

## Letter

# Letter: Developing countries need a new economic model for global aid

From Sanjay G Reddy, Associate Professor, Department of Economics, The New School for Social Research, New York, NY, US



A group of volunteers building a concrete water well in Africa © Davideb89/Dreamstime

JANUARY 11 2023

---

Dhananjayan Sriskandarajah, Oxfam Great Britain's chief executive, correctly diagnoses the problem with global aid but underestimates its seriousness and mistakes the solution ([Opinion](#), January 5).

The rich countries' share of aid in national income has fallen from a high of 0.54 per cent in 1961 to 0.33 per cent in 2021. This is almost the same level today as in 1971, and far below the global target of 0.7 per cent of national income that has been repeatedly reiterated over decades.

This has happened despite recent revisions to how aid is calculated which make it easier to count spending as aid (notably, by including domestic costs of refugee settlement). Although in absolute terms aid flows have risen by five times since 1960, world gross domestic product has increased by almost 10 times in the same period. The current aid provided by rich countries, of about \$176bn, is less than two one-thousandths of the almost \$100tn size of the world economy.

Any idea that this trickle of funds could be enough to address the largest global problems is delusional, and the self-congratulation regularly provided by rich countries to themselves for their “aid effort” (which one need only glance at the websites of “donor” countries’ development agencies and the declarations of their leaders to witness) are hollow.

Not only does the architecture of global aid need an “urgent overhaul” but, important as aid remains for some countries — especially the poorest — it is time to call it what it is: a fig leaf that fails to cover up the naked truth of a severely limited effort to address global problems and to repair historical and present-day injustices.

The larger part of the solution is not renewed appeals but a global economic architecture that enables development, so that poor countries need not rely on rich countries — which regularly claim donor fatigue — to be “generous”.

**Sanjay G Reddy**

*Associate Professor, Department of Economics, The New School for Social Research, New York, NY, US*