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**DEVELOPMENT CO-OPERATION REPORT FOR 2000**

**CHAPTER IV: POLICIES AND EFFORTS OF INDIVIDUAL DAC MEMBERS AND OTHER OECD MEMBER COUNTRIES**

**(Note by the Secretariat)**

*The attached draft of Chapter IV of the 2000 Development Co-operation Report is circulated for COMMENT and INFORMATION. Comments should be sent to Michael Laird (see details below) no later than 16 October.*

*As in previous years, each note on individual DAC Members will comprise half a page of text accompanied by a box presenting statistical material for 1998 and 1999. The boxes presenting these statistics have not been included in this document as reporting by Members is still incomplete. All statistics are PRELIMINARY and will be updated in accordance with Members' responses to the DAC questionnaire. It is not necessary to advise the Secretariat separately of any updates.*

*The draft of the entire report, including Chapter IV with any amendments, will be circulated later.*

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**CHAPTER IV**  
**POLICIES AND EFFORTS OF INDIVIDUAL DAC MEMBERS**  
**AND OTHER OECD MEMBER COUNTRIES**

**1. Highlights of aid flows in 1999**

4.1 DAC Members' total official development assistance (ODA) continued to recover in 1999, rising 5 per cent in real terms to reach USD 56 billion. This was USD 4 billion more than in 1998, and USD 8 billion more than in 1997. The ratio of ODA to gross national product (GNP) moved up to 0.24%, from 0.23% in 1998 and an all-time low of 0.22% in 1997 (see Table IV-1 and Chart IV-2).

4.2 Much of the increase in the past two years has been due to donors responding to dramatic events of various kinds. So far, there has been little increase in funds for long-term development programmes and projects, although several Members have now committed themselves to real ODA increases over the medium term.

4.3 Japan made the biggest contribution to the rise in ODA in 1999. Its total net ODA disbursements reached USD 15.3 billion - the largest annual figure ever recorded by a single donor. It included continuing generous help to the countries most affected by the Asian financial crisis, especially a USD 3 billion contribution to the Asian Development Bank and substantial rises in bilateral aid particularly to Indonesia, Thailand and Vietnam.

4.4 Many DAC Members gave special help to refugees from Kosovo before and especially after the NATO airstrikes on Yugoslavia in 1999. Although precise quantification is not possible, the total is likely to be over USD 1 billion in 1999, and assistance to Kosovo continued in 2000. The strife in East Timor following the ballot there in August 1999 also drew special help, particularly from Australia.

4.5 The United States, Canada and several European donors continued their assistance to reconstruction in Central American countries devastated by Cyclone Mitch in 1998, while the European Union and its member States provided substantial relief following the devastating earthquake in Turkey in August 1999.

4.6 Some observers had expected two other factors to have a major impact on ODA disbursements in 1999: the decision of the 1999 G7 summit in Cologne to speed up debt relief to the poorest countries, and several Members' curtailment of aid to India and Pakistan after those countries' nuclear weapons tests in May 1998. So far, however, neither of these factors has had much effect on overall ODA volume. Debt relief under the HIPC initiative is going ahead, but rather more slowly than some had hoped. Multilateral agencies and Japan, which provide the bulk of aid to India and Pakistan, continued their assistance, and several other donors have recently softened or lifted the sanctions they had imposed on these countries.

## 2. Continuing disparities in donor effort

4.7 The overall flow of aid is largely determined by the efforts of the largest donors. Of the 22 DAC Member countries, the G7 accounts for three-quarters of all ODA. The four largest donors alone - Japan, the United States, France and Germany, in that order - contributed over 60% of ODA in 1999.

4.8 But in general, the largest Members have made the largest cuts in the 1990s. In ODA/GNP terms, aid from the United States has fallen by half since 1990, while that of France and Germany has dropped by around 40% since the early part of the decade. France's recorded ODA is likely to continue its decline as French Polynesia and New Caledonia, the largest beneficiaries of French aid, were removed from the list of ODA recipients in 2000. Germany's aid budget is expected to decline by 7.5% in 2000 with further cuts possible in following years. Only Japan has maintained its ODA/GNP ratio, since the cuts it planned from 1997 were outweighed by special efforts to relieve the Asian financial crisis.

4.9 Apart from perennial budget pressures, there are specific reasons for these declines. France's decision to devalue the CFA franc in 1995 relieved it of the need to support this currency and improved the purchasing power of its aid to Africa. Germany's integration of the former East Germany put great pressure on its federal budget. The United States' figures are depressed by the removal of Israel from Part I of the DAC List of Aid Recipients in 1997.<sup>1</sup>

4.10 These one-off factors could not justify any further falls in aid from the largest donors. In fact, substantial rises would be necessary to achieve more equitable burden sharing among donors. Per capita incomes in the four largest donors are not significantly different from those in the four countries that, since the late 1970s, have consistently attained the United Nations target for ODA of 0.7% of GNP (Chart IV-2). Yet the latter countries spend, on average, four times as much per capita on ODA as the largest economies (Chart IV-3) - and this gap has widened over the last twenty years. Sweden made special efforts in 1999 to ensure that its ODA/GNP ratio did not fall below 0.7% despite stringent fiscal consolidation measures.

## 3. Hopeful signs of renewed commitment to ODA

4.11 Several DAC Members have shown that it is possible to increase aid volume in a sustained and effective manner by setting a medium-term target based on their financial and administrative capacity and the needs of their priority recipients:

- Greece, which joined the DAC at the end of 1999, has been making steady progress towards its combined target for ODA and official aid of 0.2% of GNP by 2001.
- Ireland aims to reach its medium-term ODA target of 0.45% of GNP by the end of 2002. By 1999 it had reached 0.31%. This figure would have been higher still if it had not been for the exceptional growth in Ireland's GNP, currently the highest in the OECD area.
- Luxembourg, which only joined the DAC in 1992, aims to meet the 0.7% target in 2000. It had reached 0.64% in 1999.
- The United Kingdom, a G7 Member, is on track to raise its ODA by 25% in real terms between 1997 and 2001. (The apparent fall in British ODA in 1999 resulted from the timing of some large payments to international financial institutions and a rebound is expected in 2000.)

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1. The United States' contributions to peacekeeping and other global security efforts, which have expanded significantly in the 1990s, are not counted as aid.

4.12 Belgium and Canada have also announced increases in ODA spending, although these have yet to show up in DAC statistics. Denmark and the Netherlands have maintained their targets of 1% and 0.8% respectively, lifting their ODA disbursements to keep pace with the higher GNP they now report under the new System of National Accounts. Norway recorded an ODA/GNP ratio of 0.91% in 1999 but aspires to raise this once again to 1%. Sweden expects its ODA/GNP ratio to rise to 0.81% in 2003.

**Table IV-1. Preliminary Estimates of Net Official Development Assistance Flows in 1999**

	1999		1998		Real Percent change 1998 to 1999 (2)
	ODA USDm	ODA/GNP % (1)	ODA USDm	ODA/GNP % (1)	
Australia	981	0.26	960	0.27	-1.6
Austria	527	0.26	456	0.22	19.9
Belgium	753	0.30	883	0.35	-11.6
Canada	1 721	0.28	1 691	0.29	0.2
Denmark	1 724	1.00	1 704	0.99	2.7
Finland	402	0.32	396	0.32	4.9
France	5 494	0.38	5 742	0.40	-0.5
Germany	5 478	0.26	5 581	0.26	1.4
Greece	194	0.15	179	0.15	9.3
Ireland	241	0.31	199	0.30	22.8
Italy	1 806	0.15	2 278	0.20	-18.3
Japan	15 302	0.35	10 640	0.28	26.2
Luxembourg	115	0.64	112	0.65	5.9
Netherlands	3 134	0.79	3 042	0.80	6.1
New Zealand	134	0.27	130	0.27	4.1
Norway	1 370	0.91	1 321	0.91	0.5
Portugal	274	0.25	259	0.24	8.1
Spain	1 347	0.23	1 376	0.24	-0.8
Sweden	1 630	0.70	1 573	0.72	7.2
Switzerland	969	0.35	898	0.32	11.1
United Kingdom	3 279	0.23	3 864	0.27	-15.6
United States	9 135	0.10	8 786	0.10	2.5
<b>TOTAL DAC</b>	<b>56 008</b>	<b>0.24</b>	<b>52 068</b>	<b>0.23</b>	<b>4.9</b>
Average Country Effort		<b>0.39</b>		0.39	
<i>Memo Items</i>					
1. EU countries combined	26 397	0.31	27 641	0.33	-1.9
2. European Commission	4 937		5 140		-0.3

1. DAC Members are progressively introducing the new System of National Accounts. This is leading to slight upward revisions of GNP, and corresponding falls in reported ODA/GNP ratios.
2. Taking account of both inflation and exchange rate movements.

Chart IV-1. Net ODA from DAC Members in 1999

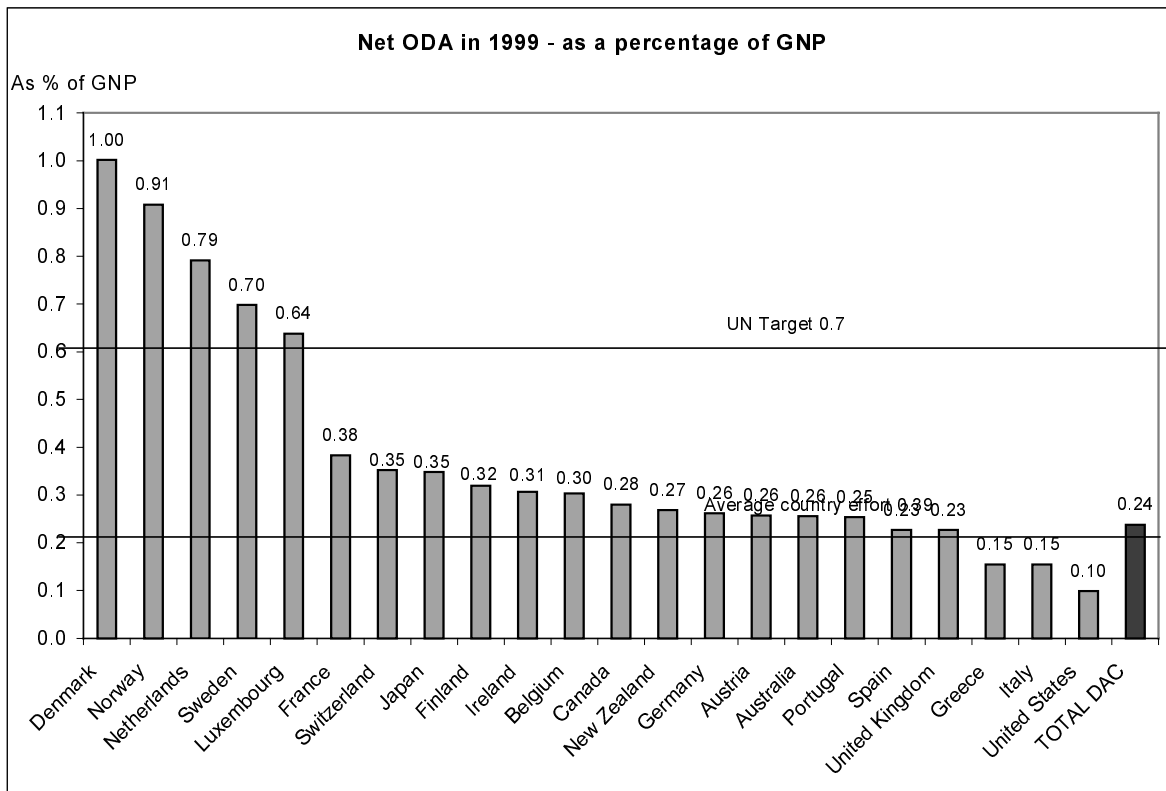
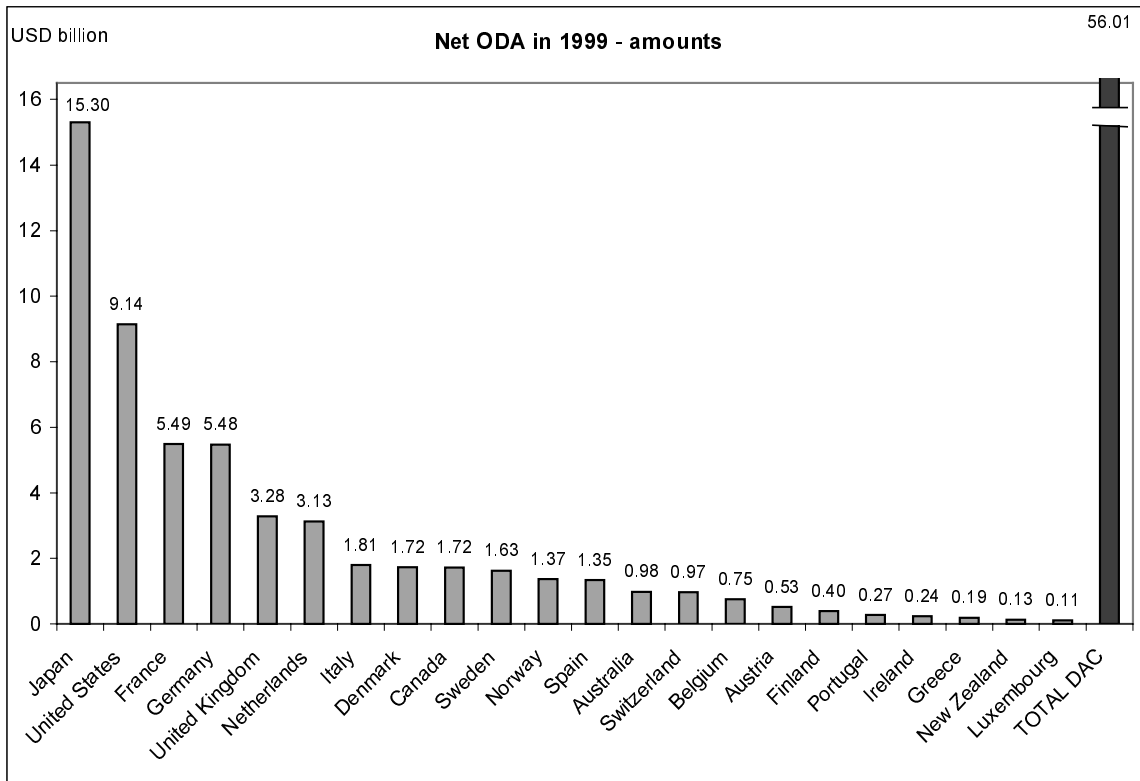


Chart IV-2. GNP per capita of selected DAC Members

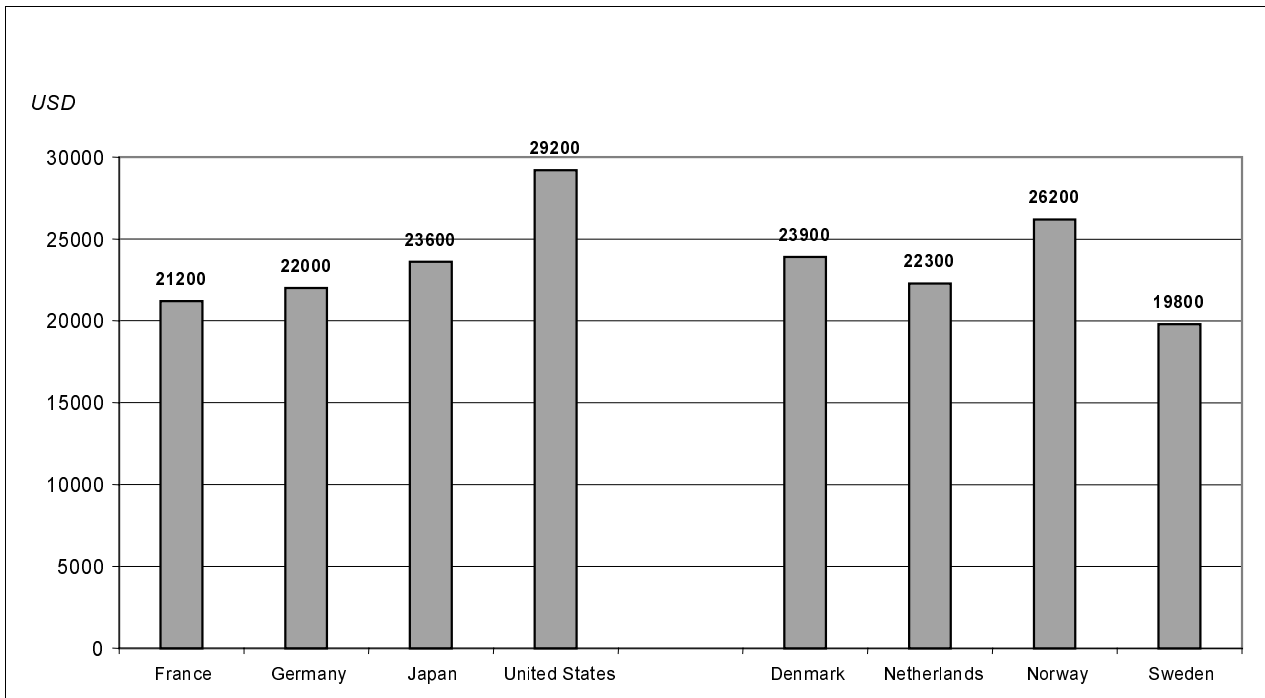
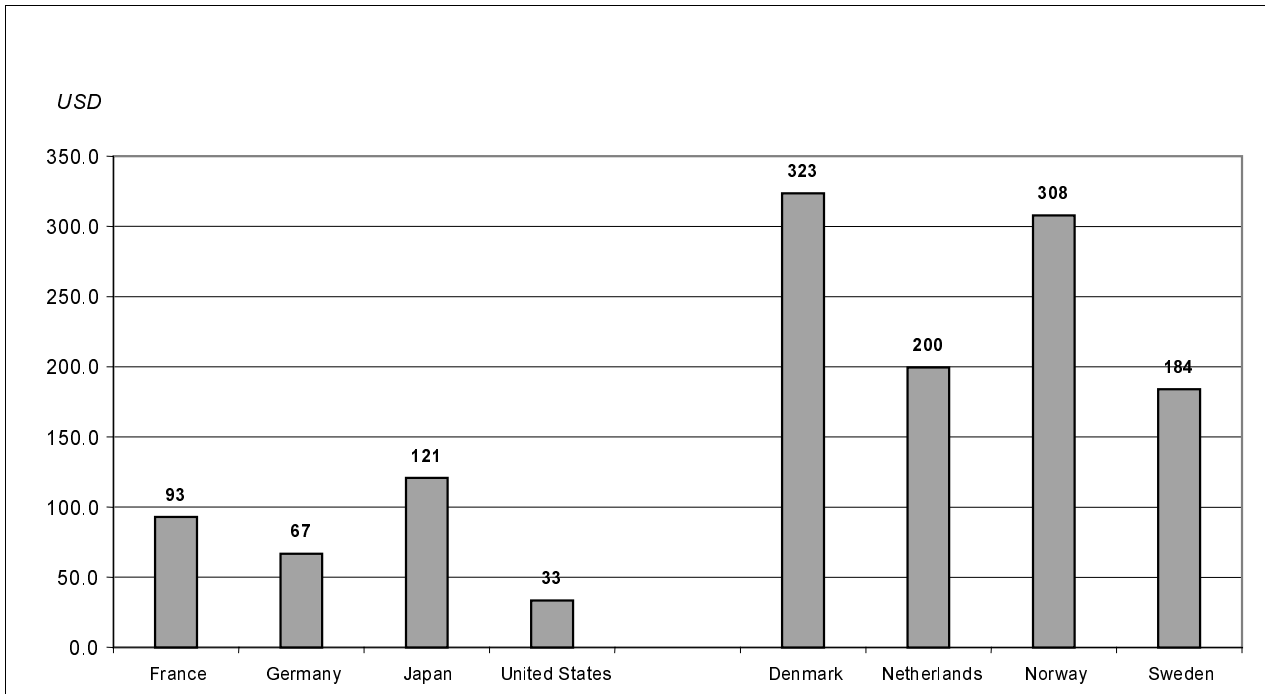


Chart IV-3. ODA per capita of selected DAC Members



#### 4. Notes on individual DAC Members

4.13 Notes on DAC Members are presented in alphabetical order and include a box on those Members reviewed since the last *Development Co-operation Report* (France, Italy, New Zealand, Sweden and Switzerland).

##### *Australia*

4.14 **Australia's ODA totalled USD 981 million in 1999. While its ODA volume remained fairly stable during the 1990s, at constant prices and exchange rates, the Australian economy experienced a prolonged period of robust expansion. As a result, the ODA/GNP ratio declined over the period, falling to 0.26% in 1999, its lowest level ever.**

4.15 Since the release of *Better Aid for a Better Future* (1997), governance has become a priority sector for the Australian aid programme, alongside education, health, rural development and infrastructure. Approximately 15% of aid expenditure is now directed towards advancing good governance. Activities concentrate on four main areas: economic and financial management; law and justice; public sector management; and the development of civil society. Strengthening governance capacities in East Asia is a central element of Australia's continuing response to the Asian financial crisis of 1997.

4.16 Education nevertheless remains the largest sector for Australia's aid. An objective for this sector is to assist partner countries improve access to basic education. Nonetheless, over half Australia's funding for education supports higher education, particularly tertiary scholarships in Australia. Within the health sector, responding to the HIV/AIDS pandemic is receiving greater emphasis. A six-year AUD 200 million Global HIV/AIDS Initiative has been created.

4.17 Australia released its strategy for rural development which focuses on improving the lives of the rural poor by increasing income-generating opportunities. The largest infrastructure project funded by Australian aid, the My Thuan Bridge in Viet Nam, was officially opened in 2000. Australia contributed AUD 60 million for the construction of the bridge which is expected to facilitate investment opportunities in the Mekong Delta and make a major contribution to economic and social development.

##### *Austria*

4.18 **The level of Austria's annual ODA disbursements tends to fluctuate significantly. Between 1997 and 1998, Austria's total net ODA fell by nearly 11% in real terms while between 1998 and 1999 it rose again by 20%, to USD 527 million. Austria's ODA/GNP ratio in 1999 was 0.26%, compared to 0.22% in 1998 from 0.26% in 1997. Austria aims to increase its ODA level to bring it more into line with Austria's economic performance and capacity.**

4.19 Since Austria joined the European Union in 1996, about two-thirds of its ODA has been managed bilaterally with the main regions of concentration being central America, western Africa and southern Africa. Bhutan is also a major recipient of Austrian ODA. Three components of Austria's bilateral ODA - concessional export credits, refugees in Austria and imputed student costs - do not have development as a primary objective and represent about 18% of ODA, although levels for these elements are declining.

4.20 The Department for Development Co-operation (DCD) of the Ministry of Foreign Affairs manages about one fifth of total Austrian ODA while a number of other federal ministries and provincial/local governments manage parts of the bilateral aid programme. DCD is assuming wider

co-ordination responsibilities for bilateral assistance, but Austria has not yet put in place a formal overall co-ordination mechanism for its aid programme.

4.21 The Austrian government recognises the need for efficient, quality programme conceptions based on clearly defined priorities, geographic and sectoral concentration and drawing on specific application of Austrian know-how. There is, however, no overall strategy binding Austria's ODA to a clear set of development objectives.

### ***Belgium***

4.22 **Belgium's total net ODA fell from USD 883 million in 1997 to USD 753 million in 1999, a fall of 12% in real terms. The ODA ratio declined from 0.35% in 1998 to 0.30% in 1999. In recent years, Belgium's ODA performance has been affected by a reduction in its debt forgiveness efforts.**

4.23 Belgium promulgated a new law on development assistance in May 1999 which provides a legal framework for its development co-operation policy. The objectives for Belgium's international co-operation have been defined as sustainable human development, poverty reduction, partnership and relevance to development. Bilateral assistance will be limited to a maximum of 25 countries (or regions) and will concentrate on five sectors: basic health care; education and training; agriculture and food security; basic infrastructure; and consolidation of society including through conflict prevention. Two cross-sectoral themes will also be pursued: equal opportunity and protection of the environment.

4.24 The Belgian Administration for Development Co-operation has been disbanded and its responsibilities redistributed, including to a new external body. In future, drawing up co-operation programmes will be entrusted to the Directorate-General for International Co-operation within the Ministry of Foreign Affairs; evaluation will be entrusted to another new department within the MFA while the implementation and execution of Belgian ODA will be entrusted to the Belgian Technical Co-operation (BTC) agency, a publicly owned company. BTC's mandate requires it to delegate as much as possible the implementation of activities to partner countries, through a "partner committee". BTC will maintain representation in its main partner countries.

### ***Canada***

4.25 **In line with the Canadian government's commitment to stabilise funding for aid, Canada's ODA grew slightly in real terms in 1999 to USD 1.7 billion. However, the ODA/GNP ratio slipped from 0.29% in 1998 to 0.28% in 1999, its lowest level in 35 years and a considerable drop from the peak of 0.50% registered in 1988. The 1999 federal budget signalled a turnaround by promising growth in ODA starting in 2000, the first increase in almost a decade.**

4.26 The government's foreign policy statement, *Canada in the World* (1995), guides Canada's ODA whose purpose is to support sustainable development in developing countries in order to reduce poverty and to contribute to a more secure, equitable and prosperous world.

4.27 The Canadian International Development Agency (CIDA) has a target of committing 25% of Canadian ODA to basic human needs, which CIDA advises was met in 1999. Canada began to shape a social agenda for its ODA in 1999 which includes basic education, health and nutrition, HIV/AIDS and child protection, ensuring a strong emphasis on gender equality in each area. In the field of HIV/AIDS, CIDA will provide CAD 120 million over the three-year period 2000-02, which triples the annual budget for HIV/AIDS activities.

4.28 Canada has pushed for debt relief through the HIPC initiative, providing USD 175 million to the initiative in 2000. Canada has pledged to forgive 100% of bilateral debt owed to it by eligible least-developed HIPCs.

### *Denmark*

4.29 **With net ODA disbursements of USD 1.7 billion in 1999, Denmark recorded an ODA/GNP ratio of 1.00%, the best performance in the DAC for the fifth consecutive year. Denmark has equalled or exceeded the United Nations' ODA/GNP target each year since 1978.**

4.30 Danish bilateral aid, excluding ODA channelled through NGOs, is concentrated in 20 countries, for each of which Denmark has a publicly available strategy. Denmark is among the leaders in the DAC in shifting from project assistance to sector programmes, as a key element in promoting local ownership.

4.31 Under Denmark's policy towards multilateral institutions, laid down in the 1996 plan of action for active multilateralism, contributions to individual organisations are determined by Denmark's appraisal of their relative efficiency and effectiveness. UNDP and IDA remain the largest recipients of Danish multilateral ODA.

4.32 In 1999, the process started to update Denmark's 1994 strategy statement *Towards the year 2000*. This will lead to a new strategy being prepared, entitled *Partnership 2000*, which is expected to be similar in many respects to the *Towards the year 2000* statement. Poverty reduction will remain the over-riding objective for Danish ODA and the three cross-cutting themes for the programme - sustainable development, gender equality and women's rights, and democratisation and human rights - are expected to remain the same. Prevention of conflicts, children and youth in the development process, private sector development and the fight against HIV/AIDS are expected to be emphasised as important priority areas for Danish ODA while not being treated as cross-cutting themes.

4.33 The preparatory process for the new strategy has been very open and wide publicity has been given to the various drafts over the internet. Comments have been received from a number of organisations and individuals and the transparency of the process has been deemed a success. The strategy has now to be finalised and approved by the Danish Parliament.

### *European Community*

4.34 **The European Community provided USD 4.9 billion of net ODA in 1999. The Community is a major actor in international co-operation and development assistance, with political and financial responsibility for approximately 10% of ODA worldwide. It is also the largest provider of humanitarian aid. Community external assistance was originally concentrated on ACP countries but has since acquired a global reach, as two-thirds now goes to areas outside the ACP.**

4.35 In April 2000, the Council approved a communication by the European Commission establishing a fresh strategy for the Community's development co-operation, thereby responding to a criticism made at the 1998 DAC peer review concerning the lack of an overall strategy. The overarching objectives now are to refocus on poverty reduction, by supporting actions that enable developing countries to fight poverty themselves, and to align the policy framework in different regions. A coherent overall strategy focusing on core activities must be based on the Community's capacity to ensure coherence and synergies between trade, aid, economic co-operation and political dialogue.

4.36 The new ACP-EC partnership agreement, signed in June 2000, provides an example of how these different aspects can be brought together, since it combines a substantive political dialogue among partners

with innovative co-operation in the field of trade, based on regional integration initiatives, and new mechanisms for development co-operation.

4.37 An ambitious reform programme of the management of external assistance was issued in May 2000. Based on the diagnosis that growth in Community aid has outstripped the pace of administrative change, the reform aims to make radical improvements in the speed, quality and profile of external assistance. Major features include: a thorough overhaul and unification in the programming of external aid; integration of the project cycle; creation of a single body in charge of project implementation; extensive devolution of project management to the Commission's delegations and - where conditions permit - the authorities in beneficiary countries; development of a common administrative culture within the external relations services; and a package of urgent measures including action to eliminate old and dormant commitments.

### *Finland*

4.38 **In 1999, Finland's ODA grew in real terms for the fifth consecutive year to reach USD 402 million. The ODA/GNP ratio remained unchanged at 0.32%. Government budget proposals for 2000 provide for a further 5% increase in development assistance funding, which is expected to result in an ODA/GNP ratio of 0.34%. Finland had previously set itself the objective of reaching 0.4% of GNP in 2000.**

4.39 The overall aims of Finland's development assistance are to reduce poverty, assist developing countries solve environmental problems and promote social equality, democracy and human rights. Aid policy is underpinned by the Finnish Cabinet's Decision-in-principle (September 1996), which provides that development co-operation is an integral part of Finnish foreign policy, and the policy statement on relations with developing countries (October 1998). These statements emphasise the value of harmonising the objectives of foreign, security and trade policies and development co-operation to increase the coherence of Finland's foreign policy. The Ministry for Foreign Affairs was reorganised in October 1998 to facilitate this and continues to be responsible for aid administration.

4.40 Pursuant to the 1998 policy statement on relations with developing countries, Finland has begun to increase its support for trade capacity building to enhance developing countries' participation in the global trading system. Finland has adopted a comprehensive human rights approach as a framework for its development co-operation programme and issued new NGO and gender manuals.

4.41 During its first Presidency of the European Union (July-December 1999), Finland led negotiations on the future of the Lomé Convention, settling the main elements of a compromise agreement between the EU and the 71 ACP countries on a new co-operation agreement announced in February 2000.

### *France*

4.42 **With net ODA disbursement of USD 5.5 billion in 1999, France remained the third largest donor in the DAC. Expressed as a share of GNP, France's ODA continued to fall, from 0.40% in 1998 to 0.38% in 1999. The removal in 2000 of New Caledonia and French Polynesia from the list of recipients eligible for ODA is expected to result in a reduction of 0.07% in the ODA/GNP ratio.**

**Box IV-1. DAC Peer Review of France, 14 March 2000***Examiners: Italy and Norway*

France's aid system has been undergoing extensive reforms since 1998. These reforms aim to increase the effectiveness and transparency of French development assistance by simplifying the institutional system and increasing the coherence of policies affecting developing countries. The reform responds to the need for: better linkages between the different types of aid; consolidation of the scattered operational services; increased partnership with aid recipients; and, as part of a more effective strategy for poverty reduction, more emphasis on basic social sectors and greater attention to gender equality.

The system has been reshaped around two cores - the Ministry for Foreign Affairs (MFA) and the Ministry for Economic Affairs, Finance and Industry (MEFI) - with one main implementing agency, the French Development Agency (AFD). An Interministerial Committee for International Co-operation and Development (CICID) has been set up to ensure cross-ministry co-ordination and a High Council for International Co-operation (HCCI) has been created which should help to bring civil society more fully into the debate on development assistance.

The DAC noted that reforms were at an early stage and that much still needed to be done before the objectives sought could be achieved:

- Only the broad lines of France's aid strategy have been announced to date. The CICID should amplify its strategic role and, after consulting HCCI, present a strategy paper which should be made public and set out the main approaches in relation to the fundamental objective of poverty reduction.
- The more favourable budget outlook and the country's economic performance should be utilised to increase the volume of ODA, bearing in mind that the French Overseas Territories will cease to be eligible for ODA as from 2000. A particular effort should also be made, following the move from loans to grants for countries covered by the enhanced HIPC initiative, to maintain or increase aid flows to these countries.
- The reduction in aid provided by MEFI under financial protocols with essentially commercial objectives could be used to increase ODA for basic social sectors, currently too weak an element in the French aid programme.
- The "priority zone of solidarity" for France's bilateral aid currently covers some 60 countries but could be tightened so as to concentrate more aid on the poorest countries and those pursuing appropriate policies, including good governance.
- The efforts begun to mainstream gender equality into all aid activities should be strengthened and systematised.
- The effectiveness of ODA could be increased if a more substantial portion were untied. This calls for the active involvement of France in the search for a consensus on untying aid to the least-developed countries, within the framework of on-going efforts in the DAC.

Finally, the DAC expressed satisfaction at the place which decentralised co-operation occupies within French aid. It is a novel aspect, rightly encouraged for its effects in promoting participation and local democracy, and well tailored to the partnership principles advocated by the DAC.

4.43 In 2000, France continued to implement a major reform of its aid system and strategy. This reform has contributed to simplifying and increasing the coherence of its institutional system for development co-operation. The main strategic organ of the reform, the Interministerial Committee for International Co-operation and Development (CICID), met once in 1999 to set the main elements of the reform and once again in 2000. So far, only the broad orientations of a new French aid strategy have been issued by the CICID, and much remains to be done to operationalise it.

4.44 The two pillars in charge of the management and supervision of French co-operation, the Ministry of Economy, Finance and Industry (MEFI) and the Ministry of Foreign Affairs (MFA), as well as the central operator, the French Agency for Development (AFD), have readjusted their general framework to implement the strategic reform. But the Directorate-General for International Co-operation and Development, which resulted from the integration of the former Ministry of Co-operation into the MFA, has still to strike a balance between the dual objectives of cultural development throughout the world and poverty reduction in poor countries.

4.45 The new High Council for International Co-operation (HCCI), under the Prime Minister's authority, has been active in trying to promote new orientations aimed at poverty reduction and a greater focus on poorer countries and basic social services.

### *Germany*

**4.46 Germany had the fourth largest ODA volume in the DAC in 1999. Its net ODA disbursements decreased by 1% in real terms in 1999, to USD 5.5 billion. Expressed as a share of GNP, Germany's ODA remained at 0.26%.**

4.47 Through its ODA, Germany contributes towards improving social, political, ecological and economic structures in its partner countries to improve the living conditions of the poor. Partnership and the involvement of civil society and the private sector are fundamental principles for Germany's development co-operation.

4.48 Germany has been enhancing the efficiency of its ODA. The Federal Ministry for Economic Co-operation and Development (BMZ) was reorganised in April 2000, resulting in a reduction in overlapping responsibilities and a greater focus on quality control. Steps towards reforming Germany's multi-institutional implementation structure have also been taken, an important aspect of which is an examination of collaboration between the various organisations involved with the implementation of German aid in partner countries.

4.49 Germany is also working to increase the effectiveness of its ODA through a better dovetailing of bilateral, multilateral and European Union development policies. This has led Germany to concentrate its bilateral ODA on fewer partner countries and to focus on a few priority areas within each country. The number of beneficiary countries has consequently been reduced from 118 to 70. A list of 37 "priority partner countries" has been established where it is intended to deploy the full range of Germany's development co-operation instruments, preferably in a maximum of three sectors. There is another list of 33 "partner countries" where co-operation will be less intense, focusing if possible on only one priority sector. In addition, a list of potential partner countries has been drawn up where no development co-operation is possible at present but could be envisaged in the future if there is a change in the general setting.

*Greece*

4.50 **Greek ODA rose by 9% in real terms to USD 194 million in 1999, the equivalent of 0.15% of its GNP. Greece has set itself the objective of raising its total assistance for development to 0.20% of GNP by the end of 2001. In 1999, its combined ODA and official aid amounted to 0.16% of GNP.**

4.51 Greece joined the DAC in 1999 and is putting in place the policy and institutional framework for its development co-operation programme. Parliament passed a law in July 1999 which sets out the guiding principles for the programme and gives the Ministry of National Economy responsibility for co-ordinating and monitoring the other 12 ministries and government agencies implementing aid projects. A Presidential decree was published in September 2000 which gives direction on the implementation of the NGO cofinancing scheme managed by the Ministry of Foreign Affairs. An evaluation capacity is being created which will enable all projects implemented between 1997 and 1999 to be evaluated during 2001. These evaluations will then be compiled and reviewed to form an overall assessment of the Greek aid programme.

4.52 Increasing the efficiency and effectiveness of its aid is an objective for the Greek programme and a number of actions have been taken in pursuit of this in recent years. Bilateral ODA and official assistance has been increased so that it now represents 42% of all Greek aid. Support for social services has been given greater priority and now accounts for around two-thirds of bilateral assistance. Greater emphasis has also been placed on the provision of technical assistance. The share of assistance provided to countries eligible for ODA has increased. Finally, greater concentration on a small number of main partner countries has been achieved.

*Ireland*

4.53 **Ireland's ODA increased by 23% in real terms to reach USD 241 million in 1999, its highest level ever. Nonetheless, the continuing rapid expansion of the Irish economy meant that the ODA/GNP ratio only increased slightly, from 0.30% in 1998 to 0.31% in 1999. At the United Nations' Millennium Summit, Ireland's Prime Minister pledged that Irish ODA would reach 0.7% of GNP by the end of 2007, with an interim target of 0.45% of GNP by the end of 2002.**

4.54 Ireland Aid's bilateral programme is based on the partnership model. During 1999, Ireland moved further away from a project-by-project approach towards sector-wide and area-based programmes in its six priority countries in sub-Saharan Africa. Ireland places a particular focus on helping the poor meet their basic needs in the areas of health, education and safe water. In 1999, the Irish Aid Advisory Committee and Ireland Aid devised a strategy for mainstreaming efforts to fight HIV/AIDS into all Ireland Aid activities. A multi-annual financing programme is also being developed for NGOs receiving block grants from Ireland Aid.

4.55 The anticipated four-fold increase in ODA over the next seven years is expected to put the Irish aid programme on a new footing, help Ireland make a more substantial impact on poverty reduction and strengthen its role in international forums related to development issues. Ireland intends to intensify its involvement in United Nations development agencies.

4.56 Ireland will prepare a plan for a further expansion of its programme to ensure that it is carried out effectively and that resources are spent efficiently. The intention is for additional resources to be devoted to: Ireland Aid's six priority countries; debt relief; international efforts to deal with infectious diseases - in particular HIV/AIDS and malaria; basic social services; and providing greater assistance to countries suffering humanitarian disasters.

### *Italy*

4.57 **Italy's ODA disbursements have fluctuated markedly since 1994. After recovering to USD 2.3 billion in 1998 from an exceptional low of USD 1.3 billion in 1997, Italian ODA dropped again in 1999 to USD 1.8 billion, a fall of 18% in real terms and the largest annual decline among DAC Members. Italy's ODA/GNP ratio has swung from 0.11% in 1997 to 0.20% in 1998 to 0.15% in 1999. Nearly two-thirds of Italy's ODA is channelled through multilateral organisations, the highest proportion in the DAC.**

4.58 A three-year reform process has brought progress in overall policy orientations, with poverty reduction becoming the central objective for Italian aid. The Directorate-General for Development Co-operation has spearheaded the adoption of guidelines for major areas; some country strategies have been prepared; improved aid management procedures have been adopted through the application of project cycle management and quality control of projects at the approval stage; and field offices have been set up in 20 countries resulting in stronger participation in aid co-ordination at the local level. However, the Italian authorities believe systemic problems, including lack of sufficient professional staff, need to be tackled by major institutional reform to foster improved aid management and decentralisation. A new law embodying such reform awaits passage in the Chamber of Deputies, after being passed by the Senate.

4.59 During its presidency of the G7 in 2001, Italy will press for action on trade - the elimination of tariff or quota barriers affecting imports from the poorest developing countries; on investment - particularly to improve human capital; and on aid - with better targeting on health and improved aid co-ordination.

### *Japan*

4.60 **Japan provided 27% of total ODA from DAC Member countries in 1999 and was the largest DAC donor in volume terms for the seventh consecutive year. Japan's net ODA disbursements amounted to USD 15.3 billion in 1999. In real terms, Japan's ODA rose by 26%, the largest annual increase among DAC Members. The USD 4 662 million annual increase was mainly due to special disbursements in response to the Asian financial crisis, but also due to exchange rate fluctuations. Japan's ODA/GNP ratio jumped from 0.28% in 1998 to 0.35% in 1999.**

4.61 In October 1999, the Japan Bank for International Co-operation (JBIC) was created by merging the former Export-Import Bank of Japan and the Overseas Economic Co-operation Fund. JBIC provides non-ODA financing to promote Japan's exports and imports as well as ODA loans to contribute to socio-economic development in developing countries. The bank is the largest bilateral public financing institution in the world. Its disbursements during the 1999 financial year totalled Yen 2 436 billion (USD 22 billion).

4.62 Japan continued to respond to the Asian financial crisis, particularly in co-operation with the Asian Development Bank, through the New Miyazawa Initiative. It provided USD 3 billion to the Asian Currency Crisis Support Facility to help Asian countries obtain loans more easily by providing guarantees and interest subsidies.

4.63 In July 2000, Japan hosted the G7 Summit at which the "Okinawa Charter on Global Information Society" that aims to bridge the digital divide was adopted. For this, Japan announced a non-ODA and ODA financing package of USD 15 billion to be disbursed over five years. Acknowledging that infectious diseases are a threat to development, the G7 confirmed the need to strengthen aid to developing countries in this area through the "Okinawa Infectious Diseases Initiative". Japan further committed itself to strengthen aid for conflict prevention through the "Action from Japan" plan.

**Box IV-2. DAC Peer Review of Italy, 7 June 2000***Examiners: Canada and Sweden*

With its geographical location and active international role as a Member of the G7, the European Union and all the major multilateral institutions, Italy is an important actor in the international development co-operation system. A reform process in recent years has brought considerable progress in the overall policy orientation and management of Italian aid. The DAC welcomed the reforms which have been made to Italian development co-operation in recent years, including:

- Launching a USD 120 million programme for poverty reduction.
- Adopting a results-based management system and more open and competitive bidding procedures.
- Improving co-ordination between the Ministry of Foreign Affairs and the Treasury, which is enhancing policy coherence.
- Supporting peace and conflict resolution activities with humanitarian and development aid.

In addition, field missions to Ethiopia and the Palestinian Administered Areas indicated that Italian aid is making substantial contributions to development objectives in many areas.

However, the DAC noted that a number of systemic problems remain, such that the gains made in the reform process have not yet been institutionalised. For their part, the Italian authorities have concluded that the systemic problems holding back the development co-operation programme need to be tackled by a major institutional reform. With this in mind, the DAC encouraged Italy to:

- Strengthen its management structure and capacities - this is urgently required if Italy is to have a well-adapted organisational framework fostering professional development management capabilities and decentralisation. A new legislative framework and major innovations in the management structure would be a highly desirable step forward.
- Increase ODA, in order to reach the DAC average (0.24% in 1999), over the next three years.
- Increase the number of long-term professional staff working on development co-operation, and adjust their skill mix so as to institutionalise gains made in the reform process.
- Broaden the country strategy programme to involve more partner countries. Provide greater delegation of authority to field posts.
- Further refine objectives and criteria of the development assistance programme to guide the selection of partner countries, programmes and projects in coherence with country strategies and partner country plans.
- Streamline operational and administrative procedures and pay increased attention to sustainability in project design and implementation.
- Strengthen the evaluation function with a view to providing feedback on lessons learnt and using evaluations to promote dialogue with partners.
- Expand the public information programme, in particular to include the close connection between development education and immigration.

### *Luxembourg*

4.64 **In 1999, Luxembourg's ODA grew by 6% in real terms to USD 115 million. Its ODA/GNP fell slightly from 0.65% to 0.64%. Luxembourg has reaffirmed its aim of reaching 0.7% of GNP in 2000 and 1% of GNP by 2005 and considers these objectives attainable given its favourable economic outlook and strong political commitment to international solidarity.**

4.65 Poverty reduction and sustainable development are the major objectives of Luxembourg's development policy. In 1999, 70% of bilateral ODA was directed to ten priority countries, six of which are located in sub-Saharan Africa. Cap Verde remained the top beneficiary and co-operation between the two countries has been strengthened with the establishment of a partnership commission. Luxembourg subscribes to the Copenhagen 20/20 Initiative and most of its programmes place special emphasis on primary education and basic health. Commitments to basic social services amounted to 27% of bilateral ODA in 1997-98.

4.66 Luxembourg continued its efforts to improve the quality and efficiency of its aid management. A regional office was opened in Dakar to monitor programmes in the five priority countries located in western Africa. The evaluation system was developed further. Co-operation with NGOs has been reviewed and is now based on framework agreements allowing for multi-year planning and financing.

4.67 Humanitarian assistance is becoming an increasingly large component of Luxembourg's programme and now absorbs 10% of total ODA. Major efforts have been deployed towards refugees from Kosovo, including a programme to help refugees return home. Central and Southern Europe is a region that the Minister for Co-operation and Humanitarian Affairs intends to promote as a new area of intervention for Luxembourg.

### *Netherlands*

4.68 **Dutch ODA reached USD 3.1 billion in 1999, an increase of 6% in real terms. However, the Netherlands' GNP expanded more rapidly, partly due to the adoption of the new System of National Accounts, and so its ODA/GNP ratio slipped from 0.80% in 1998 to 0.79% in 1999, just below the Netherlands' target for ODA as a share of GNP of 0.8%. Nonetheless, the Netherlands continued to exceed the United Nations' ODA/GNP target, and has done so for the last 25 years.**

4.69 Poverty reduction remains the main objective of the Netherlands' development co-operation policy. Aid will be shifted progressively from projects towards a sector approach wherein all resources are pooled in co-ordinated budget transfers timed to coincide with recipient country budget planning. The Netherlands is prepared to participate in such arrangements where there is agreement on a fiscal framework within a poverty reduction strategy adopted by the recipient country. In a new policy framework for technical assistance submitted to the Parliament, it is proposed that Dutch technical assistance programmes will in future be essentially run by organisations in partner countries, drawing on local expertise.

4.70 The Netherlands has five spending targets: 20% of the ODA budget is for basic social services in developing countries; 4% of the ODA budget is for reproductive health care; 0.1% of GNP is devoted to international environmental policy; 50 million guilders (USD 25 million) are allocated to the preservation of tropical rainforests; and at least 0.25% of GNP for least-developed countries. All five targets were met in 1999.

4.71 All bilateral aid debts owed by heavily-indebted poor countries were cancelled during 1998. The Netherlands has announced that commercial debts owed by these countries - which amount to NLG 665 million (USD 333 million) - will be forgiven between 2000 and 2004. Beneficiaries must be clearly implementing a poverty reduction strategy.

### *New Zealand*

**4.72 New Zealand's ODA increased by USD 4 million to USD 134 million in 1999. The ODA/GNP ratio remained at 0.27%, its highest level for a decade.**

4.73 New Zealanders elected a new government in November 1999. The election manifestos of the two parties in the coalition government had indicated a commitment to a strong aid programme, with an increased focus on poverty reduction and an intention to increase ODA in a staged manner. In its first budget, brought down in June 2000, the government allocated NZD 227 million for ODA for the 2000/2001 financial year, an increase of NZD 14 million (approximately USD 6 million) over the budget allocation for 1999/2001.

4.74 New Zealand's aid is strongly focused on the South Pacific and South-East Asia. Nearly two-thirds of bilateral ODA funds social infrastructure and services, with most of this directed to supporting secondary and tertiary studies, particularly in New Zealand. The Ministry of Foreign Affairs and Trade and the Advisory Committee on External Aid and Development (ACEAD) have been undertaking a joint review of New Zealand's investment in education and training. This review should determine, among other things, whether a higher proportion of ODA should be allocated to basic education and to training in partner countries.

4.75 The findings of the education review will also be relevant for the Working Party set up by the government in May 2000 to look at New Zealand's overseas aid programme and suggest revised strategic aims. A further objective in establishing the Working Party is to stimulate public debate about what New Zealand should be aiming to achieve through its development assistance.

### *Norway*

**4.76 Norway's net ODA disbursements increased slightly to reach USD 1.4 billion in 1999. The ODA/GNP ratio remained at 0.91%, the second highest among DAC Members. The Norwegian government aims to increase ODA to 1% of GNP when the funds can be used effectively. Norway has exceeded the United Nations' ODA/GNP target for 24 consecutive years. This performance reflects the solid consensus that exists in Norway in support of development co-operation.**

4.77 Norway's aid policy is founded on a strong commitment to reduce poverty with an emphasis on support for basic social services. Health and education are given special priority, along with the promotion of good governance, democracy and respect for human rights. The pro-active use of both diplomacy and aid in conflict resolution are strong elements of Norway's aid policy. Development co-operation is an integral part of Norway's foreign policy.

4.78 The Norwegian aid system has three main components: the Ministry of Foreign Affairs has overall responsibility for foreign policy and is headed by two ministers, one for foreign affairs and the other for international development and human rights; the Norwegian Agency for Development Co-operation (NORAD), a separate administration under the MFA; and the NORAD field offices which are fully integrated into Norwegian embassies in developing countries.

**Box IV-2. DAC Peer Review of New Zealand, 15 May 2000**

*Examiners: Austria and Ireland*

New Zealand has a close interest in fostering economic growth and political stability in developing countries in the South Pacific and South-East Asia and is using development co-operation as a key policy instrument in this context. New Zealand plays a constructive role in the wider international community in other ways as well, including an impressive range of activities to help developing countries integrate into the global economy on a sound basis.

At its review of New Zealand's development co-operation policies and programme, the DAC's main findings included the following:

- New Zealand has a serious and credible aid programme. Improvements in policies, analytical capacities and processes, noted in previous peer reviews, continue to provide a good underpinning for New Zealand's development co-operation.
- Significant contributions have been made in conflict resolution, public sector reform, trade policy, capacity building and governance issues. New Zealand has also made substantial progress in successfully integrating gender issues in its ODA management and programmes.
- New Zealand has been particularly successful in developing constructive relationships with the NGO community in both policy dialogue and ODA delivery.
- New Zealand's bilateral programmes are significantly shaped by the particular characteristics of its main partner countries, which comprise a large number of small island states. This largely explains the number of bilateral country programmes and the range of sectors in which assistance from New Zealand is sought, and poses special challenges of focus and management.
- New Zealand operates a number of bilateral funding mechanisms on a regional basis. These have been established as a flexible framework, covering a number of partners, to test new initiatives or to respond to new demands in areas such as the environment and private sector development. These mechanisms can be administratively intensive and may be seen as unduly diffusing New Zealand's aid effort. They should only continue where they are more effective than bilateral country programmes.

At the same time, New Zealand's aid programme is facing a number of challenges. The election of a new coalition government provides the opportunity for New Zealand to map out a mid-term agenda for its development assistance, indicating how it will work towards achieving the international development targets, and to review its aid management organisation and systems. In this context, the DAC recommended that New Zealand:

- Sharpen the programme's focus by making poverty reduction a clearer objective.
- Look to allocate more ODA towards programmes directly targeted to poor people and the basic sources of poverty.
- Consider devolving greater programme management responsibility to officers in the field who have both development expertise and political skills, and fostering a core group of development-oriented officers through a strategic approach to staffing.
- Strive to maximise the use of developing countries' own services and goods in the implementation of projects
- Ensure that its bilateral aid programmes are appropriately balanced between priority for main partner countries and selected outreach to other developing countries.
- Expand public information and development education to build up public confidence in aid and show that New Zealand's programme is well managed and achieving results.

4.79 The government is studying the possible introduction of a new scheme in support of the private sector which would promote greater involvement by the Norwegian private sector and encourage it to invest in developing countries. The new scheme would incorporate the current mixed credits and parallel financing arrangements into a single scheme, consisting of both tied and untied funds.

### *Portugal*

4.80 **Portugal's net ODA disbursements increased by 8% in real terms in 1999 to USD 274 million. The ODA/GNP ratio rose by one tenth of a percentage point to 0.25%. Portugal plans to increase its ODA to 0.36% of GNP, slightly above the average of European Union member States, but has not set a timetable for reaching that level.**

4.81 The Institute for Portuguese Co-operation (ICP), an autonomous institute under the Ministry of Foreign Affairs, co-ordinates, monitors and evaluates Portuguese development co-operation. In 1999, a budget reform resulted in a single integrated budget for development co-operation being passed by the Parliament. The Ministry of Foreign Affairs is conducting evaluations of all of Portugal's aid projects. To date, some three-quarters of projects have been reviewed. Consideration is being given to increasing representation of ICP in Portugal's main partner countries.

4.82 The government is working to improve the coherence of its policies affecting developing countries through a revitalised Interministerial Commission for Co-operation. In addition, the Council of Ministers considers development and development-related issues once each quarter. An Advisory Council for Co-operation, with the participation of civil society, helps to provide guidance on the objectives and priorities for development co-operation policy.

4.83 Portugal's bilateral ODA has been concentrated in five least-developed Portuguese-speaking countries (PALOPs) in sub-Saharan Africa: Angola, Cape Verde, Guinea-Bissau, Mozambique and São Tomé and Príncipe. These countries account for over 95% of Portugal's bilateral disbursements. Nonetheless, Portugal expects its aid activities to become more substantial in several other countries in the future. Most multilateral contributions go to the European Community with the remainder to United Nations agencies, the World Bank Group, regional development banks and other multilateral organisations.

### *Spain*

4.84 **In 1999, Spain's net ODA disbursements decreased slightly to USD 1 347 million, from USD 1 376 million in 1998. The ODA/GNP ratio fell from 0.24% to 0.23%.**

4.85 Two years after the approval of a law on development co-operation in June 1998, the Spanish aid system is still going through a period of transition. The Directive Plan for 1999-2002, a multi-year planning mechanism, has been approved by the Parliament after a long consultative process between the Ministry of Foreign Affairs and the Ministry of Economy and Finance. As part of this process, a consensus emerged on the need to reform Spain's concessional loan scheme so as to make this instrument more complementary to other ODA activities and increase its focus on poverty reduction.

4.86 In terms of geographical priorities, the Directive Plan establishes a list of 25 preferential countries, mainly in Latin America and sub-Saharan Africa, which should receive the bulk of Spain's bilateral ODA. For each of these partners, a country plan should be established which defines a strategy and proposes an indicative budget.

4.87 The Directive Plan also sets out the allocation of resources by sectors. Education is included as a priority sector at two levels: investment in human capital (which covers higher education and cultural and

research projects) and should amount to 18% of bilateral ODA within four years; and investment in basic social services which should attain 25%. In 1997/98, resources allocated to basic social services amounted to 9% of Spain's total sector allocable ODA.

### *Sweden*

4.88 **Sweden's ODA rose by 7% in real terms to reach USD 1.6 billion in 1999. However, as its GNP expanded more rapidly, the ODA/GNP ratio fell from 0.72% to 0.70%, its lowest level since 1974. Sweden nonetheless remains a leader among DAC Member countries for its ODA/GNP performance, having equalled or exceeded the United Nations' target for 25 consecutive years. Sweden expects its ODA/GNP ratio to increase again to 0.81% in 2003.**

4.89 In Sweden, development co-operation is increasingly being placed within a wider range of competing foreign policy priorities, including enlargement of the European Union, globalisation and strengthening co-operation within the Baltic region. To respond to the existing challenges and opportunities provided by increased globalisation in the fight against poverty, a *Parliamentary Commission of Inquiry into Swedish Policy for Global Development* has been set up to make proposals on how coherent policies should be formulated to combat poverty in the new conditions created by globalisation.

4.90 About half of Sweden's allocable bilateral ODA is directed to sub-Saharan Africa. The largest operational areas of the Swedish International Development Co-operation Agency (Sida) in 1999 were humanitarian assistance and conflict prevention (20%), followed by the social sectors (18%) and human rights and democratic governance (15%).

4.91 Sweden's multilateral assistance is substantial, both as a major financial contributor to some United Nations agencies and as a proponent for reform within multilateral agencies and greater co-ordination within the United Nations system. Within multilateral forums, Sweden places special emphasis on promoting efforts directed at poverty reduction. Sweden continues to be supportive of ODA debt relief and is committed to contributing to the HIPC Trust Fund. Sweden wrote off most of its bilateral ODA debts several years ago.

### *Switzerland*

4.92 **In 1999, Swiss ODA grew by 11% in real terms to USD 969 million. The ODA/GNP ratio rose from 0.32% to 0.35%. This improvement was due to a major contribution for humanitarian activities in Bosnia and Kosovo, which were granted an exceptional credit of USD 73 million by the Swiss Parliament. As a result, the share of humanitarian aid rose to 21% of ODA. Despite an improved macroeconomic environment and the perspective of an increase in ODA in the coming years, Switzerland does not expect to be able to reach its ODA/GNP target of 0.40% before 2015.**

4.93 Switzerland has taken further steps to mainstream poverty reduction into its aid programme and in 1999 adopted a policy on social development. Most of its efforts continue to be geared towards least-developed countries (45% of ODA) and other low-income countries (25%). Commitments for basic social services amounted to 15% of ODA. A study released in 1998 showed, however, that Switzerland could still improve its programme in the areas of poverty assessment, better targeting and increased monitoring. In its multilateral assistance, Switzerland has strengthened its focus on organisations primarily dedicated to poverty reduction and maintained its support at the IDA 12 replenishment, despite domestic budget constraints.

**Box IV-4. DAC Peer Review of Sweden, 5 October 2000**

*Examiners: United Kingdom and United States*

**[TEXT TO BE PREPARED FOLLOWING THE REVIEW MEETING]**

4.94 After three years of preparation, the Swiss Development Finance Corporation (SFDC) was launched in 1999. The corporation is a private equity investment company with the Swiss government holding 49% of its capital. The corporation aims to promote joint ventures of Swiss small and medium-sized enterprises with partner enterprises in developing and transition countries.

4.95 The nature of Switzerland's humanitarian support for Bosnia and Kosovo shifted from emergency assistance to support for reconstruction. These two examples highlight the growing awareness in Switzerland of the need to address the interdependency between conflict prevention, emergency relief, reconstruction and longer-term development.

### *United Kingdom*

4.96 **The United Kingdom's ODA dropped 16% in real terms in 1999 to USD 3.3 billion, due to several factors including the timing of the deposit of some promissory notes to international financial institutions. The ODA/GNP ratio declined from 0.27% to 0.23%. Given the government's pledge to provide an additional USD 2.7 billion in aid during the financial years 1999/2000 to 2001/2002 and the fact that some multilateral contributions have been shifted from 1999 to 2000, aid disbursements and the ODA/GNP ratio should increase substantially in 2000.**

4.97 Following a period of public consultations, the British government intends to publish a second White Paper on International Development building on the 1997 White Paper *Eliminating World Poverty: A Challenge for the 21<sup>st</sup> Century*. The new White Paper, entitled *Eliminating Poverty... Making Globalisation Work for the Poor*, focuses specifically on the changes resulting from globalisation and the opportunities and challenges this presents for faster progress in systematically reducing poverty and promoting sustainable development in the poorest countries.

4.98 The United Kingdom has been among the leaders, both in the G7 and the European Union, in promoting debt relief focused on poverty reduction in heavily-indebted poor countries. The United Kingdom will provide 100% relief for debts owed to the British government by countries which qualify under HIPC before the end of 2000. The Department for International Development (DFID), working closely with the Treasury, has been among the leaders in promoting changes in aid delivery systems to developing countries with a high dependence on external assistance by proposing sector-wide approaches with collective donor support for sound recipient country-led reform programmes.

### *United States*

4.99 **The United States provided the second largest ODA volume in the DAC in 1999, USD 9.1 billion, up 3% in real terms. Its ODA/GNP ratio remained at 0.10%, the lowest in the DAC. The United States' ODA/GNP ratio is dramatically lower than the level of only 8 years ago when it was 0.20%, despite the robust United States economy and budget surpluses.**

4.100 Analysis by the United States Agency for International Development (USAID) suggests that the coming decade may see more human-induced and natural disasters, along with the on-going complex emergencies in different parts of the world today. As an increasing portion of USAID's efforts involve disaster and crisis response, the agency is seeking new mechanisms of collaboration with other donors, host governments, civil society and NGOs.

**Box IV-5. DAC Peer Review of Switzerland, 17 October 2000**

*Examiners: France and the Netherlands*

**[TEXT TO BE PREPARED FOLLOWING THE REVIEW MEETING]**

4.101 Health, population and nutrition remains pillars of USAID's work. The United States has already devoted over USD 1.4 billion since 1986 to prevent and mitigate the growing HIV/AIDS crisis and has budgeted USD 200 million in 2000 to respond to the global AIDS pandemic, primarily by working in 46 of the hardest hit countries. Two-thirds of this funding is being provided through small NGOs with direct connections to the poor. In addition, the agency is targeting infectious diseases, such as malaria and tuberculosis, and childhood killers. USAID supports the Global Alliance for Vaccines and Immunizations (GAVI).

4.102 USAID's increasing microenterprise programme is directed at giving the poor access to capital. Over 10 million microentrepreneurs world-wide were assisted in 1999 with small loans and financial services. Technical assistance for trade capacity building is another growing programme.

## 5. Notes on non-DAC OECD Members' aid programmes

### *Czech Republic*

4.103 **Czech ODA disbursements totalled USD 15 million in 1999. Official aid amounted to almost USD 2 million. The Czech government is committed to progressively increasing allocations for development co-operation, while respecting domestic budgetary constraints.**

4.104 The Czech Republic has been pursuing its aid programme since 1995 when the government passed guidelines on development assistance. The Czech aid programme is approved annually by the government and is co-ordinated by the Ministry of Foreign Affairs. Development assistance constitutes an integral part of Czech foreign policy and this was reinforced in the conceptual framework for the Republic's foreign policy adopted by the government in February 1999.

4.105 The Czech aid programme has four objectives: promoting sustainable economic and social development while taking account of environmental concerns; contributing to the elimination of poverty; strengthening democracy and the rule of law; and promoting respect for human rights.

4.106 Czech bilateral ODA amounted to USD 7 million in 1999, with priority areas being Asia (which received 35% of bilateral disbursements) and Europe (11%). In addition to long-term development assistance, the Czech Republic also dedicates resources to emergency humanitarian relief (approximately USD 1 million) and has been active in the post-conflict reconstruction of the Balkans. More than USD 4 million was disbursed for this purpose in 1999. Official aid was devoted to central and eastern European countries and the Newly Independent States.

### *Korea*

4.107 **Korea's net ODA disbursements rose by USD 183 million to reach USD 317 million in 1999, the equivalent of 0.08% of its GNP. Korean ODA is provided as grants and loans.**

4.108 Korea's grant aid, both bilateral and multilateral, increased slightly to USD 107 million in 1999. Nearly two-thirds of its bilateral grants were directed to countries in Asia while African countries received a further one-tenth.

4.109 Bilateral loan disbursements from the Economic Development Co-operation Fund (EDCF) amounted to USD 92 million in 1999. From the establishment of the EDCF in 1987 until the end of 1999, loan commitments totalled USD 1 357 million for 87 projects in 34 countries. Asia received 64% of loan

commitments while Central and Eastern Europe and Central and South America received 23% and 9% respectively.

4.110 The objectives of Korea's ODA programme are: to assist sustainable development by supporting human resources development; to increase humanitarian aid to the least-developed countries; to promote universal values such as democracy, the market economy and human rights; and to participate actively in the settlement of global issues in such areas as the environment, poverty reduction and public health. A fifth objective was set for Korean ODA in 2000: to provide swift emergency relief to countries suffering from natural disasters.

### *Poland*

**4.111 In 1999, Polish ODA rose by USD 2 million to USD 20 million, while official aid amounted to USD 17 million, an increase of USD 7 million. Poland's assistance is provided almost entirely as grants and nearly four-fifths is channelled bilaterally.**

4.112 Development co-operation is becoming an integral part of Poland's foreign policy. The general aim of Poland's development co-operation is to support economic and social development and enhance human rights. Active participation in resolving global development issues is seen as a moral as well as a political obligation towards countries that face fundamental economic and social problems, are victims of conflicts or natural disasters or – like Poland – are in the process of structural transformation.

4.113 Poland's bilateral co-operation focuses on education, post-conflict rebuilding, human rights and emergency assistance. Special attention is paid to enhancing human and institutional capacity of local governments and strengthening civil society in recipient countries. Bilateral aid is concentrated on the Balkan States, other countries in transition in Eastern Europe and selected nations in Asia and Africa. Much of this assistance is extended to countries with which Poland traditionally enjoys close links and long-standing co-operation. When selecting priority regions and countries, Poland examines the adequacy of its own expertise in economic restructuring and political transformation in relation to partner's development challenges. The principal recipients of ODA are Albania, Bosnia and Herzegovina, Kazakhstan, FYR of Macedonia, Yemen and Viet Nam.

4.114 Multilateral assistance is mostly channelled through the United Nations system and in many cases is earmarked for activities in peace prevention, human rights and emergency relief.

4.115 The organisational arrangements for managing Poland's aid programme are being restructured with the aim of establishing separate policy planning and implementing units. The Polish government has also launched a pilot programme of co-operation with NGOs implementing development projects abroad.