From Recipients to Donors: Changing Sources of Finance

Serge Devieux
International Finance Corporation (IFC)
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From Recipients to “New Development Partners”: Asia Pacific

- Is “donor” still the right term? Suggestion: “New Development Partners”
- Asia: World’s economic powerhouse - seeing several countries graduated from international aid programs.

New development partners: China, India and more...

Japan: graduated in 1966

Republic of Korea: graduated in 1994
Changes in Source of Finance in International Development

Evolution of source of finance around the Globe

Net ODA Received (current US$, million)

- Share of official development assistance (ODA) to MICs has declined relative to global ODA and relative to their national income.

- Emergence of new development partners, notably BRICS, as dynamic growth poles and sources of finance.

- New development partners bring additional resources, innovation and learning.

Evolution of source of finance around the Globe

Estimated Aid from BRICS, 2003-2009 (US$ billion)

Source: World Bank Database
Ensure Quality of South-South Investments

- Environmental and Social Impact
- Labor and Working Conditions
- Resource Efficiency and Pollution Prevention
- Community Health, Safety and Security
- Land Acquisition and Involuntary Resettlement
- Biodiversity Conservation
- Indigenous Peoples
- Cultural Heritage
How Many Banks in Emerging Asia have signed on to the Equator Principles?
Korea: A Success Story

Korea has an unique history of rising from a recipient to a donor country. A critical success factor was Korea’s openness to drawing macroeconomic and sector advice from international organizations.

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<tr>
<th>From a Recipient</th>
<th>To a Donor</th>
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<td><strong>1950s</strong></td>
<td>- Became a member of World Bank Group (WBG) in 1955;</td>
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<td>- Started receiving assistance from WBG with a focus on agriculture, transportation, finance and education;</td>
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<td><strong>1960s</strong></td>
<td>- Received concessional loans from WBG of $2.6 billion;</td>
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<td>- Graduated from International Development Association (IDA) assistance in 1973;</td>
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<td><strong>1970s</strong></td>
<td>- Received technical assistance and $3.6 billion in funds mainly in infrastructure, finance and urban development sector;</td>
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<td><strong>1980s</strong></td>
<td>- Received financing of US$1.2 billion and advisory assistance in its financial sector reform;</td>
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<td>- Graduated from WBG’s borrowing in 1994;</td>
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<td><strong>Early 1990s</strong></td>
<td>- Received continues assistance in financial and structural reforms.</td>
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<td><strong>Since 1994</strong></td>
<td>- Internally funded some programs and started to send out experts to other developing markets, while as a recipient country;</td>
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<td>-Began contributing to IDA in 1977;</td>
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<td>- Established the Economic Development Cooperation Fund in 1987 to provide concessional loans to developing markets;</td>
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<td>- Established Korea International Cooperation Agency in 1991 as the foundation for Korea’s full-scale assistance provision to developing world;</td>
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|               | - The first former aid recipient to become a member of Development Assistance Committee (DAC) of OECD in 2009.
Korea: A Success Story

As a "newly industrialized economy", Korea is positioning its fresh status in the international community as a responsible development partner.

Korea’s ODA has steadily grown over the past 20 years.

Korea is openly sharing its green growth experience, serving as an dev. info center.

Korea businesses and banks promote South-South investments/trade through funding and technology transfer.
China: An Emerging Partner

As an emerging economy, China, while focusing on its own development, has been providing aid to other developing countries.

Chinese Foreign Aid

Chinese Foreign Aid Expenditure

- Foreign Aid Expenditure (US$, mn)
- YoY Growth (%)

2001-2011 CAGR: 20.6%

YoY Growth (%)
0% 10% 20% 30% 40% 50% 60% 70%
(US$, million)
0 1,000 2,000 3,000 4,000 5,000

Source: Chinese Statistics Bureau
China: An Emerging Partner

Chinese Foreign Aid Framework

Financial Sources
- Grants
- Interest-free Loans
- Concessional Loans

Chinese Foreign Aid Programs

Major Use of the Foreign Aid
- Agriculture
- Industry
- Economic Infrastructure
- Public Facilities
- Education
- Medical & Health Care
- Clean Energy & Coping with Climate Change
Going Forward - Asia and the World
Thank You

Serge Devieux
Director for Financial Markets, Asia Pacific
International Finance Corporation

Hong Kong
Tel: (852) 2509 8100
Fax: (852) 2509 9363
Email: sdevieux@ifc.org