OECD

Development Cooperation

The 1998 Development Cooperation Report was published on 1 March 1999, and was presented in a press conference by James Michel, departing Chair of the Organisation for Economic Cooperation and Development's (OECD) Development Assistance Committee.

It examines efforts to give operational effect to a global partnership strategy, widely acknowledge in the international community as the accepted standard for development cooperation.

In this respect, the Report describes progress under four headings, which correspond to the objectives set out in the Committee's work programme. The first goal was to advance the international development targets and to measure performance against them. In that regard, two major events have occurred: the first is the formation of a network on poverty reduction. Committee members had decided that of all the different goals, poverty reduction was the one in which they could most constructively engage. To this end, they had met with representatives of a number of developing countries and formed a network for reducing poverty. This network is geared at identifying best practices to help attain the goal of reducing the percentage of people living in absolute poverty by 50 per cent by the year 2015 and works with other groups within the OECD to put the principle of partnership into practice.

The other element discussed is measuring performance through the identification of 21 indicators, which evaluate progress against the goals in a more intensive way. The indicators can help to look at how progress is being made and simplify the process so it is a more harmonised approach, which does not tax developing countries. Those indicators had already provided concrete evidence of the connection between conflict and retarded development, and the importance of functional political systems for sustainable development. That, in turn, enforces the importance of having development cooperation which addresses the tough issue of peace-building, conflict resolution and reconciliation.

With regard to strengthening partnerships, the second of the four objectives of the Committee for 1999 and 2000, the Report notes that progress has been made in identifying key points for strengthening partnerships for fostering local ownership. That had come out of a dialogue between members of the donor community and developing countries.

The third area concerns mobilising and monitoring resources for development, a major challenge brought home in light of the Asian financial crisis. Economic turmoil in poor countries had shown its impact in the markets of rich countries.

In the area of resources, the Report contains detailed statistical data on resource flows. (The statistical reporting for the current report was for the period that ended on 31 December 1997. The statistics are always a year behind because it takes that long for all of the members to report them and for them to be organised.)

1997 had seen a reduction in total resource flows from OECD countries to developing countries, of about US$40 billion – from $325 billion. (At the same time, the $325 billion was still the second largest total resource flow to developing countries in history.)

The Report states that the principal cause of the decline was the sharp reduction in bank lending, particularly to Asia, which had gone from $86 billion to $20 billion. An interesting phenomenon for 1997 was that private direct investment continued to grow substantially – from $64 billion in 1996 to $108 billion in 1998.

The Report, in looking at global trends and breaking them down by geographical region and income group, shows that the poorest countries are not sharing in the private flows and have remained substantially dependent on official flows and especially on official development assistance (ODA), which had declined in recent years.

In looking at expenditure for 1997, the Report shows that the major donors continued to decline. While development assistance since 1992 has dropped by about 20 per cent, the decline for the Group of 7 industrialised nations has been almost 30 per cent. Net flows of ODA in 1997 - $48 billion – were down by 6 per cent in real terms from the previous years.

However, the Chair explained that some of that was due to the end of the eligibility of aid to Israel to count as ODA. The Committee reviews the list of developing countries every three years and moves countries off that list as they move into the higher income brackets; and although that was the year that Israel had moved off the list, that was not the sole cause of the decline. Lower aid spending continued to be the case in a number of the larger donor countries. The non-Group of 7 countries accounted for about 15 per cent of the total gross national product (GNP) of the Committee-member countries, but they were providing about 28 per cent of ODA. Their burden was about twice their percentage of GNP; in effect, they were carrying more than their weight.

The Chair explained that, viewed as a percentage of GNP, ODA had fallen to a record low of 0.22 per cent of the total GNP of the Committee's members. Denmark, Norway, Netherlands and Sweden had remained the only four donors whose volume exceeded the 0.7 per cent target set many years ago by the United Nations. At the other end of the scale, the United States has now fallen below 0.1 per cent. The percentage of aid going to countries in greatest need has not changed much and had remained constant, when looking at where countries were in their distance from the agreed international goals.

The final point addressed in the Report concerns bringing together policies that effect development. It stresses that there is a strong need to look at development cooperation in context and that development cooperation – aid money – has to be part of a broader effort in which development is given more priority in the international agenda. It suggests that there is need for a broadly based effort by: a) development professionals to how they are responsible stewards of public resources and are accomplishing something with the public money entrusted to them; b) by civil society, to show it cares; c) by the media, to be able to convey a long-term perspective of what kind of world is being moved towards in the twenty-first century and what the opportunities are; d) by educators to be able to integrate values of development and solidarity into learning processes; and e) by senior government officials as accountable leaders who could project a vision of the public interest that is an inclusive one. All of this needs resources and political attention to put in place conditions necessary to attain those agreed long-term goals.

The Report also tries to take stock of changes and point the way ahead to development results through partnership. It addresses the issue of those countries where partnerships are difficult to conceive of because there are no shared values or interests. One of the conclusions reached is that where one has poor conditions for partnership, one needs to be cautious about large resource transfers. Investment in systems that are not functional and where governance is lacking, would probably not be good investments. The Report notes that there needs to be a strong emphasis on dialogue, effort to increase a sense of common purpose, readiness to engage non-governmental partners, and focus on things such as peace-building and poverty reduction. ❐