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**Aid flows top USD 100 billion in 2005**

Official development assistance to developing countries from member countries of the OECD's Development Assistance Committee rose 31.4% to USD 106.5 billion in 2005 – a record high. It represents 0.33% of the Committee members' combined Gross National Income in 2005, up from 0.26% in 2004. Aid in the form of debt relief grants increased more than 400% between 2004 and 2005, while other aid increased 8.7% in the same period.

The main factors which accounted for the increase in 2005 were:

- **Debt relief for Iraq and Nigeria.** The Paris Club of creditors has agreed large debt relief operations for Iraq and Nigeria. In 2005 Development Assistance Committee (DAC) members provided debt forgiveness grants of nearly USD 14 billion to Iraq and a little over USD 5 billion to Nigeria. Further debt relief to Nigeria will be included in official development assistance (ODA) figures in 2006 and to Iraq for the next three years as members implement further stages of the Paris Club agreements. Given the exceptional scale of debt relief in 2005, Table 2 provides a breakdown of debt relief grants in this year's ODA figures.
- **Tsunami aid.** DAC members provided about USD 2.2 billion in official assistance to countries affected by the devastating December 2004 Indian Ocean tsunami.

ODA is expected to fall back slightly over 2006 and 2007 as debt relief declines. But other forms of aid are likely to continue their recent steady increase as donors fulfil their ODA volume pledges for later years (see Chart 2).

The largest donor in 2005 was the United States, followed by Japan, the United Kingdom, France and Germany. The only countries to exceed the United Nations target for ODA of 0.7% of GNI were, as for some years now, Denmark, Luxembourg, the Netherlands, Norway and Sweden (see Table 1 and Chart 1).

The United States' net ODA in 2005 was USD 27.5 billion, a rise of 35.6% in real terms. Its ODA/GNI ratio rose from 0.17% to 0.22%, its highest level since 1986. Apart from debt relief, most of the increase was due to reconstruction aid in Iraq (which totalled USD 3.5 billion), reconstruction and anti-narcotics programmes in Afghanistan (USD 1.5 billion) and aid to Sub-Saharan Africa (USD 4.1 billion).

Japan's net ODA rose to USD 13.1 billion and its ODA/GNI ratio to 0.28%; an increase in real terms of 51.2%. This included some USD 3.2 billion to Iraq. Japan also provided over USD 540 million in aid to tsunami-affected countries. On a gross basis Japan's ODA was USD 18.6 billion, up 18.3% in real terms. .

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The combined ODA of the fifteen members of the DAC that are EU members rose 27.9% in real terms to USD 55.7 billion, equivalent to 0.44% of their combined GNI. The bulk of this increase was for debt relief grants. In 2002, the DAC/EU members committed to reach an ODA level of 0.39% of their combined GNI by 2006, with a minimum country target of 0.33%. Greece, Italy, Portugal and Spain still need to increase their ODA in order to reach this target.

Aid increased in fourteen DAC EU member countries as follows:

- Greece (11.4%), due to increased emergency aid and technical co-operation
- Italy (99.9%), as it made large contributions to multilateral agencies
- Spain (23.6%), reflecting an increase in bilateral grants
- Sweden (21%), due to large contributions to the United Nations and the World Bank
- Aid also increased in Austria (124.1%), Belgium (32.3%), Denmark (1.8%), Finland (29.2%), France (17.1%), Germany (30.7%), Ireland (11.4%), Luxembourg (8.4%), the Netherlands (20.2%) and the United Kingdom (34.8%).

Aid fell in Portugal (-65%) following the large debt rescheduling lending operation for Angola which boosted its ODA in 2004.

Aid provided by the European Commission rose by 8.7% to USD 9.6 billion reflecting an improvement of the EC's disbursement capacity and substantial reconstruction aid for tsunami hit countries.

Other DAC countries' ODA rose as follows:

- Canada (30.3%), reflecting increased contributions to multilateral agencies
- New Zealand (18.7%), due to an increase in response to the Indian Ocean tsunami, which has now been consolidated as an increase to ODA baselines for future years
- Norway (13%), linked to an increased response to catastrophes in 2005, in particular tsunami related reconstruction projects
- ODA also rose in Australia (5.7%) and Switzerland (14%).

Among the non-DAC OECD donor countries, only the Czech Republic, Korea, Poland and the Slovak Republic reported preliminary ODA figures for 2005. All reported significant increases in their ODA volume:

- The Czech Republic's ODA rose to USD 131 million due to a larger contribution to the EC development budget.
- Korea's ODA rose to USD 744 million, reflecting an increase in bilateral grants as well as larger contributions to the World Bank and regional development banks.
- Poland's ODA rose to USD 283 million as it increased its contributions to the EC development budget.
- ODA from the Slovak Republic nearly doubled to USD 56 million, partly due to increased aid to least developed countries, notably in Sub-Saharan Africa.

For further information, journalists are invited to contact Brian Hammond in the OECD's Development Co-operation directorate at + 331 45 24 90 34 or e-mail [Brian.Hammond@oecd.org](mailto:Brian.Hammond@oecd.org)

**TABLE 1: NET OFFICIAL DEVELOPMENT ASSISTANCE IN 2005**  
Preliminary data

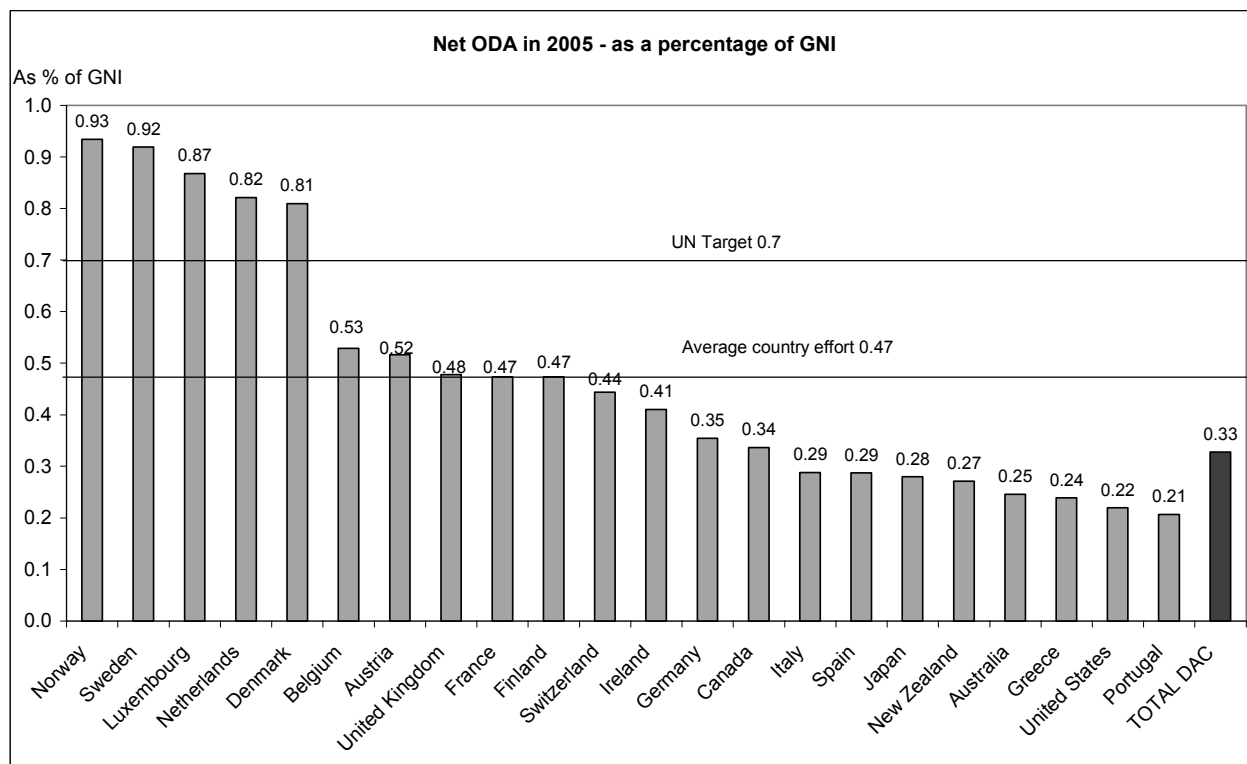
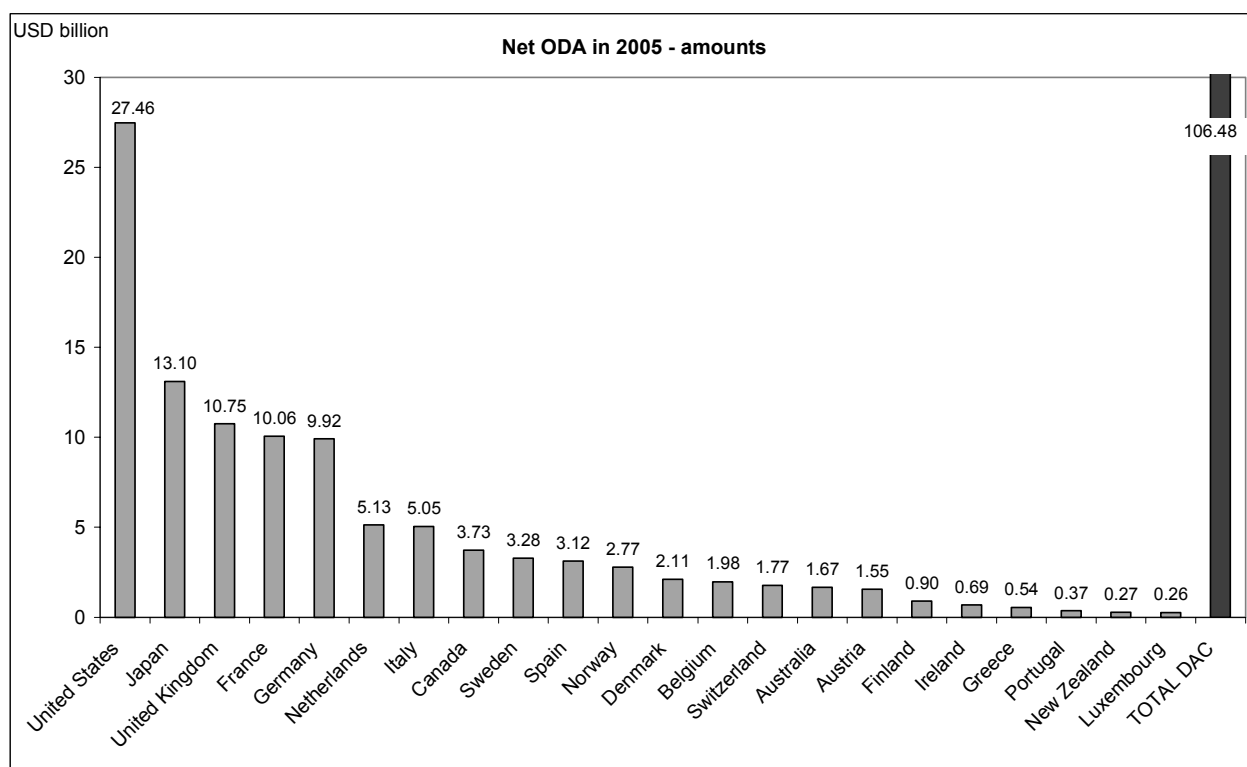
	2005		2004		2005	
	ODA USD million current	ODA/GNI %	ODA USD million current	ODA/GNI %	ODA USD million (1) At 2004 prices and exchange rates	Percent change 2004 to 2005 (1)
Australia	1 666	0.25	1 460	0.25	1 544	5.7
Austria	1 552	0.52	678	0.23	1 519	124.1
Belgium	1 975	0.53	1 463	0.41	1 936	32.3
Canada	3 731	0.34	2 599	0.27	3 387	30.3
Denmark	2 107	0.81	2 037	0.85	2 074	1.8
Finland	897	0.47	680	0.37	878	29.2
France	10 059	0.47	8 473	0.41	9 925	17.1
Germany	9 915	0.35	7 534	0.28	9 847	30.7
Greece	535	0.24	465	0.23	518	11.4
Ireland	692	0.41	607	0.39	676	11.4
Italy	5 053	0.29	2 462	0.15	4 921	99.9
Japan	13 101	0.28	8 922	0.19	13 486	51.2
Luxembourg	264	0.87	236	0.83	255	8.4
Netherlands	5 131	0.82	4 204	0.73	5 052	20.2
New Zealand	274	0.27	212	0.23	252	18.7
Norway	2 775	0.93	2 199	0.87	2 485	13.0
Portugal	367	0.21	1 031	0.63	361	-65.0
Spain	3 123	0.29	2 437	0.24	3 012	23.6
Sweden	3 280	0.92	2 722	0.78	3 295	21.0
Switzerland	1 771	0.44	1 545	0.41	1 761	14.0
United Kingdom	10 754	0.48	7 883	0.36	10 627	34.8
United States	27 457	0.22	19 705	0.17	26 726	35.6
<b>TOTAL DAC</b>	<b>106 477</b>	<b>0.33</b>	<b>79 553</b>	<b>0.26</b>	<b>104 537</b>	<b>31.4</b>
Average Country Effort		0.47		0.42		
<i>Memo Items included in the above:</i>						
EC	9 629		8 704		9 458	8.7
DAC EU countries combined	55 704	0.44	42 910	0.35	54 896	27.9
G7 countries	80 068	0.29	57 578	0.22	78 920	37.1
Non-G7 countries	26 409	0.50	21 976	0.45	25 617	16.6
<i>Non-DAC Countries:</i>						
Czech Republic	131	0.11	108	0.11	122	12.6
Korea	744	0.09	423	0.06	665	57.1
Poland	283	0.09	118	0.05	236	101.2
Slovak Republic	56	0.12	28	0.07	53	87.7

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

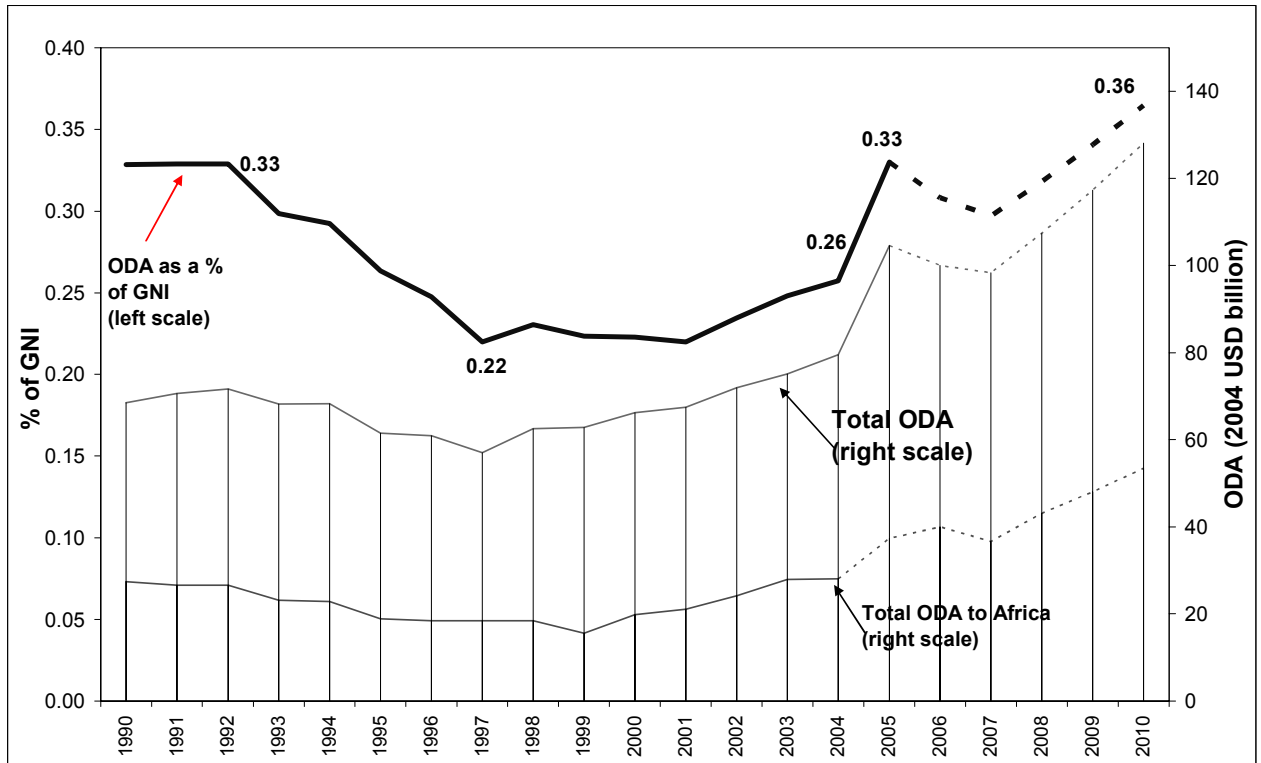
Note: The data for 2005 are preliminary pending detailed final data to be published in December 2006. The data are standardised on a calendar year basis for all donors, and so may differ from fiscal year data available in countries' budget documents.

Source: OECD, 30 March 2006.

**Chart 1: Net Official Development Assistance in 2005**



**Chart 2. DAC Members' net ODA 1990 - 2004 and DAC Secretariat simulation of net ODA to 2006 and 2010**



**TABLE 2: SHARE OF DEBT RELIEF GRANTS IN NET OFFICIAL DEVELOPMENT ASSISTANCE**  
**Preliminary data for 2005**

	<b>ODA USD million current</b>	<b>of which: Debt relief grants</b>	<b>Percent change 2004 to 2005 (1) Without debt relief grants</b>
Australia	1 666	9	6.1
Austria	1 552	901	9.0
Belgium	1 975	471	17.2
Canada	3 731	455	17.8
Denmark	2 107	20	0.8
Finland	897	150	11.6
France	10 059	3 199	0.0
Germany	9 915	3 573	-9.8
Greece	535	-	11.4
Ireland	692	0	11.4
Italy	5 053	1 680	40.0
Japan	13 101	3 553	12.1
Luxembourg	264	-	8.4
Netherlands	5 131	410	16.6
New Zealand	274	-	18.7
Norway	2 775	25	12.6
Portugal	367	3	-65.1
Spain	3 123	498	13.7
Sweden	3 280	53	20.3
Switzerland	1 771	224	0.1
United Kingdom	10 754	3 699	-1.7
United States	27 457	4 073	16.2
<b>TOTAL DAC</b>	<b>106 477</b>	<b>22 995</b>	<b>8.7</b>
<hr/> <i>Memo Items included in the above:</i>			
EC	9 629	-	8.7
DAC EU countries combined	55 704	14 657	3.8
G7 countries	80 068	20 232	8.9
Non-G7 countries	26 409	2 763	8.3
<i>Non-DAC Countries:</i>			
Czech Republic	131	10	15.8
Korea	744	-	57.1
Poland	283	0	101.0
Slovak Republic	56	-	87.7

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

Source: OECD, 30 March 2006.