



**ODA AND GLOBAL PUBLIC GOODS:  
A Trend Analysis of Past and Present Spending  
Patterns**

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## INTRODUCTION

In recent years "an important paradigm shift, with some quite radical implications for the practice of development co-operation" (OECD, 1998, p.17) has occurred, "a dramatic widening of the scope and ambition of the development co-operation agenda" (*ibid.*, p.18). Documents refer repeatedly to this new ODA-focus concisely presented by the OECD's (1996a) document *Shaping the 21st Century*. It argues that the future of developing countries will be ever more tightly linked to that of OECD countries, and that developing countries will have a more significant

role in preserving peace and stability, expanding the global economy, combating poverty, increasing choices and opportunities and respect for human rights, and achieving sustainable environmental and population balances.  
(OECD, 1996a, p.5)

Once perceived as a means to help developing countries to overcome internal problems, development co-operation is now seen as a way to address common global problems and to pursue common aspirations. Sustainable development expands the community of interests and values necessary to "manage a host of global issues that respect no borders" (OECD, 1996a, p.6) such as environmental protection, limiting population growth, nuclear non-proliferation, control of illicit drugs, or combating epidemic diseases. The OECD argues that vital interests at stake have made ODA shift perceptibly away from its old role. These new tasks are less developmental in the strict and traditional sense, but rather tasks of common global interest, remedial action against international externalities. They provide pure public goods - such as flood control, disease eradication, curbing groundwater pollution, or global warming - impure public goods (e.g. abatement of regional emissions), club goods (e.g. irrigation systems), and joint products such as peacekeeping or disaster relief. Issues of global governance, organizing legal, economic, and social frameworks on a worldwide scale are addressed. The global public good character of the host of activities covered by this paper varies widely. But these differences cannot and need not be discussed here. This paper shows the evolution of these activities within ODA that deal with international externalities. The term "Global housekeeping" can be used to encompass these activities managing issues of global importance in the sense of helping "to keep the world in balance" (Stern, 1998), which itself might be seen as a global public good.

OECD statements inferring all ODA to be a global public good can be found. Thus the OECD (1996a, p.6) redefined the notion of security: "Everyone is made less secure by the poverty and misery that exists in the world." Suggesting all ODA to serve the purpose of a "globalized internal policy" OECD donors declared ODA to be one means to achieve common goals:

Our crucial interest in the broad goals of peace, economic growth, social justice, environmental sustainability and democracy obviously goes far wider than aid programmes.  
(*ibid.*, p.14)

Both the US *African Growth and Opportunity Act* and the European Union's basis for negotiating a new treaty after Lomé IV make ODA contingent on demands such as decentralization, democratization, good governance, human rights or environmental policies. Thus ODA seems to become a means to ensure compliance with donors' perceptions of governance and their ideas how global issues should be managed, sometimes setting standards not reached by donors themselves.

However, a blanket classification covering all ODA is not useful to analyze the evolution of Global Public Goods (GPGs) (and their increasing share in ODA. This paper will therefore apply a much narrower concept distinguishing between traditional ODA and GPGs- a choice also justified by the fact that traditional ODA activities have not been discontinued. After explaining which activities are classified as GPGs and why, the evolution of GPG shares of total ODA since 1973 is estimated. GPG shares have increased substantially and perceptibly, visibly "taking off" at the end of the Cold War. Official declarations by OECD donors are backed financially in the sense that larger shares of declining ODA flows are used for activities demanded by the new paradigm. Finally, separate and consistent recording of GPGs is proposed.

## **SHIFTS AWAY FROM PROPER ODA**

Traditional ODA functions are best characterized by the dual gap theory - aid has to close both the savings and the foreign exchange gaps in developing countries, thus accelerating the catching-up process. Chenery (1989, p.140) described ODA's traditional role quite succinctly: "In macroeconomic terms it adds to the resources available for investment and it augments the supply of foreign exchange to finance imports."

By contrast the new paradigm focuses on helping the international community to manage global challenges and problems, e.g. concern for sustainability, global environmental policies or controlling AIDS.

Admittedly these activities are still insufficiently developed and underfunded. Cross-border spillovers documenting a close link between national, regional and global public goods, such as the spread of diseases, migration, or the ripple effects of financial crises are other examples. Building new legal and economic systems compatible with new globalized structures - e.g. regulatory frameworks better able to deal with financial crises - is another new task necessary due to globalization. The choice of a more liberalized international system is clearly an issue of international governance - shaping the framework of economic relations. General issues of equity are addressed, notably the question of gender-based discrimination, a problem by no means unique to developing countries as any *Human Development Report* documents. Finally, societal organization according to values and concepts propagated by donors after the Cold War, such as democracy, human rights, participation or good governance, is supported by flows subsumed under aid. These common global issues are doubtlessly important. Addressing them can be easily justified. But they are not ODA in the traditional sense nor - strictly speaking - even according to the still valid DAC-definition. One could, of course, try to defend anything as logically covered by the definition with the opaque word "welfare".

The OECD (1998, p.114) asserts that "the definition of Official Development Aid (ODA) has not changed for over 25 years". Nevertheless these new activities do no longer fit the OECD's own ODA-definition requiring the promotion of the economic development and welfare of developing countries to be ODA's main objective. They have the character of global public goods, of actions safeguarding global commons, or of managing global issues. Some of these issues - such as controlling illicit drugs - are even more of concern to donors than to recipients.

The OECD's paradigm shift proves that donors themselves see a need for global activities other than traditional aid and are prepared to finance them. By no means less important these new activities are a necessary and laudable reaction to global changes, of common interest, and thus also - though not necessarily mainly as the donors' own ODA definition requires - in the interest of developing countries. Nevertheless, such activities have increasingly been recorded as ODA.

The shift away from aid in the sense of the OECD's own definition within the flows declared as ODA was not abrupt. Some activities under headings now qualified as GPGs have been financed for quite some time, although on a lower scale. All expenditures for the Organization of American States or the Intergovernmental Commission on European Migration, and parts of the regular budget activities of the Universal Postal Union or the International Telecommunications Union have been eligible for inclusion in ODA, although international or global management rather than aid appears to be the main objective.

Various expenditures not oriented towards promoting development have been traditionally subsumed under ODA. Never considering them as proper ODA according to its own concept the OECD has clearly distinguished in theory between what it defines as ODA and other items nevertheless reported as ODA by donor convention. In practice donors have often ignored their own definition, boosting officially recorded ODA. In the jubilee edition of its annual *Report on aid* the OECD (1985, p.171; stress in orig.) remarked for instance: "While the concept focuses on official *development* assistance, current economic support assistance, humanitarian assistance and emergency relief, including food aid, are also reportable as ODA." Not ODA these expenditures may be seen as global public goods. It (*ibid.*, p.173) defined "in particular export credits extended by an official sector trade promotion body ... , debt relief funded by the National Treasury or other government departments" as Other Official Flows (OOF), explicitly denying them qualification as ODA. In the case of communist donors the OECD (1985, p.118) stated consistently that debt cancellations and reschedulings softening outstanding loans to more concessional terms were "not taken into account". Once the Cold War was over the West has readily recorded debt forgiveness including non-ODA export credits as ODA.

A few years ago the OECD (1995, p.84) called aid to refugees and disaster relief "extreme examples of the way circumstances can thwart intentions", going on to explain: "The definition of ODA requires that, to be eligible for inclusion, resources should be 'for the economic development and welfare of developing countries'". Nevertheless these items have been recorded as ODA. Initially accounting for relatively low ODA shares, they have grown the recent past. Particularly in the 1990s subsuming them under ODA has boosted aid figures - an effect hardly disliked by donors.

Aid to governments for institution building was occasionally granted before, although one may assume under a different perspective than in the recent past, and routinely recorded as ODA. Projects explicitly declared to be ecological can be traced back until the 1970s. The UN Conference on the Human Environment in Stockholm in 1972 led to the establishment of UNEP. Relatively high expenditures recorded by the OECD's Creditor Reporting System for environmental protection in 1975 and 1977 may have been influenced by this conference. These steep increases were from a negligibly low base, though. The peak value of 1977 was, e.g., around 4 per cent of the sum in 1995, which corroborates that the environment is seen and valued differently in the 1990s. Increased willingness to finance shows that its character as a global public good is more widely accepted.

Particularly in the recent past a process referred to as "broadening" of ODA by the OECD has occurred, as shown by Raffer (1997b). The initially small shares of items not subsumed under ODA previously and expenditures not qualifying as ODA according to the OECD's own definition have boomed in the 1990s. These items, called "broadening factors" by Raffer (1997b) paraphrasing the OECD, have been recorded by the DAC as ODA, sometimes with expressions of uneasiness. In all cases the OECD itself has officially - and more than once - doubted or denied the qualification as ODA, or occasionally even refused recording them as ODA (Raffer, 1997b). Quite rightly so. Although some of these items have financed necessary and laudable activities they are not aid. While all these items have made ODA time series statistically inconsistent, increasing ODA figures above what they would have been without discontinuities, they are qualitatively different. The broadening factors include items that would readily qualify as GPGs, such as help for refugees, emergency and disaster relief including food aid, and debt forgiveness.

Suffice it to quote the OECD's (1996a, p.16) statement that "a growing portion of available ODA resources has been devoted to humanitarian needs and debt relief in recent years, placing an even greater strain on aid budgets." The OECD includes debt relief quite logically under the non-ODA component. Reduction of official debts became necessary because the programmes and projects financed by them did not render expected benefits. Due to the process of monitoring and co-deciding by donors they share responsibility for this situation. Furthermore, economic policies of industrialized countries have influenced and sometimes undermined development objectives, as the OECD (1996a, p.18) contends. One of the "many areas" where donor policies "can frustrate development efforts" mentioned by this document is fiscal policy, which "can influence both the cost and the availability of capital to developing countries." (*ibid.*) Policy coherence for development thus demands a solution to the debt overhang. Without international insolvency procedures comparable to the economic and successful solution to overindebtedness in the case of all other debtors, debt relief remains necessary - not ODA but a GPG- an imperfect substitute for an economically efficient institutionalized solution (cf. Raffer, 1990). This applies in particular to official debt relief, necessary because ODA did not render economically positive results in spite of donor monitoring and conditionalities. The OECD's strong reservations against qualifying debt relief as ODA are fully justified. If debt relief were actually ODA, aid disasters could increase ODA - a somewhat problematic result.

Naturally, all these inclusions boosted ODA totals, embarrassingly low compared with the famous 0.7 per cent target for the majority of donors, a result hardly disliked by them. These grave inconsistencies hide the steeper decline in ODA that would result from consistent recording. Consistent application of the OECD's own definition would have reduced ODA (expressed in percentages of the Gross Social Product of all DAC countries) from 0.3 to roughly 0.2 in 1994 (Raffer, 1997b)

## **RECORDING BURDEN SHARING**

One may argue that there is a good reason to record those non-ODA activities providing global public goods, even though that should not be done by simply stretching the definition of ODA. There is an understandable interest in comparing these contributions of various countries. In the case of ODA, one important function of DAC data is to assess and document so-called "burden sharing". During the Cold War the US had argued - possibly because of its low ODA measured in GNP percentages - that it contributed a disproportionate share of the burden of defending the West. Other countries without comparable military expenditures were said to enjoy a "free ride". During the 1980s Japan emerged as the main target of criticism. Initially focused on military spending alone the US started to refer to the costs of maintaining global peace and security later on by including aid (Raffer and Singer, 1997, p.113). As the Mutual Security Act had been the legal basis for US aid before the Foreign Assistance Act of 1961, connecting military spending and aid was not new. Meanwhile burden sharing has become a central concept of DAC donors. Logically, it may well be expanded to include non-ODA activities of common, global interest. Countries financing such activities are likely to want to record their expenditures for global public goods as part of overall "burden sharing" - be they aid or not. The correct way to do so would be by clearly separating statistics of ODA and non-ODA expenditures.

## **THE DATA BASE FOR ESTIMATING GPG SHARES**

Calculating the precise share of GPGs in ODA flows is unfortunately impossible because of the data situation. But one can show that GPG shares have increased, and give rough and illustrative estimates of these shares in total ODA. The trend towards global public goods is shown in two ways:

- First, increasing GPG shares in the sums reported by the OECD's Creditor Reporting System (CRS) can be calculated. Furthermore data from the OECD's (1998a) Table 5 with the description "Official Bilateral Commitments (or Disbursements) by Sector" are used where possible.
- Second, disbursements published for two items classified as GPGs in the recent past are used in Table 2.

The CRS - "essentially a project information system" (OECD, 1998a) - lists ODA projects according to a five-digit classification scheme, which allows differentiating traditional ODA tasks from global public goods. The CRS is the "main source of statistics on the sectoral and geographical distribution of aid" and "lends itself admirably to statistical compilations and

analysis." (OECD, 1998a) Its contents and definitions are the same as in the DAC reporting system. "Consequently, the data can be analysed in association with the annual aggregate statistics of the DAC." (*ibid.*) The OECD publishes CRS data back to the year 1973 on its website. Recording is quick and efficient. In May 1998 the first projects of 1998 were already recorded. But reporting is often slow.

Unfortunately, the incompleteness of data reported by donors reduces the usefulness of the CRS. This problem was raised a few years ago by the OECD discussing the UNDP's statements on the shares of bilateral DAC aid spent on human priority areas (Raffer and Singer, 1997, pp.182ff).

When this paper was written CRS data published on the OECD (1998a) website covered only commitments. Coverage varies between donors and activities. It is generally high with regard to loans and capital aid grants, but data on technical co-operation are either not supplied or only partially. According to the OECD this database contains 6,000 to 15,000 transactions a year. Variations in reporting may cause variations in coverage. There may be purely quantitative variations (reporting more in one year and less in another) or specific items might be reported more readily than others. This latter bias may affect the shares of GPGs in CRS totals. One cannot exclude that donors report activities fitting the new paradigm more readily than traditional activities, although there is no indication for that. While this would make their shares look larger than they would be without this kind of selective reporting, one can argue that a relatively higher readiness of reporting may also be a significant sign of increased importance.

After this paper had been written the OECD has started to publish data on disbursements (CRS Forms 2). These are only complete for loans, which represent only about a quarter of bilateral ODA (Raffer and Singer, 1997, p.183). In the discussion with the UNDP the OECD argued that the sectoral allocation of grants was substantially different, but was unable to provide precise figures. Therefore CRS data on commitments are still a better choice, although going ODA figures are mostly reported on a disbursement base - a second best but workable solution.

The methodologically correct clear distinction between disbursements and commitments is not observed by donors themselves. Even frequently used data such as total ODA, claimed to be on a net disbursement base, add up commitments and disbursements. Capital subscriptions to multilateral organizations is the most important example. Initially reported either on encashment or on the issuing of notes it was decided to unify at the deposit basis (= commitments) in the 1980s. This decision contradicts the officially declared general principle of recording disbursements not commitments. To the extent that notes are encashed later, present practice shifts the date of disbursement forward. But deposits have usually been perceptibly larger than encashments. ODA performance has thus been "improved". With the exception of 1991, when relatively large sums were actually encashed, bringing this difference down to 6.22 per cent, the decision to report commitments instead of disbursements boosted ODA by over 10 per cent during the period 1989-94, peaking at 15.66 per cent in 1992 (Raffer, 1997b).

Another example is DAC-Table 5 (OECD, 1998a), whose heading already shows that disbursements and commitments are mixed, not for one given donor, but within the whole Table, because a number of donors do not report commitments according to the OECD's concept.



Suffice this to show that my (or any) analysis has to put up with the methodological imprecision and the limitations of official data. Following the example of donors this paper also mixes commitments and disbursements.

## DEFINING GPGs

Compiling the list of GPGs is guided by the intention to be rather restrictive so as not to overestimate their shares. This conservative approach is chosen to avoid exaggerating the financial importance of GPGs. Based on official declarations by the OECD, the following CRS-codes are considered GPGs:

- Nutrition, infectious disease control and health education (CRS codes 12240, 12250, 12281)
- Population policies/programmes and reproductive health (all codes starting with 130)
- Water supply and sanitation (140)
- Government and civil society (150)
- Other social infrastructure and services (16), which includes employment policy, housing policy and administrative management, resettlement, reconstruction relief or narcotics control
  - those codes of energy generation and supply that suggest environmentally friendly expenditures, such as biomass, geothermal and solar energy (codes 23066-23082) plus energy education and research. Hydro-electric power plants, which are not included, may serve to explain this choice. The fact apart that dams are a traditional form of aid, quite a few dam projects have both damaged the environment and violated basic legal principles when people were resettled involuntarily.
- Financial policy and administrative management (24010) and aid to central banks (24020), because such flows clearly support changes of governance systems, in recent years particularly the adaptation to the new global economic system.
- Business and other services including privatization (25000-25020), which include *inter alia* legal and regulatory reform and institution building.
- Agricultural land resources (31130), which covers exclusively environmental activities in this sector
  - Technological research and development in industry (32181) because it includes industrial standards, metrology, certification, which are not traditional aid. Quality management, which is also subsumed under this code, is rather not a GPG. However, it is not possible to divide activities further on the five digit level. One may assume that any inaccuracies created by this will be outweighed by activities not included by this rather rough classification grid.
- Trade policy and administrative management (33110)
- Environmental protection (all CRS codes starting with 410)
- Women in development (420)
- Alternative development (43050), which are projects to reduce illicit drug cultivation. In spite of the importance attached to the fight against drugs by official donor declarations only 6 projects were recorded for the period 1993-1997, totalling \$3 billion at the end of May 1998. Only for 1995 more than \$1 billion was recorded. Even considering the incompleteness of CRS-data, this suggests clearly that strong declarations need not always be backed up by equally strong financing.
- Structural adjustment (510), which doubtlessly has GPG quality. Like debt relief it is a reaction to overindebtedness. One of its functions is to bring about changes in economic policies and to

open Southern economies to the global market, a non-ODA function providing ~~of~~ global public goods. In 1985 the OECD clearly stated that economic support assistance was not ODA. Finally, it has been assigned the role of making up for problems created by the new global economic framework created by the Uruguay Round. The Decision on Measures Concerning the Possible Negative Effects of the Reform Programme on Least-Developed and Net Food-Importing Developing Countries sees the solution for net importers experiencing difficulties financing commercial imports due to Uruguay Round induced food price increases in getting money "in the context of adjustment programmes". The WTO had approached the IMF and the IBRD to discuss improved conditions of access to existing facilities, softer conditionality, new facilities for net food importers, and ways in which the WTO could assist the IMF and the IBRD to be more forthcoming in these matters. Although developing countries had expressed their disappointment regarding the accessibility of existing facilities Fund and Bank denied the necessity of Uruguay Round related facilities, referring to the range of options available (Raffer, 1997a). At least according to the Bretton Woods institutions these facilities also compensate the losers of global institutional changes. Including structural adjustment is thus justified.

- Action relating to debt (600)
- Emergency assistance (all groups starting with 7)

One notes immediately that traditional ODA activities, such as projects in agriculture, mining or industry, as well as education are generally not included. Admittedly, this list is open to objections. Activities listed under other codes are likely to contain items qualifying as global public goods. There are, e.g., environmental activities under other headings, such as ecology and disease control under agricultural research (CRS 31183), erosion and desertification control in forestry, or fish stock protection. Plant protection and pest control (31192) was disregarded because it includes the supply of pesticides. In all these cases the differentiation could only be done on a project-by-project basis if sufficient further information were supplied, which is not the case. CRS 23064, nuclear power plants, includes nuclear safety. With few exceptions (notably 1973,1982) this code recorded small or even negligible amounts. Safety is likely to be a small part of these totals. Considering the restrictions imposed by the data set it can be omitted without qualms.

The sum of all CRS activities covers a substantial share of all ODA commitments published in the annual *Reports*, about one half to some 70 per cent. These are new projects committed in any given year, not actual disbursements. The OECD (1997, p.98) warns that a commitments time "series is 'lumpy', with large transactions having a major impact on figures for individual years." This caveat is all the more valid for CRS commitments. Total commitments have been substantially larger than disbursements in all years. Methodologically one should therefore not simply add available data on disbursements and commitments, even though donor practice does so.

Commitments recorded for individual sectors need not always be higher than disbursements. In the case of the sectors emergency aid and debt forgiveness, for which disbursements are published for some recent years, CRS subtotals (CRS codes starting with 600 and 7) are mostly much lower than published disbursements. The sum of all emergency assistance (all CRS codes starting with 7) is perceptibly lower than bilateral disbursements "emergency and distress relief" published by the annual *Reports* in all years shown in Table 2,

even though the CRS include "emergency food aid" (CRS 71010), which the bilateral time series "emergency and distress relief" does not.

Table 2 uses available disbursement data for "emergency and distress relief", and "debt forgiveness". Since the beginning of the 1990s their shares in net bilateral disbursements are published in the OECD's annual *Reports*, but unfortunately not their shares in multilateral aid. Disbursements of other GPGs are not published.

## **GPG SHARES: QUANTITATIVE RESULTS**

Table 1 shows the nominal amounts of GPGs and their percentages in CRS totals. The figures used are those for developing countries. This need be said as the OECD (1998a) includes Official Aid (OA) recipients in its CRS data base without differentiating between OA and ODA in this source. To get the figures for developing countries the economies in transition of Part II of the DAC's list of recipients were deducted. In parenthesis it might be added that including OA would not change the overall picture. During the few years for which meaningful figures are available, GPG shares of CRS commitments to former communist countries were substantially higher but more erratic than in the case of developing countries.

As not all GPGs are equally subject to donors' decision two series are defined. GPG2 denotes all GPGs listed above. GPG1 (defined as GPG2 minus debt actions, emergency assistance and so-called structural adjustment) are items more dependent on political decisions to increase funding. Emergency help, by contrast, becomes necessary when emergencies occur. Although a donor could decide not to help, it does not depend on donor decision in the same way. Similarly, debt relief has resulted from practical pressures, mainly the incapability of debtor countries to honour commitments as due documented by large arrears. Official creditors have been far from eager to grant debt relief, delaying necessary measures too often and too long. Debt relief granted was more the result of the lending spree of the 1970s - applauded by donors as well as international financial institutions - than of free decisions taken by donors. Generous debt relief connected with the Gulf War may be seen as an exception, but basically relief was given when unavoidable. Both GPG1 and GPG2 are shown to separate more voluntary from less voluntary GPGs. Reflecting changes in attitude much better than GPG2, GPG1 provides more relevant information.

The sharp drop of CRS data in 1996 and 1997 is the result of time lags in reporting by donors. By end of May 1998 the US, e.g., only reported \$98.5 million for 1996, and nothing for 1997 and 1998. Other countries too have reported less than usual so far. Although drastic changes from one year to the next have occurred in the past - e.g. a reduction by nearly three quarters from 1974 to 1975 in the case of the UK or by nearly 90 per cent between 1986 and 1987 in the case of Belgium (OECD, 1998a) - the uniformity of substantially lower sums for the last years suggests time lags in reporting. Until donors make up their minds on the amounts they committed after 1995, CRS time series can only be analysed meaningfully until 1995. 1996 must already be seen with great caveats. Data for 1997 are displayed in Table 1 for purely illustrative purposes.

Data on total commitments as well as on disbursements are available until 1996. Table 1 shows the relation between CRS totals and total ODA commitments, ranging from 53.19 (1976) to 71 per cent (1982) with an average of 62.16 per cent. Far from being unrepresentative CRS totals are a substantial part of total commitments. So is the subset of GPGs reported in CRS totals. GPG2 amounted to over 40 per cent in 1994 and 1995. GPG1, the subset more dependent on political decisions of donors, increased steeply around the turn of the decade. Hovering around some 10 per cent until the demise of the Eastern Bloc, its percentage share more than doubled in the 1990s. Graph 1 shows clear breaks in the time series, and a steep take off after 1989 - the year of the fall of the Berlin Wall. GPG2 shares oscillated around 15 per cent, basically without any trend during the 16 years before. A simple linear OLS estimate reconfirms this first impression: during 1973-1988 the slope of GPG1 is 0.0009,  $R^2$  0.045.

The paradigm shift after the Cold War was backed financially. Approximately each fourth dollar of the total reported to the CRS was promised for GPG1 since 1994. Even if we assume that these recorded sums had been the only GPG1 expenditures - which is by no means justified - this is a visible increase in importance.

Graph 1 would allow to infer that GPGs might again start to oscillate around a higher level, say 35 or 40 per cent, but time series are still too short to make any firm statement, particularly so because of the reservations regarding data for 1996 and 1997. It would not be implausible, too, if GPGs finally established themselves somewhere around half the total.

Some subsets of GPGs are also published by the OECD (1998a) in its DAC-Table 5. GPG1\* and GPG2\* substitute data from Table 5 for the respective CRS-subgroups. Codes starting with 13 to 16, e.g., can be taken from Table 5. Since Table 5 serves as the basis for Annex-Table 27 in the annual *Reports* showing sectoral aid by major purposes as percentages of total commitments (cf. OECD, 1998), one would expect values larger than the respective CRS sums. Surprisingly, they were lower than CRS subsums for these codes until 1978. After 1978 GPG\* produce higher percentages. The basic picture - a jump at the end of the Cold War - remains unchanged. One must recall that the percentages in Table 1 are too low unless one assumes that no unrecorded GPGs exist, which would be unjustifiably courageous.

Structural adjustment and actions relating to debt, which are part of GPG2, have declined in the 1990s. The declining quantitative importance of debt operations is one main cause for the pronounced drop at the end of the GPG2 series. One must recall, though, that debt has remained an important issue for many poor countries, as the Highly Indebted Poor Countries Initiative proves. Its slow and disappointing evolution seems congruent with the debt and structural adjustment time series.

Finally, Table 1 shows GPGs in relation to total commitments as well as the relation between commitments and total ODA disbursements, which have always been smaller. One is tempted to say that donors have constantly been better in promising than in delivering. The drop of the relation disbursements to commitments in 1990 and 1991 suggests that excitement after the Cold War - possibly the idea of a "peace dividend" - made promises speed further ahead of cash than usual.

Optimists can easily calculate the maximalist variant, if GPG shares in the CRS were also their shares in total commitments, from Table 1 by dividing GPGs by the relation  $CRS_t/Total$  Commitments. Just for the purpose of illustration: this would produce \$10.9 billion for 1990, \$21.3 billion for 1995, and \$17.8 billion for 1996 in the case of GPG1.

## **GPGs IN THE 1990s**

Table 2 uses disbursement for those GPGs where data are published by the OECD for the 1990s and three years of the 1980s: emergency and distress relief, and debt forgiveness for bilateral ODA by DAC members. The CRS code 60020 is also called debt forgiveness, but disbursement data on "debt forgiveness" published in the *Reports* correspond to CRS codes 60020 and 60030 (Debt forgiveness and Relief of multilateral debt, the latter being grants or credits to cover debt owed to multilateral financial institutions). Except in 1992 and 1993 the respective CRS sums were - usually substantially - lower than bilateral disbursements under the same name. Recorded commitments were lower than actual disbursements.

The OECD (1998, p. 59) points out that debt relief fell from 12.8 per cent of bilateral assistance in 1991 to 7.5 per cent in 1995. "Programme aid, which includes structural adjustment assistance and budget and balance of payments support" fell even a bit more: "These forms of financial assistance peaked in the period 1990-92 as donors made special efforts to assist countries affected by the Gulf War." (*ibid.*, p.59) This statement clearly proves that these flows are seen as expenditures on global public goods rather than as ODA, since the Gulf War, not the promotion of the economic development and welfare of developing countries was the main objective.

Debt relief as shown in Tables 1 and 2 is not the only form of debt determined "aid". Quite often new bilateral ODA has been granted to bail out international financial institutions, such as the IBRD or the IMF, as well as other creditors. Raffer and Singer (1997, p.28) give concrete examples of such financial merry-go-rounds. The IBRD has used IDA credits to bail out its own Bank loans, when poor countries were unable to service them. All these transactions, as well as flows made necessary to cushion the effects of structural adjustment cannot be distilled from OECD data. They are therefore not included in the Tables. Real debt induced aid will therefore be larger than the figures shown. A large part of the flows with 530 numbers (such as import and budget support) are likely to be debt induced as well.

The multilateral share of GPGs is more difficult to estimate as the CRS covers some but apparently a lower percentage of multilateral than of bilateral activities. Speaking of "some \$3 billion bilaterally" of emergency aid - apparently for 1995 - the OECD (1998, p.59) mentions additional multilateral expenditures of \$2.5 billion. This would be nearly a 1:1 relation, well beyond the relation claimed by the OECD (1997, p.97) one year earlier: "For every \$2 of bilateral aid, another \$1 is channelled through multilateral agencies". One page later expenditures on "humanitarian emergencies of recent years" were on average "over \$3 billion in

bilateral aid, over \$2 billion in multilateral, aid and over \$3 billion in military costs annually." These "\$8-\$10 billion" a year are "aimed at mitigating suffering and privation, not at long term improvement in economic and social welfare." (*ibid.*, p.98) Chart IV-3 on page 97 - "Multilateral emergency aid (main agencies only)" - to which the passage claiming a 2:1 relation refers as proof supports a 1:1 relation for 1990-95 rather than any of the other two. With no figures given, relations can only be determined by measuring the lines in this Chart. As it includes the World Food Programme, while Chart IV-2 excludes food aid, any of the two mentioned ratios could be compatible with it. What is important for our argument is that - based on official data - we may add the figures measured from Chart IV-3 as multilateral emergency aid for this period in Table 2. The main multilateral agencies mentioned are UNICEF, The European Communities, the World Food Programme, and the UNHCR.

Interestingly, international conferences have not left very clear traces in OECD data, as the GEF (Global Environmental Facility) established in 1991, as well as flows attributed to the Montreal Protocol show (OECD 1998a, Table 1). Net disbursements triggered by the Montreal Protocol were only recorded for 1994, 1995 and 1996, \$8.8 million, \$ 62.5 million, and \$90.87 million respectively by all DAC donors. The GEF fared slightly better, recording net disbursements of \$47.2 million, \$571.03 million, and \$321.5 million in 1994, 1995, and 1996 respectively. Interestingly, reported commitments were far lower than net disbursements in all three years. As 84 per cent of members' contributions to the GEF can be reported as ODA, this Facility - like the Montreal Protocol Fund - is already perceived as combining ODA and GPG components.

Both in the cases of the environment and of WID (Women in Development) donors differentiate between "specific" and "integrated" projects, depending on their effects on improving the living and working conditions of women or on the physical environment. This concept of so-called "markers" ("memos" in DAC Table 5) suggests that the sum of all flows influenced by the new paradigm must be higher than the conservative figures above. Environment specific projects for bi- and multilateral donors peaked at \$9.5 billion in 1996 after \$7.4 billion in 1993 and a trough in between. Except in 1995 WID specific projects remained close to or under \$1 billion during the decade 1987-96 (OECD, 1998a). WID integrated projects totalled several billions, peaking at \$13.28 billion in 1996.

## **NON-ODA GPGs**

From the perspective of global public goods the remark on military costs and peace keeping is very important. Some peace keeping expenditures are included under ODA. The US, e.g., spent \$6.6 billion for peace keeping over the 1992-1995 period, but "Less than half was reportable as aid" (OECD, 1997, p.121). A year later the OECD (1998, p.59) remarked that a further \$3 billion of peace keeping costs were not counted as ODA. Peace keeping costs have in fact soared between 1990 and 1995, mainly due to Ex-Yugoslavia (OECD, 1997, p.100). The OECD (1997, p.98) points out that military expenditure on peace keeping does not count as ODA, but "represents an additional contribution to the international peace and security which is essential for development." Peace keeping is in fact an important global public good and countries prepared to participate are doing the global community and affected people a great

service. The idea of burden sharing suggests that it be recorded, and the OECD (1998a) has started to provide data on Post Conflict Peace Operations on its homepage (Table 1), including non-ODA flows. They are relatively large. Increasing from \$98.99 million to more than \$3.7 billion in 1996, figures were mostly around \$3 billion during the five years on record. Though not ODA, it is aimed at mitigating suffering and privation - a typical GPG. The OECD's Table 1 also shows other disbursements including non-ODA, such as item 203, combating narcotics. Except in 1995 (\$975.09 million) net disbursements between \$20.48 million and \$670.8 million were recorded for the period 1992 to 1996 with non-ODA flows up to roughly 6 times of ODA flows.

Unlike ODA non-ODA expenditures are not recorded centrally. Therefore totals are not available. From the perspective of burden sharing this is a severe shortcoming. As sums used for bail-outs such as in Asia 1997 prove, non-ODA GPGs flows can be quite substantial, but they still remain to be recorded consistently.

After the \$50 billion Mexican bail-out of 1994-5 the OECD (1996b, p.57) identified systemic risks requiring "the provision of a much larger officially provided safety net." Less diplomatic and elegant language might simply speak of the prospect of officially subsidized speculation, due to create a moral hazard problem of drastic dimensions. The Asian crisis of 1997 proved the prediction right. The international community committed \$ 111.9 billion to Indonesia, Korea, and Thailand: \$34.7 billion by the Fund (\$36 billion including commitments to the Philippines in 1997), \$24.7 billion by multilateral institutions (IBRD and Asian Development Bank), and \$52.5 billion by bilateral commitments (IMF, 1998). The IMF disbursed nearly \$21 billion until 10 April 1998. Although of a different nature than ODA these flows document a strong commitment to provide global public goods.

## **CONCLUSION**

All available data prove that GPG shares in ODA have increased steeply in the recent past. Even though available data - incomplete and therefore of limited use because of donor reporting - do not permit precise calculations, the trend towards larger GPG shares can be proved. This conclusion is further corroborated by the OECD (1997, p.100) pointing out that less ODA goes to economic infrastructure and production, the traditional fields of aid. Furthermore, both the US-Japan Common Agenda and the US-EU New Transatlantic Agenda focus on GPG activities (OECD, 1998, p.107).

Existing data support the statement that at least two ODA dollars in five have been devoted to GPGs in recent years. This figure is even very conservative due to the restrictive assumptions made. Markers are not taken into account at all. One may therefore expect actual shares to be somewhat higher than in Table 2, possibly as much as 50 per cent of ODA flows. A "jump" at the end of the Cold War is very visible, as well as the "Gulf War peak". Finally, these findings are well in line with official statements of donor governments.

The growing importance of GPGs suggests that these activities should be reported and recorded separately in the same way as ODA. Recording could be done by the DAC Secretariat,

presently responsible for aid statistics, which handles the data it gets quite efficiently. The correct solution would be to book all GPGs as expenditures in their own right, not as ODA. Although it would not change facts, this would make ODA figures look even smaller. Therefore strong resistance by donors - with a well documented predilection for "broadening" ODA - can be expected to prevent this solution. While it is obvious that the famous 0.7 per cent target will never be reached by the majority of donors nor by the OECD average, a strong interest in producing more "generous" figures exists. As long as donors themselves produce aid data without participation of recipients or independent experts - as proposed by Raffer (1997b) - the desire to "broaden" ODA must be expected to prevail.

A proposal more likely to be accepted by DAC members would be to perpetuate the present division between GPGs wrongly recorded as ODA and those not recorded as such. This would allow calculating the total sum of GPGs by adding the two sub-totals of GPGs subsumed under ODA (e.g. in a subsum "GPGs within ODA") and GPGs not qualifying as ODA. The nascent practice of informing on non-ODA expenditures with GPG character - such as in the case of peace keeping - may be an indication that recording could actually develop in that direction. The most likely forecast, though, is that a clear distinction between GPGs and traditional (or proper) ODA is unlikely in the near future.



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