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Modest Increase in Development Aid in 2003

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.

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).

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.

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.

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.

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:

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- 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 due to postponed disbursements, following a peak in 2002 caused by a large deposit to IDA to be drawn over several years.

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.

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

For further information, journalists are invited to contact Helen Fisher, OECD Media Relations Division (tel. [33] 1 45 24 80 97 or Helen.fisher@oecd.org).

TABLE: NET OFFICIAL DEVELOPMENT ASSISTANCE IN 2003
Preliminary data

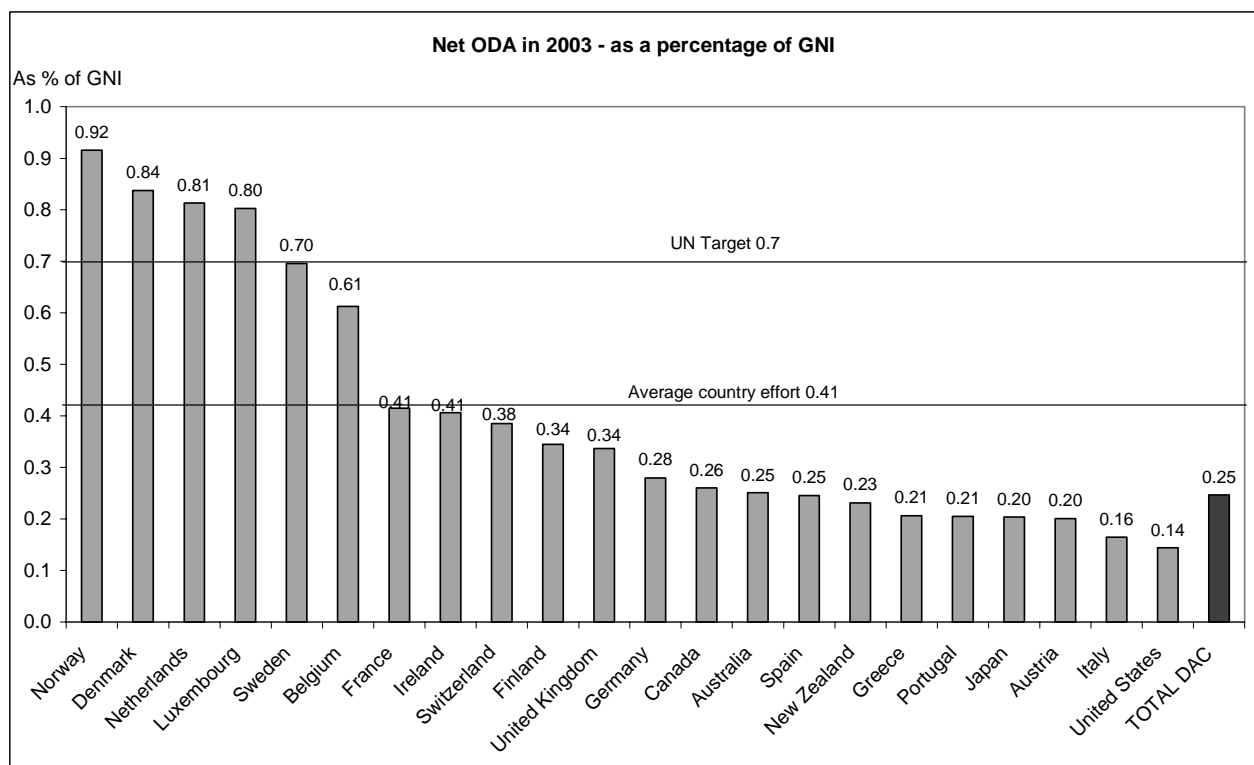
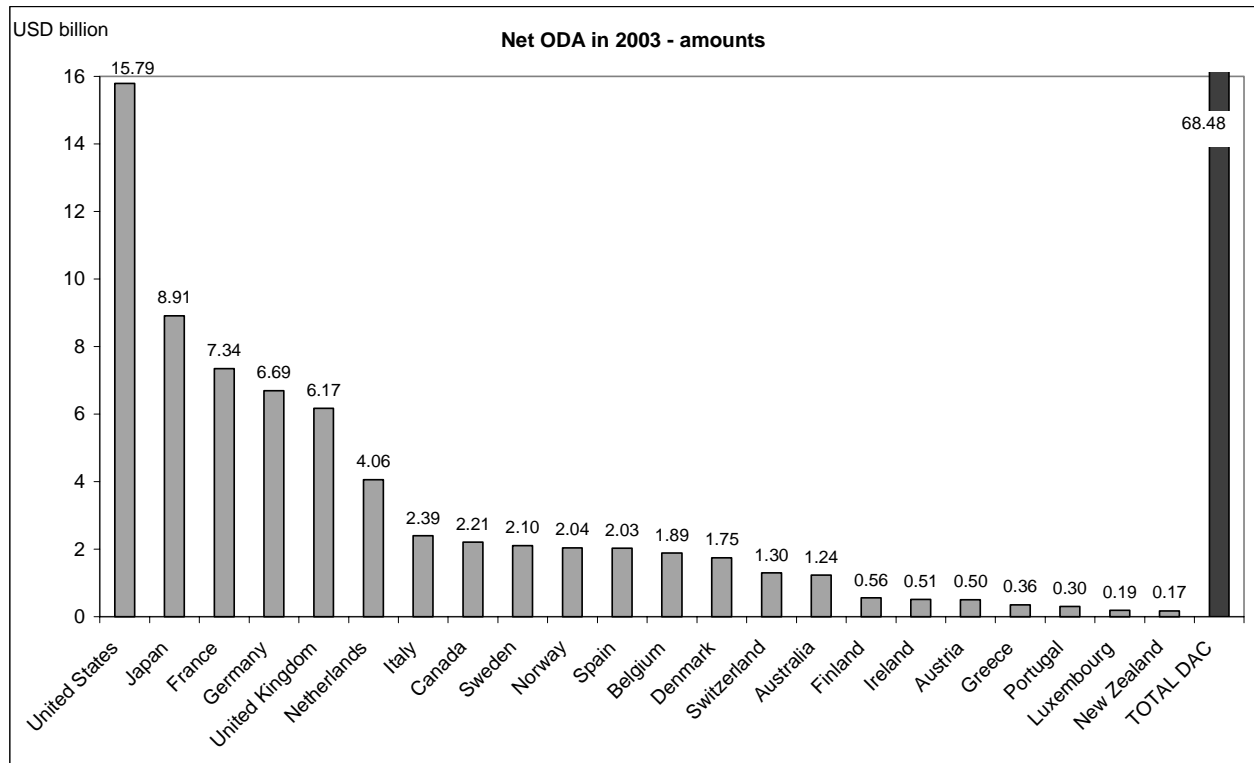
	2003		2002		2003	Percent change 2002 to 2003 (1)
	ODA US\$m current	ODA/GNI %	ODA US\$m current	ODA/GNI %	ODA US\$m (1) At 2002 prices and exchange rates	
Australia	1 237	0.25	989	0.26	1 008	1.9
Austria	503	0.20	520	0.26	412	-20.7
Belgium	1 887	0.61	1 072	0.43	1 535	43.2
Canada	2 209	0.26	2 006	0.28	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