

Convergence & Divergence among established players and new global players: Where is the common ground?

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What's the relationship between established players and new global players?

- 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 which might reflect establishing their own transparency standards.
- Others like Austria, Belgium, France, Greece, Japan, Italy, Korea, Luxembourg and Portugal have still not signed IATI.

Six key aspects

- Definitions of Official Development Assistance
- Aid Instruments
- Institutions involved in Aid Delivery
- Sustainability Framework –debt vis-à-vis development
- Institutional Affiliation
- Aid Effectiveness Framework

Definitions of Official Development Assistance

- N-S Cooperation vis-à-vis S-S Cooperation
- ODA Commitments and targets vis-à-vis equal partnership
- Official development finance (ODA + OOF) vis-à-vis S-S cooperation (Development Cooperation, trade and investment)
- Donor-recipient relationship vis-à-vis mutual interest
- 0.7 aid as a % of GNI
- However Chinese white paper on foreign aid within its wider S-S Cooperation policy

Aid Instruments

Non DAC Donors

- Complete projects
- Goods and materials
- Technical cooperation
- Human resource development cooperation
- Medical teams sent abroad
- Emergency humanitarian aid
- Volunteer programs in foreign countries
- Project assistance
- Purchase subsidies
- Lines of credit
- Travel costs
- Technical training costs

DAC Donors

- 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

Aid Instruments (Contd.)

- 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'

Institutions Involved in Aid Delivery

- How many institutions?
 - USA (21), UK (6), Spain (20), Japan (17), Italy (11), Greece (11), Germany (17), France (18), Canada (11), Austria (11), Belgium (12), China (3) and India (3)
- Which are the institutions involved in aid delivery?
- Which is the **lead agency**?
- How much aid is indicated as flowing from these agencies?
- DAC donors - a dedicated aid agency whereas Non DAC donors – either established their development cooperation agency (Brazil) quite recently or are on the verge of creation of one (India, S Africa)

Sustainability Framework: Debt vis-à-vis Development

- 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).
- Export credit - The principle of responsible lending need to be established 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
- Can donors disclose terms of conditions of all export credits and disclosure of relevant project information?

Institutional Affiliation

- DAC donors with OECD whereas Non DAC struggle to identify any 'body' that 'align with their interests' (UNDCF, G20, S-S Cooperation Forums)
- Non DAC Donors argue that the current global aid architecture is 'exclusive to DAC donor discourse'

Aid Effectiveness Framework

- DAC Donors adhere to an aid effectiveness framework like the Paris Declaration because they have 'evolved it as an instrument for effectiveness' and Non DAC donors were not involved thus out of the purview of any such global arrangement (Chaturvedi)
- Perceived legitimacy gap and lack of ownership of Paris Agenda (Davies)

Current Approach: Coopetition and often hostile to each other

- Non DAC donor's aid has been termed as
 - Rogue and Toxic (Naím, 2007)
 - Neo Colonial (Clinton, 2011)
 - Free Riding on Debt Relief
 - Pursuing Resource Diplomacy
 - Highly Tied Aid
- Non DAC donor's aid has been termed as
 - Promoting Welfare Colonialism (Sundaram, 2011)
 - Conditional
 - Dead Aid (Moyo)

So Where is the Common Ground?

- One area of common ground or at least where the two actors are neutral to each other is the need of **AID DATA COLLECTION**
 - In the south-south development partnership ‘no such mechanisms exist - except some occasional reporting of data and anecdotal details’ and 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 (Chaturvedi ,2011)

So Where is the Common Ground?

(contd.)

- 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)
- one of the recommendations for Asian donor's future dialogue was to 'discuss the lack of statistics on countries' development cooperation' (KDI, 2011:14).

Way forward

- Our research suggests that out of 33 IATI categories, 27 categories are fully compatible with the South-South Cooperation definition proposed by the background study commissioned by UNDCF.
- So, can IATI act as a vehicle of International Aid Governance
 - Governance through Standards
 - Governance through Disclosure
 - Governance through Compliance
 - Governance on the principle of ‘Open Data’, ‘Open Government’ and ‘Open Society’