

*OECD – Paris, 8 April, 2014*

## **AID TO DEVELOPING COUNTRIES REBOUNDS IN 2013 TO REACH AN ALL-TIME HIGH**

Development aid rose by 6.1% in real terms in 2013 to reach the highest level ever recorded, despite continued pressure on budgets in OECD countries since the global economic crisis. Donors provided a total of USD 134.8 billion in net official development assistance (ODA), marking a rebound after two years of falling volumes, as a number of governments stepped up their spending on foreign aid.

An annual survey of donor spending plans by the OECD Development Assistance Committee (DAC) indicated that aid levels could increase again in 2014 and stabilise thereafter. However, a trend of a falling share of aid going to the neediest sub-Saharan African countries looks likely to continue.

“It is heartening to see governments increasing their development aid budgets again, despite the financial constraints they are currently facing,” said OECD Secretary-General Angel Gurría. “However, assistance to some of the neediest countries continues to fall, which is a serious concern. We will need to address this issue when the Global Partnership for Effective Development Co-operation meets in Mexico next week, as well as the broader challenge of how to make the most of ODA in a growing pool of resources for development finance”.

### **Key aid figures in 2013**

In all, 17 of the DAC’s 28 member countries increased their ODA in 2013, while 11 reported a decrease. Net ODA from DAC countries stood at 0.3% of gross national income (GNI.) Five countries met a longstanding UN target for an ODA/GNI ratio of 0.7%.

The United Kingdom increased its ODA by 27.8% to hit the 0.7% target for the first time. The United Arab Emirates posted the highest ODA/GNI ratio, 1.25%, after providing exceptional support to Egypt.

Aid to developing countries grew steadily from 1997 to a first peak in 2010. It fell in 2011 and 2012 as many governments took austerity measures and trimmed aid budgets. The rebound in aid budgets in 2013 meant that even excluding the five countries that joined the DAC in 2013 (Czech Republic, Iceland, Poland, Slovak Republic and Slovenia), 2013 DAC ODA was still at an all-time high.

### **Shifting aid allocations**

Within bilateral net ODA, non-grant disbursements (including equity acquisitions) rose by about 33% in real terms from 2012. Total grants rose 7.7% in real terms; excluding debt forgiveness grants, they rose 3.5%. Net aid for core bilateral projects (excluding debt relief grants and humanitarian aid) rose by nearly 2.3% in real terms and core contributions to multilateral institutions by 6.9% (see Chart 2).

Bilateral aid to sub-Saharan Africa was USD 26.2 billion, a decrease of 4.0% in real terms from 2012. Aid to the African continent fell by 5.6% to USD 28.9 billion. Excluding debt relief, which was high in 2012 due to assistance to Côte d’Ivoire, net aid in real terms rose by 1.2% to sub-Saharan Africa but fell by 0.9% to the continent as a whole.

Bilateral net ODA to the Least Developed Countries (LDCs) rose by 12.3% in real terms to about USD 30 billion. However, there was exceptional debt relief for Myanmar in 2013. Details on the impact of debt relief on aid flows to LDCs will be available later this year.

## Donor performance

The largest donors by volume were the United States, the United Kingdom, Germany, Japan and France. Denmark, Luxembourg, Norway and Sweden continued to exceed the 0.7% ODA/GNI target and the UK met it for the first time. The Netherlands fell below 0.7% for the first time since 1974.

Net ODA rose in 17 countries, with the largest increases recorded in Iceland, Italy, Japan, Norway and the UK. It fell in 11 countries, with the biggest decreases in Canada, France and Portugal.

The G7 countries provided 70% of total net DAC ODA in 2013, and the DAC-EU countries 52%.

The US remained the largest donor by volume with net ODA flows of USD 31.5 billion, an increase of 1.3% in real terms from 2012. US ODA as a share of GNI was 0.19%. Most of the increase was due to humanitarian aid and support for fighting HIV/AIDS. By contrast US net bilateral aid to LDCs fell by 11.7% in real terms to USD 8.4 billion due in particular to reduced disbursements to Afghanistan. Net ODA disbursements to sub-Saharan Africa fell by 2.9% to USD 8.7 billion.

ODA from the 19 EU countries that are DAC members was USD 70.7 billion, a rise of 5.2% in real terms from 2012, and 0.42% of their combined GNI. ODA rose or fell in DAC-EU countries as follows:

- Austria (+0.7%)
- Belgium (-6.1%): due to lower levels of debt relief in 2013 compared to 2012
- Czech Republic (-4.7%): due to a decrease in bilateral aid to Afghanistan
- Denmark (+3.8%): as it increased its bilateral aid
- Finland (+3.5%): reflecting an overall scaling up of its aid
- France (-9.8%): due to lower levels of loans disbursements and debt relief compared to 2012
- Germany (+3.0%): due to a rise in bilateral lending and higher contributions to international organisations
- Greece (-7.7%): due to austerity measures
- Ireland (-1.9%): despite continued budgetary pressures, Ireland has largely stabilised allocations to ODA, with 2013 volumes marginally decreasing on the 2012 levels
- Italy (+13.4%): the Italian government had made a firm commitment to increase its ODA allocations to 0.16% of GNI in 2013 and reached this target
- Luxembourg (+1.2%)
- Netherlands (-6.2%): its ODA/GNI ratio fell below 0.7% due to overall aid budget cuts; the Netherlands says it remains committed to the 0.7% target and to innovative, results-oriented support mechanisms and partnerships to increase the leverage of its development efforts
- Poland (+8.6%): due to increased contributions to EU Institutions
- Portugal (-20.4%): due to financial constraints leading to budget cuts
- Slovak Republic (+2.4%)
- Slovenia (-0.6%)
- Spain (+3.7%): due to debt relief operations in sub-Saharan Africa
- Sweden (+6.3%): due to increases in its bilateral aid and aid to international organisations
- UK (+27.8%): as it put into place firm budget allocations to meet the 0.7% ODA/GNI target.

In 2013, net ODA by the 28 EU member states was USD 71.2 billion, or 0.41% of their combined GNI. Net disbursements by EU Institutions to developing countries and multilateral organisations were USD 15.9 billion, a fall of 13.1% from 2012, due especially to a lower volume of concessional loans.

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

- Australia (-4.5%): as it delayed expenditure due to reprioritisation of its aid program to focus on the Indo-Pacific region. Australia's aid remains stable and on track for an estimated expenditure of A\$ 5 billion in 2013-14

- Canada (-11.4%): due to exceptional payments made in 2012 for climate change and debt relief and to budget cuts affecting 2013
- Iceland (+27.4%): as it is increasing its aid programme
- Japan (+36.6%): due to increases in debt forgiveness and bilateral lending
- Korea (+4.8%): due to scaling up aid overall
- New Zealand (-1.0%): due to an increasing aid programme being offset by inflation
- Norway (+16.4%): due to planned growth in the development cooperation budget, together with an increase in disbursements to Brazil
- Switzerland (+3.4%): reflecting the overall scaling up of its aid to reach 0.5% of GNI by 2015.

Other donor countries reported preliminary ODA figures as follows:

- Estonia (+22.3%): due to increases in humanitarian aid and contributions to EU Institutions
- Hungary (-2.1%)
- Israel (-6.2%)
- Latvia (+12.2%)
- Russia (+26.4%): due to an increase in bilateral aid
- Turkey (+29.7%): continuing the significant expansion of its development co-operation programme in recent years; the large increase in 2013 is due in part to the crisis in Syria
- UAE (+375.5%): due to exceptional measures to address financial and infrastructure needs in Egypt; its ODA/GNI ratio rose to 1.25%, the largest reported share of any country in 2013.

In 2013, DAC countries' **gross** ODA (i.e. without deducting loan repayments) was USD 151.2 billion, an increase of 9.5% in real terms from 2012. Within bilateral gross ODA, non-grant financial instruments rose by 27.3% in real terms, representing nearly USD 18 billion. The largest donors on a gross basis were the US, Japan, the UK, Germany and France (see Table 2).

### Further outlook

The 2014 DAC Survey on Donors' Forward Spending Plans gives estimates of future aid allocations for all DAC members, major non-DAC and multilateral donors up to 2017, based on developing countries' gross receipts of Country Programmable Aid<sup>1</sup>. CPA thus differs from ODA, especially by counting multilateral agencies' outflows rather than inflows. The CPA increase predicted last year for 2013 did translate into increased overall ODA, and affected all income groups. Global CPA rose by 10.2% in real terms in 2013 to USD 103.1 billion, but with widely differing increases from DAC members (+2.0%), multilateral agencies (+17.6%), and non-DAC donors (+123.7%).

CPA is projected to increase slightly by 2.4% in real terms in 2014, due to continued increases by a few DAC donors and multilateral agencies, and is expected to remain stable beyond 2014.

The survey suggests a continued focus in the medium term on middle-income countries – many with large populations in extreme poverty - in particular countries such as Brazil, China, Chile, Georgia, India, Mexico, Pakistan, Sri Lanka, and Uzbekistan, where programmed increases above 5% are expected up to 2017. It is most likely that aid to these countries will be in the form of soft loans.

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<sup>1</sup> Country Programmable Aid (CPA), also known as “core” aid, is the portion of an aid donors' programme for individual countries, and over which partner countries could have a significant say. CPA is much closer than ODA to capturing the flows of aid that goes to the partner country, and has been proven in several studies to be a good proxy of aid recorded at country level. [See http://www.oecd.org/dac/aid-architecture/cpa.htm](http://www.oecd.org/dac/aid-architecture/cpa.htm).

By contrast, the survey suggests a continuation of the worrying trend of declines in programmed aid to LDCs and low-income countries, in particular in Africa. CPA to LDCs and LICs is set to decrease by 5%, reflecting reduced access to grant resources on which these countries are highly dependent.

Some Asian countries may see increases, however, so that by 2017 overall allocations to Asia are expected to equal those towards Africa.

Detailed survey data will be published on the OECD website for donors participating in data disclosure policy<sup>2</sup>.

*For further information and dynamic graphics, see: [www.oecd.org/dac/stats/](http://www.oecd.org/dac/stats/)*

*This document is based on OECD members' responses to the DAC advance questionnaire on main ODA aggregates. Data may be subject to revision.*

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<sup>2</sup> See [www.oecd.org/dac/aidoutlook](http://www.oecd.org/dac/aidoutlook)

**TABLE 1: NET OFFICIAL DEVELOPMENT ASSISTANCE FROM DAC AND OTHER DONORS IN 2013**  
Preliminary data for 2013

	2013		2012		2013	
	ODA USD million current	ODA/GNI %	ODA USD million current	ODA/GNI %	ODA USD million (1) At 2012 prices and exchange rates	Percent change 2012 to 2013 (1)
<i>DAC countries:</i>						
Australia	4 851	0.34	5 403	0.36	5 158	-4.5
Austria	1 172	0.28	1 106	0.28	1 113	0.7
Belgium	2 281	0.45	2 315	0.47	2 174	-6.1
Canada	4 911	0.27	5 650	0.32	5 007	-11.4
Czech Republic	212	0.11	220	0.12	209	-4.7
Denmark	2 928	0.85	2 693	0.83	2 795	3.8
Finland	1 435	0.55	1 320	0.53	1 367	3.5
France	11 376	0.41	12 028	0.45	10 854	-9.8
Germany	14 059	0.38	12 939	0.37	13 328	3.0
Greece	305	0.13	327	0.13	302	-7.7
Iceland	35	0.26	26	0.22	33	27.4
Ireland	822	0.45	808	0.47	793	-1.9
Italy	3 253	0.16	2 737	0.14	3 104	13.4
Japan	11 786	0.23	10 605	0.17	14 486	36.6
Korea	1 744	0.13	1 597	0.14	1 674	4.8
Luxembourg	431	1.00	399	1.00	404	1.2
Netherlands	5 435	0.67	5 523	0.71	5 181	-6.2
New Zealand	461	0.26	449	0.28	445	-1.0
Norway	5 581	1.07	4 753	0.93	5 534	16.4
Poland	474	0.10	421	0.09	457	8.6
Portugal	484	0.23	581	0.28	462	-20.4
Slovak Republic	85	0.09	80	0.09	82	2.4
Slovenia	60	0.13	58	0.13	58	-0.6
Spain	2 199	0.16	2 037	0.16	2 112	3.7
Sweden	5 831	1.02	5 240	0.97	5 568	6.3
Switzerland	3 198	0.47	3 056	0.47	3 161	3.4
United Kingdom	17 881	0.72	13 891	0.56	17 755	27.8
United States	31 545	0.19	30 687	0.19	31 080	1.3
<b>TOTAL DAC</b>	<b>134 838</b>	<b>0.30</b>	<b>126 949</b>	<b>0.29</b>	<b>134 698</b>	<b>6.1</b>
Average Country Effort		<b>0.40</b>		0.39		
<i>Memo Items:</i>						
EU Institutions	15 925	-	17 479	-	15 187	-13.1
DAC-EU countries	70 725	0.42	64 724	0.40	68 119	5.2
G7 countries	94 812	0.27	88 538	0.25	95 614	8.0
Non-G7 countries	40 026	0.40	38 411	0.40	39 083	1.7
<i>Non-DAC members:</i>						
Estonia	31	0.13	23	0.11	28	22.3
Hungary	120	0.10	118	0.10	116	-2.1
Israel (2)	186	0.07	181	0.07	170	-6.2
Latvia	24	0.08	21	0.07	24	12.2
Russia	610	0.03	465	0.02	588	26.4
Turkey	3 276	0.42	2 533	0.32	3 284	29.7
United Arab Emirates	5 091	1.25	1 070	0.27	5 086	375.5

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

(2) The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

Notes: The data for 2013 are preliminary pending detailed final data to be published in December 2014. 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.

These data include concessional loans. The DAC is currently discussing members' differing practices in reporting these loans as ODA.

Source: OECD, 8 April 2014.

**TABLE 2: GROSS OFFICIAL DEVELOPMENT ASSISTANCE IN 2013**  
Preliminary data for 2013

	2013 ODA USD million current	2012 ODA USD million current	2013 ODA USD million (1) At 2012 prices and exchange rates	Percent change 2012 to 2013 (1)
Australia	4 855	5 515	5 162	-6.4
Austria	1 173	1 113	1 115	0.1
Belgium	2 312	2 359	2 203	-6.6
Canada	4 958	5 703	5 055	-11.4
Czech Republic	212	220	209	-4.7
Denmark	2 959	2 819	2 824	0.2
Finland	1 435	1 326	1 367	3.0
France	12 750	13 557	12 165	-10.3
Germany	16 046	14 570	15 211	4.4
Greece	305	327	302	-7.7
Iceland	35	26	33	27.4
Ireland	822	808	793	-1.9
Italy	3 333	2 837	3 180	12.1
Japan	22 732	18 662	27 939	49.7
Korea	1 809	1 646	1 737	5.5
Luxembourg	434	402	407	1.2
Netherlands	5 613	5 629	5 351	-5.0
New Zealand	461	449	445	-1.0
Norway	5 647	4 849	5 599	15.5
Poland	493	439	475	8.2
Portugal	524	619	500	-19.1
Slovak Republic	85	80	82	2.4
Slovenia	60	58	58	-0.6
Spain	2 458	2 123	2 361	11.2
Sweden	5 838	5 248	5 575	6.2
Switzerland	3 224	3 082	3 187	3.4
United Kingdom	18 386	14 267	18 256	28.0
United States	32 216	31 263	31 741	1.5
<b>TOTAL DAC</b>	<b>151 174</b>	<b>139 997</b>	<b>153 331</b>	<b>9.5</b>
<i>Memo Items:</i>				
EU Institutions	17 444	18 388	16 635	-9.5
DAC-EU countries	75 238	68 801	72 433	5.3
G7 countries	110 420	100 858	113 547	12.6
Non-G7 countries	40 754	39 139	39 783	1.6

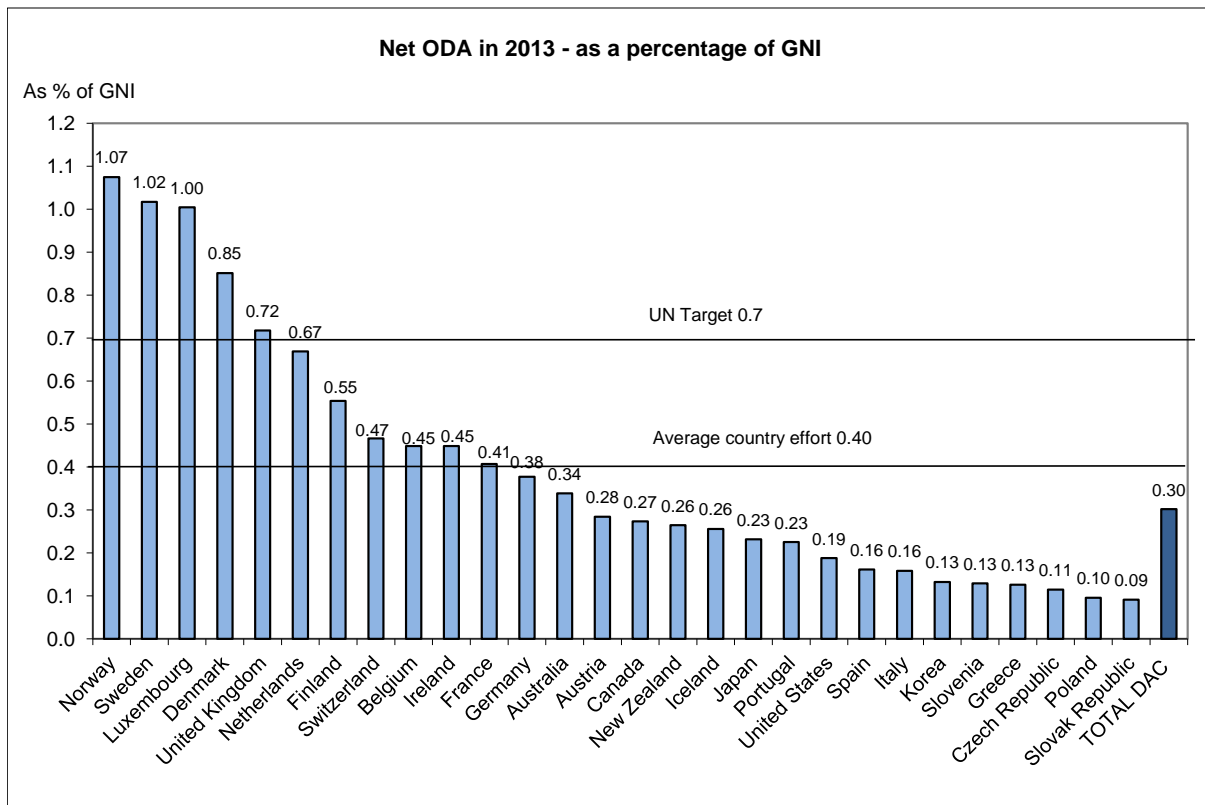
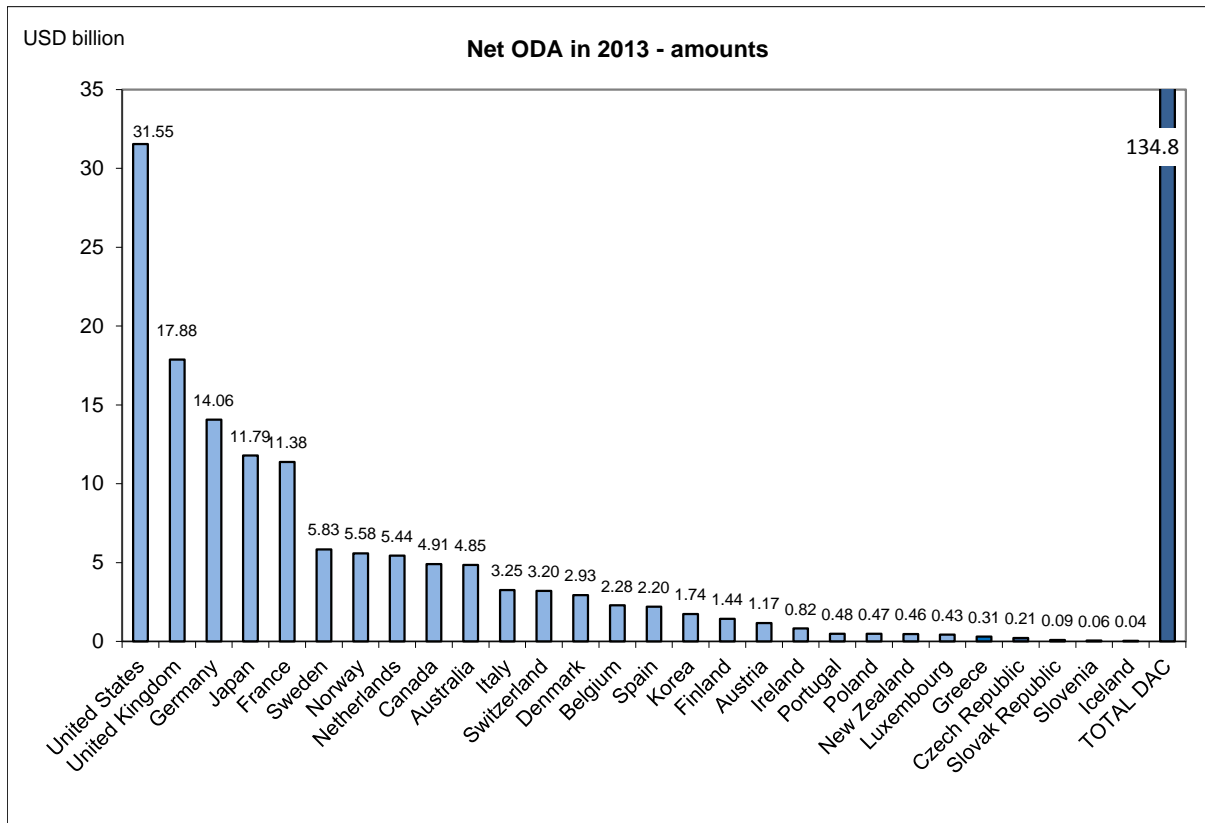
(1) Taking account of both inflation and exchange rate movements.

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These data include concessional loans. The DAC is currently discussing members' differing practices in reporting these loans as ODA.

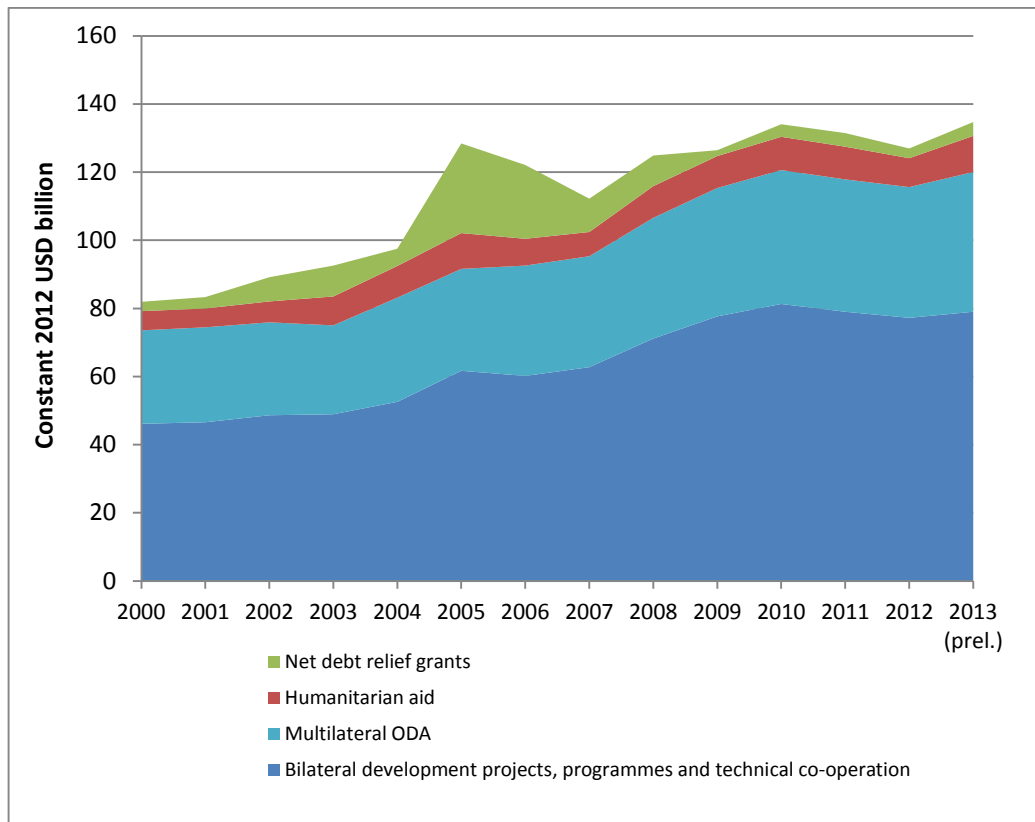
Source: OECD, 8 April 2014.

**CHART 1: NET OFFICIAL DEVELOPMENT ASSISTANCE FROM DAC DONORS IN 2013**  
**Preliminary data for 2013**



Source: OECD, 8 April 2014.

**CHART 2: COMPONENTS OF DAC DONORS' NET ODA**



Source: OECD, 8 April 2014.