

Unclassified

DCD/DAC(2004)22



Organisation de Coopération et de Développement Economiques
Organisation for Economic Co-operation and Development

14-Apr-2004

English - Or. English

DEVELOPMENT CO-OPERATION DIRECTORATE
DEVELOPMENT ASSISTANCE COMMITTEE

DCD/DAC(2004)22
Unclassified

ODA STATISTICS FOR 2003 AND ODA OUTLOOK

DAC High Level Meeting, 15-16 April 2004

This paper is background for the DISCUSSION under Item 2a of The Challenge of the Millennium Development Goals: Assessing Progress on Aid Volume and Effectiveness.

Paragraphs 1 to 8, Table 1 and the Chart will be included as part of the HLM News Release.

Contacts: Brian.Hammond@oecd.org

JT00162142

Document complet disponible sur OLIS dans son format d'origine
Complete document available on OLIS in its original format

English - Or. English

ODA STATISTICS FOR 2003 AND ODA OUTLOOK

Modest Increase in Development Aid in 2003

1. Member countries of the OECD's Development Assistance Committee (DAC) increased their official development assistance (ODA) to developing countries by 3.9% in real terms from 2002 to 2003, following a 7.0% real increase between 2001 and 2002. These "real terms" data are adjusted both for inflation and for the large fluctuations in exchange rates over the past two years (see Table 1).

2. According to preliminary data total DAC ODA in 2003 reached \$68.5 billion, the highest level ever, both in nominal and real terms. This total represented 0.25% of DAC members' combined gross national income (GNI), up from 0.23% in 2002 and 0.22% in 2001. Three major factors are behind the \$2.3 billion rise, in real terms, in 2003:

- continuing growth in general bilateral grants (\$2 billion),
- the start of reconstruction aid to Iraq (\$2 billion),
- offset by a cyclical fall of contributions to multilateral concessional funds (-\$1.2 billion) and a small decrease in net lending (-\$0.5 billion).

3. The United States remains the world's largest aid donor in volume terms, followed by Japan, France, Germany and the United Kingdom. Denmark, Luxembourg, the Netherlands, Norway and Sweden are still the only countries to meet the United Nations ODA target of 0.7% of GNI. Three other countries have given a firm date to reach the 0.7% target: Belgium by 2010; Ireland by 2007; and France to reach 0.5% by 2007 and 0.7% by 2012.

4. Twelve of the twenty-two DAC member countries reported an increase in ODA in real terms. In 2003, the United States increased its ODA by 16.9% in real terms to \$15.8 billion in 2003, representing 0.14% of its GNI. US bilateral aid jumped by \$3.9 billion, including \$2 billion for Iraq, partly offset by a \$1.4 billion fall in US multilateral aid due to the timing of capital subscriptions to international financial institutions.

5. Japan's ODA fell by 8.9% in real terms, to \$8.9 billion, representing 0.20% of its GNI. While gross disbursements remained relatively steady, there was a substantial increase in repayments of ODA loans.

6. EU countries increased their ODA in 2003 by 2.2% in real terms, representing 0.35% of their combined GNI. Prior to Monterrey, EU Members committed to increase their ODA by 2006 collectively to 0.39% of GNI, and individually to a minimum of 0.33% of GNI. Features of EU aid included:

- ODA rose substantially in Belgium to 0.61% of its GNI mainly due to Paris Club debt forgiveness operations to the Democratic Republic of Congo; in France to 0.41% of GNI reflecting its debt relief efforts under the HIPC initiative; and in the UK to 0.34% of GNI partly due to contributions to the International Development Association (IDA, the concessional lending window of the World Bank) deferred from 2002.

- ODA also rose in Germany (3.9% in real terms), Greece (4% in real terms), Ireland (5.1% in real terms) and Luxembourg (5.6% in real terms).
- Small falls in ODA in real terms were registered in Finland (-0.2%), the Netherlands (-1.3%) and Spain (-4.6%).
- Larger falls in ODA in real terms occurred in Austria (-20.7%), Denmark (-12.8%), Italy (-16.7%), Portugal (-24.8%) and Sweden (-14.1%). Austria's ODA fell due to unforeseen factors: early loan repayments and the postponement of bilateral debt forgiveness agreements. Denmark's figure was reduced by exceptional repayments from India, which cleared its ODA debts to small donors, and by lower than expected ODA expenditures outside the core aid programme. The falls in Italy and Portugal were largely due to lower disbursements to multilateral development banks, with Portugal also curtailing its bilateral technical co-operation due to budget constraints. Sweden's aid fell from the 2002 peak caused by a large deposit to IDA to be drawn over several years.

7. Other DAC countries showed the following changes in real terms in ODA in 2003:

- Australia up 1.9%;
- Canada, down -5.1%, following a repayment from India of about \$300 million of its ODA debt stock, and after an exceptional rise of more than 30% in 2002 due to unusually high disbursements for debt relief;
- New Zealand up 9.3%;
- Norway up 4.7%: Norway achieved the highest ODA/GNI ratio in the DAC of 0.92 per cent, making progress towards its goal of 1% by 2005; and
- Switzerland up 19.5%, after an exceptional fall in 2002 due to the postponement of a substantial contribution to IDA.

8. Among the non-DAC donors, Korea's ODA rose in current dollars from \$279 million in 2002 to \$334 million in 2003.

ODA Outlook for 2006

9. At the International Conference on Financing for Development donors pledged to increase aid so as to help achieve the Millennium Development Goals (MDGs) and eradicate poverty. Since the conference, a number of DAC Members have made further announcements of increases to their development co-operation budgets. The Secretariat estimates that fulfilling these commitments and plans would raise ODA in real terms by a further 26% - about USD 18 billion - between 2003 and 2006, in addition to the 11% real increase already registered since 2001. This would raise the ODA/GNI ratio from 0.25% in 2003 to 0.29% in 2006.

10. Table 2 shows a simulation of how much additional ODA each Member might provide in 2006 compared with 2003 if the commitments, which are subject to budget approval processes, were met¹. (For countries without a publicly stated commitment, the assumption on which the projection for 2006 is based is stated in column 4 and/or the footnotes.)

¹ This table is updated to use the latest 2003 data as the base year and so replaces the one distributed at the SLM and published in the 2003 DCR.

TABLE 1: NET OFFICIAL DEVELOPMENT ASSISTANCE IN 2003
Preliminary data

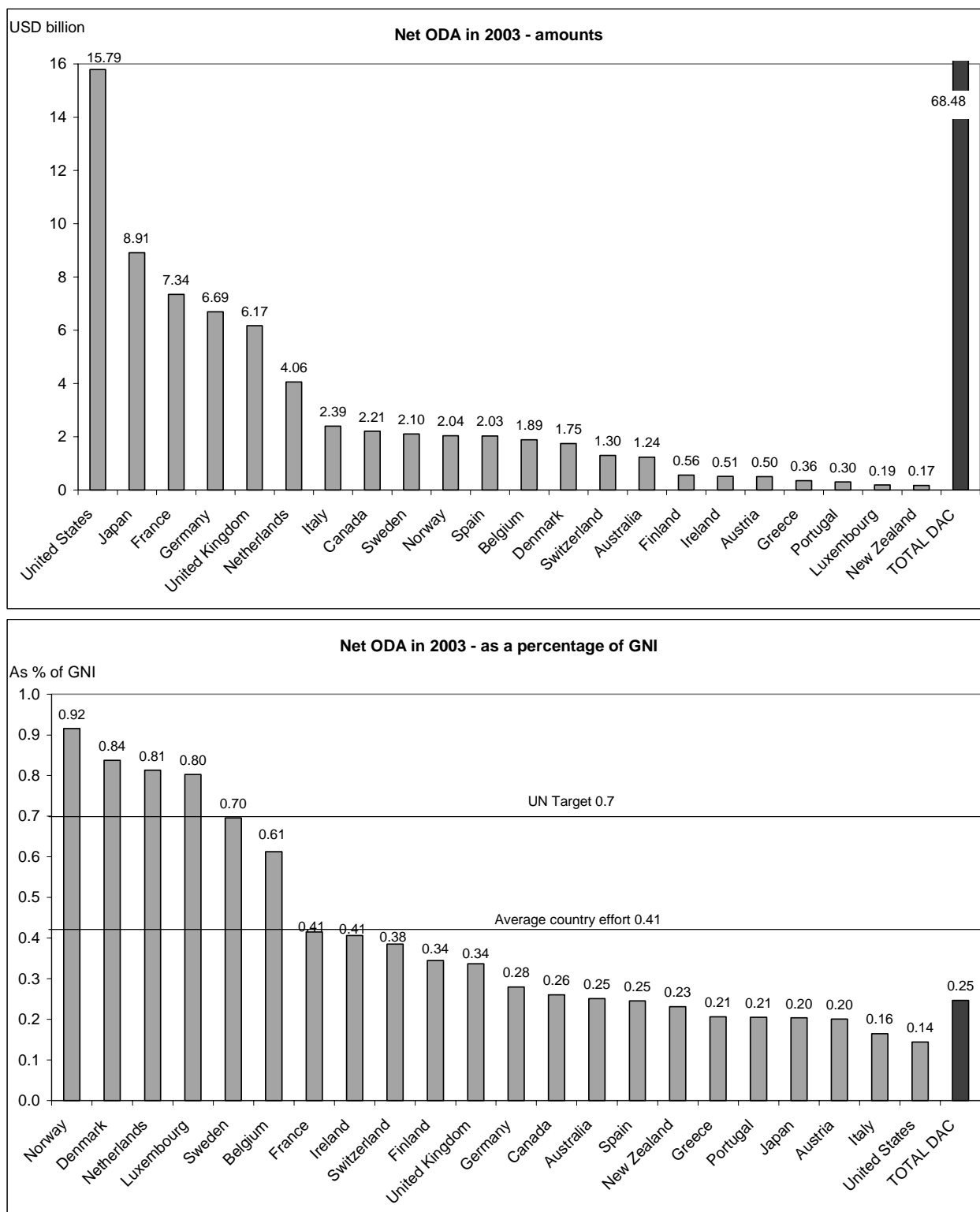
	2003		2002		2003	Percent change 2002 to 2003 (1)
	ODA US\$m current	ODA/GNI %	ODA US\$m current	ODA/GNI %	ODA US\$m (1) At 2002 prices and exchange rates	
Australia	1 237	0.25	989	0.26	1 008	1.9
Austria	503	0.20	520	0.26	412	-20.7
Belgium	1 887	0.61	1 072	0.43	1 535	43.2
Canada	2 209	0.26	2 006	0.28	1 904	-5.1
Denmark	1 747	0.84	1 643	0.96	1 433	-12.8
Finland	556	0.34	462	0.35	461	-0.2
France	7 337	0.41	5 486	0.38	6 030	9.9
Germany	6 694	0.28	5 324	0.27	5 530	3.9
Greece	356	0.21	276	0.21	287	4.0
Ireland	510	0.41	398	0.40	418	5.1
Italy	2 393	0.16	2 332	0.20	1 943	-16.7
Japan	8 911	0.20	9 283	0.23	8 459	-8.9
Luxembourg	189	0.80	147	0.77	155	5.6
Netherlands	4 059	0.81	3 338	0.81	3 296	-1.3
New Zealand	169	0.23	122	0.22	133	9.3
Norway	2 043	0.92	1 696	0.89	1 776	4.7
Portugal	298	0.21	323	0.27	243	-24.8
Spain	2 030	0.25	1 712	0.26	1 633	-4.6
Sweden	2 100	0.70	1 991	0.83	1 710	-14.1
Switzerland	1 297	0.38	939	0.32	1 122	19.5
United Kingdom	6 166	0.34	4 924	0.31	5 512	11.9
United States	15 791	0.14	13 290	0.13	15 541	16.9
TOTAL DAC	68 483	0.25	58 274	0.23	60 540	3.9
Average Country Effort		0.41		0.41		
<i>Memo Items</i>						
EC	8 147		6 561		6 666	1.6
EU countries combined	36 825	0.35	29 949	0.35	30 599	2.2
G7 countries	49 501	0.21	42 646	0.20	44 919	5.3
Non-G7 countries	18 982	0.46	15 627	0.47	15 622	-0.0
<i>Non-DAC Countries:</i>						
Czech Republic	87	0.10	45	0.07	73	61.8
Korea	334	0.06	279	0.06	314	12.5
Slovak Republic	15	0.05	7	0.02	12	74.1

(1) Taking account of both inflation and exchange rate movements.

Note: The data for 2003 are preliminary pending detailed final data to be published in December 2004. The data are standardised on a calendar year basis for all donors, and so may differ from fiscal year data available in countries' budget documents.

Source: OECD, 16 April 2004.

CHART: NET OFFICIAL DEVELOPMENT ASSISTANCE IN 2003



Source: OECD, 16 April 2004.

Table 2: Simulation of ODA prospects for 2006

Country	Net ODA in 2003 (US\$ m)	ODA/GNI in 2003	Commitment/ Announcement/ Assumption	Year to be attained	Net ODA in 2006 (in millions of 2003 US\$)	ODA/GNI in 2006	Real change in ODA in 2006 compared with 2003 (at 2003 prices and exchange rates) ¹
							Per cent
Austria	503	0.20%		2006	877	0.33%	74%
Belgium ²	1 887	0.61%		2010	2 120	0.65%	12%
Denmark	1 747	0.84%		n.a.	1 838	0.83%	5%
Finland ²	556	0.34%		2007	708	0.41%	27%
France ²	7 337	0.41%	0.5% (0.7% by 2012)	2007	8 955	0.48%	22%
Germany	6 694	0.28%		2006	8 380	0.33%	25%
Greece	356	0.21%		2006	642	0.33%	80%
Ireland ²	510	0.41%		2007	813	0.61%	60%
Italy	2 393	0.16%		2006	5 092	0.33%	113%
Luxembourg	189	0.80%		2005	250	1.00%	32%
Netherlands	4 059	0.81%		Already	4 240	0.80%	4%
Portugal	298	0.21%		2006	510	0.33%	71%
Spain	2 030	0.25%		2006	2 899	0.33%	43%
Sweden	2 100	0.70%	Long term goal 1% (at least 0.87% in 2006)	2006	2 785	0.87%	33%
United Kingdom	6 166	0.34%		2005-06	7 772	0.40%	26%
EU Members, Total	36 825	0.35%		2006	47 880	0.43%	30%
Australia ³	1 237	0.25%		Already	1 313	0.25%	6%
Canada	2 209	0.26%		to 2010	2 783	0.30%	26%
Japan	8 911	0.20%		in 2006	9 500	0.22%	7%
New Zealand	169	0.23%	Future level is under review		202	0.26%	19%
Norway	2 043	0.92%		2005	2 369	1.00%	16%
Switzerland ²	1 297	0.38%		2010	1 359	0.38%	5%
United States ⁴	15 791	0.14%	See footnote 4		20 894	0.17%	32%
DAC Members, Total	68 483	0.25%			86 300	0.29%	26%

¹ Assumes average real growth in GNI of 2% p.a. [3% for Canada, 4% for Greece and zero for Japan] from 2003 to 2006.

² ODA/GNI ratio for 2006 interpolated between 2003 and year target scheduled to be attained.

³ As aid volume determined in annual budgets, assumes same ratio in forward years.

⁴ Assumes 5% nominal GNI growth and 2% inflation to 2006, and includes estimated \$4 billion expenditure from Millennium Challenge Account in 2006.