

Official development assistance in 2009

In 2009, total net official development assistance (ODA) from members of the OECD's Development Assistance Committee (DAC) rose slightly in real terms (+0.7%) to USD 119.6 billion, representing 0.31% of DAC members' combined gross national income (GNI, see Table 1 and Chart 1). Debt relief, which had been especially high in 2005 and 2006 due to exceptional Paris Club packages for Iraq and Nigeria, fell sharply (see Chart 2). Excluding debt relief, the rise in ODA in real terms was +6.8%.

If debt relief and humanitarian aid are excluded, bilateral aid for development programmes and projects rose by 8.5% in real terms, as donors continued to scale up their core development projects and programmes. Most of the rise was in new lending (+20.6%), but grants also increased (+4.6%, excluding debt relief).

In 2009, net bilateral ODA to Africa was USD 28 billion, representing an increase of 3% in real terms over 2008. USD 25 billion of this aid went to sub-Saharan Africa, an increase of 5.1% over 2008.

Donor performance

In 2009, the largest donors by volume were the United States, France, Germany, the United Kingdom and Japan. Five countries exceeded the United Nations ODA target of 0.7% of GNI: Denmark, Luxembourg, the Netherlands, Norway and Sweden.

The largest percentage increases in net ODA in real terms were from Norway, France, the United Kingdom, Korea (which joined the DAC with effect from 1 January 2010), Finland, Belgium and Switzerland. Significant increases were also recorded in Denmark, Sweden and the United States.

In 2009, the United States was the largest donor providing USD 28.7 billion in net ODA flows, representing an increase of 5.4% in real terms over 2008. Its ODA/GNI ratio rose from 0.19% in 2008 to 0.20% in 2009. Total net US ODA flows increased to each region, particularly to sub-Saharan Africa (+10.5% to USD 7.5 billion). ODA also increased significantly to Afghanistan (+39.5% to USD 3.0 billion). US net ODA to the group of Least Developed Countries (LDCs) increased by +13.6% to USD 8.1 billion.

Japan's net ODA fell by 10.7% in real terms to USD 9.5 billion, representing 0.18% of its GNI. The fall was mainly due to the fact that debt relief, notably for Iraq, fell compared to 2008. However, contributions to international financial institutions increased significantly in 2009.

The combined net ODA of the fifteen members of the DAC that are EU members fell slightly (-0.2%) to USD 67.1 billion, representing 0.44% of their combined GNI. DAC-EU ODA represented 56% of total DAC ODA.

In real terms, net ODA rose in seven DAC-EU countries as follows:

- Belgium (+11.5%), due to a general scaling up of its aid;
- Denmark (+4.2%);
- Finland (+13.1%), as it increased its bilateral aid;
- France (+16.9%), due to an increase in bilateral lending and contributions to international organisations;
- Luxembourg (+1.9%);
- Sweden (+7.4%), as it continued to achieve an ODA level of 1 % of its GNI;
- United Kingdom (+14.6%), reflecting the scaling up of its bilateral aid.

Aid fell in the following DAC-EU countries:

- Austria (-31.2%), due to reduced levels of debt relief compared with 2008;
- Germany (-12.0%), as reduced debt relief outweighed significant increased bilateral aid;
- Greece (-12%), reflecting tightening ODA budgets due to fiscal pressure;
- Ireland (-18.9%), due to budgetary pressures;
- Italy (-31.1%), due to a decrease in overall aid and reduced debt relief;
- Netherlands (-4.5%);
- Portugal (-15.7%);
- Spain (-1.2%) though significant spending approved late in 2009 will only take effect in 2010, maintaining the increasing trend of its ODA.

Aid by EU institutions rose by 4.4% to USD 15.0 billion, mainly due to an increase in grant programmes.

Net ODA rose or fell in other DAC countries as follows:

- Australia (-1.4%) due to high debt relief levels in 2008 which did not continue into 2009;
- Canada (-9.5%), following a large contribution to IDA in 2008 and a reduction in debt relief ;
- Korea (+13.5%), due to an increase in bilateral loans;
- New Zealand (-3.2%);
- Norway (+17.3%), due to an increase in its bilateral aid;
- Switzerland (+11.5%), due to special debt relief for Togo and increased costs for asylum seekers being counted in its ODA.

Gross ODA (i.e. ODA without subtracting loan repayments) in 2009 amounted to USD 132.7 billion. The largest donors were: the United States (USD 29.5 billion), Japan (USD 16.5 billion), France (USD 15.3 billion), Germany (USD 13.3 billion) and the United Kingdom (USD 11.7 billion).

The following non-DAC members reported changes in their net ODA in 2009 as follows:

- Czech Republic (-4.7%);
- Hungary (+21.7%), due to an increase in its bilateral programmes;
- Iceland (-11.7%) due to budgetary pressures;
- Poland (+13.2%);
- Slovak Republic (-18.9%), as its bilateral assistance was reduced;
- Turkey (+2.1%).

What are the expected aid levels for 2010?

At the Gleneagles G8 and Millennium +5 summits in 2005, donors made specific commitments to increase their aid. When quantified by the OECD Secretariat, the pledges implied lifting aid from around USD 80 billion in 2004 to nearly USD 130 billion in 2010, at constant 2004 prices, representing 0.36% of estimated GNI in 2010.

On 17 February 2010, the OECD released its first estimate of the 2010 ODA outcome, based on a special review of donors' budget plans for 2010¹. This estimate has now been updated in light of the DAC donors' 2009 performance and some further adjustments to the 2010 targets. In general, GNI reported by DAC donors for 2009 was slightly higher than previously estimated and the GNI prospects for 2010 are also slightly improved.

The OECD now estimates that the recent economic contraction has, by cutting nominal GNI, reduced the dollar value of the commitments made for 2010 to around USD 126 billion (in constant 2004 dollars), or USD 46 billion over the 2004 level, compared with the original estimate of USD 50 billion.

While most countries have maintained their commitments for 2010, others, including some large donors, have reduced or postponed the pledges they made for 2010. On the basis of current 2010 budget proposals and latest GNI figures:

- The overall expected ODA level for 2010 is estimated at USD 108 billion expressed in 2004 dollars, an increase of USD 28 billion over the 2004 baseline, with the ODA/GNI ratio rising over the same period from 0.26% to an estimated 0.32%.
- The shortfall is USD 18 billion (in 2004 dollars) against the 2005 commitments, once the effects of reduced GNI are taken into account; this shortfall impacts particularly on Africa (see Chart 3).
- Expressed in 2009 prices, projected 2010 ODA is estimated at USD 126 billion, representing an increase of nearly USD 6 billion over 2009.
- Africa, in particular, is likely to receive only about USD 11 billion of the USD 25 billion increase envisaged at Gleneagles, due mainly to some European donors who give large shares of their official development assistance (ODA) to Africa not meeting their ambitious targets.

2010 is a key year for DAC-EU donors, who in 2005 aimed to reach a collective total of 0.56% of GNI in net ODA for that year, with a minimum country target of 0.51%. 2010 is also special for DAC-EU donors as it represents the midpoint between the 2005 commitments and the 2015 target date for meeting the 0.7% ODA/GNI level.

Some will surpass that goal: Sweden, with the world's highest ODA as a percentage of its GNI at 1.01%, is followed by Luxembourg (1%), Denmark (0.83%), the Netherlands (0.8%), Belgium (0.7%), the United Kingdom (now estimated at 0.60%), Finland (0.56%), Ireland (0.52%) and Spain (0.51%).

But others will not reach the target, although some have made significant progress since 2004: France (estimated at between 0.44 and 0.48%, 0.46% is used in the attached projections), Germany (0.40%), Austria (0.37%), Portugal (0.34%), Greece (0.21%), and Italy (0.20%).

Other DAC countries made varying ODA commitments for 2010, and most, but not all, will fulfil them. The United States pledged to double its aid to sub-Saharan Africa between 2004 and 2010 and already attained this goal in 2009. Canada aimed to double its 2001 International Assistance Envelope level by 2010 in nominal terms, Australia aimed to reach \$A 4 billion, and New Zealand planned to reach 0.28% of its GNI. These three countries all appear on track to meet these objectives, and Australia and New

¹ http://www.oecd.org/document/20/0,3343,en_2649_34447_44617556_1_1_1_37413,00.html

Zealand have since set further targets for later years. Norway will maintain its ODA level of 1% of its GNI, and Switzerland will likely reach 0.47% of its GNI, exceeding its previous commitment of 0.41%.

Japan's Gleneagles promise was to give USD 10 billion more over the period 2005 to 2009 than if its ODA had stayed at its 2004 level over this period. It fell short by USD 3.6 billion due mainly to severe economic and budgetary constraints, as well as significant early repayments on ODA loans by some borrowing countries. For 2010, Japan aims to increase its ODA, although since the exact level is not yet known the projections below use the 2009 figure for the time being.

Despite various shortfalls against commitments, ODA increased by nearly 30% in real terms between 2004 and 2009, and is expected to rise by about 36% in real terms between 2004 and 2010. ODA as a percentage of GNI rose from 0.26% in 2004 to 0.31% in 2009 and is expected to rise to 0.32% in 2010 (see Chart 3). This is the largest volume increase ever in ODA over such a period and does not depend on the large increase in debt relief which boosted the aid numbers in 2005-07 (see Chart 2). The continued growth in ODA has shown that aid pledges are effective when backed up with adequate resources, political will and firm multi-year spending plans. ODA will continue to rise in 2010, unlike other financial flows to developing countries which have fallen sharply since the onset of the global financial crisis.

TABLE 1: NET OFFICIAL DEVELOPMENT ASSISTANCE IN 2009
Preliminary data for 2009

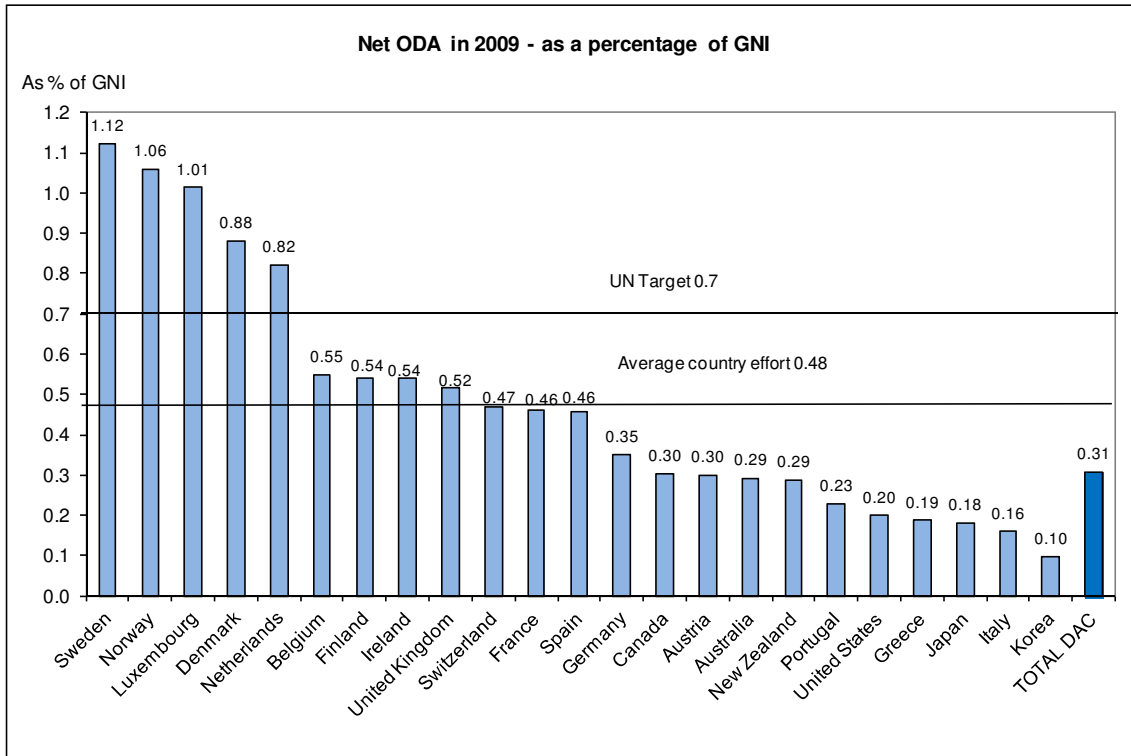
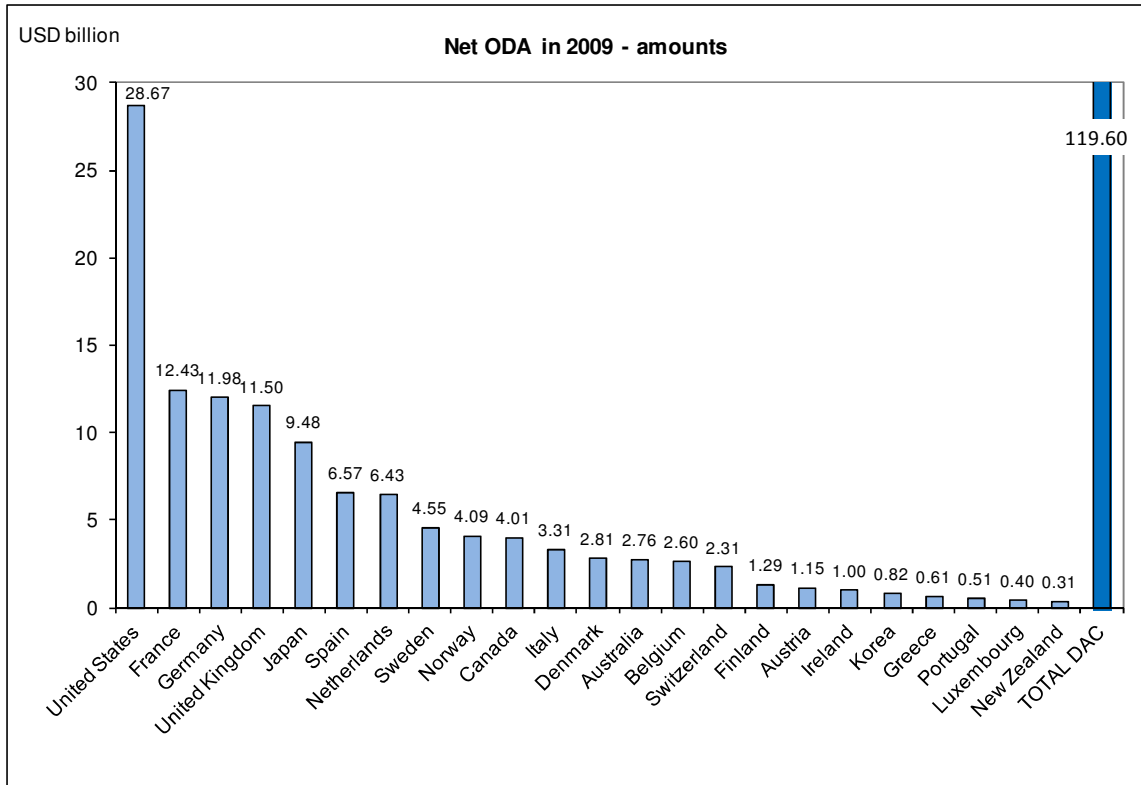
	2009		2008		2009	
	ODA USD million current	ODA/GNI %	ODA USD million current	ODA/GNI %	ODA USD million (1) At 2008 prices and exchange rates	Percent change 2008 to 2009 (1)
Australia	2 761	0.29	2 954	0.32	2 912	-1.4
Austria	1 146	0.30	1 714	0.43	1 179	-31.2
Belgium	2 601	0.55	2 386	0.48	2 661	11.5
Canada	4 013	0.30	4 795	0.33	4 341	-9.5
Denmark	2 810	0.88	2 803	0.82	2 922	4.2
Finland	1 286	0.54	1 166	0.44	1 319	13.1
France	12 431	0.46	10 908	0.39	12 746	16.9
Germany	11 982	0.35	13 981	0.38	12 297	-12.0
Greece	607	0.19	703	0.21	618	-12.0
Ireland	1 000	0.54	1 328	0.59	1 077	-18.9
Italy	3 314	0.16	4 861	0.22	3 350	-31.1
Japan	9 480	0.18	9 579	0.19	8 556	-10.7
Korea	816	0.10	802	0.09	910	13.5
Luxembourg	403	1.01	415	0.97	423	1.9
Netherlands	6 425	0.82	6 993	0.80	6 675	-4.5
New Zealand	313	0.29	348	0.30	337	-3.2
Norway	4 086	1.06	3 963	0.88	4 650	17.3
Portugal	507	0.23	620	0.27	523	-15.7
Spain	6 571	0.46	6 867	0.45	6 786	-1.2
Sweden	4 546	1.12	4 732	0.98	5 083	7.4
Switzerland	2 305	0.47	2 038	0.44	2 271	11.5
United Kingdom	11 505	0.52	11 500	0.43	13 179	14.6
United States	28 665	0.20	26 842	0.19	28 305	5.4
TOTAL DAC	119 573	0.31	122 296	0.30	123 119	0.7
Average Country Effort		0.48		0.46		
<i>Memo Items:</i>						
EU Institutions	15 022		14 757		15 412	4.4
DAC-EU countries	67 135	0.44	70 974	0.43	70 838	-0.2
G7 countries	81 390	0.26	82 465	0.26	82 774	0.4
Non-G7 countries	38 183	0.50	39 831	0.49	40 345	1.3
<i>Non-DAC economies:</i>						
Czech Republic	224	0.12	249	0.12	237	-4.7
Hungary	116	0.09	107	0.08	130	21.7
Iceland	34	0.33	48	0.47	43	-11.7
Poland	343	0.08	372	0.08	422	13.2
Slovak Republic	74	0.08	92	0.10	74	-18.9
Turkey	718	0.12	780	0.11	797	2.1

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

Note: The data for 2009 are preliminary pending detailed final data to be published in December 2010. 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.

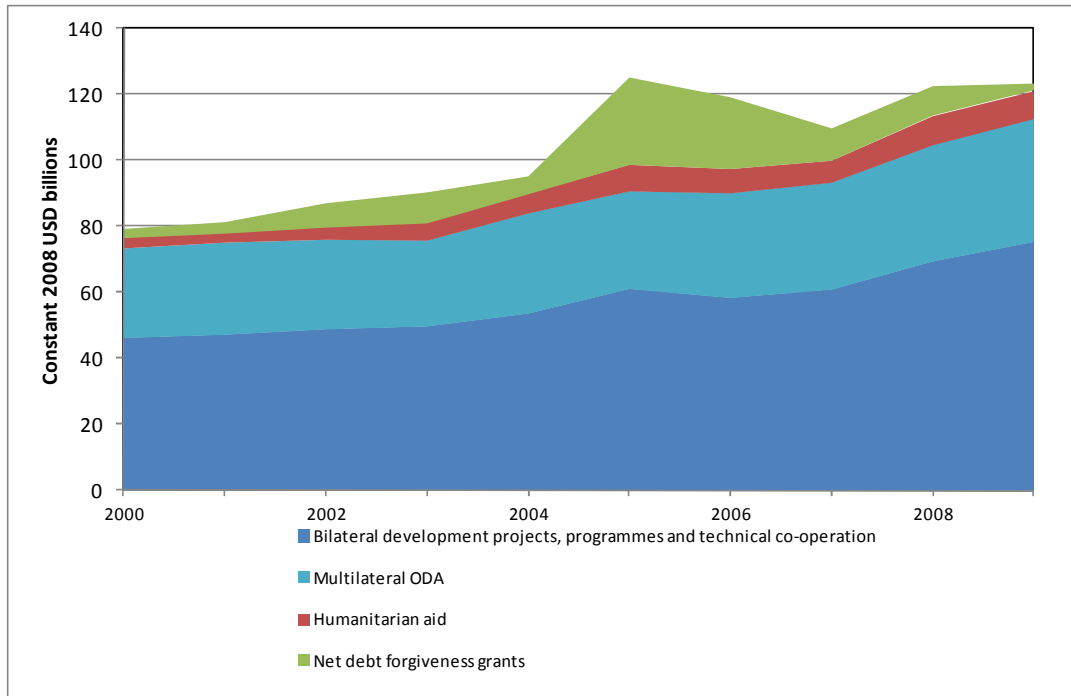
Source: OECD, 14 April 2010.

CHART 1: NET OFFICIAL DEVELOPMENT ASSISTANCE IN 2009



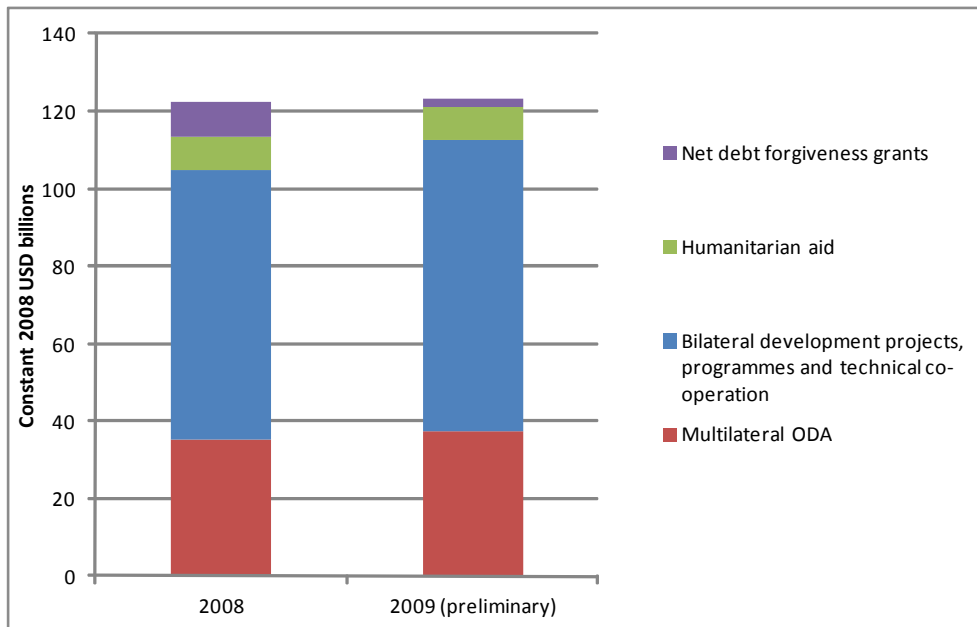
Source: OECD, 14 April 2010.

CHART 2. COMPONENTS OF DAC DONORS' NET ODA



Source: OECD, 14 April 2010.

CHART 3. COMPONENTS OF DAC DONORS' NET ODA IN 2008 AND 2009



Source: OECD, 14 April 2010.

TABLE 2: GROSS OFFICIAL DEVELOPMENT ASSISTANCE IN 2009
Preliminary data for 2009

	2009 ODA USD million current	2008 ODA USD million current	2009 ODA USD million (1) At 2008 prices and exchange rates	Percent change 2008 to 2009 (1)
Australia	2 761	2 954	2 912	-1.4
Austria	1 149	1 763	1 182	-33.0
Belgium	2 650	2 494	2 710	8.7
Canada	4 054	4 834	4 385	-9.3
Denmark	2 845	2 867	2 960	3.2
Finland	1 286	1 168	1 319	12.9
France	15 260	12 540	15 648	24.8
Germany	13 255	15 961	13 604	-14.8
Greece	607	703	618	-12.0
Ireland	1 000	1 328	1 077	-18.9
Italy	3 492	5 097	3 530	-30.7
Japan	16 464	17 453	14 858	-14.9
Korea	851	842	949	12.7
Luxembourg	403	415	423	1.9
Netherlands	6 585	7 282	6 840	-6.1
New Zealand	313	348	337	-3.2
Norway	4 086	3 963	4 650	17.3
Portugal	543	627	559	-10.8
Spain	6 977	7 477	7 206	-3.6
Sweden	4 546	4 735	5 083	7.4
Switzerland	2 315	2 049	2 281	11.3
United Kingdom	11 734	11 977	13 441	12.2
United States	29 480	27 819	29 109	4.6
TOTAL DAC	132 655	136 696	135 681	-0.7
<i>Memo Items:</i>				
EU Institutions	15 354	15 108	15 753	4.3
DAC-EU countries	72 333	76 433	76 200	-0.3
G7 countries	93 739	95 680	94 576	-1.2
Non-G7 countries	38 917	41 016	41 106	0.2

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

Source: OECD, 14 April 2010.

Table 3. DAC Members' Commitments and Performance: Summary Table of OECD Secretariat Projections

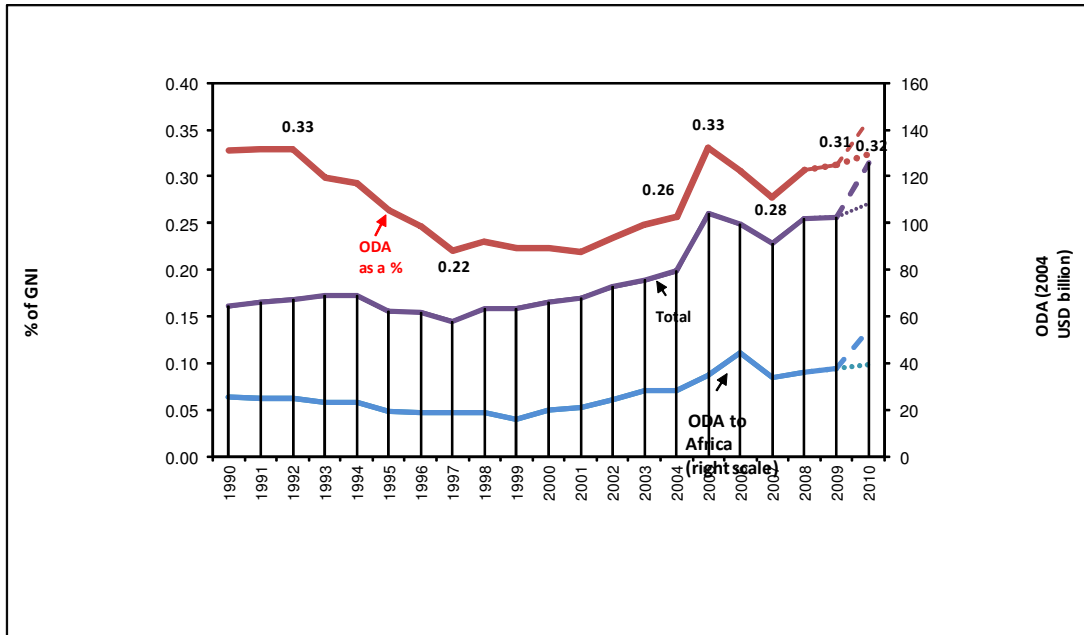
April 2010

Country	Actual ODA 2004	Net ODA (2004 USD m)			ODA/GNI		
		2005 projection for 2010	Growth-adjusted 2005 projection for 2010	Current projection for 2010	Actual 2004	2005 projection for 2010	Current projection for 2010
Austria	678	1 673	1 621	1 178	0.23%	0.51%	0.37%
Belgium	1 463	2 807	2 706	2 706	0.41%	0.70%	0.70%
Denmark	2 037	2 185	2 213	2 299	0.85%	0.80%	0.83%
Finland	680	1 475	1 379	1 112	0.37%	0.70%	0.56%
France	8 473	14 110	13 474	10 130	0.41%	0.61%	0.46%
Germany	7 534	15 509	14 906	11 691	0.28%	0.51%	0.40%
Greece	321	1 196	1 275	525	0.16%	0.51%	0.21%
Ireland	607	1 121	951	824	0.39%	0.60%	0.52%
Italy	2 462	9 262	8 892	3 426	0.15%	0.51%	0.20%
Luxembourg	236	328	304	304	0.79%	1.00%	1.00%
Netherlands	4 204	5 070	5 323	5 323	0.73%	0.80%	0.80%
Portugal	1 031	933	912	608	0.63%	0.51%	0.34%
Spain	2 437	6 925	6 552	5 652	0.24%	0.59%	0.51%
Sweden	2 722	4 025	3 865	3 915	0.78%	1.00%	1.01%
United Kingdom	7 905	14 600	13 873	14 185	0.36%	0.59%	0.60%
DAC EU members, total	42 789	81 221	78 245	63 877	0.35%	0.59%	0.48%
Australia	1 460	2 460	2 518	2 460	0.25%	0.36%	0.35%
Canada	2 599	3 648	3 648	3 542	0.27%	0.33%	0.33%
Japan	8 922	11 906	11 906	8 501	0.19%	0.22%	0.18%
New Zealand	212	289	282	324	0.23%	0.28%	0.32%
Norway	2 199	2 876	2 849	2 849	0.87%	1.00%	1.00%
Switzerland	1 545	1 728	1 646	1 881	0.40%	0.41%	0.47%
United States	19 705	24 000	24 705	24 705	0.17%	0.18%	0.19%
DAC members, total	79 432	128 128	125 799	108 139	0.26%	0.36%	0.32%

Source: OECD, 14 April 2010.

Note: The 2005 projections for 2010 are Secretariat estimates. The growth-adjusted 2005 projection for 2010 incorporates the impact of the financial crisis on the dollar value of these commitments.

Chart 4. DAC members' net ODA 1990 - 2008 and DAC Secretariat simulations of net ODA to 2009 and 2010



Note: ----- dashed line indicates the growth-adjusted trajectory envisaged at Gleneagles.
dotted line indicates estimates based on reported intentions or current 2010 budget plans made by DAC members.
dotted line for Africa indicates a Secretariat estimate of likely actual spending.

Source: OECD, 14 April 2010.