

Official Development Assistance: A Comparison

By Liam Carter & Andrew Scott

Foreign aid assistance by Nordic nations is amongst the most generous in the world. Policymakers are increasingly targeting that aid toward climate adaptation. In contrast, Australia's aid programs remain dismally underfunded.

Official Development Assistance (ODA), or foreign aid, is aid that promotes and specifically targets the economic development and welfare of developing countries.¹ Aid programs often also target malnutrition, climate change, and more recently, the health and economic effects of COVID-19.

In 1970 the United Nations General Assembly adopted a resolution that Development Assistance Committee members such as Australia would aim to give at least 0.7% of Gross National Income (GNI) in aid.² Australia's foreign aid is currently budgeted at AUD \$4.2 billion for 2020-21, which equates to 0.19% of Gross National Income (GNI).³

Improving our ODA contribution is essential for Australia to become a better global citizen, with a better reputation in the United Nations.

For too long overseas development aid has been seen as easy expenditure to cut from the Australian budget because it is perceived that there are 'no votes' in it. But Nordic nations have shown that a generous approach to foreign aid is possible and desirable.

Norway's ODA programs are equal to 1.11% of GNI⁴, while Sweden's are equal to 1.15%⁵, Denmark's are equal to 0.73%⁶ and Finland gives 0.47% of GNI.⁷ These are all generous proportions of aid compared to other nations. Even Iceland, the Nordic nation that gives the least (0.29% of GNI⁸), provides a higher proportion compared to their national income than Australia. For reference, the United States foreign aid flows equal 0.17% of GNI.⁹

Nordic nations are increasingly targeting their aid programs towards climate adaptation and mitigation in some of the nations hardest hit by climate change.

Norway announced in April 2021 that they would boost their funding for climate change adaptation and food security by almost a third, up to USD \$4.8 billion.¹⁰

Since the COVID-19 pandemic, the total foreign aid expenditure by member nations of the OECD's Development Assistance Committee (DAC) has risen from Norway and Sweden as well

as other nations, while Australia has reduced its contributions in real terms.¹¹

The Nordic approach to aid reflects a belief that providing generous foreign aid, rather than just acting transactionally in foreign policy, helps to build trust and to tackle extreme poverty and inequality before those problems lead to violence and further social dislocation.

This is reflected in the way Sweden has taken in very generous numbers of refugees in the last decade¹², moving the proportion of people who live in Sweden who were born overseas up to almost 20 per cent as of 2020.¹³

The record of Nordic nations in supporting the poorest countries in the world, through foreign aid and taking in large per capita numbers of refugees, is contrary to the common misconception that those nations' advanced social democratic policies are premised on 'monoculturalism'.

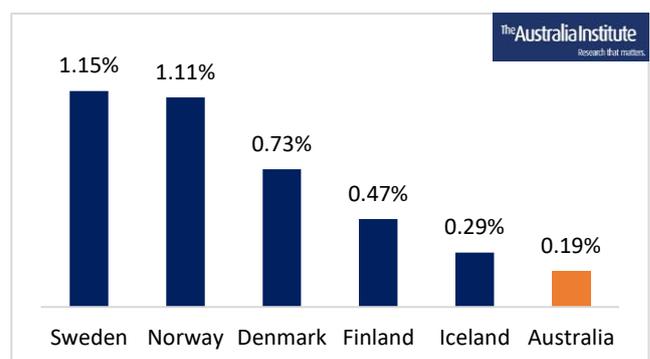
Further, at the same time as Sweden among others has become more welcoming of asylum seekers, Australia has become much more hostile toward asylum seekers.¹⁴

The 2021 May Budget gives Australia an opportunity to reset its priorities and to move closer to the Nordic nations in fulfilling humanitarian responsibilities which will also help to make the world safer and more prosperous.

"Sweden is a generous and principled donor and a world leader in gender equality, with an impressive 87 per cent of aid supporting gender equality and women's empowerment."

Susanna Moorehead, Chair of OECD Development Assistance Committee¹⁵

Figure 1: ODA as a proportion of Gross National Income, 2021



Source: Organisation for Economic Co-operation and Development (2021) Net ODA, <https://data.oecd.org/oda/net-oda.htm>

¹ Organisation for Economic Co-operation and Development (2021) *Net ODA*, <https://data.oecd.org/oda/net-oda.htm>

² Organisation for Economic Co-operation and Development (n.d.) *The 0.7% ODA/GNI target – a history*, <https://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/the07odagnitarget-ahistory.htm>

³ Organisation for Economic Co-operation and Development (2021) *Net ODA*, <https://data.oecd.org/oda/net-oda.htm>

⁴ Ibid

⁵ Ibid.

⁶ Ibid.

⁷ Ibid

⁸ Ibid.

⁹ Ibid.

¹⁰ Government of Norway (2021) *Norwegian Government to increase funding for climate change adaptation and the fight against hunger*, https://www.regjeringen.no/en/aktuelt/increased_funding/id2844162/

¹¹ OECD (2021) *COVID-19 spending helped to lift foreign aid to an all-time high in 2020 but more effort needed*, <https://www.oecd.org/development/covid-19-spending-helped-to-lift-foreign-aid-to-an-all-time-high-in-2020-but-more-effort-needed.htm>

¹² Migrationsverket (2021) *The Swedish resettlement programme*, <https://www.migrationsverket.se/English/About-the-Migration-Agency/Our-mission/The-Swedish-resettlement-programme.html>

¹³ Statista (2021) *Population in Sweden from 2010 to 2020, by birthplace*, <https://www.statista.com/statistics/1143161/sweden-population-by-birthplace/>

¹⁴ Eliza Laschon (2019) *United Nations human rights commissioner criticizes Australia's asylum-seeker policies*, <https://www.abc.net.au/news/2019-10-09/un-bachelet-criticises-australia-asylum-seeker-policies/11588084>

¹⁵ Swedish Ministry for Foreign Affairs (2019) *Sweden a leading actor in development cooperation*, <https://www.government.se/press-releases/2019/06/sweden-a-leading-actor-in-development-cooperation/>
