

**Official Development
Assistance in
Latin America and the
Caribbean:**
situation and trends





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Edition by

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PUBLICATION DATE: October 2022

ODA findings

- The ODA flows received by the Latin American region have remained in recent years at around 7% of the total, a lower proportion than the flows received in the 1980s and 1990s.
- The use and destination of ODA is not always in line with the real needs of these countries. Coca eradication programs are a proper example of these mismatches.
- Very few cooperating countries meet the goal of allocating 0.7% of their gross national income, and the current amounts of aid are clearly insufficient in the face of the urgent and multiple problems that the less developed countries face.
- The reported amounts of ODA tend to be overestimated by donors, by including concepts that should not be considered as aid. In addition to the latter, there is also a bad practice which ties cooperation to contracts with companies from these countries.
- The concept and scope of ODA must be reviewed, especially in terms of additionality in order to avoid double counting and to prevent overstating real figures.
- ODA must be seen as a tool to allow countries that receive these flows to catch up and get out of backwardness. These resources must be complemented with additional cooperation between the peoples and countries of the global South (South-South cooperation).
- The participation of civil society and other stakeholders is important to ensure that the best decisions are made about the quality and effectiveness of aid, and the principles that should guide it.

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Introduction

More than two years after the beginning of the Covid-19 pandemic, and in the midst of a generalized crisis given the war between Russia and Ukraine, the needs of developing countries are becoming increasingly urgent, especially considering the consequences they were already facing due to their historical structural problems, and the impacts of climate change and international crises with which they must cope.

Poverty, inequality, social exclusion and environmental degradation are present in many countries of the Global South, resulting from the prevailing economic model guided by the Northern economies, determined by the way in which the economies are inserted globally in international markets. These markets are normally characterized by a specialization in well-defined areas of production, such as the provision of raw materials and other services provided by developing countries that prop the industrialization of developed ones. All of this occurs within a framework of economic and financial domination exercised from North to South, which places our developing economies in a situation of dependency and makes us much more vulnerable to international shocks.

The setting of this scenario and the international political economy have led to distinguish, at least from official spheres, two large groups of nations: the developed or industrialized ones with high incomes; and those that are on the path to development, that is to say, the developing ones or primary and low-income economies. The highly differentiated dynamics that took place between the two groups generated large economic and social gaps between countries, with development rates that are vastly different when comparing the development and living standards of a resident from Northern Europe with that of one from sub-Saharan Africa. The concentration of wealth generates inequality, a difficulty that also occurs within a country, as is the case in Latin America and the Caribbean (LAC), one of the regions with the greatest gaps between rich and poor, although generally considered as a middle-income region.

The enormous needs that the Southern countries began to face a few decades ago in the midst of poverty and shortcomings, led to propose aid programs designed to transfer resources to countries in need, aiming for the long-awaited development. However, this aid is still seen nowadays as a giveaway or a gift, in the face of the problems created by the developed economies themselves regarding the situation of “underdevelopment” from which the rest will never come out, unless this situation changes. These important Cooperation programs, although voluntary, became at the time one of the main channels to transfer official aid from North to South. However, at present, these aid programs are not exempt from criticism due to their scant progress when achieving their quantitative goals, and because of the way in which these resources are used and accounted for.

This report presents data about the current situation and trends regarding Official Development Assistance (ODA) in recent years, placing special emphasis on the behavior of these aid flows in Latin America. Additionally, some notions regarding the use of a certain type of aid are described, as well as the problem that this generates when overestimating the amounts provided by donor countries. Finally, some recommendations relative to international cooperation are included.

Official Development Assistance in Latin America and the Caribbean: situation and trends

1. Definition and origin of ODA

Official Development Assistance (ODA) originated when the [Development Assistance Committee \(DAC\)](#) of the OECD began discussing in the early 1960s how to harmonize the terms on which aid was supposed to be granted to developing countries. The DAC agreed on a first recommendation on the conditions of aid in 1965, however, the latter was subject to some unclear definitions, especially regarding the concessionality of the loans that these developed countries provided to aid recipients.

In order for the loans to be computed as aid, it was agreed that the concessionality incorporated in them should be valued, using the “grant element”¹ methodology established in a Supplement to the 1969 Recommendation.

The idea of “Official Development Assistance” was introduced in this same Supplement, nevertheless, no proper definition was included. It was not until 1972 that the revision of the Recommendation included a complete definition of the term ODA; also, the minimum subsidy element for an ODA loan was established; as well as a single goal for aid programs which included special terms for a new category of countries, the so-called “less developed” countries.

The process generated interactions between the OECD and the United Nations system that helped to establish conceptual and technical innovations. In 1970, a new objective related to the amount of ODA was established, indicating a goal of 0.7% of the Gross National Income (GNI), an amount that the DAC countries had to allocate in the form of official aid flows². Years later, this percentage was also included in the Monterrey Consensus as part of the financing commitments for development.

ODA is currently defined as aid flows to countries and territories that belong to the DAC ODA Recipient List and to multilateral development institutions –provided by official agencies, including state and local governments, or by their executive agencies– given on concessional terms (i.e., grants and soft loans). These flows are managed in order to promote the economic development and welfare

¹ The grant element describes the financial terms of a transaction (interest rate, maturity and grace period), based on which the concessionality level of a loan is measured, calculated as the difference between the nominal value of a loan and the discounted present value of the payments for services that the borrower made during the term of the loan, increased as a percentage of the nominal value. For a loan to be considered concessional, this ratio must be greater than the established threshold. For ODA flows prior to 2015, a loan is computed as ODA when its grant element is at least 25%, calculated for a 10% discount rate. For ODA flows reported as of 2018, different values are given depending on the income of the beneficiary country: 45% for least developed and other low-income countries; 15% for low-middle income countries; 10% for upper-middle income countries. Similarly, for the present value calculation, the discount rate now ranges between 6% and 9%, depending on the income level of the recipient country.

² <https://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/ODA-history-of-the-0-7-target.pdf>

of developing countries. According to the official definition, ODA does not include military aid, promotion of donors' security interests, or transactions that have primarily commercial purposes³.

ODA is essentially made up of donations from multilateral and bilateral sources, which comprise around 90% of the total, although 7% is also granted in the form of loans. Debt relief barely represents 0.3% for 2021. The countries that contribute to ODA the most are the United States, Germany, Japan and the United Kingdom, although, Luxembourg, Norway and Sweden are the most relevant donors in relative terms to their national income.

The destination of these ODA flows is determined from a [List of Recipient Countries](#), which is evaluated every three years by the DAC. Developing countries enter or leave this list according to their classification, depending on their income level at the time of assessment. Those countries that have exceeded the high-income threshold for three consecutive years, at the time of the review, are added to the list. It is important to note that the list was last reviewed by the DAC in 2020. The next triennial review is scheduled for the second half of 2023.

While most of the recipients are very low-income countries, classified as Least Developed Countries (LDC), there are also other ODA recipients such as low-income countries, lower-middle income countries and upper-middle income countries.

Since the original list was first established in 1970 to the present day, only 17 countries have been added, 11 of which are ex-Soviet republics, while other 61 countries have dropped from the list due to higher reported per capita income. Among the countries that have been withdrawn from the list, only two correspond to the LAC region: Chile and Uruguay, both removed in 2018.

Most of the LAC countries on the list correspond to upper-middle income countries, among which: Argentina, Brazil, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, Guatemala, Guyana, Mexico, Panama, Paraguay, Peru, Suriname and Venezuela. Additionally, the lower-middle income countries include: Bolivia, El Salvador, Honduras, Nicaragua and Haiti (also considered in the list of Least Developed Countries). These countries will be considered in the ODA calculations for the years 2022 and 2023⁴.

3 <https://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/officialdevelopmentassistance/definitionandcoverage.htm>

4 To be considered as upper-middle income country, its annual per capita income must be between US\$4,000 and US\$12,700; while a lower-middle income country must have an average annual per capita income between US\$1,000 and US\$4,000.

ODA in international development commitments

ODA is considered one of the most important mechanisms to mobilize international resources to developing countries, so that they can achieve the Sustainable Development Goals (SDG). In 2015, during the Third International Conference on Financing for Development, the [Addis Ababa Action Agenda \(AAAA\)](#) was established. This Agenda highlighted the need to strengthen international cooperation through ODA, but it also warned that many donor countries have not met their commitments to allocate 0.7% of their Gross National Income (GNI) as ODA, nor the commitment to allocate 0.15% to 0.20% of their Gross National Income (GNI) to the Least Developed Countries.

The commitments related to ODA that have been described above were also established in the Sustainable Development Goals (SDGs), particularly in target 17, indicator 17.2.1: Net official development assistance, total and to least developed countries, as a proportion of the Organization for Economic Cooperation and Development (OECD) Development Assistance Committee donors' gross national income (GNI).

2. Global trends in 2021

The most recent OECD report⁵ on ODA indicates that net flows reached a record figure of US\$178.9 billion (at current prices) in 2021, which means an increase of 4.4% in real terms, compared to in 2020. Although 2021 marked an all-time high, this amount is equivalent to 0.33% of GNI from combined DAC donors, slightly above the 0.32% achieved in 2020, but still well below the ODA target of 0.7% of GNI. It is also pointed out in a recent report on the progress of compliance with the SDGs that since they were adopted in 2015, net ODA⁶ has increased by 20%⁷.

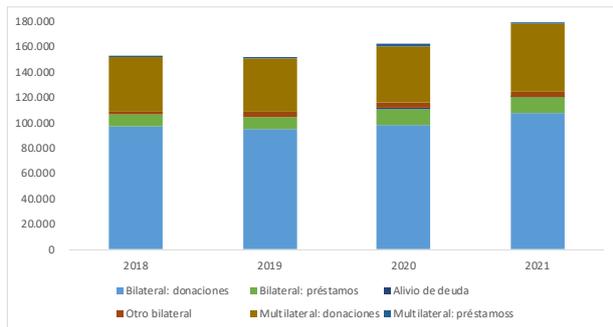
The composition by type of aid provided by DAC countries has remained more or less stable in recent years, with bilateral donations being the most important, with 60% by 2021, followed by multilateral donations with almost 30%. However, the latter have been increasing since 2018, showing a growth of 1.5 percentage points, while bilateral donations have lost about 3 points of relative weight since that same year. Bilateral loans have been gaining importance in recent years (6.7% for 2021), while the amounts of debt relief are still quite small.

5 <https://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/ODA-2021-summary.pdf>

6 The Net ODA is the sum of all the amounts disbursed by a donor country over a period of time (Gross ODA), discounted from the reimbursements that occur due to the amortization of the reimbursable aid.

7 https://sustainabledevelopment.un.org/content/documents/29858SG_SDG_Progress_Report_2022.pdf

ODA donors DAC, millions of dollars (current prices)



Source: OECD. Prepared by the author.



However, this observed increase in the amount of aid in 2021 was mainly due to circumstantial factors that did not necessarily translate into effective increases of ODA, but were instead related to the support provided by the members of the DAC to developing countries, to face the effects of the Covid-19 pandemic. Preliminary figures from the OECD indicate that the aid allocated to Covid-19 issues in 2021 amounted some US\$18.7 billion, which included the donation of vaccine doses to developing countries, equivalent to US\$6.3 billion (that is, 3.5% of total ODA), of which US\$2.3 billion (that is, 1.3% of ODA) corresponded to recycled vaccine doses.

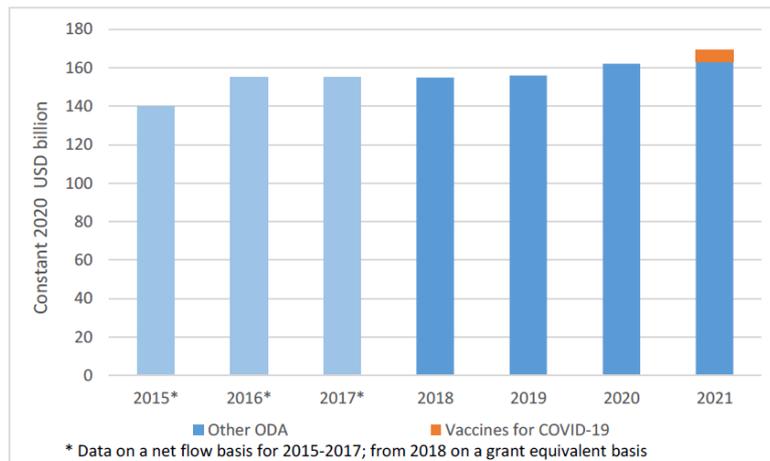
In this sense, the fight against the pandemic is not taking place within the framework of true assistance to countries in need, but instead, the surplus resources (those which are not used within the donor countries) are sent as part of that ODA. In addition, the value of the vaccines considers the sale price or the market price set by the laboratories (including costs for intellectual property) who receive large benefits and whose headquarters are established in several donor countries. It would have been different if the OECD countries had supported the exemption of the protection regarding the intellectual property of large pharmaceutical companies for products related to the: immunization, treatment and detection of Covid-19. Therefore, a correct and fairer approach would have been to exclude these vaccines from the ODA accounts.

Had this support been excluded from ODA accounting, this aid would have only grown by 0.6% in real terms compared to 2020⁸. As pointed out in a recent statement by various civil society⁹ organizations: these vaccine doses were never purchased due to the legitimate interest to help developing countries and should not be accounted as such, worse still, if their accumulation resulted from an overbuy in a context of limited global vaccine supply, which cost millions of lives in developing countries.

8 https://www.eurodad.org/oda_assessment_2021

9 <https://www.dac-csoreferencegroup.com/post/a-world-in-turmoil-requires-much-more-from-oda-providers-csos-call-again-for-higher-levels-of-oda>

Evolution of ODA 2015-2021 (millions of US\$ at constant 2020 prices)



Source: OCDE

In addition, the amount of ODA in 2021 also includes other questionable items, such as: humanitarian aid, which amounted to US\$18.8 billion; debt relief, which remained at a fairly low level of \$545 million; and aid provided to refugees housed in native countries, which amounted to US\$ 9.3 billion. Although these amounts -which together represent 16% of total ODA- are part of an important assistance given to people and communities in a critical situation with respect to their rights, not everything should be included as an ODA item, because these amounts do not necessarily imply an effective transfer of resources to the recipients.

For civil society groups, it is unacceptable to consider the following as ODA: donated vaccines, aid to refugees in donor territories, debt relief, or even spending on education which is related to students seeking a for a better future in donor educational institutions (DAC-CSO Reference Group)¹⁰.

According to Eurodad¹¹ calculations, ODA would have been overestimated for these concepts in 2021 by around US\$12.1 billion, that is, almost 7% of total ODA, which included: US\$2.3 billion for donations of recycled vaccines, \$9.3 billion for refugee costs in the donor country, and \$484 million for net debt relief. This latter without mentioning the aid reported by the DAC providers, which is usually channeled through Private Sector Instruments (PSI)¹², with which the ODA estimate would have raised to US\$16.2 billion.

The largest increases in ODA provided in 2021 compared to the previous year included the following donor countries¹³:

- United States: US\$5.1 billion, that is, an increase of 14.4%, resulting, at least in part, from the purchase of vaccine doses for developing countries (US\$3.5 billion reported as vaccine donations and US\$500 million reported as auxiliary costs, equivalent to 9% of ODA);

10 <https://www.dac-csoreferencegroup.com/post/a-world-in-turmoil-requires-much-more-from-oda-providers-csos-call-again-for-higher-levels-of-oda>

11 https://www.eurodad.org/oda_assessment_2021

12 PSIs are financial instruments that ODA providers can use to make direct investments in private companies or in "PSI vehicles" such as development finance institutions.

13 https://www.eurodad.org/oda_assessment_2021

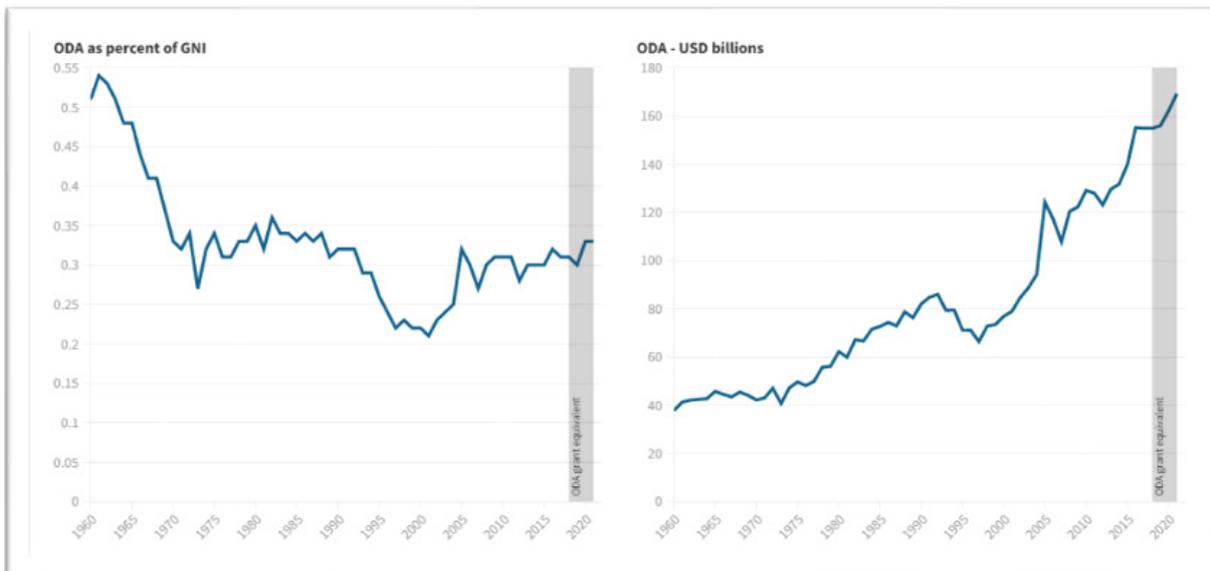
- Japan: US\$2 billion, that is, an increase of 12.1%, due to the enhanced support to deal with the effects of the Covid-19 pandemic (US\$3.8 billion, equivalent to 21% of ODA);
- Italy: US\$1.4 billion, that is, a raise of 34.5%, mainly caused by an increase in internal refugee costs (US\$500 million, equivalent to 9.7% of ODA) and support for Covid-19 related aid, including recycled vaccine donations (US\$200 million, equivalent to almost 4% of ODA);
- Germany: US\$1.4 billion, that is, a raise of 5.1%, due to increased support for Covid-19-related aid (US\$3 billion, equivalent to 10% of ODA), including recycled vaccine donations (US\$700 million, equivalent to 2.3% of ODA); and
- France: US\$650 million, that is, an increase of 4.6%, caused in part by increases in private sector instruments (US\$1 billion, equivalent to 7% of ODA) and recycled vaccine donations (US\$300 million, equivalent to 2.2% of ODA).



3. Historical default

According to the available records of ODA distributed throughout the world since its very beginning, a continuous growth in absolute amounts has been observed in more than six decades, from US\$40 billion in 1960 to more than 4 times that figure in 2020. However, the proportions of these amounts with respect to the income of donor countries have fallen from 0.55% of GNI at the beginning of the 1960s to 0.33% of GNI last year (see graph).

DAC: Official Development Assistance, amount and % GNI



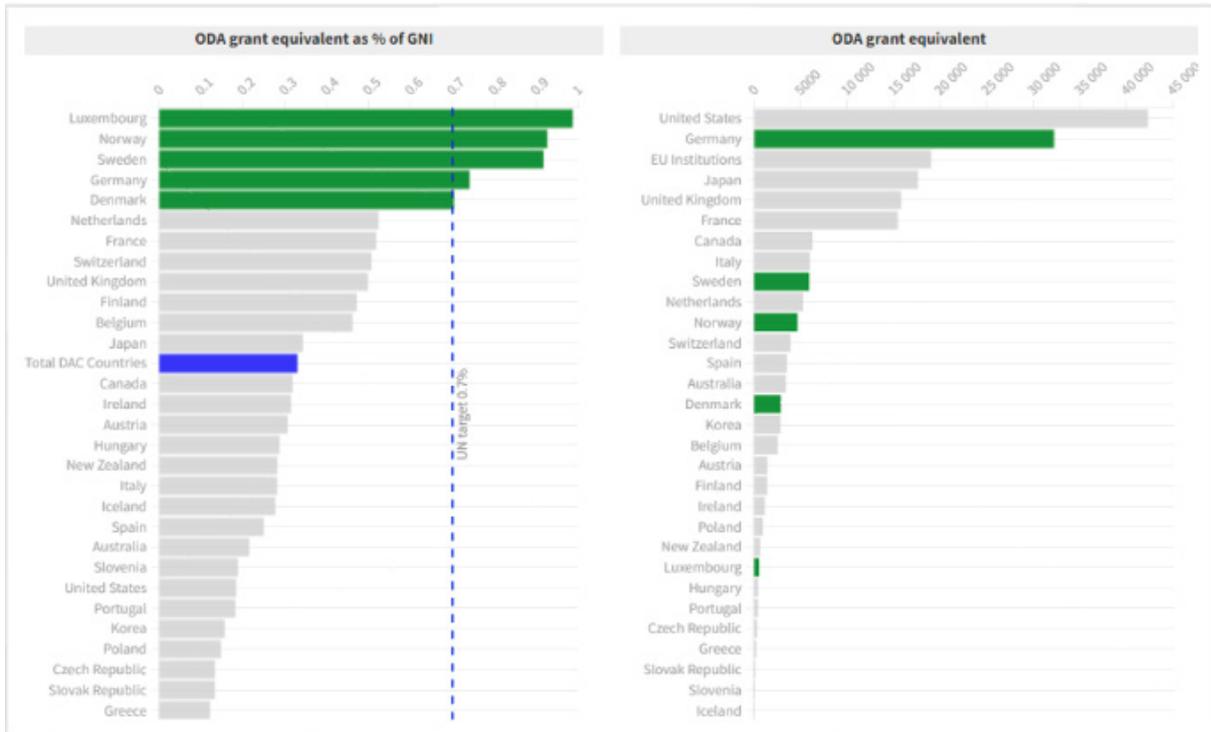
Source: OCDE

Since the 1970s, ODA levels as a percentage of donors' GNI have stagnated around 0.3%, and in several years the ratio has even been lower, but always well below the established threshold and commitment of 0.7% of Gross National Income. According to calculations by Oxfam¹⁴, developing countries have lost around \$5.7 trillion in aid over the last 50 years, equivalent to US\$114 billion a year due to this failure.

As for individual commitments, in 2021 only five countries (Luxembourg, Norway, Sweden, Germany and Denmark) met or exceeded the 0.7% target, with Luxembourg being the country that has allocated the most of its income to ODA (0.99%). Of these countries, Germany has allocated the most resources in absolute figures, with more than US\$32 billion, followed by the United States with US\$42.3 billion. When analyzing the providers that allocate the most aid in amount, France is the one that comes closest to the objective with 0.52% of its GNI, while the United States barely allocates 0.18% of its GNI to ODA.

14 <https://www.oxfam.org/en/press-releases/poor-countries-denied-57-trillion-aid-because-rich-countries-50-year-failure-deliver>

ODA 2021 by country (% of GNI and amount in US\$ million)



Fuente: OCDE

Another relevant issue related to the commitments made by the international community on how to make aid more effective in order to achieve the SDGs, is "Aid Effectiveness", which was adopted at the second High Level Forum on the Effectiveness of Development Aid in 2005, resulting in the Paris Declaration. The [Paris Declaration](#) -to which 137 countries have adhered, 15 of which are Latin American- is an action-oriented roadmap to improve the quality of aid and its impact on development, through a series of measures and a monitoring system to assess progress and to ensure that donors and recipients hold each other accountable for their commitments.

The Paris Declaration proposes increasing the effectiveness of development aid based on the following five fundamental principles:

- Ownership: Developing countries establish their own strategies for poverty reduction, improve their institutions and fight corruption.
- Alignment: Donor countries align themselves with these objectives and use local systems.
- Harmonization: donor countries coordinate, simplify procedures and share information to avoid duplication.
- Results: Developing countries and donors focus on development results and results are measured.
- Mutual accountability: donors and partners are accountable for development results.

Later, in 2011, during the fourth high-level meeting, the Paris principles were renewed and participation was extended to all actors linked to development, forming the [Busan Partnership for Effective Development Cooperation](#), incorporating the participation of 162 governments but including also: leaders of multilateral and bilateral institutions, representatives of civil society, the private sector, parliamentarians and other stakeholders committed to reinforcing the monitoring of progress through a system that allows: i) To assess whether the environment is conducive to lead national development initiatives and if it allows full participation of the whole of society; and ii) To assess whether the support is focused on the country's development priorities, and whether existing national systems and capacities are leveraged to ensure the sustainability of results.

Despite the agreements, commitments and global alliances around the issue of aid and its effectiveness, progress has not been much, as described in follow-up reports –according to what was agreed during these meetings that said reports would include from then on. The most recent report of the Global Alliance (2019)¹⁵ highlights some setbacks and challenges in terms of aid effectiveness, such as:

- Recipient governments have made significant progress in strengthening national development planning, yet donors are increasingly less aligned with partner country priorities and countries' own results frameworks.
- There is less and less visibility regarding the future of development cooperation at the national level.
- Improvements in public finance management systems have not been accompanied by significant advances in their use by donors.
- Both parties need to conduct more systematic and meaningful consultations with development actors.
- There is a need to improve capacities, increase relevance and foster the inclusion of a broader range of private sector actors.
- here are mixed results in terms of progress towards greater transparency in development cooperation and mutual accountability mechanisms are increasingly inclusive.

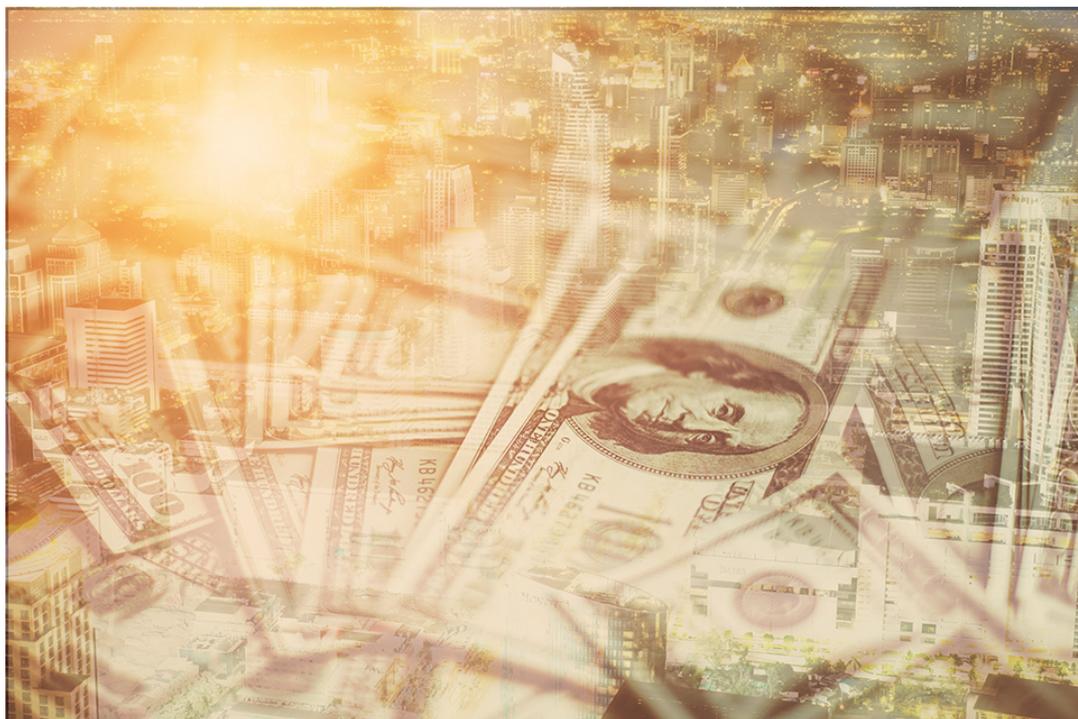
In addition, civil society organized around these issues acts through the [Alliance of CSOs for Development Effectiveness platform \(CPDE\)](#), monitoring and evaluating compliance with the commitments made in Busan. As a result of the latest reports presented on ODA, the Alliance calls for the DAC members to fulfill their commitments and increase their aid contributions, and it also requests that they respect the integrity of the aid based on the principles of aid effectiveness, taking into account: development priorities, a results-based approach, transparency and accountability, and inclusive partnerships¹⁶.

15 https://www.effectivecooperation.org/system/files/2020-06/GPEDC_2019-Report_Glossy_ES_print_0.pdf

16 <https://csopartnership.org/wp-content/uploads/2022/08/ES-CPDE-Newsletter-January-June-2022.pdf>

One of the concerns of the CPDE is that governments create adequate spaces for broad citizen participation and the possibility for all civil society actors to be actively involved in development cooperation processes through appropriate mechanisms. The most recent report published by CPDE (2022)¹⁷ shows that there are many gaps to be closed and that various actions must be taken by governments to make processes more transparent and democratic, so that the 2030 Agenda is implemented and progress in the achievement of the SDGs is made. The recommendations identified in this report include:

- Governments must begin to shift ownership of the SDGs from the national to the local level.
- Institutionalized and wide-ranging multi-stakeholder consultations should be integrated into the implementation of the 2030 Agenda.
- Unblock the barriers to true transparency of the 2030 Agenda, allowing verification and citizen scrutiny of the SDG processes.
- Reform government processes and budget planning to make them more data- and results-based.
- Establish a national resilience plan aimed at those most affected by the repercussions of Covid-19.

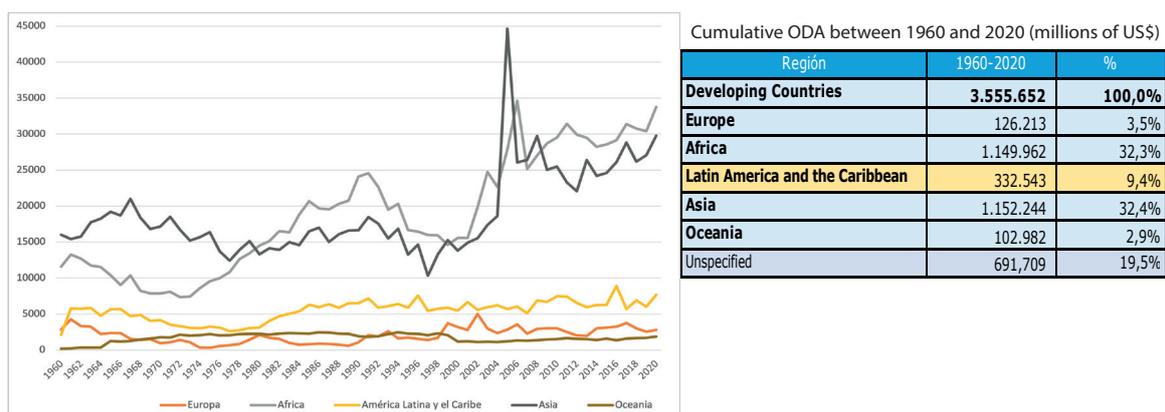


17 https://csopartnership.org/wp-content/uploads/2022/07/ES_2022-CPDE-VNR-Study.pdf

4. How is ODA in the region?

ODA in the world has historically been concentrated in Africa and Asia, which have accounted for almost a third of the total, each, during the last six decades; while Latin America and the Caribbean has received only about 9% of the cumulative total.

Net ODA by region, 1960-2020, in millions of dollars
(constant 2020 prices)



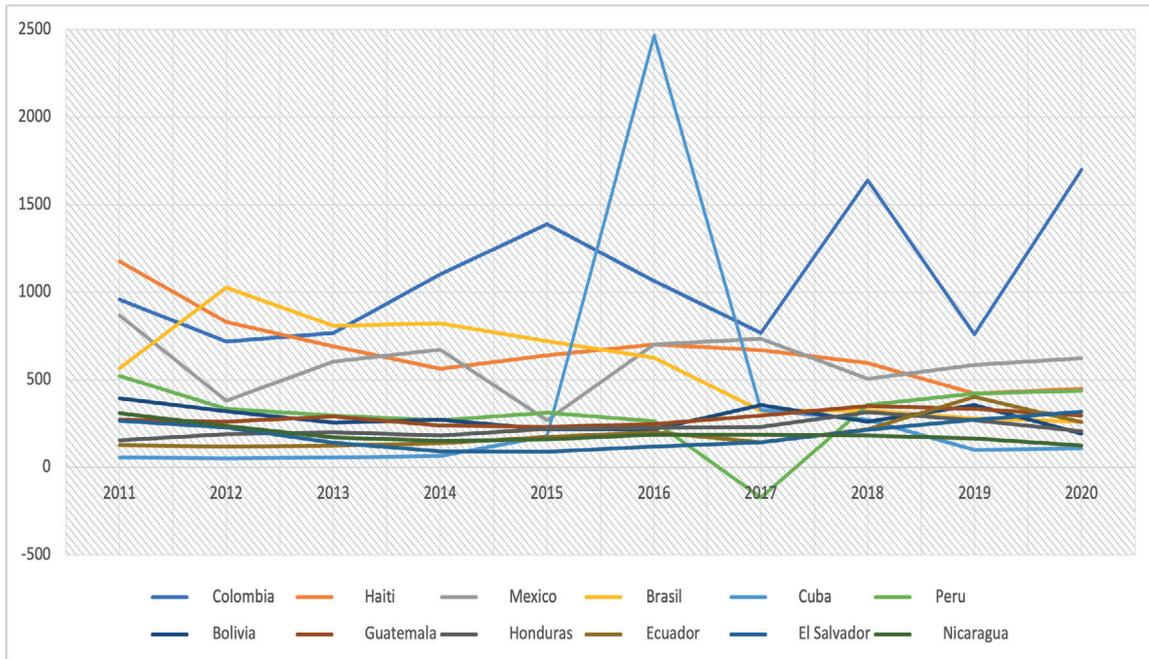
Source: OECD. Prepared by the author.

The countries of Latin America and the Caribbean are generally middle-income countries and therefore the amounts of aid they receive may be minimal compared to other regions where there is a larger population and greater poverty. However, our region includes a country like Haiti, which is the least developed and has one of the lowest living standards and quality of life and constantly places it in states of social upheaval. Unfortunately, Haiti does not receive the largest portion of aid in the region either.

OECD¹⁸ figures show that in the last 10 years, ODA has been focused in a dozen countries in the region, including: Colombia, Haiti, Mexico and Brazil. Only these four countries accumulate more than 50% of all ODA received in the region.

In the series shown in the following graph, Colombia stands out with aid amounts that far exceed those received by other countries such as Haiti and some other Central American countries. Brazil and Mexico are also among those that have received the most aid compared to other less developed countries, for some years.

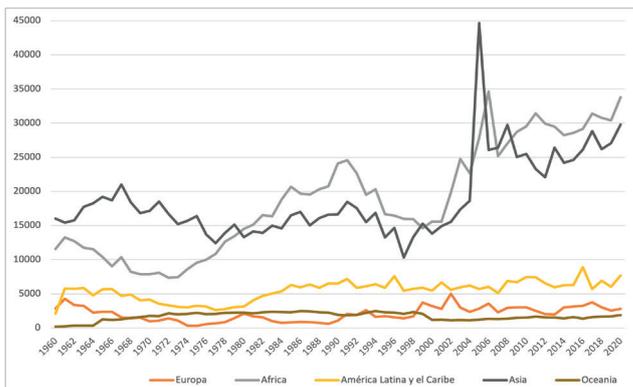
Latin America (selected countries): net ODA received, 2011-2020 (millions of US\$)



Source: OECD. Prepared by the author.

In 2020, with the data available from the OECD-DAC database, it can be seen that ODA was concentrated mostly in Colombia (28%), followed by Mexico (10%), Haiti (7%), Peru (7%) and the Dominican Republic (6%).

Net ODA disbursed in LAC by recipient country



Cumulative ODA between 1960 and 2020 (millions of US\$)

Región	1960-2020	%
Developing Countries	3.555.652	100,0%
Europe	126.213	3,5%
Africa	1.149.962	32,3%
Latin America and the Caribbean	332.543	9,4%
Asia	1.152.244	32,4%
Oceania	102.982	2,9%
Unspecified	691.709	19,5%

Fuente: OCDE. Elaboración propia.

The countries that have contributed the most ODA to the region during 2020 are: the United States (28%), Germany (19%) and France (18%). These three countries concentrate two thirds of the total aid for LAC and are also among the first donors of other regions such as Africa and Asia.

According to the OECD database¹⁹, much of the US aid goes to Colombia -almost a quarter of the total allocated to the region- followed by Haiti with 12%,

19 <https://data.oecd.org/oda/distribution-of-net-oda.htm#indicator-chart>

and to a lesser extent to El Salvador, Mexico, Guatemala and Peru.

It is not possible to access the details of the type of aid or its destination in each country, but, due to the common problems that these recipient countries have, we could infer that a large part of the US ODA is be directed to the fight against drug trafficking. In Colombia, for example, more than half of the historical aid received from the US has been allocated to programs to combat drugs and drug trafficking²⁰.

Net ODA disbursed in LAC by donor country, 2020

Países CAD	US\$ millones	Part. %			
United States	2,175.1	28.0%			
Germany	1,463.0	18.9%			
France	1,421.7	18.3%			
Canada	552.0	7.1%			
Japan	380.5	4.9%			
United Kingdom	349.2	4.5%			
Spain	347.9	4.5%			
Switzerland	223.2	2.9%			
Korea	170.3	2.2%			
Italy	167.9	2.2%			
Sweden	126.1	1.6%			
Norway	121.3	1.6%			
United Arab Emirates	62.5	0.8%			
Belgium	50.4	0.6%			
Austria	36.1	0.5%			
Saudi Arabia	14.7	0.2%			
Netherlands	13.8	0.2%			
Luxembourg	13.4	0.2%			
			Ireland	13.1	0.2%
			Portugal	10.8	0.1%
			Israel	10.3	0.1%
			Hungary	7.5	0.1%
			Finland	6.1	0.1%
			Denmark	5.2	0.1%
			Türkiye	4.5	0.1%
			New Zealand	4.0	0.1%
			Australia	2.5	0.0%
			Chinese Taipei	2.2	0.0%
			Poland	2.0	0.0%
			Czech Republic	1.1	0.0%
			Iceland	0.3	0.0%
			Romania	0.3	0.0%
			Estonia	0.1	0.0%
			Slovenia	0.1	0.0%
			Thailand	0.1	0.0%

Fuente: OCDE. Elaboración propia.

As previously discussed, the aid is not necessarily being directed to the sectors in most need and this should be enough reason for corrective measures to be applied, especially regarding the criteria used to determine the destination and use of the aid. Greater transparency on the part of both donors and recipients is much needed. Traditional indicators do not reflect the real situation of large sectors concerning the population in Latin American countries, so it is necessary to think of new economic, social and environmental references that allow better definition of these criteria to achieve a more suitable Cooperation.

Vulnerability indicators can give a better overview of the situation in these countries. The efforts made by Latindadd to systematize the most relevant indicators in the region using the Atlas of Vulnerabilities is a clear example of this.²¹

20 https://pdf.usaid.gov/pdf_docs/PBAAJ833.pdf

21 <https://www.latindadd.org/2021/11/11/atlas-de-vulnerabilidades-30-de-la-poblacion-latinoamericana-vive-en-situacion-de-pobreza/>

5. Final thoughts

In addition to the great economic and social gaps that exist in the region –which hit women and indigenous populations to a greater extent– the environmental and climatic risks –to which large population groups are exposed– must be added. The former places many Latin American countries in a situation of great vulnerability and further increases financial and cooperation needs.

ODA directed towards the region has remained more or less stable in recent decades, especially since the mid-1980s, a decade in which the value of aid exceeded the barrier of US\$ 5 billion. However, this aid in relative terms has been losing weight over time due to the fact that most of it has been destined to regions such as Africa and Asia. In the 1980s and 1990s, Latin America's share of total ODA easily exceeded 10% –up to 15% for some years– while since the 2000s it has remained around 7% of the total.

Regardless of the aid amount, it is also important to know where these ODA flows are being directed in developing countries, especially since in many cases these resources may not be used efficiently. A proper example is the aid destined to fight against drug trafficking. As discussed, Colombia is a major aid recipient from the United States and much of that aid is linked to the eradication of coca crops, but have those programs really worked? has the drug trade stopped? Clearly not. Therefore, it is necessary to think of other strategies and actions so that Cooperation is aligned with development objectives and the realization of human rights, especially for those groups that need these resources the most (women, indigenous populations, micro-entrepreneurs, etc.)

Aid flows are not sufficient to finance the measures that must be taken to meet the development needs of countries. These aid flows are well below other capital flows that leave our territories and end up in the financial system of the North. The illicit money that flees towards financial centers, the payments for debt service with high interest rates and the remittances of profits from transnational corporations, are just some examples of financial flows that leave the South and head the North. Therefore, attention must be paid to these problems in order to find solutions aiming to regain the economic and financial sovereignty of the South.

It is important to pay attention not only to the amount but also to the type of aid included in the periodic reports. According to some analysts²², in 2022 there could be a risk associated to the spending on refugee care, due to the war between Russia and Ukraine, since these resources could be prioritized by donor countries in Europe, which could result in aid flows being diverted to serve these purposes instead of meeting other important needs. Another concern is related to the Special Drawing Rights (SDR) as part of ODA, since many donor countries have accumulated billions of dollars in SDR in their central banks, which could eventually lead to an aid overestimation, if these resources were counted as ODA.

22 https://www.eurodad.org/oda_assessment_2021

It is necessary to carry out an exhaustive review of the concept and scope of ODA, so that the figures reported match the aid effectively provided; also, these flows must be different from other Financial Cooperation commitments; and must be compatible with the needs of recipient countries. Additionality is one of the principles that should guide Official Cooperation to avoid overestimating real figures and to elude double accounting, so that so that non-ODA figures are not included as such, for instance: climate finance commitments or the value of recycled vaccines, among others.

The multiple crises that we are experiencing and that are hitting our developing countries must be faced in a comprehensive manner, with solutions that put the principle of justice first and where the richest countries recognize their historical responsibility. ODA should not be seen as a gift that the donor can take advantage of to do business, much less as a tool to keep recipient countries under control, or as a mechanism to interfere in their policies or in their role within the Global economy. On the contrary, this aid must serve as a true cooperation North-South tool, in addition to South-South cooperation, and must be based on the principle of solidarity to advance in the transition towards more sustainable, fair and equitable models.

The participation of civil society in these processes must be a priority for governments, who must ensure dialogue with all the actors involved. The next [Summit of the Global Alliance for Effective Development Cooperation](#) will take place in Switzerland, in December 2022. This should be an opportunity to discuss, on the one hand, the need for donors to fulfill their commitments to provide 0.7% of their GNI in the form of ODA, and on the other hand, it should be the perfect occasion to talk about the quality of the aid and the principles that should guide it to advance towards the SDGs.

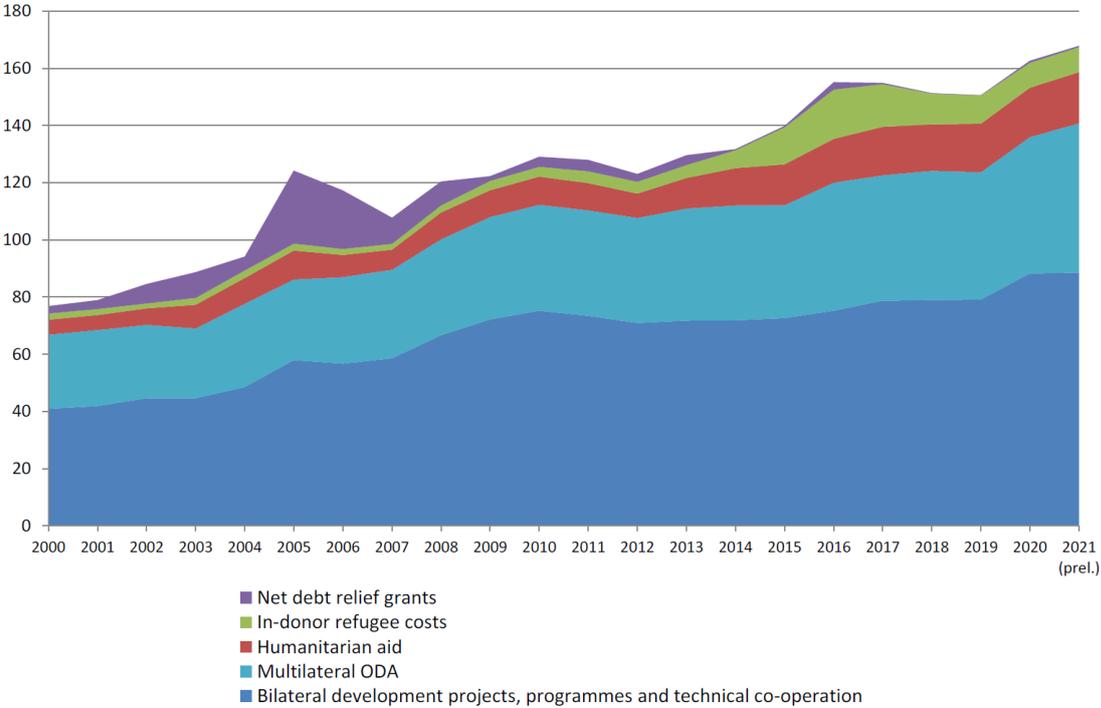


Annexes

Annex 1: Current DAC list of ODA flows recipients for 2022 and 2023

Least Developed Countries	Low Income Countries which are not LDCs (per capita GNI <= \$1 045 in 2020)	Lower Middle Income Countries and Territories which are not LDCs (per capita GNI \$1 046-\$4 095 in 2020)	Upper Middle Income Countries and Territories which are not LDCs (per capita GNI \$4 096-\$12 695 in 2020)
<p>Afghanistan (L) Angola (LM) Bangladesh (LM) Benin (LM) Bhutan¹ (LM) Burkina Faso (L) Burundi (L) Cambodia (LM) Central African Republic (L) Chad (L) Comoros (LM) Democratic Republic of the Congo (L) Djibouti (LM) Eritrea (L) Ethiopia (L) Gambia (L) Guinea (L) Guinea-Bissau (L) Haiti (LM) Kiribati (LM) Lao People's Democratic Republic (LM) Lesotho (LM) Liberia (L) Madagascar (L) Malawi (L) Mali (L) Mauritania (LM) Mozambique (L) Myanmar (LM) Nepal (LM) Niger (L) Rwanda (L) Sao Tome and Principe¹ (LM) Senegal (LM) Sierra Leone (L) Solomon Islands¹ (LM) Somalia (L) South Sudan (L) Sudan (L) Tanzania (LM) Timor-Leste (LM) Togo (L) Tuvalu (UM) Uganda (L) Yemen (L) Zambia (LM)</p>	<p>Democratic People's Republic of Korea Syrian Arab Republic</p>	<p>Algeria Belize Bolivia Cabo Verde Cameroon Congo Côte d'Ivoire Egypt El Salvador Eswatini Ghana Honduras India Indonesia Iran Kenya Kyrgyzstan Micronesia Mongolia Morocco Nicaragua Nigeria Pakistan Papua New Guinea Philippines Samoa Sri Lanka Tajikistan Tokelau* Tunisia Ukraine Uzbekistan Vanuatu Viet Nam West Bank and Gaza Strip Zimbabwe</p>	<p>Albania Argentina Armenia Azerbaijan Belarus Bosnia and Herzegovina Botswana Brazil China (People's Republic of) Colombia Costa Rica Cuba Dominica Dominican Republic Ecuador Equatorial Guinea Fiji Gabon Georgia Grenada Guatemala Guyana Iraq Jamaica Jordan Kazakhstan Kosovo Lebanon Libya Malaysia Maldives Marshall Islands Mauritius Mexico Moldova Montenegro Montserrat* Namibia Nauru² (H) Niue* North Macedonia Panama Paraguay Peru Saint Helena* Saint Lucia Saint Vincent and the Grenadines Serbia South Africa Suriname Thailand Tonga Turkey Turkmenistan Venezuela³ Wallis and Futuna*</p>

Annex 2: Composition of ODA from DAC countries



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