

# Rethinking the relevance of **ODA**

**Current trends in the debate on the future of  
Official Development Assistance**

A Background Paper for the United Nations Financing  
for Development Process

by Jens Martens



GLOBAL POLICY FORUM

HEINRICH BÖLL STIFTUNG

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**Editors:**

Global Policy Forum  
777 UN Plaza, Suite 7G  
New York, NY 10017  
Tel.: +212 - 557 - 3161  
Fax: +212 - 557 - 3165  
E-Mail: [globalpolicy@globalpolicy.org](mailto:globalpolicy@globalpolicy.org)  
Internet: <http://www.globalpolicy.org>  
Contact: James A. Paul

Heinrich-Boell-Foundation  
Hackesche Höfe  
Rosenthaler Strasse 40/41  
D-10178 Berlin

Tel.: +49 - 30 - 285 340  
Fax: +49 - 30 - 285 34 109  
E-Mail: [info@boell.de](mailto:info@boell.de)  
Internet: <http://www.boell.de>  
Contact: Klaus Linsenmeier

World Economy, Ecology & Development Assoc. (WEED)

**Bertha-von-Suttner-Platz 13**  
D-53111 Bonn  
Tel.: +49 - 228 - 766130  
Fax: +49 - 228 - 696470  
E-Mail: [weed@weedbonn.org](mailto:weed@weedbonn.org)  
Internet: <http://www.weedbonn.org>  
Contact: Jens Martens

**Translation:**  
Michael Gardner

**Layout:**  
Roland Hain

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This paper has been prepared in conjunction with a roundtable on *"The Future of ODA"* held on December 4, 2000, in Berlin by **Global Policy Forum**, **WEED**, and the **Heinrich-Boell-Foundation**. The paper provides background and recommendations for the intergovernmental negotiations of the United Nations International Conference on "Financing for Development," to be held in 2002. In particular, it addresses the agenda item "Increasing International Financial Cooperation for Development through, inter alia, Official Development Assistance". We are grateful to the participants of the roundtable who contributed to the development of this paper.

This paper is the second in a series of 4 background papers covering central issues of the Financing for Development agenda. The other papers are on:

- **Making Corporations Accountable**
- **Global Taxes for Global Priorities**
- **Governance of the International System of Development Finance**



# INTRODUCTION

For several years, Official Development Assistance (ODA) has been facing growing criticism and calls for radical reform. There are many reasons for this:

*First*, there is criticism of the discrepancy between the internationally agreed **quantitative ODA targets** and the actual readiness to pay among the donors, or, more briefly, the gulf between rhetoric and reality of assistance. Alone in 2000, the developing countries were denied around 116 billion US dollars owing to the internationally agreed ODA target of 0.7 percent of the Gross National Product (GNP) not being reached.

A *second* field of criticism and resulting demands for reform concerns the **measure and definition of ODA**. On the one hand, the term ODA nowadays covers far more than had originally been intended with the OECD's definition. This leads us to the issue as to how much of ODA is "real" assistance. On the other hand, the OECD's ODA criterion, according to which all government grants and loans with a grant element of at least 25 percent are graded as ODA, is being questioned. Alternative approaches that only take grants and the grant share of loans into account result in significantly lower figures for „Effective Development Assistance“ (EDA). A more fundamental critique is levelled at the basis of assessment for the 0.7 % Target. Instead of referring to the GNP of the donors, the target volume of development assistance should be measured against the development policy requirements of the recipient countries.

*Third*, the **quality of assistance** is being discussed increasingly, especially with regard to aid effectiveness. The latest argument about this topic was triggered in 1998 by the World Bank study „Assessing Aid“ which includes the definition of a "good policy environment" as a precondition for effective development assistance.) This resulted in the controversial demand for greater selectivity in assistance. In other words, the scarce ODA resources ought to be focused on those countries with high poverty and good (economic) framework

conditions according to World Bank criteria. Further aspects in the debate on the effectiveness of ODA relate to the tense relation between ownership and conditionality and the discussion about abandoning project funding in favour of programme funding and budget support. Finally, untying aid is above all called for by NGOs as step that will contribute to raising the efficiency of ODA.

*Fourth*, an intensive debate is underway currently on the **legitimation, the self-perception and the conception of Official Development Assistance**. Can official capital flows still have a perceptible impact on development processes, given economic globalisation and growing private foreign investments? Isn't ODA in the shape of repayable loans automatically contributing to the continuing debt crisis among the countries of the South? Won't redefining development policy as "global structural policy", which is what e.g. Germany has done, inevitably result in a complete parting from traditional development assistance? Should development funds be used more for the provision of Global Public Goods in future, or would this counteract the interests of the countries in the South? There has already been some talk of the death of traditional ODA, with all hopes now being pinned on new and innovative forms of resources transfer between North and South. Proposals for internationally harmonised taxes, above all a *Currency Transaction Tax - CTT*<sup>1</sup>, play an important role in this context.

The discourse on the crisis and reform of development assistance is by no means new. The Pearson Report already spoke of an „acute crisis“ in development assistance towards the end of the sixties; the principles of the prevalent development policy concepts have been repeatedly questioned. For example, as early as 1976, Julius Nyerere stated that the entire concept of aid was wrong. While it proved useful to mitigate problems, it was not a panacea for poverty reduction throughout the world. And it had

the fundamental flaw of reducing the poor countries to the status of beggars.<sup>2</sup>

The level of official resource flows was a permanent bone of contention in the North-South negotiations. The fact that these discussions have assumed a new quality nowadays is above all due to changes in the global framework conditions. Competition between the two systems in the East and the West has ceased, trans-national private capital flows have grown rapidly in the course of world-wide liberalisation and deregulation, and global problems have intensified (destruction of the environment, armed conflicts in and between states, HIV-Aids, etc.). Against this background, calls are becoming louder for a new development paradigm that is to provide a new framework of legitimisation for international development financing.

As one of the results of the debate on development policy over the last few years „poverty eradication“ became a leitmotif for co-operation between North and South. Even if this goal is anything but new, the degree to which it has become a common priority of ODA and given it a meaning does seem remarkable. Only recently, Great Britain and Germany passed national action programmes to combat poverty<sup>3</sup>, the EU and the ACP states assigned the task of poverty eradication a key role in their new partnership agreement (the Cotonou Agreement), the World Bank is now making debt reducing measures for the highly indebted poorest countries (HIPC) conditional on the compilation of *Poverty Reduction Strategy Papers (PRSP)*, and in 1999, even the IMF renamed its *Enhanced Structural Adjustment Facility (ESAF)* a *Poverty Reduction and Growth Facility (PRGF)*. At the UN's Millennium Summit in September 2000 the Heads of State and Government committed themselves in their joint declaration to reach a number of International Development Targets by 2015, including halving

<sup>2</sup> Taken from Ansgar Skriver: Das Konzept der Hilfe ist falsch. Wuppertal, 1977, p. 97.

<sup>3</sup> Cf. Bundesministerium für Wirtschaftliche Zusammenarbeit und Entwicklung (BMZ), April 2001 and UK Secretary of State for International Development, December 2000.

<sup>1</sup> See the WEED working paper by Wahl/Waldow, 2001, for more details on this topic.

the share of people living in absolute poverty, i.e. on less than one US\$ a day.

The broad consensus on the (new) development policy priority is hardly surprising. For getting rid of poverty is an undisputed goal as long as it remains nothing more than an empty phrase that can be filled in with a random choice of political contents. As soon as it comes to defining concrete measures and approaches to reach this goal, the consensus is bound to end quickly. For what will inevitably be at stake then is the (re-) distribution of resources, which is seldom accomplished without conflicts in society. Norwegian scientist Else Øyen summed up this general insight in an essay on the policies of poverty alleviation:

*„No social problem can be reduced (and certainly not eradicated) without some kind of distribution or redistribution of economic, political or social resources. All kinds of distribution and redistribution have a built-in conflict potential, no matter how trivial the distribution or redistribution seems to be.“*<sup>4</sup>

Therefore, the consensus on the goal of poverty alleviation cannot be separated from the conflict over the distribution of resources required to this end. This once again brings us back to the issue of financial flows between the North and the South and the future of ODA.

The International Conference of the United Nations on Financing for Development, which is to be held in Mexico in 2002, offers governments, once they have reached an agreement on a minimum set of international development goals, the opportunity to reach a consensus on providing the resources this requires. The current framework of contents for the talks warrants a fundamental debate on this issue. For in the framework of the official agenda, the following topics are to be dealt with under the heading "Increasing International Financial Cooperation for Development through, *inter alia*, Official Development Assistance":

- Volume of Official Development Assistance
- Aid Effectiveness and Efficiency
- Global Public Goods and Services
- Other Innovative Sources of Financing

In the following, the current trends and debates on the first two fields of topics in particular, which concern the quantity and quality of ODA, are to be outlined. Some

policy recommendations will then be formulated on this basis for the FfD Conference.<sup>5</sup>

<sup>4</sup> Øyen, p. 460.

<sup>5</sup> We will be publishing additional working papers on the other two thematic fields of „Global Public Goods“ and „Innovative Sources of Financing“ in the run-up to the FfD Conference and the Rio+10 Summit in 2002.

# 1. STAGNATION IN ODA

Official financial flows from the North to the South continue to remain at a low level. According to the OECD, the net ODA as share of the Gross National Product in the OECD countries was at 0.22 percent in 2000 – and thus again at the all-time low of 1997<sup>6</sup>. In absolute terms, ODA flows in 2000 reached a volume of 53,1 billion US\$, compared to 56,4 billion US\$ in the previous year (cf. Table 1).<sup>7</sup>

Obviously, the increase in 1999 didn't mark a fundamental change in the downward trend of ODA. For the increase between 1998 and 1999 is mainly due to the extraordinary increase in Japanese development assistance on account of the Asian financial crisis. Within one year, Japanese ODA grew from 10.6 billion US\$ to 15.3 billion US\$. In 2000, it felt back to 13,1 billion US\$.

Recently, some countries have announced that they will be steadily increasing their ODA over the next few years, and partly, they have set time-bound targets to this end. For example, in its *White Paper* on international co-operation, the UK government pledges to raise development co-operation performance up to 0.33 percent of GNP by 2003/2004 and to continue to steadily increase it thereafter<sup>8</sup>. The demand for a „defined time frame“ for increases in real-term ODA flows is also contained in the Report of the UN Secretary-General to the Preparatory Committee (Prep-Com) for the FfD Conference.<sup>9</sup> Even the Managing Director of the IMF, Horst Köhler, recently spoke in favour of a

clear schedule to reach the 0.7 %Target. He called the present level a „scandal“ and demanded:

*„The UN goal has to be reached within ten to fifteen years. I regard this as a must. The political pledges to combat poverty ought to be measured against the yardstick of the 0.7 percent target. I am astonished that on the one hand, the advantages of globalisation are being increasingly recognised, while on the other, one fails to see that the affluence of the industrialised countries cannot be secured without concrete solidarity with the poor parts of the world.“<sup>10</sup>*

Stagnation in ODA has particularly grave consequences for the poorest countries, which have to rely to a special degree on official financial flows.<sup>11</sup> Between 1988/89 and 1999 ODA flows to the Least Developed Countries (LDCs) dropped from 11.3 billion US\$ to 10.7 billion US\$ a year, while their share of total ODA flows fell from 24 percent to 19 percent in these ten years.<sup>12</sup> This means that an ever shrinking share of the already sinking development funds is flowing to those countries that require them most urgently. This trend obviously clashes sharply with the internationally proclaimed anti-poverty goals.

<sup>6</sup> OECD press release from 25 April 2001.

<sup>7</sup> These figures represent the sum of bilateral ODA and the contributions to multilateral organisations (UN, EC, IDA and regional development banks), which are classified as ODA. In contrast, real ODA flows to developing countries in 1999 was just 51.3 billion US\$. The difference was due to contributions to multilateral organisations comprising 18.5 billion US\$, while ODA disbursements from multilateral organisations only amounted to 13.4 billion US\$.

<sup>8</sup> UK Secretary of State for International Development, p. 84.

<sup>9</sup> UN Dok. A/AC.257/12, para. 92.

<sup>10</sup> Horst Köhler: „Panik hilft niemandem“. In: DIE ZEIT, 22nd March 2001, p. 24.

<sup>11</sup> The net ODA share of the Gross National Product of all developing countries was just 0.6 % in 1998, but ODA is significantly more important for the national income of the poorer countries. Its share of GNP of the LDCs was 8.4 % in 1998, and in individual countries, it was even significantly higher (e.g. in Guinea-Bissau 50.5 %, Nicaragua 30.2 %, Mosambique 27.9 %, Laos 21.8 %) (cf. UNDP: Human Development Report 2000, Table 18).

<sup>12</sup> OECD 2001, Table 31.

**Table 1. Total Net Resource Flows from DAC Member Countries and Multilateral Agencies to Aid Recipients**

	Current \$ billion								Per cent of total		
	1992	1993	1994	1995	1996	1997	1998	1999 (p)	1992	1995	1999 (p)
<b>I. OFFICIAL DEVELOPMENT FINANCE (ODF)</b>	<b>78,3</b>	<b>82,4</b>	<b>84,5</b>	<b>87,6</b>	<b>73,5</b>	<b>75,3</b>	<b>88,4</b>	<b>84,9</b>	<b>49,1</b>	<b>33,0</b>	<b>34,2</b>
1. Official development assistance (ODA) (a)	58,3	55,5	59,6	59,1	55,8	47,7	49,7	51,3	36,6	22,3	20,7
of which: Bilateral	41,4	39,4	41,3	40,6	39,1	32,4	35,2	37,9	25,9	15,3	15,3
Multilateral	17,0	16,1	18,3	18,4	16,7	15,3	14,5	13,4	10,6	7,0	5,4
2. Official Aid (OA)	6,0	6,0	6,9	8,4	5,6	5,6	7,0	7,6	3,8	3,2	3,0
of which: Bilateral	5,2	5,2	5,5	7,1	4,0	4,0	4,5	4,7	3,3	2,7	1,9
Multilateral	0,8	0,7	1,3	1,3	1,5	1,6	2,5	2,9	0,5	0,5	1,2
3. Other ODF	14,0	21,0	18,1	20,1	12,2	22,0	31,7	26,1	8,8	7,6	10,5
of which: Bilateral	8,0	11,4	12,2	14,0	5,7	5,9	12,8	10,4	5,0	5,3	4,2
Multilateral	5,9	9,6	5,8	6,1	6,5	16,0	18,9	15,6	3,7	2,3	6,3
<b>II. TOTAL EXPORT CREDITS</b>	<b>1,0</b>	<b>-3,0</b>	<b>6,3</b>	<b>5,6</b>	<b>4,0</b>	<b>4,8</b>	<b>8,3</b>	<b>4,0</b>	<b>0,6</b>	<b>2,1</b>	<b>1,6</b>
<b>III. PRIVATE FLOWS</b>	<b>80,1</b>	<b>86,3</b>	<b>134,7</b>	<b>172,0</b>	<b>276,2</b>	<b>241,3</b>	<b>134,0</b>	<b>159,2</b>	<b>50,2</b>	<b>64,9</b>	<b>64,2</b>
1. Direct investment (DAC)	30,2	41,6	52,1	59,6	68,9	102,3	119,8	131,8	19,0	22,5	53,2
of which: to offshore centres	9,5	9,4	10,8	6,3	16,7	19,1	20,3	30,0	6,0	2,4	12,1
2. International bank lending (b)	34,6	4,8	32,1	76,9	86,0	12,0	-80,4	-75,5	21,7	29,0	-30,4
of which: Short-term	25,0	7,0	44,0	40,0	40,0	12,0	-74,2	-38,4	15,7	15,1	-15,5
3. Total bond lending	7,5	28,7	32,0	26,0	81,9	84,8	40,6	36,7	4,7	9,8	14,8
4. Other (including equities) (c)	1,8	5,5	12,5	3,5	33,8	37,0	48,4	59,4	1,1	1,3	24,0
5. Grants by non-governmental organisations	6,0	5,7	6,0	6,0	5,6	5,2	5,6	6,7	3,8	2,3	2,7
<b>TOTAL NET RESOURCE FLOWS (I+II+III)</b>	<b>159,4</b>	<b>165,7</b>	<b>225,5</b>	<b>265,1</b>	<b>353,7</b>	<b>321,4</b>	<b>230,8</b>	<b>248,0</b>	<b>100,0</b>	<b>100,0</b>	<b>100,0</b>
<b>Memorandum items (not included):</b>											
Interest paid by aid recipients (d)	-68,0	-64,5	-83,2	-112,3	-108,4	-118,4	-124,1	-115,2			
Net Use of IMF Credit (e)	0,8	3,3	0,6	15,6	0,3	14,4	18,8	-12,8			
Non-DAC donors (ODA/OA)	1,1	1,3	1,0	0,8	0,8	0,7	0,6	0,4			
<b>For cross reference</b>											
Total DAC net ODA (a)(f)	60,8	56,5	59,2	58,9	55,6	48,5	52,1	56,4			
of which: Bilateral grants	34,8	33,4	35,2	36,2	36,5	31,3	32,5	33,9			

a) Excluding forgiveness of non-ODA debt for the year 1992.

b) Excluding bond lending by banks (item III.3.), and guaranteed financial credits (included in II).

c) Incomplete reporting from several DAC countries (incl. France, the United Kingdom and the United States). Includes Japan from 1996.

d) Excluding dividends.

e) Non-concessional flows from the IMF General Resources Account.

f) Comprises bilateral ODA as above + **contributions to** multilateral org. in place of ODA **disbursements from** multil. org. shown above.

p) Provisional.

Source: OECD 2001

## 2. THE MILLENNIUM TARGETS

On the 8<sup>th</sup> September 2000 the Heads of State and Government passed the Millennium Declaration in New York. Among the issues they addressed there were a set of International Development Targets (cf. Box). Most of these targets had been agreed at the World Conferences of the nineties and summarised by the Development Committee of the OECD in its Strategy Paper „Shaping the 21st Century“ in 1996. The fact that the heads of states and governments had now committed themselves to putting these „2015 targets“ into practice is above all of a politically symbolic nature and can be made use of by national and international development institutions to justify their increased involvement in combating poverty.

However, concentrating on a set of approximately seven quantitative development targets is not undisputed. The approach is above all criticised for two reasons:

**A narrowed understanding of development.** While circumscribing development with a small number of quantitative targets, above all in the area of poverty alleviation and basic social services may appeal more to the public at large, it bears the danger of a political withdrawal from more comprehensive development approaches, in particular the concept of sustainable development. Structural issues of fair distribution are just as little affected by the targets as the (world) economic and environmental framework conditions of development. The main target of halving the number of people whose income is less than one US\$ a day by 2015 is particularly controversial. On the one hand, the target is criticised for being too weak, for its realisation would mean that by 2015, almost 900 million people would still be living in absolute poverty<sup>13</sup>. On the other hand, the poverty indicator of 1 \$/day, which was introduced by the World Bank in 1990, is itself called into question. For, it is argued, if this statistical indicator is applied consistently it suggests that the problem of absolute poverty is solved as soon as the

income of all the poor has been raised to a level of 1.01 US\$ a day.<sup>14</sup>

**Responsibility of the North eclipsed.** The Millennium Targets almost exclusively refer to development processes in the South. This also passes the main responsibility for the realisation of these targets to the governments of the South. The joint brochure of the IMF, the OECD, the World Bank and the UNO, titled „A Better World for All“ and published on the occasion of the Geneva Special Session of the UN General Assembly on Social Development in June 2000, demonstrates this particularly clearly. It caused outrage because, on the one hand, it accused governments of developing countries of a „legacy of poor policies and poor performance“<sup>15</sup>, and on the other, it only mentioned the responsibility of the North, even the 0.7 % Target, in the small print.

Against this background, many NGOs demanded more binding regulations and a more balanced allocation of responsibilities in combating poverty. For example, the international NGO network Social Watch proposed a legally binding **Anti Poverty Convention**. In addition to the international development targets, it should also define the responsibility of the North in realising these targets. This would also refer to providing the necessary financial means. The convention is to be based on existing legal instruments such as the International Covenant on Economic, Social and Cultural Rights. The proposal of the International Council on Social Welfare (ICSW) on an **Anti Poverty Pact** that should have a politically but not a legally binding character for pragmatic reasons follows a similar approach.<sup>16</sup> At the Special Session of the UN General Assembly on Social Development in Geneva in June 2000, Germany's development minister Heidemarie Wieczorek-Zeul was among the advocates of such an

approach. In a speech a few months earlier, she had demanded to lessen the gulf between poor and rich by a „reliable international financing mechanism“. She said at the time:

*„Countries that are demonstrably promoting reforms benefiting human development ought to be able to reckon with support the international donors community has made a binding – and I stress, a binding – commitment to give.“<sup>17</sup>*

So far, all that has remained of these demands at international level is the proposal for an **Anti Poverty Campaign** to collect and disseminate information on progress made in, and resource requirements for, the realisation of the Millennium Targets.<sup>18</sup>

<sup>13</sup> BMZ Press Release 10/2000 of the 12th February 2000.

<sup>14</sup> In the Action Programme of the Special Session of the UN General Assembly on Social Development in Geneva, the governments announced a world-wide campaign against poverty (UN Doc. A/RES/S-24/2 of the 15th December 2000, para. 155), in the context of the FfD negotiations, the UN Secretary-General proposed a campaign for the Millennium Development Targets (UN Dok. A/AC.257/12 of the 18th December 2000, para. 91).

<sup>15</sup> There are more detailed critiques of the 1 \$/day indicator in Kanbur/Squire, pp.4 and Vandemoortele, pp. 4.

<sup>16</sup> IMF et al., p. 22.

<sup>17</sup> Cf. ICSW, pp. 18.

<sup>18</sup> Cf. IMF et al., p.7.

## The United Nations' Millennium Targets

"We resolve further:

- To halve, by the year 2015, the proportion of the world's people whose income is less than one dollar a day and the proportion of people who suffer from hunger and, by the same date, to halve the proportion of people who are unable to reach or to afford safe drinking water.
- To ensure that, by the same date, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling and that girls and boys will have equal access to all levels of education.
- By the same date, to have reduced maternal mortality by three quarters, and under-five child mortality by two thirds, of their current rates.
- To have, by then, halted, and begun to reverse, the spread of HIV/AIDS, the scourge of malaria and other major diseases that afflict humanity.
- To provide special assistance to children orphaned by HIV/AIDS.
- By 2020, to have achieved a significant improvement in the lives of at least 100 million slum dwellers as proposed in the "Cities Without Slums" initiative." (UN Doc. A/RES/55/2, para. 19)

In a study on the implementation of the 20/20 initiative, an estimate was made of the money required to put at least some of the international Development Targets into practice<sup>19</sup>. According to the study, between 206 and 216 billion US\$ a year would be required to provide a minimum of basic social services (primary education, basic health care and food, reproductive health, drinking water supply and sanitation). Around 136 billion US\$ was spent on this towards the end of the nineties, so that the financing gap has been put at 70 to 80 billion US\$ a year.<sup>20</sup> This gap could be narrowed considerably if a redistribution was carried out in the budgets of the developing countries and the ODA budgets of the industrialised countries in accordance with the 20/20 Initiative<sup>21</sup>. However, the industrialised countries are still far from reaching this goal. An OECD survey concludes that bilateral and multilateral funds for basic social services in 1997 and 1998 accounted for a mere eleven percent on average of ODA flows assignable to sectors. And out of German ODA, just eleven percent was spent on basic social services in this period too, placing the country at the lower middle of all OECD states.

<sup>19</sup> Cf. UNDP et. al., 1998.

<sup>20</sup> UNDP et. al., p. 21.

<sup>21</sup> In accordance with the 20/20 Initiative, the donor countries should spend at least 20 % of ODA and the recipient countries at least 20 % of their government expenditure on providing basic social services.

### 3. THE MEASURE OF ASSISTANCE

#### Widening the definition of ODA

Not only did official resource flows from the North to the South sink considerably over the nineties, but they were also used for an ever widening range of tasks. The low level of development expenditure on basic social services and shrinking ODA funds for the poorest countries suggest that ODA is obviously flowing increasingly into other sectors and regions. This leads us to the question as to what the label 'ODA' actually conceals and how much of what is declared as development assistance really is assistance in the sense of the original OECD definition.

Kunibert Raffer of the University of Vienna has given an impressive account of how more and more public expenditure has been summed up under the generic term ODA over the last two decades, enabling the governments to considerably water down the traditional OECD definition of development assistance. Raffer refers to the examples of the cost of development administration in the donor countries, education costs for students from the South, emergency and disaster aid, which grew rapidly throughout the nineties, and cancellation of debts<sup>22</sup>. Financial assistance for the countries of former Yugoslavia is also classified as ODA<sup>23</sup>, and so is government spending on refugees during the first year after their arrival in one of the donor countries.

The USA even tried to classify military debt cancellations, for example in the case of Egypt after the 1991 Gulf War, as ODA. However, the OECD Development Assistance Committee ruled that any type of military assistance would continue to be excluded from the definition of ODA. This

was „in deference to concerns expressed over public opinion impacts“.<sup>24</sup>

Labelling more and more fields of activity as „Official Development Assistance“ resulted in the downward trend of ODA not assuming even more drastic proportions in the nineties. According to Raffer's calculations ODA flows between 1990 and 1994 would have been 35 to 42 percent lower if the original definition of ODA had been strictly applied.<sup>25</sup>

Financial assistance for the Central and Eastern European countries and six of the New Independent States of the former Soviet Union is referred to separately in the OECD statistics as Official Aid (OA) and is not added to ODA. So if a government raises its development assistance budget, this does not necessarily imply an increase in ODA – a subtle detail that is frequently overlooked. For example, a closer look at the UK government's target of raising development assistance to 0.33 percent of GNP by 2003/2004 reveals that it does not refer to ODA but to Development Assistance as a whole, i.e. to the sum of ODA and OA<sup>26</sup>.

The intensity of cross-border problems, for example in the environmental and health sectors, has brought about a further dimension being added to the traditional ODA framework. Today, a growing share of official development funds is not being used for specific national development requirements of the countries in the South but to finance **Global Public Goods (GPGs)** such as the protection of the ozone layer, staving off global financial crises or promoting international security. According to estimates, at least 15 percent of ODA is being spent on providing GPGs rather than for development assistance in the narrower sense.<sup>27</sup> For this reason, Inge Kaul (UNDP) and others have

proposed that a distinction be made between conventional Development Assistance (ODA (C)) and a new budget item, ODA (G), for the financing of Global Public Goods.<sup>28</sup> ODA (G) funds should additionally be made available from other budgets (environment, health, etc.) or via innovative financing mechanisms.

All in all, it can be stated that the term ODA refers to an increasingly wide range of tasks, so that far fewer resources are available for development purposes in the narrower sense than the bare ODA statistics would suggest.

#### From ODA to EDA?

A more fundamental critique of the OECD's definition of Official Development Assistance has been formulated in the World Bank<sup>29</sup>. The OECD definition traditionally classifies all public grants awarded to developing countries as well as loans with a grant element of at least 25 percent as ODA. It is precisely this procedure that is questioned by Charles C. Chang and others. They argue that putting grants and loans on a par results in an overrating of the aid content the loans bear. For although they only contain a grant element of 25 percent (and only represent the corresponding costs for the donor), they are entered as 100 percent "aid". On the other hand, loans with a grant element of below 25 percent drop out of the ODA definition altogether. A further critical point is seen in the way the grant element is calculated, with a fixed discount rate of ten percent being taken as a reference value rather than the respective valid interest rates. All this leads to a considerable distortion in estimating actual development assistance and a tendency to overrate the aid flows.

As a consequence, the World Bank experts suggest a new approach to measure Official Development Assistance that they call Effective Development Assistance (EDA). EDA consists exclusively of grants

<sup>22</sup> Cf. Raffer, September 1999, p. 3.

<sup>23</sup> One of the reasons why the German government's development budget has grown from 7.102 billion DM (target 2000) to 7.427 billion DM (target 2001) is because in 2001, it contains funds for the Stability Pact on South Eastern Europe to the tune of 200 million DM that was entered as a different item last year (General Finance Administration – departmental budget 60).

<sup>24</sup> Raffer, September 1999, p. 9.

<sup>25</sup> Raffer, September 1999, p. 6.

<sup>26</sup> Cf. UK Secretary of State for International Development, para 282 (Footnote 18).

<sup>27</sup> Cf. UN Doc. A/AC.25/7/12, para. 108 and Worldbank, 2001, p. 111ff. In a survey, Kunibert Raffer even arrives at the result that at least 40% of ODA has been used for GPGs over the last few years (Raffer, August 1999, p. 15).

<sup>28</sup> Cf. Kaul et al., 1999, p. 495. ODA(C) = ODA(Country).

<sup>29</sup> Cf. Chang et al., 1998.

and the grant *shares* of government loans, which are calculated with the aid of the respective valid discount rates. In a comprehensive empirical survey of official finance transfer to 133 developing countries between 1975 and 1995, Chang and his colleagues arrive at the result that the traditional measurement of net ODA has overestimated the real assistance flows by 25 to 30 percent over the last few years.<sup>30</sup>

## Farewell to the 0.7 % Target

Given the weaknesses of the current definition of ODA, the question arises as to what sense there is in still sticking to the 0.7 % Target as a guideline for the level of official resource flows from the North to the South. For this goal was set up in 1970 for a more clearly delineated field of development tasks in a smaller number of countries and in more favourable framework conditions of the world economy (better terms of trade for the developing countries, smaller foreign debts, more stable exchange rate systems, etc.). Given the present conditions, the target would either have to be raised or new fields of tasks that have evolved, particularly the financing of Global Public Goods, would have to be taken out of the ODA definition. A separate quantitative target could be defined for them.

However, rather more fundamental scepticism towards the 0.7 % Target is justified in another respect. For so far, the Gross National Product of the "donor countries" has been taken as the basis of assessment for this target. The 0.7 % Target has established itself as a guideline over decades in spite of the fact that no consistent justification exists either for this value or this basis of assessment.<sup>31</sup> Although the measurement continues to bear a certain justification for political reasons as an indicator of solidarity of the rich countries with the South, the level of transfer of official funds to the South should increasingly be made dependent on a need-based approach setting out from the real financial requirements of the recipient countries. No doubt it is complicated to quantify such requirements. However, there are already estimated values for certain areas, such as costs for the world-wide provision of basic

social services (see above). A needs-based assessment of the necessary North-South transfer would be one of the first tasks of an international Anti Poverty Campaign. This could result in a potential financing volume considerably above that defined by the 0.7 % Target.

<sup>30</sup> Chang et al., p. 18.

<sup>31</sup> Roger Riddell argues in a similar way, p. 3.

## 4. AID EFFECTIVENESS

### Focus only on the good performers?

Against the background of sinking ODA flows and a worsened economic and social situation in many countries of the South, the conditions for success of Official Development Assistance have been discussed increasingly since the end of the nineties. What prompted this in 1998 was the World Bank publication "Assessing Aid. What Works, What Doesn't, and Why", the authors of which hold that financial aid only works in a good policy environment. The chief conclusion of the study is that development assistance should focus on low-income countries with good political framework conditions and, above all, sound economic management if it is to reduce poverty more effectively.

It is of course entirely plausible for development assistance to flow to those countries which are most in need of it, making the neediness of the recipients rather than the political and strategic self-interests of the donors the crucial determinant in allocating ODA. And it certainly also makes sense to employ the money where it will have the greatest positive impact. Nevertheless, the strategy of greater selectivity in development assistance and above all the selection criteria „poor country“ and „good policy“ bear a number of significant weaknesses:

- Concentrating funds on low-income countries and (according to the World Bank's definition) favourable political framework conditions excludes both poor regions in less poor countries and those people living in poor countries under „poor“ political framework conditions from external assistance. Alone for humanitarian reasons, a consistent use of such exclusive criteria therefore seems dubious.
- The degree to which the effectiveness of ODA depends on the quality of policies in the recipient country is controversial as far as empirical evidence is concerned. Recent surveys arrive at the

conclusion that it is not policy but external framework conditions and the vulnerability of these countries towards exogenous shocks that are particularly relevant to the effectiveness of aid.<sup>32</sup> This would suggest that ODA is most effective in a difficult environment since it can reduce the latter's negative impact in a particularly perceptible way.

- Irrespective of the impact the political framework conditions may have on the effectiveness of aid, the question arises as to how „good“ policy is defined and who takes the decision on this issue. So far at any rate, the power of decision is not with the affected country but is above all held by the World Bank. It assesses Good Economic Policy with the aid of its Country Policy and Institutional Assessment (CPIA)<sup>33</sup>, which comprises 20 components in the four categories of macroeconomic policies, structural policies, public sector management and social inclusion. According to these assessment criteria, whether a policy is regarded as good depends, among other things, on whether the monetary, fiscal and exchange rate policy creates stable framework conditions for the economy, whether the trade, fiscal and sector policies offer good production incentives, whether public sector management effectively supplements private initiatives and whether the participation of all societal groups is ensured. All in all, this catalogue of criteria is strongly reminiscent of the „Washington Consensus“ plus the aspect of including societal groups. What is particularly problematic here is that the selection criteria de facto act as conditionality. According to the World Bank, those countries should benefit particularly from development assistance that fulfill its conditions of a good economic policy. Alternative economic policy approaches and priorities are eclipsed as is the aspect of *owner-*

*ship* in the development processes in the affected countries.<sup>34</sup>

- The selection criteria ignore a number of factors that have a considerable impact on the effectiveness of ODA. This applies both to income distribution in the recipient country and to the quantity of aid. In addition to its direct influence on the poverty situation, owing to its growth effects, ODA has a considerably stronger impact on poverty alleviation on the basis of relatively equal income distribution than if there is a highly unequal distribution of income. Surveys at the Overseas Development Institute (ODI) demonstrate that, given relatively equal income distribution, economic growth of ten percent will result in a poverty reduction of nine percent, compared to just three percent if there is a highly unequal distribution of income<sup>35</sup>. And also the volume of development assistance is of considerable importance to its effectiveness. For the effectiveness of means frequently depends on their being provided on a continuous basis. The effectiveness of a road construction project will suffer considerably if the funds provided for the maintenance of the road once it is finished are inadequate. Basic education projects will show little efficiency if they have to be terminated ahead of schedule owing to cuts in development assistance. The widespread notion that raising effectiveness can compensate for cuts in development assistance budgets is therefore completely misleading.

In spite of the weaknesses greater selectivity in development assistance entails, more and more countries have opted for concentrating their scarce development funds on selected countries. For example, in 2000, the German government published a list of 70 partner countries its development assistance should be restricted to in future. Ireland went even further, declaring just six African countries priority partners. However, since a trend towards regional concentration

<sup>32</sup> Cf. Guillaumont/Chauvet, p. 24ff.

<sup>33</sup> Cf. Collier/Dollar, p. 5.

<sup>34</sup> Cf. Gunning, p.11.

<sup>35</sup> Quoted by Fues, 2000, p. 9.

## Untying Aid

Tying the provision of "aid" to certain suppliers of goods or services is a special type of conditionality. Part of the ODA is only provided on condition that the money is used to buy goods (such as medical equipment, water pumps or construction machinery) or services (e.g. consultants) in the donor country and/or from a certain firm. According to studies by ActionAid (Chinnock 1998 and Chinnock/Collinson 1999), untying aid could result in around 30 percent of the funds being saved. According to the OECD, just 16.2 percent of bilateral ODA approvals was still wholly or partially tied (in comparison to 83.8 percent of untied aid) in 1999. But these figures do not include funds for technical co-operation, which account for more than 25 percent of ODA and most of which are tied.

However, untying aid would have to go hand in hand with the promotion of local enterprises in the South on the basis of targeted procurement. ActionAid demands:

*„Instead of unfairly supporting commercial interests in the North and reinforcing Southern dependence on Northern development inputs through aid tying, aid procurement can and should be directed to play a direct role in assisting commercial and wider development in the South, and in enhancing local ownership of development projects.“* (Chinnock/Collinson, p.9).

One of the consequences of this demand is that all attempts to liberalise government procurement in the framework of the WTO have to be rejected.

In the meantime, the UK Government has announced that it will untie all aid as from the 1<sup>st</sup> April 2001.

new thinking.

In practice however, only little has changed in terms of the dominance the donors wield. They are showing hardly any readiness to give up conditions for the allocation of funds. In its 2000/2001 World Development Report, the World Bank itself quotes a study on the relations between the donors and African recipient countries with the words: *"In spite of some improvements, donors still tend to dominate the project cycle and pay inadequate attention to the preferences of the government or project beneficiaries."*<sup>36</sup>

The practice of donor-driven micro interventions, which focuses on implementing individual projects, is still predominant in development assistance. Here, the provision of funds is made conditional on constantly new requirements and reporting duties that prevent those who are really affected from identifying with the project and result in considerable transaction costs. For example, at one point, alone the Health Ministry of Mozambique had to deal with 405 projects of foreign donors, while in Tanzania, there were more than 2,000 projects from 40 different donors at the beginning of the nineties.<sup>37</sup>

In order to improve ownership and coordination of the development projects, the

*than through specific programs or projects. The tying of money to specific projects, policy reforms, or procurement contracts should end."*<sup>40</sup>

Kanbur and Sandler demand that the recipient countries first of all formulate their own development strategies, programmes and projects (in close consultation with their own population, but also in dialogue with the donors), and that the donors subsequently provide the funds required to this end into a **„common pool“**. Tying funds to certain programmes and control of the donors of individual projects would not be permitted (also see the box on untying aid). This would mean giving up the practice of detailed conditionalities.

But at the same time, conditionalities would continue to exist de facto. For whether and to what extent a government pays money into the common pool depends on how it assesses the development strategy of the recipient country. If it regards the strategy as „good“, it will provide a large volume of funds, while if it is viewed as „bad“, it will tend to pass the money on to another recipient. This once again leads us to the issue of „good policy“ and the selectivity of aid, which in practice has the effect of *ex ante* conditionality. In fact, in the common pool approach, it would have

framework conditions, on which a government has hardly any influence; and results can only be measured after a considerable lapse of time. So de facto, outcomes-based or performance-based conditioning of assistance will also be based on the policy of the recipient country.

<sup>36</sup> World Bank, 2000, p. 193.

<sup>37</sup> Examples taken from World Bank, 2000, p.193.

<sup>38</sup> UN Doc. A/AC.257/12, para.99.

<sup>39</sup> UN Doc. A/AC.257/12, para.102.

<sup>40</sup> Kanbur/Sandler, 1999a.

A second answer would be to drop conditionality altogether in the long term. Instead of unilaterally conditioned assistance, binding arrangements could be made leading to a quasi automatic transfer of resources the level of which would be based on clearly defined development indicators. In a study on new approaches in development co-operation, Keith Griffin and Terry McKinley take up this notion and advocate a global safety net, the funds for which would be raised from a progressive income tax on the GNP of the rich countries to be made available to the poorer countries on the basis of a fixed ratio. Their summarised assessment of this approach is:

*„Combining a progressive international income tax levied on eligible donor countries with a negative international income tax applied to eligible recipients would produce a scheme for funding and disbursing foreign aid that is transparent, fair, automatic, predictable and inexpensive to administer. The present system of foreign aid has none of these virtues - and it is also ineffective.“<sup>42</sup>*

Such a reliability of ODA flows in the developing countries would no doubt make long-term development planning in the countries of the South easier. Development financing would then be accomplished in practice in the shape of a global country financing offset. Its basic concept could be oriented on the example of financial compensation among the Länder in Germany and the Structural Funds at EU level.<sup>43</sup>

It could be argued that an automatic funding system of the kind described above could be abused as a self-service instrument by corrupt élites. In order to prevent this, all countries participating in the compensation system should unanimously agree on a set of political and social minimum standards that would have to be fulfilled by all parties. Such commonly agreed criteria would have a different quality from

that of the one-sided definitions of the donor countries for the conditionalities.

## Development on tick?

The effectiveness of development assistance is also restricted by a large share of the funds being provided in the shape of loans that have to be repaid in the medium or long term.<sup>44</sup> Even if the conditions imposed here are well below those usually applied on the market, these funds are, at best, temporary aid. In principle, more money flows back into the coffers of the industrialised countries than has been spent on assistance. The debtor will inevitably build up a negative balance. So any increase in this type of development assistance automatically also implies an increase in foreign debt on the part of the recipient countries.

This is not to say that foreign loans, whether it be from government or private donors, always have a negative impact. However, the question is under what conditions such loans can make economic sense. Some criteria to answer this question are:

- The funds should not be used for consumptive purposes (example: mineral oil imports) or for unproductive assets (example: arms expenditure), but only for highly profitable investments the yields of which can cover debt servicing.
- Since repayment has to be made in foreign currency as a rule, foreign exchange required to this end has to be gained either directly or indirectly from the projects that are being financed (especially via additional income from exports).
- At the level of the economy as a whole, the recipient country's balance of payments has to improve on account of the measure financed to such a degree that the repayment of the loan and payment of interest is also secured in the long

term. Here, possible secondary effects of investments on the balance of payments also have to be taken into consideration (increased import of raw materials, primary products, spare parts, etc. as well as the possibility of import substitution by building up local production capacities).

- Finally, in assessing the compatibility of foreign loans with development, possible fluctuations in exchange rates, and especially the negative impact of local currency devaluation on the ability to repay, have to be considered. This is particularly important with regard to the long period of such loans.

These criteria are necessary but by no means sufficient conditions for the compatibility of foreign loans with development. For even a highly profitable investment that will also yield the required foreign currency (e.g. a chemical factory or a plant to extract mineral oil) can prove detrimental to the sustainable development of a country in terms of its social or environmental impact. Moreover, regardless of how sensible the project it is used to finance may be, every foreign loan increases the need to earn additional foreign currency, adding to the country's long-term dependence on the international capital markets.

Measured against the above criteria, it is above all the use of foreign loans to finance those projects that are regarded as sensible from a development policy angle but neither yield a sufficient profit nor sufficient foreign currency that ought to be scrutinised. This applies in particular to the field of basic social services but also to environmental protection measures, capacity building, establishing the infrastructure and the support of agricultural production that is not export-oriented. Generally, ODA should only be provided for these purposes in the shape of grants.

# POLICY RECOMMENDATIONS

There is a broad consensus among the UN members that Official Development Assistance (ODA) continues to be of vital importance for many countries in the global South. ODA is just one of several financial instruments to fight poverty and to promote sustainable development. ODA cannot be a substitute for other necessary actions, for example further debt cancellation, improved trade conditions for developing countries and reforms in the international financial system. It is also an undisputed fact that by far the major share of funds for development purposes has to be raised by mobilising domestic resources, both of government and private origin. And under clearly defined conditions, private capital flows can also make a positive contribution to development.

Nevertheless, the transfer of public resources has to play an important role because in central areas of sustainable development simple blind faith in private capital and the forces of the free market alone would lead to damaging or at best ineffective results. This is the case, for instance, in the areas of social security, health, education, cultural development, environmental protection, and civil conflict prevention. The provision of such national and global public goods by governments and international organisations will, in the future, probably require far more official funding than has so far been made available.

The downward trend in ODA over the last decade, the watering down of the definition of ODA and the donors' tying funds to conditions are in stark contrast to the global requirements for poverty eradication and sustainable development. Irrespective of pledges made at earlier world conferences and summit declarations, fewer and fewer resources are available for development today, and they are being tied to more and more conditions and have to be used for a growing amount of tasks in an increasing number of countries.

One central challenge the UN Conference on Financing for Development will be facing is that of reversing these trends and creating a fundamentally new political framework for Official Development Assis-

tance. The following aspects ought to be considered in this context:

## 1. Clear Millennium Targets for ODA

The declaration of intent of governments to reach a number of international development goals by 2015 remains unconvincing as long as it is not tied to a commitment to provide the corresponding resources. As long as there are no demand-based targets for the necessary transfer of resources, the 0.7 % Target remains relevant as a political indicator of the donors' solidarity. For this reason, the governments should agree on a **timeframe** (with timebound intermediate targets) for the implementation of the **0.7 % Target** within the next ten years.

## 2. A Global Development Partnership Agreement

In order to at least partly overcome the traditional dependency relationship between donors and recipients of ODA, new forms of contractual relations between North and South should be developed. In spite of its shortcomings, the agreement between the EU and the ACP countries ought to be mentioned in this context. An agreement of this kind would raise the reliability of pledges to grant official assistance, making development planning easier in the countries of the South. In the long term, binding arrangements for a quasi automatic transfer of resources could be made, perhaps in the shape of a **global country financial offset** the level of which would be based on commonly defined development indicators, that could replace the unilateral definition of performances by the donors.

## 3. A need-based target for ODA

The level of official resource transfer from the North to the South should not be based on the Gross National Product of the donor countries but on the actual financial needs of the recipient countries. In the framework of the international Anti Poverty Campaign, the

United Nations should first of all examine what volume of national and international resources would be needed to attain the agreed Millennium Targets. New financial targets could then be defined on this basis to supplement the 0.7 % Target. Here, estimates of costs for the world-wide provision of the basic social services are good reference points.

## 4. New and additional funds for Global Public Goods

Adequate financing of Global Public Goods (protection of rainforests, the seas, the ozone layer, health, etc.) is crucial to the survival of humankind. However, the funds required here should not be taken out of the budget for Official Development Assistance, since this represents a further reduction in the already scarce resources available for development tasks in the narrower sense. Global Public Goods ought to be financed by new and additional means that are referred to separately from ODA in statistics. Mobilising these funds would be accomplished both via the national budgets of the respective responsible ministries (environment, health, research and education, etc.) and via new international financing instruments. Here, internationally harmonised taxes and fees play a special role, particularly the Currency Transaction Tax (CTT), an international shipping tax, a kerosene tax in air traffic and an international CO<sub>2</sub>/energy tax. In this context, raising the funds for the **Global Environment Facility (GEF)** in the framework of the next replenishment round in 2002 is of particular importance.

## 5. Boosting ownership in development strategies

In order to enhance the effectiveness of ODA, the de facto dominance of the donors in designing development projects and programmes as well as the influence they exercise by posing constantly new conditions needs to be overcome once and for all. The gov-

ernments and the people of the developing countries have to gain ownership of their development strategies. In practice, this also means for the governments that they have to increasingly shift from project to programme and budget financing. In this context, the setting up of *Common Pools* ought to be examined in the framework of the FfD Conference. This approach aims at the donors paying the funds for a country into a common pool that is made use of by the respective government in accordance with the development priorities that it has defined in close consultation with the population. This would mean abandoning donors' control of projects and detailed conditionality.

## 6. Untying aid

Tied aid is a special type of conditioned allocation of funds and above all serves the commercial interests of the donor countries. Doing away with it would facilitate a more effective use of ODA. For this reason, it ought to be resolved at the FfD Conference that all forms of aid tying be abolished within two years. At the same time, local

companies in the South ought to be supported by targeted procurement. For this reason, all attempts aimed at promoting the liberalisation of government procurement in the framework of the WTO should be rejected.

## 7. New donor performance indicators

Examinations of the effectiveness of ODA usually set out from the recipient country. But in order to enhance the effectiveness of aid, the development policy of the donor countries also needs taking a closer look at. For their priorities and development policy practice has a crucial influence on the success of the funds employed. For this reason, new performance indicators ought to be introduced with which conclusions can be drawn as to the effectiveness of donor policy, such as:<sup>45</sup>

- the discrepancy between the real volume of ODA and the internationally agreed means (0.7 % Target, 20:20 Initiative, etc.).
- percentage of a country's development funds that is spent in the developing countries themselves;
- percentage of untied ODA that is

provided;

- percentage of ODA that is not spent ad hoc but in the framework of more long-term agreements and development plans;
- percentage of ODA that is not provided in the context of priorities set by the recipient country or local donor coordination;
- percentage of a country's ODA that is spent in the shape of programme and budget support (as opposed to project financing).

## 8. No development on tick

In order to break through the vicious circle of indebtedness, debt relief and new debts, Official Development Assistance as a rule ought to be provided in the form of **grants** in future. This applies in particular to all investment expenditure that yields neither an adequate profit nor sufficient foreign currency. This would above all affect the area of basic social services, environmental protection measures, capacity building and agricultural production that is not for export purposes.

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## GLOBAL POLICY FORUM



A group of citizens from several countries founded **Global Policy Forum** in December 1993 to monitor global policy making at the United Nations. At a time of rapid globalization, when nation states are weakening, the founders of **GPF** wanted to promote a more open, accountable and democratic policy process at the global level. Seeing the UN as the most open and universal institution, they sought to make it more responsive to citizen concerns, and so to foster democracy, social justice, human rights and mutual solidarity.

**GPF** is based in New York City and has consultative status at the UN. It has addressed issues primarily in three areas:

- **Security Council** - so as to strengthen international peace and human security
- **UN Financial Crises** - so as to insure resources for the UN's many important programs
- **Social and economic policy** at the global level so as to win greater rights, equality and social justice

**GPF** also has substantial programs on:

- **NGOs** - especially to improve NGO access at the United Nations,
- **Global Taxes** - to provide resources for global policy programs
- **Sanctions** - to develop a more effective and humane policy tool to enforce international law
- **Financing for Development** - to create a global financial system that responds to human needs.

## HEINRICH BOELL FOUNDATION



## HEINRICH BÖLL STIFTUNG

The **Heinrich Böll Foundation**, which is associated with the German Green Party and has its headquarters in the heart of Berlin, is a legally autonomous and intellectually open political foundation. The **Heinrich Böll Foundation** is a federally-organized national foundation, whose 16 state foundations cooperate in carrying out regional educational work.

The foundation's foremost task is political education in Germany and abroad with the aim of promoting informed democratic opinion, socio-political commitment and mutual understanding. In addition the foundation supports artistic and cultural as well as scholarly projects, and cooperation in the development field. The political values of ecology, democracy, solidarity and non-violence are our chief points of reference.

In its international collaboration with a large number of project partners - currently some 130 projects in 56 countries - the foundation seeks to strengthen global ecological and civil action, intensify the exchange of ideas and experiences, and keep alive peoples's sensitivity to change.

The **Heinrich Böll Foundation's** academic department or „Studienwerk“ would like to become a workshop for the future, which supports particularly gifted students and scholars, encourages work of socio-political relevance, and overcomes the disciplinary boundaries between discourses.

## WORLD ECONOMY, ECOLOGY & DEVELOPMENT ASSOC. (WEED)



**WEED** was founded in Germany in 1990 to increase public awareness on the root causes of world poverty and global environmental destruction. **WEED** collaborates with national and international networks and facilitates dialogue between organisations in the North and South. Political dialogue and confrontation with decisionmakers in administration, parliament and the various national and intergovernmental organizations are further elements within our strategy towards a socially equitable and ecologically sustainable North-South policy.

Some of the issues that **WEED** addresses include:

- **International Financial Markets, IMF and World Bank, International Debt Crisis**
- **Trade and Investment Policy**
- **Reform and Democratization of the UN-System**
- **European North-South-Policy**