

**Committee: SOCHUM 1**

**Topic: The Question of minimum state overseas aid**

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## Summary

The issue of minimum overseas aid is a multifaceted issue which demands both economic and political considerations, as well as moral contemplations regarding the role of more economically developed nations to provide both monetary and humanitarian aid to developing countries. The aid discussed can often take many forms, namely, financial assistance, food aid, technical assistance, and other resources provided by developed countries to support the development and humanitarian needs of developing countries. Historically, the United Nations has decreed that 0.7% of the GNI (gross national income) of any developed country should be donated as overseas aid, for the UK for example, this represents approximately 26 billion GBP. Striking a fine balance between the need for domestic spending and international responsibility through aid donations is the crux of this issue in the modern day.

## Definition of Key Terms

**Overseas Aid-** The UK parliament defines overseas aid to be provided by official agencies, including state and local governments, or by their executive agencies; and each transaction of which: is administered with the promotion of the economic development and welfare of developing countries as its main objective; and is concessional in character.

**GNI-** GNI is the gross domestic product, plus net receipts from abroad of compensation of employees, property income and net taxes less subsidies on production.

**CCP-** Chinese Communist Party (current ruling party)

**NGO-** Non Governmental Organization (essentially a charity with no political associations and ties)

**MEDCs-** More economically developed country

## Background Information

There are many reasons that more economically developed countries may wish to contribute to the donation of aid to impoverished nations. The economic impacts of such donations are immense, it is argued that foreign aid is one of the most crucial tools to alleviate poverty and spearhead the development of key infrastructure systems such as healthcare or education among many others. On the other hand, it has been shown that such a dependency on foreign support has often led to mismanagement, and corruption of given monetary and resource-based aid. So, it is crucial that a solution to potential abuses of power is sought and better evaluation mechanisms are put in place to ensure the correct use of resources once allocated.

Another powerful argument for the donation of aid is the inherent moral obligation that wealthier countries have. Many argue that they ought to be morally obligated to assist poorer nations not just with their normal economic activity but particularly in times of disaster such as but not limited to famines, pandemics or even natural disasters. But with this in mind, many politicians believe that resources should be prioritised for domestic issues, stating that it is not a moral responsibility to donate to countries, given it may be to the detriment of one's own citizens to do so. Furthermore, world economic markets are subject to rapid and extreme change thus a model of consistent international aid donations is oblivious to the state of economic hardship that a nation may be experiencing. This preceding notion of a model of consistent international aid is in line with the 0.7% of the GNI (gross national income) that the UN requests developed member nations to donate.

Equally as important, aid can help to support the geopolitical stability of regions where peace and security are unfortunately a commodity, but one which can be more easily attained through international support. Not only can aid bring stability but it is also an invaluable tool in fostering good relations between donor and recipient countries. Conversely, it can be used to exert political influence and align recipient countries with the donor's strategic interests.

To provide an example, this can be seen specifically with Chinese initiatives of the past two decades, even spanning back to the cold war era. China is a significant source of foreign direct investment in Africa. It has offered development loans to resource-rich nations, like Angola, as well as this it invests in agriculture. While these investment paths appear to be benign and even greatly appreciable to the economies of many developing African nations, some are worried about the political influence they may and do exert. China has developed special trade and economic cooperation zones in several states, including Ethiopia, Nigeria, and Zambia; which have given them almost exclusive access to resources and developmental projects in many of these nations. These monopolies threaten the ability of lesser developed member nations to exercise self-determination. This is another key issue which must be addressed by any successful resolutions.

As of yet the only discussion has been about the merits and pitfalls of the current system of aid. In order to more directly address the issue of minimum overseas aid, it is important to observe current trends. Not only in the policy of nations providing the aid but also of the recipient nations.

As was an easily predictable issue, given that the 0.7% GNI target was merely an unenforceable United Nations policy, underfunding of the scheme has become critical. Economic pressures placed on member nations by the global pandemic and declining markets have caused an immense change in the political sands. With many politicians uniformly agreeing that despite the meritorious arguments of international aid, priorities ought to shift domestically leading to a reduced aid budget. Hence many developed countries do not meet the 0.7% goal.

Furthermore, regarding the aid which is allocated, its distribution is often tumultuous and vastly uneven, with certain countries and regions receiving more attention than others. Often the member nations with the direst humanitarian needs don't represent a reciprocal financial or geopolitical investment for the most developed countries so instead strategic interests are served first rather than need. Yet again, this phenomenon can be seen by bullish investments across the belt of Africa by China. But, to remain politically neutral, it is unfair to solely accuse the CCP, because the political influence of western nations such as the United States can

similarly be seen in the Middle East. Briefly, US aid in the Middle East is intricately tied to securing their oil interests. The U.S. has provided billions in military aid and advanced weaponry to Saudi Arabia, ensuring Saudi Arabia's role as a stable and dominant oil producer. Additionally post the invasion of Iraq, aid was aimed directly at rebuilding Iraq's oil infrastructure and securing oil fields, often arguably to the detriment of allocating resources to the ensuing humanitarian crises. Finally, their economic aid also contributes to the security of nations such as Egypt and Jordan to secure vital oil transit routes both through the Suez canal and land transit. The conclusion drawn from this paragraph ought to be that the allocation of aid must be drawn away from politics and treated more equally.

The final and potentially most interesting modern trend in international aid is "innovative financing". Many Governments have placed an increasing focus on financial mechanisms, such as public-private partnerships and leveraging private sector investments, to complement traditional aid sources, it is interesting to note that this could contribute in a much more prominent way in future.

## **Major Countries and Organizations Involved**

As previously discussed most developed nations give some form of aid, with this being said, the quantitative tracking of foreign aid is extremely difficult as "aid" is a variable concept and subject to interpretation. For example, donated military equipment and strategy or expertise and technical support- can both be seen as valid forms of aid but are difficult if not impossible to quantify with a dollar amount. Therefore, to use a more solid metric, in terms of humanitarian aid donated, some of the main contributors are the United States (~9 billion US dollars), the European Commission (~2 billion US dollars), closely followed by Germany (~2 billion US dollars), etc. It must also be said that a lot of the given aid is processed and allocated by bodies within governments such as the USAID (U.S. Agency for International Development) and the Millennium Challenge Corporation (MCC) in the United States or via the Foreign, Commonwealth & Development Office (FCDO) in the United Kingdom and commonwealth countries.

The following organisations pool resources from multiple countries to provide aid, the United Nations (UN): Through various agencies such as but not limited to: UNDP (United Nations Development Programme), UNICEF (United Nations Children's Fund), WHO (World Health Organization) and WFP (World Food Programme).

The World Bank Group: provides financial and technical assistance for development projects worldwide alongside the International Monetary Fund (IMF): who offer financial support and advice for economic stabilisation. Alongside European banks there are also many collections of region-specific banks which focus on reinvestment regionally, namely the Asian and African development banks. Importantly, such a vast number of NGOs deal with smaller sums of donated foreign aid after it has been filtered through the system.

However, the apparatus of foreign aid donation is evidently much more complicated than this and with such a bureaucratic and convoluted system of donation, any potential solutions should focus on providing accountability for the supply chain of donated aid as well as how NGOs and international organisations can be utilised to facilitate fast and equitable division of funds.

## Timeline of Events

Here is a brief timeline which outlines the key actions that have been taken and how the economic trends of the world have changed the application of policy:

### The 1960s

- **1961:** The Pearson Commission which had also previously been referred to as the Commission on International Development was founded, leading to a major review of international development goals.
- **1969:** The Pearson Commission published a report entitled, "Partners in Development," which recommended that developed countries should aim to allocate 0.7% of their GNI to the Official Development Assistance (ODA).

### The 1970s

- **1970:** The United Nations General Assembly finally submitted and passed Resolution 2626 (XXV), which made formal the recommendation that developed countries ought to

allocate 0.7% of their GNI to the ODA. This target remains a part of the International Development Strategy.

### The 1980s

- Although 0.7% remained the desired benchmark, few countries achieved it. Advocates continued to push the importance of meeting this global development aim.

### The 1990s

- **1992:** The Earth Summit in Rio de Janeiro reinforced that the 0.7% ODA target remained relevant.
- **1996:** Sadly, at this time Denmark, the Netherlands, Norway, and Sweden were among the only countries that met or exceeded the 0.7% target.

### The 2000s

- **2000:** As a part of the Millennium Development Goals (MDGs) this rhetoric of 0.7% of GNI was continually a feature of policy despite its lack of application.
- **2002:** At the International Conference on Financing for Development in Monterrey, Mexico, little more progress was made than yet again reaffirming that 0.7% was an appropriate monetary figure.
- **2005:** During the G8 summit at Gleneagles, the European Union set a collective timetable for its member states to reach this almost revered yet widely unimplemented “0.7%” target by 2015.

### The 2010s

- **2015:** In this year the Sustainable Development Goals (SDGs) were created, and under Goal 17 the 0.7% target was yet again quoted.

### The 2020s

- **2020:** The COVID-19 pandemic erupted and despite the need for international aid never being higher, and discussions continuing on how we can meet or exceed the 0.7% target to support global health and economic recovery, it became evident that domestic spending was prioritised to ensure the self-preservation of member nations (B.N. this is

not to diminish the incredible work done by many NGOs and international organisations to provide vaccines and adequate aid during a time of ongoing cuts)

- **2024:** Despite the fire of debate for this topic never being hotter, targets are still not met by the majority of MEDCs

## Relevant UN Treaties and Events

Given that the majority of treaties and events regarding the minimum overseas aid issue have all concluded the same 0.7% rate as appropriate. Three main events and treaties are most relevant

- The 1969 “partner’s in development” report by Pearson
- UN resolution 2626 (XXV)
- Finally, goal 17 of the sustainable development goals

## Possible Solutions

As has been much discussed in the above research report, not only is there an imperfect system of donation, but the distribution of this foreign aid is also subject to political biases and discrimination. Furthermore, the lack of action regarding the 1970 “0.7% of GNI” goal is startling and must quickly be resolved by a thorough solution. Here are some points to consider when writing resolutions for the following topic:

- Should the rate of foreign aid donation be set at the 0.7% minimum or should this be a different figure?
- How can we change the current apathetic approach taken by all but a few MEDCs to contributing this quota?
- How can we better classify and quantify aid given its varying types e.g military, civilian, technical, humanitarian etc?
- And should technical and military aid be included somehow in the 0.7% quota?
- How can we better evaluate the mismanagement, and corruption of given monetary and resource-based aid that comes as a result of aid dependency?
- How does your resolution address the suggestion that resources should be prioritised for domestic issues?
- What can be done to limit the effects of aid being used as a tool for political leverage?

- In what way should aid be distributed, how can it be distributed more evenly, and more equitably?
- How can the devolved system of aid donation, processing and distribution be changed to make most effective use of NGOs, international organisations and intergovernmental bodies?

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