

CHAPTER IV

DISTRIBUTION OF ASSISTANCE TO RECIPIENT COUNTRIES

Net receipts of ODA by Commonwealth countries in 1973 from the four major Commonwealth donors are shown in Table 15. It would appear that a large number of Commonwealth countries, particularly in Asia and Africa, suffered significant declines in their ODA receipts from Commonwealth donors. The significance of these reductions for individual countries will, however, depend upon the size and pattern of the total aid received by them from all sources, and particularly upon the degree of their dependence on aid from Commonwealth donors. It should also be noted that, because of major price rises, increases in aid in real terms are less than they appear, and decreases more.

Per Capita Receipts

Table 21 shows receipts by Commonwealth developing countries in 1971 and 1972 (average) of bilateral ODA from Britain, Canada, Australia and other DAC countries, together with the receipts of loans and grants from multilateral agencies.

The countries are ranked in descending order of population size. The figures show the familiar phenomenon that the largest per capita amounts tend to go to the smaller countries, many of which are political dependencies. India, with its large population, received only \$ 1.5 per head (net disbursements) from all sources. Countries with population between 2 million and 15 million typically received around \$ 6 per head. Papua New Guinea is a notable exception, receiving \$ 70 per head, most of it from Australia. Countries between one-third of a million and 2 million typically received between \$ 10 and \$ 20 per head. For some of the smaller countries, per capita receipts were very much larger. In assessing the figures, it has to be remembered that a single large capital project may yield a very high per capita figure for a very small country.

Sources of Aid

For the Commonwealth countries as a group, 36 per cent of net disbursements in 1971-1972 were bilateral flows from Commonwealth countries, 44 per cent were bilateral flows from other DAC countries and 20 per cent came through multilateral agencies. For new commitments, the figures were 29 per cent Commonwealth bilateral, 40 per cent other DAC bilateral and 31 per cent multilateral. As might be expected, the larger Commonwealth countries tend to receive assistance from a diversified range of sources, while several of the smaller countries receive the whole or the greatest part of their assistance bilaterally from Commonwealth countries, and often from a single country (Table 21, columns (ix)-(xii)).

About 75 per cent of Commonwealth bilateral ODA (disbursements and commitments) went to Commonwealth recipients. About 17 per cent of bilateral aid from non-Commonwealth DAC countries went to Commonwealth recipients. But, because of the greater total weight of non-Commonwealth DAC countries (in terms of GNP and total size of aid programmes), Commonwealth countries received, as a group, rather more bilateral aid from

non-Commonwealth DAC members as from Commonwealth countries (Table 22). On average, Commonwealth countries (excluding India) received about as much bilateral aid per head of population as did non-Commonwealth countries.

On the other hand, on average, Commonwealth countries received less per head of population from multilateral agencies than did non-Commonwealth countries. If India is left out of the reckoning, because of its huge size and relatively small per capita receipts of aid, Commonwealth countries account for 19 per cent of the total population of countries classified by DAC as "developing", and for 33 per cent of population of countries with per capita GNP of less than \$ 200. By comparison, the percentages of net disbursements and new commitments from various multilateral agencies going to Commonwealth countries (other than India) in 1971-72 (average) were:

	<u>Disbursements (net)</u> ^a		<u>Commitments</u> ^a	
	Average Annual Amount (\$ million)	Of which to Commonwealth (per cent)	Average Annual Amount (\$ million)	Of which to Commonwealth (per cent)
IBRD	704.5	18	1,831.5	14
IDA	166.4	22	413.2	26
IFC	43.8	8	114.3	3.5
UNDP	285.3	16	540.2	15 ^b
Inter-American Development Bank ^c	134.7	1.9	698.6	2.4
Asian Development Bank ^c	45.0	20	297.6	27
African Development Bank ^c	d	e	26.3	33
European Development Fund ^c	217.0	4.6	273.7	3.4
European Investment Bank ^c	29.4	-	23.2	-

^a As stated in the text, India, with its large population and small per capita receipts, is omitted from all figures.

^b All UN programmes.

^c The pattern for these agencies is, of course, influenced by the number of Commonwealth countries (if any) eligible to borrow from them.

^d Negative.

^e Net disbursements positive to Commonwealth countries, negative to all other borrowers as a group.

Source: OECD (DAC)

Net ODA Receipts from Commonwealth Donors

Commonwealth developing countries received net disbursements totalling \$ 757.5 million from the Commonwealth DAC countries ¹ in 1973, as against \$ 787.2 million in 1972. In geographical terms, this sum was distributed as follows:

Area	U.S. \$ Million					
	Grants ^a		Loans ^b		Total ^b	
	1972	1973	1972	1973	1972	1973
Africa	170.5	118.5	-1.2	40.4	169.3	158.9
America	43.5	44.5	18.6	12.8	52.1	57.3
Asia	95.9	94.5	202.4	166.1	298.3	260.6
Oceania	216.9	234.7	13.3	4.7	230.2	239.4
Europe	11.3	16.7	1.9	1.1	13.2	17.8
Unspecified	45.8	38.3	-31.8	-14.8	14.0	23.5
Total	584.2	547.2	203.0	210.3	787.2	757.5

a Including technical assistance expenditure.

b Net of amortization.

The fall in net disbursements to Commonwealth countries in Africa, America, and Asia was not fully offset by the increase in flow to Oceania and Europe. Virtually the entire decline in grants was accounted for by Africa, with Kenya and Uganda receiving respectively 65.7 per cent and 79.7 per cent less grants than in 1972. With the exception of Bangladesh, Mauritius, Tanzania and Zambia, reductions in gross loan disbursements were fairly widespread and, with amortization amounting to \$ 101.3 million, total net loan disbursements increased by 3.6 per cent.

Among the African countries, the most significant decreases in net disbursements by Commonwealth donors were in Botswana where receipts fell from \$ 23.4 million to \$ 16.2 million or 30.7 per cent, in Ghana, from \$ 15.6 million to \$ 11.0 million or 29.5 per cent; in Malawi, from \$ 19.5 million to \$ 15.8 million or 18.9 per cent; and in Uganda, from \$ 9.8 million to \$ 2.8 million or 71.3 per cent. These reductions were largely accounted by smaller loan disbursements (net). For Uganda, however, both grants and loans were substantially reduced. Those African countries to which net disbursements increased significantly were Swaziland from \$ 2.4 million to \$ 4.9 million, 104 per cent; Mauritius from \$ 2.7 million to \$ 4.3 million, an increase of 59.2 per cent; Tanzania from \$ 9.0 million to \$ 13.3 million or 47.8 per cent and Zambia, from \$ 11.6 million to \$ 16.2 million or 39.6 per cent. Apart from Zambia

1. Britain, Canada, Australia and New Zealand.

where grant disbursements rose from \$ 11.8 million to \$ 22.3 million, other increases were largely due to higher loan disbursements.

Among the American countries, the decline in net disbursements was sharp in Jamaica, where the amount received was \$ 7.6 million in 1973 as against \$ 9.3 million in 1972, and in Trinidad and Tobago where net disbursements fell from \$ 1.6 million in 1972 to \$ 0.9 million in 1973. For Jamaica, the reduction in gross loan disbursements was accompanied by a substantial increase in amortization payments. The Associated States received \$ 23.7 million in 1973 as against \$ 25.1 million in 1972, a decline of 5.6 per cent. Disbursements to Belize, on the other hand, increased from \$ 3.0 million to \$ 4.1 million, 36.6 per cent. Disbursements to Guyana also fell sharply from \$ 5.3 million in 1972 to \$ 2.3 million in 1973, mainly as a result of smaller loan disbursements.

Where the Commonwealth Asian developing countries are concerned, significant decreases were recorded in India, from \$ 181.9 million in 1972 to \$ 145.9 million in 1973 (19.8 per cent), Sri Lanka from \$ 17.2 million to \$ 11.0 million (36.0 per cent) and Malaysia from \$ 20.8 million to \$ 15.9 million (23.5 per cent). These three countries all suffered substantial reductions in loan disbursements from Commonwealth donors. In the case of India this was accompanied by a decline in grant disbursements also, while in Sri Lanka and Malaysia, the reductions were partially offset by increases in grant receipts. The only sharp increase in net disbursements was to Bangladesh, where they rose from \$ 43.4 million to \$ 66.3 million, an increase of 53.1 per cent. Grants to Bangladesh increased from \$ 37.9 million in 1972 to \$ 51.8 million in 1973 and net loan disbursements more than doubled to \$ 14.4 million.

Most of the Commonwealth assistance going to Commonwealth countries in Oceania is provided in the form of grants, with the Australian grants to Papua New Guinea accounting for 80.7 per cent of total Commonwealth disbursements (net) in that region. Nearly all countries in Oceania received larger grant disbursements in 1973 than in 1972. This was especially so in the case of Fiji, from \$ 5.8 million in 1972 to \$ 11.6 million (200 per cent) in 1973, New Hebrides from \$ 5.0 million to \$ 7.0 million (40.0 per cent) and the Gilbert and Ellice Islands from \$ 4.0 million to \$ 5.9 million (47.5 per cent). There was, however, a sharp decrease in loans to Papua New Guinea from \$ 10.7 million in 1972 to \$ 3.1 million in 1973. Grants to the Commonwealth countries in Europe, which account for nearly 94 per cent of total Commonwealth net disbursements in those countries, also increased significantly, with the increase being distributed almost entirely between Gibraltar, from \$ 3.8 million in 1972 to \$ 5.4 million (42.1 per cent) in 1973, and Malta, from \$ 7.1 million in 1972 to \$ 10.9 million (53.5 per cent) in 1973.

ODA Commitments for Commonwealth Developing Countries

ODA commitments from Commonwealth donors amounted to \$ 1,007.3 million in 1973 as compared with \$ 1,003.3 million in 1972.

This was allocated between the Commonwealth developing countries in different regions as follows:

<u>Area</u>	<u>US \$ million</u>	
	<u>1972</u>	<u>1973</u>
Africa	279.9	288.1
America	67.7	83.0
Asia	339.4	295.4
Oceania	226.6	298.5
Europe	88.2	2.1
Unspecified	1.6	40.3
	<u>1,003.3</u>	<u>1,007.3</u>

Commonwealth commitments for the developing countries in the Commonwealth are shown in Table 20. In considering the year to year changes for individual countries, it should be borne in mind that the commencement or termination of exceptionally large projects, particularly in small countries, could result in marked changes in commitments, as well as in disbursements, without necessarily reflecting any basic policy changes in either donor or recipient countries. A number of countries which had received larger net disbursements in 1973 than in 1972 also obtained marked increases in commitments. These included Mauritius, Tanzania and Zambia. At the same time, significant increases in commitments were recorded for certain other countries e.g. Botswana, Ghana, Guyana, Lesotho and Sri Lanka, where the disbursements had fallen in 1973 compared with the previous year. On the other hand, the decreases in net disbursements in 1973 were accompanied by reduced commitments for India, Jamaica, Kenya and Malawi. Commitments by the Commonwealth donors as a group to Bangladesh in 1973 fell by nearly 20 per cent, although it had received substantially increased disbursements in that year. Other developments in 1973 included sharp reductions in British aid commitments to Malta and Gibraltar. Canada accounted for most of the increase in commitments to Barbados which rose overall from \$ 1.1 million in 1972 to \$ 16.2 million in 1973. Australian commitments to Papua New Guinea also increased significantly from \$ 183.7 million in 1972 to \$ 254.4 million in 1973.

Purposes of assistance

While the distribution of aid between recipient countries is likely to be affected by policy changes in both the aid-providing and aid-receiving countries, the distribution of aid between sectors and purposes within a recipient country is, perhaps, more likely to be influenced by policies and circumstances of that recipient. Figures for aid flows by sectors to Commonwealth developing countries are available only for Britain and New Zealand, and these are given in Tables 25-34. But, it is difficult to assess how far aid provided to a particular country is in line with the priorities of that country on the basis of aid figures for only one or two donor countries, as recipient countries might be obtaining assistance for different purposes from alternative sources or domestic financing might be concentrated in some sectors rather than others. It may be noted however, that for some countries, e.g. Bangladesh, India and Sri Lanka,

which were facing serious foreign exchange difficulties, non-project financing for essential imports figured prominently in British aid to these countries, while budgetary support was important in a number of dependencies and Associated States.

Technical assistance

Commonwealth expenditure on technical assistance¹ (excluding Australian technical assistance to Papua New Guinea) rose from \$ 148.4 million in 1972 to \$ 169.6 million in 1973. As the value of technical assistance from Australia to Papua New Guinea was identified as such for the first time in 1973, the recorded total for 1973 was \$ 257.2 million.

The geographical distribution was as follows:

<u>Area</u>	<u>\$ million</u>	
	<u>1972</u>	<u>1973</u>
Africa	71.9	84.9
America	13.0	11.9
Asia	14.4	19.1
Oceania ^a	11.0	13.6
Europe	0.7	0.8
Unspecified	<u>37.4</u>	<u>39.5</u>
Total excluding Papua New Guinea	<u>148.4</u>	<u>169.6</u>
Total including Papua New Guinea		<u>257.2</u>

a. Excluding Australian figure for Papua New Guinea.

While the rate of increase in technical assistance expenditure² (at current prices) was somewhat bigger than in total net disbursements, the distribution of technical assistance between recipient countries was not markedly different from that in 1972. A large part of the increase in technical assistance expenditure was accounted for by only two countries - Nigeria, from \$ 8.4 million in 1972 to \$ 15.0 million in 1973 and Malaysia, from \$ 5.5 million to \$ 8.2 million - with the rest going in small amounts to a number of other countries.

1. Bilateral technical assistance from Australia, Canada, Britain and New Zealand.

2. Excluding Papua New Guinea.

The nominal increase in intra-Commonwealth technical assistance expenditure (excluding that in Papua New Guinea) seemed to have been more than offset by the increase in prices as the number (and the estimated man-months) of experts and advisers, including educational personnel, showed a considerable decrease which would not have been compensated by modest increases in students and trainees. The declining trend in recent years in the number of advisers and experts was particularly noticeable in Africa which received 1,695 persons fewer in 1973 than in the previous year.

In 1973, teachers accounted for 32 per cent of the total number of experts (44 per cent in Africa) financed bilaterally by the four major aid-providing Commonwealth countries in the developing countries of the Commonwealth (including Papua New Guinea). Primary and secondary school teachers were more than half the number of educational personnel, though the relative share of those at the university and higher technical educational levels has been growing in recent years. Operational personnel which constitutes the largest single category in most areas, were largely concentrated in public administration and public utilities, followed by agriculture and health services. Economic planning and trade were also prominent in operational personnel in Africa, while those in social services and industry were mainly accounted for by Oceania. Health services constituted the single largest field of work for operational personnel in Commonwealth America. The distribution of operational personnel by their field of work in the recipient countries is shown in Table 42, while the number of trainees and students by fields of study are given in Tables 44 and 46.