

# **Bilateral Official Development Assistance: Impact of the Global Financial Crisis of 2008-2009**

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# Methodology

1. 33 donors and 142 recipients;
2. Periods: 2000 – 2016, split into two subperiods: 2000-09  
and 2010-16;
3. Total number of observations = 35,615;
4. Five groups of donors by the motive of ODA allocation.

# Donor Groups by the Motive of ODA Allocation

Group	Country	Sum of group ODA, bln. USD
« Altruists »	Canada, Denmark, Finland, Ireland, Iceland, Italy, Luxembourg, Netherlands, Norway, Sweden, Switzerland	26.4
Donors driven by commercial interest	<b>Germany, Japan,</b> Latvia, Poland, Slovenia	11.1
«Politicians»: assistance to neighboring nations	Australia, Austria, Czech Republic, Estonia, Greece, Israel, Korea, Kuwait, New Zealand, Thailand, Turkey	21.3
«Politicians»: assistance to their former colonies	Belgium, <b>France,</b> Portugal, Spain, <b>UK</b>	34.5
«Politicians»: assistance to military allies	China, OAE, <b>USA</b>	38.7
Incl. USA		34.4

# Development Finance after 2008-2009: Attention to Recipient Needs

- Limited role of ODA, but important for many countries;
- The absence of strong negative dynamics of aid in the first years following the recession (contrary to the past);
- The share of the LDCs among ODA recipients grew from 34% in 2000-09 to 44% in 2010-16;
- **But!** Within a group of low-income countries, all other things being equal assistance is sent to countries with higher GDP per capita.

# Development Finance after 2008: Importance of Donor Interests-1

- Post-crisis model differs from the model before crisis in stronger-pronounced differences between donor groups and closer attention of donors to their own interests;
- The share of ODA expenses which de facto did not reach the recipient increased from 8% in 2000-09 to 11% in 2010-16;

# Development Finance after 2008: Importance of Donor Interests-2

- *“altruists”* - more assistance to recipients with lower GDP per capita;
- *Donors driven by commercial interests* - more assistance to their trading partners and less assistance to recipients with low GDP per capita;
- *“politicians” which provide assistance to neighboring counties* - more attention to recipients located closer to them;
- *metropolises* - more assistance to their former colonies and less assistance to recipients with low GDP per capita;
- *“politicians” which provide assistance to their allies* - focused on assisting their arms purchasers and provided less assistance to recipients with low GDP per capita.

# Development Finance after 2008: No Reference to Recipient Merits

- The development of democratic institutions and the observance of human rights are either insignificant or have a negative impact on ODA allocation in the regressions.

Thank you!