

Aid rising sharply, according to latest OECD figures

New OECD statistics show the first evidence of the major scaling up of aid promised by donors at recent international meetings. Detailed figures for total Official Development Assistance (ODA) provided in 2004 by donors that are members of the OECD Development Assistance Committee (DAC) show an increase of aid to USD 79.5 billion. This is a real increase of 5.9 per cent since 2003 (Chart 1 and Table 1).

Most significantly, funds going directly to long term aid programmes and projects—i.e. excluding debt relief and emergency aid—increased by 13.3 per cent from 2003 to 2004. This is a rise of USD 7.7 billion, the largest for many years (Chart 2). This additional aid is going towards improving infrastructure, especially in the transport, communications and energy sectors. There have also been increases in aid for education and for water supply and sanitation. A third of the extra aid—USD 2.6 billion—went to Iraq and Afghanistan. For detailed statistical tables: www.oecd.org/dac/stats/dac/dcrannex.

The OECD estimates that if all the 2005 commitments to increase aid are met, including the commitment to double aid to Africa announced at the G8 summit in Gleneagles, ODA from OECD DAC countries alone will rise by USD 50 billion in real terms between 2004 and 2010, to nearly USD 130 billion (Chart 3 and Table 2).

The figures were released following an OECD/World Bank meeting in Paris at which senior aid managers discussed where to target this scaled up aid in order to achieve the best results. To further improve results, donors agreed to provide indicative information on their future spending plans so that finance ministers in developing countries will have more predictable information with which to set their medium-term budgets. Funding certainty will allow them to recruit teachers to educate their children, medical staff to cut child and maternal mortality, and the other requirements of national plans for achieving the Millennium Development Goals that, at the UN Summit in September, all developing countries committed to produce in 2006.

For 2005 and 2006, a temporary spike in aid levels is expected because of major debt relief for Iraq and Nigeria amounting to around USD 19 billion in 2005 and USD 11 billion in 2006. This will take aid to around USD 100 billion in each of those years. Once that debt is forgiven, a sizeable increase in aid budgets will be required to maintain momentum towards the commitments for 2010.

The OECD DAC has also simplified the list of countries eligible for ODA to include all low and middle income countries, except those that are members of the G8 or the European Union (including countries with a date for EU admission; i.e. Bulgaria and Romania). See www.oecd.org/dac/stats/dac/list.

Chart 1. DAC Members' Net Official Development Assistance in 2004

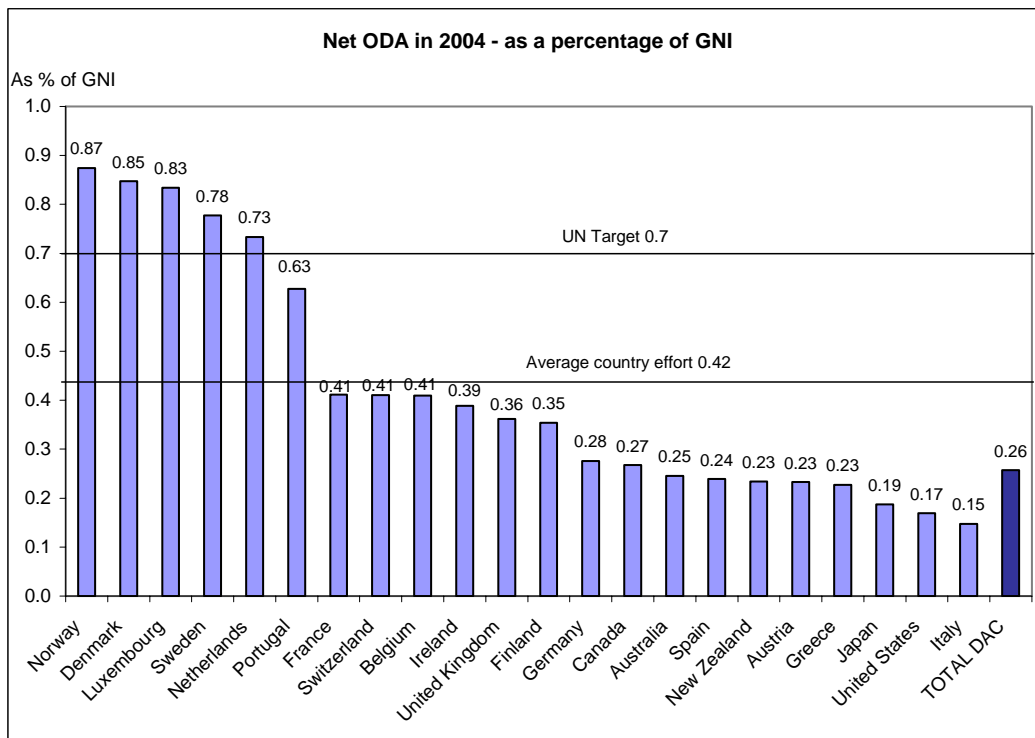
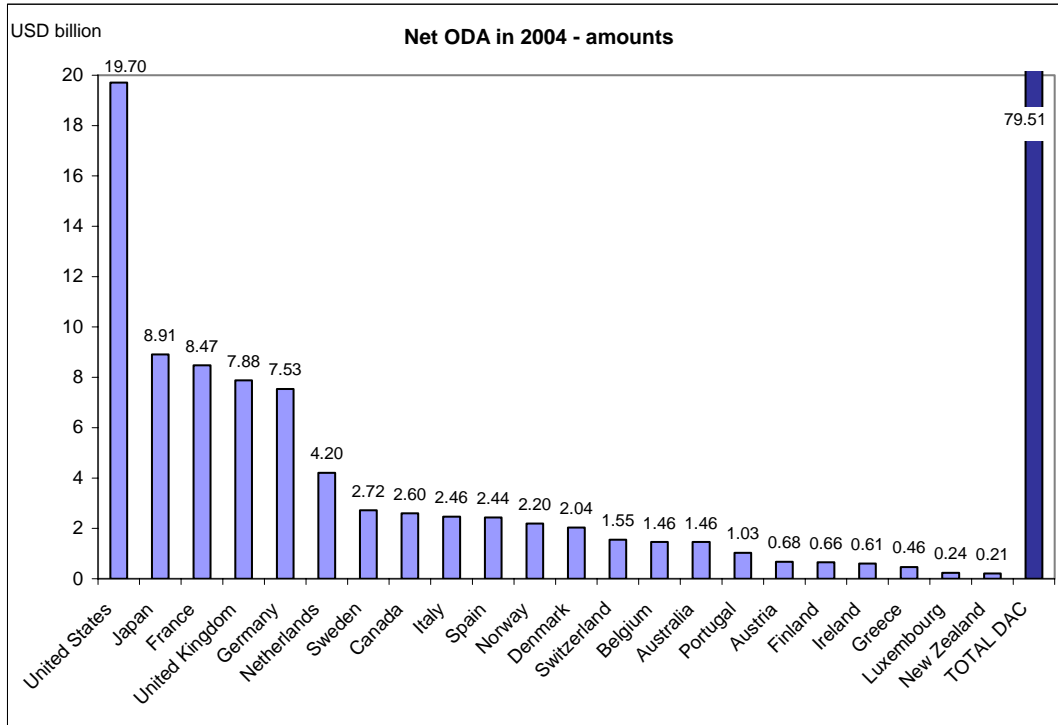


Table 1. DAC Members' Net Official Development Assistance in 2004

	2004		2003		Percent change 2003 to 2004 in real terms ^a
	ODA USD million current	ODA/GNI %	ODA USD million current	ODA/GNI %	
Australia	1 460	0.25	1 219	0.25	2.0
Austria	678	0.23	505	0.20	19.6
Belgium	1 463	0.41	1 853	0.60	-29.8
Canada	2 599	0.27	2 031	0.24	14.9
Denmark	2 037	0.85	1 748	0.84	4.1
Finland	655	0.35	558	0.35	5.9
France	8 473	0.41	7 253	0.40	4.3
Germany	7 534	0.28	6 784	0.28	0.1
Greece	465	0.23	362	0.21	13.3
Ireland	607	0.39	504	0.39	6.0
Italy	2 462	0.15	2 433	0.17	-10.5
Japan	8 906	0.19	8 880	0.20	-4.3
Luxembourg	236	0.83	194	0.81	8.2
Netherlands	4 204	0.73	3 972	0.80	-4.5
New Zealand	212	0.23	165	0.23	9.1
Norway	2 199	0.87	2 042	0.92	-3.0
Portugal	1 031	0.63	320	0.22	188.3
Spain	2 437	0.24	1 961	0.23	9.6
Sweden	2 722	0.78	2 400	0.79	2.1
Switzerland	1 545	0.41	1 299	0.39	8.7
United Kingdom	7 883	0.36	6 282	0.34	9.5
United States	19 705	0.17	16 320	0.15	18.3
TOTAL DAC	79 512	0.26	69 085	0.25	5.9
Average Country Effort		0.42		0.41	
<i>Memo Items:</i>					
EC	8 704		7 173		8.3
EU countries combined	42 886	0.35	37 130	0.35	2.9
G7 countries	57 561	0.22	49 982	0.21	7.1
Non-G7 countries	21 951	0.45	19 103	0.46	2.6

a) Taking account of both inflation and exchange rate movements.

Chart 2. Scaling up Aid for Long-Term Development

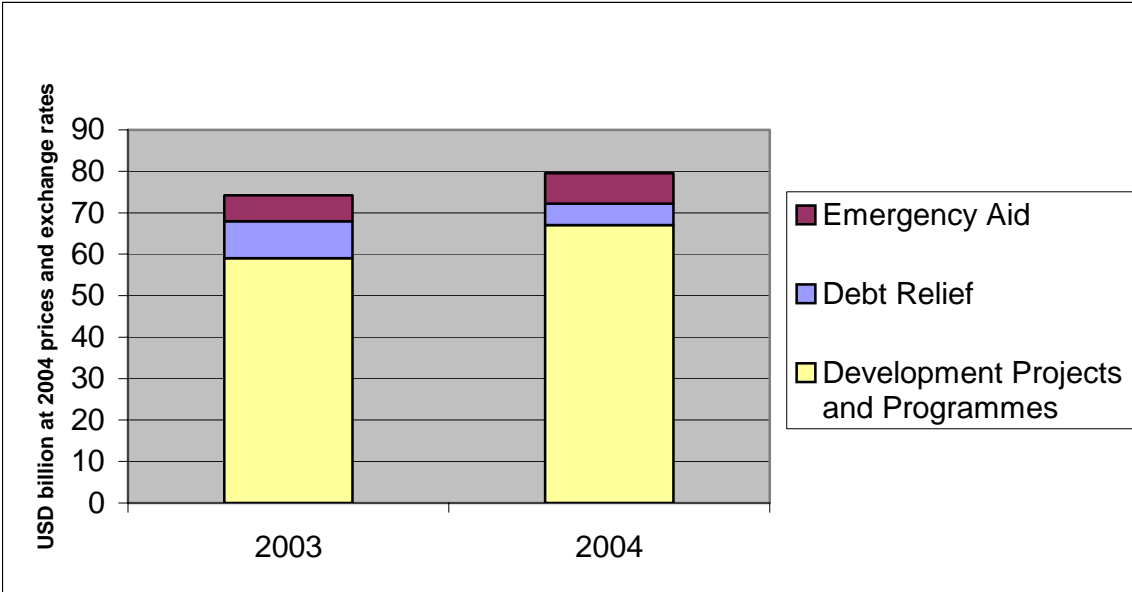


Chart 3. DAC Members' net ODA 1990 - 2004 and DAC Secretariat simulations of net ODA to 2006 and 2010

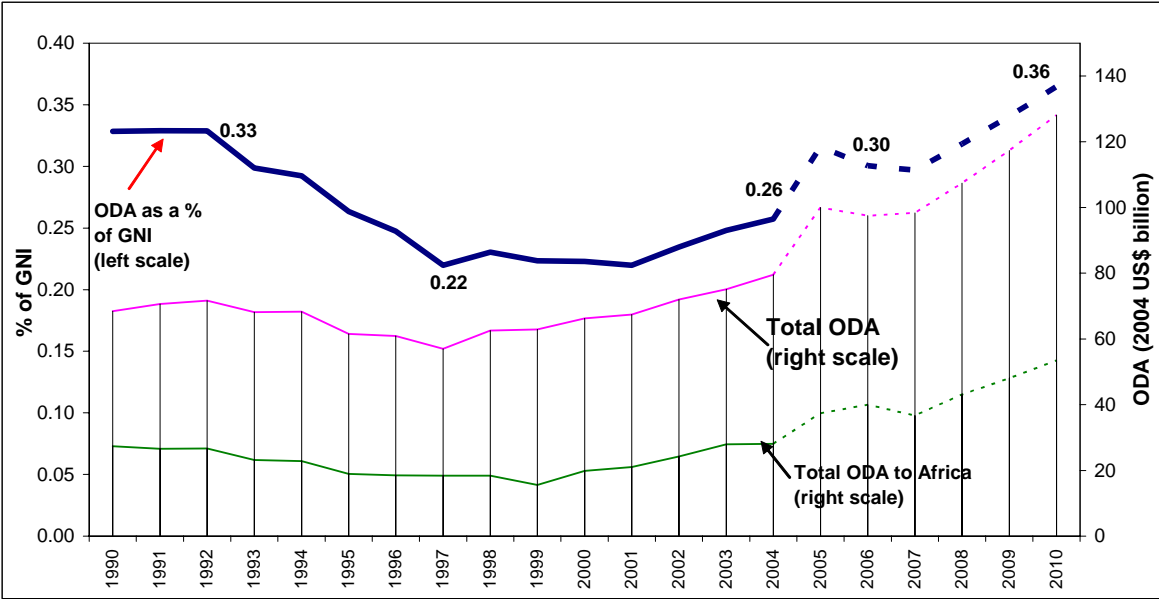


Table 2

OECD-DAC Secretariat Simulation of DAC Members' Net ODA Volumes in 2006 and 2010

In constant 2004 US\$ million

The data below are not forecasts, but Secretariat projections based on public announcements by member countries of the OECD's Development Assistance Committee (DAC). The key figures from such announcements are shown as "Assumptions". To calculate net ODA and ODA/GNI ratios requires projections for GNI for 2006 and 2010. For 2006 the projections of real growth for each country are taken from the *OECD Economic Outlook* No. 77 (May 2005) Annex Table 1. For the period 2006-10, real annual GNI growth of 2% is assumed for all countries. While calculations have been discussed at technical level with national authorities, the **DAC Secretariat is responsible for the methodology and the final published results.**

14 November 2005

Country	2004		Assumptions	2006				2010			
	Net ODA	ODA/GNI		Net ODA	ODA/GNI	Real change in ODA compared with 2004		Net ODA	ODA/GNI	Real change in ODA compared with 2004	
						(\$ m)	Per cent			(\$ m)	Per cent
Austria	678	0.23%	0.33% in 2006 and 0.51% in 2010	1 000	0.33%	322	48%	1 673	0.51%	995	147%
Belgium ¹	1 463	0.41%	0.7% in 2010	1 815	0.49%	351	24%	2 807	0.70%	1 344	92%
Denmark	2 037	0.85%	Minimum 0.8%	2 037	0.81%	0	0%	2 185	0.80%	148	7%
Finland ^{1 2}	655	0.35%	0.44% in 2007 and 0.7% in 2010	797	0.41%	141	22%	1 475	0.70%	820	125%
France ¹	8 473	0.41%	0.5% in 2007 and 0.7% in 2012	9 983	0.47%	1 510	18%	14 110	0.61%	5 638	67%
Germany	7 534	0.28%	0.33% in 2006 and 0.51% in 2010	9 271	0.33%	1 737	23%	15 509	0.51%	7 975	106%
Greece	465	0.23%	0.33% in 2006 and 0.51% in 2010	715	0.33%	251	54%	1 196	0.51%	732	158%
Ireland	607	0.39%	0.5% in 2007 and 0.7% in 2012	765	0.44%	158	26%	1 121	0.60%	514	85%
Italy	2 462	0.15%	0.33% in 2006 and 0.51% in 2010	5 537	0.33%	3 075	125%	9 262	0.51%	6 801	276%
Luxembourg ¹	236	0.83%	1% in 2009	272	0.90%	36	15%	328	1.00%	93	39%
Netherlands	4 204	0.73%	Minimum 0.8% ⁸	4 801	0.82%	598	14%	5 070	0.80%	867	21%
Portugal ³	1 031	0.63%	0.33% in 2006 and 0.51% in 2010	558	0.33%	- 474	-46%	933	0.51%	- 98	-10%
Spain ^{1 2}	2 437	0.24%	0.5% in 2008 and 0.7% in 2012	3 569	0.33%	1 132	46%	6 925	0.59%	4 488	184%
Sweden	2 722	0.78%	1% in 2006	3 719	1.00%	997	37%	4 025	1.00%	1 303	48%
United Kingdom ^{1 2}	7 883	0.36%	0.47% in 2007-08 and 0.7% in 2013	9 602	0.42%	1 719	22%	14 600	0.59%	6 717	85%
EU Members, Total	42 886	0.35%		54 440	0.43%	11 554	27%	81 221	0.59%	38 335	89%
Australia	1 460	0.25%	0.36% in 2010	1 768	0.28%	308	21%	2 460	0.36%	1 000	68%
Canada ⁴	2 599	0.27%	See footnote 4	2 897	0.28%	297	11%	3 648	0.33%	1 049	40%
Japan ⁵	8 906	0.19%	See footnote 5	9 906	0.20%	1 000	11%	11 906	0.22%	3 000	34%
New Zealand	212	0.23%	0.27% in 2005-06 and 0.28% in 2007-08	258	0.27%	46	22%	289	0.28%	77	36%
Norway	2 199	0.87%	1% over 2006-09	2 657	1.00%	458	21%	2 876	1.00%	677	31%
Switzerland ⁶	1 545	0.41%	See footnote 6	1 596	0.41%	51	3%	1 728	0.41%	182	12%
United States ⁷	19 705	0.17%	See footnote 7	24 000	0.19%	4 295	22%	24 000	0.18%	4 295	22%
DAC Members, Total	79 512	0.26%		97 520	0.30%	18 008	23%	128 128	0.36%	48 616	61%

¹ ODA/GNI ratios interpolated between 2004 and year target scheduled to be attained.

² Finland aim to achieve 0.7% by 2010 'subject to economic circumstances'; Spain aim for a minimum of 0.5% by 2008, with the intention then to aim for 0.7% by 2012; the UK has announced a timetable to reach 0.7% by 2013.

³ Portugal's ODA in 2004 was above trend due to an exceptional debt relief operation for Angola.

⁴ Canada intends to double its 2001 International Assistance Envelope (IAE) level by 2010 in nominal terms. The ODA portion estimated here, supplied by the Canadian authorities, includes adjustments for inflation (approximately 2 per cent per annum) and for ODA expenditures outside the IAE.

⁵ Japan intends to increase its ODA volume by \$10 billion in aggregate over the next five years (2005 - 2009) compared to its net ODA in 2004. The Secretariat's estimate assumes \$1 billion extra in 2006 and \$3 billion extra in 2010.

⁶ Switzerland's ODA will increase by 8% in nominal terms from 2005 to 2008. A new goal will be determined for the following years. The Secretariat's estimate assumes maintenance of 0.41% of GNI in 2006 and 2010.

⁷ Secretariat estimate based on 2004 ODA plus \$5 billion per annum to cover the Gleneagles G8 commitments on increased aid to Africa, Millennium Challenge Account, and initiatives on HIV/AIDS, malaria and humanitarian aid.

⁸ The Netherlands' ODA in 2004 was below its target as India repaid all its outstanding Dutch aid loans. The Netherlands intends to maintain its target of 0.8% of GNI, on average, over the period 2004-07.