OECD DAC Countries Begin Recovery in Development Aid: 5% Increase in 2002

Member countries of the OECD’s Development Assistance Committee increased their official development assistance to developing countries by 4.8% in real terms, accounting for inflation, from 2001 to 2002. The total amounted to $57 billion, equivalent to 0.23% of their combined resources, measured as gross national income (GNI), marking the beginning of a recovery from the all-time lows of 0.22% of GNI in each of the last three years.

Donor countries committed to increasing their official development assistance (ODA) to developing countries in the context of the International Conference on Financing for Development held in Monterrey, Mexico, in March 2002. According to OECD estimates, fulfilling these promises would raise ODA in real terms by 31% (about $16 billion) and the ODA/GNI ratio to 0.26% by 2006—still well below the ratio of 0.33% consistently achieved until 1992.

DAC member countries account for at least 95% of worldwide ODA disbursements. The United States remains the world’s largest aid donor in volume terms, followed by Japan, Germany, France and the United Kingdom.

Twelve of the twenty-two DAC member countries reported an increase in ODA in real terms; for nine of them the increase was over 10%. 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.

The United States increased its ODA by 11.6% in real terms in 2002 to $12.9 billion, representing 0.12% of its GNI. This increase was mainly due to additional and emergency funds in response to the 11 September 2001 terrorist attacks as well as new aid initiatives, especially in relation to health and humanitarian aid.

Japan’s ODA fell slightly by 1.8% in real terms in 2002. Most of the fall from $9.8 billion in 2001 to $9.2 billion in 2002 was because the Yen depreciated against the US dollar.

EU countries increased their ODA in 2002 by 2.8% in real terms, representing 0.34% of their combined GNI. Prior to Monterrey, EU Members committed to collectively increase their ODA to 0.39% of GNI by 2006. Features of EU aid included:
• ODA rose in Belgium to 0.42% of its GNI; in Finland to 0.35% of GNI; in France to 0.36% of GNI; and in Ireland to 0.41% of GNI, reflecting progress towards the individual commitments made by these countries in addition to the collective target.

• ODA rose significantly in Greece (by 34.2% in real terms)—mainly due to higher contributions to multilateral agencies, especially the EC; and in Italy (by 31.5% in real terms)—reflecting a major increase in bilateral aid, including debt relief operations in the context of the Heavily Indebted Poor Country initiative, as well as contributions to the EC and Global Funds.

• There were minor changes in ODA from the following EU countries: a slight increase for Germany (0.4%); and decreases for Denmark (-6.4%), Luxembourg (-3.5%), the Netherlands (-2.2%), Portugal (-4.6%), Sweden (-2.3%), and the United Kingdom (-3.5% due to a delay in finalising the replenishment of the World Bank’s International Development Association (IDA), which meant deferring its contribution from 2002 to 2003).

• ODA fell markedly in Austria (by -16.5%) and Spain (by -15.7%) compared to their 2001 levels which had been boosted by exceptional debt relief operations.

Other DAC countries showed the following changes in real terms in ODA in 2002:

• Australia up 2.1%, reflecting its intention to increase ODA in real terms by 3% by 2002-2003;
• Canada, which intends to double its ODA by 2010, up 31.6% due, among other factors, to real increases in its ODA programme and debt forgiveness;
• New Zealand up 0.5%;
• Norway, which seeks to increase its ODA to 1% of GNI by 2005, up 13.8%; and
• Switzerland down -5.6%, due to the delay in finalising the IDA replenishment, which meant deferring its contribution from 2002 to 2003.

Among the non-DAC donors, Korea’s ODA rose in current dollars from $265 million in 2001 to $286 million in 2002.

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 1: Net Official Development Assistance in 2002

<table>
<thead>
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<tbody>
<tr>
<td>Australia</td>
<td>962</td>
<td>0.25</td>
<td>873</td>
<td>0.25</td>
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<tr>
<td>Austria</td>
<td>475</td>
<td>0.23</td>
<td>533</td>
<td>0.29</td>
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<td>Belgium</td>
<td>1,061</td>
<td>0.42</td>
<td>867</td>
<td>0.37</td>
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<td>Canada</td>
<td>2,013</td>
<td>0.28</td>
<td>1,533</td>
<td>0.22</td>
<td>31.6</td>
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<tr>
<td>Denmark</td>
<td>1,632</td>
<td>0.96</td>
<td>1,634</td>
<td>1.03</td>
<td>-6.4</td>
</tr>
<tr>
<td>Finland</td>
<td>466</td>
<td>0.35</td>
<td>389</td>
<td>0.32</td>
<td>12.5</td>
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<tr>
<td>France</td>
<td>5,182</td>
<td>0.36</td>
<td>4,990</td>
<td>0.27</td>
<td>15.3</td>
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<td>Germany</td>
<td>5,359</td>
<td>0.27</td>
<td>4,990</td>
<td>0.27</td>
<td>0.4</td>
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<tr>
<td>Greece</td>
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<td>0.22</td>
<td>202</td>
<td>0.17</td>
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<tr>
<td>Ireland</td>
<td>397</td>
<td>0.41</td>
<td>287</td>
<td>0.33</td>
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<tr>
<td>Italy</td>
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<td>0.20</td>
<td>1,627</td>
<td>0.15</td>
<td>31.5</td>
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<tr>
<td>Japan</td>
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<td>9,847</td>
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<tr>
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<td>0.78</td>
<td>141</td>
<td>0.82</td>
<td>-3.5</td>
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<td>3,377</td>
<td>0.82</td>
<td>3,172</td>
<td>0.82</td>
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<td>124</td>
<td>0.23</td>
<td>112</td>
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<td>Norway</td>
<td>1,714</td>
<td>0.89</td>
<td>1,346</td>
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<td>268</td>
<td>0.25</td>
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<td>1,737</td>
<td>0.30</td>
<td>-15.7</td>
</tr>
<tr>
<td>Sweden</td>
<td>1,754</td>
<td>0.74</td>
<td>1,666</td>
<td>0.77</td>
<td>-2.3</td>
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<tr>
<td>Switzerland</td>
<td>933</td>
<td>0.32</td>
<td>908</td>
<td>0.34</td>
<td>-5.6</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>4,749</td>
<td>0.30</td>
<td>4,579</td>
<td>0.32</td>
<td>-3.5</td>
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<td>United States</td>
<td>12,900</td>
<td>0.12</td>
<td>11,429</td>
<td>0.11</td>
<td>11.6</td>
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<tr>
<td>TOTAL DAC</td>
<td>56,958</td>
<td>0.23</td>
<td>52,337</td>
<td>0.22</td>
<td>4.8</td>
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</table>
| Average Country Effort | 0.40 | 0.40

**Memo Items**

1. EC 6,502 5,961 1.2
2. EU countries combined 29,093 0.34 26,290 0.33 2.8
3. G7 countries 41,736 0.19 38,202 0.18 6.9
4. Non-G7 countries 15,223 0.45 14,135 0.47 -0.9
5. Korea 286 0.06 265 0.06 3.0

(1) Taking account of both inflation and exchange rate movements.
Chart 1: Net Official Development Assistance Flows from DAC Member Countries

USD billion

Net ODA in 2002 - amounts

United States 12.90
Japan 9.22
Germany 5.36
France 5.18
United Kingdom 4.75
Italy 3.38
Canada 2.31
Sweden 2.01
Norway 1.75
Denmark 1.63
Spain 1.61
Belgium 1.06
Australia 0.93
Switzerland 0.47
Norway 0.40
France 0.30
Germany 0.28
United Kingdom 0.14
Sweden 0.12

USD million

Net ODA in 2002 - as a percentage of GNI

As % of GNI

UN Target 0.7
Average country effort 0.40

United States 0.96
Japan 0.89
Germany 0.82
France 0.78
United Kingdom 0.74
Italy 0.42
Canada 0.41
Sweden 0.35
Norway 0.32
Denmark 0.30
Spain 0.27
Belgium 0.25
Australia 0.24
Switzerland 0.23
Austria 0.23
Norway 0.22
France 0.20
Canada 0.14
Germany 0.12
United States 0.23