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11 Australian and Indian development cooperation

Some similarities, more contrasts

Stephen Howes and Jonathan Pryke

As emerging economies become richer, their aid budgets will likely continue to grow. Recent analyses of aid from nonmembers of the Organisation for Economic Development and Co-operation (OECD)[1] have helped clarify its distinctive features.[2] However, although commentators often note the differences between OECD and non-OECD aid, few have undertaken comparative case studies. This chapter compares Indian and Australian aid through an analysis of volumes, recipients, modalities, and objectives. It draws on available statistics for both countries and recent research into new and traditional aid donors. Overall, we argue, the differences between these two aid programmes are more striking than the similarities.

Aid volumes

Australia follows the OECD definitions in determining what constitutes aid; India does not. We cannot be sure that we are comparing apples and apples. But the OECD definition is itself quite flexible, and we find that in practice the two countries use broadly the same definition. For example, neither country includes export credits in their aid budgets; see the section of this chapter on aid modalities for further discussion of this.

Figure 11.1 shows aid from India and Australia since the turn of the millennium, in both cases setting at one the initial value of aid from each country, in its own currency, and adjusting for inflation. Australian aid increased by 70 per cent from 1999–2000 to 2014–2015, whereas Indian aid more than doubled, increasing 260 per cent by 2014–2015. The increase in Australian aid is almost identical to the increase in OECD aid (72 per cent by 2013), also shown in Figure 11.1.[3]

Whereas the increase in Indian aid appears to have accelerated, the increase of Australian aid came to a halt a couple of years ago. The earlier bipartisan commitment to increase Australian aid to 0.5 per cent of gross national income (GNI) lost support on both sides over the last few years; the newly elected government replaced it with a commitment simply to hold aid constant in real terms. The increase in Indian aid has proved erratic over the last decade, but since 2011–2012 it seems to have re-established an upwards trajectory.

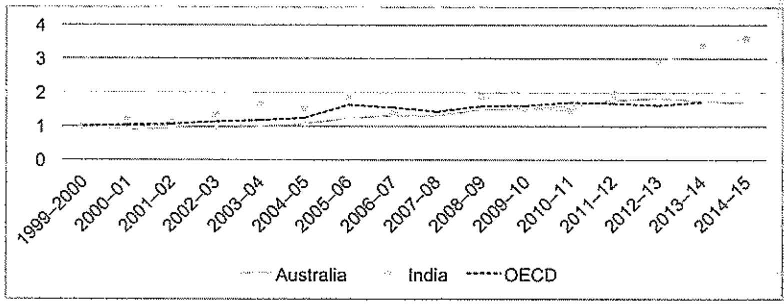

Figure 11.1 Australian and Indian aid in local currency, 1999–2000 to 2014–2015

Note: Budget documents for each country (Australian DFAT 1999–2014; Indian Ministry of Finance 1999–2014), with additional calculations by the authors.[4]

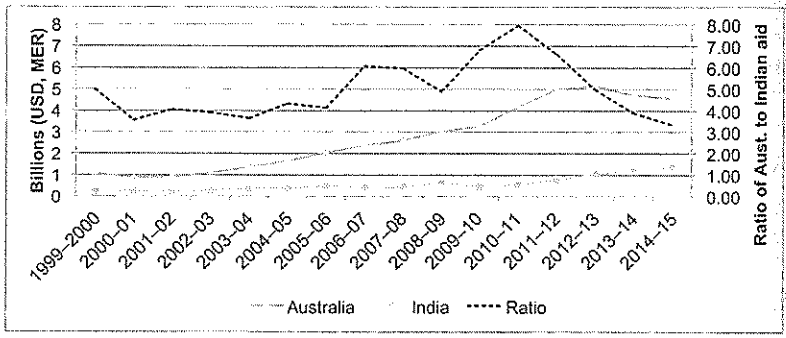

Figure 11.2 Australian and Indian aid in USD at constant prices, 1999–2000 to 2014–2015

Note: As per notes to Figure 11.1, with exchange rates from Ozforex (2015).

Figure 11.2 expresses aid volumes in current US dollars (USD); it shows that Australia began the millennium with an aid programme just over five times as large as the Indian aid programme, and ended in 2014–2015 with a programme just over three times as large. (The dashed line, plotted on the right-hand axis, shows the ratio of Australian to Indian aid.) The reduction in the gap between the two programmes is less than what one might expect given the data in Figure 11.1, because over this period the Australian dollar appreciated against the US dollar whereas the Indian rupee lost value.

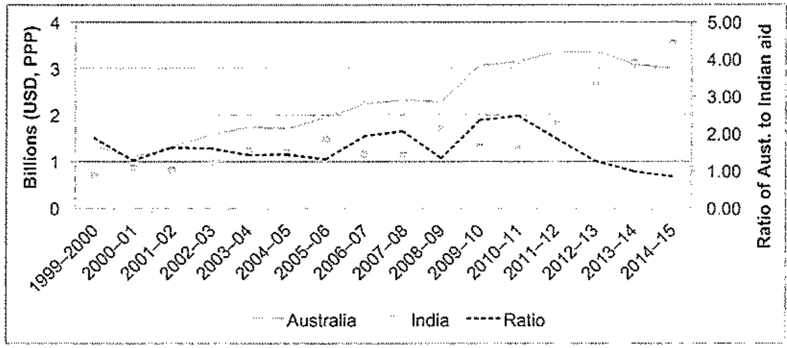

Figure 11.3 Australian and Indian aid in USD for PPP, 1999–2000 to 2014–2015

Note: As per Figure 11.1, with exchange rates from World Bank (2014) and 2013–2014 and 2014–2015 PPP fixed at the 2012–2013 rate (for Australia AUD 1.53/USD 1, for India INR 0.39/USD 1).

A comparison based on market exchange rates may mislead us, because the purchasing power of one US dollar is greater in India than in Australia. Most Indian aid expenditure goes to Indian goods and services (Mullen 2013); despite progress in untying, the same probably holds for Australian aid – and where it does not, expenditures would still occur at Australian prices. Figure 11.3 shows the volume of aid from both countries in USD, using purchasing power parities (PPP) rather than market exchange rates. This gives a very different picture. Over the entire period, the Indian aid programme has gone from being half the size of the Australian aid program to slightly larger in 2013–2014, and has clearly surpassed it in 2014–2015.

This is remarkable. Australia sits outside the first tier of ODA donors (the largest five, by a considerable margin, being the United States, Great Britain, Germany, Japan, and France), but occupies the second tier of OECD donors (along with Sweden, Norway, the Netherlands, and Canada). That Indian aid roughly equals Australia's when measured by purchasing power attests to the growth of non-OECD aid in general.

Figure 11.4 shows each country's aid as a proportion of GNI. India's aid-to-GNI ratio has remained remarkably constant at around the 0.05 per cent mark for the past decade. Australia's aid/GNI ratio increased from 0.25 per cent to 0.35 per cent over the same period.

Figure 11.5 shows each country's international development expenditure as a proportion of total government spending. Almost 1.4 cents in every Australian dollar spent goes to aid, up from 1 cent a decade ago. In India, 0.4 paise in every rupee goes to aid.[5] However, the gap has begun to close. At the turn of the millennium, aid ranked just under five times as highly in the Australian budget as it did in the Indian budget; the current ratio is closer to 3.5 to 1.

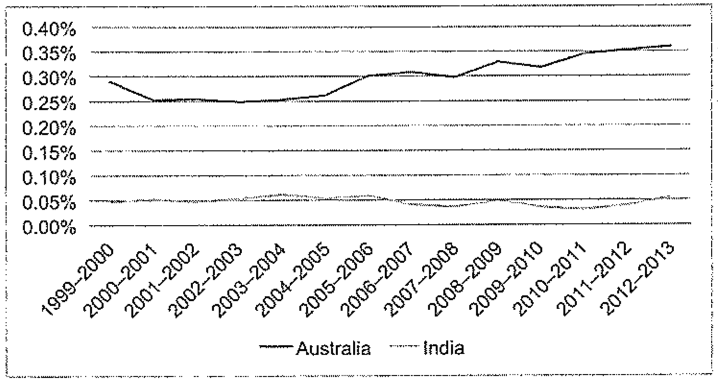

Figure 11.4 Australian and Indian aid as a proportion of GNI, 1999–2013

Notes: Aid volumes as per notes to Figure 11.1. Gross national income from World Bank (2014) and measured by the calendar year (e.g. 1999–2000 uses 1999 GNI figures).

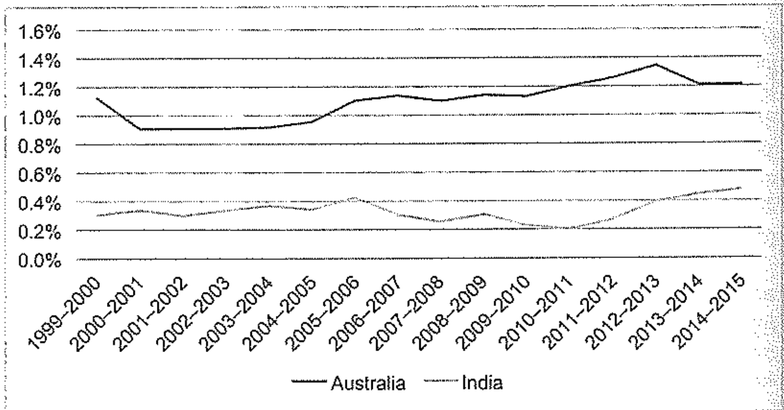

Figure 11.5 Government aid as a proportion of total government expenditure in Australia and India, 1999–2013

Notes: Aid volumes as per notes to Figure 11.1. Total expenditure figures from Australian and Indian budget documents (Australian Treasury, 1999–2014; Indian Ministry of Finance, 1999–2014).

Aid recipients

Both countries target their aid to their immediate neighbourhoods – in India, aid goes largely to South Asia; for Australia, East Asia and the Pacific.

We analyse aid to the ten largest recipient nations and regions from both countries, using 2014–2015 budget estimates for India, and 2013–2014 revised budget

estimates for Australia. As Figure 11.6a shows, Bhutan alone receives 63 per cent of India's 'total' aid (i.e., the total aid to the ten largest recipients). Strategic concerns underpin the preference shown to Bhutan – not only an immediate neighbour situated between India and China, but also a major provider of India's hydroelectricity; much of India's aid finances the construction of hydroelectric plants. Other South Asian recipients get another 25 per cent of the total, with Afghanistan the second largest after Bhutan (with 8 per cent). Africa receives only 4 per cent of India's aid.

Australia does not focus so much aid on any single country; indeed, India's concentration on Bhutan may well be unique among all donor–recipient aid relationships. Nonetheless, 78 per cent of Australian top-ten recipient aid goes to countries in East Asia and the Pacific (Figure 11.6b).

In both countries, the increased volume of aid has changed its distribution. In 1999–2000, 90 per cent of India's aid went to South Asian nations[6] (Figure 11.7a). By 2014–2015, that region still received 88 per cent, but Bhutan's share of the total had fallen from 74 per cent to 61 per cent. Afghanistan has also proven a big winner in India's aid expansion: it has gone from being outside the top nine in 1999–2000 to an 8 per cent share of top-ten aid in 2014–2015.

In 1980–1981, Papua New Guinea accounted for 64 per cent of Australia's top-ten recipient aid, giving it a status similar to Bhutan's in the Indian aid programme today (Figure 11.7b). In 1999–2000, Papua New Guinea's share had fallen to 35 per cent, and in 2013–2014, 22 per cent. The focus of Australia's aid on the Asia Pacific region remains, although the region's share in top-ten recipient aid fell from 90 per cent in 1999–2000 to 78 per cent in 2013–2014. The big winners from the Australian scale-up were Indonesia, Afghanistan, and sub-Saharan Africa.

Australia and India give their aid to countries with quite different profiles. For a start, Australia's recipients have a much lower per capita income; India gives aid to both richer and poorer countries. The weighted average per capita 2012 income of an Australian aid recipient was USD 2800, where the weights represent relative shares in Australia's top-ten aid budget. We will call this the average recipient income; it comes to one-thirteenth of Australia's own per capita income of USD 35,600. Indonesia is the richest recipient of Australian aid, with an income just one-seventh of Australia's. There is, in other words, a massive distance in living standards between Australia and its recipients, as Figure 11.8a shows.

The average recipient of Indian aid has an income of USD 4800. India's own per capita income in 2012 was USD 3400. In other words, India gives aid to countries that are, on average, 40 per cent richer! However, if we remove Bhutan – richer than India and its largest recipient – from the calculations, India's average aid recipient does become poorer than India's average citizen. Nonetheless, among top-nine recipients, Sri Lanka, the Maldives, and Eurasia also have higher per capita incomes than India itself (Figure 11.8b).[7]

The progressive or redistributive character of aid has traditionally served to justify it as an international equivalent (if only a pale shadow) of domestic progressive taxation. Inequality aversion underpins this argument – an additional dollar is worth more in the hands of a poor than a rich person. Economists, with

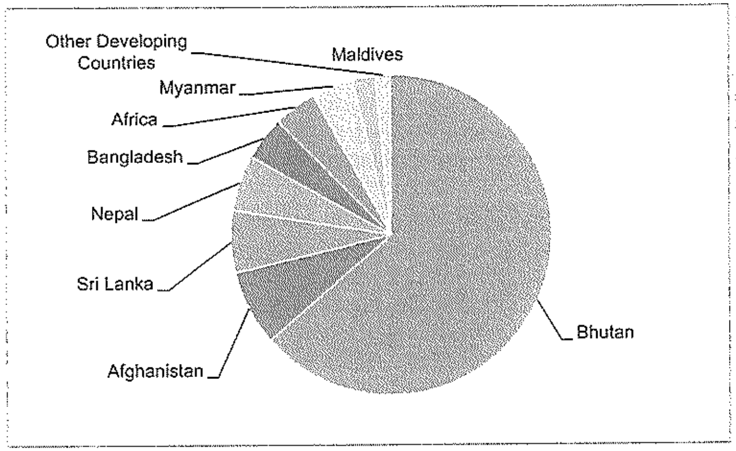

Figure 11.6a Top ten Indian aid recipient nations and regions, 2014–2015
Source: Indian Ministry of Finance (2014) and Australian DFAT (2014b)

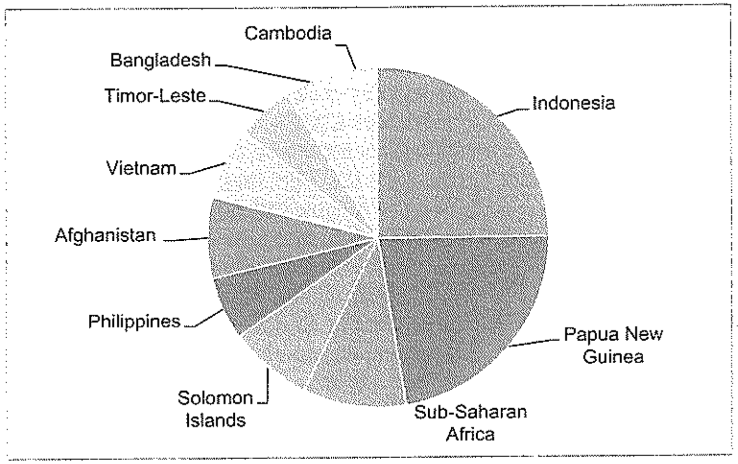

Figure 11.6b Top ten Australian aid recipient nations and regions, 2013–2014
Source: Indian Ministry of Finance (2014) and Australian DFAT (2014b)

their penchant for quantification, define an inequality aversion parameter, eta (or η). In the economic literature, a moderate value for eta is 1 and a higher value would be 2. Quantification helps us see just how powerful this humanitarian argument for aid can be – or not – depending on the distance between the donor and its recipients. Okun's 'leaky bucket' thought experiment (Okun 1975) asks us to

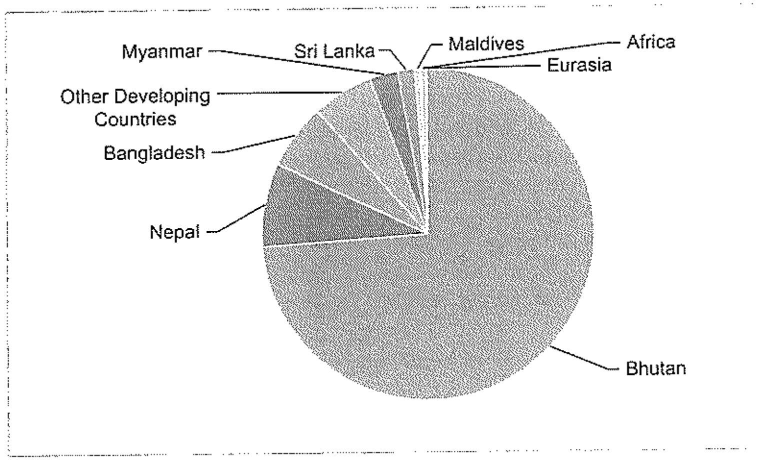

Figure 11.7a Top nine Indian aid recipient nations and regions, 1999–2000
Source: Indian Ministry of Finance (2014) and Australian DFAT (2014b)

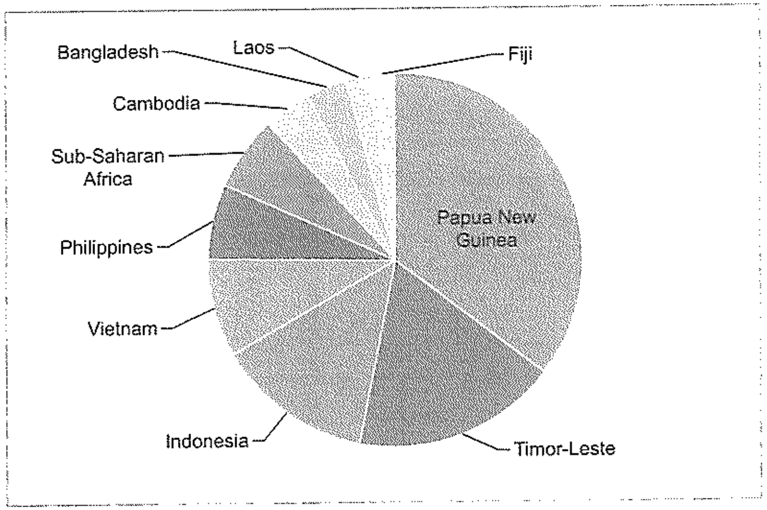

Figure 11.7b Top ten Australian aid recipient nations and regions, 1999–2000
Source: Indian Ministry of Finance (2014) and Australian DFAT (2014b)

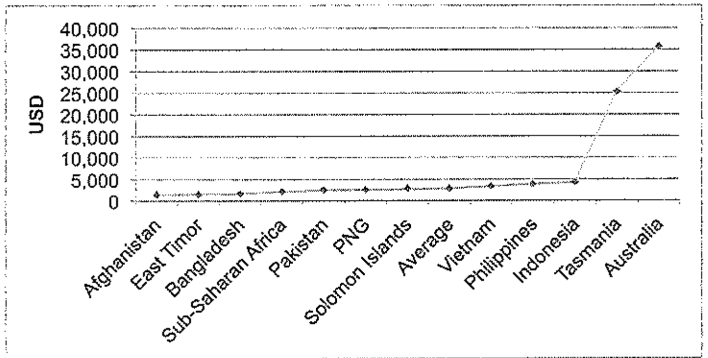

Figure 11.8a Australian per capita GDP compared to top ten Australian aid recipients, 2012

Source and notes: World Bank (2014), with additional calculations by the authors.[8]

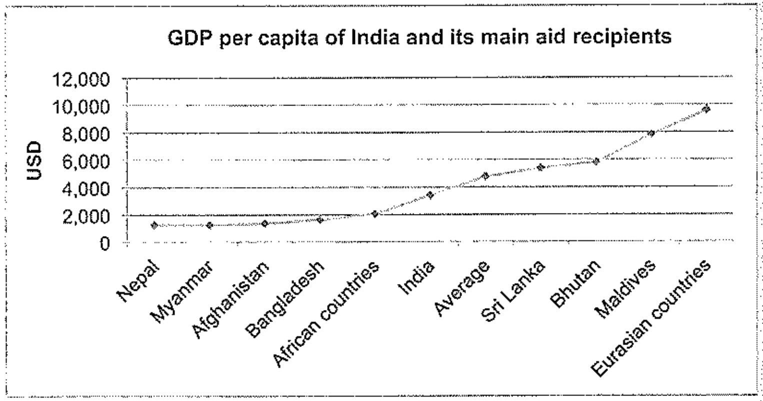

Figure 11.8b Indian per capita GDP compared to its main aid recipients, 2012

think about a one-dollar transfer from a rich person to a poor person, and to say how much of that one dollar we could see wasted and still support the transfer. (In our context, 'waste' could arise from the administrative costs of managing aid, aid projects that do not work, or adverse economy-wide effects of aid. It could also come from the deadweight losses involved in raising taxes to finance the aid programme.)[9]

If we think of aid from Australia as a transfer from the average Australian to the average citizen of the average recipient country, then, as Figure 11.9a shows, Australian aid is 'justified' even with wastage of 92 per cent (if $\eta = 1$) or 99 per cent (if $\eta = 2$). Indeed, in Australia's case the bars nearly all exceed 90 per cent, and

often stand at 100. India provides a stark contrast (Figure 11.9b). Aid from India to the average recipient cannot be justified as a progressive transfer, because its average recipient is better off than the average Indian. The bars for aid from India stand as often below 50 per cent as above it, and become negative for countries with a higher per capita income than India itself.

This does not imply that Indian aid lacks justification; aid has many rationales beyond the humanitarian ones. But it does suggest that Indian aid carries a higher justificatory burden or opportunity cost. Australian aid can have high wastage and remain justified from a humanitarian perspective; not so with Indian aid.

Australia is not only much richer than its aid recipients; it also has much better governance. Figure 11.10a shows how Australia and its top ten aid recipients rank in 'Government Effectiveness', from the *Worldwide Governance Indicators*

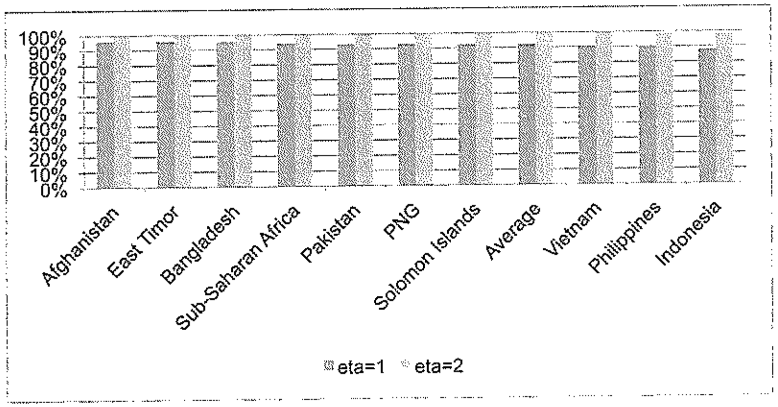

Figure 11.9a Australia and its aid recipients: levels of permitted waste, 1999–2014

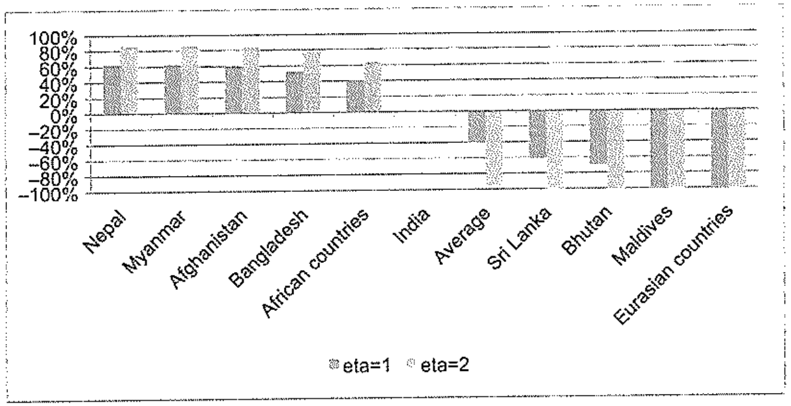

Figure 11.9b India and its aid recipients: levels of permitted waste, 1999–2014

(World Bank 2013). Australia has one of the most effective governments in the world (in the top 6 per cent), whereas its average top-ten recipient ranks in the bottom third. Even the Philippines, the highest-ranking recipient on the chart, has only a 58 per cent rating.

Again, India provides a sharp contrast. India itself has a median government effectiveness rating. Bhutan, Maldives, and Eurasia all have higher rankings, with Bhutan pulling the ranking of the average recipient above that of India itself (Figure 11.10b).

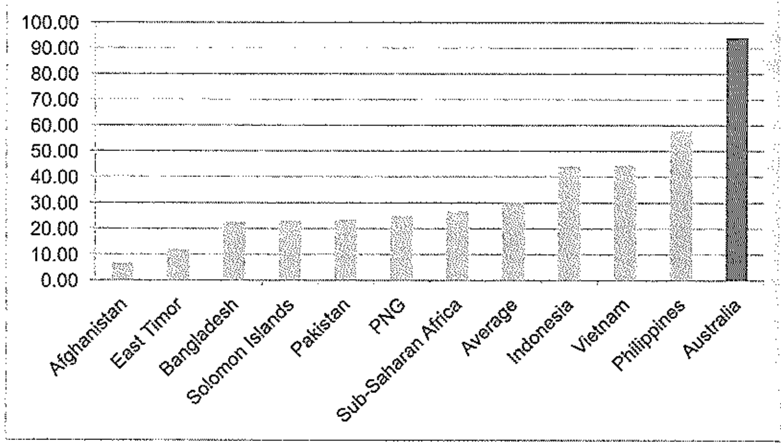

Figure 11.10a Australia's government effectiveness percentile rating, compared to major aid recipients, 2012

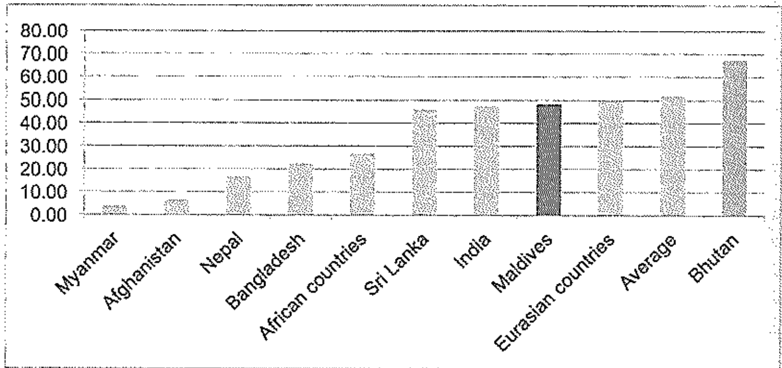

Figure 11.10b India's government effectiveness rating percentile rating compared to major aid recipients, 2012

Aid modalities

Before 2012, India's aid administration came under its Ministry of External Affairs (for technical assistance and bilateral grants) and the Ministry of Finance (for multilateral organisations).[10] In January 2012, the Indian government created the Development Partnership Administration (DPA), housed within the Ministry of External Affairs (MEA). The administration has brought the control of India's development assistance streams under the one roof. (The Export-Import [Exim] Bank still provides concessional export credits, but these do not count as aid; see the next subsection.) According to the DPA website, the centralisation of development assistance aims for efficiency and effectiveness throughout the life of aid projects, with the 'close cooperation and facilitation of the partner countries' (Indian MEA 2014). Although housed within the MEA, the DPA has a clearly established and separate organisational structure and reports directly to its own secretary – one of four in the ministry, responsible for the DPA, as well as investment, trade promotion, and multilateral relations.

Australia, by contrast, no longer has a specialised agency responsible for all of its aid activities. Until 2013, such an agency had existed, in one form or another, for close to 40 years. The Australian Agency for International Development (AusAID), an executive government agency responsible for managing the overseas aid programme, reported directly to the minister of foreign affairs. When the coalition took control of the federal government in 2013, it announced that the aid portfolio would merge with the Department of Foreign Affairs and Trade (DFAT) (ABC 2013).

Many of the AusAID aid specialists remain in service, despite the end of the agency. The 2011–2012 AusAID budget provided for a staff of just over 1500. Several hundred redundancies have since occurred, but the latest estimates suggest that the Australian aid programme's administration still counts in excess of 1000 staff (Towell 2014). India's DPA cannot boast the same pool of centralised, experienced talent; Mullen noted its 'notorious' understaffing (Mullen 2014:10). The rapid expansion of India's aid programme suggests that such personnel constraints may have worsened.

Many other signs demonstrate Australia's more articulated and formal approach to the aid programme. It has an official objective, although this changes from time to time, and a website with a vast (although still incomplete and often out-of-date) reservoir of information. An Office of Development Effectiveness acts as an internal evaluator of aid projects; many of its reviews are published, and a separate document on the aid budget appears at budget times. The entire aid programme comes under periodic review, and official government strategies (such as aid white papers) appear every 5 years or so. All of these evaluation processes set it apart from the Indian aid programme, although as Sinha (2011) notes, India's lines of credit through its Exim Bank demonstrate considerable transparency.

The Indian aid programme appears more demand driven, although this is harder to prove. The DPA website states that 'India's development partnership is based on the needs identified by the partner countries' and that the ministry tries to accommodate as many of its received requests as 'technically and financially possible' (Indian MEA 2014). By contrast, the Australian programme may consider partner country requests, but has no policy for prioritising them; instead, Australian government officials and their consultants often take responsibility for project design.

According to the OECD, loans may count as part of official development assistance, provided that they include a significant concessional element. All multilateral banks, as well as a few of the largest bilateral donors (particularly France, Germany, and Japan), provide concessional loans to developing nations. Over time, grants have become relatively more and loans relatively less important forms of aid. According to the World Bank (2008), grants constituted 60 per cent of OECD bilateral aid in 1975 and 90 per cent in 2005.

Australia has traditionally steered clear of loans in its aid programme, with the large support to Indonesia after the 2004 Asian tsunami being a prominent exception. India, on the other hand, has long relied on concessional loans as an important part of its development assistance. As Figure 11.11 shows, the volume of loans in India's total aid fluctuates, but the share tends to hover around 30 per cent.

We should note that these loans represent those directly provided by the Indian government. They do not include the lines of credit distributed by India's Exim Bank. As discussed by Saxena in this volume, the Exim Bank's concessional loans have expanded rapidly, allowing developing countries to import Indian goods and services and to finance infrastructure, productive activities, and capacity building. In 2003, the Indian government set up a programme to reimburse the Exim Bank for introducing a concessional funding window. According to Saxena's figures, the amount provided varies from year to year, but over the last 5 years it has averaged a total equal to about 90 per cent of the aid budget. However, India has never regarded such funding – neither the total nor the budgetary cost of the concessional financing – as aid, on the grounds that the lines of credit primarily serve as 'an instrument for promoting international trade' (Sinha 2011: 1).

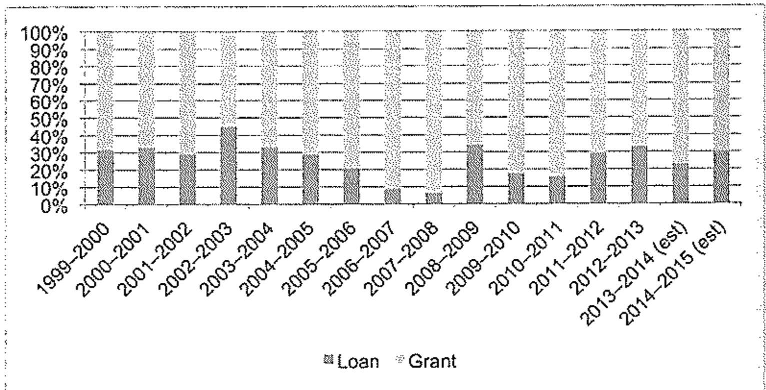

Figure 11.11 Indian development assistance by loans and grants, 1999–2015
Source: Indian Ministry of Finance (1999–2014)

Figure 11.12, based on data released by AusAID (now DFAT) shows how, or through whom, Australia spends each aid dollar – demonstrating the changes that Howes (2011) termed Australia's 'aid revolution'. Traditionally, private contractors supplied the dominant mode of spending Australian aid – as high as 40 per cent in 2005–2006, by far the largest share. However, a strong shift away from contractors has since taken place – driven, as Howes (2011) argues, by a perception that overreliance on contractors undermines aid effectiveness and influence. Multilaterals have proven the biggest beneficiaries (the World Bank, the largest single beneficiary, received AUD 764 million in 2011–2012). Nongovernmental organisations (NGOs), universities, and partner governments have all benefited as well.

Australia has not tended to support the multilateral system in terms of core funding. Among OECD donors, Australia ranks twenty-sixth out of twenty-seven as of 2010 (OECD 2012: 64) in the share of aid passed to multilaterals without earmarking. Australia has long felt that the multilateral system does not focus sufficiently on its region of interest, East Asia and the Pacific, and has maintained earmarking to ensure that emphasis.

Comparable data are not available for India. However, the country relies heavily on technical assistance and loans tied to the use of Indian goods and services. One therefore might reasonably assume that Indian companies (through loans and tied aid) and the Indian public sector (in the case of technical assistance) serve as the major modes of delivery for Indian aid.

Indian policy requires that most of its aid be spent on Indian goods and services (Mullen 2013). By contrast, Australia has gradually untied its aid. Since 2006, private contractors from all over the world may bid on Australian aid contracts. The heavy reliance on multilateral aid also acts as a form of untying; Australian firms and NGOs receive no special privileges in relation to that aid. Even today, however, Australian aid retains some tied elements. With only a few exceptions, its programmes only provide scholarships to Australian universities. The Australian public sector controls about 20 per cent of the aid programme, and Australian NGOs receive about 50 per cent of total NGO funding (Wulfsohn and Howes 2013). We have not ascertained what proportion of total private-contractor aid delivery comes through Australian firms, but it appears to be a significant one. International Development Contractors Australia, a representative body for private-sector development agencies engaged with the Australian aid programme, lists twenty-two members, with eighteen Australia-based contractors. Australian firms have a comparative advantage, given extensive experience with both the region and the aid programme. We might also note that the aid programme is quite active in sectors of interest to Australian firms – such as agriculture and, increasingly, mining.

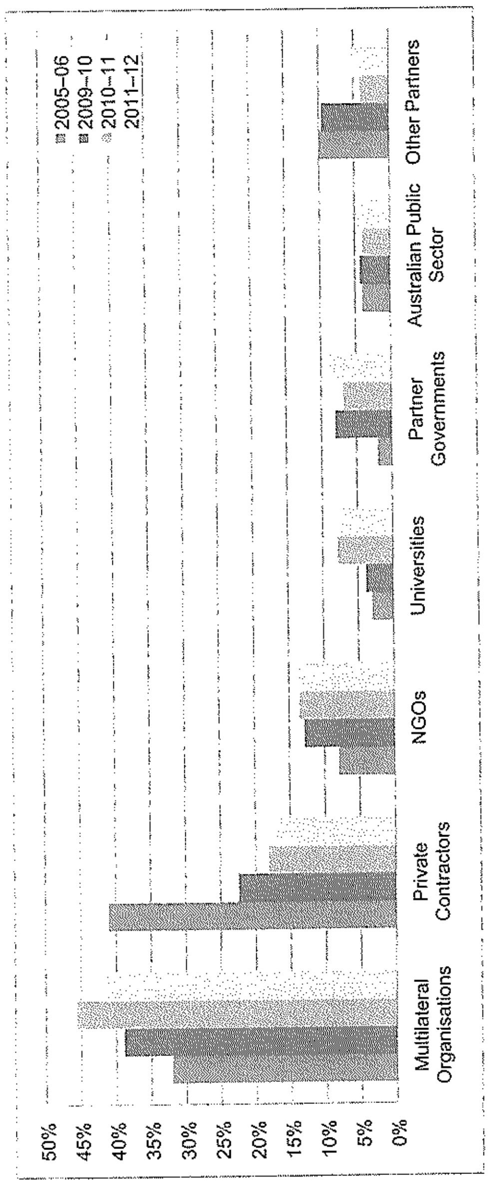

Figure 11.12 Australian aid expenditure by mode of delivery, 2005–2006

Source: Panpruet and Pryke (2013)

Aid justifications and objectives

Although it is never easy to tell why a country gives aid, the fact that both India and Australia focus on their immediate neighbourhood suggests the importance of strategic considerations for both countries. Australia's focus on much poorer countries also shows the importance of humanitarian motivations. For India, by contrast, 'solidarity' offers an important motivation for aid to other poor countries like itself (Chaturvedi 2012). Unlike India, Australia articulates an official objective for the aid programme. The wording changes from time to time, sometimes alongside changes in government; the new government's version stresses '[promoting] Australia's national interests by contributing to international economic growth and poverty reduction' (Australian DFAT 2014b). Although this supports the role of both strategic and humanitarian objectives in the aid programme, it suggests that the former currently have more weight.

For Australia, we can also draw on a recent survey of aid programme stakeholders (Howes and Pryke 2013). The 356 respondents to this survey included NGO and contractor senior executives and staff, as well as multilateral, governmental, and partner government staff. Respondents were asked to attach weights, adding up to 100, to three different goals: poverty reduction, strategic concerns, and commercial interests. On average, and across all stakeholder groups, respondents gave the goals of poverty reduction and strategic interests roughly the same weight of 40 per cent, and commercial interests a lesser weight, about 20 per cent (Figure 11.13).

This lesser weight for commercial aims reflects Australia's decrease in tied aid and the fact that it has few, if any, projects with the narrowly defined goal of promoting particular Australian firms. Evidence of this decline in importance over time includes the 1996 cessation of a soft-loan aid programme in support of

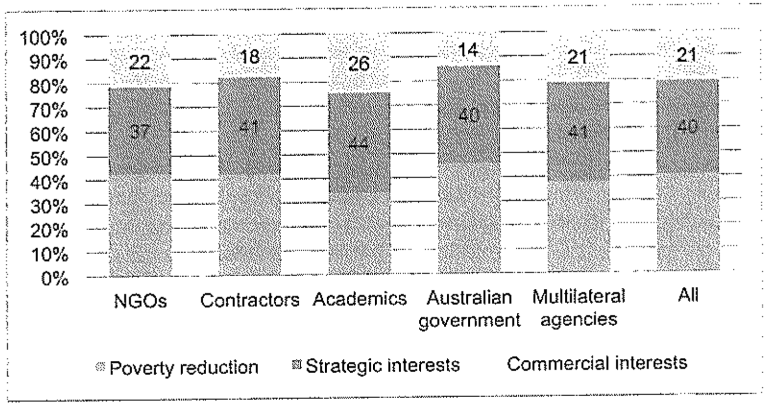

Figure 11.13 The relative importance of Australian aid objectives: responses from the 2013 Australian aid stakeholder survey

Australian firms and the (partial) untying of Australian aid in 2006. The newly elected government often speaks about aid as support for Australia's 'economic diplomacy' (for example, Bishop 2013). It remains to be seen whether this will lead to an increased weight for commercial interests in the future.

Mullen (2013) states that when India's development assistance began in the 1960s, its objectives rested on the 'commonality of anti-colonial struggle and solidarity among developing countries' (Mullen 2013: 7). As India's aid programme has evolved beyond its traditional base in technical assistance, Mullen notes that its objectives have also evolved, and now include:

1 Securing natural resources to feed the needs of India's growing economy
2 Securing markets for Indian goods and services, particularly through the use of credit
3 Supporting India's larger geostrategic objectives in its neighbourhood and beyond

Empirical analysis of India's aid programme between the years 2008–2010 shows that 'commercial and political interests dominate India's aid allocation' (Fuchs and Vadlamannati 2013a). In Australia, by contrast, national interest and humanitarian objectives dominate.

Common development wisdom holds that aid must transform as well as assist. Andrew Natsios, a former United States Agency for International Development (USAID) administrator, argues this explicitly, writing that all aid projects 'should be subordinate to the larger institution-building task' (Natsios 2010: 4). This view has many adherents in Australia. Alexander Downer, the Australian minister for foreign affairs from 1996 to 2007, argued that one must first assure that basic governmental institutions work properly in order to achieve 'sure and sustainable' social progress leading to 'better living standards' (Downer 1998). Current Prime Minister Tony Abbott has concurred, emphasising that government aid should aim to 'improv[e] other countries' governance and strengthen their economies' (Abbott 2013). In 2012–2013, Australia gave roughly 18 per cent of its aid (AUD 881 million) under the heading of governance. Technical assistance accounts for most of the total, with a focus on central agencies and the law and justice sector.

India, by contrast, shows little interest in trying to 'fix' governance, build institutions, or transform countries. It does provide considerable technical assistance and training, but with the emphasis on the word 'technical'. As Mullen notes, Indian aid remains firmly committed to 'non-interference in a country's political affairs and a focus on economic causes of underdevelopment' (Mullen 2013: 5).

Conclusion

Indian and Australian aid share some similarities. Both countries now give more aid than ever, in programmes of roughly the same size (when measured using purchasing power parities), and both give largely to countries in their region. Beyond this, however, the two programmes offer a study in contrasts. Indian aid has increased rapidly where Australian aid remains flat. Australia embodies the traditional aid paradigm: a rich country assisting countries much poorer and worse governed than itself, with improving governance as a key objective. It has an elaborate aid architecture, and is proactive in shaping aid projects. India, on the other hand, gives to countries that resemble it – that is, also poor and relatively poorly governed. It relies more on the recipient to design and propose projects, and shows much less concern with improving governance.

It is difficult to assess which approach works better. The Australian aid program has attractive features: it is less tied, more transparent, and more open to evaluation. And Australia can afford to give aid much more than India can: Figure 11.9 shows the opportunity cost of Indian aid is far higher than that of Australian aid. But the practical orientation of Indian aid has its merits: throughout its history, Western aid has often faced many justifiable accusations of hubris (see e.g., Easterly 2007; Munk 2013). And India's proximity to its recipients, not only geographically but developmentally, might allow it to tailor its aid better than a traditional OECD donor would.[11]

We should also bear the temporal dimension in mind. Twenty years ago, Australia had more forms of tied aid, provided loans as well as grants, had less focus on governance, and largely gave to a single recipient. This accords with Kragelund's observation that emerging donor aid 'strongly resembles' the aid activities that OECD donors provided 20 to 30 years ago (Kragelund 2011: 587).

What does the future hold? Will non-OECD donors 'catch up' to the OECD Development Assistance Committee (DAC) over the coming decade? Certainly, some signs of convergence have arisen. India's aid architecture has become more elaborate; Australia's, less so. As suggested earlier, commercial objectives may receive more weight in Australia's aid program (and in OECD aid generally) in the coming years. But given the deep differences between the countries' programmes, we should not overemphasise these elements of convergence. Australia's focus on governance, its reliance on quite a different and diverse set of partners (in particular, multilaterals and NGOs), its distance in terms of income and governance from its recipients – all will likely remain, for the foreseeable future, points of contrast with Indian aid.

These (probably persistent) contrasts underpin the distinct positions that Australia and India occupy in the international development field. They help explain, for example, why India has no interest in joining the OECD-DAC. Why should it join a club whose endeavours differ so strongly from its own path? Attempts to find common ground will probably prove more successful in particular bilateral instances, where shared objectives can provide a basis for cooperation. Afghanistan comes to mind as a potential example.

It appears almost inevitable that the share of non-OECD donors in total aid will continue to rise. As this comparative study suggests, that rise will dramatically shift the very nature of global aid.

Notes

1 Non-OECD donors are often called nontraditional or emerging donors. Both labels are problematic because non-OECD donors have in fact been around for a long time; hence our usage of the more prosaic but also more accurate 'non-OECD' tag. Even the word 'donor' can be problematic (some view it as a traditional term that should be reserved for OECD members), but we take it simply as a descriptive label for a country that provides foreign assistance. The word 'aid' is also problematic. Non-OECD donors and even some OECD donors do not like the word and prefer to refer to their assistance as 'development cooperation', or, for non-OECD donors, 'South-South engagement'. We bow to this preference in our title, but in the text use 'aid' as a convenient shorthand.

2 See, for example, Brautigam (2009; 2011) on China, Chanana (2009) and Mullen (2013; 2014) on India, and Burges (2014) on Brazil. For general surveys, see Greenhill et al (2013) and The Asia Foundation (2014).

3 For relevant figures (11.1 and following) the DFAT documents contain Australian aid totals in constant prices; Indian aid totals have been calculated from 'Statement 11: Grants and Loans to Foreign Governments' and the 'Technical & Economic Cooperation with Other Countries and Advances to Foreign Governments' component of the Ministry of External Affairs expenditure budget. The Indian deflator is calculated from Reserve Bank of India (2014). For Australia, we have assumed that 2014–2015 inflation equals that of 2013–2014. Total ODA derives from the OECD QWIDS database (OECD 2014), measured by the calendar year, in constant USD. For India, the years 1999–2000 to 2008–2009 show revised estimates; 2009–2010 to 2012–2013 show actual volumes, and 2013–2014 to 2014–2015 represent budget estimates. For Australia, 1999–2000 to 2012–2013 show actual volumes; 2013–2014 are budget estimates revised in January 2014, and 2014–2015 are the authors' projections, based on the assumption of no real growth in Australian aid.

4 The DFAT documents contain Australian aid totals in constant prices; Indian aid totals have been calculated from 'Statement 11: Grants and Loans to Foreign Governments' and the 'Technical & Economic Cooperation with Other Countries and Advances to Foreign Governments' component of the Ministry of External Affairs expenditure budget. The Indian deflator is calculated from Reserve Bank of India (2014). For Australia, we have assumed that 2014–2015 inflation equals that of 201—2014. Total ODA derives from the OECD QWIDS database (OECD 2014), measured by the calendar year, in constant USD. For India, the years 1999–2000 to 2008–2009 show revised estimates; 2009–2010 to 2012–2013 show actual volumes, and 2013–2014 to 2014–2015 represent budget estimates. For Australia, 1999–2000 to 2012–2013 show actual volumes; 2013–2014 are budget estimates revised in January 2014, and 2014–2015 are the authors' projections, based on the assumption of no real growth in Australian aid.

5 The paise equals 1/100 of the rupee in India, Nepal, and Pakistan.

6 At the time, India only recorded the top nine recipient countries and regions.

7 For Figure 11.8a and 11.8b, incomes are measured in USD using current PPP. The averages use weights yielded by the relative shares of the top ten Australian aid recipients in 2012–2013, and the top nine Indian aid recipients from 2010–11 to 2012–13, respectively. (The top nine for India exclude 'Other Developing Countries'.)

8 Incomes are measured in USD using current PPP. The averages use weights yielded by the relative shares of the top ten Australian aid recipients in 2012–2013, and the top nine Indian aid recipients from 2010–2011 to 2012–2013, respectively. (The top nine for India exclude 'Other Developing Countries.')

9 The formula used to obtain the results here is $1 - (C_1/C_2)^n$.

10 See Chaturvedi (2012) for a detailed discussion of types of aid and institutional arrangements.

11 India makes this claim itself with respect to its aid programme, arguing that it 'possess[es] skills of manpower and technology more appropriate to the geographical and ecological conditions and the stage of technological development of several developing countries'. (See Fuchs and Vadlamannati (2013b), who attribute this claim to 'the webpages of several [Indian] embassies'.)

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