International development cooperation has experienced large changes in recent years. One spectacular issue is the emergence of new donors, which are playing a more significant role than ever. China, India, Brazil, Russia, and the Arab countries – together with other emerging countries – support developing countries, though their activity is highly criticized by ‘traditional’ donors. The paper aims to analyse the behaviour of emerging donors with reflection on the question whether the additional resources complement or substitute the aid flows from traditional donors. The investigation shows that emerging donors do not behave as traditional donors and their aid allocation is determined by political and economic factors rather than the needs of the recipient countries. However, the statistical analysis reflects on the fact that in some cases emerging donors do behave similarly as traditional donors. Altogether, it is not proven that the additional resources complement existing aid flows.

**Keywords:** emerging donors, Arab donors, non-DAC countries

**JEL-code:** F35

1. **INTRODUCTION**

In 2011 in Busan (South Korea) the international community acknowledged that international development cooperation had changed. One of the key elements is the appearance and active role of new or (re-)emerging donors in providing develop-

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1 This research was supported by the European Union and the State of Hungary, co-financed by the European Social Fund in the framework of TÁMOP 4.2.4.A/2-11-1-2012-0001 ‘National Excellence Program’.
opment assistance to developing countries, while some old donors – for instance, Japan – are gradually losing their relevance (Sato et al. 2011). Besides the new EU member states, these donors include China, India, Brazil, some Arab countries and other emerging countries in Asia and Latin-America. These may result in a *silent revolution* (Woods 2008: 1221) or a *new paradigm* of international development cooperation (Russo et al. 2013). Although traditional development cooperation has not reached the expected results, as poverty does not seem to decrease significantly in several developing areas (mainly in Africa), traditional donors – namely the donors of the OECD’s Development Assistance Committee (DAC)\(^2\) – strongly criticize emerging donors.

The reason for a deep analysis of the behaviour of emerging donors is that the last international meeting on aid effectiveness in Busan was expected to offer a forum for narrowing the gap between South-South and North-South cooperation (Cabral et al. 2014). Furthermore, South-South cooperation has become essential addition to North-South cooperation. Thus, *this research aims to analyse the behaviour of emerging donors with reflection on the question whether the additional resources are complementary or substitutes of aid flows from traditional donors.*

In order to answer this question, the paper presents a review of the literature and also provides statistical analysis. We compare emerging donors to traditional donors, on the one hand, and five emerging donors (Israel, Kuwait, Turkey, Thailand, and the United Arab Emirates) are investigated independently, on the other hand.

The structure of the paper is as follows. The first section gives an overview of emerging donors detailing who they are, and how they can be grouped. This is followed by a presentation of the main characteristics and criticisms of their donor activities. In the third section the emerging donors’ development activities are compared to that of the DAC donors. The DAC donors are also grouped according to their common features. Finally, five countries are analysed individually to show whether they behave differently. The study concludes with the main findings.

2. MAIN CHARACTERISTICS OF EMERGING DONORS

International development cooperation seems to be transforming: while over 90 percent of development assistance came from the DAC countries in the early...
1990s (Manning 2006), and developed countries dominated international development cooperation, since 2000 the number of non-DAC donors has risen significantly, reaching 30 in number (Paulo and Reisen 2010; Smith et al. 2010). As a result, 8–10 percent of total aid flows was provided by emerging donors in 2006 (ECOSOC 2008), and this had risen to one-fourth of total official development assistance (ODA) in 2012 (OECD CRS 2014). Brazil, Russia, China, India, and several Arab countries (Kuwait, Saudi Arabia, and the United Arab Emirates) are the donors who shape and significantly influence development cooperation nowadays. Their common feature is that they are not members of the DAC. Consequently, international development cooperation includes more actors than ever before, and the cooperation where developed countries dictate has changed (Manning 2006). However, there have been deep disputes about involving new – emerging – donors into international development cooperation (Russo et al. 2013).3

2.1. Groupings of emerging donors

The relevant literature is uncertain about how to define the group of new donors (see Table 1), moreover, different authors doubt whether they can be considered

<table>
<thead>
<tr>
<th>Author(s)</th>
<th>Non-DAC donors</th>
<th>Non-traditional donors</th>
<th>Emerging donors</th>
<th>Providers of South–South cooperation</th>
<th>Arab donors (Middle East and OPEC countries)</th>
<th>OECD member, but non-DAC-member (and not EU member)</th>
<th>EU NMS, non-OECD members</th>
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Note: NMS stands for New Member States.
Source: own construction.

3 These fears will be detailed later.
as new donors at all. Therefore, it has to be clarified first which countries are defined as emerging donors.

Some authors (Manning 2006; Kragelund 2008; Shushan and Marcoux 2011) refer to these new donors simply as non-DAC donors, as they are not members of the DAC, the gathering of the so-called traditional donors (or ‘established donors’ according to Woods (2008)). Although Manning (2006) also provides a classification stating that it is better to call them non-DAC donors instead of new donors, since some of them had provided financial support to developing countries earlier.\(^4\) For the same reason, Kragelund (2008) investigates the non-DAC donors (without naming them differently), Shushan and Marcoux (2011) do not consider Arab donors as emerging donors, and Jalata (2014) calls China and India as re-emerging donors. At the same time, Woods (2008) adds that non-DAC donors can also be considered as emerging donors. As a result of the mixture of the concepts, China is sometimes referred to as an emerging donor (e.g. Rowlands 2008), while in other studies (e.g. Jalata 2014) marked as a re-emerging donor. Smith et al. (2010) claim that emerging donors can be differentiated as follows: (1) the new EU members; (2) other emerging donors; (3) Arab donors; and (4) providers of South–South cooperation. A similar approach appears in Walz and Ramachandran (2011), in which the authors differentiate three models of international development cooperation: the DAC, the Arab and the Southern model.

The diversity of terms may be explained by the fact that emerging donors themselves vary from each other (Sato et al. 2011), so it is difficult to give a strict definition (and name) for this group of countries. However, if authors do not state which definition they accept during their analysis, it may lead to great misunderstandings. For example, non-DAC donors may refer not only to emerging donors but Eastern European countries, too. The countries differ, for instance, in to what extent they accept the principles of the OECD DAC, and whether they have built up institutions to coordinate their own aid activity or not. For example, though most countries engaged in South-South cooperation obviously do not cooperate with the DAC (Schulz 2010; Smith et al. 2010; Cabral et al. 2014), some countries (the so-called CIVETS group of Colombia, Indonesia, Vietnam, Egypt, Turkey and South Africa) follow the DAC standards (Schulz 2010; Cabral at el. 2014). Moreover, another definition is brought up: Schulz (2010) interprets the CIVETS group as a third wave of donors, following the traditional (DAC) donors and the BRIC countries.

\(^4\) For instance, the Arab countries were significant aid providers in the 1970s (Manning 2006; Woods 2008) – also Kuwait has been an aid provider since 1961 (ECOSOC 2008), or Brazil has been an active player for around half a century (Cabral and Weinstock 2010). Turkey has been providing financial resources since 1985 (MFA 2014).
In this study the terms of Woods (2008) are followed, accepting a wider definition of emerging donors. That is, we understand emerging countries – including Arab countries – as emerging donors. ‘Non-DAC donors’ and ‘emerging donors’ are used as synonyms. The present article does not deal with the aid activities of the Central and Eastern European countries, however, one can read more about them in Lightfoot (2008; 2010); Lightfoot and Szent-Iványi (2014); or Szent-Iványi and Tétényi (2013).

2.2. Additional resources and …? Opportunities for developing countries

Emerging donors may have significant effects on the effectiveness of international development cooperation. Regarding the financial resources, the share of non-DAC countries in development cooperation has been continuously increasing (Manning 2006). Emerging (non-DAC) donors who submit yearly reports to the OECD provided about 6,500 million USD in aid to developing countries in 2012 (OECD CRS 2014).\(^5\) The total amount is unambiguously higher if we take into consideration other countries not reporting to the OECD (for instance, China, India or Brazil). According to Smith et al.’s (2010) estimation: in 2008–2009 the aid flows from emerging donors were somewhere between 11,834 and 13,034 million USD (that is, around the double of the reported amount). However, there are large differences between the donors: for instance, Saudi Arabia reached the international target of 0.7 percent of its GNI spent on development cooperation, while other countries represent lower rates (ECOSOC 2008). Furthermore, in Arab countries the allocated aid does not grow in line with their growing GDP, since volatile oil prices result in volatile – allocable – revenues (Villanger 2007). Moreover, emerging donors provide more technical assistance than financial resources (ECOSOC 2008; Smith et al. 2010). Altogether, the growing financial resources available for the developing countries offer new opportunities, and countries which are not supported by traditional donors can gain a lot (Kragelund 2008). However, the opportunities for underdeveloped countries are provided by not only the growing financial resources, but also by the experiences these donor countries possess. There are some examples of using practices of the emerging donors in the recipient countries (ECOSOC 2008; Paulo and Reisen 2010). All these could result in higher aid effectiveness.

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\(^5\) Countries reporting to the DAC: Bulgaria, Chinese Taipei, Cyprus, Estonia, Hungary, Israel, Kuwait, Latvia, Liechtenstein, Lithuania, Malta, Romania, the Russian Federation, Saudi Arabia, Thailand, Turkey, the United Arab Emirates.
Aid effectiveness may be improved through the growing number of triangular – or trilateral – development cooperation in which emerging donors often participate (ECOSOC 2008). In this cooperation three partners take part: a bilateral donor or a multilateral agency provide financial resources to a developing country (emerging donor) to support the country’s development project in the recipient country. For instance, Brazil implements its health programs in the developing world mainly through triangular development cooperation: Brazil gives the technical expertise, while another bilateral or multilateral donor provides financial resources (Russo et al. 2013). Argentina, Chile, Tunisia and South Africa also participate in such programs with financial resources from – for instance – Sweden, Japan, Germany or Finland (ECOSOC 2008). At the same time, Germany has been seeking the potential for participating in trilateral cooperation with Turkey (Hausmann 2014). The rationale behind triangular cooperation is that the emerging donor being a developing country itself may understand the economic problems of the recipient country much better, which can facilitate the use of the available aid more effectively. This kind of activity is motivated also by the fact that this cooperation can be cost-effective, since emerging donors have lower costs (lower expert fees), on the one hand; and the language problems may be also mitigated (for instance, in the relations of Brazil and the Portuguese-speaking African countries).6

However, aid flows are highly influenced by the motivations of the donor countries. It is the same in case of the emerging donors whose motivations vary in a large spectrum (Rowlands 2008). For example, in case of China and India, development cooperation depends significantly on economic and political reasons. In case of China, political reasons are related to Taiwan and not to the quality of governance in recipient countries (as it is often the case with traditional donors): China tries to find allies that do not support Taiwan as an independent state. However, there are strong economic (mainly commercial) motivations, too, and Africa has become a special target area where China offers both technical and financial assistance in order to gain access to natural resources (Manning 2006; Naim 2007; ECOSOC 2008; Rowlands 2008; Smith et al. 2010; Dreher and Fuchs 2011; Jalata 2014). India follows a similar pattern: first, the country supported only its neighbours, but while growing, India turned to other countries as well to further its economic and political interests. As a result, empirical research of recent years proves that commercial interests have significant importance and geographically close countries are preferred in Indian aid allocation (Fuchs and Vadlamannati 2013).

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6 Regarding traditional donors, Japan is a good example of a country which takes an active part in triangular development cooperation: the Japanese International Cooperation Agency is one of the institutions participating from the beginning. See some details: http://www.jica.go.jp/english/news/opinion/2012/130301.html (Downloaded: 4 May 2014)
Its activity covers both technical and financial assistance, but financial support is mainly tied aid (ECOSOC 2008; Manning 2006; Rowlands 2008). On the contrary, Brazil aims to improve South–South cooperation and its own image abroad (Russo et al. 2013). South Africa as an emerging donor focuses on developing Africa; the country’s main interest is to promote good governance, democratization and regional integration on the continent. At the same time, economic – commercial – interests have become more important in the countries’ development cooperation. Altogether, South Africa tends to behave like any traditional donor, but the other countries mentioned as examples are entirely different, giving new opportunities for the poor countries: as a result of fewer policy-related conditions in comparison with traditional donors, emerging donors do not intervene in the internal affairs of the recipients (Smith et al. 2010; Cabral et al. 2014). Arab donors seem to follow their own commercial interest and also focus on spreading and supporting the Islam religion (Villanger 2007).

Besides the simple political, bilateral trade and investment interests (ECOSOC 2008; Kragelund 2008), emerging donors prefer their neighbouring countries, regardless of them being poor or not (Dreher et al. 2011). As a consequence, geographic allocation is very concentrated, for instance, the Arab donors mainly support other Arab countries, and neither poverty nor economic underdevelopment determines their aid allocation (Villanger 2007; Shushan and Marcoux 2011). The United Arab Emirates for example prefer the countries in the Middle East – more than 60 percent of their aid was allocated in this region (Smith 2011). Turkish development agencies provide aid mainly to Central Asian Turkic countries (Deniz 2011; Hausmann 2014; MFA 2014). Thailand also prefers its neighbouring countries, as Cambodia, Lao PDR, Vietnam, Myanmar and China are among the highly supported countries (TICA 2014). Furthermore, there is some evidence that emerging donors support countries which are underfinanced by traditional donors. For instance, there are signs that Turkey is shifting its attention to the least developed countries, admitting that it is not only a moral issue, but also a security one (MFA 2014). The common language seems to be a significant factor in aid allocation as well – for example, Brazil provides aid mainly to the Portuguese speaking African countries (ECOSOC 2008).

There is divergence between the emerging donors as to how much they accept international aid effectiveness standards. For example, Brazil refused to sign the Paris Declaration on Aid Effectiveness saying that it is a good framework for

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7 In case of tied aid, donor countries highly influence the way of spending aid in the recipient country (for example, imports from the donor country; or implementing projects determined by the donors).

8 At the same time, non-intervention can be considered as a way of intervention. Nevertheless, non-intervention does not pressure the country to change its own internal affairs.
North-South cooperation but not for the South-South cooperation (Cabral et al. 2014). However, Brazil – together with other emerging donors – has accepted the Busan Partnership for Effective Development Cooperation. Another sign is that Arab donors follow other priorities than the DAC countries: the Arab donors favour sectors which contribute to economic growth, while the DAC donors prefer social and humanitarian aid (Shushan and Marcoux 2011). However, the mission of the Thai international development agency is to orientate Thai development cooperation to the internationally accepted standards (TICA 2014). Turkey accepts the DAC-standards, but Turkey does not want to be bound closely to the OECD DAC (Hausmann 2014). Altogether, no convergence can be shown between the non-DAC and DAC donors, meaning that emerging donors are to follow their own targets and traditions (Walz and Ramachandran 2011).

2.3. Critics from the developed world

Although there are several advantages of aid flows from emerging donors, there is also a large amount of criticism raised by traditional donors. They are afraid that emerging donors would influence their aid activity in a bad way, resulting in lower effectiveness (Woods 2008). It is mainly due to the lower expectations of emerging donors and the conditions on which they offer aid; but increasing resources may also cause problems owing to the absorption capacity of recipients (Manning 2006; Kragelund 2010; Paulo and Reisen 2010). Moreover, it is feared that these countries provide assistance to unproductive sectors (Paulo and Reisen 2010). All these may lead to increasing debt burdens in the recipient countries (Woods 2008). Moreover, conditions more favourable at first sight may result in a paradox situation: recipient countries will substitute traditional aid tied to good governance criteria with aid from emerging donors which has fewer strings attached (Paulo and Reisen 2010), and recipient countries look at them as alternatives to traditional aid (Sato et al. 2011). However, aid from emerging donors is tied mainly not to political but to economic conditions (Kragelund 2008; 2010). Consequently, it is doubted whether we can speak of growing aid flows if some recipient countries decide to substitute aid from traditional donors to aid from emerging ones.

Further criticism refers to the lack of transparency (Shushan and Marcoux 2011). Bilateral donor activities of emerging donors often are not transparent,

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9 See the list of adhering countries: http://www.oecd.org/dac/effectiveness/busanadherents.htm
10 The case of Nigeria is a good example, as Naim (2007) details: Nigeria substituted loans from the World Bank for aid from China since no conditions to implement reforms were attached to the Chinese resources.
while multilateral ones are in a better situation. The reasons are inefficient data reporting and not reported transfers. As a result, there are no annual data available for most emerging donors, and these countries do not report data which traditional donors do (for instance, the extent of debt relief). Smith et al. (2010) add that only 19 non-DAC countries submit information about their donor activities to the DAC. The reasons why the others do not follow DAC guidelines are missing statistical systems and the fact that some emerging donors do not want to publish their activities in order to avoid the possible dissatisfaction of the public if the aid activity is less successful. Furthermore, emerging donors assume that if they accepted the ODA-concept that the DAC follows, they should follow the DAC principles, too; and they would not be independent from this organisation any more.

In some literature, the aid originating from emerging donors is referred to as rogue – or toxic – aid (Naim 2007; Paulo and Reisen 2010), as the resources are from non-democratic but wealthy states and provided in a non-transparent way (Naim 2007). However, Sato et al. (2011), for instance proved that Chinese aid contributed to Cambodia’s development, therefore it cannot be called rogue aid. Furthermore, it is thought that expanding the donor community results in a higher level of fragmentation in geographic and sectoral aspects (Easterly and Pfutze 2008; Kragelund 2008), which may lead to a paradox situation: the growing assistance means more plans and requirements to harmonize (Kragelund 2008). Paulo and Reisen (2010) determine another problem that the new donors may cause: the growing competition for natural resources, as emerging donors need more and more natural resources for their own development. They can get access to these from some recipient countries (mainly in Africa) as an exchange for their financial support. Although this may sound as a good solution since financial resources flow into the country, there is a real fear that this competition – if corruption exists and good governance is lacking – would not serve economic development of the recipient countries.

Furthermore, emerging donors are criticized because they do not pay attention to human rights in recipient countries – however, there is some evidence that this statement is not true (ECOSOC 2008). Since most emerging donors do not determine political conditions (for instance, democratization, good governance), autocratic systems seem to be supported further to a large extent. Easterly and Pfutze (2008) clearly declared that this was a great problem regarding aid effectiveness.

At the same time, in some concerns old and new donors do not differ from each other, as Dreher et al. (2011) proved in their study or Naim (2007) claimed in his article referring to the aid activity of the Soviet Union or that of the USA. Dreher et al. (2011) presented, for instance, that neither new, nor old donors favoured countries with a lower corruption level. This was also strengthened by Jalata’s study (2014) analysing the Chinese and Indian aid in Ethiopia.
Although there are several critical reviews and risks, authors (Nordtveit 2011; Sato et al. 2011; Jalata 2014) investigating the presence of emerging donors in developing countries from the point of view of certain recipients (Ethiopia, Cameroon and Cambodia) emphasize that the new aid flows could contribute to the development of these countries, so it is not fair to talk about the need to cut these flows. One must also take the trend of triangular development cooperation into consideration: this shows that some larger donors accept the presence of new donors (Kragelund 2010; Walz and Ramachandran 2011).

3. BEHAVIOUR OF EMERGING DONORS COMPARED TO DAC DONORS

In the analysis, at first the aid activities of the non-DAC donors are compared to the DAC donors as traditional donors. It is important to emphasize that the comparison is based on the data reported to the OECD DAC and available from the OECD CRS (2014) database. It is reasonable to use a single database instead of individual country reports and data since the term ‘aid’ is not the same among donors (Kragelund 2008). The compulsory elements of reporting to the DAC ensure to minimize the mistakes of over- or underestimations of aid flows. The reason for the incorrect data is that countries may not involve some flows into development cooperation, resulting in lower amounts. In line with it, some countries may define some activities as development cooperation, though they should not be considered as that (Smith et al. 2010). As a result, only official development assistance (ODA) is taken into consideration in this analysis.

Since the DAC donors also vary in allocating aid to recipient countries (for instance, the motivations are totally different in the case of the Nordic and the former colonial powers), the non-DAC countries were compared to the DAC-group itself, but also sub-groups of donors within the DAC. These groups were identified according to the features of the donor countries stated in Paragi et al. (2007), so the comparison was made between the Nordic donors (Denmark, Finland, Norway, Sweden), the non-European donors (the USA, Canada, Japan), and the former colonial powers (France, the Netherlands, Portugal, Spain, the United Kingdom). A simple method was used to calculate the aid flows of these groups: the aid amounts provided by each country in the group were aggregated. To handle the volatility of aid flows, the investigation was based on comparing averages of three years. These periods are 2004–2006 (period before the crisis), 2007–2009 (period

11 However, reporting to OECD DAC does not mean that the data provided comply exactly with reality: aid flows of non-DAC countries may also be underestimated because of their non-transparent aid activity (Paulo and Reisen 2010).
during the crisis), 2010–2012 (period after the crisis). 2012 was the closing year since it was the last year on which the database contained data. The logic of the comparison follows the analysis of geographic, income-based and sector-based aid allocations of ODA. In the case of sectoral analysis, only the third period was investigated, because there were no data available for earlier years. The aim of this comparison is to investigate whether there is a small group in the DAC to which the non-DAC donors follow similar activities.

3.1. Geographic, income-based and sector-based aid allocation

Emerging donors are said to support their neighbours, which is confirmed by their aid allocation data (Figure 1). Non-DAC donors provide aid mainly to Asian countries and less aid to Africa, but the difference is huge: about 80 percent of the ODA flows to Asia, while 13–15 percent to Africa. At the same time, the DAC countries provide almost the same share of their ODA to Asian and African recipients. However, in the smaller DAC-groups, Africa is the most preferred continent. At the same time, America has not been an important area for the non-DAC donors. As a comparison: the non-DAC countries provide 1.5 percent of the DAC aid to Africa, and 6 percent to Asia. Non-DAC donors’ aid flows are only 4 percent of the DAC donors’ aid amounts.

Non-DAC donors are criticized because their aid is allocated rather to higher income countries than to the really poor countries. This claim is strengthened by

Figure 1 Geographical distribution of ODA, 2004–2012 (percent of total ODA)

Source: own construction based on OECD CRS (2014) data.
statistical data (*Figure 2*): non-DAC donors highly support the lower and upper middle income countries and less aid is provided to the least developed countries. The difference is more spectacular in the first and third period. Half of their aid flows are provided to higher income countries while about 20 percent is sent to least developed countries. In the third period, less than half of the support given to LDCs is provided for LMICs.

![Figure 2 Distribution of ODA between income groups, 2004–2012 (percent of total ODA)](image)

*Note:* LDCs – least developed countries; OLICs – other low income countries; LMICs – lower middle income countries; UMICs – upper middle income countries.

*Source:* own construction based on OECD CRS (2014) data.

However, it is not only the non-DAC countries which should be criticized because they really do not support the countries most in need, but this is also true for the DAC-countries. In the first period they supported mainly the lower middle income countries rather than the least developed countries. While this trend has not turned in the case of non-DAC countries, it has changed in the case of DAC-countries. At the same time, the figure shows precisely that the Nordic countries allocate their aid mainly according to the level of income, and the least developed countries are the most preferred recipients.

Looking at the sectoral distribution of ODA, the non-DAC donors provide aid mainly to the economic infrastructure and services sector, reaching around two-fifths of their total aid (*Figure 3*). This sector covers transport and storage
(air, rail, road and water transport), communication, energy, banking and finance, and business services. These sub-sectors indicate that non-DAC donors support those sectors which contribute to economic production. This is followed by social infrastructure, commodity aid (such as food aid) – both of them reach around 20 percent of the allocated ODA. At the same time, the DAC countries and all the smaller DAC groups prefer the social infrastructure sector. This is in line with the Millennium Development Goals, since this sector covers the development of education, health care, family planning, government and civil society, as well as preventing conflicts.

![Diagram](image)

**Figure 3** Distribution of ODA among sectors, average of 2010–2012 (percent of total ODA)

*Note:* there was no data available for non-DAC’s action related to the debt sector.

*Source:* own construction based on OECD CRS (2014) data.

On the whole, the data were in line with the statements of the relevant literature: neighbouring countries are preferred; more aid is provided to higher income countries and less to the really poor ones; and it is the economic sector that is mainly supported. In the latter case, it can be claimed that financial resources from emerging donors may develop areas (e.g. improving transport facilities) which are not preferred by traditional donors. At the same time, no DAC-groups can be identified which have similar activities as the non-DAC donors. In some cases, the level of aid provided was similar but the tendency was not.
3.2. Israel, Kuwait, Thailand, Turkey and the United Arab Emirates as examples

Although the non-DAC countries are worth analysing as a group, the group averages may cover individual tendencies. As these donors are very heterogeneous regarding the volume, motivation and preference of aid flows, the present paper also analyses some donors more in detail. Countries were selected which
- are not located in Central and Eastern Europe;
- regularly report to the OECD DAC; and
- have data for a relatively long period in the database (for instance, Russia is left out because the country has been reporting to DAC only since 2010).

Considering all these, five emerging donors (Israel, Kuwait, Turkey, Thailand and the United Arab Emirates) were selected to investigate their development cooperation separately, trying to answer the questions whether the neighbouring countries are preferred as target countries by the emerging donors and whether the income level of the recipient countries influences their aid allocation behaviour.

3.2.1. Methodological issues

For this analysis, a large sample of recipient countries was created. The data were taken from the OECD’s Creditor Reporting System, which contained aid data of more than 180 countries. However, some of them did not receive aid from the selected donor countries, so they were left out from the analysis. Finally, the sample contained 122 developing countries. Aid data for the years of 2007–2012 were collected, though this period was divided into two parts and three-year averages were calculated (as suggested in Berthelemy et al. 2009): the averages of 2007–2009 presented the aid flows during the crisis, while the second period (2010–2012) provided data for the period after the crisis.

The analysis contained hypothesis tests and correlation analysis. Besides the aid variable, other indicators were involved as follows:
- Disbursed aid of the selected donor countries provided to the sample countries. The data are from the OECD CRS (OECD CRS 2014).
- GDP per capita of the recipient countries reflect whether the income situation of the recipient country influences the aid provided to them. The GDP data are lagged by one year compared to the disbursed aid, with the assumption that earlier economic performance determines the amount of aid. The data are collected from the World Development Indicators (World Bank 2014a).
Distance of the recipient countries from the donor countries. It is a proxy indicator for neighbouring countries. Data are collected from the CEPII database (Mayer and Zignago 2011). According to the database, it is an orthodromic or great circle distance. It is “the shortest distance between points $x$ and $y$ on the surface of the Earth measured along a path on the Earth’s surface” (Deza and Deza 2012: 465).

Income groups as a grouping variable. The recipient countries were classified into income groups (low income, lower middle income, upper middle income) according to their GNI per capita. The basis of the ranking is the World Bank classification (World Bank 2014b).

Geographical classification of the recipient countries. According to the World Bank (2014b) the countries were categorized into six regional groups: Europe and Central Asia, Middle East and North Africa, Sub-Saharan Africa, Latin America and the Caribbean, East Asia and the Pacific, and South Asia.

Correlation analysis is conducted between the metric variables (distance, GDP, aid), while non-parametric (hypothesis) tests are used for analysing the statistical connection between the metric (disbursed aid) and non-metric variables (geographic classification, income groups).

3.2.2. Results of the statistical analysis

Although it is said that emerging donors pay more attention to countries with higher income levels, the statistical analysis does not justify this hypothesis (Table 2). The results indicate that Kuwait and the United Arab Emirates provided significantly more aid to countries with lower GDP levels, but only in the second investigated period. However, it must be noted that the correlation is weak in both cases. In any other case, there is no significant correlation between the provided aid and the recipient countries’ GDP per capita, which means that the selected aid providers do not offer aid according to the income level of the recipient country. At the same time, this result does not strengthen the claim that high income countries receive more aid than lower income countries; it simply indicates that the selected donors allocate their aid independently from the recipients’ GDP level.

It is also claimed that emerging donors favour their neighbouring countries while providing aid. To test this, the influence of the distance from the donor country on the aid amount was analyzed (Table 3). The results suggest that distance does not influence – significantly – the amount of aid, only in the case of Turkey (in both periods). As the correlation is negative, Turkey allocates less aid
Table 2
Correlations with the GDP per capita

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Aid from Israel</td>
<td>Pearson Correlation</td>
<td>0.009</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>0.918</td>
</tr>
<tr>
<td>Aid from Kuwait</td>
<td>Pearson Correlation</td>
<td>–0.160</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>0.078</td>
</tr>
<tr>
<td>Aid from Turkey</td>
<td>Pearson Correlation</td>
<td>–0.158</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>0.082</td>
</tr>
<tr>
<td>Aid from Thailand</td>
<td>Pearson Correlation</td>
<td>–0.093</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>0.310</td>
</tr>
<tr>
<td>Aid from the United Arab Emirates</td>
<td>Pearson Correlation</td>
<td>–0.156</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>0.087</td>
</tr>
</tbody>
</table>

Source: own calculations.

Table 3
Correlations with the distance

<table>
<thead>
<tr>
<th></th>
<th>Distance from donor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aid from Israel</td>
<td>Pearson Correlation</td>
</tr>
<tr>
<td>(period 1)</td>
<td>Sig. (2-tailed)</td>
</tr>
<tr>
<td>Aid from Israel</td>
<td>Pearson Correlation</td>
</tr>
<tr>
<td>(period 2)</td>
<td>Sig. (2-tailed)</td>
</tr>
<tr>
<td>Aid from Kuwait</td>
<td>Pearson Correlation</td>
</tr>
<tr>
<td>(period 1)</td>
<td>Sig. (2-tailed)</td>
</tr>
<tr>
<td>Aid from Kuwait</td>
<td>Pearson Correlation</td>
</tr>
<tr>
<td>(period 2)</td>
<td>Sig. (2-tailed)</td>
</tr>
<tr>
<td>Aid from Turkey</td>
<td>Pearson Correlation</td>
</tr>
<tr>
<td>(period 1)</td>
<td>Sig. (2-tailed)</td>
</tr>
<tr>
<td>Aid from Turkey</td>
<td>Pearson Correlation</td>
</tr>
<tr>
<td>(period 2)</td>
<td>Sig. (2-tailed)</td>
</tr>
<tr>
<td>Aid from Thailand</td>
<td>Pearson Correlation</td>
</tr>
<tr>
<td>(period 1)</td>
<td>Sig. (2-tailed)</td>
</tr>
<tr>
<td>Aid from Thailand</td>
<td>Pearson Correlation</td>
</tr>
<tr>
<td>(period 2)</td>
<td>Sig. (2-tailed)</td>
</tr>
<tr>
<td>Aid from the UAE</td>
<td>Pearson Correlation</td>
</tr>
<tr>
<td>(period 1)</td>
<td>Sig. (2-tailed)</td>
</tr>
<tr>
<td>Aid from the UAE</td>
<td>Pearson Correlation</td>
</tr>
<tr>
<td>(period 2)</td>
<td>Sig. (2-tailed)</td>
</tr>
</tbody>
</table>

Source: own calculations.
to countries which are farther from Turkey: the farther the country is from Turkey, the less aid it may expect from Turkey. The same is the case with the United Arab Emirates, though it is true only for the crisis-period. In the remaining cases, distance does not show significant correlation with the provided aid, showing that distance is not the only factor determining aid allocation.

The next step in the analysis is to determine whether there is significant difference between the different groups while they are receiving aid from the selected five donors (Table 4). Firstly, it was analysed whether there is significant difference between the two periods regarding the aid amounts. Although the first period (2007–2009) covers the crisis years, no significant difference in disbursed aid volumes was found compared to the second period (2010–2012). The only exemption is the United Arab Emirates – the reason for this may be the increasing oil prices, resulting in higher income in the country. Regarding the geographic allocations, the results are very impressive: all donors in both periods realize their own aid allocation taking the geographic location into consideration. All these mean, that the donors provide significantly more aid to some areas than to others. At the same time, the income groups do not show similar results (and this is in line with the results of the correlations of the GDP per capita). Only the United Arab Emirates (in the second period) and Kuwait (in the first period) allocated their aid in a significantly different way among the income groups. In other cases, this is not a feature.

To summarize the results, it can be stated that the selected new donors – regarding their aid allocation – pay more attention to geographic issues than to the income groups. This means that these countries would not support the needy – poor

Table 4
Results of the hypothesis tests

<table>
<thead>
<tr>
<th>Aid from</th>
<th>Sig. (income groupings)</th>
<th>Sig. (geography)</th>
<th>Sig. (two periods)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aid from Israel (period 1)</td>
<td>0.789</td>
<td>0.000</td>
<td>0.785</td>
</tr>
<tr>
<td>Aid from Israel (period 2)</td>
<td>0.929</td>
<td>0.000</td>
<td></td>
</tr>
<tr>
<td>Aid from Kuwait (period 1)</td>
<td>0.018</td>
<td>0.013</td>
<td>0.970</td>
</tr>
<tr>
<td>Aid from Kuwait (period 2)</td>
<td>0.082</td>
<td>0.000</td>
<td></td>
</tr>
<tr>
<td>Aid from Turkey (period 1)</td>
<td>0.098</td>
<td>0.000</td>
<td>0.427</td>
</tr>
<tr>
<td>Aid from Turkey (period 2)</td>
<td>0.106</td>
<td>0.000</td>
<td></td>
</tr>
<tr>
<td>Aid from Thailand (period 1)</td>
<td>0.641</td>
<td>0.000</td>
<td>0.105</td>
</tr>
<tr>
<td>Aid from Thailand (period 2)</td>
<td>0.288</td>
<td>0.000</td>
<td></td>
</tr>
<tr>
<td>Aid from the UAE (period 1)</td>
<td>0.07</td>
<td>0.000</td>
<td>0.007</td>
</tr>
<tr>
<td>Aid from the UAE (period 2)</td>
<td>0.005</td>
<td>0.002</td>
<td></td>
</tr>
</tbody>
</table>

Source: own calculations.
or least developed – countries in significantly higher extent than the less needy countries, but they provide similar amounts to them. It is also not proven in a large scale that the neighbouring countries would be the dominant recipients of the emerging donors’ aid.

However, correlation analysis proves only whether two or more indicators move together but does not answer the question what is the cause and what is the effect. This connection can be statistically investigated by regression analysis which will be conducted in a further analysis of emerging donors.

4. CONCLUSIONS

The aim of the paper was to investigate the behaviour of emerging donors, and to answer the question whether the new financial resources are substitutes or complements of existing aid provided by traditional donors. Altogether, emerging donors bring several new things into international development cooperation which may contribute to higher effectiveness. On the one hand, triangular development cooperation may be a good example where developed and emerging donors work together. On the other hand, in some cases, emerging donors offer aid to countries which are underfinanced by traditional donors. Looking at these facts, it can be stated that aid from emerging donors complement other aid flows and also share their experiences.

At the same time, many risks need to be taken into consideration. For example, the fewer conditions on which emerging donors offer aid may hinder the development progress the developed countries have reached so far through the development cooperation. It is also a great fear that countries in need would substitute traditional aid for aid from emerging countries due to more favourable conditions (or at least, at first sight favourable), resulting in lower financial resources in the country and less attempts to take steps for further development. This process may also lead to a growth in debt in the recipient countries.

Comparing the DAC (and smaller DAC-groups) and non-DAC donors reveals several similarities and the same number of differences. Furthermore, the correlation analysis and the hypothesis test have not strengthened that the income level or the proximity may determine aid allocation of the selected emerging donors. Altogether, there are features of emerging donors which may cause significant changes in international development cooperation. In order that it goes into the direction of efficiency, the international community needs to cooperate, and developed and emerging donors need to learn from each other. A favourable step seems to be the acceptance of the Busan Partnership for Effective Development Cooperation by both developed and emerging donors.
REFERENCES


