

Unclassified

DCD/DAC(2010)10

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

12-Feb-2010

English - Or. English

DEVELOPMENT CO-OPERATION DIRECTORATE
DEVELOPMENT ASSISTANCE COMMITTEE

Cancels & replaces the same document of 05 February 2010

ODA VOLUME PROSPECTS IN 2010

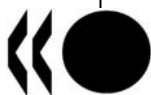
This note is circulated for the INFORMATION of members, together with a cover letter from the Director of DCD.

It sets out the Secretariat's projections of 2010 ODA. It draws on the material provided in the Annual Report of the DAC Chair which was derestricted on 21 January 2010.

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JT03278658

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Director
DEVELOPMENT CO-OPERATION DIRECTORATE

Dear DAC delegates,

ODA volume prospects in 2010

A number of members have requested that the Secretariat spell out for members as early as possible in 2010 the likely ODA volume prospects for this year, which is the target year for many DAC members' ODA volume commitments.

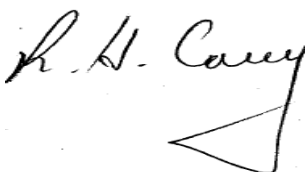
This information is set out in the Development Co-operation Report in a way that facilitates comparison with 2008 actual flows, the latest year for which firm numbers are available. However, members also wish to see how the estimated 2010 ODA numbers compare with the original projections for 2010 made by the Secretariat in 2005, which were expressed in 2004 dollars.

Attached is a note containing such a comparison: the 2005 projections for 2010 against the 2010 outcome now expected, both figures expressed in 2004 dollars, and as shares of national income.

In view of the strong interest in this information, this is presented as an unclassified public information document. It will be available on the DAC website and will thus provide a case reference for upcoming meetings addressing financing for development.

This information will be updated within the comprehensive press release on preliminary 2009 ODA data that will be issued in April. The April press release will be circulated to members in advance with the established practice.

Sincerely,



The OECD's first estimates of 2010 ODA levels against 2005 Gleneagles and UN commitments

This note sets out a first estimate of the likely 2010 outcome of commitments made by donors at the Gleneagles G8 and UN Millennium +5 Summits in 2005, based on a special DAC survey of Members' 2010 budget provisions for official development assistance (ODA). This first estimate will be reviewed when the OECD releases 2009 ODA figures in April, 2010.

The 2005 aid volume commitments and the economic crisis

From the Monterrey Financing for Development Conference in 2002, to the Gleneagles and UN Summits in 2005, donors committed to increase their aid to developing countries - and to Africa in particular. Based on the economic outlook at the time, these pledges would have increased aid by roughly USD 50 billion - from USD 80 billion in 2004 to USD 130 billion (in 2004 dollars). This would have raised ODA from 0.26% of gross national income (GNI) in 2004 to 0.36% in 2010.

OECD analysis now shows that lower GNI caused by the economic crisis has reduced the dollar value of the commitments to USD 124 billion (in 2004 dollars) - an increase of USD 44 billion compared with the original estimate of USD 50 billion.

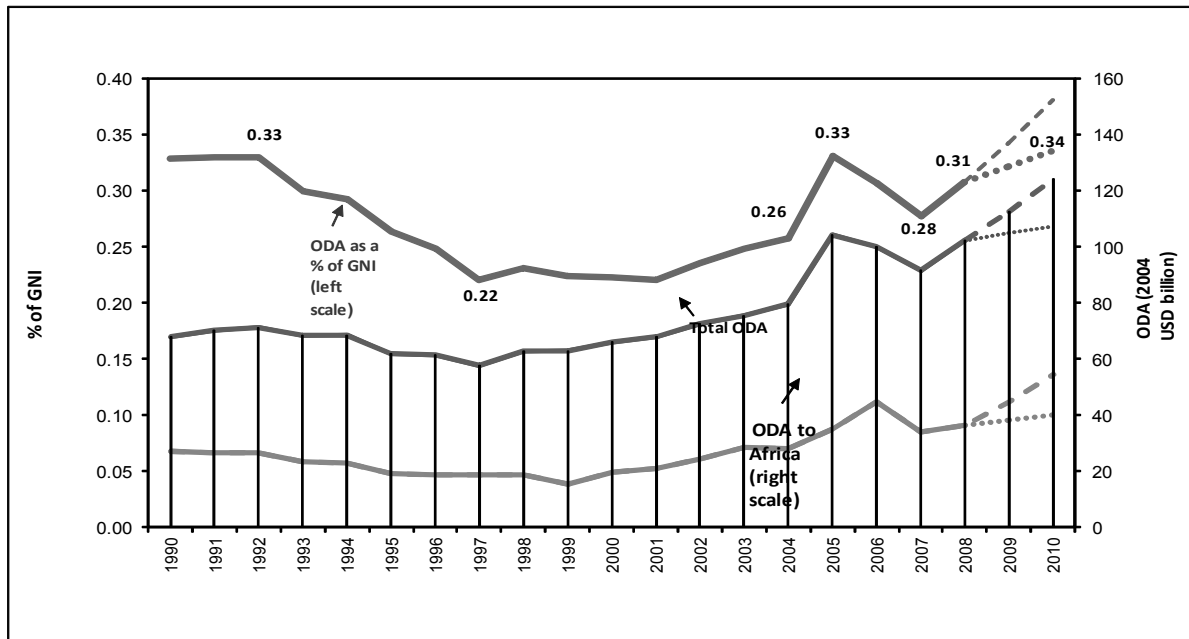
A special DAC survey of members' published budget documents now suggests that although most donors will fulfill their aid pledges, some countries – including several large donors - are likely to fall well short of their commitments.

- The expected ODA level for 2010 is USD 107 billion (in 2004 dollars), an increase of USD 27 billion – or 35% in real terms - over 2004, with the ODA/GNI ratio rising from 0.26% in 2004 to an estimated 0.34% in 2010. (See the fourth column of the table below which reflects expected net disbursements).
- This results in a total shortfall of USD 17 billion (in 2004 dollars) against aggregate commitments even after adjustment for the lower than expected GNI.
- ODA to Africa was estimated by the G8 at Gleneagles to increase by \$25bn a year from 2004 to 2010, on the basis of commitments by G8 and other donors, notably for Sub-Saharan Africa. The OECD's current projections suggest the increase will be \$12 bn (in 2004 prices) over this period

The latest published figures for ODA were on 2008 flows which amounted to USD 102 billion (in 2004 dollars), so the current projection still suggests continuing growth in ODA for 2009 and 2010.

This analysis will be confirmed through a further detailed survey and more exact results will be published in the Spring, when the OECD will issue a comprehensive statement on ODA performance in 2009 and the outlook for 2010. This will include any additional efforts by DAC members, notably to meet the humanitarian and reconstruction needs in Haïti.

DAC members' net ODA 1990 - 2008 and DAC Secretariat simulations of net ODA to 2009 and 2010



Note: ----- dashed line indicates the growth-adjusted trajectory envisaged at Gleneagles.
dotted line indicates estimates based on reported intentions or current 2010 budget plans made by DAC members.
dotted line for Africa indicates a Secretariat estimate of likely actual spending.

(Source: OECD-DAC online database)

Individual donor performance

Most DAC members will meet their 2010 ODA targets:

- Finland, Spain, the United Kingdom and the United States are on track to meet their various aid commitments.
- Denmark, Luxembourg, the Netherlands, Norway and Sweden continue to allocate at least 0.7% of their GNI to ODA.
- Australia, Canada and New Zealand appear on track to double their aid by 2010.
- Switzerland plans to give 0.47% of its GNI as ODA in 2010, exceeding its previous commitment of 0.41%. Ireland has cut its forward ODA estimate, but still expects to meet the European Union ODA/GNI minimum target of 0.51%.
- Belgium indicates that it will reach the 0.7% target by 2010.

Other DAC countries, however, are not on track to meet their commitments, based on their 2010 ODA budget plans. Despite EU countries' commitment to a minimum ODA/GNI ratio of 0.51% in 2010:

- Austria now estimates an ODA/GNI ratio of 0.37% in 2010.
- France's draft finance bill for 2010 suggests an ODA/GNI ratio of between 0.44% and 0.48% for 2010.
- The OECD estimates that Greece's ODA/GNI ratio will be 0.21% in 2010.
- Italy's draft budget indicates an ODA/GNI ratio of 0.19%.
- Portugal's budget report suggests an ODA/GNI ratio of about 0.34%.
- Germany's 2010 budget provision suggests that its ODA as a percentage of GNI is expected to be 0.4%.

At Gleneagles, Japan aimed to increase its total ODA in 2005-09 by USD 10 billion compared to a continuation of

2004 levels, but it was USD 4 billion short of this undertaking in 2008. Japan's ODA for 2010 is not yet known, but the table is based on maintaining the same level as in 2008.

DAC Members' Commitments and Performance: Summary Table of OECD Secretariat Projections

January 2010

| Country | Actual ODA 2004 | Net ODA (2004 USD m) | | | ODA/GNI | | |
|------------------------------|--------------------|-----------------------------|--|--------------------------------|----------------|-----------------------------|--------------------------------|
| | | 2005 projection for 2010 | Growth-adjusted 2005 projection for 2010 | Current projection for 2010 | Actual 2004 | 2005 projection for 2010 | Current projection for 2010 |
| Austria | 678 | 1 673 | 1 621 | 1 178 | 0.23% | 0.51% | 0.37% |
| Belgium | 1 463 | 2 807 | 2 620 | 2 620 | 0.41% | 0.70% | 0.70% |
| Denmark | 2 037 | 2 185 | 2 213 | 2 299 | 0.85% | 0.80% | 0.83% |
| Finland | 680 | 1 475 | 1 426 | 1 112 | 0.37% | 0.70% | 0.55% |
| France | 8 473 | 14 110 | 13 241 | 9 955 | 0.41% | 0.61% | 0.46% |
| Germany | 7 534 | 15 509 | 14 408 | 11 300 | 0.28% | 0.51% | 0.40% |
| Greece | 321 | 1 196 | 1 276 | 525 | 0.16% | 0.51% | 0.21% |
| Ireland | 607 | 1 121 | 972 | 826 | 0.39% | 0.60% | 0.51% |
| Italy | 2 462 | 9 262 | 8 434 | 3 144 | 0.15% | 0.51% | 0.19% |
| Luxembourg | 236 | 328 | 313 | 313 | 0.79% | 1.00% | 1.00% |
| Netherlands | 4 204 | 5 070 | 5 323 | 5 323 | 0.73% | 0.80% | 0.80% |
| Portugal | 1 031 | 933 | 864 | 576 | 0.63% | 0.51% | 0.34% |
| Spain | 2 437 | 6 925 | 6 423 | 5 537 | 0.24% | 0.59% | 0.51% |
| Sweden | 2 722 | 4 025 | 3 803 | 3 915 | 0.78% | 1.00% | 1.03% |
| United Kingdom | 7 905 | 14 600 | 13 670 | 12 975 | 0.36% | 0.59% | 0.56% |
| DAC EU members, total | 42 789 | 81 221 | 76 604 | 61 596 | 0.35% | 0.59% | 0.48% |
| Australia | 1 460 | 2 460 | 2 530 | 2 517 | 0.25% | 0.36% | 0.36% |
| Canada | 2 599 | 3 648 | 3 648 | 3 542 | 0.27% | 0.33% | 0.33% |
| Japan | 8 922 | 11 906 | 11 906 | 9 546 | 0.19% | 0.22% | 0.20% |
| New Zealand | 212 | 289 | 266 | 324 | 0.23% | 0.28% | 0.34% |
| Norway | 2 199 | 2 876 | 2 995 | 2 995 | 0.87% | 1.00% | 1.00% |
| Switzerland | 1 545 | 1 728 | 1 593 | 1 820 | 0.40% | 0.41% | 0.47% |
| United States | 19 705 | 24 000 | 24 705 | 24 705 | 0.17% | 0.18% | 0.20% |
| DAC members, total | 79 432 | 128 128 | 124 247 | 107 045 | 0.26% | 0.36% | 0.34% |