

**Release of preliminary figures for 2008 Official Development Assistance (ODA)
London, 30 March 2009**

**Statement by
Eckhard Deutscher
Chair, Development Assistance Committee**

Ladies and Gentleman,

The press advisory for today's release of the preliminary figures for 2008 Official Development Assistance asked the question: up or down. I am therefore very pleased to announce very encouraging figures today:

[2008 ODA aggregates and commitments]

- In 2008, total official development assistance (ODA) from members of the OECD's Development Assistance Committee (DAC) rose to USD 119.8 billion, corresponding to an increase of 10.2% in real terms. This is the highest dollar figure ever recorded.
- Probably more significantly, bilateral development co-operation, excluding debt financing and humanitarian emergency relief, rose by 12.5% in real terms in 2008 compared to 2007. These are the ODA figures that in many ways really matter most for development, and they clearly indicate that members are substantially scaling up their core aid programmes.
- Net bilateral ODA from DAC donors to Africa totalled USD 26 billion. This corresponds to a slight increase of 1.2%. But excluding debt relief grants, bilateral aid to Africa rose by 10.5% in real terms.
- Of those USD 26 billion, USD 22.5 billion went to sub-Saharan Africa. While, again, the overall rise was only 0.4% in real terms, it was 10% if we factor out debt relief grants.

The press release is in front of you, and I don't intend to repeat everything that the figures say about individual country performance.

Let me rather try to give you the key message: As recently as several months, aid targets seemed to be slipping out of reach. Now, the situation is reversed. The aid commitments undertaken by donors, notably the Gleneagles commitments of G8 countries, have come within very realistic reach.

The Gleneagles commitments, which usually come with an overall price-tag attached, are in fact an aggregation of individual donor country commitments. Many of them now look well placed for meeting their commitments.

Taking a quick look, there are roughly three groups of countries:

1. Those who already meet or exceed an ODA ratio of 0.7 per cent of GNI: Denmark, Luxembourg, the Netherlands, Norway and Sweden. They continue to outperform.
2. Next are a group of donors who are on track to meet their commitments for 2010. The US looks set to meet its target of doubling aid to sub-Saharan Africa from the 2004 baseline. Canada is also well on track for a doubling of its aid, in nominal terms, from 2001 until 2010. Japan is also in this group, although the outlook for meeting its targets appears more challenging. Similarly, a range of EU donors, who arguably set the most ambitious aid targets, are in this group. They include big countries like France, the UK, Germany and Spain, but also smaller ones like Belgium or Ireland. As of 2008, meeting their commitments for 2010 will be challenging, but they are now broadly within reach.
3. Finally, there are some countries, who have not acted over the last years to meet their aid commitments. Abstracting from debt relief, countries such as Austria, Italy or Greece would have to increase their ODA budgets, measured as a share of GNI, by a multiple of their current level. In fact, if Italy lived up to its commitments, this in itself would close half the aggregate gap for meeting the collective Gleneagles targets.

Notwithstanding these qualifications, however, the overall message for 2008 is overwhelmingly positive. In times of crises like these, I believe this is very encouraging.

[Aid outlook for 2009-2010]

The 2008 figures for aid are not the only reason to be encouraged. It is clear that these figures do not yet factor in any impact the crisis would have on aid flows.

However, the OECD has undertaken new work to compile forward information on future aid flows from both bilateral and multilateral donors. While the OECD will not give information on individual donors, due to a confidentiality clause, the essential benefit is for recipients to have a much better sense of the aid they can expect to reach them over the next years. The nature of this information will in itself be extremely important for effective strategic planning by developing countries, and for ensuring that aid can have the strongest possible impact.

Preliminary results of this work show that aggregate donor spending plans imply an increase of an additional 11 percent until 2010 in country programmable aid. This corresponds to an additional USD 9 billion of fresh resources in today's dollars – 9 billion that developing countries will be able to factor into their development plans from now on. Nearly half of this increase is expected to go to Sub-Saharan Africa and South and Central Asia.

This means that 2008 will not be a blip. Donors, in the aggregate, have actually programmed further aid increases for 2009 and 2010.

The currently programmed increases do not suffice to fully reach the aggregate commitments undertaken at Gleneagles. The OECD estimates that a further USD 15 billion dollars would have to be disbursed in addition to currently planned expenditure to meet the 2010 target. But with an additional effort, there is a very real possibility to meet those commitments without shortfall.

Such an effort, however, must not be short term. I urge all to be aware that reaching the targets will mean little if they are not sustained. ODA needs to be a reliable, and predictable source for resourcing long-term, sustainable development results. Budget discussions in donor countries at the end of this year, which will determine the framework for aid budgets from 2011 forward, will be a crucial moment in this regard.

Meeting aid targets for the sake of having met them would be a hollow achievement. To be meaningful, and to produce the expected development results, they need to be sustained and built upon. Anything else would defy the very purpose they are meant to have; and it would be a terrible sunk cost for developing countries, as well as taxpayers in donor countries.

[Dire need for aid resources]

An additional effort is clearly warranted. There is no longer a question that developing countries are being hit severely by the global crisis. Instead, there is the very distinct possibility that they end up as the worst-hit victims, while already being the most vulnerable. The need for aid has increased dramatically.

Aid increases are of vital importance because progress the world has seen towards the Millennium Development Goals is being eroded as the crisis unfolds. Already in 2008, 100 million people are estimated to have fallen back into absolute poverty due to the food and fuel crisis. Tens of millions more will join them this year as a result of the crisis – and this is a rather conservative estimate. As a result, 1 billion people will suffer hunger this year – and indeed do so now as I speak.

The increase in aid figures is not a cause for self-congratulatory complacency. It should spur all to undertake further efforts. Fulfilling commitments made repeatedly at head-of-state level is not an optional luxury. The viability of many developing country plans and strategies depend on them - and with that the long-term economic prospects and political stability of many poor countries. In today's world, a world that is evermore interconnected, this concerns everybody. Development co-operation is no charity. It is a strategic investment we need to make in a common future.

Especially in the current crisis, honouring commitments for development assistance is an important touchstone for the credibility and viability of international co-operation in addressing challenges we all share. And it is perfectly clear that this crisis will not be overcome by domestic action alone. International co-operation is absolutely essential.

It is also clear that developing countries need to be part of the crisis response, and that aid will have to be a key instrument in this response. We are increasingly hearing recognition of this. But there has so far been absolutely no coordinated international effort on a scale that would correspond to the requirements for sustaining progress towards the MDGs. We hope to start making up for this and the time lost when the OECD Development Assistance Committee will meet at ministerial level at the end of May.

Ladies and Gentlemen,

Later this week, G20 heads of state will gather here in London to deliberate about the world's response to the global crisis.

The gap between planned spending and donor commitments, which a year ago seemed unbridgeable, is now within reach. Indeed six countries already meet their 2010 commitment. However, the overall Gleneagles and EU targets for 2010 still appear slightly out of reach because of underperformance by certain countries.

A special crisis-related effort can ensure that the 2010 targets for aid are met. It is my hope that the G20 meeting can take the lead in organising and proposing such an effort. This should include existing proposals, such as the World Bank's proposed vulnerability fund, but needs to go beyond it to ensure a co-ordinated and integrated response to the development challenges posed by the crisis.

A strong resolution in the G20 communiqué on such a co-ordinated response would give an important signal to aid ministers when they meet at the OECD in late May to discuss the actions necessary to ensure that developing countries come through the crisis and keep progressing towards their development goals.

Ladies and Gentlemen,

The 2008 aid figures are good news. A firm G20 commitment to redouble efforts to meet aid commitments would build on this good news, giving a timely demonstration of good global governance and a major boost to morale and confidence in the low income countries worst hit by the crisis.