

## Financing for Development - Week 2 – Source of Finance Analysis

### Sources of Finance Analysis – Opinion Article [20 points]

- This peer-graded assignment asks students to analyze ODA data and synthesize key concepts and knowledge from Videos and Core Resources in Weeks 1 and 2.
- The 20-point rubric provides guidance to students in developing their Opinion Article and also provides instructions on how to grade Opinion Articles of other students during the peer assessment process. 2 peer evaluations are required.
- Below please find the instructions for your short assignment.

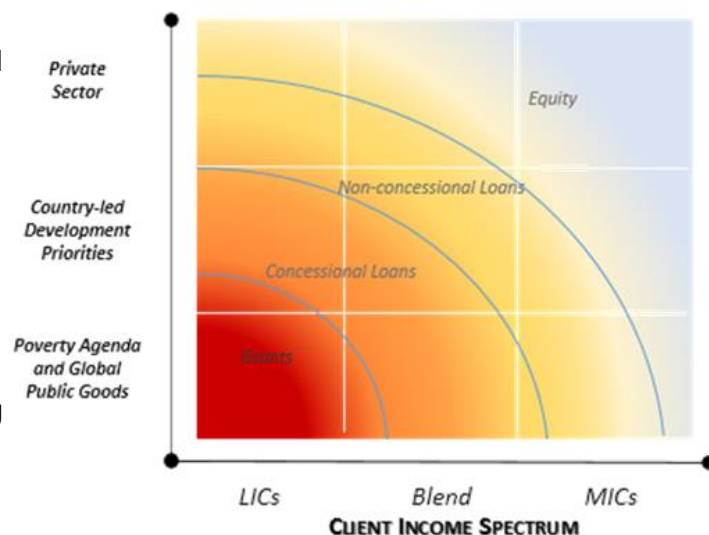
Choose a developing country you are familiar with and which is a beneficiary of ODA, from the following website [aidflows.org](http://aidflows.org).

Write an Opinion Article of no more than 500 words discussing your views on the country's current ODA allocation across sectors. In making your case, your Opinion Article should use data from [Aidflows.org](http://Aidflows.org). For example, refer to net ODA amounts received and current sources and uses of ODA.




Do you agree with the current allocations of ODA in this country? Can you determine which sectors are underfunded by ODA? What other sources of finance – public domestic, international or domestic private - could be used more effectively? And how could ODA be used more effectively to mobilize or crowd-in other sources of finance?

Incorporate one or more concepts from the first two Weeks of this course. It's recommended that you consult the rubric for this assignment; this is the tool that outlines criteria for the assessment of the assignment. Development Specialists may want to include specifics, either from their work experience or research, applicable to the country's situation.

Hint: In the reading material, there was a discussion on how a country's mix of development finance changes as its economy expands. The level of concessionality of ODA to a country should take into account both a country's level of development (including its level of income, institutional capacity, and vulnerability) and the type of investment to be made. The diagram provides a graphic illustration of this concept. For example, concessionality should be highest for basic social needs, as for financing global public goods. For some investments in national development, loan financing instruments might be more appropriate, particularly when the investment can potentially generate an economic return.



Criteria	Fully Achieved (4 or 5 points)	Somewhat Achieved (1 - 3 points)	Not at all Achieved (0 point)
<b>Support of Opinion/ Argument</b>	<p>Position statement (opinion) is clear, concise and well-reasoned based upon the facts presented</p> <p>Article is well-written using logical flow, e.g. i) position statement, ii) evidence included in each paragraph, iii) concise conclusion</p> <p>(4 or 5 points)</p>	<p>Position statement (opinion) is somewhat clear and reasonable based upon the facts presented</p> <p>Article is written using somewhat of a logical flow, e.g. i) position statement, ii) evidence included in most paragraphs, iii) conclusion lacks clarity in some instances</p> <p>(1 or 2 or 3 points)</p>	<p>No position statement (opinion) was articulated and no facts were presented</p>
<b>Credibility</b>	<p>Response includes at least 2 facts from credible sources that supports position statement (4 points)</p> <p><b>OR</b></p> <p>Response includes at least 3 facts from credible sources that supports position statement (5 points)</p>	<p>Response includes at least 1 fact from a credible source that supports position (opinion) statement (3 points)</p> <p><b>OR</b></p> <p>Response includes 1 fact from a credible source that somewhat supports position statement (2 points)</p>	<p>Responses does not include any facts that supports position statement</p>
<b>Relevance to Course Concepts</b>	<p>Response includes at least 2 concepts/lessons from course (readings, videos) that supports position statement using relevant and appropriate facts/concepts specific to ODA</p> <p>(4 or 5 points)</p>	<p>Response includes at least 1 concept/ lesson from course (readings, videos) that supports position statement using relevant and appropriate facts/concepts specific to ODA</p> <p>(1 or 2 or 3 points)</p>	<p>Response does not include any concepts from the core readings, videos or course overview</p> <p>(0 points)</p>
<b>Clarity</b>	<p>Position statement (opinion) and supporting arguments are stated clearly and concisely</p> <p>Ideas are expressed using appropriate language and terms that are succinct and understandable, e.g. sentences are free of jargon, abbreviations are explained</p> <p>(4 or 5 points)</p>	<p>Position statement (opinion) supporting arguments are stated somewhat clearly and concisely</p> <p>Ideas expressed use language and terms that are understandable, e.g. sentences are free of jargon, abbreviations are explained</p> <p>(1 or 2 or 3 points)</p>	<p>Lacks clarity; no arguments to support opinion are presented, and/or article is very difficult or impossible to follow</p> <p>(0 points)</p>

<b>Stars</b>			
<b>Score</b>	12	16	18
<b>Difficulty</b>	Undetermined	Undetermined	Undetermined

Submission by: [ชญญัตน์ บังเทิง](#)

Peru's economy has boomed the last several years, which shows in the net amount of ODA disbursements, which went from 658.31 in 2003 to 359.67 in 2013, or maybe even more clearly in the ODA % of GNI, which went from 0.93% to 0.18%. Most ODA is bilateral and exists of grants (Country Program Aid) by the OECD DAC members, main contributors being Germany, the US and Spain ([www.aidflows.org](http://www.aidflows.org)).

36.6% of ODA goes to 'other social sectors'; social welfare, employment policies, (low-cost) housing policies, narcotics control, culture and recreation etc. The next highest receiver is the multisector/cross cutting (17.6%), amongst which \$49.25 million in projects that, aid activities targeting global environmental objectives. 16.8% of ODA goes to production sectors, as agriculture, forestry, fishery, mining, construction and trade policies and regulations. Also, 8.6% to economic infrastructure and services, 8.3% to education, 6.3% to health and population and 2.2% to humanitarian aid ([www.aidflows.org](http://www.aidflows.org) & [stats.oecd.org](http://stats.oecd.org)).

I believe that ODA is appropriately allocated in Peru. There clearly is a focus on a more 'advanced' level of development, with over half of ODA focusing on policies, industry and economy. Peru now has the capacity to do well on its own, but currently lacks (the integration of) policies of quality to do so. ODA is focused on aiding Peru to reach a mature level of policy making and implementation, ensuring it will become self-sufficient. This will give Peru the means to continue development on its own. This is necessary, as last available numbers indicate that some people in Peru live in poverty (2.98% on \$1.25 and 7.99% on \$2 a day in 2012). This can easily give one reason to say that the allocation of only 15% of ODA to education and health is insufficient, as people in poverty often lack access to these services. However, as 'Investments to End Poverty' by Development Initiatives states, structural changes are necessary such as stimulation of the public sector and the creation of an environment in which the private sector can grow, which will benefit the poor in the long run. I agree with this statement as I believe that a better organization of state within Peru, will allow it to address this issues on its own.

Amongst a better organization of state in Peru, is (tax) administration. Although tax revenue as a % of GDP in Peru was already at 16.54% in 2012, Peru can mobilize more domestic resources by improving (tax) administration policies. Peru would benefit from an IT infrastructure and regional walk-in offices, such as implemented by El Salvador. Currently it is very difficult, especially for small/medium enterprises, to register as an enterprise and pay tax. One can only register in the capital, Lima. This leads to many unregistered companies who do not pay tax at all. By improving (tax) administration systems, Peru could increase government income ([www.tradingeconomics.com](http://www.tradingeconomics.com), USAID).

In conclusion, in my opinion ODA to Peru is currently well allocated and efforts could be enhanced by mobilizing domestic resources through improved policies and administration.