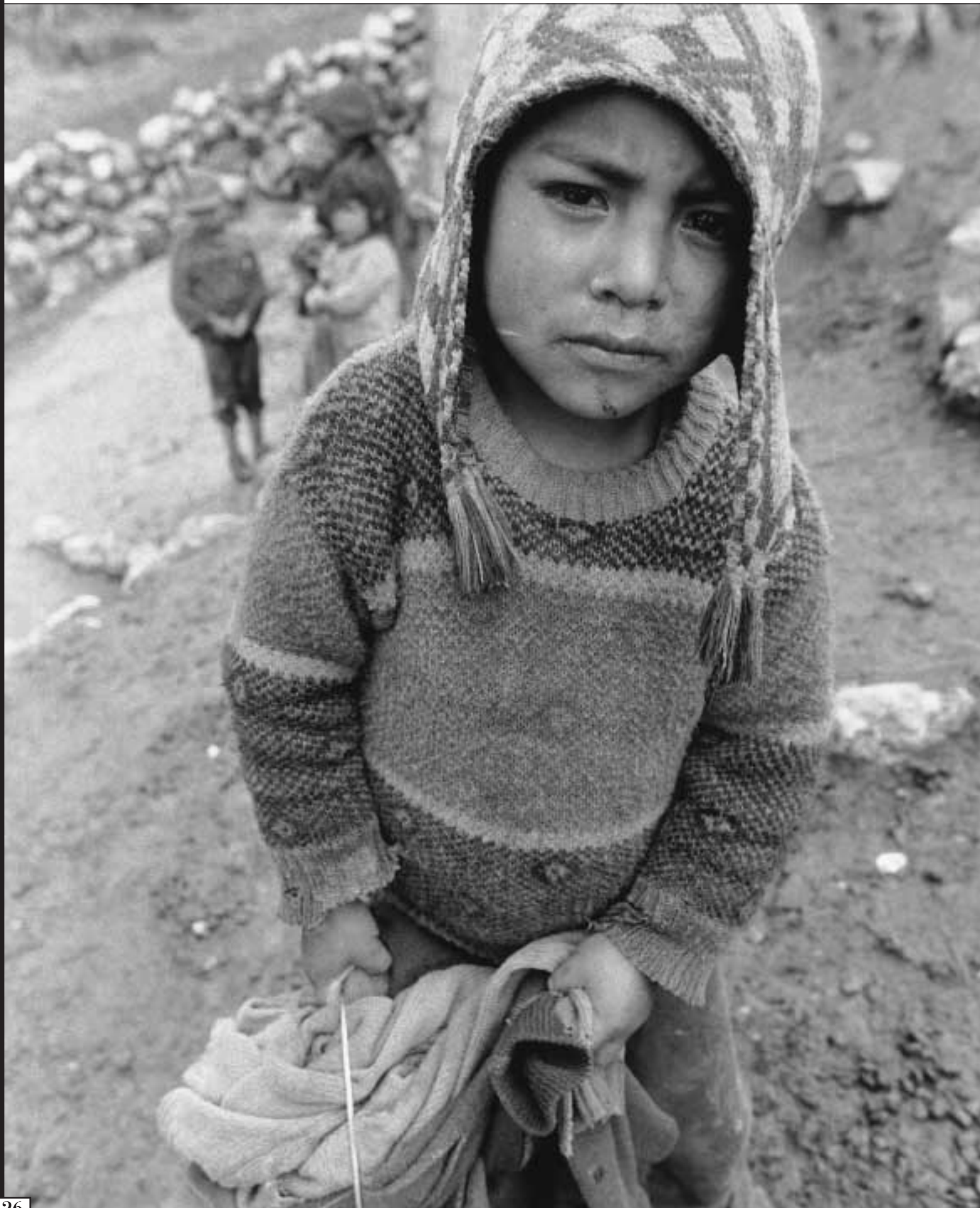


DEBT HAS A CHILD'S FACE

COMMENTARY: DEBT RELIEF ESSENTIAL



Debt has a child's face

By Shridath Ramphal

For nearly two decades, the debt crisis has had a crippling impact on some of the world's poorest countries, hobbling economic growth and draining scarce resources from health, education and other vital services. Can the campaign for debt relief be translated into effective action, ensuring that children of the new millennium are freed from the chains of debt and poverty?

Inscribed on the pinnacle of the Sun Yat-sen Memorial, in the Purple-Gold Mountains overlooking Nanjing in eastern China, are the words: "Tien xia wei gong" (What is under heaven is for all). Sun Yat-sen took these words from an ancient Chinese text as the guiding principle for the movement that liberated his country from feudalism.

Feudalism – part of the history of most nations, East and West, North and South – held people in permanent dependence, dividing them into powerful and powerless, haves and have-nots, those who made rules and those who had to obey them. To human society's great credit, we have moved to systems less unequal and unjust, in which the earth's bounty and the fruits of human toil are shared somewhat more fairly. But if the concepts of sharing and of fairness have evolved, they have done so only within States, and hardly among them.

The words on the memorial still have meaning for the world, especially for our modern global society: What is under heaven has *not* been, and *still is not*, for all on earth.

The debt bondage that ensnares hundreds of millions of the world's poorest people, particularly in Africa, provides clear evidence. As though bound to feudal lords, their lives and labour have been mortgaged to rich country banks and governments, often by leaders they did not choose, to finance projects that did not benefit them. Debt, like an oppressive political system, strips them of their rights. And its tyranny is particularly painful now, with sub-Saharan Africa in the grip of an unprecedented calamity as AIDS spreads remorselessly.

In the cool corridors of financial power, the plight of the debt-ridden may be spoken of in terms of capital flows, debt-service ratios and credit ratings. In the

heat and dust of real life, however, debt is about lives, people's lives and – above all – children's lives.

Children pay the price

Debt has a child's face. Debt's burden falls most heavily on the minds and bodies of children, killing some, and stunting others so that they will never fully develop. It leaves children without immunization against fatal, but easily preventable, diseases. It condemns them to a life without education or – if they go to school – to classrooms without roofs, desks, chairs, blackboards, books, even pencils. And it orphans them, as hundreds of thousands of mothers die in childbirth each year, die as a result of inadequacies in health care and other services that poverty perpetuates.

Certainly, developing country governments that favour their own elites over their poor also bear much responsibility. But debt's demands make it hard for many governments to restructure their budgets towards more child-centred priorities even when they want to, and make it well-nigh impossible to succeed even if they do. Sub-Saharan Africa, for example, spends more on servicing its \$200 billion debt than on the health and education of its 306 million children. The pattern is economically senseless and morally indefensible.

Each baby in Mauritania begins life encumbered with a debt of \$997, in Nicaragua with

\$1,213, in the Congo with \$1,872. The average for developing countries as a whole is \$417. Yet in 1990 – nearly a decade ago – 71 Heads of State and Government, meeting at the World Summit for Children, committed themselves to "measures for debt relief" as part of a "global attack on poverty." They said that it is essential "to continue to give urgent attention to an early, broad and durable solution to the external debt problems facing developing debtor countries."

These world leaders endorsed the Convention on the Rights of the Child, adopted by the United Nations General Assembly the previous year, and now ratified by all but two nations, and they committed themselves to a series of goals by the end of the year 2000. These included halving malnutrition among under-fives and cutting their death rates by a third, halving maternal mortality rates, enabling every child to attend primary school and immunizing 90 per cent of the world's infants.

Debt gravely imperils these goals. Solving the debt crisis will not, of itself, mean that these targets are met: National policies are absolutely vital. But without a solution of the debt problem, there is no chance that the right national policies can be implemented or that goals can be reached by the year 2000, or any time in the predictable future.

Debt is not intrinsically bad: Indeed, money lent, borrowed

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and spent wisely spurs growth and improves people's lives. Nor is there anything new about debt crises: Ancient Greek city states defaulted after borrowing from the temple of Delos.

The current crisis, however, because it affects many of the world's poorest countries, makes their debt levels especially crippling.

The seeds of crisis were sown in the early 1970s, when OPEC countries dramatically raised oil prices – and deposited their increased earnings in Western banks. With interest to pay on these deposits, banks quickly embarked on a search for borrowers in developing countries. They found that the developing world wanted cash to invest in infrastructure and industry, and to pay for oil at its higher price.

So in a world seemingly awash with money, private loans – often unwise – were touted around developing countries; rich countries and international financial institutions, like the World Bank and the International Monetary Fund (IMF), also extended loans to less credit-worthy low-income countries.

Developing countries were tempted, also unwisely, by low interest rates, often below the rate of inflation. Confident that their commodities would continue to fetch high prices and that interest rates would remain low, they gambled that repayment would be easy. Much of the borrowed money went to inappropriate projects, to buy arms, or even into private overseas bank accounts. The poor, women and children, saw little of it.

Commodity prices instead fell sharply, interest rates increased and, in 1979, oil prices rose again. As the cost of servicing their debts escalated and their revenue plummeted, developing countries frantically borrowed more to try to meet their obligations and stave off ruin. But every percentage

point increase in interest rates in the 1980s added more than \$5 billion to what debtor countries had to pay each year. Killing arrears accumulated.

In a mathematical construct that only lenders could embrace and find just, between 1983 and 1990, indebted developing countries repaid the staggering amount of \$1,000 billion. Astoundingly, despite this enormous transfer of wealth, their debt burden, which

an impossible drain on its fragile economies.

Africa overwhelmed

Africa has repaid its initial debt many times over in cash terms, losing precious social gains in the process and strapping its economies to the breaking point. Between a quarter and a third of national budgets in sub-Saharan countries (and 40 per cent in the most heavily indebted poor coun-

debt than to primary education and nine times more than to basic health. Mozambique pays wealthy creditors more than it spends on basic education and health combined. So, too, does Zambia, which currently owes \$7.2 billion in debt, five to six times its export earnings.

To further deepen the crisis, official development assistance (ODA) is plumbing record lows. The proportion of gross national product (GNP) that industrialized nations devote to assistance now stands at 0.22 per cent, less than a third of the UN target of 0.7 per cent. If it had remained at just 0.33 per cent, its level as recently as 1992, developing countries would be receiving \$24 billion more each year.

And of the bilateral aid reaching poor countries, about one quarter boomerangs back to donors as debt repayments. In Tanzania, one in every three aid dollars, and in Nicaragua and Zambia, as much as one in every two, is spent in this pointless way, instead of relieving poverty or laying the foundations for future growth.

Debt increases dependence on aid, slows growth, inhibits foreign investment, creates instability and soaks up money that could be spent on health, education and other vital services. The debt crisis also cost creditor nations an estimated 6 million jobs in the 1980s, because money that debtor countries could have spent buying products went instead to service debt.

A mélange of capitals and countries have given their names to initiatives intended to relieve this debt slavery: London, Lyons, Mauritius, Naples, Toronto, Trinidad. But as far as the poor are concerned, they might all have been launched in never-never land, so meagre have been their results.

The approach now being followed is the Heavily Indebted



UNICEF/98-0254/Chalasan

More than a third of children in the heavily indebted poor countries have not been immunized, and about half the people in those countries are illiterate.

was some \$800 billion in 1983, reached \$1,500 billion by 1990 and nearly \$2,000 billion by 1997 because of debt service arrears and new borrowing.

The crisis has been global, but it is gravest in sub-Saharan Africa, which owed \$84 billion in 1980 and now owes \$200 billion,

tries) go to service debt. For the countries enduring the calamitous impact of AIDS, such senseless misdirection of scarce resources is especially cruel.

This massive resource shift costs children dearly. In the United Republic of Tanzania, four times more goes to repay

Poor Countries (HIPC) Initiative, designed to help 41 poor countries, 33 of them in Africa. Their child mortality rates are one-third higher – and their maternal mortality rates nearly three times greater – than the average for developing countries. More than a third of their children have not been immunized, and about a half of their people are illiterate.

The HIPC Initiative is the best hope yet to reduce all debt to what are supposed to be sustainable levels. But how slowly and grudgingly does it confer its benefits! Only two countries have received relief at the time of writing, despite the extreme urgency of their plight.

Countries must pass tough, often inappropriate, criteria to be eligible for the HIPC Initiative, undergoing, for instance, three to six years of harsh structural adjustment programmes that often deepen poverty or widen inequality while failing to promote growth. The Initiative set the debt service to export earnings ratio at 20–25 per cent, although the countries could ill afford the 16 per cent they were paying in 1996. They will thus be no more – and probably less – able to meet the goals set for children than they were before.

Little money has actually been provided for this Initiative, which is expected to cost about \$12.5 billion, placing the appearance of financial rectitude above any real relief to the poor. How unlikely it is that the funding will materialize might be gauged from the experience of Honduras. Although Honduras was devastated at the end of 1998 by Hurricane Mitch, it has received only a fraction of the help promised by donors to meet \$200 million in debt service due this year. In contrast, of course, was the speed with which donors mobilized \$100 billion in just a few months to bail out East Asia, where insolvency threatened Western economies!

There has been a strong campaign to persuade rich country governments to make the HIPC scheme less rigid and to offer relief more quickly. This year, Canada, Germany, the United Kingdom and the United States called for reforms to speed the pace, calling also for debt cancellation for some severely stressed countries.

OXFAM similarly has proposed reforms, most notably to give earlier and much deeper relief to debtor countries that wish to devote 85–100 per cent of the savings to programmes to reduce poverty. These would, of course, have to be worked out through collaboration between lenders and borrowers. And a commitment on the part of both borrowers and lenders to protect an indebted country's capacity to deliver basic social services to its people – before any debt repayments are made – is another reform being proposed.

Uganda, the first country to get relief, is already educating another 2 million children; Bolivia, the second, is to help fund a national programme to reduce rural poverty. OXFAM calculates that such relief would enable Tanzania to enrol almost all of its children in primary school, Mozambique to double health expenditure and rehabilitate schools and health centres, and Nicaragua to achieve a wide range of objectives, including universal free primary education, improved primary health care for 1.2 million people, and safe water for 600,000 more of its citizens.

Push to cancel debt

Immensely valuable as such reforms could be, however, they are not enough. Unpayable debt exacerbates poverty, so some or all of the debt must be cancelled for the poorest countries at least. The Jubilee 2000 campaign, which calls for a one-off cancellation of unpayable debt at the millen-

nium, has won both wide popular support and been endorsed by many political and religious leaders. The precise date may be a matter for debate, but the need for significant cancellation is now unquestionable.

It is said that cancellation would set a precedent and make it less likely that debtor countries would be lent money in the future. But, as we have seen, there have been defaults in the past, and the poorest debtors attract little investment anyway. Cancellation, it is also claimed, would create a 'moral hazard' by rewarding irresponsibility.

But reckless lending helped cause the crisis, so the responsibility is a joint one. Besides, the debtors have already repaid what they owe in actual cash terms;

clearly, a greater moral hazard is created by continuing to insist on extreme financial stringency at the expense of children's lives.

Cancellation is an opportunity for both creditors and debtors to launch a war on poverty and direct resources to the most needy, especially children, by concentrating on human development. It would be consistent with the 20/20 Initiative – a plan for financing basic social services from national resources and donor funds agreed upon by all governments at the World Summit for Social Development in 1995 – and it is long overdue.

The time for a joint assault on debt and destitution is not now – it was yesterday. For millions of children, tomorrow will be too late. ■



UNICEF/97-0397/Balaguer

Debt's burden falls most heavily on the minds and bodies of children.

DEBT HAS A CHILD'S FACE

LEAGUE TABLE: EXTERNAL DEBT AS PERCENTAGE OF GNP

How to measure the levels of debt that can be sustained is intensely debated. Some argue that many definitions of what constitutes 'sustainable debt' put the thresholds so high that unacceptable sacrifices of basic social services, with great human costs, have to be made so that debt service can be paid. This league table of external debt-to-GNP ratios does not include such economic or social sustainability factors, but it does provide a useful perspective for examining and comparing countries' debt levels.

Gauging debt's burden

Borrowing is essential for financing development and is a fundamental aspect of the global economic system. Ideally, a country borrows to boost long-term productivity and economic output and to advance in human development, with gains from economic growth and exports going to further stimulate the economy and repay lenders the principal and interest owed.

However, when a country's debt becomes disproportionately large compared to its gross national product (GNP) and export earnings, then instead of stimulating growth and helping to advance human development, debt begins to sap economic vitality and drain resources from social sectors. To repay such high levels of debt (so as not to default or add arrears to the total debt), a country must divert already scarce resources. Too often the poor, especially children, pay the highest price, deprived of basic health care, nutrition and education because a significant proportion of government resources goes to servicing debt.

The table lists countries by region in order of the magnitude of their debt burden – calculated as the ratio of total external or foreign debt to GNP. The most debt-distressed countries top the regional lists. But their debt burdens are not equal. Guinea-Bissau, where debt is 366% of its GNP, has a far greater burden than Turkmenistan, where debt is 63% of GNP.

Averages often mask serious disparities. In sub-Saharan Africa, the most seriously affected region, the average is 69%. But this average includes South Africa, where the GNP is more than 40% of the combined GNP of the entire region and where the external debt-to-GNP ratio is low. As the chart on the facing page shows, when South African data is excluded, the region's ratio jumps to 108%.

The external debt-to-GNP ratio is only one measure used to gauge debt. The ratio of debt service to exports also determines whether poor countries' debts are 'sustainable', as do the terms on which debt is incurred. Guinea-Bissau, for example, borrowed nearly three quarters of its debt on concessional terms (at low interest rates for long terms, with repayment deferred), while Turkmenistan borrowed less than 5% on such terms. But Guinea-Bissau's very high debt-to-GNP ratio nonetheless indicates severe economic and social stress.



SUB-SAHARAN AFRICA

Guinea-Bissau	366
Somalia	307
Congo	278
Mozambique	249
Mauritania	235
Angola	232
Congo, Dem. Rep.	232
Liberia	189
Zambia	185
Côte d'Ivoire	165
Ethiopia	159
Sierra Leone	141
Madagascar	119
Mali	119
Burundi	113
Cameroon	109
Gambia	108
Tanzania	97
Gabon	96
Guinea	95
Togo	93
Ghana	89
Malawi	89
Central African Rep.	88
Niger	86
Nigeria	85
Senegal	83
Benin	77
► Regional average	69
Chad	65
Kenya	65
Rwanda	60
Zimbabwe	58
Mauritius	57
Uganda	56
Burkina Faso	54
Lesotho	52
South Africa	20
Botswana	11
Eritrea	9
Namibia	2



MIDDLE EAST AND NORTH AFRICA

Sudan	182
Syria	126
Jordan	117
Yemen	77
Algeria	69
Tunisia	63
Morocco	59
Turkey	47
Egypt	39
► Regional average	37
Oman	34
Lebanon	33
Kuwait	28
U. Arab Emirates	28
Israel	25
Saudi Arabia	15
Iran	10
Iraq	No data
Libya	No data





CENTRAL ASIA

Turkmenistan	63
Tajikistan	45
Kyrgyzstan	43
Armenia	38
Georgia	28
▶ <i>Regional average</i>	20
Kazakhstan	19
Azerbaijan	12
Uzbekistan	11
Afghanistan	No data



EAST/SOUTH ASIA AND PACIFIC

Lao PDR	132
Viet Nam	89
Mongolia	73
Cambodia	70
Indonesia	65
Thailand	63
Papua New Guinea	56
Philippines	53
Malaysia	51
Sri Lanka	51
Nepal	49
Pakistan	47
Bangladesh	35
New Zealand	34*
Korea, Rep.	33
Bhutan	27
India	27
China	17
▶ <i>Regional average</i>	11
Australia	9*
Japan	0*
Singapore	0*
Korea, Dem.	No data
Myanmar	No data



AMERICAS

Nicaragua	306
Honduras	103
Jamaica	98
Ecuador	87
Panama	75
Bolivia	68
Peru	50
Chile	42
Venezuela	42
Argentina	39
Trinidad/Tobago	39
Costa Rica	38
Haiti	38
Mexico	38
Colombia	35
Uruguay	33
Dominican Rep.	29
El Salvador	29
Brazil	24
Guatemala	23
Paraguay	21
▶ <i>Regional average</i>	19
United States	16*
Canada	10*
Cuba	No data



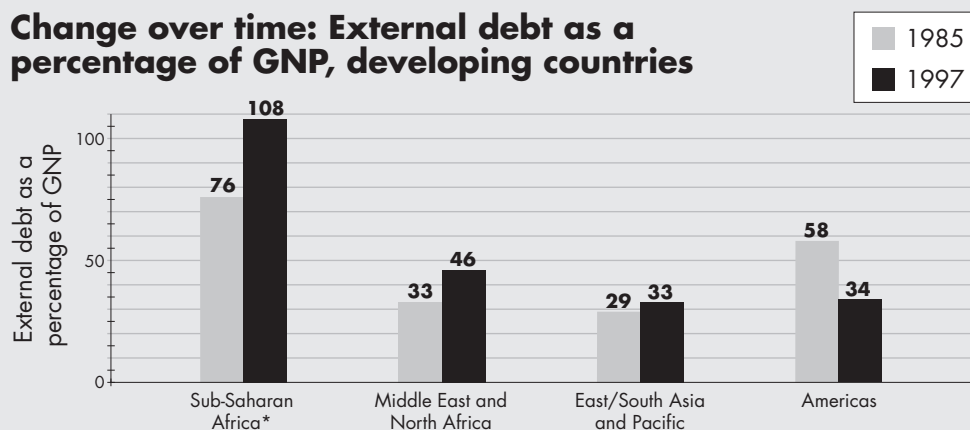
EUROPE

Bulgaria	101
TFYR Macedonia	71
Hungary	55
Moldova, Rep.	52
Slovakia	52
Czech Rep.	42
Bosnia/Herzegovina	41
Sweden	37*
Finland	36*
Croatia	35
Romania	33
Poland	29
Albania	28
Denmark	26
Russian Fed.	26
Greece	25*
Germany	19*
Ukraine	18
Lithuania	16
▶ <i>Regional average</i>	15
Estonia	14
Netherlands	13*
Austria	12*
Slovenia	12
Spain	12*
Latvia	9
Norway	6*
United Kingdom	6*
Belarus	5
Italy	5*
Belgium	0*
Switzerland	0*
France	No data
Ireland	No data
Portugal	No data
Yugoslavia	No data

WHAT THE TABLE RANKS

Total external debt as a percentage of gross national product (GNP)

Change over time: External debt as a percentage of GNP, developing countries



*Excluding South Africa.

*Central government external debt only.

Sources for league table and accompanying graph: World Bank, *Global Development Finance 1999* and *World Bank Atlas 1999*; and IMF, *Government Finance Statistics Yearbook, 1998*.

DEBT HAS A CHILD'S FACE

DATA BRIEFS: PROGRESS AND DISPARITY

Debt takes heavy toll on children's rights

Out of 27 developing countries surveyed, only 9 manage to spend more on basic social services than on debt servicing, according to a recent study by UNICEF and UNDP. Six of the 12 African countries in the survey spend more than twice as much on debt as on basic social services. Such social services – including primary and reproductive health care, nutrition, safe water, adequate sanitation and basic education – are essential in safeguarding children's right to survival and development and in overcoming entrenched poverty.

In nine of the countries, debt payments absorb more than 30% of the national budget, and in Kenya, Malawi, Tanzania (excluding Zanzibar) and Zambia, debt drains 40% or more of budgets. In comparison,

basic social services receive, on average, only 13% of national budgets, and less than 10% in seven of the countries – Brazil, Cameroon, Dominican Republic, Malawi, Nicaragua, Philippines and Zambia.

These findings indicate that world leaders need to renew the commitments made at the 1990 World Summit for Children to work for debt relief.

The findings also demonstrate why debt reduction is vital for the 20/20 Initiative, supported by UNICEF and other international agencies, which urges that developing countries allocate 20% of their budgets for the basics and that donor countries also earmark 20% of their official development assistance for the basics.

Where the money goes

	Year(s)	% of central government expenditure on:	
		Basic social services	Debt service
Africa			
Tanzania*	1994-95	15	46
Kenya	1995	13	40
Malawi	1997	8	40
Zambia	1997	7	40
Cameroon	1996-97	4	36
Côte d'Ivoire	1994-96	11	35
Niger	1995	20	33
Benin	1997	10	11
Burkina Faso	1997	20	10
Uganda	1994-95	21	9
South Africa	1996-97	14	8
Namibia	1996-97	19	3
Asia			
Philippines	1992	8	31**
Sri Lanka	1996	13	22
Nepal	1997	14	15
Thailand	1997	15	1**
Latin America and Caribbean			
Jamaica	1996	10	31
El Salvador	1996	13	27
Honduras	1992	13	21
Brazil	1995	9	20
Nicaragua	1996	9	14**
Costa Rica	1996	13	13
Bolivia	1997	17	10**
Dominican Rep.	1997	9	10
Colombia	1997	17	8**
Belize	1996	20	6**
Chile	1996	11	3

*Excluding Zanzibar.

**International Monetary Fund, *Government Finance Statistics Yearbook*, 1996, data for the same or latest available year.

Sources: UNICEF and UNDP, *Country Experiences in Assessing the Adequacy, Equity and Efficiency of Public Spending on Basic Social Services*, October 1998, and unpublished documents.

How little has changed

“... It is necessary to give some voice, however inadequate, to the children of the developing world who have no other say in international economic dealings but who are so profoundly and permanently affected by them....

“The fact that so much of today's staggering debt was irresponsibly lent and irresponsibly borrowed would matter less if the consequences of such folly were falling on its perpetrators. Yet now, when the party is over and the bills are coming in, it is the poor who are being asked to pay....

“And when the impact becomes visible in rising death rates among children, rising percentages of low-birthweight babies, falling figures for the average weight-for-height of the under-fives, and lower school enrolment ratios among 6- to 11-year-olds, then it is essential to strip away the niceties of economic parlance and say that what has happened is simply an outrage against a large sec-

tion of humanity.... Allowing world economic problems to be taken out on the growing minds and bodies of young children is the antithesis of all civilized behaviour. Nothing can justify it. And it shames and diminishes us all.”

These words are taken from UNICEF's *The State of the World's*

HIPC countries*

Angola	Equatorial Guinea	Madagascar	Sierra Leone
Bolivia	Ethiopia	Mali	Somalia
Burkina Faso	Ghana	Mauritania	Sudan
Burundi	Guinea	Mozambique	Tanzania
Cameroon	Guinea-Bissau	Myanmar	Togo
Central African Rep.	Guyana	Nicaragua	Uganda
Chad	Honduras	Niger	Viet Nam
Congo	Kenya	Rwanda	Yemen
Congo, Dem. Rep.	Lao PDR	Sao Tome and Principe	Zambia
Côte d'Ivoire	Liberia		

*The list of HIPC countries is evolving as countries' debt burdens are evaluated against three criteria. To qualify for assistance under the HIPC Initiative, a country must be poor, have an unsustainable debt (defined as more than 200-250% of the value of their annual exports with debt service greater than 20-25% of their annual income from exports) and have implemented reforms.

Note: Initially, the HIPC list contained 41 countries that appeared to fit the criteria. Since the programme began in 1996, Benin, Nigeria and Senegal have been found not to meet the criteria. Other countries are expected to be dropped and more to be added during the review process.

Source: World Bank.

Children 1989 report, but they could have been written yesterday. For years now, the consequences of the global debt crisis have fallen most heavily on the young, particularly on children in the 38 countries listed, which are poor, highly indebted and have been in desperate need of relief since the crisis began in 1982.

The Highly Indebted Poor Country Initiative, or HIPC, was launched under the leadership of the World Bank and IMF at the end of 1996, with the goal of returning to solvency such severely impoverished countries with unsustainable debt burdens. Progress, however, has been slow and painful: So far, only two countries – Uganda and Bolivia – have received relief, and commitments for HIPC support have been made to only five additional countries.

As this publication goes to press, leaders of some of the wealthiest creditor countries are preparing to meet to discuss, among other issues, reforming and speeding the HIPC process. This is a hopeful sign. But proposals have been made before, and optimism is difficult to muster given the experience of the last 10 years, with outcomes so dwarfed by the overwhelming needs. And the costs to children, meanwhile, continue to mount.

Poor hit hardest as aid plummets

The gulf between rich and poor has widened dramatically during the 1990s – while aid to developing countries has plummeted. In the world's poorest countries, the average GNP slipped from \$240 per person in 1990 to \$232 in 1996. This contrasts with an average GNP surge from \$20,900 to \$27,000 per person in donor countries during the same period.

Despite this growth in donor wealth, official development assistance (ODA) dropped to \$48.3 billion in 1997. In real terms, this was 21% lower than in 1992. For the Group of 7 – the leading industrial countries – the decline was almost 30%.

Cuts in ODA have hit hardest in poor countries where child mortality is high and access to primary education and safe drinking water is low, and which are also bypassed by private capital flows.

Aid as a proportion of donor countries' GNPs – a measure of their ability to provide aid – fell to an average of 0.22% in 1997, the lowest point since 1970, when the world agreed on the aid target of 0.7% of donors' GNP. Only four countries – Denmark, Netherlands, Norway and Sweden – consistently reach or exceed the target. Denmark earmarked 0.97% of its GNP for aid in 1997, the highest proportion among donor countries in the Organisation for Economic Co-operation and Development (OECD). The United States gave the lowest proportion, 0.09%.

Denmark also led donors on the basis of aid per person, giving \$311 per capita; Italy was the lowest per capita donor, giving \$22. Japan was the highest aid donor in dollar terms, allocating \$9.4 billion, followed by

the United States with \$6.9 billion, and France with \$6.3 billion.

If all donor countries had met the aid target of 0.7% of GNP, total aid would have been more than \$100 billion above the 1997 total. Maintained

for 10 years, this amount would be more than enough to ensure access to basic social services – basic education and primary health care, adequate nutrition and safe water and sanitation – for all communities.

Aid on the decline

Amounts*

	ODA as % of donor nations' GNP		Total aid (\$ billions) 1997	Aid per person (\$) 1997	Change per person (\$) since 1990
	% 1997	% 1990			
Denmark	0.97	0.94	1.6	311	67
Norway	0.86	1.17	1.3	297	7
Netherlands	0.81	0.92	2.9	189	6
Sweden	0.79	0.91	1.7	195	-25
Luxembourg	0.55	0.21	0.1	228	156
France	0.45	0.60	6.3	108	-27
Canada	0.34	0.44	2.0	68	-16
Switzerland	0.34	0.32	0.9	126	5
Finland	0.33	-	0.4	74	-67
Belgium	0.31	0.46	0.8	75	-24
Ireland	0.31	0.16	0.2	51	34
Australia	0.28	0.34	1.1	58	-12
Germany	0.28	0.42	5.9	71	-19
Austria	0.26	0.25	0.5	65	7
New Zealand	0.26	0.23	0.2	41	5
United Kingdom	0.26	0.27	3.4	59	5
Portugal	0.25	0.25	0.3	25	7
Spain	0.23	0.20	1.2	31	8
Japan	0.22	0.31	9.4	74	-18
Italy	0.11	0.31	1.3	22	-36
United States	0.09	0.21	6.9	25	-29
Average/total	0.22	0.33	48.3	59	-18

*In 1997 dollars. As of 1997, aid to Israel is no longer counted as ODA.

Sources: OECD, *Development Co-operation* (1996 and 1998 reports); UN Population Division, *World Population Prospects*, 1998 revision.



UNICEF/93-0605/Horner

Debt drains resources from vital services. Many countries allocate less than 10% of their national budgets to basic social services. A poor neighbourhood in Peru.

Focusing aid on the basics

During the 1990s, a broad understanding has developed that access for all to basic social services is vital for reducing poverty. These essentials comprise basic health care, including reproductive health, basic education, nutrition programmes and safe water supply and sanitation. Yet millions of children are deprived of their right to these building blocks for a brighter future, destined instead to live and die in poverty.

Development assistance is one key element in improving access to basic social services in poor countries and forms a linchpin of the 20/20 Initiative, which urges governments of both donor and developing countries

to allocate 20% of their official development assistance and national budgets, respectively, to basic social services. However, it has been difficult

Aid to basic social services

Year	% of total aid spent on basic social services	
	Year	% of total aid spent on basic social services
Sub-Saharan Africa		
Namibia	1996	30
Mali	1996	23
Kenya	1995	20
Benin	1996	18
Burkina Faso	1996	18
Niger	1995	18
Uganda	1996	16
Zambia	1996	13
Tanzania	1996	10
Côte d'Ivoire	1994	9
Cameroon	1996	8

to pinpoint what proportion of aid goes to the basics.

Now studies of 16 countries, conducted by UNICEF and UNDP,

Year	% of total aid spent on basic social services	
	Year	% of total aid spent on basic social services
Latin America		
Nicaragua	1996	15
Bolivia	1996	8
Peru	1996	5
Asia		
Sri Lanka	1996	5
Viet Nam	1996	5

Sources: UNICEF and UNDP, *Country Experiences in Assessing the Adequacy, Equity and Efficiency of Public Spending on Basic Social Services*, October 1998, and unpublished documents.

throw new light on this question. They found, for example, that in 7 of the 16 countries reviewed, 10% or less of aid goes to fund basic social services. In Kenya, Mali and Namibia, on the other hand, the levels are 20% or more. Another finding is that levels of aid to the basics can vary widely over time (shifts that are not indicated in the table). In Niger, for example, the share rose from 6% in 1992 to 18% in 1995, while in Peru it dropped from 22% in 1994 to 5% in 1996. These studies are helping reveal areas where greater resources should be focused, and further research will broaden this knowledge base.