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THE ECONOMIC IMPORTANCE OF DEVELOPMENT AIDS WITH REFERENCE TO THE ARAB COUNTRIES

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ABSTRACT

The article aims to define the development aids concept, its forms, allocation styles and cherished targets. The research reviews its development at the world level. The research clarifies its political and socio-economic effects and its role in supporting the socio-economic development quest of the developing countries especially certain Arab countries. This provides the decision-makers in the governments, the international donor institutions and the aids-benefiting countries with the effective data necessary for activating the development aids role in development and facing the challenges that can impede the benefit of such aids. In addition, the research points out the ways guarantee increasing the aids efficiency in order to carry out their required role in reviving the developing economies and help them achieve the millennium development targets by 2015. This paper is divided into six parts. Finally, the article discusses the necessary implemented policies to attain efficiency in exploiting the development aids.

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Keywords: development aids, developing countries, Arab countries, international conferences, political and socio-economic effects.

INTRODUCTION

The official development aids play an important role in supporting the economic cooperation among states. These aids represent part of the financial assistance which the advanced donor states provide to help the developing countries bridge their internal materials gap. The official development aids subject to certain restrictions. For example, the aids provision is related to political, economic or commercial conditions. These provisions curb the benefiting countries' ability to exploit these aids according to the development priorities. While the donor states are required to unconditionally provide these aids, the benefiting countries should adhere to transparency in spending and exploiting the aids in order to sustain the confidence between the donor states and the benefiting countries. The academic parties and political leaderships in several states of the world have paid paramount concern to the development aids issue. In many international conferences with the latest second South Summit for Group 77 and China, held in Doha in June 2005, there was an emphasis on the urging the growth-advanced states to necessarily adhere to providing the development aids- as they represent a way of the economic cooperation forms among the states. It helps sustain the relationships among the rich aids-donor north states and the poor aids-benefiting south states. The third millennium beginning witnessed an essential change in the importance of development aids and assistance to achieve development in the developing countries. The UN millennium declaration (September, 2000) is no longer

considers the economic development as a process embodied in increasing the GDP growth rates, but rather considers it from the perspective of increasing the human and technological capabilities, working out to reduce the poverty rates, and environment preservation. According to this conceptual development, the development-aids donor advanced states had to reform the development role of the aids in such a way that helps achieve the sustainable development and lessens its political and socio-economic effects on the benefiting states.

This research aims to define the development aids concept, its forms, allocation styles and cherished targets. The research reviews its development at the world level. The research clarifies its political and socio-economic effects and its role in supporting the socio-economic development quest of the developing countries especially certain Arab countries. This provides the decision-makers in the governments, the international donor institutions and the aids-benefiting countries with the effective data necessary for activating the development aids role in development and facing the challenges that can impede the benefit of such aids. In addition, the research points out the ways guarantee increasing the aids efficiency in order to carry out their required role in reviving the developing economies and help them achieve the millennium development targets by 2015. The research paper is divided into six parts. Part I handles the concept, targets and ways of the development aids. Part II deals with the development aids and targets of the millennium in light of the summits held to achieve that target. Part III discusses the development of development aids size at the

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world level according to the absolute size of aids and the development aids ratio to the gross domestic product; the total funding sources in the developing countries and the geographic distribution of the international development aids. Part IV refers to the development aids oriented to the Arab region while focusing on six Arab countries, namely Egypt, Jordan, Yemen, Palestine, Lebanon and Iraq for certain considerations. Part V handles the most important political and socio-economic effects of the development aids. Finally, part VI discusses the necessary implemented policies to attain efficiency in exploiting the development aids.

First: Concept, targets and ways of the development aids: The development aids mean the total value of financial and technical grants and soft loans of which the granting element is not less than 25% provided by official institutions members in the development aids committee; multilateral institutions; or non member committee states in order to stimulate the economic development and welfare in the aids-benefiting countries (Chang C, & others, 1998). The technical cooperation grants include as well the grants aim to transfer management and technical or technological skills in order to build up the national public capabilities without referring to certain investment projects. The development aids are divided into two parts:

Bilateral Assistance: they represent the aids provided by a country to another. A developed country provides- in accordance to bilateral agreements- development aids in the shape of soft loans, financial and technical aids and grants with different rates and levels to many developing countries. This is attributed to the fact that the developing countries could not get loans according the prevailed commercial conditions in the world financial market. In addition, the political and social conditions prevail in certain developing countries may discourage the world financial institutions to provide commercial loans to them. The disadvantage of this type of aids is that it is related to military, political and security considerations (Fuhrer, Hekmut, 1996).

Multilateral Assistance: Multilateral regional and world institutions provide commercial aids and soft loans to the developing countries. These institutions include the World Bank, international fund for agricultural development and the regional development banks such as the Arab Fund for socio-economic development which provides loans and grants to the developing countries (Maicoim, Gillis & others, 1996). On the contrary to the bilateral assistance which is related to political considerations, the multilateral assistance is highly related to human considerations. The establishment of multilateral institutions has led to coordinating the economic, technical and financial activities from multilateral resources, and thus, benefiting from the large size of aids. The multilateral institutions are more capable than the governments the governments to analyze the investment environment in the development benefiting-aids developing countries. The projects of multilateral

institutions are distinguished in the sense that they are relatively quickly implemented with relatively less cost as compared to the projects implemented under the bilateral government aids with taking into considerations the targets of aids-donor states and the aids-benefiting developing countries. Aids could be in the shape of technical assistance by providing the skillful personnel to support the national expertise or capital assistance based on providing the developing countries with funds or goods for different purposes.

Targets of the development aids: the motives of aids differ according to the views of the donor countries and the benefiting countries. The benefiting countries often ask for these aids due to economic motives for reinforcing their socio-economic development or for humane purposes such as poverty fighting, natural disasters facing or treatment of diseases. However, the donor states often provide aids for political and economic considerations through which they can realize their self-interests which could lead sometimes to opposite results. For example, the aids which the United States provides to certain developing countries like Zaire and Zambia that enjoy rich mineral resources. Furthermore, the political accessions which the benefiting countries provide in accordance to the interest capital aids-donor states. Remarkably, the flow of aids and assistance and the multiplicity of their donors and contributors have changed the economic development logic as a justification for the development aids too. The main target of aids in the 1950s was economic with the aim of realizing quick growth of production and income that could be achieved through increasing domestic savings and foreign investment. In the early 1960s, the two-model gap increased the importance of Harwold Domar's model and the foreign currencies became important as a capital. The human capital had higher considerations that the technical aids and the aids provided in the field of education, health and other human services were expanded. The aids and assistance programmes during the 1960s and 1970s had other targets than the economic growth like income redistribution, curbing of poverty, providing the basic needs and rural development (George Kassifi, 2004). During the 1980s and the 1990s other targets appeared such as environment preservation, realizing the sustainable development, women empowerment, corruption fighting, good regime, realizing what is called as human development and other targets which supports the democratic climate in leading the socioeconomic development. In the early twenty first century, the trend changed into the necessity of directing development aids towards achieving the millennium development targets represented in: abject poverty and hunger elimination; reducing the ratio of people whose daily income is less than half a dollar, reducing to the half the ratio of people who suffer from hunger, and achieving the comprehensive primary education. In addition, reinforcement of the equality between the two genders and empowers women through eliminating the difference with men at the primary and secondary education by 2005 and at all the educational levels by 2015. Furthermore, the target of

reducing the under five-year old children death ratio to the two-thirds, the improvement of mother's health by reducing the women mortality during pregnancy and delivery by three quarters, fighting against acquired immunity deficiency syndrome (AIDS) and attempting to reduce the spread of malaria and other main diseases (Landes, David S., 1998). In addition, the reduction- to the half- the ratio of people deprived of getting pure water and improving the lives of people living in the congested slum areas by 2015. The last target is to guarantee the realization of sustainable environment and developing an overall partnership through increasing the development of indiscriminating and opening financial and commercial system. This system includes the adherence of countries to right regime and development and reduction of poverty both locally and internationally (UNDP, 2003).

Ways of aids provision: the development-aids donor states and institutions use three ways when providing and allocating aids as follows:

Automatic attribution: this way is carried out according to the needs of benefiting countries. It became common in the 1970s and does not totally achieve the optimal use of development aids.

Conditional attribution: this way is used under the development programme of the benefiting country; it prevailed in the 1980s and the 1990s. This pattern of aids paves the way for the donor states to intervene in the domestic affairs of the benefiting countries. Remarkably, the conditioned aid is costly to the benefiting countries as they curb their options in the maximum economic benefit of sources. A World Bank study estimates the conditioned aid as less effective than other unconditioned counterparts by 25% (Khemani, Stuti, 2001).

Selective attribution: this way is used currently after carrying out integrated studies on how to enhance the efficiency of aids exploitation. This way is characterized by the difficulty of putting priorities in order and evaluating the different development policies for the aids-benefiting countries besides the partial abandonment of the need principle and focusing instead on the merit principle when providing subsidy in divergence of the general principle of development assistance.

Second: aids and the millennium development targets: the notion that the rich developed countries must provide 0.7% of their gross national product for the world development was firstly introduced in 1969 in the report of partners in development prepared by a team headed by the former Canadian Prime Minister Lester Person. This figure was accepted as a reference end of the official development aids and approved by the UN general assembly in 1970. Therefore, it became part of the international development strategy during that decade (Person, Lester, 1971). In the beginning of the twenty first century the following conferences and summits renewably emphasize that target:

The UN Millennium Summit 2000: the world leaders agreed in the UN millennium summit held in September 2000 to the necessity of the rich countries to become more generous in providing the development aids to the developing countries particularly the most poor countries in order to achieve the target of world partnership in development, which is the eighth target among the millennium development targets.

The international conference for funding development 2002: the world community agreed during the International Conference, held in Moantiri Mexico, on funding development to call on the rich countries to make concrete efforts towards realizing the goal of 0.7% of GNP as official development aid development of an official for the developing countries, and between 0.15% to 0.20% to the least developed countries. At this conference the United States pledged to double ODA by \$ US 15 billion annually by 2006. The European Union will increase aid to 0.39% of GNP by 2006, or about extra \$ US 11 billion per year. At the level of Member States of the development aids committee DAC, the commitments were as follows: Luxembourg, the Netherlands pledged to increase the aids ratio to 1.0% of their total national income by 2005. Austria, Germany, Greece, Italy, Portugal, and Spain pledged as well to contribute 0.33% of their total national income in 2006. Sweden and the United Kingdom pledged to reach 1.0%, 0.4% of their national income respectively in 2006. Moreover, Finland, France, and Ireland pledged to contribute 0.4%, 0.5%, 0.7% of their total national income respectively by the year 2007. Finally, Belgium has pledged to contribute 0.7% of its total national income by 2010. Other donors have also made important commitments as well, Canada has agreed to increase aid by 8% annually, or about \$US 1.7 billion, and by 2010 this ratio will rise to 0.28% of its total national income. Norway has agreed to increase the aid ratio from 0.92% to 1.0% of its total national income by 2005. Switzerland has also agreed to increase aids to 0.37% of its total national income by 2010. Australia has approved an actual increase of 3% in the year 2002-2003 (2003 UNDP).

World Summit on Sustainable Development 2002: The World Summit on Sustainable Development held in Johannesburg, South Africa in early September 2002 urged the member states in the Development Aids Committee (DAC) that have yet to contribute to make concrete efforts towards realizing the goal of 0.7% of GDP as development aid official for the developing countries. Second South Summit of the Group of 77 and China 2005: The Second South Summit of the Group of 77 and China, held in Doha in June 2005, urged the developed countries to increase flows of official development aids to achieve the internationally agreed targets for official aids development, estimated about 0.7% of the total national income of the developing countries, 0.15 % to 0.20% of the total national income of the least developed countries. The Second South Summit called as well to establish an effective mechanism to ensure the achievement of agreed targets on the provision

of official assistance to the developing and least developed countries (Group of 77 and China, 2005). Assessment of aid and the Millennium Development Targets: upon the signing of the millennium world Declaration in 2000, the aid budgets of the developed countries and donor countries have witnessed substantial reductions as the per capita aid in Africa decreased by a third. The convention of Moantiri conference on funding the world development in 2002, the aids began to recover once again, as the actual aids increased by 4% per annum. The total spending of the rich countries on aids reached 0.25% of their total national income. This ratio is less than its counterpart in 1990, though it has an upward trend since 1997. This was facilitated by the European Union's commitment to realize the ratio of 0.51% by the year 2010. Given this anticipated increase, there is still a significant shortfall in aid to finance the Millennium Development Goals. This shortage is expected to increase to \$ US 46 billion in 2006 and to \$ US 52 billion in 2010. There is a large funding gap particularly in Africa which will prevent governments from making the investments required in the sectors of health, education and infrastructure, to improve the welfare and support economic growth, the magnitude required to achieve the targets (Kawai, M. and S. Takagi, 2001).

The question is: Are the rich countries serious in helping the poor countries to achieve the Millennium Development targets? Despite the recognition of the rich countries of the aids importance, their actions are not aligned with their words, The group of the main eight industrialized countries, (G8) comprises three countries, namely (Italy, United States, and Japan) are the lowest among the 22 countries in the Development Aid Committee of the Organization for Economic Cooperation and Development (OCED) in relation to shares of GNP invested in aid (Mosley, Paul, Jane Harrigan, and John Toye, 1991). In fact, the record of aid donors is not good, and the forthcoming years must be characterized by a clear behavioral change rather than that of the previous years in order to realize the development targets. It is clear that the rich countries allocate for every dollar spent on aid and assistance a parallel of ten additional dollars for the military budgets, as shown in Table 1. Remarkably, should the increase in military spending since 2000 had been allocated to development aids, of the world could have been able to achieve the international organization's target to spend 0.7% of the total national income of the rich world on aid. The current spending on fighting against HIV (AIDS), which kills 3 million people per year, equals to only three-day military spending (2005UNDP,). The question is, can the developed countries and donor countries bear the costs of achieving the Millennium Development targets? Yes, if they change the spending priorities. The required investments to achieve these targets are modest as compared to the resources available volume in the rich countries. The annually required seven billions, to achieve the Millennium Development Targets, are far less than the spending of the developed and donor countries on perfumes, cosmetic surgery and weight loss programs.

Third: Evolution of the development aids volume at the world level: the aids development provided to the developing countries, of which the largest share is provided by the member states of the development aids committee, is continually increased during the 1970s and the 1980s. They reached a maximum value in the early 1990s, and then declined in the value flows net towards the end of the 1990s. The decline occurred in absolute size or its percentage of the donor countries' GDP or its percentage of funding sources in the developing countries as follows:

The sheer volume of aids development: the international aids development has witnessed a significant reduction during the first half of the 1990s, reaching its lowest level in 1996, bringing the total aid to approximately \$ US(42) billion. The reduction of development aids provided during the period of 1992-1996 is attributed to many reasons including: the increasing budgets deficit of the Organization of Economic Cooperation and Development (OECD) and subsequent reduction of their public spending, thereby reducing the size of their development aids. The Cold War end and its consequent reduction of the aids strategic importance and the weak political motivation for granting subsidies to achieve strategic purposes are additional reasons. The decline in the international development aids represents a threat to the world economic conditions in light of escalating the burden of external indebtedness of the developing countries, particularly the least developed countries. The period 1997-2002 witnessed a slight rise in the total development aids until it reached \$ US (58.3) billion in 2002 (OECD, 2004).

The proportion of development aids to the gross national product: Despite the promises launched by the U.S. and Britain for providing aids to the developing countries, the official development aids tended to decline. In the early 1990s the proportion of development aids to the gross domestic product of the member states in the Development Aids Committee (DAC) was about 0.33%. In the beginning of the twenty-first century it, had declined to about 0.25% of the GNP of these countries, and in 2009 reached 0.29%. This indicates the need of these countries to have an increase of up to 50% in order to reach its achieved level in 1991. There are five states of the (22) member States of the Development Aids Committee that had exceeded the ratio of (0.7%) recommended by the United Nations. These states are namely Denmark (0.94%), Norway (0.92%), Luxembourg (0.81%), Netherlands (0.80) and Sweden (0.79) (OECD, 2005), as shown in Table 2. Table shows 2 the DAC Group did not reach the percentage set as a target of the international development aids amounting to (0.7%). Remarkably, the official development aids provided by the United States of America did not exceed 0.15% of its GDP, which is less than the quarter of the world target. This contrasts with the estimated proportion of about 4% of GDP that the U.S. spends for military purposes estimated \$ US 500 billion. That is, the U.S. spends on its military purposes, almost thirty times as much as on

peaceful development aid provided to the poorest countries (Jeffrey Sachs, 2005).

Table 1 The proportion of spending on official development aids and the proportion of military expenditure to total government spending in 2004-2009

Country	Official development aids(2004)	Official development aids (2009)	Military Expenditures(2004)	Military Expenditures(2009)
Australia	1.4	1.6	10.7	11.8
Austria	1.1	1.3	4.3	5.4
Belgium	2.7	2.8	5.7	7.4
Canada	1.2	1.6	6.3	7.9
Denmark	3.1	2.8	5.7	6.1
Finland	1.6	1.7	5.4	6.3
France	1.7	1.9	10.7	12.1
Germany	1.4	1.7	7.3	10.4
Greece	1.4	1.1	26.5	28.7
Ireland	2.1	1.9	4.6	6.7
Italy	0.9	0.8	9.8	11.4
Japan	1.2	1.3	5.7	7.9
Luxembourg	3.9	2.8	4.8	5.1
Netherlands	3.2	3.1	6.5	8.2
New Zealand	1.2	1.4	6.3	7.8
Norway	4.1	3.7	8.9	10.1
Portugal	1.0	1.2	10.0	12.7
Spain	1.3	1.4	6.7	8.6
Sweden	2.8	3.1	6.4	7.2
Switzerland	3.5	3.9	8.5	8.9
United Kingdom	1.6	1.8	13.3	16.7
United States	1.0	1.3	25.0	29.3

Source: UNDP, Human Development Report, various years.

The comparison between the development aids provided by the DAC group and the Arab development aids indicate that the latter equaled relatively two-folds and a half of the former in 2003 after the latter equaled six-folds of the former in 1980, despite the fact that Arab countries are not addressed for the already identified ratio as a target for the international development aids, but the DAC group is set exclusively as shown in Table 3. Table showed the Arab donor countries provided more than one and a quarter of time than the internationally defined ratio in 2003, while the DAC Group provided less than 50% of the ratio for development aids designated thereby by the world summits decisions on development (UN Hand Book of International Trade, 2005).

The proportion of development aids to the total funding sources for the developing countries: the proportion of aid from the total funding sources for development in the developing countries decreased, with the increasing volume of private capital flows to the developing countries, which amounted to \$ US 250 billion in 1996. The aids represented 25% of the funding sources of the developed countries to the developing countries after they had accounted for 50% in the 1970s and 1980s of the twentieth century. The private capital declined significantly in 1997 as a result of the Asian crisis, where it decreased by about \$ US 80 billion between 1996 and 1997. It is noted that private capital is concentrated in a limited number of the developing countries (26 out of a total of 166 developing countries receiving 95% of the private investment). Thus, the development aids remains

as the primary source of external finance for many developing countries, especially the low-income

Table 2 The proportion of development aids to gross domestic product in the Group of the Development Aids Committee DAC for the years 1990 to 2009 (%)

Country	1990	2003	2006	2009
Norway	1.17	0.92	0.98	0.88
Australia	0.34	0.25	0.26	0.33
Luxembourg	0.21	0.81	0.80	0.77
Canada	0.44	0.24	0.27	0.42
Sweden	0.91	0.79	0.82	0.62
Switzerland	0.32	0.39	0.36	0.41
Ireland	0.16	0.39	0.41	0.38
Belgium	0.46	0.60	0.64	0.56
United States	0.21	0.15	0.18	0.17
Japan	0.31	0.20	0.22	0.23
Netherlands	0.92	0.80	0.79	0.71
Finland	0.65	0.35	0.37	0.36
Denmark	0.94	0.84	0.87	0.58
United Kingdom	0.27	0.34	0.43	0.44
France	0.60	0.41	0.49	0.57
Italy	0.31	0.17	0.22	0.21
New Zealand	0.23	0.23	0.28	0.26
Germany	0.42	0.28	0.33	0.31
Spain	0.20	0.23	0.37	0.32
Greece	0.21	0.21	0.19	0.12
Portugal	0.24	0.22	0.23	0.21
Austria	0.11	0.20	0.18	0.23
DAC	0.33	0.25	0.27	0.29

Source: OECD, Development Aids Committee, International Development Statistics, DAC Statistics, various years.

countries. They represent more than 15% of gross domestic product of Ethiopia, Burkina FASO, Burundi, Malawi, Mongolia, Guinea Bissau, Laos (2003UNDP). The geographical distribution of international development aids: the geographical and sectoral distribution of development aids means that most of this aid goes to African countries especially the poorest ones, then the Asian countries, and then Latin American countries. The share of oriented aids to the productive sectors in favor of social project, along with the interest of the environmental projects aids decreased. Meanwhile, the proportion of aids for humanitarian disaster purposes increased.

Table 3 The proportion of development aids to gross national product in the international donor groups during the period from 1980 to 2009

Years	DAC Group	Arab donor countries for aid	% Arab Gross national product to the national product of DAC
1980	0.36	3.27	4.3
1985	0.31	1.33	2.0
1990	0.31	1.91	0.8
2000	0.22	1.1	2.36
2003	0.25	0.94	2.60
2006	0.27	1.23	2.78
2009	0.29	1.42	2.97

Source: Hand book of International Trade and Development Statistics, New York, various years.

The reduction of development aids to the poorest and most needy regions represented a big problem, with per capita subsidies per in Africa and South Asia declined

sharply during the 1990s, as shown in Table 4 The development aids decline continued till the Millennium
Table 4 Net recipient of official development aids by region (2003-2009)

Statement	Per capita	Per capita	Beneficiary(\$)	Beneficiary(\$)	%	%	% GDP	% GDP
	2003	2009	2003	2009	2003	2009	2003	2009
Region								
Total developing countries	15	17	9.7	10.1	2.7	3.1	3.0	3.8
least developed countries	33	36	33.4	35.7	13.0	15.2	18.7	21.4
Arab States	59	62	27.5	33.4	6.8	8.3	1.6	1.9
East Asia and the Pacific	5	8	3.4	3.8	1.0	2.3	0.5	0.9
Latin America and the Caribbean	13	17	9.9	11.4	1.3	2.1	0.8	0.9
South Asia	6	9	4.3	5.2	1.6	2.4	0.7	0.8
Sub-Saharan Africa	34	41	32.9	36.8	12.0	14.6	18.6	22.5
World	14	17	10.9	12.8	1.28	2.6	1.36	1.87

Source: UNDP, Human Development Report, various years.

Declaration in 2000 with the declared aids increase in aid of \$ US 16 billion annually, or about 0.26% of GNP of donor countries by 2006. Despite the importance of this trend, but it is not sufficient to meet the development needs in the developing countries. Although the Millennium Development targets directed aids to the least developed countries, these countries have not been stripped entirely of aid cutting (Planning Council, Qatar, 2004). It is noteworthy that development aids have faced several disadvantages; notably the political factors dominance on international development aids and poorly distributed. A large proportion of aids directed for military purposes at the expense of human development. In addition, the financial aids provided by the donor countries are still lagged behind their international desired rate (0.7%), as the current rate is less than a half of this percentage.

need aids and received relatively little aids during the past three decades. Palestine, Lebanon and Iraq represent the case of countries suffering from conflicts and wars, mainly dependent on development aids.

The total official development aids provided to the Arab countries from all sources, with the exception of institutional Arab aids witnessed a remarkable rise in 2009 than its ratio in 2003, rising from about \$ US 5.3 billion in 2003 to around \$ US 6.9 billion; an increase estimated roughly 28.9%. The aids percentage of the total aids provided to the developing countries, amounting to some \$ US 61.6 billion increased from around 10.3% in 2003 to about 11.2% in 2009. Thus, the total aids obtained by the Arab States during the period from 2003-2009 estimated about \$ US 90.7 billion accounting for

Table 5 Official development aids to Iraq during the period from 2005 to 2009 (Value in million U.S. dollar)

Statement	2005	2006	2007	2008	2009
Net official received development aids (at current prices to the U.S. dollar)	22,046,100	8,869,650	9,176,360	9,870,220	10,212,335
Net official received development aids (% of GNI)	2.3 %	2.7 %	3.4 %	3.9 %	4.3 %
Grants, with the exception of technical cooperation (at current prices to the U.S. dollar)	161.450	617.322	730.154	860.369	940.420
Technical cooperation grants (at current prices to the U.S. dollar)	167.654	211.354	290.123	324.258	353.112
Per capita net official received development aids (at current prices to the U.S. dollar)	59	171	230	257	273

Source: Database statistics for International Development: www.oecd.org/dac/stats/idsonline.

Fourth: official development aids for the Arab Region: The official development aids in some Arab countries represent an important element of external financing. The focus will be on six Arab countries: Egypt, Jordan, Yemen, Palestine, Lebanon and Iraq because of several considerations; as Egypt and Jordan are classified as the low- middle-income countries – which have variety of economies, and are among the countries that received

about 12.2% of total aid received by the developing countries during the same period. The total annual aid provided to the Arab countries has witnessed a steady decline during 2003-2009. It has fallen from around \$ US 6.2 billion in 2003 to about \$ US 5.7 billion in 2005, and then to approximately \$ US 5.6 billion for the years 2007, 2008, to nearly \$ US 4.8 billion in 2009. Seven Arab countries have received about 75.8% of the total aid as Palestine received the highest percentage of them with a

share of 20.0%, followed by Egypt, 18.7%, Morocco 9.6%, Yemen 8.5%, Tunisia 6.9%, Jordan 6.6%, Lebanon 5.9% (Unified Arab Economic Report, 2004-2009).

capita net of the received official development aids from \$ US 123 to \$ US 129 during that period. The technical cooperation grants to Jordan fell from \$ US 124.970

Table 6 Official development aids to Palestine during the period from 2005 to 2009 (value in million U.S. dollar)

Statement	2005	2006	2007	2008	2009
Net official received development aids (at current prices to the U.S. dollar)	1,116,130	1,450,160	1,872,500	2,592,750	2,980,120
Net official received development aids (% of GNI)	% 25.3	% 27.3	% 29.4	% 31.2	% 39.8
Grants, with the exception of technical cooperation (at current prices to the U.S. dollar)	67.112	81.213	92.327	104.235	126.414
Technical cooperation grants (at current prices to the U.S. dollar)	14.200	21.415	36.270	45.481	58.552
Per capita net official development aids received (at current prices to the U.S. dollar)	312	392	489	659	732

Source: Database statistics for International Development: www.oecd.org/dac/stats/idsonline.

The Iraq ranked first in terms of the official development aids flow, because of its political and economic conditions. The flow of such aids increased from about \$ US100 million in 2000 to \$ US 9870 million in 2006 and \$ US 10212 million in 2009. There was an increase of the net proportion of the official development aids received from Iraq's total national income from 2.3% in 2005 to 4.3% in 2009. The Iraqi per capita net increased from the official development aids received from \$ US 59 to \$ US 273 during that period. There was an increase as well of the technical cooperation grants provided to Iraq from \$ US 167.654 to \$ US 353.112 during the same period Table 5.

million to \$ US 68.414 million during the same period Table 7.

The ODA to other countries decreased in the period 2000-2009. In Egypt, they declined from about \$ US 1328 million in 2000 to \$ US 873.170 million in 2006 and then increased again up to 1.341.356 million in 2009, but declined as a proportion of GDP from 1.1 % in 2005 to 0.7% in 2009. The per capita net increased of the received official development aids from \$ US 13 million to \$ US 16 million during that period. The technical cooperation grants provided to Egypt fell from \$ US 385.660 million to \$ US 161.417 million during the same period Table 8.

Table 7 Official development aids to Jordan during the period from 2005 to 2009 (value in million U.S. dollar)

Statement	2005	2006	2007	2008	2009
Net official received development aids (at current prices to the U.S. dollar)	666,750	580,050	529,070	742,220	783,324
Net official received development aids (% of GNI)	% 5.1	% 3.8	% 3.0	% 3.3	% 3.7
Grants, with the exception of technical cooperation (at current prices to the U.S. dollar)	544,200	505,420	623,090	740,160	761,556
Technical cooperation grants (at current prices to the U.S. dollar)	124,970	115,020	58,460	62,850	68,414
Per capita net official received development aids (at current prices to the U.S. dollar)	123	105	93	126	129

Source: Database statistics for International Development: www.oecd.org/dac/stats/idsonline.

Palestine comes second with increased official development aids provided to it by \$ US 637 million in 2000 to \$ US 1450 million in 2006 and then amounted to about \$ US 2.592.75 million in 2008 and 2.980.120 in 2009, and rose for aid to GDP from 25.3% in 2005 to about 31.2% in 2008 and 39.8% in 2009. The Palestinian per capita net increased from the official development aids received on political and humanitarian grounds from \$ US 312 to \$ US 732 during that period. The technical cooperation grants to Palestine increased from \$ US 14.2 million to \$ US 58.5 million during the same period Table 9. Jordan has recorded a stable flow of official development aids in the period 2005-2009, which climbed from \$ US 666.75 million in 2005 to about \$ US 783.324 million in 2009. However, but they have declined as a proportion of GDP from 5.1% to 3.7%. There was an increase of per

The official development assistance provided to Lebanon increased from \$ US 241.970 million in 2005 to \$ US 1.094.455 million in 2009, and aids proportion to GDP rose from 1.1% in 2005 to about 3.9% in 2009. The per capita net of the received official development aids increased from \$ US 59 to \$ US 265 during that period. The technical cooperation grants provided to Lebanon increased from \$ US 104.160 million to \$ US 141.325 million during the same period Table 9. The official development aids provided to Yemen increased from \$ US 289.470 million in 2005 to \$ US 333.389 million in 2009, and aids declined in relation to GDP by 1.9% in 2005 to about 1.5% in 2009. The per capita net of the received official development aids declined from \$ US 15 to \$ US 14 during that period as a result of the high rate of population growth and decline in development aids to

Table 8 Official development aids to Egypt during the period from 2005 to 2009 (value in million U.S. dollar)

Statement	2005	2006	2007	2008	2009
Net official received development aids (at current prices to the U.S. dollar)	993,630	873,170	1,107,160	1,348,390	1,341,356
Net official received development aids (% of GNI)	% 1.1	% 0.8	% 0.8	% 0.8	% 0.7
Grants, with the exception of technical cooperation (at current prices to the U.S. dollar)	825,410	641,380	1,246,380	1,302,590	1,412,032
Technical cooperation grants (at current prices to the U.S. dollar)	385,660	419,750	119,870	156,660	161,417
Per capita net official received development aids (at current prices to the U.S. dollar)	13	11	14	17	16

Source: Database statistics for International Development: www.oecd.org/dac/stats/idsonline.

non-achievement of its objectives. The technical cooperation grants provided to Yemen increased from \$ US 53.300 million to \$ US 69.523 million during the same period Table 10. The donor countries have pledged to expend 0.7 per cent of their GDP as official aids for development for the developing countries, but this pledge was not committed except by a limited number of the donor countries. Therefore, aids flow was not satisfying to finance the development process in the developing countries, especially the least developed countries. Although the official development aids increased in 2005 to about \$ US 106 billion, they fell by about 5-6% in the years 2006 to 2008 as a result of urgent aids provided to the Asian countries hit by the problems of hurricanes, some countries that suffer from war or unstable political conditions, such as Iraq (DAC,2009).

Arab aid fell sharply. With the exception of the second Gulf War, which saw an influx of aid to the Gulf region, aid fell to a negligible level to hit \$ US 281 million in 1999, to less than 5% of the total aid allocated to the Arab region in that period. The Gulf aids (Saudi Arabia, Kuwait and the UAE in particular) returned to rise during the period between 2000 to 2009 period, but it did not reach its level in the 1970s and the 1980s.

The aids to the Arab countries, prominently from the United States, the European Union and Japan, began to rise during the period 1974-1985. During that period, the US aids mounted approximately to \$ US 3 billion and then fell before rising during the second Gulf War, when Egypt was the main beneficiary of the aids flow to the region at that time. The US aids are generally associated

Table 9 Official development aids to Lebanon during the period from 2005 to 2009 (value in million U.S. dollar)

Statement	2005	2006	2007	2008	2009
Net official received development aids (at current prices to the U.S. dollar)	241,970	706,050	955,930	1,075,930	1,094,455
Net official received development aids (% of GNI)	1.1 %	3.1 %	3.7 %	3.7 %	3.9 %
Grants, with the exception of technical cooperation (at current prices to the U.S. dollar)	132,690	501,770	473,520	702,060	714,124
Technical cooperation grants (at current prices to the U.S. dollar)	104,160	121,940	134,680	132,490	141,325
Per capita net official received development aids (at current prices to the U.S. dollar)	59	171	230	257	265

Source: Database statistics for International Development: www.oecd.org/dac/stats/idsonline.

Statistics indicate that annual aids to the Arab region have fluctuated significantly during the three decades, reaching a maximum of \$ US 16 billion in 1977, and then began to fall for up to \$ US 7,6 billion in 1989. They bounced during the first Gulf War 1990-1991 and again reduced in 1995 to \$ US 7,5 billion. The aids have returned to rise at the announcement of the Millennium Development targets in 2000 and the outbreak of the second Palestinian uprising in the same year, then the war on Iraq in 2003, reaching about \$ US 12 billion in 2006 and \$ US 14.2 billion in 2009. As the statistics indicate that Arab aids to the Arab countries during the period between 1973 -1986 was the highest. They formed in 1980 60% of the total aid to the region as a result of the oil boom in the GCC, but with lower oil prices and the direction of GCC governments to invest in infrastructure projects registered

with political and security considerations. These aids had further rising during the period 2000 - 2006 in particular with the war on Iraq in 2003, and fell in the period 2006 - 2009. They were controlled by political considerations, rebuilding requirements and the implications of deteriorating humanitarian conditions. The European aids have increased gradually during the period from 1972 to 1985 and fell in the 1990s. It must be pointed out that the European aids received from (France and Britain) to the region affected by the general level of political relations, economic and cultural ties with former colonies. Meanwhile the largest share of the Swedish aids was devoted the poorest countries and those that suffer from conflict. Germany has allocated a significant portion of aids to countries with low income. However, the Italian aids characterized by balance between the various

political considerations and development. In regard to the Japanese aids, Japan has maintained in the 1980s a level ranged between \$ US 400-500 million annually, equivalent to 4% of the total aids to the Arab region. This figure had risen to about 7% of the total aids to the region in the 1990s to reach in 2006 to \$ US 840 million as a result of Japan's promise to participate in Iraq rebuilding. Egypt was ranked first among the Arab countries in terms of the cumulative amount of aids received from 1970 to 2009, which amounted to \$ US 100.982 billion. Egypt was followed by Syria, \$ US 33.307, Morocco \$ US 28.497 billion, followed by Sudan \$ US 26.981 billion, Yemen \$ US 18.84 billion, and get Somalia to \$ US 15.402 billion, and Tunisia \$ US 12.539 billion, and Algeria to \$ US 11.401 billion and Iraq to \$ US 11.92 billion, and Mauritania to \$ US 10.182 billion, and Palestine to \$ US 9.362 billion, and Lebanon to \$ US 8.289 billion, with varied amount of aids to the other Arab countries among the \$ US 668 million, \$ US 227 million. The data indicate that most of the major donor countries (the United States, France, Britain, Germany, Japan and others) did not abide in 2004 by the development aids required that have been internationally agreed to provide to the recipient countries, namely 0.7% of the GNI of the donor countries. However, some countries such as (Sweden, Norway, Denmark, Luxembourg, Saudi Arabia and Kuwait) exceeded the percentage agreed upon to contribute to achieving the Millennium targets. Statistics indicate that the bulk of foreign aids allocated to Egypt during the period (1970-2009). Egypt obtained 34% of the total foreign aids to the Arab countries, while Syria has had the largest share of aids provided by the Arab countries, 24% of the total aids, followed by Egypt and Jordan by 22%, 16%, respectively.

characteristics and conditions of the development aids received by Egypt, Jordan, Yemen and Palestine, and the share of both economic and social sectors during the period; some of these aids have been provided in the form of soft loans to be paid to the donor countries in a specific time period. Other aids were associated with the conditions of opening markets to the donor countries' products. Meanwhile, other aids took the form of grants and technical assistance. Statistics indicate that the levels of per capita annual official development aids in Egypt, Jordan and Yemen decreased significantly over the past three decades, while the per capita aids in Palestine- since the beginning of the 1990s- has been increased. Generally, the level of per capita aids is associated with the flows size into the region and political factors (DAC 2000-2008).

As for the aids that took the form of grants, statistics show a rising share of grants in aids over the past three decades in Egypt, Jordan and the corresponding decline in the share of loans in total aids to Egypt from 75% in the 1970s to 18% during the period 2000-2009. The loans rate in Jordan has decreased during the same period from 50% to 15%. The grants constituted the largest proportion of the total aids in Palestine since the signing of the Oslo Convention (1993) to meet the consumption needs and because of the lack of possibility to the Palestinian Authority to pay off loans. In Yemen, the shares of grants and loans were equal during the period. Meanwhile, the percentage of unconditioned loans significantly increased during the period 2002-2009. Statistics indicate that the proportion of unconditioned loans of Egypt's and Jordan's total aids reached 68% during the period 2002-2009, while estimated 63% in Palestine, and 78% in

Table 10 Official development aids to Yemen during the period from 2005 to 2009 (value in million U.S. dollar)

Statement	2005	2006	2007	2008	2009
Net official received development aids (at current prices to the U.S. dollar)	289,470	280,040	236,170	305,480	333,389
Net official received development aids (% of GNI)	1.9 %	1.6 %	1.0 %	1.3 %	1.5 %
Grants, with the exception of technical cooperation (at current prices to the U.S. dollar)	157,870	138,870	178,540	262,460	287,167
Technical cooperation grants (at current prices to the U.S. dollar)	53,300	62,030	49,910	61,680	69,523
Per capita net official received development aids (at current prices to the U.S. dollar)	15	13	11	13	14

Source: Database statistics for International Development: www.oecd.org/dac/stats/idsonline.

The statistics resulting from the relationship between per capita aids and its share of total national income to aids in general were not directed to low-income countries over the past years. Statistics related to the proportion of aids to gross national income in the Arab countries referred to the declined dependence rate on aids during the period between 2000 -2009 in most of the Arab countries with the exception of Mauritania. The proportion of aids to gross national income amounted to 20%. In Palestine, the proportion reached a serious rate estimated 30% as a result the deterioration in the national income in the light of the ongoing Israeli siege. In terms of the

Yemen. However, that does not lessen the burden of conditioned loans, which still constitute 22% in Yemen, 37% in Palestine. In regard to the technical assistance or technical cooperation, statistics indicate the decline in the technical assistance share in relation to the total aids during the period 2002-2009. With the exception of Egypt, which increased the proportion of technical assistance to total aids for up to 44%, has declined in Jordan during the same period from 21% to 19% and fell in Palestine from 36% to 16% as well as in Yemen from 24% to 15%.

As for the aids distribution to the economic and social sectors in the countries concerned during the period, Statistics showed that development aids were upwards directed to the social sectors in order to advance the progress towards achieving the Millennium Development targets. Egypt was the exception as the aids for economic sectors were higher than those allocated to the social sectors. The decline in aids increased for the economic sectors with the economic base development and to achieve higher growth rates in the countries concerned. They suffer from high unemployment rates, especially among young people. It must be pointed out that the assistance is generally characterized by non-regulation, a matter which adversely affected the planning and implementation of development programs.

Fifth - The economic, political and social development aids: Development aids is one of the development funding sources in many developing countries and the most effective means to eliminate economic and social problems, especially poverty faced by the least developed countries. These aids also have economic, social and political impacts on the aids-receiving or beneficiary countries. These impacts are as follows:

The Economic impacts: The previous-years provided development aids were occasionally effective and in different areas and ineffective in other areas. A study carried out by the World Bank shows the development aids have contributed and played a vital role in accomplishing several development projects in the developing countries, for example, in Indonesia, the Republic of Korea in the 1970s, Bolivia and Ghana in the 1980s, Uganda and Vietnam in the 1990s of the last century. These aids helped accelerate the economic growth and development through assistance in the public services development, restructuring of economic sectors, technology transfer, the achievement of the Green Revolution, and the providing the financial resources that constituted the kick-start of a self-financial dynamics. It contributed to the creation of appropriate investment environment and attracting investment in those countries. Despite these successes achieved by some countries through development aids, these aids did not have a positive role in developing the economy in many other developing countries such as Congo and Tanzania. This is attributed to the proliferation of administrative corruption, lack of transparency in public administration, and the absence of effective macro-economic policies (World Bank, 1998). A study, surveyed 56 countries during the period 1970-1993, referred to the positive impact of aids on the economic growth can be only achieved in the case of countries with sound fiscal and monetary policies mainly reflected in the three major variables, namely budget surplus, inflation and economic openness (1997Burnside C. Dollar.).

The Social impacts: the donor countries' provided development aids contributed to raise the human development indicators in many developing countries, particularly in the fields of health, education, strengthen social safety nets, which were reflected in the reduction of

illiteracy rates, the elimination of some infectious diseases, reducing child mortality, and the reduction of cases of abject poverty. In Egypt, the aids provided by the World Health Organization contributed to reduce infant mortality by 82% over five years, saving the lives of 300 thousand Egyptian children. In Tanzania, the aids have played a significant role in the enrollment of 1.6 million additional children in different schools. In Zambia, it was found that without the aids the health sector expenditure would be reduced from \$US 8 per person to \$ US 3. Consequently, there would be devastating effects on efforts fighting against HIV (AIDS) and other public health problems (2005UNDP.). Despite these positive justifications for the social impacts of the development aids, there are other evidence that reflect the negative consequences of the development aids, particularly those provided by some development organizations and agencies. Therefore, serious damages are inflicted on the poorest social classes, a matter that enriches other classes that trade in these commodities. In this concern, it can be referred to bread revolutions that have taken place in Egypt and Tunisia after the bread subsidies removal, a condition set by the International Monetary Fund to provide aids to those countries. The World Bank wants to apply the same scenario in its requirement to abolish the commodities supplies card for the exchange of development aids to Iraq. This condition could agitate a public revolution against the Iraqi government if it accepts the World Bank's prescription.

The Political impacts: Although the developmental and humanitarian considerations play a role in development aids, their basic motivations remain political and military. The aids provided, during the cold war between the capitalist and socialist camps, have contributed to the survival of many regimes allied to both camps, and in building totalitarian regimes, where such aids protected them from any external threats. The effects of these aids represented in providing opportunities for establishing the donor countries' military bases, providing military facilities and logistical support in the wars that they break out. The donor countries' inclination to establish circles for their political influence and their tendency to reinforce their military security have an effect on the nature and shape of these aids. For examples, when the external economic policy changed in 1971, the total foreign aids were reduced to the political allies. Hence, Israel and Egypt received the largest amount of American aids (Robert Gilpin, 2004). Some of the donor countries, led by the United States consider the provision as necessary to ensure effective use of aids. In some cases to achieve political goals such as the Carter administration's strengthening of humanitarian human rights, and the Reagan administration's reinforcement of free trade, and the Bush Jr. administration's promotion to spread democracy. It could be argued that the most important negative effects of political aids are to create political and economic dependency relations between the donor countries and the developing countries (Ohno, Kenichi, 2003).

Sixth: The policies that should be implemented to achieve the efficient use of development aids: The efficient use of development aids requires identifying appropriate policy to grant and provide aids. Aids could be a combination of several policies through cooperation and coordination between donor countries and beneficiary countries of aids and the international organizations far from the political considerations and the focus, instead, on the development considerations whenever directing aids. This policy can determine the priorities at the sector and geographical levels and the approaches to the aids provision of in order to ensure regularity to allow the beneficiary countries to take advantage of them in the planning and implementation of development programs, while setting a system of analysis, study and evaluation of development aids. The priority is to determine the poorest countries which practiced effective economic and rational development policies which are characterized by rational efficient public administration. This ensures the proper disposal of aids, which means that there should be a number of conditions available in the aids beneficiary countries. These conditions are as follows: the existence of a stable political environment, the presence of specific and identifiable development program, there is stability in the legislation, the existence of sound macroeconomic policies, programs of effective financial reform and monetary, economic openness, reform of public administration, encouragement of the private sector and social programs aimed at reducing poverty and addressing the income distribution disparities among citizens. Aids should be directed ahead towards the creation of employment opportunities, including support for small businesses and reduce unemployment. In addition, the focus on some priority sectors such as the development of agriculture or development of the industry, or the fight against poverty, illiteracy, environmental protection, or the development of health and education sectors. Preference is due to providing aids as supportive element the state's public policy or general development program that aims to achieve sustainable economic and social development through specific planned projects, according to the specified time frame. Furthermore, the need for coordination with the governments concerned and international organizations and bodies through a comprehensive program involving all sides, and support the aids efforts of the governments concerned and international organizations in development by raising the efficiency of government performance, and encourage privatization, encouraging private sector and civil society institutions, and the provision of infrastructure services, and increase investment in knowledge and human capital. In addition, it is necessary to provide accurate and detailed information and data base on the amount of aids provided by the donor countries and its distribution at both the geographical and sector levels, both at the governmental or non-governmental, and analysis and conduct a periodic assessment on the aids' role, effectiveness and efficiency. The aids granted to the developing countries should have the highest development priority; particularly those highly-indebted

or least developed in the form of nonrefundable donations and received grants. The more the received loans, the further the burden of new external debts in the future is. In addition, the beneficiary of aids should be subject to legal accountability of the donors that in turn subject for accountability as well of the taxpayers. The large popular participation and democratic institutions and the existence of good governance based on transparency and accountability and fighting against corruption is essential to ensure accountability of public institutions and decision-makers in relation to the rational and efficient use of development aids in order to serve the achievement of the third Millennium Development targets by 2015. Finally, aids should not be considered as crucial medicine or as definitive treatment to address the economic and social challenges facing the Arab countries, rather it is required to identify the obstacles that hinder progress towards the achievement of the Millennium targets.

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