxford University Press
- Brunsson, Nils, Bengt Jacobsson and Associates (2000) A World of Standards, Oxford University Press
- Burall, Simon, Jonathan M. White and Andrew Blick (2009) The Impact of U.S. and U.K. Legislatures on Aid Delivery, Economic Policy Paper Series 09 prepared for the German Marshall Fund of the United States, Washington
- Canada's Official Development Assistance Statistics <http://www.acdi-cida.gc.ca/acdi-cida/acdi-cida.nsf/eng/CAR-616131829-NB4>
- Chaturvedi, Sachin (2011) Perspectives of DAC Donors on Asian Approaches: Comments presented at Asian Approaches to Development Cooperation Dialogue: Lessons for Development Effectiveness organised by The Asia Foundation, Colombo
- DAD (2011) Govt. of Afghanistan Donor Assistance Database <http://dadafghanistan.gov.af/>
- Das, Siba K., Leelananda De Silva and Yiping Zhou (2008), South-South Development Cooperation: A Major Force on the International Scene - A Background Paper first shared at the Group of 77 Eminent Experts Meeting in Antigua and Barbuda in April 2008 to develop its "Development Platform for the South".
- Davies, Penny (2008) Aid Effectiveness and Non DAC Providers of Development Assistance Consultative Finding Document – Informal Working Group on Non DAC Providers of Development Assistance, OECD
- Easterly, William and Tobias Pfitze. 2008. Where Does the Money Go? Best and Worst Practices in Foreign Aid. Journal of Economic Perspectives, 22(2): 29–52
- Foster, Mick and Jennifer Leavy (2001) The Choice of Financial Aid Instruments Working Paper 158, Overseas Development Institute, London
- Govt. of China (2011) A White paper on China's Foreign Aid issued by the China's Information Office of the State Council [http://www.gov.cn/english/official/2011-04/21/content\\_1849913.htm](http://www.gov.cn/english/official/2011-04/21/content_1849913.htm)
- Gulrajani, Nilima (2011) Unpacking Foreign Aid Effectiveness: Examining Donor Dynamics <http://aidconference.wordpress.com/>
- Henning, Roger (2000) in Brunsson, Nils, Bengt Jacobsson and Associates (2000) A World of Standards, Oxford University Press
- HIPC CBP (2008a), Guide to Donors: Venezuela [http://www.hipccbp.org/files/en/open/Guide\\_to\\_Donors/Venezuela\\_30\\_04\\_2008.pdf](http://www.hipccbp.org/files/en/open/Guide_to_Donors/Venezuela_30_04_2008.pdf)
- HIPC CBP (2008b), Guide to Donors: China accessed at [http://www.hipccbp.org/files/en/open/Guide\\_to\\_Donors/China\\_30\\_04\\_2008.pdf](http://www.hipccbp.org/files/en/open/Guide_to_Donors/China_30_04_2008.pdf)
- HIPC CBP (2008c), Guide to Donors: India accessed at [http://www.hipccbp.org/files/en/open/Guide\\_to\\_Donors/India\\_01\\_04\\_2008.pdf](http://www.hipccbp.org/files/en/open/Guide_to_Donors/India_01_04_2008.pdf)
- HIPC CBP (2009a), Guide to Donors: Turkey accessed at [http://www.hipccbp.org/files/en/open/Guide\\_to\\_Donors/Turkey\\_18\\_09\\_2009.pdf](http://www.hipccbp.org/files/en/open/Guide_to_Donors/Turkey_18_09_2009.pdf)
- HIPC CBP (2009b), Guide to Donors: Taiwan accessed at [http://www.hipccbp.org/files/en/open/Guide\\_to\\_Donors/Taiwan\\_30\\_04\\_2008.pdf](http://www.hipccbp.org/files/en/open/Guide_to_Donors/Taiwan_30_04_2008.pdf)

- HIPC CBP (2009c), Guide to Donors: Thailand accessed at [http://www.hipccbp.org/files/en/open/Guide\\_to\\_Donors/Thailand\\_21\\_04\\_2008.pdf](http://www.hipccbp.org/files/en/open/Guide_to_Donors/Thailand_21_04_2008.pdf)
- Hofmann, Katharina (2006), New Powers for Global Change series - Challenges for International Development Cooperation: The case of China, FES Working Paper- Dialogue on Globalization, Berlin
- Hur (2010), The 4<sup>th</sup> High Level Forum on Aid Effectiveness: Priorities and Process” presented at the 3<sup>rd</sup> International Policy Workshop on Aid Effectiveness, Cape Town
- Huse, Martine Dahle and Stephen L. Muyakwa (2008) China in Africa: Lending, Policy Space and Governance published by Norwegian Campaign for Debt Cancellation and Norwegian Council for Africa
- IATI (2011) Frequently Asked Questions: IATI Governance and Process <http://www.aidtransparency.net/about/faq> and <http://www.aidtransparency.net/technical-advisory-group/tag-membership>
- IATI Standard (2011) <http://iatistandard.org/> and <http://www.aidtransparency.net/iati-standard>
- Jackson, Flavia K (2011) Clinton Chastises China on Internet, African ‘New Colonialism’ <http://www.bloomberg.com/news/2011-06-11/clinton-chastises-china-on-internet-african-new-colonialism-.html>
- Jerve, Alf Morten and Hilde Selbervik (2009), Self-Interest and Global Responsibility: Aid Policies of South Korea and India in the Making CMI Report 9, Norway
- Johnson, Alison, Bruno Versailles and Matthew Martin (2008), Trends in South-South and Triangular Development Cooperation, A background study for the UN Development Cooperation Forum
- KDI (2011) Asian Approaches to Development Cooperation Dialogue: Lesson for Development Effectiveness: Workshop Summary
- Kharas, Homi (2007) Trends and Issues in Development Aid, Wolfensohn Center for Development Working Paper 1.
- Kragelund, Peter (2008) ‘The Return of Non-DAC Donors to Africa: New Prospects for African Development’, Development Policy Review, Vol. 26, No. 5, pp. 555-584
- M’cleod, Herbert and Fatmata Sesay Kebbay (2010) South-South Cooperation in Post-Conflict Sierra Leone in Rathin Roy and Melissa Andrade edited South-South Cooperation: The Old Game or a New Paradigm, Poverty in Focus Number 20, IPC for Inclusive Growth, Poverty Practice, Bureau for Development Policy, UNDP
- Manning, R. (2006) ‘Will "Emerging Donors" Change the Face of International Cooperation?’ Development Policy Review 24 (4): 371-85.
- Michael G. Findley, Darren Hawkins, Robert L. Hicks, Daniel L. Nielson, Bradley C. Parks, Ryan M. Powers, J. Timmons Roberts, Michael J. Tierney, and Sven Wilson (2010) “AidData: Tracking Development Finance,” Conference paper presented at Aid Transparency and Development Finance: Lessons and Insights from AidData, Oxford, U.K. 22-25 March 2010.
- Moyo, Dambisa (2009), Dead Aid: Why Aid is Not Working and How There is Another Way for Africa, London: Penguin
- Naim, Moises (2007). ‘Rogue Aid’, Foreign Policy, Washington DC, March/April



OECD (2008) Accra Agenda for Action <http://www.oecd.org/dataoecd/58/16/41202012.pdf>

OECD (2011), About Development Cooperation Directorate, OECD, Paris accessed on 7<sup>th</sup> April, 2011

One Data Report (2010) <http://www.one.org/report/2010/en/country/emerging/>

Osava, Mario (2011) Lending a Hand to Less Developed Countries  
<http://ipsnews.net/news.asp?idnews=54297>

Paulo, Sebastian and Helmut Reisen (2010) Old Habits, New Donors, D+C, 2009/10,  
Tribune, Page 386-387

Puri, Hardeep S (2010) Rise of the Global South and Its Impact on South-South Cooperation,  
Special Report, Development Outreach, World Bank Institute

PWYF (2010) Aid Transparency Assessment 2010

PWYF (2011), Why Aid Transparency Matters, and the Global Movement for Aid  
Transparency, Briefing Paper 1

Riddell, Roger C. (2007). Does Foreign Aid Really Work? Oxford: Oxford University Press

Sinha, Pranay (2010) in 'Indian Development Cooperation with Africa' in the Rise of China  
and India in Africa: Challenges, Opportunities and Critical Interventions edited by Fantu  
Cheru & Cyril Obi Zed Books, London

Sinha, Pranay and Michael Hubbard (2011), DAC (Traditional) & Non DAC (Emerging)  
Donors at the Crossroads: The Problem of Export Credits conference paper submitted to  
EADI-DSA 2011 Conference- Rethinking Development in an Age of Scarcity and  
Uncertainty: New Values, Voices and Alliances for Increased Alliance

Sundaram, Jomo Kwame (2011), New Challenges for International Development  
Cooperation presented at Asian Approaches to Development Cooperation Dialogue: Lessons  
for Development Effectiveness organised by The Asia Foundation, Kuala Lumpur

Tarnoff, Curt and Larry Nowels (2004) Foreign Aid: An Introductory Overview of U.S.  
Programs and Policy, A CRS Report for Congress.

UN General Assembly (2009), The Nairobi outcome document of the High-level United  
Nations Conference on South-South Cooperation, General Assembly Resolution 64/222 of 21  
December 2009

US Overseas Loans and Grants, <http://gbk.eads.usaidallnet.gov/>

Xiaojing, Mao (2011) Aid Effectiveness: A Chinese Perspective Based on South South  
Cooperation presented at Asian Approaches to Development Cooperation Dialogue: Lessons  
for Development Effectiveness organised by The Asia Foundation, Colombo