

FINAL ODA DATA FOR 2003

Continuing recovery in DAC members' aid in 2003

1. Aid levels continue to recover from the falls during 1992-97 and the trough that continued to 2001. Total aid from DAC members rose by 7% in real terms from 2001 to 2002 and by a further 5% in 2003. In nominal terms official development assistance (ODA) rose from USD 58.3 billion in 2002 to USD 69.0 billion in 2003, but about USD 7.9 billion of the USD 10.7 billion increase was due to the combined effects of inflation and the fall in the external value of the dollar.

2. The 2003 total was the highest ever, both in nominal and real terms. Nevertheless, ODA growth has not matched economic growth over the past decade, so its recent recovery is less impressive when measured as a share of DAC members' combined gross national income (GNI). The ODA/GNI ratio rose to 0.25% in 2003, up from 0.23% in 2002 and 0.22% in 2001, but this is still well short of the average of 0.33% achieved in years 1980-92.

The following factors contributed to the net rise in real terms of USD 2.8 billion in 2003:

- Continuing growth in general bilateral grants (USD 3.6 billion, of which Iraq increased USD 1.9 billion)
- An increase (of USD 2.1 billion) in net debt forgiveness grants
- This was partly offset by a cyclical fall in contributions to multilateral concessional funds (-USD 0.9 billion) and by reduced net lending (-USD 1.9 billion).

Performance and commitments by DAC members

3. Table 1 and Charts 1 and 2 attached show that the United States has consolidated its position as the world's largest aid donor in volume terms, providing 24% of total DAC ODA. It was followed by Japan (13%), France (11%), Germany (10%) and the United Kingdom (9%). EU members combined provided 54% of total DAC ODA.

4. Denmark, Luxembourg, the Netherlands, Norway and Sweden are still the only countries to meet the United Nations ODA target of 0.7% of GNI. Of these, Sweden aims to achieve 1% in 2006, Norway aims to achieve 1% in 2006-09, and Luxembourg aims to reach this level in the long term. Four other countries have given a firm date to reach the 0.7% target: Ireland by 2007; Belgium and Finland by 2010; and France to reach 0.5% by 2007 and 0.7% by 2012. Spain has indicated it may reach 0.7% by 2012, and the United Kingdom that it may reach it by 2013.

5. Further substantial rises in real ODA levels are expected until at least 2006, which is both the target date for the commitments made at the Monterrey Conference on Financing for Development and the currently planned expiry date for the Heavily Indebted Poor Countries debt relief initiative (see Table 2). Several countries have also committed to aid increases beyond 2006. In addition to the undertakings by Belgium, Finland, France, Ireland, Spain and the United Kingdom noted above, Canada intends to double

its ODA between 2000 and 2010 and Switzerland has committed to an ODA/GNI ratio of 0.4% by 2010. If these longer-term commitments are met, ODA will pass USD 100 billion (at 2003 prices and exchange rates) by 2010.

Key trends in aid receipts

6. The pattern of ODA flows has shifted since 2001. In constant 2002 dollars, gross ODA receipts from both bilateral and multilateral donors rose between 2001 and 2003 by USD 9.3 billion, and net receipts by USD 7.8 billion. Sub-Saharan Africa accounted for about two-thirds of the rise. Of this, debt forgiveness rose by USD 4.3 billion between 2001 and 2003, DR Congo alone accounting for roughly the whole increase. Emergency aid to the region rose by USD 1.6 billion, with the largest increases going to Ethiopia, Sudan, Angola, DR Congo and Eritrea. Excluding these items, and a small increase in food aid, there was still a modest real increase of USD 0.6 billion in new money for development projects in the region.

7. The war on terrorism has also boosted aid flows. Between 2001 and 2003, net aid to Afghanistan from all sources rose from USD 0.4 billion to USD 1.5 billion and aid to Iraq rose from USD 0.1 billion to USD 2.3 billion. Aid to Pakistan has remained between USD 2 billion and USD 3 billion in gross terms in each of the last three years, but declined in 2003 in net terms because part of the assistance was in the form of forgiveness of loans that had already been reported as ODA in earlier years.

8. The slower rise in net ODA than in gross ODA results from increased repayments of ODA loans, particularly from Asian countries which have continued their recovery from the shocks of 1998. In 2003, ODA loan principal repayments by Thailand reached USD 1.7 billion, compared to USD 0.6 billion in 2001; India repaid USD 1.8 billion, compared to USD 1.1 billion two years earlier, and China and Pakistan also increased their repayments substantially.

9. Thus the global ODA picture can be seen as positive. Net ODA is continuing to rise in real terms. Much of the rise is accounted for by increased debt relief and assistance to trouble spots. Yet there has been no diminution of aid for other purposes, and this is being increasingly concentrated on the most needy recipients as strong growth reduces demand for aid from large and medium sized Asian countries. In 2003, India's net ODA receipts fell below USD 1 billion, the lowest level since the 1970s; aid to China was down by two-thirds from its levels of the early 1990s; and Thailand, once a large aid recipient, for the first time repaid more than it received. The bulk of the increase in aid over the past four years is accounted for by the Least Developed Countries.

Table 1. DAC Members' net Official Development Assistance in 2003

	2003		2002		Percent change 2002 to 2003 in real terms (1)
	ODA USD m current	ODA/GNI %	ODA USD m current	ODA/GNI %	
Australia	1 219	0.25	989	0.26	0.4
Austria	505	0.20	520	0.26	-20.5
Belgium	1 853	0.60	1 072	0.43	40.7
Canada	2 031	0.24	2 004	0.28	-12.7
Denmark	1 748	0.84	1 643	0.96	-12.8
Finland	558	0.35	462	0.35	0.3
France	7 253	0.41	5 486	0.38	8.7
Germany	6 784	0.28	5 324	0.27	5.3
Greece	362	0.21	276	0.21	5.7
Ireland	504	0.39	398	0.40	3.8
Italy	2 433	0.17	2 332	0.20	-15.3
Japan	8 880	0.20	9 283	0.23	-9.2
Luxembourg	194	0.81	147	0.77	8.4
Netherlands	3 981	0.80	3 338	0.81	-3.2
New Zealand	165	0.23	122	0.22	6.9
Norway	2 042	0.92	1 696	0.89	4.6
Portugal	320	0.22	323	0.27	-19.4
Spain	1 961	0.23	1 712	0.26	-7.8
Sweden	2 400	0.79	2 012	0.84	-2.8
Switzerland	1 299	0.39	939	0.32	19.7
United Kingdom	6 282	0.34	4 924	0.31	14.0
United States	16 254	0.15	13 290	0.13	20.4
TOTAL DAC	69 029	0.25	58 292	0.23	4.8
Average Country Effort		0.41		0.41	
<i>Memo Items</i>					
EC	7 173		5 448		7.7
EU countries combined	37 139	0.35	29 969	0.35	3.0
G7 countries	49 917	0.21	42 644	0.20	6.3
Non-G7 countries	19 112	0.46	15 648	0.47	0.5

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

Chart 1: Net ODA in 2003 - amounts

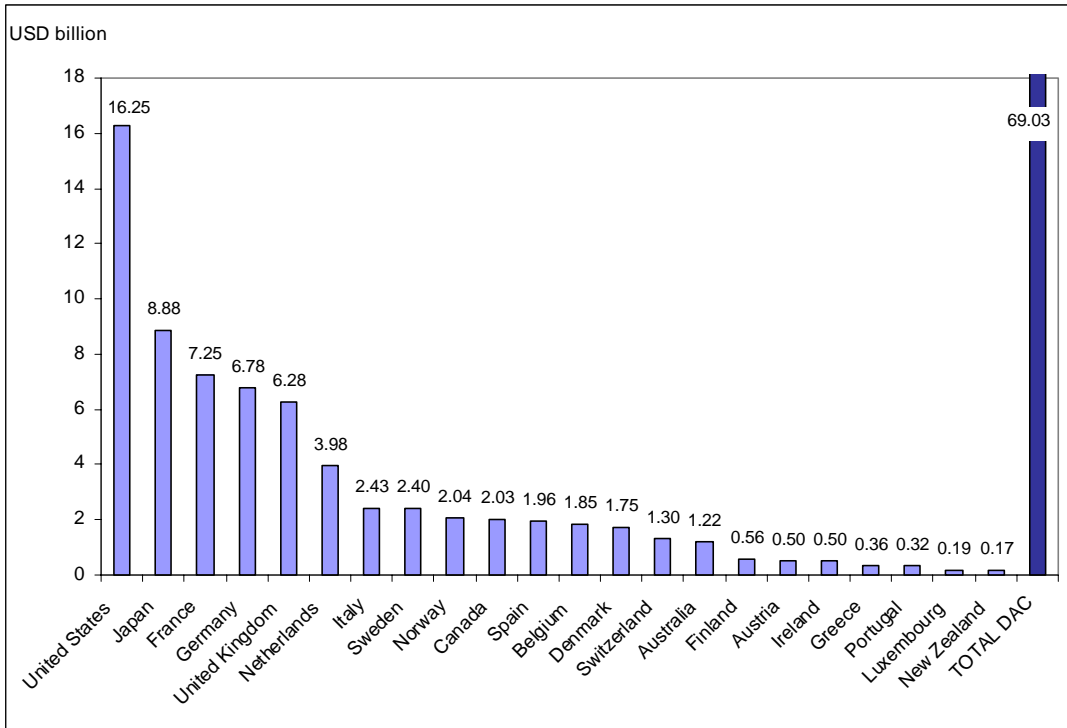


Chart 2: Net ODA in 2003 - as a percentage of GNI

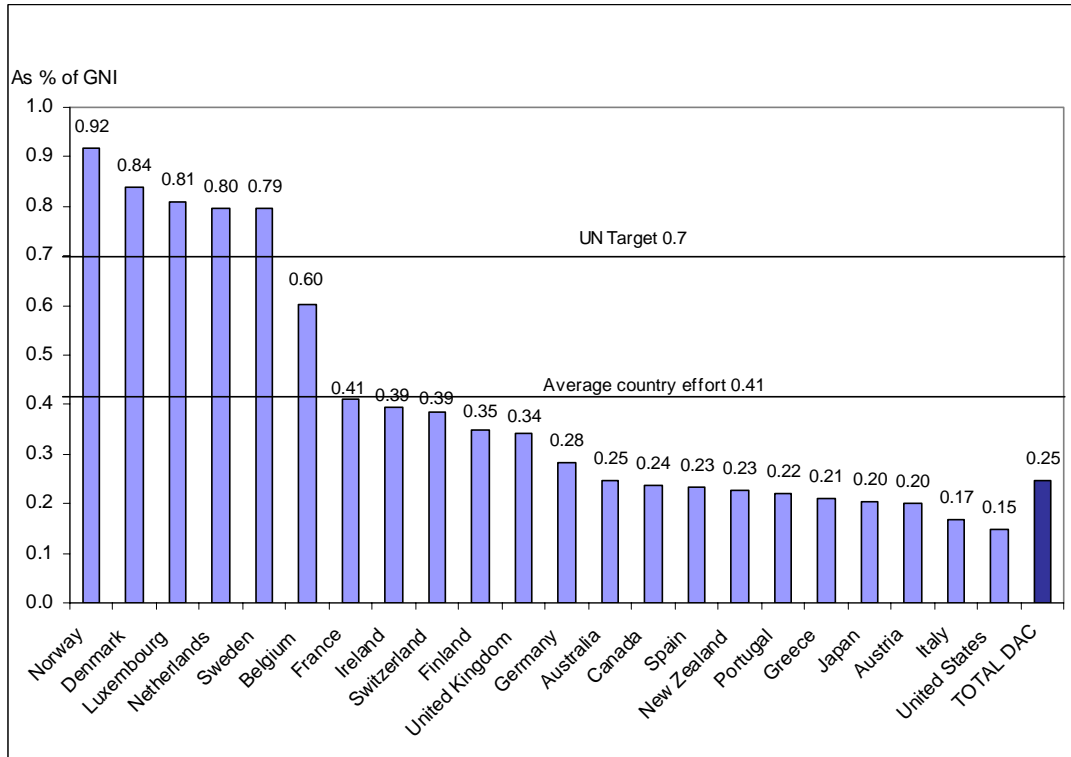


Table 2. Simulation of ODA prospects for 2006

Country	Net ODA in 2003 (US\$ m)	GNI in 2003	ODA/GNI in 2003	Commitment/ Announcement/ Assumption	Year to be attained	GNI in 2006 (@2% p.a real growth)	Net ODA in 2006 (in millions of 2003 US\$)		in 2006 compared with 2003 (at 2003 prices and exchange rates) ¹		
							ODA/GNI in 2006	(US\$ m)	Per cent		
Austria	505	250,371	0.20%		0.33%	2006	265,695	877	0.33%	372	74%
Belgium ²	1 853	307,996	0.60%		0.7%	2010	326,848	2 099	0.64%	245	13%
Denmark	1 748	208,620	0.84%		>0.7%	n.a.	221,389	1 838	0.83%	89	5%
Finland ^{2,3}	558	160,403	0.35%		0.44%	2007	170,221	706	0.41%	148	26%
France ²	7 253	1,762,602	0.41%		0.5% (0.7% by 2012)	2007	1,870,487	8 791	0.47%	1 538	21%
Germany	6 784	2,393,180	0.28%		0.33%	2006	2,539,662	8 381	0.33%	1 597	24%
Greece	362	172,892	0.21%		0.33%	2006	194,480	642	0.33%	280	77%
Ireland ²	504	127,604	0.39%		0.7%	2007	135,414	821	0.61%	318	63%
Italy	2 433	1,453,954	0.17%		0.33%	2006	1,542,948	5 092	0.33%	2 659	109%
Luxembourg	194	23,989	0.81%	Long term goal 1% (assume 0.87% in 2006)			25,457	221	0.87%	28	14%
Netherlands	3 981	499,435	0.80%		0.8%	Already	530,005	4 240	0.80%	259	7%
Portugal	320	145,496	0.22%		0.33%	2006	154,402	510	0.33%	190	59%
Spain ³	1 961	839,493	0.23%		0.5% (with 0.33% in 2006)	2008	890,877	2 940	0.33%	979	50%
Sweden	2 400	302,076	0.79%		1%	2006	320,565	3 206	1.00%	806	34%
United Kingdom ³	6 282	1,829,445	0.34%		0.47%	2007-08	2,013,676	8 455	0.42%	2 173	35%
EU Members, Total	37 139	10,477,556	0.35%		0.39%	2006	11,202,126	48 818	0.44%	11 679	31%
Australia ⁴	1 219	492,962	0.25%		0.26%	2004-05	523,135	1 360	0.26%	142	12%
Canada	2 031	853,583	0.24%		8% annual increase to 2010		932,734	2 558	0.27%	527	26%
Japan	8 880	4,375,704	0.20%		2001-2003 av. level (US\$ 9.5bn) in 2006		4,375,704	9 500	0.22%	620	7%
New Zealand	165	73,298	0.23%		Future level is under review		77,785	202	0.26%	37	22%
Norway	2 042	222,293	0.92%		1%	2006-09	235,899	2 359	1.00%	317	16%
Switzerland ²	1 299	337,008	0.39%		0.4%	2010	357,636	1 359	0.38%	60	5%
United States ⁵	16 254	10,980,860	0.15%		See footnote 5		11,978,540	22 290	0.19%	6 036	37%
DAC Members, Total	69 029	27,813,264	0.25%				29,683,558	88 446	0.30%	19 417	28%

¹ Assumes average real growth in GNI of 2% p.a. [3% for Canada and US, 4% for Greece, zero for Japan, and 3.25% for UK] from 2003 to 2006.

² ODA/GNI ratio for 2006 interpolated between 2003 and year target scheduled to be attained.

³ 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 noted that increases at the presently planned rate would bring its ratio to 0.7% by 2013.

⁴ As aid volume determined in annual budgets, assumes same ratio in forward years.

⁵ Assumes 5% nominal GNI growth and 2% inflation to 2006, and for 2006 includes estimated expenditure of over \$1.5 billion from the Millennium Challenge Account, of nearly \$2 billion for the Global AIDS initiative, increased multilateral aid, and rephased expenditure on reconstruction in Iraq.