



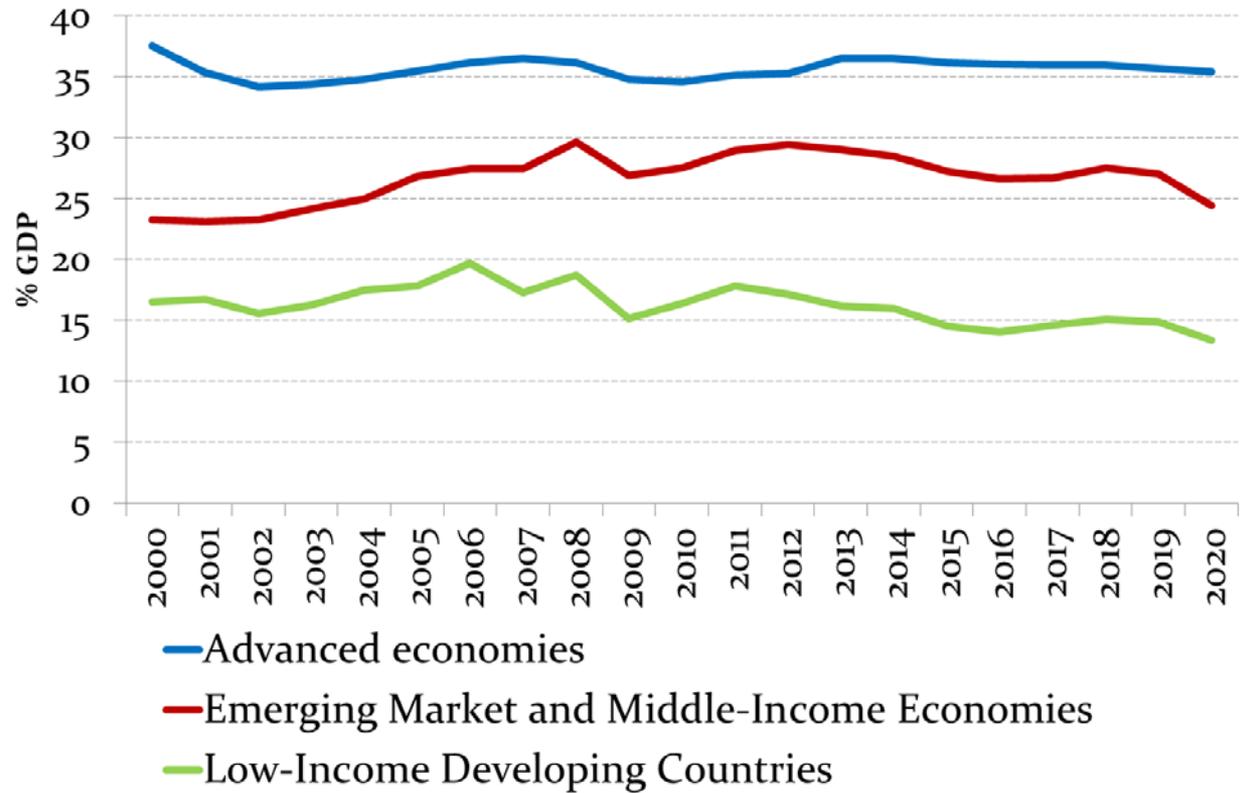
# Financing for Development: the Case of BRICS

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# Internal source of financing for development

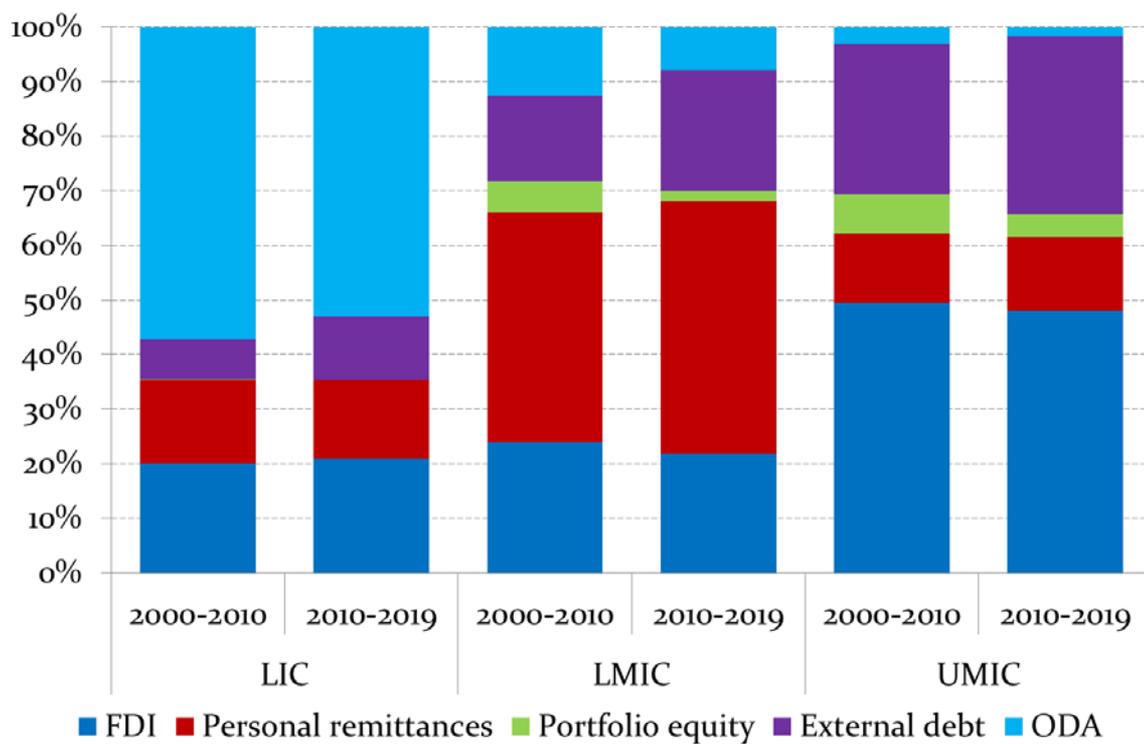


## Tax revenues

Is the main internal source for financing for development, although lower in emerging economies



Fell in 2020 in all country groups



# External sources of financing for development



- ✔ **Official development aid (ODA)** is the main external source for financing for development in low-income countries
- ✔ It plays a smaller role in other emerging countries, although differs by country

# What is ODA? Official definition



finances provided to recipient countries by official agencies, including state and local governments, or by their executive agencies, and each transaction of which:

- ✓ is administered with the promotion of the economic development and welfare of developing countries as its main objective;
- ✓ is concessional in character, which implies a grant element of at least:
  - 45% (bilateral loans, LDCs, rate of discount - 9%) ;
  - 15% (bilateral loans, LMICs, rate of discount - 7%);
  - 10% (bilateral loans, UMICs, rate of discount - 6%);
  - 10% (multilateral institutions, rate of discount - 5% for global institutions and multilateral development banks, 6% for other organisations).

2015 2016 2017 2018 2019

## ODA net inflows by country, bln USD

Brazil	1.0	0.7	0.3	0.5	0.3
China	-0.3	-0.8	-1.0	-0.7	-0.7
India	3.2	2.7	3.2	2.5	2.6
South Africa	1.4	1.2	1.0	0.9	1.0
All developing	146.7	158.8	165.1	167.6	163.5



**As recipients BRICS are rather small**  
In China repayments exceed new inflows

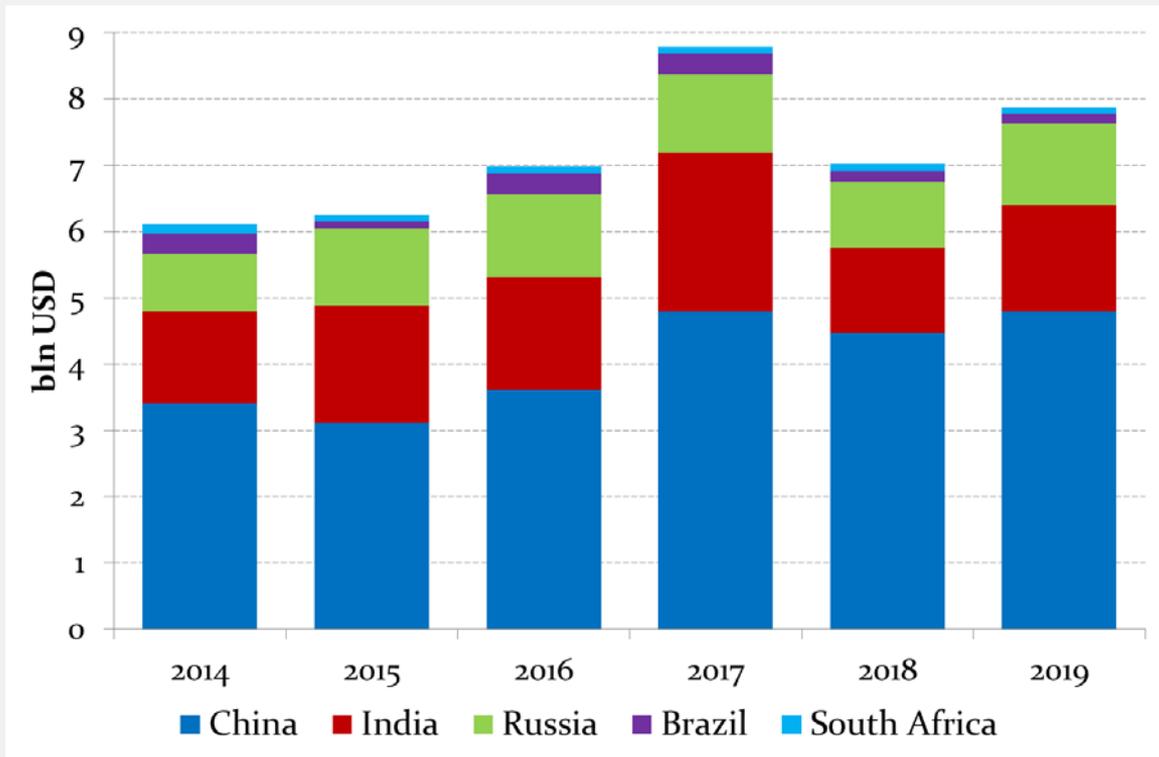


**Only in South Africa and India**  
share of ODA exceeds 1% of external inflows  
(direct and portfolio equity, debt, remittances).  
In India this share floats around 2%, in South  
Africa averages 8% in 2015-2019

## BRICS as aid recipients



# BRICS as donor countries



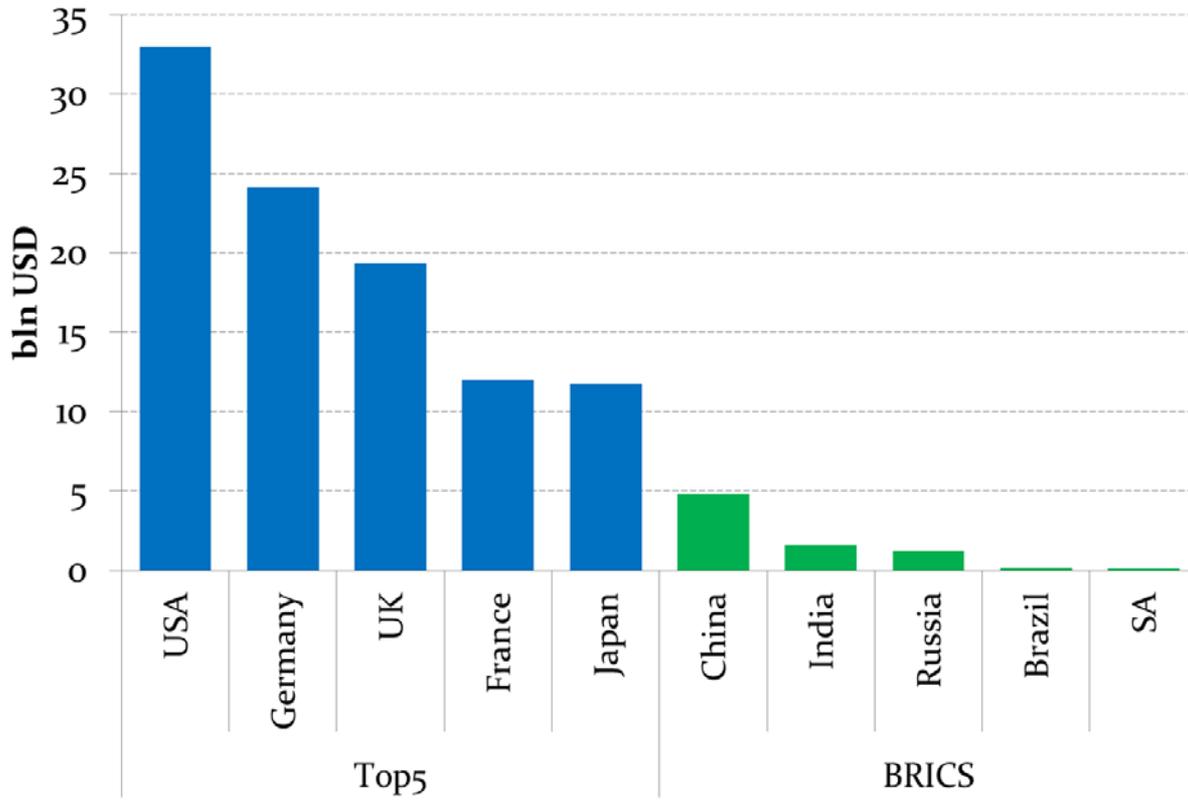
**China is the largest BRICS donor**

And Brazil mostly provides only technical assistance



**ODA in BRICS does not reach OECD 0.7% of GNI goal**

Although most OECD donors also have a lower ratio



**BRICS are only emerging as global players in development assistance**



**Top-5 donors significantly outperform BRICS**  
 Although in 2020 BRICS showed a fast response and readiness to increase amount of aid

## Development Assistance Committee (DAC)

Large volumes of aid, but only by the top 5 donors

Main sector: humanitarian aid and governance

Asia as a main region

Conditionality

## BRICS as donors

Small volumes of aid, although increasing

Main sector: Infrastructure

Africa as a main region

Tied aid

# Differences between DAC and BRICS donors



## Differences between BRICS and DAC

Mostly lie in the field of conditionality and sectors, although traditional conditions are not always observed