

DEVELOPMENT ASSISTANCE

Distorted and insufficient figures

TRENDS IN OFFICIAL DEVELOPMENT ASSISTANCE (% OF GNI) ^A								
Net Official Development Assistance from DAC Countries and Multilateral Organizations to Developing Countries								
	1989-90 AVERAGE ^B	1994-95 AVERAGE	2001	2002	2003	2004	2005	2006 PRELIMINARY
Australia	0.36	0.34	0.25	0.26	0.25	0.25	0.25	0.30
Austria	0.16	0.22	0.34	0.26	0.20	0.23	0.52	0.48
Belgium	0.46	0.35	0.37	0.43	0.60	0.41	0.53	0.50
Canada	0.44	0.40	0.22	0.28	0.24	0.27	0.34	0.30
Denmark	0.94	0.99	1.03	0.96	0.84	0.85	0.81	0.80
Finland	0.64	0.31	0.32	0.35	0.35	0.37	0.46	0.39
France	0.60	0.58	0.31	0.37	0.40	0.41	0.47	0.47
Germany	0.42	0.32	0.27	0.27	0.28	0.28	0.36	0.36
Greece			0.17	0.21	0.21	0.16	0.17	0.16
Ireland	0.16	0.27	0.33	0.40	0.39	0.39	0.42	0.53
Italy	0.36	0.21	0.15	0.20	0.17	0.15	0.29	0.20
Japan	0.31	0.28	0.23	0.23	0.20	0.19	0.28	0.25
Luxembourg	0.20	0.38	0.76	0.77	0.81	0.83	0.82	0.89
Netherlands	0.93	0.79	0.82	0.81	0.80	0.73	0.82	0.81
New Zealand	0.22	0.23	0.25	0.22	0.23	0.23	0.27	0.27
Norway	1.11	0.94	0.80	0.89	0.92	0.87	0.94	0.89
Portugal	0.24	0.29	0.25	0.27	0.22	0.63	0.21	0.21
Spain	0.17	0.26	0.30	0.26	0.23	0.24	0.27	0.32
Sweden	0.93	0.86	0.77	0.84	0.79	0.78	0.94	1.03
Switzerland	0.31	0.35	0.34	0.32	0.39	0.41	0.44	0.39
United Kingdom	0.29	0.30	0.32	0.31	0.34	0.36	0.47	0.52
United States	0.18	0.12	0.11	0.13	0.15	0.17	0.22	0.17
TOTAL DAC	0.32	0.28	0.22	0.23	0.25	0.26	0.33	0.3

Notes: A: Net disbursements at current prices and exchange rates. Sources: OECD, Website Database May 2007 (www.oecd.org).
B: Including debt forgiveness of non-ODA claims in 1990, except for total DAC.

Official development assistance (% of GNI): Grants or loans to countries and territories on Part I of the DAC List of Aid Recipients (developing countries) which are: (a) undertaken by the official sector; (b) with promotion of economic development and welfare as the main objective; (c) at concessional financial terms [if a loan, having a Grant Element (q.v.) of at least 25 per cent]. In addition to financial flows, Technical Co-operation (q.v.) is included in aid. Grants, loans and credits for military purposes are excluded. Transfer payments to private individuals (e.g. pensions, reparations or insurance payouts) are in general not counted. Expressed as percentage of gross national income (GNI).

In the 1970s the rich countries of the world made a commitment to allocating 0.7% of their gross domestic product (GDP) to official development assistance (ODA); this objective was subsequently changed to 0.7% of gross national income (GNI). At the ninth Social Development Summit in Copenhagen in 1995, this commitment was ratified. But in practice, most countries have not reached this goal: only Denmark, Luxembourg, Norway, the Netherlands and Sweden allocate at least 0.7% of GNI to ODA. The total combined amounts contributed by countries on the Development Assistance Committee (DAC) of the Organization for Economic Co-operation and Development (OECD) do not come to even half of the target that was set. In 2006, the total percentage amounted to only 0.25% of the GNI of these countries. The gap between

promises and real effective assistance is USD 100 billion per year.

To make matters worse, in recent years these countries have started counting amounts allocated to debt relief programmes as development assistance, which distorts the concept and artificially inflates the putative totals. It is true that debt relief benefits countries, but forgiving these debts (which in any case are usually seen by the creditors as high risk debts that will not be repaid) cannot be compared to effective flows of capital. Contributions in the form of debt relief are not additional funds that can be used to extend development programmes. Therefore the figures for real assistance that is actually given are lower than what these countries claim. Furthermore, according to the OECD, assistance will be reduced in 2007 because debt forgive-

ness programmes that are computed as assistance will contribute less.

Official development assistance promises are a long way from being kept, and in any case, assistance is not a magic solution for the problems of development. As critics of the system have pointed out, the millions donated "...are not sufficient to rectify the enormous imbalances in the world economic order, in which the raw materials that the developing countries export have lost more than 50% of their commercial value in the last 15 years (and) for every dollar given as assistance, the banks retain another three in foreign debt interest payments from the Third World, so the poor countries end up paying even more to the rich countries than they receive." ¹ ■

¹ <www.canalsolidario.org>