

point seven: invest in a better world

The campaign to increase New Zealand's overseas aid



BASIC BRIEFING PAPER

0.7% OF GNI FOR OVERSEAS AID BY 2015

The Council for International Development (CID) calls on the New Zealand government to commit to a timetable for achieving the internationally-agreed target of spending 0.7% of Gross National Income (GNI) on Official Development Assistance (ODA) by 2015. As a first step, **ODA should be increased to 0.27% of GNI in the 2004-05 budget.**

CID is an umbrella body for 61 New Zealand-based international development non-government organisations. A survey conducted by CID last year revealed that at least 235,000 New Zealanders showed their support for the work of such organisations by donating money to them.

New Zealand and the 0.7% target

The target that developed countries should give 0.7% of their GNI in ODA was endorsed by the UN General Assembly in 1970. More recently, in 2002 it was endorsed by the international community:

- at the Conference on Financing for Development in Monterrey, Mexico;
- at the World Summit on Sustainable Development in Johannesburg, South Africa;
- in the UN General Assembly resolution 'A World Fit for Children'.

New Zealand must now begin taking steps to meet the commitments made in such international forums.

In 2003-04, New Zealand's total ODA is around \$300 million, consisting of \$265 million in Vote ODA plus an estimated \$35 million of other expenditure. This is 0.23% of GNI, unchanged from the previous year. The high point of New Zealand's ODA contribution was in 1975, when it reached 0.52%.

New Zealand is among the least generous OECD donor countries, ranking 19th out of 22 countries in 2002 (see attached chart). Only Greece, Italy and the United States are below New Zealand. Five countries are currently exceeding the 0.7% target, and several more have committed to reaching it by specific dates. The Republic of Ireland, a country similar in size to New Zealand, is currently at 0.41% and has committed to reaching 0.7% by 2007. New Zealand and Japan are the only donor countries that have set no timeframes for achieving either 0.7% or some increased level of ODA.

Reaching 0.7% by 2015

If New Zealand is to reach the 0.7% target by 2015, from a starting point of 0.23% in 2003, ODA needs to increase by 0.47% of GNI over 12 years. Achieving this in even steps will require increases of 0.04% every year for 11 years, and 0.03% in the remaining year. Relatively small annual increases such as these would be much more manageable and affordable than larger increases closer to 2015.

Based on current projections of GNI, an increase of 0.04% in 2004-05, taking New Zealand to 0.27% of GNI, would mean increasing ODA to around \$357 million, an increase of \$57 million over this year.

Why New Zealand should commit to reaching the target

- New Zealanders are justly proud of our country's international reputation as a good global citizen. An important part of this reputation is our record of honouring international commitments, and our failure so far to take steps to reach the 0.7% target is out of character with this record. Speaking to civil society organisations during the Pacific Forum in Auckland in August 2003, United Nations Development Programme Administrator Mark Malloch Brown was critical of New Zealand's low ranking among donor countries. The OECD Development Assistance Committee's next peer review of New Zealand's aid programme, due in 2005, is also likely to criticise New Zealand's low aid level if we continue to lag behind other donor countries.
- The New Zealand Agency for International Development (NZ Aid) has a vision of 'a safe and just world free of poverty'. New Zealand, together with the rest of the international community, is also committed to achieving the Millennium Development Goals (MDGs) adopted in 2000. The eradication of poverty and the achievement of the MDGs will require a substantial increase in aid from the developed countries so that developing countries can make the necessary investments in key areas such as health, education, water, sanitation, rural development, and infrastructure. The UN estimates that achieving the MDGs will require a doubling of global ODA.
- The changes to New Zealand's ODA, which led to the creation of NZ Aid, mean that New Zealand now has a carefully targeted aid programme with poverty elimination as its central focus. Now that ODA has been made more effective in tackling poverty, the next logical step is to increase the quantity of aid provided by New Zealand.
- The establishment of NZ Aid, with its commitment to poverty elimination and its focus on the Pacific region, allows New Zealand to make a real impact in helping to overcome poverty in the Pacific. Aid strengthens our ties to Pacific Island countries, and helps to promote lasting security in the region. While New Zealand is already a major donor in the Pacific, there is still much more that could be done to assist our Pacific partners in tackling poverty.
- Like other countries, New Zealand is concerned about the threat of terrorism and the outbreak of civil conflict in many parts of the world, including the Pacific region. While the causes of such violence are complex, it is widely recognised that poverty is an underlying cause of much armed conflict, and that by reducing poverty aid can be one of the most effective means of countering terrorism. Averting the outbreak of conflict through development assistance is also cheaper than helping to reconstruct societies that have been ravaged by war.
- While aid alone is not the answer to the problems faced by developing countries, and fairer international trading arrangements are also crucial, developing countries need assistance to increase their trading capacity if they are to benefit from trade. Effective debt relief and cancellation of debt for the poorest countries should likewise go hand in hand with increased aid.

January 2004

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BACKGROUND PAPER ~ MDG'S

Background to the Millennium Development Goals

In 2000, all 189 members of the United Nations committed themselves to eradicating extreme poverty and improving the lives of poor people. This Millennium Declaration led to the creation of eight Millennium Development Goals (MDGs) and a series of associated targets to be achieved by 2015. These include:

- Halving the proportion of the world's people whose income is less than US\$1 per day.
- Halving the proportion of people who suffer from hunger.
- Ensuring that all children complete primary school, and eliminating gender disparities in education at all levels.
- Reducing by two-thirds the mortality rate of children under five.
- Reducing by three-quarters the maternal mortality ratio.
- Halting and beginning to reverse the spread of HIV/AIDS, malaria and other major diseases.
- Halving the proportion of people without access to safe drinking water and adequate sanitation.

While progress has been made, many countries, particularly in Sub-Saharan Africa, currently look like they will fall well short of these targets. Poverty continues to blight the lives of far too many of the world's people:

- More than 1.2 billion people survive on less than US\$1 per day, while 2.8 billion live on less than US\$2 per day.
- Every year, more than 10 million children die of preventable diseases.
- More than 1 billion people lack access to safe water, and 2.4 billion lack access to adequate sanitation.
- Women are 100 times more likely to die in pregnancy and childbirth in Sub-Saharan Africa than in rich countries.
- 876 million adults are illiterate, two-thirds of them women.

The United Nations Development Programme reports that 54 countries are poorer today than in 1990. This coincides with a major fall in the level of aid to developing countries during the 1990s. If developing countries are to achieve the MDGs, they will need much more help from rich countries. This is recognised in Goal 8, which calls on rich countries to join in a 'global partnership for development'. This partnership requires them to assist developing countries in the areas of trade, debt, technology transfers and aid. The United Nations and the World Bank have estimated that meeting the MDGs will require another US\$50 billion per year in aid to developing countries. This means that developed countries need to almost double the total amount they give in aid. To put this in perspective:

- The world's military budgets totalled \$800 billion in 2002.
- Rich countries currently spend more than \$300 billion per year on agricultural subsidies. While almost half of the world's people earn less than \$2 per day, every cow in the European Union receives \$2 per day in subsidies.
- Annual consumer spending on tobacco worldwide is over \$200 billion.

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BACKGROUND PAPER ~ OTHER DONOR COMMITMENTS

Commitments by developed countries to increase their levels of overseas aid

Of the 22 donor countries which are members of the OECD Development Assistance Committee, five (Denmark, Norway, Sweden, the Netherlands and Luxembourg) are already giving more than 0.7% of Gross National Income in ODA.

Four countries (Belgium, Finland, France and Ireland) have made commitments to reach 0.7% by particular dates (between 2007 and 2012).

Most other donor countries have committed to interim targets:

- The United Kingdom has pledged to reach 0.4% by 2005-06.
- The remaining EU countries have committed to reaching 0.33% by 2006, taking the EU as a whole up to at least 0.39%.
- Switzerland has promised to reach 0.4% by 2010.
- Canada will double its ODA by 2010.
- The United States has committed to reaching 0.15% by 2006.
- Australia promised to increase its ODA in real terms in its next budget.

Only Japan and New Zealand have set no timeframes either for reaching 0.7% or for achieving interim targets.

Source: United Nations, 'Implementation of and follow-up commitments and agreements made at the International Conference on Financing for Development: Report of the Secretary-General' (A/58/216), 5 August 2003, p. 29

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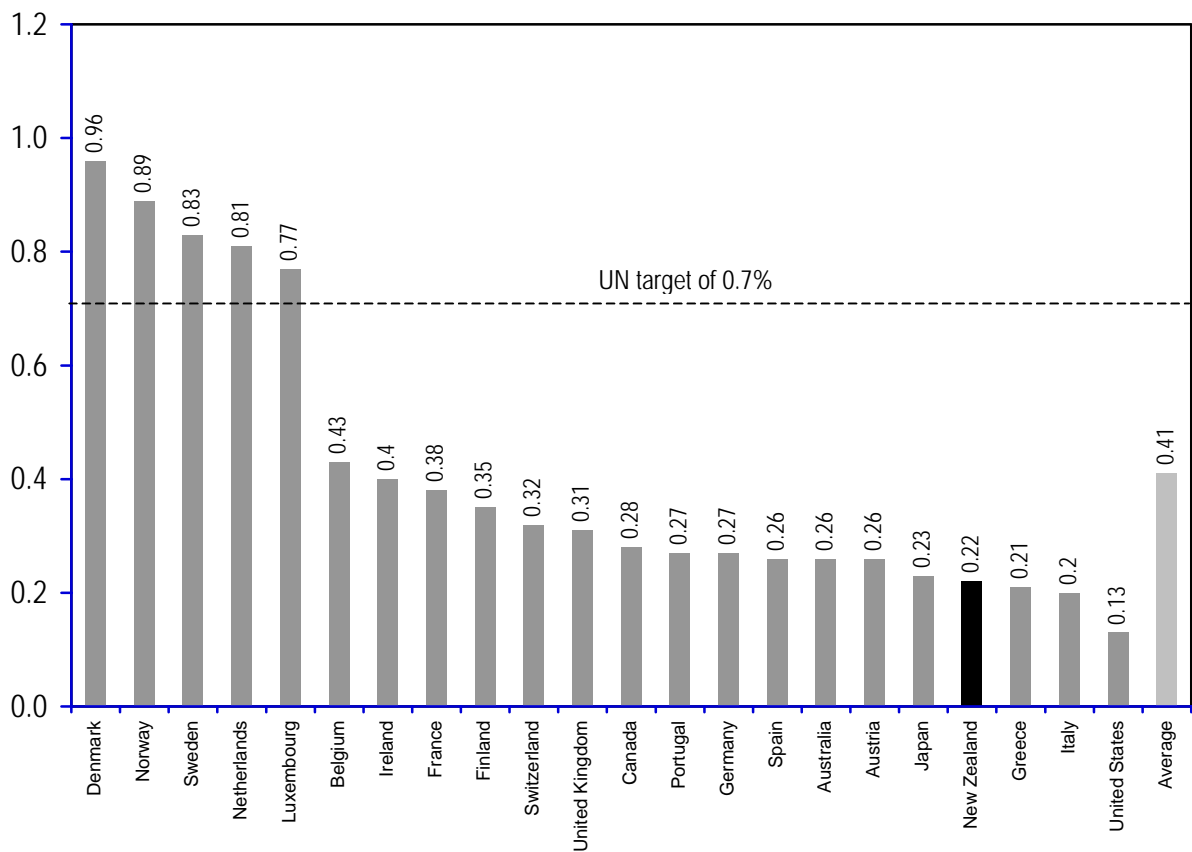
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BACKGROUND PAPER ~

ODA as a percentage of GROSS NATIONAL INCOME (GNI) for OECD countries 2002/03

ODA as a % of GNI



source: OECD DAC

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BACKGROUND PAPER ~

New Zealand ODA as a percentage of GNI

ODA as a % of total GNI

