Development Co-operation Report 2011

50TH ANNIVERSARY EDITION

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Foreword

Angel Gurría, Secretary-General,
Organisation for Economic Co-operation and Development

The year 2011 is a landmark for the Organisation for Economic Co-operation and Development (OECD) and its Development Assistance Committee (DAC), marking their 50th anniversary. The DAC is indeed one of the first committees to have been established at the OECD, attesting to the importance that our member countries have always attached to supporting development.

This year's edition of the *Development Co-operation Report* brings together the views of distinguished and recognised global leaders in development. Having all partnered with the DAC in a range of ways, they remind us of the importance of looking at all policy decisions in the light of development impediments and opportunities.

Over these 50 years, the DAC has been a leading force for development. Through its efforts, we have learned much about the best ways of providing assistance. Like the rest of the OECD, the DAC has built its contributions to "better policies for better lives" on time-tested methods: sharing good practice, using peer reviews to encourage mutual learning and providing reliable, comparable statistics – in this case to measure development aid flows. This approach is a hallmark of the DAC and of the OECD in general.

Yet as globalisation spreads, and growth and wealth shifts to new regions and emerging economies, the development landscape is also changing. Development finance today includes much more than aid and covers a spectrum of actors – governmental, non-profit and private – with diverse methods and modalities.

One crucial element on this spectrum is domestic resource mobilisation. It has become a fundamental source of development, even in low-income countries. Migrant remittances and private voluntary giving, as well as all kinds of civil society resources in cash and in kind, are also important and must be effectively deployed. Moreover, developing countries are increasingly sharing resources and expertise among themselves. This is the case in particular for "new" state actors, who in some cases have already been successfully engaged in development co-operation for years, if not decades, using their own models. Meanwhile, the work of foundations is contributing innovative combinations of public and private financing and guarantees. Finally, investments and trade add to the picture, financed at market- or near-market terms through public and private channels.

In this complex development landscape, the role of stable, capable and accountable states is decisive to ensure that economic growth translates into real improvements for all members of society. Supporting the emergence of such states requires proper co-ordination of diplomacy, defence and development. Partnerships must work towards home-grown, indigenous solutions that address development challenges at their core. It is also crucial to strengthen state-society interaction and help build or reinforce key state functions and institutions. To do this, one must work with a broad range of actors at all levels of government.

With the approaching "due-date" for the Millennium Development Goals, the Fourth High Level Forum on Aid Effectiveness (HLF-4) in Busan at the end of 2011 (29 November-1 December) represents a key opportunity to put these changes into perspective and galvanise political support. It is indeed an opportunity to address development on a much broader scale and to appraise the role of development co-operation in light of the full spectrum of evolving forms of financing, knowledge and partnerships. It is also a forum to encourage more coherent policies for development and better align all the different development actors. If we seize this opportunity properly, we will be a step closer to our ultimate goal: a world where no country will depend on aid.

Following the mandate of its 2011 Ministerial Council Meeting, the OECD is presently forging an ambitious, institution-wide development strategy based on its 50 years of expertise and experience. It aspires to help countries achieve higher, more inclusive and sustainable growth. Developing countries will thus be able to engage with the specialised policy communities of the OECD, share experiences and good practice, and leverage partnership and knowledge as they shape their own development paths. As we embark on these efforts, the DAC will continue to be a catalyst for development. Its efforts to provide not just more, but more effective assistance, to engage with a broad range of actors and to facilitate partnership among OECD policy communities and the developing world will continue to contribute to the better policies for better lives we strive to create.

Angel Gurría
Secretary-General, Organisation for Economic Co-operation and Development

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Acronyms and abbreviations

AAA	Accra Agenda for Action
ACG	Arab Co-ordinating Group
AfDB	African Development Bank
AGOA	African Growth and Opportunity Act
AR4	*Fourth Assessment Report*, IPCC
BRICS	Brazil, Russia, India, China, South Africa
CO_2	Carbon dioxide
CPA	Country programmable aid
CSO	Civil society organisation
DAC	Development Assistance Committee, OECD
DRC	Democratic Republic of the Congo
EU	European Union
FAO	Food and Agriculture Organisation, UN
FDI	Foreign direct investment
GDP	Gross domestic product
GENDERNET	Network on Gender Equality, OECD DAC
GNI	Gross national income
HDR	*Human Development Report*, UNDP
HIPC	Heavily indebted poor country
ILD	Institute for Liberty and Democracy
ILO	International Labour Organisation
IMF	International Monetary Fund
IPCC	Intergovernmental Panel on Climate Change
JICA	Japan International Co-operation Agency
MDG	Millennium Development Goal
MDRI	Multilateral Debt Relief Initiative
NGO	Non-governmental organisation
ODA	Official development assistance
OECD	Organisation for Economic Co-operation and Development
PPP	Purchasing power parity
UN	United Nations
UNDP	United Nations Development Programme
UNHCR	United Nations High Commissioner for Refugees
UN Women	United Nations Entity for Gender Equality and the Empowerment of Women
US	United States
USAID	United States Agency for International Development

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Preface

Hillary Rodham Clinton, Secretary of State, United States of America

After World War II, far-sighted leaders like George Marshall and Harry Truman realised that building a more peaceful and prosperous Europe would take more than laying down railroad tracks and putting up factories – it would take fashioning a community of shared economic values that fostered open, free, transparent and fair competition. Along with their international partners, they helped lay the foundations for what became the Organisation for Economic Co-operation and Development (OECD).

Promoting sustainable development has always been at the heart of the OECD and in the 21st century, it is more important than ever. For our part, the United States is elevating development as a pillar of our foreign policy and working with our partners in the OECD to foster more effective development practices. This begins by recognising that while aid remains essential, especially in emergencies, assistance alone is not enough to deliver sustainable growth. We need to help nations mobilise their own resources, put in place sustainable solutions and become the authors of their own development.

In May 2011, I chaired a meeting of the OECD's governing Council in which member countries agreed to a new comprehensive approach to development and endorsed the Framework for a Strategy for Development, which aims to achieve more inclusive and sustainable growth for the widest number of countries. This framework will help the OECD marry its two core strengths: world-class policy research and co-operation on development work. It will also help the OECD expand its policy expertise for the benefit of member nations and developing countries alike and provide them with new opportunities to learn from one another. The OECD will strengthen its efforts in areas where it responds to the needs of emerging and developing countries, has core competencies and contributes to – but does not replicate – the work of other organisations and donors.

For 50 years, the OECD has helped emerging economies become drivers of global prosperity and has reinforced open, free, transparent and fair competition. Nations that only a few generations ago were crippled by endemic poverty and ineffective institutions now account for a fifth of global trade. Millions of people have been lifted out of poverty and millions more have seen their standards of living rise. Yet while we celebrate this achievement, we cannot take our eye off the challenges ahead. We need to do more to make tax systems fairer, fight corruption and help governments become more transparent. We continue to work to recover from the global financial crisis and rebalance the international economy.

Climate change, resource scarcity, gender inequality and persistent unemployment – especially for young people – are likely to grow more pressing in the years to come. The scope of these challenges demands solutions that can only be achieved through multilateral co-ordination and co-operation, including through the work of the OECD and its Development Assistance Committee (DAC).

So I am pleased that this 50th anniversary edition of the *Development Co-operation Report* brings together scholars and practitioners from around the world to explore the most consequential development challenges of today and the decades to come. I hope their thoughts will spark further conversations, lead to new insights and exchanges, and ultimately allow us to work together more effectively as an international community.

Executive summary

The world of development has changed radically since the Development Assistance Committee (DAC) of the Organisation for Economic Co-operation and Development (OECD) was established in 1961. At that time, most of the world's providers of development assistance were represented in this committee. Today, there is an ever-growing number of financing instruments and entities, contributing to an increasingly complex architecture of development co-operation. At the same time, the complexity of issues that impinge upon – and are influenced by – patterns of development across the globe is more evident than ever before. As J. Brian Atwood, Chair of the DAC, states in his introduction, "More than ever, national political leaders are fully aware that many of our pressing global challenges can only be solved with enhanced development solutions and therefore with better development co-operation."

This special 50th anniversary *Development Co-operation Report* features contributions from noted actors in development who have helped in their various capacities to shape thinking on the important issues and needs that face us today. Presenting their contributions, Mr Atwood highlights the role the DAC has played over the past 50 years and signals its continuing relevance in meeting the challenges ahead.

In his foreword to the report, OECD Secretary-General Angel Gurría describes how the OECD will respond to the new development landscape and challenges by forging an ambitious, institution-wide development strategy. He highlights, in particular, the widening spectrum of development finance modes and sources, the special challenge of governance in fragile states and the role developing countries must assume in taking the development agenda forward.

United States Secretary of State Hillary Clinton prefaces the report by recalling how since its early days, the OECD – which evolved from the post-World War II Marshall Plan – has placed development at the centre of its work. She commends progress in this regard by noting, "Nations that only a few generations ago were crippled by endemic poverty and inefficient institutions now account for a fifth of global trade." Among the challenges ahead, she points out that new development efforts will need to include measures to address climate change, unemployment, gender inequality and slowing economic growth in developing countries.

Fifty years of development co-operation: What have we learned?

Former World Bank President James Wolfensohn reviews the contribution of the DAC to development by providing statistical resources, analysing policies, forging partnerships and co-ordinating global development initiatives. He notes, however, that the decades to come will see profound changes: "By 2050, the world's population will grow to just over nine billion people – most of whom will be in developing countries; and by mid-century, ours will be a significantly Asian world in terms of both population and economic strength." He calls on the DAC to "continue its tradition of providing analysis and guidance that will help facilitate a peaceful adjustment to these changes and promote the possibilities of a more equal and stable world".

In her chapter on the real wealth of nations, United Nations Development Programme's Administrator Helen Clark traces the history of the *Human Development Report* and the contributions it has made to reshape the meaning of development. She notes that on the whole, people today are healthier, more educated and wealthier than ever before. And while the income divide has generally worsened, gaps in health and education outcomes between developed and developing countries have narrowed. Looking ahead, she stresses the need for all partners in development to work together to nurture resilient, accountable institutions and systems that are capable of meeting sustainable development objectives, responding to citizens' needs, dealing with shocks, promoting social cohesion and peacefully mediating tensions and disputes.

African Development Bank President Donald Kaberuka takes an informed look at the special case of Africa. He notes that over the past 50 years, development policy has come a long way and draws out some of the important lessons. In many ways, he says, Africa has been a test-bed, reflecting shifts in donor policies and practices, as well as changes in the geopolitical climate. Looking forward, he emphasises that development requires dialogue and participation based on true partnership.

Gender equality, empowerment, human rights and the environment: What's stopping progress?

The issues of gender equality, social justice, peace and prosperity are taken up by Michelle Bachelet, Under-Secretary-General and Executive Director of the United Nations Entity for Gender Equality and the Empowerment of Women (UN Women). She argues that to be effective, development must embrace these goals. While official development assistance (ODA) has helped to empower women and girls to fully exercise their rights as equal citizens, pervasive under-investment causes many countries to lag behind on important development goals. Bachelet recommends creating incentives to integrate gender equality perspectives into development assistance, increasing this assistance and supporting the capacity to identify, implement and monitor strategies that effectively remove the barriers that prevent women from realising their full potential.

On the subject of empowerment, Hernando de Soto, President of the Institute for Liberty and Democracy, focuses on indigenous peoples in the Amazon and how a series of myths and misconceptions continues to marginalise and exclude them from integrating into the world economy. He extends the argument to note that in the developing world, millions of people living off natural resources face such obstacles as property rights, legal recognition and registration when seeking to participate in and benefit from the global economy. While the concept of empowerment has guided discussions among international donors, de Soto says, they have found it difficult to put into practice. To encourage legal empowerment – a key to ensuring poor people can protect themselves from the drawbacks of globalisation and benefit from its advantages – de Soto identifies the following measures: understanding the gap between the formal legal and extralegal sectors, analysing how these two parallel economies operate, evaluating their problems and disconnections, quantifying their economic effects and figuring out how they might be integrated under one rule of law to create a productive and inclusive economy.

Drawing on her personal experience as the United Nations High Commissioner for Refugees and later as Japan's Administrator of Development Assistance, Sadako Ogata argues that the current state of world affairs is heightening the political, social and economic tensions that confront vulnerable people. She calls for policies and programmes that will benefit all constituents and help close the gaps between social groups. Truly inclusive development, she says, must emphasise the security and well-being of all peoples in all situations.

In his chapter, R.K. Pachauri, Chair of the Intergovernmental Panel on Climate Change, argues for the need to integrate political, social, economic and environmental perspectives to enhance people's capacity to mitigate and adapt to the consequences of climate change. Addressing climate change means simultaneously addressing several challenges at once; and a wide variety of policies and instruments are available today to help governments do so: integrating climate policies into wider development plans, defining regulations and standards, introducing taxes and charges, setting financial incentives and supporting research and development, to name a few.

New challenges, new goals: Is there a future for official development assistance?

Based on his experience as DAC Chair (2003-08), Richard Manning looks closely at international concessional flows and the role the DAC can play in making future aid programmes more effective, responsible, accountable and transparent. In the advent of the "due date" of the Millennium Development Goals (MDGs), he calls for new targets, bringing in concerns such as transport, energy, human rights and empowerment. These new targets, he argues, should be complemented by a fresh look at aid measurement as well as the definition of official development flows based on a broad agreement among all providers of development co-operation.

In his chapter, former Director General of the French Development Agency Jean-Michel Severino argues that a profound reconsideration of the objectives, tools, targets and operational modes of development assistance is not only necessary and welcome, but also inevitable. Global challenges – magnified by demographic trends and climate change – require global responses, and development policy and finance should be part of that response. However, the way ODA is defined and ODA policies are currently designed – including their MDG overarching framework – is not adequate. For these policies to have a truly global scope and perspective, they should be redefined to promote a global social policy and a redistribution from the wealthiest people. And the new Millennium Development Goals should be redefined accordingly to include elements of global public goods and move away from an excessive focus on social indicators.

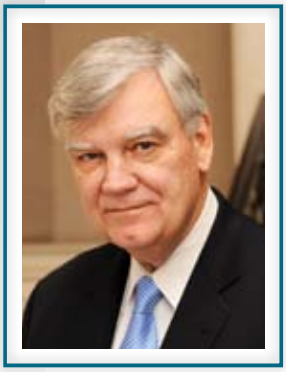
The annex on the profiles and efforts of DAC member countries has been expanded to include data that have never been included in this report before, on core *versus* non-core flows, aid untying, ODA in support of gender equality, flows targeted to meet the Rio Conventions and humanitarian aid.

Finally, the special 50th anniversary statistical annex takes a look at trends in development flows over the past 50 years, highlighting, among others things, ODA compared to other flows; ODA as a percent of gross national income (GNI) *per capita*; distribution of ODA by donor, region, type of country and sector; and aid quality indicators.

Introduction

Fuelling the future of development

J. Brian Atwood, Chair,
OECD Development Assistance Committee



Atwood

J. Brian Atwood was unanimously elected Chair of the OECD's Development Assistance Committee in January 2011.

From 1993 to 1999, during the administration of President William Clinton, Mr Atwood served as Administrator of the United States Agency for International Development (USAID). Prior to this, he led the Transition Team at the State Department and was Under Secretary of State for Management. During the administration of President Jimmy Carter, he served as Assistant Secretary of State for Congressional Relations. In 1981-82, he was Dean of Professional Studies and Academic Affairs at the Foreign Service Institute. From 2002 until 2010, Mr Atwood was Dean of the Hubert Humphrey School of Public Affairs at the University of Minnesota. Other prior positions include President and Chief Executive Officer of Citizens International (1999-2002) and founding President of the National Democratic Institute of International Affairs (1985-1993). In 2001, he served on United Nations Secretary-General Kofi Annan's Panel on Peace Operations.

Mr Atwood joined the Foreign Service in 1966 and served in the American Embassies in Côte d'Ivoire and Spain. He served as legislative advisor for foreign and defense policy to Senator Thomas F. Eagleton (Democrat, Missouri) from 1972 to 1977.

Mr Atwood received the United States Secretary of State's Distinguished Service Award in 1999 and the President's Award for Outstanding Service from the University of Minnesota in 2011.

Fifty years of experience in any field bring with them an array of knowledge, often learned through trial and error in adapting to change. Development co-operation is no different. Over the 50 years since the creation of the Development Assistance Committee (DAC) at the Organisation for Economic Co-operation and Development (OECD), our members and partners – donor governments, developing nations, multilateral organisations, philanthropic institutions and civil society organisations – have learned from their individual experiences and, above all, from their interaction with one another.

The very concept of development co-operation is based on working together towards shared goals, which makes building trust a fundamental component. I am confident that as the DAC continues to evolve, the trust our members have built – and continue to build – with our development partners will shape our contribution as a global institution and that we will continue to operate at the centre of the development world for many years to come.

Indeed, DAC members – development co-operation ministries and agencies – are unlike any other governmental unit in that they depend on the success of their partners to determine their own success. Yet as we reflect on past successes and examine ideas that have either worked or failed, it is important to be honest with ourselves and recognise that the world of change we face may render some portion of our experience less relevant.

Many of the individuals that have contributed most to our success over the past decades are featured in this 50th anniversary publication. I have invited these colleagues not only to reflect on the past, but also to look ahead to the challenges we face today. I have asked them to raise questions that will stimulate debate – for we are on the edge of a new

era of development co-operation, albeit an era whose foundation was set in the past 20 or so years. These are the perspectives of some of our strongest partners, individuals whose intellectual leadership in development and superb record as practitioners are recognised worldwide. Their insights are the product of their direct involvement managing the challenging work of development.

Development as a global imperative

"More than ever, national political leaders are fully aware that many of our pressing global challenges can only be solved with ... better development co-operation."

The DAC's – and the OECD's – 50th anniversary brings us brilliant opportunities to make breakthroughs in our important development mission. More than ever, national political leaders are fully aware that many of our pressing global challenges can only be solved with enhanced development solutions and therefore with better development co-operation. World leaders are worrying about unequal growth patterns; health conditions that could debilitate work forces and demoralise families; volatile food prices and unequal distribution patterns that threaten to create instability and add to the more than one billion humans suffering from extreme hunger; changes in climate that inhibit agricultural production and increase the number and intensity of weather-related natural disasters; and security issues exacerbated by these deteriorating conditions.

The world has created new institutions to cope with these challenges – none more prominent than the G20, a group of some 20 nation-states and international organisations that came together to focus on the conditions that precipitated the financial crisis of 2008. They have now turned their collective gaze to potential "shocks" that could produce yet another wave of unrest and deflated growth prospects. Our leaders are paying attention to the development agenda as never before.

Tried and true principles

The other evolving dynamic that has impact on the DAC's work is the rapidly growing interest among our developing country partners in creating and managing their own development strategies. And this is natural. It is founded on decades of work by donors and partners to build local capacity and refine the concept of development co-operation.

The 1990s, for instance, saw the beginning of the end of supply-side development. For the first time, donors advanced the concept that aid flows are only a part of the solution to poverty. Yes, they said, commitments of volume are vitally important, but so are universal goals. And if these goals – consolidated in the Millennium Development Goals (MDGs) – are to be realised, the partnership needs to evolve. Development needs to be locally owned if real and lasting results are to be achieved. All the evidence points to this need. As Administrator of the United States Agency for International Development (USAID), I instituted a programme designed to produce "results packages" based on country-wide strategies negotiated with local partners in government ministries or civil society organisations. The signed contracts were built on the fulfilment of mutual obligations, thereby promoting accountability. This formula worked well where it was applied, but cultural change within any bureaucratic environment is difficult.

Over time, the DAC-inspired concept of development co-operation has evolved to the point where today, it is legitimised as part of an "aid effectiveness" agenda that has received enthusiastic support from donors and partners alike. The first of the High Level Forums, held in Rome in 2003, set in motion a process of revising the way we co-operate for development that has considerably changed behaviour patterns in both donor and partner countries. Subsequent High Level Forums in Paris in 2005 and Accra in 2008 built on this, rallying international support for a set of agreed aid effectiveness principles.[1] A recent survey of around 80 developing nations, backed by an independent evaluation of the implementation of these principles, shows that the effort has not been in vain: real change has occurred. The independent evaluation confirms the validity of these principles by presenting strong evidence that development produces results when local ownership is strong, donor resources are co-ordinated and aligned with developing country strategies, flows are predictable, auditing systems are harmonised and transactions are transparent. We are not there yet, but a focus on results and peer pressure are moving us in the right direction.

Official development assistance and beyond

In 2010, the DAC announced the highest volume of official development assistance (ODA) in history: almost USD 130 billion. In this historic year, most of the DAC nations met important aid commitments, with several European donors surpassing the goal of 0.7% of gross national income (GNI) *per capita* in ODA set out in a United Nations resolution in 1970. The United States achieved the highest aid volume of any nation, although the percentage of its ODA to GNI *per capita* was only 0.21%, compared to the overall DAC average of 0.32%. Nonetheless, a comparison of the 2010 ODA outcome with promises made in 2005 shows a shortfall of USD 19 billion. And while across the board, ODA to Africa dramatically increased, there was still a notable gap – of some USD 14 billion – *vis-à-vis* commitments to this continent.

"In 2010, the DAC announced the highest volume of official development assistance in history: almost USD 130 billion."

The increases during this period were in part an effort to sustain the economies of developing nations in the face of the global financial crisis. For them, access to ODA helped bridge the gap. The use of ODA as stimulus or "gap" funding, however, has only increased attacks that sustain that ODA tends to create dependency. Of course, it is easier to sell critical books that call for the elimination of aid than ones that argue the benefits of development co-operation. But we cannot ignore the critics: we know that not all programmes supported by ODA are producing results, catalysing policy reform and promoting institution-building. And while dependency is indeed a problem, it has two effective antidotes: mutual accountability for the results that aid delivers – or the lack of them – and domestic resource mobilisation.

The DAC is working with the OECD Fiscal Affairs Committee on studies that are designed to improve tax administration systems in partner countries, increase trust between governments and citizens, and ensure that multi-national corporations pay their fair share. Increasingly, the ratio of tax resources to ODA as a percentage of gross domestic product (GDP) will be an indicator of development success and of the break with dependency.

The DAC and its Development Co-operation Directorate are also working across the OECD on initiatives in the areas of food security, green growth and investment financing. These and other horizontal initiatives launched across the OECD are part of a new vision for development endorsed and promoted at the 50th anniversary meeting of OECD ministers. This new OECD-wide development strategy is strongly supported by the OECD Secretary-General Angel Gurría and by the DAC. The knowledge products that evolve from this exercise will be available to developing partners, development co-operation ministries and to the entire development community.

An increasingly engaging agenda

As the DAC turns 50, the development debate is also dominated by the issue of the global aid architecture. As several of our guest authors point out in this publication, the proliferation of actors on the world scene is resulting in fragmentation and lack of co-ordination. For partner countries who wish to own their development strategies, this multiplicity complicates the challenge. And while no one really knows what fragmentation means in terms of waste, some have guessed that 30-40% of the resources expended may be the result of unnecessary transaction costs, duplicated efforts or missed opportunities for effective partnerships. This makes a better system of co-ordination and a broader partnership for development imperative.

" And while no one really knows what fragmentation means in terms of waste, ... 30-40% of the resources expended may be the result of unnecessary transaction costs, duplicated efforts or missed opportunities for effective partnerships.

The new providers of development assistance – emerging economies like China, Brazil, India, Indonesia, Russia and South Africa – must be part of the solution. The DAC has reached out to engage with these nations in a dialogue without preconditions, as formalised in a May 2011 statement issued by its senior representatives (Box, page 23). This important statement, which recognises the diverse approaches to development encompassed in traditions of South-South and North-South co-operation, is underpinned by the work of well-established and diverse forums such as the Working Party on Aid Effectiveness, the International Dialogue on Peacebuilding and Statebuilding, the China-DAC Study Group and the High-Level Partnership Dialogue between the Arab Co-ordinating Group (ACG) institutions and the DAC. Engagement has transformed the DAC, placing it at the centre of efforts to rationalise the global aid architecture.

We will have the opportunity to firmly establish common ground among all the providers and recipients of development assistance at the Fourth High Level Forum on Aid Effectiveness in Busan, Korea, on 29 November-1 December 2011. As many as 150 nations will be present in Busan, along with civil society organisations, the private sector, international organisations and parliamentarians. It is likely that this will be the last occasion before 2015 to remind world leaders of their commitment to the MDGs, and strengthen and broaden the partnership to achieve them. With evidence to confirm the continuing validity of the previously adopted principles, this partnership will have two clear objectives: *i)* to focus on the priorities established by developing countries, *i.e.* country systems and country strategies and *ii)* to produce concrete, co-ordinated and measurable development results that stem from ODA, resources of new providers of assistance, other types of finance and the sum total of internal and external policies that impact development positively or negatively.

Welcoming a new global partnership for development

On 6 April 2011, the DAC formalised its efforts to expand partnerships with other key players in development co-operation through a statement approved at its Senior Level Meeting:

> "We, members of the OECD Development Assistance Committee, acknowledge the essential role that major nations from beyond our membership have had in contributing to global progress towards the Millennium Development Goals. These nations have lifted many of their own citizens out of poverty and have, in turn, taken on shared responsibilities in the pursuit of common development objectives, economic growth and poverty reduction in developing countries.
>
> We welcome the contribution of all providers of development co-operation resources and expertise, and hope to forge new relationships with these new partners through open dialogue without preconditions."

This statement highlights the DAC's commitment to a "global partnership for international development co-operation" that encompasses developed, emerging and developing countries, private-sector foundations and civil society organisations.

"We may have different methods," the statement acknowledges. Nonetheless, it also emphasises the common purpose and interest to achieve the Millennium Development Goals and increase sustainable, inclusive economic growth. It points to the High Level Forum on Aid Effectiveness in Busan, Korea, as a key opportunity to make headway in forging this enhanced global partnership.

For the full statement see: *www.oecd.org/dataoecd/7/3/47652500.pdf* or visit *www.oecd.org/dac/opendoors*.

The broad partnership that we expect will emerge from Busan will build on the momentum gained by the Working Party on Aid Effectiveness after eight years of work. This positive energy and the political will we hope it will produce should propel a more global effort to achieve the MDGs. It should also place nations and civil society on a common path toward a new set of development goals to guide us beyond 2015. These new goals will have to broaden the scope of the MDGs to create what Richard Manning refers to as "an improved anti-poverty framework or, more ambitiously, a framework to tackle key planetary challenges" (Chapter 8) and place global goals more effectively within country contexts.

"The broad partnership that we expect will emerge from Busan will build on the momentum gained by the Working Party on Aid Effectiveness ..."

Thoughts to fuel the future

We hope this publication will be required reading for those who are working to build the new development co-operation architecture in Busan and after. Its guest authors are leading thinkers in the development community and their ideas emerge from real-life experiences and thoughtful consideration of evidence.

When Sadako Ogata writes of the need to bridge the gap between relief and development, and of the merit of inclusive development and human security, she does it through her experience as United Nations High Commissioner of Refugees and as Japan's Administrator of Development Assistance. When Nobel Peace Prize Laureate R.K. Pachauri writes of reducing the risks of climate change through adaptation and the mitigation of greenhouse gases, he does so as the director of an institute that studies development, not only as the Chair of the United Nations Inter-Governmental Panel on Climate Change.

Fuelling the future of development

J. Brian Atwood

The insights from Jim Wolfensohn about our evolving world – which is changing both economically and demographically – come not only from his successful tenure at the World Bank, but also from his continuing involvement in development work and study. Former President of Chile Michelle Bachelet and former Prime Minister of New Zealand Helen Clark write about gender and human development from the perspective of national leaders and as heads of the United Nations Entity for Gender Equality and the Empowerment of Women and the United Nations Development Programme, respectively. When Donald Kaberuka, President of the Africa Development Bank, discusses development successes and needs in Africa, he calls on his experience as Finance Minister of Rwanda, a once-failed state that has moved forward into development; this perspective gives him great authority as he advocates for integration and for filling the infrastructure gap in the region.

Jean-Michel Severino, former President and CEO of France's development programme, analyses the limitations of official development assistance and the MDGs, making a passionate plea to rationalise the current system and to consider the real global policy needs that must be served by any new system if it is to be effective. In doing so, he – together with former DAC Chair Richard Manning – has taken up my request to stir up controversy and debate with their contributions to this report. Hernando de Soto, who with his Institute for Liberty and Democracy has been examining life and opportunity for the poor in the informal sector for decades, has done the same. His article focuses on the poorest of the poor in the Amazon and his conclusions about the benefits of recognising indigenous rights reflect his unfailing faith in both the law and the entrepreneurial spirit of the disenfranchised poor.

"... a 'new DAC' is reaching out to help rationalise a development world that is changing every day."

I thank these leaders of development thought, all of whom are very busy people who face numerous demands on their time and talents, for contributing to this special edition of the *Development Co-operation Report.* They recognise the role the DAC has played over the past 50 years and they understand that a "new DAC" is reaching out to help rationalise a development world that is changing every day. It is a world where recipients are becoming donors, North is meeting South and any distinctions that divide rather than unite are increasingly seen as obstacles to development. If we do this right, perhaps in another 50 years the DAC and many of its partners will have worked themselves out of a job. In the meantime, there is much to do and there are many development results to achieve.

Notes

1. Designed to make aid more effective, the five principles outlined in the Paris Declaration on Aid Effectiveness are: ownership (developing countries set their own strategies for development, improve their institutions and tackle corruption), alignment (donor countries bring their support in line with these objectives and use local systems), harmonisation (donor countries co-ordinate their action, simplify procedures and share information to avoid duplication), managing for results (developing countries and donors focus on producing and measuring results) and mutual accountability (donor and developing countries are accountable for development results).

The OECD at 50: Development co-operation past, present and future

The Millennium Development Goals (MDGs) have become the high-profile framework for world debates around development. What's less known is the story behind the goals and their origins in the work of the Organisation for Economic Co-operation and Development (OECD) and its Development Assistance Committee (DAC). The MDGs are only one example of how the DAC has helped shape development thinking and practices since the 1960s. As the OECD celebrates its 50th anniversary, this special article reviews five decades of development co-operation and assistance, examines the role played by the OECD and the DAC, and looks at the challenges that lie ahead as the OECD enters its second half-century.

In September 2010, almost 140 heads of state and government travelled to New York for the United Nations' (UN) Millennium Development Goals (MDGs) Summit. The event was an opportunity to review progress on the eight key goals that were set down at the turn of the millennium for development in the world's poorest countries. What the leaders heard was only partially encouraging. As the OECD Secretary-General Angel Gurría wrote at the time, "Absent a major push in the next five years, we will fail to meet our commitment to the world's poorest."

It remains to be seen if that major push materialises. But even if the goals are not met in full, they have already helped to transform how the world thinks and talks about development. "To get heads of state to focus on development at all in an economic period like the one we're in now … is bloody difficult," said former World Bank President James Wolfensohn. "To have a structure that reminds them constantly that their predecessors committed to a set of goals and that it's on the agenda for review is unassailably positive, whether they're achieved or not." In short, over the past ten years, the MDGs have become the high-profile framework in which the world debates and discusses development.

What's less well understood is the story behind the goals and their origins in the work of the OECD, specifically its Development Assistance Committee, or DAC. The goals may be the best known, but they are only one example of how the DAC has helped shape the development debate and development practices since the 1960s. Over 50 years it has become, in its own words, "a unique international forum where donor governments and multilateral organisations … come together to help partner countries reduce poverty".

In that role, it has worked to transform the relationships at the heart of international development, especially over the past two decades. "We wanted to develop the concept of development co-operation," says DAC Chair J. Brian Atwood.[1] "What that meant was that we had to work on that relationship with our development partners … it wasn't 'We're doing this for you', it was 'We're doing this *with* you'. We know that's the way to get development results."

As the OECD celebrates its 50th anniversary, this special chapter looks back at five decades of development co-operation and assistance, the role played by the OECD and the challenges that lie ahead as the OECD enters its second half-century.

Past: The 1960s to the 2000s

The birth of the OECD in the early 1960s coincided with a huge transformation in how large swathes of the world were run. In the decade up to the mid-1960s, more than 30 countries in Africa and another handful in South-East Asia gained independence. The challenges facing these new countries, especially those in Africa, were great. Some were countries in name only – remnants of the great European colonial carve-up rather than traditional nation states. More practically, many had only minimal infrastructure and in Africa particularly, little or no access to the sea. And even some of those gifted with natural resources like oil and diamonds would come to discover that these blessings could also be a curse.

Helping these new states – and other developing countries – to establish themselves on firm foundations was a moral imperative. There were political calculations, too, which would only deepen as the rival Cold War blocs sought to win and retain allies in subsequent decades. And there was the solid and recent example of how effective aid could be in getting broken countries back on their feet: the Marshall Plan, the United States-led aid programme that funnelled hundreds of millions of dollars into war-shattered Europe between 1947 and 1951.

Throughout the 1950s and 1960s, much of the international architecture of development assistance was laid down, a process that included the establishment of the DAC in 1960[2] – a year that also marked the beginning of the UN's first International Decade of Development. The mandate of the committee was essentially twofold: first, it was to examine ways in which the resources of developed countries – including financing and technical expertise – could be made "available for assisting countries and areas in the process of economic development"; second, it was to work to ensure the flows of long-term aid were improved and expanded.

The DAC's updated mandate (2011-15)

"The overarching objective of the DAC is to promote development co-operation and other policies so as to contribute to sustainable development, including pro-poor economic growth, poverty reduction and improvement of living standards in developing countries, and to a future in which no country will depend on aid."

Source: DCD DAC 2010.

Definitions and targets: The 1960s

An early question for the DAC was to decide what development assistance was and to determine how much of it was being given. The first part of that challenge might sound straightforward, but in fact a definition of what came to be known as official development assistance (ODA) wasn't agreed until 1969 and wasn't finalised until 1972. Among the characteristics used to define ODA was that it came from state, rather than private, sources – a distinction that was to prove important when it came to establishing how much countries should give. As far back as 1958, the World Council of Churches had proposed that 1% of donor countries' wealth should go to developing countries, but it didn't distinguish between public and private funding. Fearful of big variations in private donations, developing countries wanted a concrete target to be set for official aid – 0.75% of gross national income (GNI). At the end of the 1960s, that idea was endorsed by the Pearson Commission, the first international commission on international development, although it went for a slightly lower number, 0.7% of GNI. In 1970, this was accepted as the agreed target among most, but not all, of the major donors. In the years since, however, only a few countries have reached it and since the mid-1960s, overall DAC members' ODA has never exceeded 0.4% of GNI.

The early years of the DAC also saw the beginnings of a project that would come to fruition only much later after "several decades of pain", says former DAC Chair Richard Manning.[3] The idea was to put an end to "tied aid" – the requirement for recipient countries to buy goods and services only from specified suppliers, usually in the donor country. By untying aid, recipients would be free to shop around to secure maximum value for money. By contrast, tied aid raises the cost of many goods and services by between 15% and 30%, and of food aid by as much as 40% – seriously reducing the impact of development assistance. The problem was recognised as far back as 1970, when it was the subject of "considerable discussion" at a DAC High Level Meeting in Tokyo; but it took 31 years before a set of recommendations on untying aid was finally agreed at the DAC.

The barriers to untying assistance were considerable. They included (and still do, to some extent) a concern among donor governments to win public and business support for ODA by ensuring that at least some of the benefits come back home. But, says Richard Manning, that line no longer works: "Strategically, that argument has shifted. Everyone now thinks that aid is easier to sell to your public not because some big company's got a big contract but because you can be seen to be doing good in a way the public understands. I think that's a very fundamental shift." The effort to fully untie aid continues, but considerable progress has been made: currently, 86% of all DAC aid is reported as untied.

Gathering clouds: The 1970s and 1980s

The 1950s and '60s have been described as the "glory years" for development assistance. But as the 1970s dawned, some of the initial enthusiasm and optimism had begun to fade. That mood would deepen – with various ups and downs – over the next couple of decades, especially in the case of Africa: "The colonial legacy atrophied as it was bound to do and authentic local systems took a long time to put in place," comments Mr Manning on the African situation. "The '70s and '80s were pretty dire. It got worse rather than better … countries got very economically out of balance." In developed countries, too, the 1970s proved gloomy, with the oil shock of 1973 effectively bringing down the curtain on the three decades or so of relatively strong growth that had followed the Second World War in many OECD countries.

Against this background of economic turbulence and contraction, the focus began to shift. Throughout the 1960s, aid had been targeted mainly at infrastructure development in the belief that this would provide momentum for wider economic growth. But as the 1970s dawned, the idea that economic growth in itself would be enough to "lift all boats" came to be questioned. Instead, aid was increasingly targeted at the poor. The changed emphasis was reflected at the DAC, which in 1977 issued a statement on "basic human needs". This argued that economic growth in itself was unlikely to satisfy needs like proper nutrition and education; rather, satisfying those needs was a foundation on which to build future economic growth.

The impact of the oil shocks continued to be felt in the 1980s. The major oil producers had seen a substantial rise in their revenues throughout the 1970s as oil prices rose. Much of that money went to banks in the West, which in turn lent it to developing countries, especially in South America. In the early 1980s, the real price of that borrowing began to be felt as countries struggled to make their repayments. In 1982, Mexico finally admitted it could not repay its loans and defaulted on its debt, sparking a crisis that would eventually sweep through the continent. African countries, too, struggled increasingly with debt from the 1980s. The response from the international community came down increasingly to two key ideas: stabilisation and structural adjustment. Donors expected recipient countries would first "stabilise" their economies, for example by reducing fiscal imbalances, and second pursue fundamental structural reforms such as trade liberalisation. Aid came attached with ever-more "conditionalities" – the long-term benefits of which remain questionable.

Another key trend in the 1980s was the growing – albeit sporadic – media spotlight on Africa coupled with an ever-higher profile for non-governmental organisations (NGOs). This wasn't an entirely new phenomenon: in the early 1970s, the famine in Biafra had gained headlines worldwide and led to charity fund-raising events, while significant NGOs like Médecins Sans Frontières, or Doctors without Borders, dated back to the 1970s. But the process sped up greatly in the 1980s, fuelled in part by high-profile events like the 1985 Live Aid concert to raise funds for famine victims in Ethiopia. That has continued right up to today, with NGOs having an ever-higher profile in development. On the positive side, this has brought an influx of fresh funds and ideas; less positively, it has added greatly to the complexity and bureaucracy of the development world.

After the Wall: 1990s and 2000s

The collapse of the Soviet bloc at the turn of the decade had important ramifications for the development world. At one level, some of the geopolitical motivations for development co-operation – the desire to keep developing countries on one side or the other of the East-West divide – were swept away. Partly as a result of this, real net ODA fell by nearly a third across the decade, having risen in real terms throughout much of the 1980s. In Latin America and Asia, much of the loss was more than countered by a rise in private flows, but this wasn't always the case in Africa. Another impact of the fall of the Berlin Wall was a new focus on providing assistance for countries in Central and Eastern Europe as they struggled to cope with turbulent political and economic change. The needs of these regions were very real: in the former Soviet Union, for instance, the number of people living in poverty rose from just over 2 million in 1987-88 to just under 58 million in 1993-95. But this new challenge also served to push "traditional" development regions down on the international agenda.

The roots of the Millennium Development Goals

Many of the processes and – unfortunately – even the results of the international development effort receive relatively little attention outside the "development community". The Millennium Development Goals (MDGs) are an exception: since their adoption around the turn of the century, the MDGs have become the dominant framework for discussing development – a marker for what has been achieved and what still needs to be done.

The MDGs trace their roots to a troubled time in development. By the mid-1990s, ODA levels were falling and the needs of traditional recipient countries were being eclipsed by the problems of states in the former Soviet bloc. Among DAC members, there was a desire for a "new vision that would sustain the relevance of development assistance in a rapidly changing world", as Richard Manning has written. A key brick for building that new vision came during the DAC's 1995 reflection exercise, which hit on the idea of setting some striking targets against which the progress of development could be measured.

Goals and targets weren't new in development circles. They had featured in the outputs from a series of United Nations (UN)-backed conferences in the early- to mid-1990s, and were valued for introducing a sense of urgency and providing a reference against which accomplishment could be measured. The DAC took this work as the foundation for building a concise set of development goals and then went further: most striking, perhaps, it set an ambitious target to reduce by half the proportion of people living in absolute poverty by 2015.

Given that the OECD has no real enforcement capacity and that the DAC represents only a limited slice of the development world, the viability of the DAC's set of goals was by no means assured: "It would … have been no great surprise if the idea of selecting a few headline goals and target dates mainly from the huge number generated by UN conferences had had little resonance," Mr Manning notes. That they did catch on was the result of two major sequences of events. First, the so-called "Utstein Group" of development ministers from four European countries pushed hard for the goals in forums like the G8 and the UN. Second, the OECD worked with agencies like the UN, the World Bank and the International Monetary Fund (IMF) to develop strategies and indicators for monitoring progress towards the goals. The combination of these two sequences of events would ultimately lead to the Millennium Development Goals.

What is the legacy of these goals? In some respects, it's easy to be cynical: even now, four years ahead of the 2015 target date, there is little realistic hope of meeting all the targets. That gives critics of the MDGs a convenient stick with which to beat these goals – convenient but unfair, says Richard Carey,[4] a former Director of the OECD's Development Co-operation Directorate: "One of the problems of the MDGs is that too much gloom has developed around them. Whereas I say let's turn the coin over, let's look at how much progress has been made." Even where progress has been disappointing, the MDGs can be illuminating, says J. Brian Atwood: "I think the goals help us to understand where our mistakes are being made and to take the corrective action that is necessary." Crucially, the MDGs have also changed the way development is discussed, helping, as *The Economist* has stated, to "shift the debate away from how much is being spent on development to how much is being achieved".

Source: This section draws in part on the chronology and analysis presented in Manning 2009.

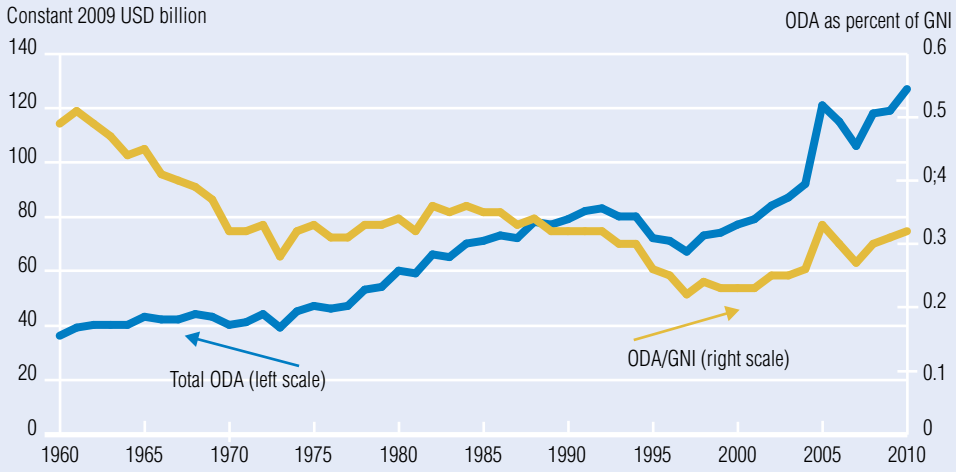
By the middle of the 1990s, growing talk of "donor fatigue" was accompanied by a critique that claimed, in blunt terms, that aid didn't work. The gloomy mood was reflected at the DAC. "For a number of reasons, the DAC was feeling very much under the gun," recalls Richard Manning. "It embarked on an *exercice de réflexion*, which involved asking itself some fundamental questions on what it was trying to achieve." That process would lead to the publication of one of the DAC's most important statements, *Shaping the 21st Century: The Contribution of Development Co-operation* (OECD 1996), which crystallised some of the era's key thinking on development into two core concepts: "We tried to pull it all into this very brief report," says James Michel,[5] who chaired the DAC in the second half of the 1990s, "to set down a compact for effective partnerships to make aid work better and to have some targets that would be inspirational." *Shaping the 21st Century* would lay the foundations for the Millennium Development Goals (2000) (Box, page 31) and the Paris Declaration on Aid Effectiveness (2005) and, says Mr Michel, the way the world does development today: "I think the international framework for development co-operation today rests on those two pillars of people-centred development goals and effectiveness principles."

As the 1990s closed, the dawn of the new millennium brought a sharp new focus on development. That came about for several reasons. One was the success of the high-profile Jubilee campaign in drawing attention to the debt burdens carried by many developing countries. Another – perhaps more urgent – was the 11 September attacks on the United States in 2001. Those attacks made explicit the links between development and security, a point made by the DAC Chair at the time, Jean-Claude Faure: "The events of 11 September have strengthened the conviction that a world without violence, terrorism and conflict also means a world freed from exclusion, vulnerability and inequality, a world where opportunities exist for all."

Partly in response, the new decade saw increased aid spending, both in absolute terms and in terms of GNI. But it also saw a growing concern with the idea of getting maximum value for money: "There was less of a sense that good aid is more aid, and more of a sense that good aid is more aid well spent," says Mr Michel. In reality, this idea of aid effectiveness was not new at the DAC: it had first been raised as far back as 1961 and later formed a key pillar of *Shaping the 21st Century*. In 2005, it gained fresh momentum with the Paris Declaration on Aid Effectiveness, which brought together many of the themes the DAC had worked on over the years and produced a set of five principles to guide aid effectiveness, backed by concrete indicators that could be monitored.[6]

To anyone who had been closely following the aid agenda over the years, those principles probably contained few surprises. But those looking for the first time might well have been surprised by the role the declaration assigned to developing countries. Increasingly, development assistance has come to be seen not as assistance but co-operation – a partnership between donors and developing countries, but with the latter in the driving seat. As Rwanda's President Paul Kagame has written, "We appreciate support from the outside, but it should be support for what we intend to achieve ourselves. No one should pretend that they care about our nations more than we do; or assume that they know what is good for us better than we do ourselves."

The ups and downs of assistance



Source: OECD Development Assistance Committee Statistics, 2011.

ODA has tended to increase in real terms since the 1960s, albeit with a few dips, such as in the mid-1990s when donor countries went through a period of post-recession fiscal consolidation. By 2010, aid flows from DAC donor countries totalled slightly under USD 129 billion, their highest-ever level. By contrast, the trajectory of ODA as a percentage of GNI (a measure of donors' national wealth) has been rather less clear. It fell throughout the 1960s, oscillated up and down throughout the 1970s and 1980s and fell again throughout much of the 1990s before picking up in the early 2000s.

The Paris Declaration and subsequent Accra Agenda for Action (2008) aimed to add impetus to this drive to overturn a model of development where, as Richard Carey puts it: "Donors were setting up projects and didn't care what anyone else was doing. We were spending 30 years building schools but not building an education system." J. Brian Atwood believes the Paris Declaration is indeed helping to change attitudes: "It's now taken very seriously by the developing partners. The dynamic has shifted – they really see these principles as being in their interest and they are pushing the donors very hard. And that's a good thing. Frankly, the donors have a mixed record in terms of behavioural changes, but it's clear that they're beginning to pay more than lip service to the Paris principles."

Present: A world changed utterly

The formal entry of Korea to the DAC on 1 January 2010 marked a remarkable turnaround. Five decades earlier, when the DAC was formed, "Korea was one of the poorest nations in the world, endeavouring to emerge from the ashes of the Korean War to rebuild itself," Oh Joon, Korean Deputy Minister of Foreign Affairs, said at the time. Over the subsequent decades, the country received an estimated USD 13 billion in foreign aid while transforming itself into a major world economy – and aid donor. "For many Koreans, including myself, it happened in our own lifetime," said the minister. "As a child, I went to an elementary school where we drank milk and ate corn bread that came in containers marked 'United Nations' or 'US Government'. A few months ago, I visited a kindergarten in Mongolia where children were studying with textbooks marked as gifts from the Republic of Korea."

Korea is not alone. Over the past 50 years, the economic geography of the world has changed beyond all recognition. Countries like China, India and Brazil – once regarded as economic basket cases – are emerging as economic giants. In the wake of the recent recession, they have become key drivers of the global economy: between 2005 and 2009, developing and emerging countries contributed nearly three-quarters of global growth and, according to economists at The World Bank, their economic size will surpass that of developed countries by 2015. Still, despite this overall progress, living standards in emerging economies remain a long way behind those in the OECD: even today, India has more poor people than all of sub-Saharan Africa. Nevertheless, the emerging economies have played a major role in reducing global levels of absolute poverty: over the past 20 years, the number of people worldwide living on less than USD 1 a day has fallen by nearly half a billion.

In short, the old division between the rich "North" and the poor "South" has given way to a more complex economic map on which the traditionally affluent countries are being chased by a growing number of "converging" countries. According to analysis by the OECD's Development Centre, between the 1990s and today, the number of converging countries jumped from 12 to 65. But what about the rest? British economist Paul Collier has coined the term "the bottom billion" to describe the slice of humanity living in the world's worse-off countries. And he warns that "[a]s the bottom billion diverges from an increasingly sophisticated world economy, integration will become harder, not easier."

So, as the OECD and the DAC hit 50, they find themselves in a world utterly unlike that in which they were born. Huge progress has been made but – equally – huge challenges remain. To some extent, those challenges were only deepened by the recent recession. While the economic downturn highlighted the relative strength of emerging economies like China and India, it exposed the fragility of others, especially in Eastern Europe and Central Asia. Even in sub-Saharan Africa, where growth slowed but generally did not come to a halt, the recession came as a setback after several years of strong economic performance.

There's concern, too, about the capacity of developed countries to maintain aid levels as they struggle to bounce back from the recession. In 2010, ODA levels from DAC members reached a record USD 128.7 billion in absolute terms; but juxtaposed against that was the reality that it was USD 19 billion below where it would have been if donors had stuck to previous pledges. So far, fears of a big fall-off in ODA amid tightening budgets in donor countries have not come true. However, there will be growing pressure in the years to come to show that aid is delivering value for money. As the *Development Co-operation Report 2010* notes, "In this time of economic austerity, the citizens of donor and developing countries alike want assurances that aid is working, that it provides value for money and that it is not being misused by corrupt governments."

Future: The challenges ahead

The emerging economies are not only shifting the global economic balance, they are also helping to change the world of development co-operation – and in the coming decades, this will be felt ever more deeply. Currently, DAC members account for around 90% of total global ODA, according to UN analysis. But over the past ten years, the number of donor governments who do not belong to the DAC has risen sharply to nearly 30. Many of these are in what used to be called the "South" and they are helping to fuel a wave of so-called South-South flows in areas like investment, trade and development assistance.

Over the past 50 years, a host of other players have also joined the global development effort, bringing in new ideas, energy and resources, but also adding complexity. In the 1940s, there were just four bilateral donors. By 2006, according to the *Development Co-operation Report 2009*, "There were about 225 bilateral donor agencies and 242 multilateral agencies, of which 24 were development banks and about 40 UN agencies, working in development co-operation." The global aid architecture has thus become increasingly complex, making it ever harder for developing countries to successfully manage relationships with their donors.

Measuring the extent to which these flows amount to development assistance is difficult, in part because most of it is not reported to the DAC. But it's clear that it is already having a significant impact and that this impact will only grow. As Eckhard Deutscher, a former DAC Chair, notes, this must be reflected in how development co-operation is discussed and in how it's carried out: " … the voice and experience of providers of South-South co-operation are too important to be left out of aid effectiveness work and of the international debate on development co-operation."

His successor, J. Brian Atwood, shares that view but takes it further: the upcoming High Level Forum on Aid Effectiveness in Busan, Korea (29 November-1 December 2011) will, he says, provide an opportunity to rethink the totality of development relationships: "I believe we will develop a declaration that will commit nations to work more directly with each other," he says. "There will be an endorsement of South-South co-operation, but there will be a desire to move away from a polarisation – North-South *versus* South-South, donor *versus* recipient and all of those things – to try to achieve a mutual accountability when it comes to the larger goals that the world has set for itself. Broader and deeper partnership for development is what we're hoping for." Will the DAC continue as part of this partnership? "I think the DAC will be here for a while, this challenge will remain with us, unfortunately," he replies. But in the longer term, he hopes the world's success in meeting the development challenge will one day make the DAC redundant: "We are in business," he states, "to work ourselves out of business."

Notes

1. Mr Atwood's comments were made in an interview with the author.
2. The DAC was originally established as the Development Aid Group (DAG) in 1960, under the auspices of the OECD's predecessor, the Organisation for European Economic Co-operation (OEEC).
3. Mr Manning's comments were made in an interview with the author.
4. Mr Carey's comments were made in an interview with the author.
5. Mr Michel's comments were made in an interview with the author.
6. Designed to make aid more effective, the five principles outlined in the Paris Declaration on Aid Effectiveness are: ownership (developing countries set their own strategies for development, improve their institutions and tackle corruption), alignment (donor countries bring their support in line with these objectives and use local systems), harmonisation (donor countries co-ordinate their action, simplify procedures and share information to avoid duplication), managing for results (developing countries and donors focus on producing and measuring results) and mutual accountability (donor and developing countries are accountable for development results).

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Part I.
Fifty years of development co-operation: What have we learned?

Chapter 1

The OECD Development Assistance Committee at 50 and the challenges of a changing world

James Wolfensohn

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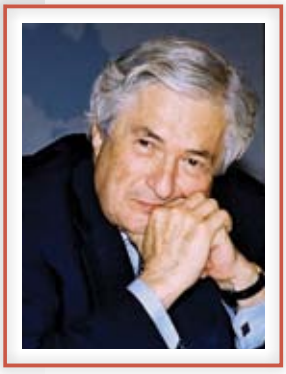
Mr Wolfensohn was the ninth President of the World Bank Group (1995-2005) and also served as Special Envoy for Gaza Disengagement for the Quartet on the Middle East (2005-06) for the United States government. In 2006, he founded the Wolfensohn Centre for Development at the Brookings Institution to focus on global poverty.

Mr Wolfensohn has been actively involved in cultural and philanthropic activities, including as Chairman of the Institute for Advanced Study, member and Chairman of Carnegie Hall in New York, and Chairman of the John F. Kennedy Centre for the Performing Arts in Washington, D.C. He is an Honorary Trustee of the Brookings Institution, a member of the Council on Foreign Relations and the Century Association, and a Fellow of the American Academy of Arts and Sciences, as well as of the American Philosophical Society.



For the past half century, the OECD Development Assistance Committee (DAC) has monitored development assistance finance and advised on appropriate development policies with the objective of ensuring better lives for people in developing countries. As James Wolfensohn writes in this chapter, the DAC has provided the necessary information and analysis, and has helped other institutions to set objectives and programmes to meet development challenges.

The decades to come will see profound changes: by 2050, the world's population will grow to just over nine billion people – most of whom will be in developing countries; and by mid-century, ours will be a significantly Asian world in terms of both population and economic strength. The DAC must continue its tradition of providing monitoring, analysis and guidance that will help facilitate a peaceful adjustment to these changes and promote a more equal and stable world.

It is indeed a pleasure to celebrate the 50th anniversary of the OECD Development Assistance Committee (DAC). For the past half century, the DAC has spearheaded and monitored significant advances in how we think about development, co-ordinating our actions and moving with the times. With the objective of ensuring better lives for people in developing countries, the DAC has monitored development assistance finance, ensuring that it is as effective as possible, and has advised on appropriate development policies.

The 50 highlights of these 50 years, brilliantly presented on the occasion of this anniversary on the OECD DAC website,[1] illustrate how far we have come – and how important the DAC's role has been in defining what official development assistance (ODA) is and how to measure it; tracking aid and promoting commitment to the 0.7% target;[2] tackling debt, gender, poverty and environment issues; spearheading the Paris Declaration on Aid Effectiveness (2005); promoting aid transparency with partner countries in the driver's seat; and promoting the voice of fragile states, for instance through the recent Dili Declaration on Peacebuilding and Statebuilding (2010). These are just some of the highlights, too numerous to enumerate in full. Clearly, the story of development and the success of aid efforts would have been much poorer without the coordinating and catalytic role of the OECD DAC and its capability to adapt to change.

Today, the DAC has many challenges to face, which most likely will call for it to expand its scope of activity as well as its membership. In October 2010, J. Brian Atwood was elected Chair of the DAC, following Eckhard Deutscher's constructive three years in office. Brian has remarkable experience and a reputation for getting things done. Leaving his senior position at the head of one of the leading United States (US) academic institutions to take up this role, he also brought with him a distinguished record in the US government and as Administrator of the United States Agency for International Development (USAID) from 1993-99. The DAC is in fine hands.

A history of solid contributions

"... no institution ... has contributed more than the DAC ... to ensure the effectiveness of development initiatives."

I know of no institution that has contributed more than the DAC to the work of development practitioners through the provision of statistical resources and policy analysis to ensure the effectiveness of development initiatives. In doing so, it has reached out to create partnerships with non-OECD members, including multilateral organisations such as the World Bank, and has led efforts to co-ordinate global development initiatives. Two initiatives stand out in my mind: the Working Party on Aid Effectiveness, the coalition of developing and developed countries, international and grassroots organisations, and public- and private-sector actors spearheading international efforts to make aid work better; and the International Dialogue on Peacebuilding and Statebuilding, where governments from states experiencing conflict and fragility work with their development partners to exchange views and devise solutions for their special circumstances.

Not content to rest on its historical initiatives, the DAC has also engaged in building statistical capacity, which is essential for nations that need to take charge of their own development. Today, it is using a proven approach to help 120 countries build statistical measurement systems so that they can target and measure the impact of their poverty reduction policies. Already, 93% of these countries have embarked on their own national statistical strategies.

Under the leadership of the OECD Secretary-General Angel Gurría and the DAC Chair, the 24 members of the DAC,[3] together with observers from the World Bank, the International Monetary Fund (IMF) and the United Nations Development Programme (UNDP), concentrate on two key objectives. The first is to develop international co-operation to advance the capacity of developing countries to fully participate in the global economy. The second is to provide within the developing countries themselves assistance to the population in overcoming poverty so that they may participate more fully in their societies.

Yet after 50 years of work – and the many contributions outlined above – it is with sadness that we realise that there is still very much to be done: half of our planet is still living on under USD 2.50 a day, with one billion of these living on under USD 1.25 a day.

"... there is still very much to be done: half of our planet is still living on under USD 2.50 a day, with one billion of these living on under USD 1.25 a day."

The challenges ahead

In this publication, Helen Clark (Chapter 2) reminds us most effectively of the subjects covered by the UNDP's annual *Human Development Reports*. There is little I can add to her analysis and commentary except to note once more that for the development community, the leadership of the OECD DAC and the focus of its many reports has been of enormous importance: it has provided necessary information and analysis, and helped other institutions to set objectives and programmes to meet the continuing challenges that face us.

Helen Clark's excellent contribution allows me to take a different approach, looking ahead to the coming decades and the new challenges we will face around the world. Today, approximately 6.8 billion people inhabit our planet. Approximately one billion of these are in richer countries, with the remainder living in the developing world. For nearly three decades – until 2002 – this population distribution was matched by a division of global gross domestic product (GDP) in which the scales were markedly tipped in the other direction, with approximately 80% going to the less populated, more developed countries and only 20% going to the remaining five billion people in the world at that time.

The proportions of these shares of global wealth started to change after 2002, with the distribution today nearer to 70% and 30%. The rapidly growing countries of China and India, as well as those in the rest of Asia, are responsible for most of this change. It is interesting to observe that in the years 1500 and 1815, China and India accounted for approximately 50% of global GDP; it is widely believed that by 2050, they will reach this share once more, with Asia as a whole accounting for 65% of global GDP. By that point in time, the share of the G7 countries – which until 2000 accounted for 65% of global GDP – is expected to fall to 25%; OECD countries as a whole are projected to move from their 80% share to 35% of global GDP.

"... developing countries already hold more than 70% of global reserves, with China – whose holdings ... are equivalent to USD 3 trillion – accounting for approximately one-third of these reserves."

The face of this new and challenging world is already visible today: China has just become the second economic power in the world after the United States of America. It is also worth observing that today, developing countries already hold more than 70% of global reserves, with China – whose holdings in various currencies are equivalent to USD 3 trillion – accounting for approximately one-third of these reserves.

By 2050, the world's population will grow to just over nine billion people, with virtually all of this growth taking place in developing countries. At that point in time, the OECD countries will have just over one billion people, compared to over eight billion in the developing world where India will take the lead as the most populated country. I should caution, of course, that all these projections could be off somewhat in terms of timing and amounts; what is clear, nonetheless, is that they are directionally correct and that by mid-century, ours will be a significantly Asian world in terms of population and economic strength. The top ten economic powers of 2000 will be replaced by China, India, Brazil, Russia, Indonesia and Vietnam, among others, and the old-world leadership that we have come to accept will be substantially redefined.

Such changes in the distribution of power will have to be reflected in the membership of international organisations, as we are beginning to see in the Bretton Woods institutions; they will undoubtedly also affect the composition, role and work of the OECD DAC. Already, countries like Chile, Korea, Mexico and Turkey have moved from the ranks of aid recipients to those of active OECD members and more changes are likely.

Africa and the environment

In this transforming world, it is important to comment on the special challenge of Africa. Africa today has between 800 and 900 million people; by 2050, its population will approach two billion, representing nearly 20% of the world's population. Today, Africa has less that 2% of global GDP and the projections for substantial *per capita* growth, precluding significant interventions, are not promising. Certain countries may reach 3-4% of global GDP and *per capita* income may rise from USD 600-700 per year to USD 3 000-4 000. This will happen, however, in a changed world: by that date, people in China and India are projected to have more than USD 30 000 dollars *per capita* per year and citizens of many European countries and the United States will have more than USD 80 000. In such a scenario, with ready flows of information and the improved forms of communication that will surely be available, it should be no surprise if the populations of the 54 countries in Africa are restive, demanding more from the global commons – either through peaceful or disruptive means – or seeking to migrate to the richer countries.

In this respect, one cannot fail to note the current turbulence in the Middle East, where several "elected" or self-appointed governments and leaders have been rejected. The stability of the monarchies and princely kingdoms currently responding to the demands of their people – with both increased distribution of resources and shows of military power – remains to be seen.

Finally, one cannot fail to mention the environmental challenges we will all face with diminishing supplies of water and changing sources of energy to lessen our existing dependence on hydrocarbons. R.K. Pachauri (Chapter 7) ably discusses this set of issues in his chapter. Let it suffice to say here that these challenges have the potential to unite the world and to cause conflict as well.

The next generation of solutions

I respect all the projections and estimates I have referred to, which are, I believe, very likely in terms of direction, although less certain in terms of timing. They present a huge challenge to the OECD countries, which in my judgment are not adequately responding.

Let me start with the education of the next generation. China and India each have more than 300 000 students studying abroad, with more than 100 000 each in the United States alone. Students from the United States, by contrast, still prefer to study abroad in Europe or Latin America. There are only 13 000 students from the United States studying in China and barely 3 000 in India. I spoke recently at a university in Beijing to an audience of 700 students and faculty. I spoke in English and there was no translation. A Chinese speaker in the United States or Europe would surely not have a similar experience with the local knowledge of his or her language.

All of this is to say that we in the West must make a very careful assessment of our competitiveness and our education systems if we are to respond to the challenges ahead. It is essential that we prepare now for the significantly Asian world of 2050. In addition, we and our Asian friends must increasingly address our attention to Africa if we are to have greater equity and with it, greater peace and stability.

Upon his re-appointment for a second term of five years on 1 June 2011, Mr Gurría stated that "the pursuit of relevance continues to be my guiding objective in order to improve the well-being of our citizens and help design better policies for better lives". In support of such a worthy objective, the OECD DAC in the decades to come must give leadership, as it has in the past, so as to guide the world to a peaceful adjustment to the new realities. Based on the past 50 years, we can expect fine data, analysis and suggestions for action to help everyone accept the new challenges and to promote the possibilities of a more equal and stable world.

"It is essential that we prepare now for the significantly Asian world of 2050."

Notes

1. See *www.oecd.org/dac.*

2. The best-known target in international aid proposes to raise official development assistance (ODA) to 0.7% of donors' national income. In 1969, the Pearson Commission proposed a target of 0.7% of donor gross national product (GNP), taken up in a United Nations resolution on 24 October 1970. DAC members generally accepted the 0.7% target, with some exceptions: Switzerland, not a member of the United Nations until 2002, and the United States, which does not subscribe to specific targets or timetables but supports the resolution's more general aims. With the revised System of National Accounts in 1993, gross national product was replaced by gross national income (GNI). The target is therefore shown in terms of an ODA/GNI ratio.

Chapter 2

The real wealth of nations: Lessons from the *Human Development Report*

Helen Clark

Helen Clark takes the opportunity of the 50th anniversary of the OECD Development Assistance Committee (DAC) to explore the human development progress over the past decade, as well as challenges of the 21st century. She bases her analysis on a rich source of insights, the annual Human Development Report, *produced by the United Nations Development Programme (UNDP) on issues as diverse as gender, water, human rights, climate change and migration. She notes that people today are, on average, healthier, more educated and wealthier than ever before. While the income divide has generally worsened, gaps in health and education outcomes between developed and developing countries have narrowed.*

Looking ahead, it remains vital that all partners in development work together to nurture resilient, accountable institutions and systems that are capable of meeting sustainable development objectives, responding to citizens' needs, dealing with shocks, promoting social cohesion and peacefully mediating tensions and disputes.

Helen Clark became the Administrator of the United Nations Development Programme (UNDP) in April 2009, and is the first woman to lead the organisation. She is also the Chair of the United Nations Development Group, a committee consisting of the heads of all United Nations funds, programmes and departments working on development issues.

Prior to her appointment with UNDP, Ms Clark served as Prime Minister of New Zealand, serving three successive terms (1999-2008). She engaged widely in policy development and advocacy across the international, economic, social and cultural spheres. Under her leadership, New Zealand achieved significant economic growth, low levels of unemployment and high levels of investment in education and health, and in the well-being of families and older citizens. Ms Clark advocated strongly for New Zealand's comprehensive programme on sustainability and tackling the problems of climate change.

As Prime Minister, Ms Clark was a member of the Council of Women World Leaders, an international network of current and former women presidents and prime ministers whose mission is to mobilise the highest-level women leaders globally for collective action on issues of critical importance to women and equitable development.

The 50th anniversary of the OECD Development Assistance Committee (DAC) offers an excellent opportunity to reflect on lessons learned over the past decades and identify options to address the development challenges of the 21st century more effectively. Since 1961, the DAC has contributed to global development by defining official development assistance (ODA) and tracking it against agreed targets. It has worked to ensure that aid is delivered well, and has produced guidance and shared good practice to promote better development policies. Through engagement with key players, including the United Nations Development Programme (UNDP), the DAC has influenced the international agenda in support of development, emphasising throughout the human side of development. Indeed, our institutions have often worked together to advance understanding in this realm.

"... ultimately, development is about expanding people's choices and capabilities – including their political freedoms and human rights – enabling them ... to influence decisions that impact their lives."

A rich source of insights into human development progress is the annual global *Human Development Report* (HDR), produced for twenty years now by the UNDP. The first HDR, published in 1990, affirmed that "people are the real wealth of nations" (UNDP 1990). With eloquence, philosophical clarity and no small amount of intellectual courage, that first report peeled away layers of orthodox development thinking to stress the importance of putting people at the centre of development. It recognised that ultimately, development is about expanding people's choices and capabilities – including their political freedoms and human rights – enabling them to have the means to live long, healthy and creative lives, and to influence decisions that impact their lives.

The human development approach

The central premise of that first HDR was simple: a country's development should not be measured by national income alone, but rather by a broader concept of human development. Associated with the report, the now well-established Human Development Index (HDI) combined measures of life expectancy, education and living standards.

The team behind the first HDR acknowledged that the HDI itself had its shortcomings: it relied, for example, on national averages, which masked unequal distribution and did not include what the authors called a "quantitative measure of human freedom" (UNDP 1990). The authors were well aware that the human development approach could not be reduced to the narrow confines of the HDI.

The breadth of the approach taken by the *Human Development Report* has allowed it to frame debates for the past twenty years on a wide range of the most pressing challenges facing our planet. The HDRs have explored issues as diverse as gender, water, human rights, climate change and migration. They have proffered policy recommendations that have become part of the development mainstream, including the Millennium Development Goals (MDGs).

Over the past two decades, the human development approach has influenced policy makers, academics, researchers and development practitioners, and today it continues to provide a conceptual foundation for the UNDP's and others' work around the world.

Two decades of redefining development

A quick review of the *Human Development Reports* reveals many lessons that are still critical for effective development. The first report called for "global targets for human development", including goals for reducing poverty and malnutrition, and improving basic education, primary health care and access to safe water.

As long ago as 1994, the *Human Development Report* argued that for too long the concept of security had been shaped by the potential for conflict among states – with security being equated to controlling threats to countries' borders. That report defined human security more broadly as "freedom from fear and freedom from want" (UNDP 1994). This radical shift away from traditional thinking on peace and the prevention of conflict argued, in essence, that security lies in development, not in arms.

The UNDP – together with the bilateral donors represented in the OECD DAC – has worked hard over the ensuing years to redefine the traditional concept of security, to take it well beyond state stability and national security, and to place a clear focus on the safety and well-being of people. The recognition that development and security are inextricably linked has shifted the spotlight of donor support to security system reforms that underpin poverty reduction and the achievement of the MDGs. More recently, the UNDP has actively participated in DAC efforts to ensure that donors support – and do not undermine – state-society relations. These joint efforts are also articulated in important DAC policy guidance (OECD 2011).

"The recognition that development and security are inextricably linked has shifted the spotlight of donor support to security system reforms that underpin ... the achievement of the MDGs."

In 1995, building on the momentum created through the United Nations Decade for Women and in advance of the Fourth World Conference on Women (4-15 September 1995, Beijing, China), the *Human Development Report* presented a wide range of innovative proposals for promoting gender equality and women's empowerment. It recognised the significance of unpaid work, offering the first global estimate of the value of non-monetised production by women and men in economic and household activities. The report argued that "[i]nvesting in women's capabilities and empowering them to exercise their choices are the surest ways to economic development" (UNDP 1995). It highlighted the issue of violence against women and called for recognition as war crimes instances of mass rape and torture of women during times of conflict.

The Fourth World Conference on Women was one of several ground-breaking global conferences on development issues held in the 1990s; others addressed education (Jomtien, 1990), environment (Rio de Janiero, 1992), population (Cairo, 1994) and social development (Copenhagen, 1995). In 1996, the OECD DAC's *Shaping the 21st Century: The Contribution of Development Co-operation* (OECD 1996) distilled the consensus from these conferences into a compact set of development targets that could be measured and monitored over time (Table 2.1). This stimulated an ongoing reflection that culminated in 2000 with the adoption by the United Nations General Assembly of the Millennium Development Goals.

In this context, the 2000 global HDR offered the human rights community an intellectual framework for engaging more effectively with "development" (UNDP 2000). It argued that, as has sometimes been argued, human rights cannot be seen as a reward of development, but rather as critical to achieving it.

Table 2.1. The evolution of international development targets

Goals set out in *Shaping the 21st Century*	Millennium Development Goals and Targets
The proportion of people living in extreme poverty in developing countries should be reduced by at least one-half by 2015. (Goal 1)	Halve, between 1990 and 2015, the proportion of people whose income is less than USD 1 a day. (Goal 1, Target 1.A)
There should be universal primary education in all countries by 2015. (Goal 2a)	Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling. (Goal 2, Target 2.A)
Progress toward gender equality and the empowerment of women should be demonstrated by eliminating gender disparity in primary and secondary education by 2005. (Goal 2b)	Eliminate gender disparity in primary and secondary education, preferably by 2005, and in all levels of education no later than 2015. (Goal 3, Target 3.A)
The death rate for infants and children under the age of five years should be reduced in each developing country by two-thirds the 1990 level by 2015. (Goal 2c)	Reduce by two thirds, between 1990 and 2015, the under-five mortality rate. (Goal 4, Target 4.A)
The rate of maternal mortality should be reduced by three-fourths by 2015. (Goal 2c)	Reduce by three quarters the maternal mortality ratio. (Goal 5, Target 5.A)
Access should be available through the primary healthcare system to reproductive health services for all individuals of appropriate ages, including safe and reliable family planning methods, as soon as possible and no later than the year 2015. (Goal 2d)	Achieve universal access to reproductive health. (Goal 5, Target 5.B)
There should be a current national strategy for sustainable development in the process of implementation in every country by 2005, so as to ensure that current trends in the loss of environmental resources, forests, fisheries, fresh water, climate, soils, biodiversity, stratospheric ozone, the accumulation of hazardous substances and other major indicators are effectively reversed at both global and national levels by 2015. (Goal 3)	• Integrate the principles of sustainable development into country policies and programmes, and reverse the loss of environmental resources. (Goal 7, Target 7.A) • Reduce biodiversity loss, achieving, by 2010, a significant reduction in the rate of loss. (Goal 7, Target 7.B)
A stronger compact for effective partnerships (Section II.B)	Develop a global partnership for development. (Goal 8)

Source: OECD 1996 and the United Nations Millennium Development Goals website, available at: *www.un.org/millenniumgoals.*

The 2002 HDR on deepening democracy argued not only for "good governance" and effective public institutions, but also for inclusive democratic governance as a policy priority (UNDP 2002). It recognised that people everywhere want to be free to determine their destinies, express their views and participate in the decisions that shape their lives – a view that resonates strongly in the wake of recent political events in the Middle East.

In 2005, the HDR included recommendations on aid, trade and security (UNDP 2005). It outlined fundamental requirements for establishing effective global partnerships, among them: setting a target for reaching a ratio of aid to gross national income (GNI) of 0.7% by 2015; tackling unsustainable debt; limiting conditionality; focusing more on building institutions and national capacity and less on wide-ranging macroeconomic targets; and ending tied aid, which had bound the use of development assistance to the purchase of supplies and services from the donor country instead of allowing recipients to use open markets.

In each of these areas, the DAC has used its convening power and its aid monitoring systems to promote action on agreed targets and objectives. The 0.7% ratio of ODA to GNI has been repeatedly endorsed by DAC members at the highest level. It serves as a reference for commitments to increase ODA and helps the OECD to play its vital role of encouraging donors to sustain funding for development despite economic crises and competition for resources from other spending requirements. In like fashion, aid untying is one of the areas where the DAC has been most effective, with over 80% of bilateral aid having been untied to date (Annex A, Figure A.5). In particular, the DAC has focused these efforts on the least developed countries.

"The 0.7% ratio of ODA to GNI ... helps the OECD to play its vital role of encouraging donors to sustain funding for development ..."

From global to national and regional

The UNDP has also helped more than 140 developing countries to produce their own *Human Development Report*s as they explore their development challenges. More than 600 national and sub-national reports have been issued to date, and UNDP's regional bureaus have also published a number of reports covering different regions of the world.

Among these regional reports, the five volumes of the UNDP-commissioned *Arab Human Development Report* signalled many of the development challenges that have contributed to this year's uprisings in the Arab region. First produced in 2002 and written and researched by Arab intellectuals and development practitioners, these reports identified three major human development deficits facing Arab countries: governance, women's empowerment and knowledge.

The 2009 edition, *Challenges to Human Security in the Arab Countrie*s, noted that close to 30% of young people in the Arab States region were unemployed (UNDP 2009). With more than 50% of the population in the region under the age of 25, many millions of new jobs are needed if young people are to realise their aspirations; they also need opportunities to participate in decision-making that has an impact on their lives.

A review at 20

In 2010, the 20th anniversary edition of the global *Human Development Report, The Real Wealth of Nations: Pathways to Human Development*, affirmed the continuing relevance of the human development approach for understanding the diverse trends and patterns of national progress, and for thinking about future policy directions (UNDP 2010). This report offers a systematic review of the human development record in 135 countries over the past four decades, concluding that there is considerable good news: people today are, on average, healthier, more educated and wealthier than ever before. Since 1970, the average global life expectancy has risen from 59 to 70 years. School enrolment has grown from 55% to 70%. The average *per capita* income has doubled to more than USD 10 000 per year in real terms. The HDR also notes that while the income divide has, with a few notable exceptions, worsened over the past 40 years, gaps in health and education outcomes between developed and developing countries have narrowed significantly.

Improvements like these are never automatic. They require political will, smart policies and the continuing commitment of the international community. Huge international investments in anti-malarial bed nets and anti-retrovirals, for example, have undoubtedly had a positive impact on life expectancy.

Nonetheless, human development progress has not been constant. Economic crises, conflict, natural disasters, epidemics and poor governance all have taken their toll. Three countries – the Democratic Republic of the Congo (DRC), Zambia and Zimbabwe – have lower HDI scores today than they did in 1970. Even so, both the DRC and Zambia have increased their HDI score over the past decade.

"Development partners can be effective by supporting inclusive development planning ..."

The twentieth anniversary *Human Development Report* also stresses two more major themes: the paths to development success are multiple and diverse, and national ownership matters immensely. Development partners can be effective by supporting inclusive development planning that reflects the perspectives of the poor and marginalised, and also by supporting the strengthening of local and national capacity to mobilise resources, deliver services and make evidence-based policy decisions.

The principles are the path

Over the past decade, five African countries – Burkina Faso, Ethiopia, Mozambique, Rwanda and Uganda – have been among the top ten upward movers on the HDI. The challenge is to scale up and replicate this type of success so as to propel human development forward. Yet rather than seeking a single blueprint for development, the HDR argues that basic principles – and not specific policy prescriptions – should inform national development strategies.

In like fashion, the DAC's continuing concern for improving the way aid is managed and delivered has inspired international agreements and principles that guide current development practice, in particular the 2005 Paris Declaration on Aid Effectiveness and the 2008 Accra Agenda for Action. These roadmaps for efficient and effective aid are helping to put countries in charge of their own development, reduce costs by simplifying procedures and enable donors and developing countries to achieve results – in short, to ensure that development works for those who need it most.

Leaders can do much to improve people's lives even when growth is less than impressive. Economic growth is clearly necessary for development, but it is how this growth occurs that matters most. If growth is inclusive, if it benefits the poor, if it generates jobs, if it advances decent work, if it occurs in the agricultural and rural sectors where so many of the developing world's poor live and if it supports social protection and leads to growing tax revenues that can be recycled into health, education, and infrastructure improvements – then it will help advance human development.

"Economic growth is clearly necessary for development, but it is how this growth occurs that matters most."

Putting people at the centre of development means that progress needs to be equitable and broad-based. It means that people need to be active participants in change, as development is more likely to take hold if people are given a genuine say in their own governance and a chance to share in the fruits of their countries' progress. It also means that today's achievements should not be attained at the expense of future generations.

Forty years: The trends

In reviewing the broad trends of the past four decades, the HDR finds that rising income inequality is the norm within most countries. There has, however, been major progress in most aspects of empowerment. The past 40 years have seen profound political change in many parts of the world, with a particularly dramatic growth in democracy in Europe, Central Asia, and the Latin American and Caribbean region. Africa, East Asia and the Pacific have also registered notable advances in this area.

On the other hand, the HDR finds that there has been deterioration on most counts of environmental sustainability. Twenty years ago, OECD development and environment ministers endorsed the *Guidelines on Aid and Environment* (OECD 1992) – a series of principles developed by the DAC to address environmental threats such as climate change, ozone layer depletion, deforestation and deteriorating water supply. Since then, the OECD's 2009 policy guidance – *Integrating Climate Change Adaptation into Development Co-operation* – has offered guidelines for ensuring that core development activities factor into this important concern (OECD 2009). Yet the world's current unsustainable patterns of production and consumption continue to constitute one of the greatest challenges to human development, as evidenced by climate change, poor air and water quality and diminishing biodiversity.

Because of the importance of protecting our planet and its ecosystems, and of pursuing low-emission routes to development, and in light of the ongoing international climate negotiations and the upcoming United Nations Conference on Sustainable Development in 2012 (Rio+20), the 2011 *Human Development Report* will focus on sustainability.

New measures for human development

The 2010 HDR highlighted the fact that "good things do not always come together" (UNDP 2010). For example, countries may have a high HDI and yet still be inequitable and/or undemocratic, or they may have an unsustainable development model. Tunisia, for example, ranked seventh among the world's top ten HDI performers relative to their 1970 starting point. Yet recent events there have shown that human development does not depend on better health, education and income alone, taking us back to the broader human development concept, which embraces the cause of enlarging people's freedoms and choices.

In keeping with its strong tradition of measurement innovations, the 2010 report introduced a revised HDI with three entirely new indices: an Inequality Adjusted Index, a Gender Inequality Index and a Multidimensional Poverty Index.

When these new measures are applied, inequality reduces countries' HDI scores on average by 22%, with almost 40% of country scores reduced by more than 25%. The results also show that countries with lower human development indices are also the ones that tend to be the most unequal.

"... about a third of the population in the 104 countries for which we have data – or about 1.75 billion people – experience multidimensional poverty."

Of course, enabling girls and women to have equal educational and employment opportunities and access to health services, and to participate in decision making are important in human rights terms. The Gender Inequality Index shows that initiatives in these areas also positively affect a nation's human development. In many countries, however, maternal mortality rates are very high and women are not enjoying equality in all the dimensions measured, from parliamentary representation to education and participation in the labour force.

The new Multidimensional Poverty Index, developed by the Oxford Poverty and Human Development Initiative with UNDP support, identifies overlapping deprivations at the household level in health, education and living standards. This index can help policy makers to better understand how poverty is manifested in different communities, and to more effectively formulate policy responses and channel resources. It is estimated that about a third of the population in the 104 countries for which we have data – or about 1.75 billion people – experience multidimensional poverty. This means, for example, that they may live in a household that has a member who is under-nourished, has experienced a child's death or who has no family member with five years of education and/or no school-age children enrolled in school.

Strength in numbers

As we acknowledge the success of *Human Development Reports* over the past twenty years and the human development progress that has been made since 1970, it is important to note that much work still remains to be done if all people are to be able to realise their full potential.

The HDR points out that individual states acting alone cannot address many of the problems our world faces – from tackling poverty, climate change and epidemics to promoting more equitable trade, greater food security and recovery from conflict.

This reinforces the case for reinvigorated multilateral action and long-term, flexible partnerships to help countries meet their development aspirations, including achieving the Millennium Development Goals (MDGs). It also reinforces the importance of providing more and better ODA, which can act as a catalyst to help countries develop the institutions, systems and capacities they need to improve their prospects, and to attract private investment and new sources of climate finance.

The UNDP has a universal presence in the developing world, helping countries to meet their development goals. We work in more than 160 countries and territories to reduce poverty, promote democratic governance, fight HIV/AIDS and other infectious diseases, help countries prevent and recover from crises, and protect the environment and combat climate change.

Throughout, we strive to help bring about the transformational change to which countries aspire and build countries' resilience to enable them in overcoming whatever challenges they face.

Advancing development

From their inception, *Human Development Reports* have been independent in their thinking. The messages they convey are not always embraced in all quarters. Had the HDRs never tackled controversial subjects and never encouraged informed debate about issues that matter to us all, then they would not be advancing development thinking.

As we all prepare for the Fourth High Level Forum on Aid Effectiveness in Busan (29 November-1 December 2011), it remains vital that all partners in development work collaboratively to help countries advance their human development goals. Busan will bring together a wide range of stakeholders – including South-South development partners, partner countries, the private sector, civil society organisations (CSOs), parliamentarians, academics and others. Together, we can nurture resilient, accountable institutions and systems that are capable of meeting sustainable development objectives, responding to the needs of citizens, dealing with shocks in a timely and decisive manner, promoting social cohesion and mediating tensions and disputes peacefully. For 20 years, human development reporting has advanced the commitment to fighting poverty, promoted intellectual insights and nurtured ideas about development that have made a significant contribution to advancing development around the world.

"Together, we can nurture resilient, accountable institutions and systems that are capable of meeting sustainable development objectives ..."

Working with partners such as the OECD DAC, the UNDP looks forward to strengthening development assistance and co-operation to continue with this mission.

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Kaberuka

Donald Kaberuka is the seventh elected African Development Bank Group President.

As Bank Group President, Mr Kaberuka chairs the institution's boards: the African Development Bank and the African Development Fund, the Group's soft loan arm.

Prior to joining the Bank, Mr Kaberuka served as Rwanda's Finance and Economic Planning Minister (1997-2005), and has been widely acknowledged as the country's principal architect of its successful post-war reconstruction and economic reform programme. He initiated and implemented major economic and governance reforms in the fiscal, monetary, budgetary and structural domains, including the independence of the country's central banks. These reforms resulted in the widely acclaimed recovery of Rwanda's economy and sustained economic growth which enabled the country to benefit from debt cancellations in April 2005 under the Highly Indebted Poor Countries Initiative.

As Finance and Economic Planning Minister, Mr Kaberuka served as Rwanda's governor at the World Bank, the International Monetary Fund (IMF) and the African Development Bank.

Mr Kaberuka was educated in Tanzania and the United Kingdom, where he obtained a MPhil (Econ) and a PhD in Economics from the University of Glasgow in Scotland. He speaks English, French and Swahili fluently.

Chapter 3

Development and aid in Africa: What have we learned from the past 50 years?

Donald Kaberuka

Donald Kaberuka acknowledges that over the past 50 years, development policy has come a long way and that it continues to evolve – with diverse goals, players and instruments. This chapter looks at the development aid experience in Africa to draw out some of the lessons, and suggests ways forward. In many ways, Africa has been a test-bed over the past five decades, reflecting shifts in donor policies and practices as well as changes in the geopolitical climate.

Looking forward, Kaberuka stresses that development is about much more than aid: development co-operation – true partnership – requires dialogue and participation among recipients, traditional and non-traditional donors, and the private sector. He concludes that development aid – and the OECD Development Assistance Committee (DAC) – still have a key role to play in Africa.

In many ways, Africa has been a test-bed for development aid over the past 50 years, reflecting shifts in donor policies and practices as well as changes in the geopolitical climate. Overall, the impact has been positive, although difficult to quantify in isolation from other factors. Development co-operation beyond aid still has a positive role to play in Africa. This chapter provides an overview of these five decades draws out some of the lessons learned and suggests ways forward.

Development aid policy

Development policy has evolved and continues to do so. At first, aid was seen as post-colonial and temporary. It focused initially on external infusions of essentially bilateral finance in support of a development model assumed to follow a path of government-led industrialisation. When it became evident that this was not reducing poverty as expected – and had not necessarily led to better health or education – the focus shifted towards more direct socioeconomic targets. An increasing amount of aid began to be directed to the social sectors and to responses to humanitarian and emergency needs, with many bilateral donors reducing their allocations to agriculture and infrastructure.

In the 1980s and 1990s, however, African debt exploded in the face of high interest rates. The donor response was macroeconomic and conditional: it was agreed to subject debt relief to stricter policy prescriptions, insist on structural adjustment and look for reductions in the role of the state and state enterprises. This became known, in short, as the Washington Consensus. To address the debt burden of many African countries and reduce it to long-term sustainable levels, the Heavily Indebted Poor Countries (HIPC) Initiative was agreed in 1996.

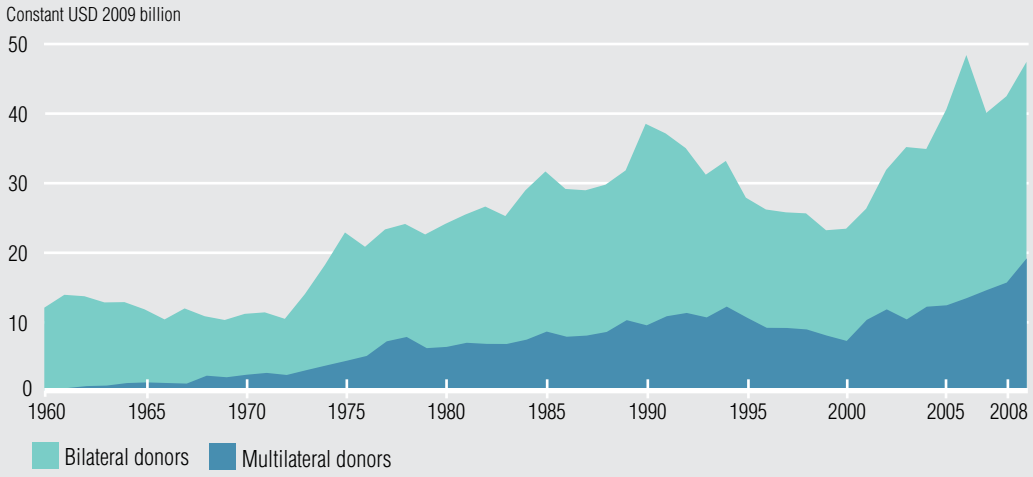
Despite these efforts, limitations remained. It was apparent that effective development required a strong governance and institutional foundation. In response, aid was to be concentrated on supporting those countries considered to be good performers. But this resulted in "donor darlings and orphans", neglecting fragile and failed states and their impact on their neighbours.

"For the first time in history, with the Paris Declaration on Aid Effectiveness in 2005, benchmarks were set for donor practice ..."

More recently, much of the donor discourse has been about making aid more effective and achieving results. For the first time in history, with the Paris Declaration on Aid Effectiveness in 2005, benchmarks were set for donor practice; these were reviewed and updated in Accra in 2008, resulting in the Accra Agenda for Action.

Over the same period, policy has been supported by successive quantitative development targets, but has clearly not been driven by a commitment to achieve them. The United Nations (UN) General Assembly agreed in 1970 that economically advanced countries should increase their aid and make their best "efforts" to provide 0.7% of gross national income (GNI) by the middle of the decade. The Monterrey Consensus in 2002 called for donors to "make concrete efforts" towards this target. Nonetheless, to date, this target has been reached by only a handful of donors.

Figure 3.1. Net official development assistance to Africa by donor
(Constant USD 2009 billion)



Source: OECD Development Assistance Committee Statistics, 2011. StatLink *http://dx.doi.org/10.1787/888932512119*

Although there was a steady increase in aid to Africa until the early 1990s, this was followed by almost a decade of decline, which picked up rapidly this century as disbursements of debt relief were brought to book (Figure 3.1). In recent years, successive G8 Summits have made or reaffirmed pledges to provide more support. In particular, at the Gleneagles Summit in 2005, the G8 promised to double aid to Africa by 2010. Political pressure has maintained this relatively high level of commitment, although delivery has fallen well short of the targets agreed.

Multilateral aid arguably provides for a more equitable distribution of aid, based on transparent criteria that are free from national political preferences. Nonetheless, as a proportion of total aid it has grown slowly, from about one-fifth in 1970 to one-quarter by 1985, hovering since then at around one-third.

At the same time, there has been a massive increase in the number of development actors, including bilateral, multilateral, non-governmental and philanthropic organisations. We have seen the development of more diverse goals, more players and more instruments, with the introduction of more vertical initiatives and funds initiated by donors. Despite this, the choices for developing countries have not increased: country programmable aid (CPA)[1] – the programmable portion of aid that supports national development priorities – excluding technical assistance, has remained steady at 41% of donors' gross bilateral aid during the past decade.

"... there has been a massive increase in the number of development actors, ... bilateral, multilateral, non-governmental and philanthropic organisations."

This simplified snapshot underlines the fact that the main shifts in policy as well as in the allocation and composition of aid have been determined essentially by the suppliers, notwithstanding rhetoric around respect for country ownership and priorities. Donors, of course, have legitimate interests and are answerable to their own taxpayers; but the results are often confusing and sometimes contradictory. Nor is there any certainty about what works best. Africa, therefore, has had to adapt and respond, and managing this complexity remains a major task. It is evident that there is no one development strategy that will fit all; Africa is a huge and very diverse continent of 54 countries.

The global context

The political context for development aid has also evolved over time, reflecting the broader interests of state actors. Political interests determined the allocation and the composition of aid, as well as the tying of aid finance to supply from the donor country. In the early years, Cold War competition between East and West was manifest, each side seeking influence in Africa – for example, in the Democratic Republic of the Congo (DRC), Ethiopia and Somalia. This changed with the fall of the Berlin Wall, as evidenced by the drop in aid from major donor countries in the 1990s.

"... the turmoil in North Africa has turned the spotlight to the need for shared and inclusive growth, for job creation and for more voice and accountability."

Globalisation and financial liberalisation have brought a greater sense of interdependence to the world, with the financial crisis vividly demonstrating how quickly contagion can spread. Today, there is recognition that no country is immune; even the least integrated continent – Africa – was affected. Previous policy prescriptions about the role of the market and the nature of the developmental state have been called into question. Most recently, the turmoil in North Africa has turned the spotlight to the need for shared and inclusive growth, for job creation and for more voice and accountability.

Undoubtedly, however, the biggest shift in the landscape has been the rapid and continuing economic rise of Brazil, Russia, India, China and South Africa (BRICS), in particular China. Although seen as "new donors", India and China in particular have had a long engagement with and in Africa. Together with Brazil, they are now major trading partners for Africa. Their imports of minerals and raw materials from Africa have multiplied over the past decade – Brazil's trade, for instance, has multiplied six-fold. And African exporters have benefitted from the increase in commodity prices. BRICS investment in Africa continues to increase, largely in the above-mentioned sectors, with increasing interest in technology transfer and South-South lesson-learning.

The 2010 G20 Summit in Seoul marked an important paradigm shift. Growth is now highlighted as the policy objective, with priority given to supporting the drivers of growth. There is recognition that progress depends on a wide range of factors and that it must be underpinned by wider coherence of trade, investment, aid, migration and domestic policy. Aid is no longer the most important flow to the majority of countries in Africa. It is only one element in a mix of financial flows: remittances, trade, and domestic and external investment. So Africa cannot rely on aid, but has to look for additional resources, unlocking entrepreneurship across the continent.

In the 1960s and 1970s, growth rates in Africa were not that different from Asia; but then Africa suffered almost two decades of stagnation. Nearly all African economies had large budget deficits, double-digit inflation and growing debt burdens; basic commodities were in short supply and poverty was rampant and growing. There was little external investment and much capital flight. Growth began to pick up again in the late 1990s until a decade of growth was temporarily checked by the financial crisis.

The results, measured against progress in Asia or against the Millennium Development Goals (MDGs), are disappointing. There has been real progress on some fronts: for instance, literacy rates have increased from 28% in 1970 to almost 60% today; and school enrolment has mushroomed. But too many African countries still remain low on the list of indicators of social development: of the 177 countries listed in the Human Development Index (Chapter 2), the bottom 35 are from sub-Saharan Africa.

But this does not mean that aid to Africa should be seen as simply a history of failure, of wasted money. Over the past decade, many countries have implemented much stronger economic policies – as shown by their control of inflation, improved public finances, current accounts and business conditions. At an average of 5.6% per year, Africa was one of the fastest growing developing regions immediately before the 2008 financial crisis. And by and large, macroeconomic stability has been maintained despite the increases in food and fuel prices. The policy and institutional reforms undertaken by most African countries have borne fruit, supported by increased aid flows and debt forgiveness.

Today, 26 out of 33 African countries potentially eligible for Heavily Indebted Poor Country/Multilateral Debt Relief Initiative (HIPC/MDRI) debt-relief assistance have reached the completion point, qualifying for irrevocable HIPC debt relief and MDRI debt cancellation. Under the HIPC Initiative, the World Bank Group has provided USD 2.9 billion (51.3% of the total USD 5.7 billion committed) in nominal terms to Africa. Generally, African countries have weathered the financial crisis well and are rebounding. Africa has demonstrated new-found resilience and the majority of African leaders have committed to maintaining their programmes of reform. Africa now has the potential to be a pole of growth.

"Africa has demonstrated new-found resilience and ... now has the potential to be a pole of growth."

There are numerous success stories to illustrate this progress at the project level, and overall, the rate of project success is positive. Performance at the country level has been variable across Africa and over time. But there are examples of sustained progress: for example, Botswana has been a model of sound policies and good governance; Rwanda has rebounded from genocide to stability and sustained annual growth; Guinea Bissau is graduating from the African Development Bank's (AfDB) soft loan window and is now able to borrow more on less concessional finance.

Lessons learned

One stark lesson from the past 50 years is that there has not been enough attention to promoting integration. Africa remains poorly integrated into the global economy, accounting for about 3.5% of global trade. Africa's 16 landlocked countries face an additional challenge, as they also depend on transport networks through coastal countries to connect with the rest of the world. Africa would benefit from better economic integration, not only with the world at large, but also within the continent. It is evident, for instance, that regional integration functioned as a "buffer" to the financial crisis, in particular in Eastern Africa.

Creating regional infrastructure hubs and pooling resources would unlock economies of scale and lower costs. But these are long-term projects, often fraught with political and technical difficulties and requiring sustained multi-year funding. Few donors provide significant resources for regional projects and even the multilaterals have had limited funds available.

The consensus is that growth in Africa will be private sector-led. Yet private sector development has received too little attention, with limited direct investment from most donors. Poor infrastructure – in particular inadequate and unreliable power supplies – continues to be a major factor hindering the private sector. Addressing Africa's infrastructure gap would boost the continent's economic performance and foster integration.

It is now well established that infrastructure boosts growth. Infrastructure improvements added about one percentage point to Africa's *per capita* economic growth from 1990 to 2005 – higher than the contribution made over the same period by macroeconomic stabilisation and structural policies. Bringing the region's infrastructure up to par with the rest of the developing world, however, will require investing about USD 93 billion a year – or 15% of the region's gross domestic product (GDP) – for the next decade. Only about half of this is currently covered. Traditional sources of finance will not be enough; innovation and reform are essential to generate more resources.

"Evidence shows that there are positive links between openness to trade and economic growth – provided, of course, there is the supply capacity."

Fortunately, we have moved beyond the rather sterile initial debates on the comparative value of aid and trade, and on the use of mixed credits. Evidence shows that there are positive links between openness to trade and economic growth – provided, of course, there is the supply capacity. Unfortunately, successive rounds of multilateral trade negotiations have highlighted the difficulties that many low-income countries face in capturing the benefits from new market access and trading opportunities. Trade preferences of OECD countries are important for Africa and have generated significant benefits. Estimates vary, but research suggests that the value of these preferences amounts to some 4% of beneficiary country exports – rather higher than the benefits generated by United States or Japanese preferences. The difference arises from higher preference margins, greater commodity coverage and less stringent rules of origin.

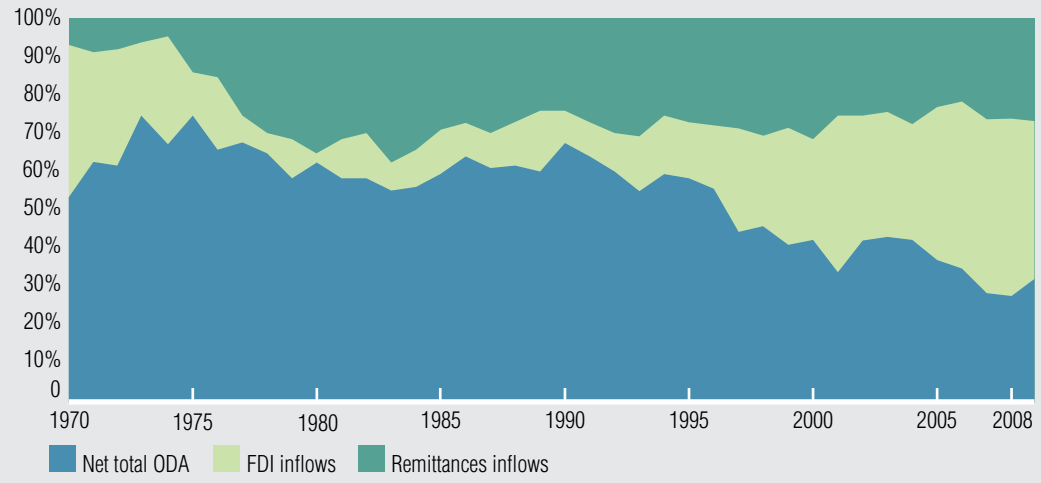
Mauritius offers a specific example of success. There, sugar exports at a price exceeding the world price allowed the country to diversify its industrial base, including by building a vertically integrated clothing industry capable of matching competition even from China. Similarly, African Growth and Opportunity Act (AGOA) preferences enabled Kenya, Lesotho and Swaziland to develop their clothing industries. European Union (EU) trade preferences permitted Botswana to build up its beef exports, and Kenya its horticultural exports to the EU. More recently, these preferences are being challenged with African countries being urged to liberalise their imports, but this is a risky undertaking for countries with a weak fiscal position reliant on trade taxes.

Public-private partnerships offer considerable advantages, although experience to date has been mixed. For instance, some 40% of water contracts involving the private sector have been cancelled before completion; rail concessions have also been fraught with miscalculations, unrealistic expectations and undercapitalisation. Rates of return in Africa have been high, but private investors often lack the local expertise and experience necessary to succeed. Mechanisms such as guarantees or co-investments with international financial institutions can help assuage the risks for private investors associated with investing in difficult environments. Innovative financial structures can also boost returns in projects otherwise not commercially attractive.

A clear lesson is that Africa has to look beyond external finance to meet its development needs. In practice, financial flows from other sources already outstrip aid, as shown in Figure 3.2.

It is understood that improving the investment climate is good for domestic as well as foreign investors. But more must be done to deepen the financial markets in Africa. African finance is too bank-based, overly concentrated and non-competitive. Money is short-term and expensive; banks provide

Figure 3.2. Aid and other external flows to Africa
(Percent)



Source: African Development Bank and United Nations Conference on Trade and Development databases, 2011, and OECD Development Assistance Committee Statistics, 2011.

StatLink *http://dx.doi.org/10.1787/888932512138*

little equity and bond markets are dominated by governments. New instruments can help mobilise alternative sources of funds, providing increased access and new channels of delivery. New sources need to be tapped, including pension funds, sovereign wealth and private equity funds. Local currency infrastructure bonds are emerging as a mechanism to mobilise domestic resources towards infrastructure, including from small investors. Gaps in infrastructure and in particular in energy provide a positive opportunity for investment.

For its part, Africa needs to have a hard look at the benefits it obtains from the rapid growth in mineral exploration and from the rise in commodity prices; it must also be accountable for the use it makes of those resources. Too little investment to date adds value in Africa or promotes job opportunities, skills development or technology transfer. Land concessions and proposals for investments in large-scale agriculture for export and biofuels should also be carefully appraised; too often there are systemic consequences (*e.g.* use of dwindling water resources or impact on domestic food security).

"... Africa needs to have a hard look at the benefits it obtains from the rapid growth in mineral exploration ... "

The debate on climate change has to some extent been conducted separately from the one on development. This is a mistake. They are intimately interconnected, especially in the area of adaptation. In addition, there is a real trade-off for poorer countries, which already see their scarce development resources potentially diverted to climate action – despite the rhetoric that climate funding should be new and additional. This is a serious issue for Africa: while the continent contributes less than 4% to global warming, it is already affected by climate change, bearing considerable adaptation costs and attempting to mitigate risk. Studies suggest the economic loss to Africa could be on the order of 1.5-3% of GDP annually by 2030. Africa must be engaged fully in the climate change debate and decision-making; African perspectives and interests have to be taken into account. Development planning and policy must adapt accordingly.

In sum, these lessons underline the fact that the business of development in Africa is now very different than it was in the past. It requires new approaches, longer-term perspectives, innovation. It also has to be more accountable, but not just to the donors. North Africa has given us all a sharp reminder that headline macroeconomic progress is not enough; we have to reduce inequalities to respond to – and be accountable to – the people we seek to serve.

The way forward

The evidence from Africa is clear. Development is about much more than aid. Development co-operation, true partnership, requires dialogue and participation among recipients, traditional and non-traditional donors, and the private sector. Development aid still has a key role to play in Africa, and the OECD Development Assistance Committee (DAC) remains relevant. But both will fulfil their potential only if they:

- are based on true partnership, with full participation of recipients in policy making
- are driven by the priorities of the recipients and the development path they choose
- are part of an integrated, global policy of engagement
- are coherent and co-ordinated with policies on trade, investment, climate and migration
- reduce fragmentation
- provide more predictable and less volatile flows of aid
- improve the investment climate and African competitiveness
- leverage private-sector investment and promote trade
- produce results achieved on the ground
- promote domestic accountability within Africa
- support economic integration within Africa and with the world outside.

There are two key questions for the DAC itself:

First, who participates in policy discussion and development? African participation is essential if a true partnership is to be achieved. In addition, non-traditional donors such as the BRICS need to be engaged in debate and policy development. And as is clear from the suggestions above, the debates have to cover more than just aid; purposeful linkages must be made to other relevant policy areas. Ways of engaging with the private sector, non-governmental organisations (NGOs) and civil society also must be found.

Second, what should be the targets or benchmarks against which progress is measured? For me, the Millennium Development Goals (MDGs) remain important indicators and have more public traction than any other. But I hope that more effort can be given to developing time-bound, measurable targets at the country level –targets that capture the aspirations and goals of particular societies. These can then serve as the basis for resource allocation and as indicators of progress, as well as means of recipient-government accountability to its own citizens. Similarly, while the target of 0.7% GNI has become less important, less relevant as a single measure of commitment, it retains significance as an indicator of the relative effort being made by the richer countries.

Notes

1. CPA excludes, among other things, debt relief, emergency assistance, humanitarian relief and overheads. CPA has remained steady during the past decade at 54% of donors' gross bilateral aid, with a slight drop in 2005-06 due to large debt relief operations in these years.

Part II.

Gender equality, empowerment, human rights and the environment: What's stopping progress?

Chapter 4

Gender and development: Translating commitment into results

Michelle Bachelet

In this chapter, Michelle Bachelet emphasises that to be effective, development must embrace the goals of gender equality, social justice, peace and prosperity. She highlights the contribution that official development assistance (ODA) has made to empowering women and girls to exercise their rights fully, as equal citizens. Partnerships on gender equality between the United Nations (UN) and the Organisation for Economic Co-operation and Development (OECD) have also played a fundamental role in ensuring enhanced support to and impact on gender equality goals, particularly as the deadline for achieving the Millennium Development Goals (MDGs) approaches. Nonetheless, pervasive under-investment by donors, among other reasons, has led countries to lag behind on gender equality commitments.

This chapter makes recommendations on how to remove the barriers that prevent women from realising their full potential, and enable the achievement of gender-equitable development results.

Bachelet

Michelle Bachelet is the first Under-Secretary-General and Executive Director of the United Nations Entity for Gender Equality and the Empowerment of Women (UN Women). Under Ms Bachelet's leadership, UN Women leads, supports and co-ordinates the United Nations' work on gender equality and the empowerment of women at the global, regional and country level.

Ms Bachelet served as President of Chile from 2006 to 2010. A long-time champion of women's rights, she has advocated for gender equality and women's empowerment throughout her career. As President, she invested significantly in pension reform, social protection programmes for women and children, and research and development. During her Presidency, the number of free early child-care centres for low-income families tripled and some 3 500 child-care centres were established around the country.

Ms Bachelet also held ministerial portfolios in the Chilean Government as Minister of Defence and Minister of Health. As Minister of Defence, Ms Bachelet introduced gender policies to improve the conditions of women in the military and police forces. As Minister of Health, she implemented healthcare reform, improving attention to primary care facilities with the aim of ensuring better and faster healthcare response for families.

As the OECD marks its 50th anniversary, it has much to celebrate. Official development assistance (ODA) has made significant contributions to reducing poverty and advancing health, education and infrastructure development in almost all developing countries. In some cases, ODA has been the major source of support for achieving these development goals. And in these success stories, effective partnership between the United Nations (UN) system and OECD members has been instrumental.

As the first leader of UN Women, the new UN Entity for Gender Equality and the Empowerment of Women, I am keenly aware of the contribution ODA has made in supporting countries' efforts to advance gender equality. ODA financial resources are an essential support for the provision of services and information, which empower women and girls to exercise their rights fully, as equal citizens. And what is equally important, by underpinning technical and policy assistance, ODA strengthens the capacities of national governments and civil society to put in place systems that enable them to plan, budget, implement and monitor progress towards development results.

To respond to the development and human security challenges of the 21st century, OECD members and their partners have agreed on a development assistance approach based on the principles of national ownership and mutual accountability among all development partners, rather than simply between aid recipients and donors. These efforts are based on the principles outlined in the 2005 Paris Declaration on Aid Effectiveness, which were given added impetus at the Third High Level Forum on Aid Effectiveness in Accra, Ghana (2008), through the Accra Agenda for Action.

The initial vision and action plan I designed for UN Women, which was presented at the time of the organisation's launch in January 2011, aligns well with many of these principles and practices. The action plan outlines the principles that guide UN Women's work and identifies the programmatic areas that we, together with the UN system, will focus on. It also defines UN Women's leadership role in ensuring a more co-ordinated UN response to member states' priorities and to their need to advance gender equality at the country, regional and global levels.

UN Women's five programmatic priorities are: *i)* empowering women economically; *ii)* ensuring women's political participation and leadership; *iii)* ending violence against women and girls; *iv)* increasing women's leadership in peace and security and *v)* strengthening national development planning and budgeting to promote gender equality.

"The UN system must work together ... to become not only more efficient, more focused and more comprehensive ... but also ... to build momentum for change."

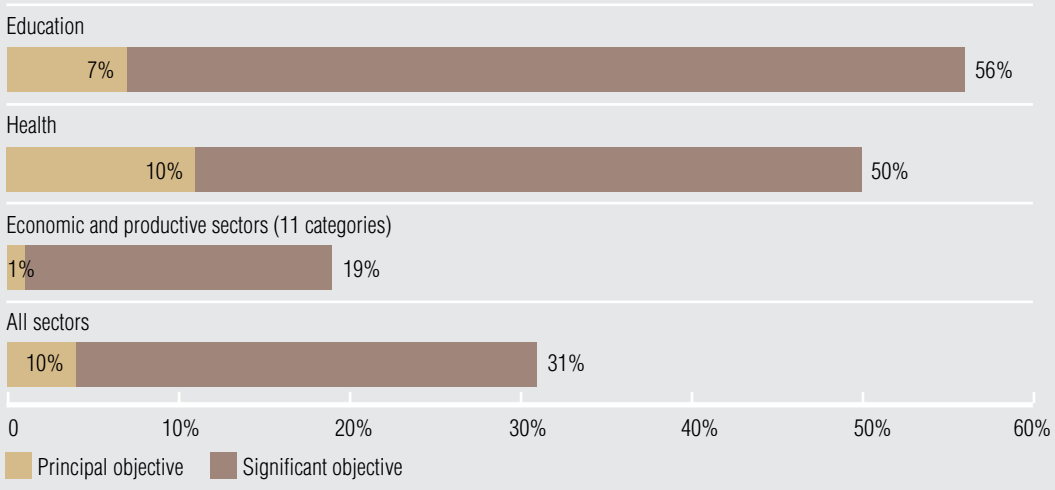
A measure of UN Women's effectiveness will be the extent to which it generates a more effective and strategic UN system response to countries' demands for support in advancing gender equality and women's empowerment. The UN system must work together in a more co-ordinated and systematic way to become not only more efficient, more focused and more comprehensive – bringing together knowledge and expertise from UN agencies, governments, civil society, foundations and the private sector to tackle challenges holistically – but also more powerful, working from all angles to build momentum for change. This delivering-as-one UN approach will provide us with valuable lessons and models.

At the same time, the UN's institutional partnership with the OECD on gender equality – which regularly brings together the members of the UN Inter-Agency Network on Women and Gender Equality and those of the OECD Development Assistance Committee's (DAC) Network on Gender Equality (GENDERNET) – will be fundamental in ensuring that our organisations are working together to enhance our support and impact, particularly as we approach the deadline for achieving the Millennium Development Goals (MDGs).

Thanks to the efforts of GENDERNET, members of the OECD DAC have adopted a number of important guidelines on gender equality and development co-operation. The OECD DAC has also pioneered efforts to monitor financing for gender equality through the gender equality policy marker, which has been periodically refined to respond to identified gaps and areas for improvement. I see great value in all of this work. Several UN organisations are now building on the experience with the OECD DAC gender marker and adapting it for their own internal operations. UN Women will work towards a system-wide approach to marking funds so that the UN, as a whole, can account for its investments in women and girls.

Despite this progress, however, we still have a long road to travel. Because of pervasive under-investment, among other reasons, we are still lagging far behind on important gender equality indicators.

Figure 4.1. Percent of aid principally and significantly focused on gender equality, by sector[4]
DAC members' commitments in 2008-09 (percent)



Source: OECD 2011.

StatLink http://dx.doi.org/10.1787/888932512157

Why are development results for women and girls elusive?

Development, to be effective, must embrace the goals of gender equality, social justice, peace and prosperity. The *UN Millennium Development Goals Report 2011*, which represents the latest UN inter-agency research and analysis, shows that:

- In 2009, the number of girls not in primary school was 36 million, compared to 31 million boys.
- Since 1990, the decrease in the number of maternal deaths has been just 2.3% per year. The World Health Organization's latest estimates show that based on current trends, only 14 countries will succeed in reducing maternal mortality by three quarters by 2015.

This and other UN reports have unpacked available data to check for other disparities. Among their findings:

- The share of girls who are not attending primary school in rural areas is more than twice that in urban areas.
- Women from poor households are three times less likely to have a skilled birth attendant – a key factor in reducing maternal mortality – than those from wealthy households.
- The child mortality rate for women with little or no formal education is more than twice that for those with secondary education or higher.

"In many countries, simply living in a rural area, where poverty rates are higher and access to services and markets are lower, is an indicator of disadvantage."

In analysing these disparities, UN Women concluded that inequalities in access to services – both among women and between women and men – are holding back progress on the MDGs, especially in health and education. In particular, poor and rural women and girls who rely most on public services are often left behind. In many countries, simply living in a rural area, where poverty rates are higher and access to services and markets are lower, is an indicator of disadvantage. Even though some countries have reached gender parity in education, girls in rural areas continue to miss out, especially in the poorest countries.

A number of studies have demonstrated the costs of gender discrimination and exclusion. One of the most dramatic illustrations relates to violence against women, the costs of which in terms of health impacts and workplace productivity are immense. In the United States, for example, these costs reach an estimated USD 5.8 billion each year, while in Canada – with its smaller population and lower health costs – the total cost is an estimated USD 1.16 billion (UN 2006).

Data like these indicate the need to review development interventions with a view to determining which ones have persistently left women in certain sectors at a disadvantage and to increasing resources for interventions that have been shown to produce more equitable results. For example, while rural women make up the majority of small-scale farmers and play a crucial role in food security in developing countries, agricultural extension services continue to focus on male landholders as their primary targets; in many contexts, women's access to these services is even excluded or restricted by design or omission.

Whilst donor policies may often mention women farmers, the donor funding streams have not matched these policy commitments. OECD DAC statistics show that in 2008-09, DAC members committed USD 7.5 billion to the agriculture and rural development sectors. Screened against the gender equality policy marker, 3% of the total was allocated to programmes in which gender equality was a primary aim, and 32% was allocated to programmes in which gender equality was a secondary aim. Among aid to the actual inputs needed to perform agricultural work (such as equipment, machinery, seeds), only 5% specifically had gender equality as its aim (OECD 2011).

Measures such as gender-responsive land reforms have been shown to work. In Tajikistan, for instance, these reforms – combined with legal assistance, training and support for women's co-operatives – increased the proportion of women heading family farms from 2% to 14% (UNIFEM 2010a). In its latest report, *The State of Food and Agriculture 2010-11*, which focuses on gender equality, the Food and Agriculture Organisation (FAO) notes that closing the gender gap in agriculture and especially addressing yield and productivity gaps between men and women, would reduce the number of under-nourished people by 12-17%. This translates into 100 to 150 million fewer people living in hunger (FAO 2011). These figures point to the need for OECD and partner countries not only to find ways to translate gender equality goals into results, but also to ensure greater coherence among policies for social development, policies that address economic development (including trade and employment) and post-crisis or post-conflict recovery policies.

"... closing the gender gap in agriculture, and especially addressing yield and productivity gaps between men and women, would reduce the number of under-nourished people by 12-17%."

From policy statements to concrete action: The example of Chile

Effective results are possible. Many countries are already on track to provide comprehensive solutions that will remove the barriers preventing women from realising their full potential, thereby enabling the achievement of economic and social development goals. My experience as President of Chile enabled me to provide evidence of the value of linking social development policies more closely to economic development.

After its return to democracy, Chile had both the political consensus and the economic strength needed to enable it to become the modern, prosperous, stable and inclusive society desired by both men and women. During my presidency, we introduced a number of gender-responsive social policies, taking into account women's needs but also acknowledging that such policies would be beneficial for families and society as a whole.

One of the most important of these policies was a pension reform, a cornerstone of the country's social safety net that ensured low-income men and women a dignified and financially secure old age. Women were among the greatest beneficiaries: towards the end of 2009, 65% of pensions went to women – not only to those who had been paid employees, but also to those who had worked at home and never received wages. Today, as far as money is concerned, these women will have something to show for the hard work they have done throughout their lives.

Recognising the role of service provision in advancing social and gender equality, my government provided an extensive network of education and child-care centres, especially for poor households. During my term in office, the network increased from 705 free centres in 2005 to 3 500 such centres at the end of 2009. Women could work or look for work with the assurance that their children were studying, receiving good nutrition and thriving. From 2000 to 2009, the rate of women's participation in the labour force increased by more than five percentage points, reaching 41.8%.

We also introduced a number of employment-related measures designed to strengthen women's economic autonomy, including job training programmes particularly for women heads of household, subsidies to employers to encourage them to hire women and the promulgation of an equal-pay law. In the first year of my administration, we put in place a Code of Good Labour Practices for public administration, which set guidelines for ensuring gender equality.

To address the problem of domestic violence, we invested in more women's centres providing care and preventive services, including 61 new centres located in areas near the women who need them most. We amended the Penal Code, recognising the murder of a woman as a crime of the most serious nature and increasing the prison sentences for such a crime. And we supported 33 intake units for victims of violence, providing specialised medical care at better-equipped hospitals.

We also undertook major reforms in the educational system, creating a modern institutional framework with financial subsidies for poor students. Looking to the future, we decided to take a leap in terms of science, technology and innovation by investing in human capital through two new funds: Innovation for Competitiveness and the Bicentennial Fund for Human Capital.

In response to the economic downturn that resulted from the worst global financial crisis in recent times, we sought to stimulate economic recovery through an Extraordinary Fiscal Expenditure Plan amounting to USD 4 billion, financed with the savings accumulated through the Economic and Social Stabilisation Fund. This plan enabled us to develop projects to boost the economy and create jobs while protecting social spending, especially spending that targeted low-income families and those headed by women. In fact, all of the recovery measures had a "gender focus": housing subsidies prioritised women heads of household, for example, while public health support provided free baby supplies to mothers enrolled in the public health system.

All of these measures were possible because we had a strong economy as well as the political consensus needed to exercise responsible leadership. While not all countries may be so fortunate, it is important that donors support governments in taking the measures needed to ensure nationally owned and inclusive development.

Three key measures for gender equity

Systems for managing development assistance and national development play an important role in enabling approaches such as those outlined above. The OECD, its individual members and its national partners can ensure that these systems integrate three key measures to achieve gender-equitable development results:

Measure 1: Create incentives for integrating gender equality perspectives into development assistance.

To enhance institutional, programme and individual performance on gender equality, incentive systems are fundamental. Where evaluation and performance reviews indicate gaps in relation to gender mainstreaming, corrective measures need to be taken to support capacity and address these gaps. At present, OECD DAC guidelines lack incentives to promote compliance, nor are there implications resulting from failure to comply (Molyneux 2007).

Measure 2: Promote investment in building capacity to identify, implement and monitor effective strategies.

The application of the gender marker provides some interesting data on the amount of attention assigned to gender issues in the "hard" sectors such as energy or transport, as opposed to the so-called "soft" sectors such as education and health. Even in post-conflict contexts, while more than half of ODA to the education and health sectors targets gender equality outcomes, there is little evidence of significant resources being targeted to gender equality in other sectors. This suggests that there is a lack of understanding of the gender-differentiated impacts of financing for infrastructure, security, economic opportunity, energy, transport and productive sectors such as agriculture or industry.

The capacity to fully mainstream gender equality priorities in development frameworks requires more than guidelines and checklists; it requires a fuller understanding of the transformations that are needed in systems, institutions and approaches, and more effective engagement of economic analysts and policy makers along with gender equality experts in efforts to bring these transformations about.

Measure 3: Increase gender-focused development assistance.

If countries are to achieve the advances in gender equality and women's empowerment needed to accelerate progress on the MDGs, investment in gender equality goals – both as principal and as secondary objectives – must be greatly increased. This can be achieved by instituting gender equality financing mechanisms such as basket funds, or by expanding funding windows that specifically respond to women's priorities.

Development financing can support affirmative action to promote gender equality, including paying more attention to putting women at the front line of service delivery. Evidence suggests that this can positively influence the extent to which women receive the benefits of development. In sub-Saharan Africa, for example, the presence of female teachers correlates with higher levels of girls' enrolment in primary school. In Africa, Asia and Latin America, a study of agricultural programmes found that the presence of female extension agents was important in promoting the participation of female farmers. Data from 40 countries show that women's representation in the police correlates positively with increased rates of reporting sexual violence (UN Women 2011).

Looking ahead

The political vision that drives development planning and implementation needs to embrace the centrality of gender equality. UN Women looks forward to the Fourth High Level Forum on Aid Effectiveness in Busan, on 29 November-1 December 2011, as an opportunity to set a roadmap for meeting long-standing challenges to the achievement of gender equality and women's empowerment. Together with the UN, other development partners and women's rights networks, we are working to ensure that the outcome of this forum will not only offer a political affirmation of the centrality of gender equality to nationally owned development planning and budgeting, but also acknowledge the limitations of the current mainstreaming approaches that keep gender equality concerns at the margins.

"A post-2015 agenda requires a concerted effort ... to promote a discourse on development that ... places the goal of gender-equitable and inclusive development at the heart of the aid effectiveness agenda."

A post-2015 agenda requires a concerted effort by governments and other national stakeholders, OECD members and the UN system to promote a discourse on development that acknowledges the shortcomings of past experiences and places the goal of gender-equitable and inclusive development at the heart of the aid effectiveness agenda.

In its first strategic plan, UN Women has identified what is required to ensure gender-sensitive national development plans and budgets, as well as the steps needed to ensure the inclusion of women and women's perspectives in the definition of a framework to guide national development planning beyond the MDGs. The OECD DAC is in a position to build on its past experience and utilise its leadership to articulate a coherent and comprehensive framework for effective development assistance for a post-MDG era.

UN Women looks forward to an effective partnership with the OECD DAC to shape this vision for the future and to translate it into action with concrete results at the country level.

Notes

1. The DAC Creditor Reporting System provides the following guidelines: principal (primary) policy objectives are those which can be identified as being fundamental in the design and impact of the activity and which are an explicit objective of the activity. They may be selected by answering the question: "Would the activity have been undertaken without this objective?" Significant (secondary) policy objectives are those which, although important, are not one of the principal reasons for undertaking the activity. The score not targeted means that the activity has been screened against, but was found not to be targeted to, the policy objective. This figure shows gender equality targeting in the health, education and economic/productive sectors. Aid to banking, business, agriculture, transport and other areas of economic empowerment has an overall lower focus on gender equality (19%) than the education (56%) and health (50%) sectors.
   Thirty-one percent of all sector-allocable aid targets the achievement of gender equality and women's empowerment.

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de Soto

Hernando de Soto is currently President of the Institute for Liberty and Democracy, an internationally recognised think tank headquartered in Lima, Peru, committed to creating legal systems to help the poor access property rights.

Mr de Soto was named one of the leading innovators in the world by *Time* and *Forbes* magazines, and more than 20 000 readers of *Prospect* and *Foreign Policy* ranked him as one of the world's top 13 "public intellectuals". He has served as President of the Executive Committee of the Copper Exporting Countries Organisation, as Chief Executive Officer of the Universal Engineering Corporation, as a Principal of the Swiss Bank Corporation Consultant Group and as a Governor of Peru's Central Reserve Bank. He has advised heads of state in several countries on property reform programmes and is the author of *The Other Path* (mid 1980s) and his seminal work, *The Mystery of Capital.*

Chapter 5

The Amazon is not *Avatar*

Hernando de Soto[1]

Hernando de Soto argues that a series of myths and misconceptions continue to marginalise indigenous people and exclude them from integrating into the world economy. Yet in the Amazon, much like in the rest of the developing world and unlike in the fictional blockbuster Avatar, *the story is much more complex. Millions of people living off natural resources face obstacles such as lack of property rights and legal recognition when seeking to participate in and benefit from the global economy. And while the concept of empowerment – giving excluded people the right to control their resources through the same property and business tools that wealthy people have – has guided discussions among international donors, they have found it difficult to put into practice.*

De Soto challenges a series of myths that form the basis for disempowering attitudes towards indigenous populations, concluding with recommendations for governments and donors to enhance the ability of poor people to protect themselves from the drawbacks of globalisation, and benefit from its advantages.

Chapter 5
The Amazon is not *Avatar*
Hernando de Soto

In the much-celebrated science fiction film *Avatar*, a greedy mining company plots to drive the indigenous population of the moon Pandora away from their traditional forest homeland so as to exploit its precious resources. These plans are foiled when a former United States (US) marine, who is part of the mercenary unit hired to execute the mission, goes native and leads a popular counter-attack. Directed by the imaginative US filmmaker James Cameron, *Avatar* clearly struck a chord with movie audiences around the world. Many of us automatically supported the film's messages: that the world's indigenous peoples were content with their traditional lives; that they thrived in a Rousseau-like state of harmony with their environment; and that they certainly had no interest in participating in their nation's market economies, never mind globalisation.

Hernando de Soto (centre) with Bora natives in San Andrés, Iquitos. Photo courtesy of the Institute for Liberty and Democracy.

For Peruvians, however, the movie also sparked a sense of *déjà vu*. Earlier in the year, in the midst of weeks of demonstrations against the government's unilateral decision to grant concessions to oil, gas and lumber companies in the Peruvian Amazon, we watched as indigenous groups took over oil and gas pumping stations to protect their property. On 5 June 2009, President Alan Garcia sent in armed national police to reclaim a pumping station near the town of Bagua in the northern jungle. The natives fought back, brandishing spears and machetes and leaving 34 dead, mostly police. The lethal violence stunned Peru, forcing the resignation of Garcia's entire cabinet.

But the conflict in the Peruvian Amazon was not *Avatar*; it was, in fact, a more nuanced and moving story about how thousands of poor people are gradually losing their sense of identity, but are not yet appreciating the benefits of globalisation. This risky face-off between traditional and new world orders is happening not only in Peru and other parts of Latin America; it is also underway in China, India and Africa, where aboriginals and local people are protesting "land grabs" by private investors. As a result, international organisations have added the issue of indigenous rights to the list of threats to political stability in the developing world.

Frankly, in 2009, I knew little about the indigenous communities of the Peruvian Amazon, which make up only a bit more than 1% of the country's total population. While I have devoted an important part of my career to helping the poor gain access to property and business rights – first in Peru and then in other developing countries – I was inclined to agree with the "experts" who argue that we should leave the indigenous peoples of the jungle to continue living their traditional lives. But as I followed the political debate in the days following the incident in Bagua, it became clear to me that no one in Peru seemed to have a clue as to what, in fact, had sparked the violence. To find hard evidence about what happened,

my colleagues from the Institute for Liberty and Democracy (ILD) and I travelled to the Amazon. We conducted eight months of fieldwork – including in-depth interviews with the leaders of all the principal tribes and the chiefs of some 200 indigenous communities – and spent weeks more analysing our findings and exploring alternatives for reforms that might help the people of the Amazon to benefit more fully from their resources. The result: I have come to share the fears of many Amazonians regarding globalisation.

Unlike the Hollywood-style solution, however, I do not believe that the best way to help indigenous peoples is to isolate them from globalisation (in the film, the US miners that invaded the Pandora were arrested and sent back home in their space ships). What the people of the Amazon really want is the same thing the poor are seeking throughout the developing world: to be legally empowered so that they are no longer marginalised politically, having a voice in their own economic futures without losing their customs or traditional identities. The following is, in brief, what our research revealed.

"What the people of the Amazon really want is the same thing the poor are seeking throughout the developing world ..."

Indigenous communities do not have control over their territories

The majority of Peruvians presumed that the state had long ago given the indigenous peoples of the Amazon property rights over their territories. But the fact is that of the 5 000 communities in the Peruvian Amazon, only about 5% have a property title that allows them to control their territory and manage their so-called communal resources efficiently and productively. Although the state has recognised 1 497 communities and given some sort of property title to 1 260 of these – progress to be sure – the titles are of little use or value to them for the following eight reasons:

1. The majority of the indigenous peoples' titles do not stipulate the precise location of the properties: 80% do not have clear boundaries, use universal co-ordinates or make reference to geographic features that would allow the properties to be identified with certainty within a standardised system. Furthermore, the few titles that have been granted are inscribed in registries that lack a geographic base.
2. Most of the titles cannot be readily used to protect holders from third-party claims because: they contain errors in the names of the holders; several people have titles over the same piece of property (because successive transfers have not been recorded); and/or the titles have overlapping boundaries with other properties belonging to other communities, community members, concessionaires, productive forests and protected natural areas.
3. The titling system is not easily accessible to jungle communities. The process is extremely long and expensive, requiring an average of 747 working days at a cost of USD 36 095, which is equivalent to 186 times Peru's average basic wage.
4. The entities charged with titling indigenous properties lack leadership, continuity and operational capacity. For instance, responsibility for titling has bounced from the regional agricultural headquarters to the national agricultural land titling organisation (PETT) and then to the incipient regional governments, limiting its scope and efficiency enormously.

5. Communities do not have a local official registry to document and publicise property rights, nor do they have the means to record and prove their various property transactions (rentals, sales, transfers etc.).
6. Ownership cannot be clearly determined because communal rules for acquiring and keeping status as a community member are not duly documented. Rules differ from one community to the next and the member rolls are not regularly updated.
7. Instead of creating a single law for the indigenous peoples of the Amazon, by giving each community the authority to create its own rules, the state has created some 5 000 sovereign legal systems that are not standardised.
8. As a result of all of the above, property rights are only recognised within a given community, which makes it very difficult to apply them outside that community. For instance, we found a case where a mahogany tree was sold within the community's miniscule market for a mere 3 kg of sugar, about USD 3. If the tree owner's rights were recognised outside the community – if he held a standardised title acknowledged by the national or global market economy – the value of that same tree would increase considerably: in Callao, Lima's port city, for example, it would be worth about USD 12 000; in California, it would fetch as much as USD 50 000; and transformed into beautifully designed furniture, that mahogany tree could be worth as much as USD 200 000.

"Because they do not share the same standards with other communities, let alone with the rest of Peru or the world, indigenous people live in a kind of sterile economic apartheid."

The legal shortcomings of the current property rights situation in the Peruvian Amazon greatly hamper indigenous peoples' control over their territories and resources, and limit their possibilities for benefitting fairly and equitably from them. Because they do not share the same standards with other communities, let alone with the rest of Peru or the world, indigenous people live in a kind of sterile economic apartheid. Each community is imprisoned in its own tiny ghetto, incommunicado and unable to co-operate easily in economic terms with people from other communities or beyond. But the prosperity that they aspire to and depend on to pull themselves out of poverty – the health, education and other basic services they lack – is reachable only with the modern tools of a market economy.

Without public memory systems and mechanisms to connect with others and divide labour on a global scale, these communities are unable to create any significant added value, nor can they protect themselves from economic aggression or gain access to significant amounts of credit, capital or foreign technology. These are tools that have brought economic prosperity to the developed world and unless indigenous peoples are legally empowered in the same way, they will remain marginalised and poor; they will continue to lose their culture and identity, and will be swallowed up by the dominant society.

Indigenous people do not have control over their economic activities

For the majority of indigenous people in the Amazon, it is too expensive to start a business. It involves endless paperwork and the government offices that give the required authorisations are located days or weeks of travel away – by canoe, on foot or by bus. Obtaining a license to operate a partnership can take as many as 105 days and cost as much as USD 2 120. Enforcing a contract for a commitment worth USD 31 800 can translate into 580 days of paperwork and cost USD 7 420 – a price that is completely unaffordable for ordinary indigenous people.

Such obstacles keep even the most ambitious entrepreneurs from accessing the legal tools – namely, legal personhood (*i.e.* corporation), limited liability, transferable shares, business identity, guarantees and enforceable contracts – that are indispensable for organising a business, creating added value and protecting entrepreneurs against voracious predators while allowing them to connect to other markets.

"Without the option of creating a legal business ... the native entrepreneur is unable to constitute a management hierarchy separate from the family or community ..."

Examples abound. Without the option of creating a legal business, for example, the native entrepreneur is unable to constitute a management hierarchy separate from the family or community, or to organise a group using purely economic criteria without influences of any other kind. This greatly restricts access to human capital and severely limits the capacity to combine resources with people that do not belong to the entrepreneur's own community. In cases like this, there is no way of knowing if one is dealing with an entrepreneur whose motives are economic, a warrior whose loyalty is to his military chief, a politician whose actions follow his ideology, a community member acting in compliance with an unidentified relative, or a parishioner enlightened by his faith.

Likewise, an indigenous entrepreneur without access to the benefits of limited liability cannot put a limit on the personal wealth he or she is willing to liquidate if the business fails. Any action taken will carry full personal responsibility, with the entrepreneur risking everything he or she possesses, becoming so indebted that he or she will have to spend the rest of their life working for the owner of their debt – in effect, being enslaved (a situation not unheard-of among Amazonians).

When an Amazonian owner of an enterprise is not able to divide the value of the business into transferable shares, every time he or she is unable to pay even part of a debt, the total value of the enterprise must be liquidated. Dividing the business into shares would enable the owner to liquidate only part of the business to cover the amount needed, or to exchange it for capital investment and perhaps keep some control over the enterprise.

An indigenous entrepreneur who does not have the official documents required to identify his or her business has no way of making the business' track record known, or of creating trust beyond the borders of the community.

Without a system of guarantees – over the production of lumber, for instance – a creditor's capacity to recover a loan is reduced; this, in turn, limits the ability of the indigenous person controlling the lumber to gain access to credit, except in very small amounts or at very high interest rates.

In the disorder and the distances of the global economy, words can be easily swept away. Contracts and formal documents – written and properly registered – provide less abstract and more precise indicators than spoken words; and because they are devised according to international standards, they have a wider geographic reach. These are mechanisms that signal specific functions: promissory notes, bills of exchange and IOUs attest to commitments to pay; licenses and permits contain authorisations; stocks, shares or liens evidence values; statutes of incorporation attest to business identities; and double-entry accounting books record monies paid or received. If there is to be trust in savings and investment, if reputations are to be based on fact and if exploiters and swindlers are to be easily exposed, all of these signals must enter the public memory: through official registries, in title and risk insurance, under the custody of private parties, in stock exchanges or in other intermediary agencies, including notary publics.

Through the fictional blockbuster Avatar*, de Soto highlights a series of myths that continue to marginalise the indigenous people of the Peruvian Amazon and exclude them from integrating into the world economy.*

Photo courtesy of the Institute for Liberty and Democracy.

The *Avatar* myths

Why don't indigenous people have these legal tools to control their property and businesses? Because numerous myths encourage us to believe that native people don't want or don't need these controls, or that they are incapable of using them. My colleagues and I have compiled a list of these popular beliefs, along with our responses:

Myth 1: Indigenous people are communists.

On the contrary, they live in an economic regime dominated by family and the individual. Their own leaders and documents express this quite clearly. For example:

- The *National Development Proposal for the Amazon Regio*n, proposed by organisations of the indigenous people of the Amazon to the Peruvian government and approved in December 2009, states (PCM 2009): "Neither public institutions nor NGOs [non-governmental organisations] should insist on promoting models for communal aquaculture (communal fish farms) that have been proven to fail, given that the indigenous model of production is based on the family or extended family (interest groups)."
- The minutes of the first meeting of the Indigenous Organisations of the North-Eastern Block of the Marañón, held in April 2008 in San Lorenzo, capital of the Province of Datem del Marañón in Loreto (Indigenous Organisations of the North-Eastern Block of the Marañón 2008), state: "We must promote and provide incentives for economic development at the family, association and individual levels (communal enterprises do not work)." Also: "The economic program should draw up policies and strategies to facilitate the development of local, group, family and individual initiatives."

Myth 2: The natives are wealthy in their own way.

The indigenous people of the Amazon are not wealthy – in fact, quite the opposite is true, as documented by official government and United Nations (UN) statistics:

- Seven out of every ten natives in Peru are poor (ILO 2005); five out of every ten live in extreme poverty.

- Five of the poorest districts in Peru (Balsapuerto, Cahuapanas, Alto Pastaza, and Morona-Loreto and Río Santiago-Amazonas) are located in indigenous areas of northern Peru's Amazon region (INEI 2007).
- In the Amazon, poverty is accompanied by other deficiencies, particularly in the area of health:
  - Life expectancy among indigenous populations is 20 years lower than in other social groups in the country (INEI 1996).[2]
  - Infant mortality among indigenous populations is nearly three times the national average: for every thousand children born, 16.96 infants die, compared to 6.1 nationwide (Fuentes and Revilla 2007).
  - Chronic malnutrition – which severely limits intellectual and physical development – affects 50% of indigenous children, resulting in serious learning disabilities.[3]
  - Pernicious anaemia affects 40% of the children and 58.3% of pregnant women in indigenous populations, endangering their lives (Huamán-Espino and Valladares 2006).
  - Malaria, Hepatitis B and D, leishmaniasis and other such illnesses, which are virtually non-existent in urban areas, are prevalent among indigenous communities (Cabezas *et al.* 2006).
- Some 20 000 indigenous men from the remotest communities – often with wives and children – fall victim to forced labour in illegal extractive activities (ILO 2005).

Today, indigenous people require a prosperous economy to satisfy their growing demand for outside goods, ranging from tools and clothing to food and services such as education and health. The little they have has frequently been obtained by transferring their natural capital – biodiversity, forests, land etc. – thereby mortgaging their future economic development.

Myth 3: Indigenous people don't need the rest of the world and prefer to live in isolation.

False. Today in virtually every indigenous community, goods can be found from the outside world – from matches, salt, ropes, machetes, axes, rifles and fishhooks to motors, radios and many other mechanical and electrical goods. High on indigenous communities' wish lists are modern communication systems, especially radios, telephones, televisions, Internet and motorboats.

Myth 4: Indigenous people want neither property nor businesses.

In virtually every community we visited, we found acts and maps documenting how communities themselves issue certificates of private possession over homes, farmland, hunting areas and business transactions. These acts also evidence the fact that almost all indigenous organisations prefer that their properties be titled as protection from frequent disputes over the use of resources between and among the different communities, as well as with third parties and invaders – whether settlers, concessionaires or loggers. According to research from Peru's Graduate School of Business (ESAN), all of the communities in the Amazon region have boundary disputes.

Myth 5: Awarding property rights promotes environmental degradation.

On the contrary: deforestation and environmental degradation both occur primarily in areas without solid property rights. The absence of property rights favours plundering and depletion of resources – along with the degradation of ecosystems inside as well as outside indigenous territories – thereby negatively affecting the biodiversity of the Amazon region. Documented property rights and legal businesses allow people to manage resources in a transparent manner; without these, it is impossible to identify the owners of resources or those responsible for them, and to punish plunderers.

Myth 6: The indigenous worldview is incompatible with globalisation.

This is absolutely unproven and is comparable to saying that certain nationalities are culturally unfit for playing soccer or surfing the Internet. Scarcely 30 years ago, some people were actually claiming that the worldviews of China, India and the former Soviet countries were incompatible with globalisation. Sixty years ago, "experts" were also arguing that the Japanese society would never work outside a feudal system and that Arabs and Eskimos could only organise tribally. Not only did these nationalities become globalised without losing their cultural identity, they have also adapted innovations borrowed from other cultures, allowing them to become important engines of globalisation.

What is certain is that without clear rights over their territories and business activities, people lack the resources they need to defend their culture, worldview, customs and traditions. Without these rights, Amazonians are in danger of being "assimilated" – and in such an alienating way that they may lose self-esteem and security as a people.

Transcending the myths through legal empowerment of the people

While I have not dedicated my life to indigenous issues – there is no doubting that – I can say with certainty that the hundreds of indigenous leaders I have spoken to have expressed no interest in being treated as pre-Columbian antiques residing in glass cases in Museums of Natural History or as invalids incapable of dealing with the rest of the world and modernity. Their cultures are alive and constantly adapting to new environments and circumstances. In my 30 years working in the developing world, I have found that when people excluded from the system finally obtain the legal, political and technical tools that allow them to organise and express themselves, they know perfectly well how to join the rest of the world and how to do so advantageously.

"It is time for all of us who want to help indigenous people everywhere to encourage governments to give them easy access to property- and business rights."

Our findings confirm that the Amazon region, like the moon Pandora in *Avatar,* is inhabited by beautiful people. Unlike the fictional Pandora, however, the Amazon is not a solitary and self-sufficient territory. It is part of the real world, where the unstoppable and growing tide of globalisation has already arrived. It is time for all of us who want to help indigenous people everywhere to encourage governments to give them easy access to property- and business rights. Only then will they be in the position to exchange signals with each other and the outside world, to combine their resources productively and to create the diversity and wealth that will enable them to protect themselves from the dangers of globalisation and benefit from its advantages.

So what's stopping us?

International donor agencies have long recognised that empowering the poor – and ensuring their access to and control of assets, especially among indigenous populations – is central to poverty reduction and human development. Despite this recognition, however, the empowerment agenda – giving excluded people the right to control their resources through the same property and business tools that wealthy people have – has been hard to turn into action. And while the concept of empowerment has guided discussions among the OECD Development Assistance Committee (DAC) in recent years, donor agencies have found it difficult to put it into practice.

The challenge is pulling together into one or a few programmes what all developed nations have achieved through trial and error over the past 150 years and now take for granted. The fact is that few organisations are prepared to systematically and massively bring the extralegal economy into the formal economy in terms that developing and former Soviet nations can understand politically and culturally, and get their constituents to buy into. My organisation has learned much from our mistakes.

"... few organisations are prepared to systematically and massively bring the extralegal economy into the formal economy in terms that developing and former Soviet nations can understand politically and culturally ..."

What has become clear to us is that any effective programme to spread legal empowerment must accomplish several things: understanding the gap between the formal legal and extralegal sectors, analysing how these two parallel economies operate, evaluating their problems and disconnections, quantifying their economic effects and figuring out how they might be integrated under one rule of law to create a modern, productive and inclusive economy. This is something few, if any, are prepared to do.

Why? Because it is not only about providing services related to engineering, project management, systems integration or information technology; or about hiring equipment vendors and support companies that provide property documentation services specialised in surveying, mapping, and modernising registries. Plenty of organisations can do that. But establishing a comprehensive programme of formalisation means moving a country from feudalism, patrimonialism, tribalism or mercantilism into a modern market economy. A programme for such a transition must consider:

- archetypes for the identification of people and organisations in the informal economy, including imprinting (signatures, fingerprints), marking, attachments etc.
- the fungibility and traceable liability of documents pertaining to the informal sector
- the magnitude of constituencies owning informal property, either real estate or businesses
- the magnitude of economic benefits that result from property formalisation
- the linkage between formalisation and macro-infrastructures that are required for the rights and responsibilities of suppliers and users of utility services to be individualised and the risk of non-repayment to be reduced
- the identification of the diverse kinds of informal businesses and their origins
- the location of the geographic areas and sectors where informal businesses are most active
- the creation of a legal registry system exclusively dedicated to translating into software and recording the archetypes of the informal sector of each different society

- the realisation of massive titling of informal economic agents using their leaders as brigades – in other words, as part of the task forces gathering information *in situ* – so as to create unambiguous titles
- concrete plans to formalise extralegal take-overs and squatting.

"... the OECD and its partners are in an exceptional position to pull together all this dispersed knowledge required for any successful transition to modernity."

Unlike the usual government consultants and suppliers, the OECD and its partners are in an exceptional position to pull together all this dispersed knowledge required for any successful transition to modernity. The task of legal empowerment is more urgent today than ever, as clearly manifested by the courageous demonstrations for change throughout the Middle East and North Africa, the social conflicts between indigenous people and investors – and the need to avoid more of these – and the continuing growth of informal economies in developing and former Soviet nations, where resentment and anger over poverty and legal exclusion are only likely to grow.

Notes

1. This article would not have been possible without the research and advice received from the Institute for Liberty and Democracy (ILD) team: Ana Lucía Camaiora, Bernardo Roca Rey, María del Carmen Delgado, Gustavo Marini, José Álvarez, Luis Triveño, Luis Aliaga, Jackeline Silva, Patricia Aparicio, Jorge Reátegui, Ramiro Rubio, Luis Morales Bayro, Mario Galantini and Gabriel Aguirre.
2. This figure is actually for indigenous people worldwide.
3. According to UNICEF 2009, p.1: "In Peru, a case study of Rio Santiavo, Condorcanqui Province, Amazon Region, finds 56% of chronic malnutrition among infants of less than three years of age." (Translated from the original Spanish: *En Perú, un estudio de caso en el Río Santiago, provincia de Condorcanqui, región de Amazonas, registró un 56% de desnutrición crónica en menores de tres años*.)

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Chapter 6

Inclusive development: Facing the future

Sadako Ogata

Sadako Ogata reviews her experience as a development actor on behalf of vulnerable people who are exposed to political, social and economic tensions that arise globally as well as internally. She argues that globalisation, combined with advanced technical and economic development, is widening the gaps among diverse groups of people.

Do humanitarian and/or development organisations have the answers they need to meet these challenges in a rapidly globalising world? Are they ready to intervene or become involved? Ogata underlines the need for policies and programmes that will benefit all constituents. Truly inclusive development, she says, emphasising the security and well-being of all peoples in all situations, should guide the way towards a better future for all.

Sadako Ogata assumed office as President of the Japan International Co-operation Agency (JICA) in October 2003. Previously, she was Chair of the Advisory Board on Human Security (2003-11); a member of the United Nations (UN) Advisory Committee on Genocide Prevention (2006-07) and the UN High-Level Panel on Threat, Challenges and Change (2003-04); and Co-Chair of the Commission of Human Security (2001-03). She was also appointed Special Representative of the Prime Minister of Japan on Afghanistan Assistance (2001-04).

From 1991 to 2000, Ms Ogata served as the United Nations High Commissioner for Refugees (UNHCR). Before that, she was the Independent Expert of the United Nations Commission on Human Rights on the Human Rights Situation in Myanmar (1990) and Representative of Japan on the United Nations Commission on Human Rights (1982-85). Ms Ogata also chaired the Executive Board of the United Nations Children's Fund (1978-79).

A prominent academic figure, Ms Ogata was Dean of the Faculty of Foreign Studies at Sofia University in Tokyo (1989-91). She holds a PhD in Political Science from the University of California at Berkeley, an MA in International Relations from Georgetown University and a BA from the University of the Sacred Heart, Tokyo.

Over the past two decades, the world has undergone rapid globalisation, bringing revolutionary changes to the lives of the global population. These changes have touched me personally and professionally. From 1991 through 2000, as the United Nations High Commissioner for Refugees (UNHCR), I was charged with protecting refugees and helping them to resettle. Later, as Japan's Administrator of Development Assistance, it was my responsibility to guide our efforts to help some of the world's most vulnerable people. Though they are conceptually quite different, both of these operations shared common goals: ensuring the safety and welfare of people, and strengthening the capacity of states to provide overall security and stability.

Growing conflict, growing needs

As High Commissioner for Refugees, my primary mission was to protect refugees who were fleeing from conflict in many parts of the world. The end of the Cold War brought a sharp increase in internal conflicts worldwide, with the dissolution of federal states and empires such as the Union of Socialist Soviet Republics and the Socialist Federal Republic of Yugoslavia triggering turmoil among their once-constituent republics. In addition, the decolonisation process in many African countries gave rise to conflicts over territorial claims, constituencies or leadership on historical, ethnic or tribal grounds.

"In numerous repatriation situations, refugees must return to war-torn and impoverished homelands, frequently needing to restart their lives among people who were once their enemies."

While the UNHCR is, by statute, charged with protecting refugees outside their countries of origin, it is also expected to assist them in the process of repatriation and resettlement. In numerous repatriation situations, refugees must return to war-torn and impoverished homelands, frequently needing to restart their lives among people who were once their enemies. This was the case with the more than three million Rwandan exiles returning from neighbouring countries, including two million refugees coming back from the Congo in 1996. Humanitarian agencies, particularly the UNHCR, had to meet their immediate needs, taking charge of the rapid rehabilitation and reconstruction of houses, schools and public institutions. In fact, the UNHCR reconstructed and rehabilitated almost 100 000 houses, some linked with water supply systems, healthcare centres and schools.

At that time, development organisations found themselves unable to respond quickly to such needs. Their *modus operandi* was to enter into capacity building contracts with recipient governments. But in post-conflict situations, when the capacity of the recipient government is weak or inadequate, development organisations may not be able to quickly begin work, even if they have people on the ground. At the same time, local governments frequently lack the capacity to manage post-conflict recovery work, much less to cover the needs of people who have fled the country and recently returned.

In Rwanda, the late entry of development organisations was evident. UNHCR, on the other hand, was noted for its speedy entry onto the reconstruction scene. This evidenced a gap between humanitarian and development operations in post-conflict peacebuilding processes, and the need to address and overcome this gap.

Bridging the gap

The growing humanitarian-development gap came under the scrutiny of United Nations and bilateral organisations. In response, in 1999, the Brookings Institution – an independent academic institution – took the initiative of organising an international "gap conference".[1] A wide range of humanitarian and development organisations participated, recognising the need to overcome this gap by delivering better integrated and concerted assistance. Participants reaffirmed that the primary responsibility of humanitarian organisations was to save lives and rapidly respond to survival needs, while that of development organisations was to build capacity in recipient states. All parties agreed to work together to devise measures that would enable them to overcome the gap and thereby accelerate the process of post-conflict peacebuilding.

"... the primary responsibility of humanitarian organisations was to save lives and rapidly respond to survival needs, while that of development organisations was to build capacity in recipient states."

In Japan, we also gave serious thought to devising ways to contribute to post-conflict peacebuilding policy and programmes. The Japan International Co-operation Agency (JICA), which had until then concentrated on technical training of personnel *per se*, began to look for ways to more directly link technically trained personnel with development. Efforts were concentrated in areas such as education, health and job creation. Infrastructure efforts to build schools, hospitals and training centres were linked with technical programmes for training teachers, nurses, doctors, skilled workers and engineers.

Early on, Japan proved its readiness by becoming involved in post-conflict peacebuilding in Afghanistan. While Japan had been engaged in development assistance there since the 1970s, during the Taliban years it had left the country and concentrated its efforts on assisting Afghan refugees, particularly in Pakistan. With the attacks of 11 September 2001 and the American military action against the Taliban and Al Qaeda, Japan became rapidly involved in post-conflict peacebuilding. It hosted the first international Afghan Reconstruction Conference in January 2002, demonstrating its readiness to play a substantial role in the country's rehabilitation and reconstruction.

This conference was the first international reconstruction meeting to bring together participants from humanitarian and development organisations, including financial institutions, under one roof. This can be recognised as an outcome of the previous efforts to close the gap that had divided the humanitarian and development sectors in supporting post-conflict peacebuilding. Since then, the complex task of rehabilitation and reconstruction in Afghanistan has been characterised by close co-operation between humanitarian and development organisations.

Supporting statebuilding

In addition to this heightened co-operation among humanitarian and development organisations, the success of peacebuilding has been boosted by promoting co-operation among a broad range of governing bodies – not only central government but also a host of local bodies – thereby spreading the benefits of peace to the population at large.

A small local project that JICA launched in Juba, the capital of South Sudan, is a case in point. In January 2005, a North-South Peace Agreement was reached in Sudan, putting an end to a civil war that had lasted for over two decades. Just one year later, a local JICA team built the first – although modest – river port on the Nile. This project was an attempt by a development organisation to speed up the initiation of the reconstruction process. The port supported the return of refugees to South Sudan, as well as the transport of goods from neighbouring countries and provinces.

JICA has continued to build roads and water supply systems in Juba. It also set up a training centre for electricians and other craftsmen. Juba, as the capital city of South Sudan, will play a key role in the independence supported by a wide majority of voters. The modest river harbour built by a development organisation is helping to promote substantial statebuilding after years of conflict and human displacement.

Making development inclusive

In pursuing development and statebuilding, the principle of inclusiveness is vital. Globalisation has accelerated the movement of people and goods. Through globalisation, interstate barriers have been minimised and interdependence among countries has intensified. Yet at the same time, financial, food, energy or other issues occurring in a given country or region can spread more easily, giving rise to crises in other places. And prosperity in one part of the country, notably in urban centres, paired with depression in rural areas can trigger political crises of the kind that led to civil uprisings in Thailand a few years ago. In addition, the global spread of information technology – while vastly broadening the knowledge base of populations – can promote the spread of political movements demanding changes in regime, such as is currently occurring in many parts of North Africa and the Middle East.

"... the importance of standing by the policy of inclusive development is even greater for the weak, the poor and the disadvantaged."

Do humanitarian and/or development organisations have the answers they need to meet challenges such as these in a rapidly globalising world? Are they ready to intervene or become involved?

Focusing on "inclusiveness" does not simply mean advocating for poverty reduction or debt relief. While all humanitarian and development organisations support the poor, the weak and the disadvantaged, what is needed today is to take a stand for policies and programmes that will benefit all constituents. While undertaking large infrastructure-building projects, for example, all possible negative impacts should be carefully weighed, especially in relation to the impact on communities. It is particularly important to apply sensitivity when assisting ethnic or religious minorities in authoritarian countries. At the same time, the importance of standing by the policy of inclusive development is even greater for the weak, the poor and the disadvantaged.

The populations of many developing countries today include various ethnic, religious and tribal groups. Development projects must carefully examine the effects of their assistance on these various constituencies. Japan, for instance, must pay special attention to the effects of its assistance on the diverse ethnic, religious or interest groups in Asia, Africa and the Middle East, where its development assistance operations are expanding.

A common baseline

In the current state of world affairs, vulnerable people are exposed to political, social and economic tensions that arise globally as well as internally. The progress of globalisation combined with advanced technical and economic development is widening the gaps that exist among diverse groups of people. The spread of information technology is accelerating the process, with varying impacts. While many are taking advantage to move upwards, for others the gaps are widening, prompting them to seek radical measures for change.

Globalisation must be understood and accepted as the common baseline on which all policies and programmes must be formulated. Truly inclusive development, emphasising the security and well-being of all peoples in all situations, should guide the way towards a better future for all.

"Truly inclusive development, emphasising the security and well-being of all peoples in all situations, should guide the way towards a better future for all."

Notes

1. Brookings Roundtable on the Relief to Development Gap, 15 January 1999.

Pachauri

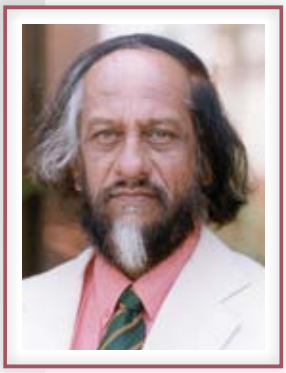
Rajendra Kumar Pachauri is the Chair of the Nobel Peace Prize-winning Intergovernmental Panel on Climate Change (IPCC), the scientific intergovernmental body that provides decision-makers and the public with an objective source of information about climate change. He is also Director General of The Energy and Resources Institute (TERI), a major independent research organisation providing knowledge on energy, environment, forestry, biotechnology and the conservation of natural resources. Dr Pachauri is a prominent researcher on environmental subjects, recognised internationally for his efforts to build up and disseminate greater knowledge about man-made climate change, and to lay the foundations for the measures that are needed to counteract such change.

Since July 2009, Dr Pachauri has also been Director of the Yale Climate and Energy Institute. He is active in several international forums dealing with the subject of climate change and its policy dimensions. He was awarded the second-highest civilian award in India, the *Padma Vibhushan*, in January 2008 by the President of India, and received the *Officier de La Légion d'Honneur* from the Government of France in 2006. He has been conferred with The Order of the Rising Sun, Gold and Silver Star by His Majesty Akihito, Emperor of Japan; the Commander of the Order of the White Rose of Finland by the Prime Minister of Finland; and the Commander of the Order of Leopold II by the King of the Belgians.

Chapter 7

Striking the balance: Climate change, equity and sustainable development

R. K. Pachauri



R. K. Pachauri points to two important reference points for continuing discussions on development: the concept of sustainable development as a process that integrates political, social, economic and environmental dimensions; and the acceptance of the evidence that the world's climate is changing. These two highly interrelated issues are at the root of mitigation and adaptation approaches that, applied together, can reduce risks – for instance, in human health and crop productivity – while enhancing people's capacity to deal with the consequences of climate change. Addressing climate change means simultaneously addressing several challenges at once: for example, macroeconomic and other non-climate policies, including development policies can significantly affect emissions, adaptive capacity and vulnerability. A wide variety of policies and instruments are available today to help governments create incentives to tackle climate change, such as integrating climate policies into wider development plans, defining regulations and standards, introducing taxes and charges, setting financial incentives and supporting research and development.

The OECD Development Assistance Committee (DAC) has a remarkable record of providing intellectual clarity and guiding international thought in the field of development. It is of great significance that the DAC is celebrating its 50th anniversary. In the period of 50 years since the inception of this body, the context within which development is pursued in diverse parts of the world has changed greatly, as have the drivers that will determine future directions.

"... sustainable development integrates the political, social, economic and environmental dimensions of development."

Firstly, the concept of sustainable development[1] has had a profound impact on redefining the directions that the world should take as it moves along the path of development. This concept was proffered by the World Commission on Environment and Development, chaired by Gro Harlem Brundtland, and was further explored at the United Nations (UN) Conference on Environment and Development held in Rio in 1992. There, sustainable development was articulated as a process of change in which exploitation of resources, allocation of investments, orientation of technological development and institutional change are all harmonised, enhancing both current and future potential to meet human needs and aspirations. In this way, the Rio Summit made it explicit that sustainable development integrates the political, social, economic and environmental dimensions of development.

The second – and perhaps even more profound – change that has taken place worldwide is one that has major implications for the structure and process of development: the acceptance of the scientific reality that the Earth's climate is changing. The *Fourth Assessment Report* (AR4) of the Intergovernmental Panel on Climate Change (IPCC) clearly states that "warming of the climate system is unequivocal, as is now evident from observations of increases in global average air and ocean temperatures, widespread melting of snow and ice and rising global average sea level". The AR4 also stated that "most of the observed increase in global average temperatures since the mid-twentieth century is very likely due to the observed increase in anthropogenic greenhouse gas concentrations". Here, the term "very likely" is based on an estimate that carries a probability of over 90% in the certainty of this observation.

Sustainable development and climate change

Sustainable development has a strong nexus with the reality of climate change: while it can reduce vulnerability to climate change, climate change could, inversely, impede the abilities of nations to find sustainable development pathways.

The observed and potential impacts of climate change were appraised in considerable detail and regional specificity in the AR4. The report concluded that it is very likely that climate change can slow the pace of progress toward sustainable development either directly through increased exposure to adverse impacts or indirectly through the erosion of the capacity to adapt. Furthermore, the AR4 found that climate change will interact at all levels with other global environmental and natural resource concerns, including pollution of water, soil and air, health hazards, disaster risk such as flooding and drought, and deforestation. In addition, their combined impacts may be compounded in the future in the absence of integrated mitigation and adaptation measures.

Over the next half century, this process could impede the achievement of internationally agreed development goals (Table 7.1).

Table 7.1. Potential impacts of climate change on the Millennium Development Goals

Millennium Development Goal	Examples of links with climate change
Eradicate extreme poverty and hunger (Goal 1)	Climate change is projected to reduce many poor people's assets, such as health, access to water, homes and infrastructure. Changes in natural systems and resources, infrastructure and labour productivity are expected to alter the path and rate of economic growth, reducing income opportunities. Climate change is also projected to negatively affect regional food security, in particular in Africa.
Promote gender equality and empower women (Goal 3)	Especially in the developing world, women are disproportionately involved in natural resource-dependent activities such as agriculture – an activity particularly vulnerable to climate change. Women's traditional roles as primary users and managers of natural resources, caregivers and labourers engaged in unpaid labour (such as subsistence farming) make them dependent on the resources that are most at risk from climate change.
Health-related goals: **Combat major diseases (Goal 6)** **Reduce child mortality (Goal 4)** **Improve maternal health (Goal 5)**	Climate change is expected to produce increases in mortality and illnesses associated with heat waves. It may also increase the prevalence of some vector-borne diseases (such as malaria and dengue fever) and vulnerability to water, food or contagious diseases (such as cholera and dysentery). Children and pregnant women are particularly susceptible to vector- and water-borne diseases and anaemia resulting from malaria is responsible for a quarter of maternal mortality. As a result of climate change, the quantity and quality of drinking water is expected to decline. Malnutrition and food insecurity – a significant source of ill-health among children – are projected to increase as a result of lowered productivity, particularly in sub-Saharan Africa and many other low-latitude areas.
Ensure environmental sustainability (Goal 7)	Climate change is likely to alter the quality and productivity of natural resources and ecosystems, some of which may be irreversibly damaged. These changes may also decrease biological diversity and compound existing environmental degradation.

Source: Adapted from OECD 2009.

" ... few plans for promoting sustainability have specifically built in means of either adapting to climate change or promoting adaptive capacity."

On the other hand, making development more sustainable can enhance the capacity of different societies to mitigate and adapt to the consequences of climate change. Moreover, reducing sensitivities through adaptation and limiting exposure through mitigation can reduce vulnerability to climate change. At present, however, few plans for promoting sustainability have specifically built in means of either adapting to climate change or promoting adaptive capacity. And while changes in development paths can make a major contribution to mitigation, considerable resources will also be needed to overcome the multiple barriers that exist.

The AR4 projected, for example, that increases in various phenomena may affect the health status of millions of people. Indeed, extreme weather events can result in malnutrition, deaths, diseases and injury; growth in concentrations of ground-level ozone in urban areas related to climate change can provoke cardio-respiratory diseases; and the spatial distribution of some infectious diseases can be altered. Though climate change is expected to bring some benefits in temperate areas, overall it is expected that these benefits will be outweighed by the negative health effects of rising temperatures, especially in developing countries. Education, health care, public health initiatives, infrastructure and economic development, which directly shape the health of populations, will be critical.

In terms of crop productivity, at middle- to high latitudes some crops are projected to see their yields increase slightly for local mean temperature increases of up to 1-2°C; yet these gains are expected to decrease with greater rises in temperature. At lower latitudes, however – especially in seasonally dry and tropical regions – increases in temperatures of the same scale are expected to lower crop productivity, exacerbating the risk of hunger. Globally, increases in local average temperature between 1°C and 3°C are expected to boost food production, while rises above this range are projected to have negative effects. Some regions are likely to see a decline in yields as early as 2020. In Africa, climate change and climate variability could reduce yields from rain-fed agriculture by up to 50%. Access to food is also projected to be severely compromised in many African countries. This would further adversely affect food security and aggravate malnutrition.

Another issue to consider is that anthropogenic warming could lead to abrupt or irreversible impacts, depending on the rate and magnitude of climate change. Partial loss of ice sheets on polar land could imply metres of sea level rise, major changes in coastlines and inundation of low-lying areas, with the greatest effects being suffered by river deltas and low-lying islands. In addition, coastal communities and habitats will be increasingly stressed by the interaction of climate change impacts, development and pollution.

Available research also suggests that there can be significant future increases in heavy rainfall in many regions, resulting in greater flood risks and posing challenges to physical infrastructure and water quality. It is likely that by the 2080s, up to 20% of the world's population will live in areas where river flood potential could increase. This will be matched, in other areas, by increases in the frequency and severity of floods and droughts.

All of this will adversely affect sustainable development.

Adaptation and mitigation: Reducing risks – and damage

Many of the impacts of climate change can be reduced, delayed or avoided through adaptation and mitigation. Applied in isolation, neither of these approaches can avert all climate change impacts, but when used simultaneously they can complement each other and significantly reduce risks. Responding to climate change therefore involves an iterative risk management process that includes both adaptation and mitigation, and takes into account damages, co-benefits, sustainability, equity and attitudes to risk.

A range of barriers limits the implementation and effectiveness of adaptation measures. Adaptive capacity is intimately connected to social and economic development and therefore is unevenly distributed across and within societies. The capacity to adapt is also dynamic and is influenced by a society's productive base, including natural and man-made capital assets, social networks, entitlements, human capital, institutions, governance, national income, health and technology. Finally, it is affected by multiple climate- and non-climate stresses, as well as by development policy. Even societies with high adaptive capacity remain vulnerable to climate change, variability and extremes.

"The capacity to adapt is ... influenced by a society's productive base, ... natural and man-made capital assets, social networks, entitlements, human capital, institutions, governance, national income, health and technology."

In the case of climate change mitigation, changes in lifestyle and behaviour patterns can contribute to improvements across all sectors. Over the next two to three decades, mitigation efforts and investments will have a large impact, for instance on opportunities to lower the "stabilisation levels"[2] of the concentration of greenhouse gasses in the atmosphere. For example, policies that provide real or implicit price of carbon[3] could create incentives for producers and consumers to invest in low greenhouse gas products, technologies and processes. Delays in decisions to reduce emissions, however, will significantly constrain opportunities and increase the risks of more severe climate change impacts.

Mitigation options also bring a range of co-benefits, including lower levels of air pollution and associated health benefits, higher levels of energy security, improved levels of employment and greater agricultural production. The AR4 assessed that for a stabilisation level of between 445 to 535 parts per million (ppm) of Carbon dioxide (CO_2)-equivalent (which would limit the global temperature increase to between 2°C and 2.8°C), average annual gross domestic product (GDP) growth rates up to 2030 would be reduced by less that 0.12%. This represents a least-cost trajectory towards long-term stabilisation levels and means that the range of GDP reduction in 2030 therefore would be less that 3%. The associated co-benefits such as those related to development, sustainability and equity should also be seen in the context of estimated costs. In fact, the AR4 has estimated that mitigation opportunities with net negative costs[4] have the potential to reduce emissions by about 6 Gt of CO_2-equivalent per year in 2030, which is sufficient to offset the projected growth of global emissions in 2030.

Mitigation, therefore, offers a range of benefits that can be achieved at very low and sometimes even negative costs. On the other hand, delays in mitigation action increase costs globally and unfairly in some regions of the world. Perhaps even more important is the fact that delays in action may result in much greater and in all likelihood more severe impacts of climate change than those we have experienced so far. Again, these impacts are likely to be most severe for some of the poorest regions and communities in the world. Ironically, in most cases these communities have hardly contributed to the cumulative emissions of greenhouse gasses in the past.

Creating incentives for change

Decisions about macroeconomic and other non-climate policies can significantly affect emissions, adaptive capacity and vulnerability. A wide variety of policies and instruments are available to help governments create incentives for mitigation action; these include integrating climate policies into wider development policies, regulations and standards; taxes and charges; tradable permits; financial incentives; voluntary agreements; public disclosure of environmental related data, for instance through labeling and certification schemes; and research, development and demonstration (RD&D). The applicability of these measures depends on national circumstances and sector-level contexts. In numerous sectors, climate response options can create synergies and help to avoid conflicts with other dimensions of sustainable development.

"... the largest growth in greenhouse gas emissions between 1970 and 2004 has come from energy supply, transport and industry."

It is also crucial to consider the climate change and energy nexus. There is very high confidence that the global average net effect of human activities since 1750 has been one of warming. The AR4 found that global increases in CO_2 concentrations result primarily from fossil fuel use, and that the largest growth in greenhouse gas emissions between 1970 and 2004 has come from energy supply, transport and industry. Conversely, in terms of resource availability, the energy sector itself is vulnerable to climate change as it is, for instance, extremely water-intensive.

In view of the significant impact that climate change is projected to have on energy demand and generation, the widespread lack of energy access across the globe has received inadequate attention both from the global community and from most national governments. Almost 20 years after the Rio Summit, there are still almost a billion and a half people across the world without access to electricity in their homes. Well over two billion people depend on biomass cooking fuels, which are often inferior in quality with serious adverse effects on the health of those who are exposed to their harmful emissions.

As the global population increases, with most of the developing countries facing the challenges of dependence on coal to fuel the development of their energy-intensive economies, energy demand will only continue to rise. Climate change policies that promote energy efficiency and renewable energy can help meet this demand, while being economically beneficial and reducing local pollutant emissions. Efficient supply- and demand-side management programmes can minimise losses from energy transmission and distribution. In addition, diversification of energy sources such as using both imported and domestic fuels can help to improve energy security. Measures such as these are ways of integrating climate change considerations into development policies while reducing the energy intensity of economies.

The AR4 assessed a number of mitigation portfolios for their potential to achieve stabilisation of greenhouse gas concentrations in the atmosphere, concluding that energy conservation and efficiency are among the most attractive options available. Indeed, all of the assessed stabilisation scenarios indicate that 60-80% of the reductions in greenhouse gas emissions would come from measures to control energy supply and use, and industrial processes, with energy efficiency playing a key role in many scenarios. The energy sector's potential to reduce greenhouse gas emissions is particularly important in poor countries deprived of modern fuels, which would normally follow the path of fossil fuel use for their development (Box 7.1).

Box 7.1. Innovating energy: A case in point

Programmes such as Lighting a Billion Lives (LaBL), launched by The Energy and Resources Institute (TERI) in India, hold great promise in helping to address the complex challenges we face. This major innovation contributes to global sustainable development by tackling the triple challenge of climate change, energy and development.

LaBL provides highly efficient and cost-effective solar lanterns to villages lacking electricity through a variety of measures, some of which are market-based. Through the programme, women are trained to act as entrepreneurs, using photovoltaic panels to charge the solar lanterns on their roofs and then renting out the lanterns to the villagers. TERI has extended the programme to over 600 villages in India and numerous others elsewhere in Asia.

Energy efficiency and utilisation of renewable energy offer many other synergies with sustainable development. For example, in the least developed countries, energy substitution can lower mortality and morbidity by reducing indoor air pollution; reduce the workload for women and children; and decrease the unsustainable use of fuel wood and related deforestation.

Notes

1. Sustainable development was defined by the Brundtland Commission in 1987 as development that "meets the needs of the present without compromising the ability of future generations to meet their own needs" (United Nations 1987).
2. Stabilisation is defined in the IPCC AR4 Synthesis Report as: "Keeping constant the atmospheric concentrations of one or more greenhouse gases (*e.g.* carbon dioxide) or of a CO_2-equivalent basket of greenhouse gases. Stabilisation analyses or scenarios address the stabilisation of the concentration of greenhouse gases in the atmosphere."
3. Carbon Price is defined in the IPCC Working Group 3 AR4 as: "What has to be paid (to some public authority as a tax rate, or on some emission permit exchange) for the emission of 1 tonne of CO_2 into the atmosphere. In the models and this Report, the carbon price is the social cost of avoiding an additional unit of CO_2-equivalent emission. In some models it is represented by the shadow price of an additional unit of CO_2 emitted, in others by the rate of carbon tax, or the price of emission-permit allowances. It has also been used in this Report as a cut-off rate for marginal abatement costs in the assessment of economic mitigation potentials."
4. Net negative costs are defined in the IPCC AR4 Synthesis Report as: "Net Negative Costs (no regrets opportunities) are defined as those options whose benefits such as reduced energy costs and reduced emissions of local/regional pollutants equal or exceed their costs to society, excluding the benefits of avoided climate change."

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Part III.

New challenges, new goals: Is there a future for official development assistance?

Chapter 8

The future of international concessional flows

Richard Manning

Richard Manning is an independent consultant on international development. He is also Chair of the Board of the Institute of Development Studies at the University of Sussex, Vice-Chair of the Board of the BBC World Service Trust and a Senior Research Associate at the Centre for the Study of African Economies at Oxford University. He was Vice-Chair of the 2010 Replenishment of the Global Fund for AIDS, Tuberculosis and Malaria, and a facilitator for the Pledging Conference for GAVI held in London in June 2011.

Mr Manning served in the United Kingdom Department for International Development and its predecessors from 1965-2003. During this period, his assignments included postings to Lagos and Bangkok, as well as to the United Kingdom Permanent Representation to the European Union, and Alternate Executive Director of the World Bank. As a Director General from 1996-2003, he supervised the production of the first two White Papers on International Development of the Labour Government.

From June 2003 to January 2008, Mr Manning was Chair of the OECD's Development Assistance Committee. He was Co-Chair of the High Level Forum on Aid Effectiveness which agreed the Paris Declaration on Aid Effectiveness in 2005.

Richard Manning notes that despite much progress over the past half-century, great inequalities persist. While this means that international concessional flows will still be necessary for several decades to come, he argues that future aid programmes should be more responsible, accountable and transparent.

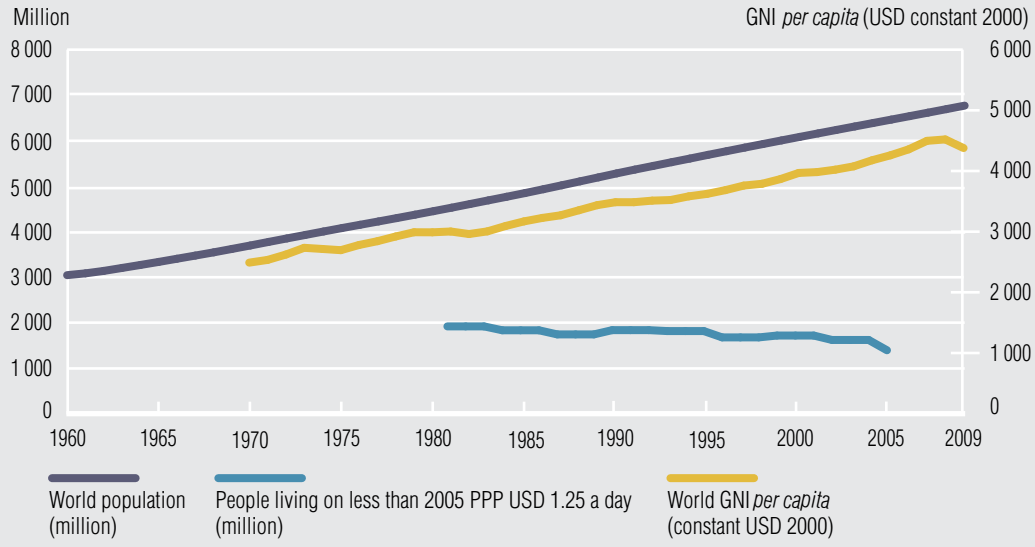
Better delivery of aid also continues to be an important issue, especially for aid-dependent countries.

The OECD's Development Assistance Committee (DAC) can continue to take a leading role, providing collective self-discipline. This includes, however, taking a fresh look at how official development assistance (ODA) is defined to ensure that all reported ODA is truly concessional. Broader agreement among all providers of development co-operation on how to measure development flows will also be essential.

As the Millennium Development Goals (MDGs) reach their due date in 2015, new targets are needed – maintaining a poverty focus while bringing in new concerns such as transport, energy, human rights and empowerment.

A 50th anniversary anniversary is a time to stand back and assess the challenges of the moment against the longer-term trends that drive change. The most salient feature of the past half-century is that the world has coped with a doubling of the human population and that, overall, living standards have increased (Figure 8.1). On the other hand, there has also been an important increase in inequality. With the spectacular recent growth in some large, poorer countries, inequality between states may at last be declining. Even so, absolute poverty continues to affect one in five of the world's population. In addition, there are increasing pressures on the natural resource base.

Figure 8.1. Global population, income and poverty levels, 1960-2008



Source: OECD Development Assistance Committee Statistics, 2011. StatLink *http://dx.doi.org/10.1787/888932512176*

The past 50 years have also seen the maturing and development of the international system for transferring concessional finance between states. There are many other factors that are important for development and hence for the work of the OECD's Development Assistance Committee (DAC). It is particularly pleasing to me, as a former DAC Chair, to see the new attempt to define a whole-of-OECD Strategy for Development, which will address some of these issues and in which the Committee needs to play a central role. Nonetheless, the DAC's work on financial flows[1] has been central to its mandate throughout its half-century and I make no apology for concentrating on this aspect once more in this article.

Official development assistance (ODA) and other forms of international finance

This mix of progress and problems provides the background for international flows of finance. Leaving purely commercial finance (whether borrowing or foreign direct investment) to one side, such finance can be qualified in at least three ways:

- **Who pays?** (*e.g.* taxpayers, whether in DAC member or other countries, including Southern providers; foundations; contributors to other non-governmental organisations)
- **What's it for?** (*e.g.* development, humanitarian assistance, global public goods, commercial enterprise, cultural promotion, military/strategic ends etc.)
- **How concessional is it?** (*i.e.* the "softness" of a credit reflecting the benefit to the borrower, compared to a loan at market rate)

ODA, however, has to be considered not in isolation, but rather in its relation to the wider context of international flows of finance and its interface with them. South-South co-operation, for example, now totals some USD 15 billion a year; the concessional part of these flows share many (indeed, in many cases, probably all) features of ODA.[2] In addition, international flows of finance include non-concessional official flows; official flows for purposes which can be distinguished from those funded by ODA (*e.g.* some elements of global public goods); private voluntary contributions; and flows of a commercial nature, which are increasingly important.

Over the DAC's 50 years of existence, ODA volumes have grown roughly in line with the gross national income (GNI) of its main providers. There were, however, notable declines in the 1960s and again in the 1990s, this latter decline being reversed in the first decade of this century (Annex B, Figure B.2). In terms of volume of contributions, characteristically, ODA has been dominated by the DAC member countries of Western Europe, though in the late 1990s, Japan was briefly the largest single official donor and, in the first decade of this century, the United States registered some of the largest increases. Overall, private flows on grant terms, both from the voluntary sector and from foundations, have grown faster than official flows – most notably those from North America, which accounted for over two-thirds of the USD 22 billion reported by DAC member countries in 2009.

DAC members' country programmable aid (CPA),[3] the key component of ODA, grew rapidly between 2004 and 2009; but the newest DAC survey of donors' forward spending plans[4] (a very valuable addition to the DAC product line) suggests that CPA could stagnate over the period to 2013 (OECD 2011).

Elsewhere, the emerging economies have shrugged off the major financial crisis of 2008 with little more than a one- to two-year blip in the impressive growth rates they have enjoyed for much of the past two decades. In particular, sub-Saharan Africa, where the hard-core poverty problem is increasingly centred, appears to have embarked on sustained growth of a kind that transforms economies over a generation.

"A good measure of progress in non-DAC member countries is the increasing graduation of countries from low- to middle-income status ..."

A good measure of progress in non-DAC member countries is the increasing graduation of countries from low- to middle-income status: 11 formerly low-income countries – including the heavyweights India and Indonesia – graduated to middle-income status between 2005 and 2008, following China's transition in 2003. Today, three-quarters of the world's poorest people live in middle-income countries, although aid to some of the most notable among these has never been large in relation to their domestic resources. One of the practical consequences of this progress is that instruments such as International Development Association (IDA),[5] which have proved to be very effective vehicles for recycling funds from graduating countries to those remaining in the low-income bracket, seem to be reaching a self-sustaining plateau – at least for the time-being – as their core targets shrink in number.

It is certainly worth examining what these trends mean for the future of international concessional flows.

A shifting balance: What motivates giving?

Let's start by looking at what motivates the "official" providers of international concessional flows – whether DAC members or others.

The motives of the official providers have typically included national interests – whether direct or broader – as well as altruistic concerns. Direct national interests can be very short-term in nature (winning a contract, disposing of surplus commodities, securing a specific political objective) or longer-term (building a relationship, supporting an emerging democracy). Broader national objectives might typically include enhanced stability in a given region, less energy-intensive modes of development or hoped-for reductions in the pressure of migration. These broader concerns blend into the core of global public goods issues. Altruistic motivations cover, broadly, poverty and humanitarian emergencies.

The balance among these motivations seems to vary in a way that can be predicted up to a point. Direct national/mutual interests are most likely to predominate when the gap between the national income levels of the provider and recipient countries is relatively smaller (as with DAC aid to middle-income countries or South-South co-operation from emerging providers to low-income countries). Altruistic concerns, by contrast, seem strongest when the gap between income levels is greatest (hence the explicit "poverty focus" of much DAC aid to least developed countries, and the fact that it was possible to agree to untie financial aid to this group and to the heavily indebted poor countries but not to middle-income or indeed to all low-income countries). There are, of course, obvious exceptions to this pattern – for instance when one of the least developed countries represents a strategic concern. It also seems that countries, as they become richer, are more willing to invest in concessional flows in support of broader national interests and, specifically, of global public goods.

Managing an unequal world

It is likely that in a world where all countries have more or less equivalent incomes, there would be only very small international concessional flows – as is the case with countries of similar income levels today – and that these would typically be in humanitarian situations. In such a world, all countries would no doubt contribute to global public goods. But as long as large intercountry income differences persist, ODA and other forms of official concessional flows are likely to continue, and the richer countries will have to bear the largest share of international concessional finance for global public goods. It is, therefore, worth looking at the prospects for reducing international inequality.

"... in a world where all countries have more or less equivalent incomes, there would be only very small international concessional flows ... and ... these would typically be in humanitarian situations."

Evidence shows that both intercountry and interpersonal disparities have grown over the past 200 years. More recently, rapid growth in the emerging economies is producing what Martin Wolf has called a "great convergence" (Wolf 2011) in intercountry disparities. Average incomes in China today, for example, are much higher in relation to OECD countries than they were 20 years ago. Even in Africa, growth in *per capita* income has recently outpaced OECD countries. Nonetheless, the absolute levels of inter-state inequality are still vast: in 2007, even China's gross domestic product (GDP) per head was only USD 5 050 (in purchasing power terms) compared to USD 43 200 for the United States. It will take several generations for many countries, and certainly most least developed countries, to meaningfully reduce these inequalities.

Interpersonal inequalities are larger than interstate inequalities. Recent estimates suggest that despite India's growth, the average income of the top 5% of the population is still lower than the average income of the bottom 5% of the population of the United States. Worldwide, the top 5% of income earners account for 37% of world income – the bottom 5% a mere 0.2% (Milanovic 2011). Basic living standards such as those set out in the Millennium Development Goals (MDGs) will remain beyond the financing capacity of domestic taxpayers in many low-income countries for decades to come.

Along with this continuing inequality – despite possible evening-out at the interstate level – by 2050, the world will need to cope with an additional 2-3 billion people and, even more significantly, with the implications of rising living standards. These factors, along with global warming, will inevitably put pressure on all forms of natural resources and ecological habitats.

There is not necessarily a conflict, at a broad level, between action to resolve such global issues and efforts to address the needs of poor people (who tend to be the most seriously affected by climate change and resource scarcity). But there is the danger that in response to climate change, poor countries will be pressed to do things whose main benefits fall to others (such as investing heavily in relatively high-cost clean energy production), and therefore whose incremental costs they themselves should not be expected to finance. At the very least, if the bulk of official concessional trans-boundary flows comes to be in support of specific global public goods, this would make it difficult for aid-dependent countries to manage their public expenditure in a balanced way. At the same time, it is impossible to make a rigid distinction between ODA, with its prime purpose of economic development and welfare, and financing in at least some areas where the benefits will be perceived beyond the recipient country itself.

All this means that at a broad level, it is probable that there will be continuing development demands for international concessional flows from a gradually diminishing number of low-income and lower middle-income countries. It is also likely that there will be increasing global public goods demands, which will put pressure on richer country governments to, in particular, contribute concessional finance. This will happen against a background of an unusually difficult budgetary situation in many OECD countries, with voters who are in many cases more likely to be uncertain about their own income prospects than in the relatively benign period of 2001-07. This presents a challenging scenario both for ODA and, at least in the short term, for private charitable donations. At the same time, the ability of poorer countries to access commercial finance will probably continue to increase, as should the capacity of emerging economies to make concessional flows available to Southern partners.

Four proposals for effective development finance

Against this background, what sort of agenda might encourage scarce official international concessional flows to be used to the best and most sustainable effect on development and the reduction of poverty?

Proposal 1: Self-discipline, transparency and autonomy

While national interests are, of course, entirely legitimate, too much focus on short-term national/mutual interest often leads to results that are not sustainable: prestige projects that become "cathedrals in the desert", technologies that suit the provider rather than the recipient, cosy deals with convenient dictators, among others.

Three approaches can and should be pushed further:

- Promote collective self-discipline. After many difficult discussions during the 1980s, the OECD successfully brought collective self-discipline into mixed-credit competition for commercially attractive projects through the New Disciplines for Tied Aid and Associated Financing (1991, known as the Helsinki Disciplines). This agreement effectively ended tied ODA from OECD members for commercially viable projects, except on extremely concessional terms. This measure was extremely effective in keeping ODA from being diverted into "buying contracts". Broadening such agreements to include other providers of soft credit and tightening the remaining loopholes would be important steps forward.
- Enhance transparency. Exposing financing arrangements to public scrutiny is an effective means of keeping institutions honest, and international transparency standards for providers of ODA-type flows are highly desirable. The experience to-date of the International Aid Transparency Initiative, the leader in this field, shows that such moves take time, but that they are technically feasible. To secure wider consensus on the need for specific transparency standards, and to implement them, more political drive will be needed.
- Help recipients of co-operation organise themselves to challenge providers of ODA-type flows as needed. This can be done, for example, by strengthening the ability of finance ministries to scrutinise capital investments; by supporting the establishment of sound appraisal and evaluation methods (international agencies can and should do more of this); and by helping countries resist inappropriate conditionality. This is all the more important in relation to non-concessional flows, where failure to exercise rigorous approaches to borrowing – and to the use of the proceeds – can all too easily lead to recurring debt crises.

Proposal 2: A new results framework, locally driven and globally defined

Ministers responsible for ODA are right to be increasingly demanding about seeing results from this expenditure. How to demonstrate results is the big issue.

Two things need to happen:

- At the international level, the world needs an agreed "results framework". This framework will need to cover, say, a ten- or 15-year period after the Millennium Development Goal (MDG) framework expires in 2015. Despite its defects, the MDG framework has been vital in promoting what can be seen as an incipient "global poverty project". Stemming from the Millennium Declaration (2000) and the Monterrey Consensus (2002), this project is supported by the Gleneagles and Brussels decisions of 2005 to increase ODA, as well as by the High Level Forums on Aid Effectiveness in Rome (2003), Paris (2005), Accra (2008) and by the efforts towards the upcoming one in Busan (discussed later in this chapter). The successor could either be an improved anti-poverty framework or, more ambitiously, a framework to tackle key planetary challenges. The eradication of extreme poverty (seen as a multi-dimensional concept, not just as an economic one) would be an important element of this framework, along with the need for essential global public goods.

  I would like to see six key changes in any new results framework:

  — Instead of one-size-fits-all targets "imposed" from New York, it would be preferable to set agreed minimum targets for key parameters at the global level. With this baseline, each individual country or group of countries could then be encouraged to set their own targets for these (or additional) parameters. This would strongly encourage local ownership.

  — The headline goals should be cast in terms of outcomes – for example, minimum levels of educational achievement by a certain age would replace "output" goals such as school attendance.

  — A clearer poverty focus should be built into the design so that targets cannot be achieved merely by shifting the people just below a target level to just above it. Options include: a weighting system; systematic disaggregation of reporting, at least by gender and income; or setting targets explicitly for, say, the lowest quintile of the population.

  — The perception that the MDGs prioritise welfare over sustainable growth and access to infrastructure services should be tackled by setting targets for access not only to water and information and communications technology (ICT), but also to transport and energy.

  — Consistent with the Millennium Declaration, a new framework should take human rights and empowerment explicitly into account.

  — The inadequate MDG 8 should be replaced by a set of "enabling conditions" (including, but not limited to, the provision of concessional trans-boundary finance) that would facilitate achieving the new goals and require action by governments of both rich and poor countries.

- The results accounting of providers of ODA-type flows (whether bilateral or multilateral) should be built around systems established locally by the users of the flows rather than persisting with a plethora of donor-oriented monitoring and evaluation approaches that place unreasonable demands on local institutions. This will require: a big shift towards local data monitoring (including stronger and more responsive national statistical systems and more country-led surveys done to international standards); locally set and monitored results frameworks; and locally led (but rigorous) evaluation, supported by institutions such as the International Initiative for Impact Evaluation (3IE). It is encouraging that the DAC Senior Level Meeting of April 2011 recognised the need for such approaches.

Proposal 3: Better delivery – by and for all

Steps need to be taken to enhance the effectiveness of the delivery of ODA-type flows with a view to achieving real results for poor people. This means, in particular, addressing problems such as: lack of local ownership; lack of alignment to local priorities; insufficient accountability to parliaments and citizens (as opposed to donors); bypassing of local systems (as opposed to energetic action to help improve them); over-emphasis on state-led action (as opposed to, for example, encouraging the private sector and community groups); and lack of real mutual accountability (including accountability of donors for reasonable predictability of their funding). These problems are more severe the more dependent a country is on ODA-type flows.

"... aid dependency ... will probably remain an issue for ... micro-states ..., conflict-ridden and post-conflict states ... and a number of poor but growing economies that have used aid relatively well ..."

All of this is, of course, fully in line with the agendas developed at the High Level Forums in Rome, Paris and Accra, and with the issues that will be discussed at the upcoming Busan High Level Forum on Aid Effectiveness (29 November-1 December 2011). And although there seems to be no tendency for aid dependency to increase, it will probably remain an issue for a considerable length of time for three groups of countries in particular: micro-states (mostly small islands) that have limited economic possibilities even if many of them are middle-income countries; conflict-ridden and post-conflict states; and a number of poor but growing economies that have used aid relatively well and that donors are ready to support for the long haul. For such countries, the aid effectiveness agenda remains particularly relevant.

With the broadening of providers of international concessional flows, however, the post-Busan aid/development effectiveness agenda needs to be developed by all relevant players, including providers of funding outside the DAC, and with a particularly strong voice from the recipients of such funding. The DAC has played a very creative role in "incubating" the Working Party on Aid Effectiveness, which has developed into a key multi-stakeholder forum for discussion of these issues, and where the voice of recipient countries has grown stronger. But a clearer relationship is needed between the activities of the Working Party and the discussions of similar issues held under the auspices of the United Nations (UN) Development Co-operation Forum, which has the potential as a UN body to exercise a broader policy overview. Future arrangements should also reflect whatever conclusions emerge from the latest monitoring round[6] with regard to the "effectiveness of the effectiveness dialogue": is it really driving behaviour change? Can there be more focus on a limited agenda of very important issues?

Proposal 4: ODA in a post-2015 world

A post-2015 international results framework will need to be supported by an appropriate resource framework, including official concessional flows. While access to aid is by no means the only or the most important enabling condition for achieving international results, it does continue to have relevance, especially for the poorer countries of the world. There is, therefore, a good case for revisiting the ODA concept in the broader context described earlier, with a view to implementing any changes in the same time frame. Returning to the qualifiers outlined at the beginning of this chapter, several issues loom:

- **Who pays?** Some agreement on core definitions is needed between donors who apply the DAC definition of ODA and those providers of South-South co-operation who see their important contributions as different in nature.
- **What's it for?** Some important boundary issues need to be addressed, notably with finance for global public goods. Is "economic development and welfare" still appropriate as a definition of purpose, or should there be a recognition of other purposes, for instance relating to the sustainable management of the planet? How can mutual interest considerations, highlighted by providers of South-South co-operation but by no means unknown to traditional donors, be handled?
- **How concessional is it?** It is surely time to revise the existing definition of what flows can be counted as concessional. This definition, by using a standard discount rate set at an outdated level, positively encourages DAC members to provide transactions of questionable concessionality in order to meet the aid volume targets to which they have signed up. This sets a very poor example to providers of assistance outside the DAC. A logical direction would be to align the definition of concessionality with that used by the International Monetary Fund (IMF) or indeed with the one used by the OECD itself for tied aid credits. At the same time, there needs to be better accounting of the important official flows that fall below any agreed level of concessionality. While financial transactions with low concessionality have been responsible for many problems (the operations of export credit agencies were a major factor in the debt crisis faced by poor countries in the 1980s and 1990s), such flows are important for development – as are those of the bilateral development finance institutions and of the multilateral development banks. These flows will become relatively more important as poor countries continue to graduate to the point where they can access such finance and, more generally, market-based finance in a sustainable way.

This is a complex agenda and one that will raise challenging problems both within the DAC and beyond the OECD. It could easily provoke, for example, a difficult debate about the level of official concessional flows needed to help deliver the results targeted by a post-2015 framework, as well as about what targets are appropriate for richer (and possibly also less rich) providers of such flows. It is also likely to raise questions about the meaning of "additionality" (for example in relation to commitments to finance global public goods) – an issue that is frequently debated and that needs to be discussed in a more sophisticated way than is usually the case. Some elements of this agenda will necessarily be beyond the competence of the DAC. But the DAC, with its half century of experience in accounting for international concessional flows, can and should play a central role in addressing them.

Notes

1. One of the first tasks of the OECD DAC was to define the international flows that it would attempt to maximise and improve. It determined that its focus would be on official development assistance (ODA), and that this would be defined to cover flows that: *i)* are from official sources, *ii)* have a purpose of development or welfare and *iii)* are concessional. Of course, ODA is not all the DAC is about; this Committee has an increasing depth and breadth of activity in the policy area, and this work is fundamental to help states grow out of aid dependence.

2. See in particular the statement from the DAC Senior Level Meeting of April 2011, entitled "Welcoming New Partnerships in International Development Co-operation", available at *www.oecd.org/dataoecd/7/3/47652500.pdf.*

3. Country programmable aid (CPA) reflects the amount of aid that can be programmed by the donor at partner country level. CPA is defined through exclusions, by subtracting from gross ODA aid that is unpredictable by nature (humanitarian aid and debt forgiveness and re-organisation), entails no cross-border flows (development research in donor country, promotion of development awareness, imputed student costs, refugees in donor country and administrative costs), does not form part of co-operation agreements between governments (food aid and aid extended by local governments in donor countries), is not country programmable by the donor (core funding to national NGOs and international NGOs), or is not susceptible for programming at country level (*e.g.* contributions to public private partnerships, for some donors aid extended by other agencies than the main aid agency).

4. The 2011 *Survey on Donors' Forward Spending Plans* (OECD 2011) shows that global CPA is programmed to increase at a real rate of 2% per year up to 2013, compared to 8% per year on average over the previous three years. The projected deceleration is likely to be more critical for low-income countries and for Africa, where aid is projected to increase at about 1% per year in real terms, compared to a 13% real annual growth rate in the past three years.

5. The International Development Association (IDA) is the arm of the World Bank that gives soft loans to poor countries.

6. Progress on putting the principles outlined in the Paris Declaration on Aid Effectiveness into practice is closely monitored in three rounds of monitoring surveys (2006, 2008 and 2011). The evidence from these surveys constitutes a powerful tool to hold developed and developing countries accountable for their aid promises. Over time, the number of countries participating in the survey has grown from 33 in 2006, to 55 in 2008, to around 80 countries in 2011.

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Chapter 9

The resurrection of aid

Jean-Michel Severino

Jean-Michel Severino is Chief Executive Officer of *Investisseurs et Partenaires*, an impact investment private equity firm dedicated to African small and medium-sized enterprises. Previously, he was Director General of the French Development Agency (2001-10), Vice President for Asia at the World Bank (1996-2001) and Development Director at the French Co-operation Ministry (1994-96). He also sits on several boards, including those of Danone and France Telecom. He is a Senior Fellow of the German Marshall Fund and the Foundation for International Economics and Development. He has extensively written on development policies and Africa.

Mr Severino has been a member of the High-Level Panel on the strategic vision of the African Development Bank, as well as the strategic boards of the West African Development Bank, the Commission of the Economic and Monetary Union of Western Africa, the "White Book" Commission on France's foreign and European policy and the High-Level Expert Panel on the System-Wide Coherence of the United Nations. He is a member of the French Conseil des affaires étrangères to the Minister of Foreign Affairs.

Mr Severino was bestowed the national orders of France and several Asian and African countries, and in 2009 received the *Sceptre d'or du développement durable*, France's highest sustainable development award.

Because of the numerous changes in the motivations and objectives of aid policy over the past decades, Jean-Michel Severino compares official development assistance (ODA) to a Hydra. Yet while today's global "macro-social" complexities create new ground for international solidarity, he argues that a profound reconsideration of the objectives, measurements, policy content and financing modes of development assistance is not only necessary and welcome, but also inevitable. A new generation of shared, long-term goals is needed to set the pace for collective mobilisation by reconciling social concerns with concepts of public goods and global macroeconomic management, shifting the focus from finance only to more inclusive policy approaches. Yet the challenge, he sustains, is not only to define objectives, but to measure results against them. To this end, a new international measurement system is needed. Severino foresees a gradual shift in financing of public welfare, with the rich in all countries bearing the burden of financing for the poor, for instance through international taxation.

Chapter 9
The resurrection of aid
Jean-Michel Severino

Official development assistance – ODA – is a Hydra.[1] In a paper from 2010, Olivier Ray and I announced its death (Severino and Ray 2009) and since then, it has been repeatedly confirmed. Messages of condolence have flowed.

The academic community, governments and public opinion have repeatedly affirmed the need to do away with the excessive weight of aid policy: conditionality oppresses, they claim, and aid flows create dependency and reinforce corruption. Dambisa Moyo, in her successful book *Dead Aid*, is eloquent on these points (Moyo 2011). Other academics accumulate criticism of aid's effectiveness – or lack thereof – with a vitality that continues to impress. Indeed some, like William Easterly, make a living from this criticism. Governments build on these views in our times of severe economic crisis to cut back on spending, accusing the dogs they seek to kill of having the rabies of inefficiency. This facilitates making spending cuts in peace of mind and good conscience – as has happened everywhere with the notable and admirable exception of Great Britain.

"Public opinion joins in the concert: people are generous but they do not trust public assistance."

Public opinion joins in the concert: people are generous but they do not trust public assistance. They worship non-governmental organisations (NGOs) of course. But unfortunately, NGOs are better at directly helping populations with the most pressing of humanitarian needs than at addressing the difficult and often austere challenges of growth.

And now ODA professionals bring a new cascade to the waterfall. In recent years, how many conferences, how many meetings have been held, how many memoranda written on aid effectiveness! Reading them, aid critics feel justified and comfortable: why would you support a policy whose inefficiency is denounced by its own stakeholders? Aid professionals have proven to be the best undertakers of their own business.

Life after death

With such formidable criticism – which would probably have killed many apparently better-formulated public policies – it is remarkable that ODA continues to survive. While its volumes are not exploding, growth in ODA remains impressive: in 2010, it reached an estimated all-time record at USD 129 billion (Annex B, Figure B.2). To this amount one must add the considerable contribution of private flows from foundations and NGOs. Never has international solidarity been so active.

The reasons for such strong support must be sought in the motivations and interests behind aid policy today.

During the long Cold War era, post-colonial bad conscience and the desire to contain Soviet ambitions in poor countries helped to maintain aid at significant levels until the fall of the Berlin Wall deprived aid of its powerful geopolitical roots. And while a foundation of compassion remained, it was not enough to justify significant commitments by industrialised countries. Yet at the end of the 1990s, aid levels

rose again, powered by an acute awareness on the part of the leaders of large countries of "collective concerns" resulting from things such as the growing financial gaps between rich and poor, planetary interdependencies and the potential role of aid in managing or preventing conflict.

As a consequence, what we now call ODA probably has little to do with the type of development co-operation that was driven by the concerns of a few decades ago. We are witnessing a profound change in the function of ODA, which should probably lead to its being renamed, for example, "global social policy" or something along those lines.

Before the great wave of globalisation, as long as ODA supported geopolitical objectives, the technical performance of the policy measures was secondary. It really did not matter whether aid was effective or not, for instance, if it consolidated friendly political regimes. Of course, this geopolitical dimension has not disappeared in our century: ODA continues to be applied – by diplomats or the military – as an instrument, as in the case of Afghanistan or Iraq.

Nevertheless, a substantial portion of aid's objectives are increasingly linked to specific problems such as climate change, loss of biodiversity, expansion of HIV/AIDS and major endemic diseases, international inequality and others. More and more, old-style development aid is being mobilised to solve externalities of globalisation that are bound up with relations between rich and poor. And these problems abound.

"... a substantial portion of aid's objectives are increasingly linked to specific problems ... climate change, loss of biodiversity, expansion of HIV/AIDS and major endemic diseases, international inequality and others."

From global public goods to cargo-dollars

The relevance of this new ground for international solidarity is heightened by projected population growth and a resulting increase in the absolute number of poor, regardless of the speed of economic expansion. But there is also a new and emerging dimension of considerable importance: the management of the global "macro-social" balance.

1939 saw the beginning of the first truly global war. 2007, on the other hand, marked the beginning of the first truly global economic crisis. The world will never look the same; both events call for the emergence of a new governance system – however challenged it remains – and both have promoted and will continue to promote a sea change in the balance of power.

Given the type of policy issues we are focusing on, however, there is a major overlooked policy issue that stems from the global economic crisis: for most poor countries, it has put an end to hopes of building economic success on the replication of the Asian growth model. This model allowed a considerable mass of people living in extreme poverty to experience a dramatic change in living conditions. But its replication in a world approaching nine billion inhabitants – and its extension to the vast majority of poor people – now faces three major challenges: a problem of uncertain macroeconomic sustainability linked to the generation of excessive financial imbalances; a problem of social imbalance linked to the growing inequalities it generates in rich as well as poor countries; and an environmental problem because the model is particularly carbon-intensive.

The options are not obvious. Logic would have it that economic development models would reorient towards growth led by domestic markets, coupled with significantly improved energy performance. Signs of this change are taking place, as demonstrated in the budding dynamism of South-South trade, for instance, or the new Chinese economic policies. Despite these signals, however, it is difficult to know whether a new growth regime founded on a domestically oriented, low-carbon engine – one that could achieve the same level of economic performance as, for instance, East Asia – can emerge.

"... international solidarity must play an important role, rebalancing economic engines and international macroeconomic trade in a time of economic crisis."

In this sense, international solidarity must play an important role, rebalancing economic engines and international macroeconomic trade in a time of economic crisis. Domestically oriented growth faces financial constraints, especially in savings and investment, that export-led models do not encounter; ODA and foreign direct investment (FDI) can play a major role in alleviating these constraints. The emphasis the Seoul G20 has placed on infrastructure is a good sign, particularly given the important time constraints. It should lead to a radically new means for emerging countries to use their considerable international reserves at the service of a new political recycling: petro-dollars should become new Asian cargo-dollars – and we should be able to learn from the failures of the 1980s.

If what we have just stated is even approximately correct, then we can at least reach four important conclusions: the objectives of ODA will continue to diversify considerably and should be formally amended; measurements must evolve; policy should also modernise and adapt to its content; and assistance volumes will certainly grow, leading to a transformation of financing modes.

Let's consider these points successively.

The new globalised goals

At this point, I would like to take a moment to pay a special tribute to J. Brian Atwood, the current Chair of the OECD Development Assistance Committee (DAC). When he assumed the administration of the United States Agency for International Development (USAID), he proposed that the members of the DAC reflect on creating a battery of indicators that could help to set development objectives. In his mind, the positive public perception of ODA was undermined by a lack of clarity as to what it sought to resolve.

This call to action led, in several stages, to the political formulation and adoption of what would become the Millennium Development Goals (MDGs).

Subsequently, success in communicating the MDGs lent useful ideological backing to political leaders in the OECD countries who were determined to finance the goals. It helped mobilise public opinion and support for public policy and has probably contributed considerably to the rise of private philanthropy over the past decade.

The implementation of the MDGs reflects the profoundly changed role of development to which we have been referring. But the world's pace of change has already outdated this set of goals.

Indeed, in their current state, the MDGs present many technical weaknesses: they are sometimes articulated in a confusing manner; they mix final impacts with means of achieving them; they undervalue economic growth and income and overvalue the social dimensions of development; they overstate some policy issues (health, for example) while they understate others (water, for example) or exclude others entirely (energy, for example). And while answers can be found to all of these problems, in reality they disguise many political problems.

Nonetheless, the most important issue with the MDGs lies in the future.

By 2015, a new generation of goals will need to be defined, but the thinking process has hardly started. The negotiation, in reality, will be about establishing a new set of global policy goals. In a world of exploding inequalities, these goals will have to be in the form of shared public policy representing common global ambitions, because they must address growing environmental concerns and macro-financial imbalances. Discussing global poverty issues will imply discussing the convergence of these macro-trends and their transformation into public goals. Indeed, our current MDGs remain rooted in a social approach to the world; their paradigm does not contemplate public goods in general, nor does it include the battery of public concerns relating to relations between the rich and the poor inhabitants of this planet.

If the new goals are to be not only about development policy *per se*; if they are to cover the whole of global public objectives; if they are to be relevant to the realities of public policy, effectively mobilise actors and provide a credible measure of performance; then they will need to evolve in two directions.

First, they will need to identify – in the agreed time frame, be it 15 or 30 years – the ultimate objectives we all want to see achieved: reducing mortality and morbidity; increasing life expectancy; improving income and, as importantly, reducing inequalities; and limiting our environmental footprint.

Clarifying these objectives is particularly important because they can be achieved by various political means: good health policies can help to improve incomes; a water policy or an improvement in earnings related to a macroeconomic policy may help to reduce infant mortality; urban policies can help increase biodiversity; and a change in trade policy may decrease carbon emissions. In short, it is important to dissociate the final impacts we want to achieve from concrete policies so as to break the lobbies behind each specific objective. It is fundamental to focus on what we want to deliver and not on the means that can or cannot lead to selected results.

"It is fundamental to focus on what we want to deliver and not on the means that can or cannot lead to selected results."

The second change needed is reconciliation with the "rights movement", which is growing stronger and stronger. Rights to water, to education, to health… these claims are increasingly gaining political recognition. Universal access to key assets and services – and not only reductions in inequalities of access – is emerging as a basic human right, cascading from the United Nations Universal Declaration of Human Rights. This is the minimal basis for human dignity in our century, a kind of global safety net.

The MDGs do not take on this challenge; the next generation of goals must. These new goals should lead to the identification of a limited number of sector policies, linked to global rights statements or legal provisions that would serve to "universalise" the relevant service. Access to health, education, water, energy and nature could be the five pillars, for example: the five basic services to which any human on this earth should have access.

The objective of these new goals should be to set the pace of universal implementation though a collective mobilisation involving, necessarily, all countries. Macroeconomic sustainability would be an important concern when determining horizons of access: a combination of local fiscal and private resources, together with international support, should frame the credibility of the goal, as it is fundamental to be very careful not to create goals that are financially impossible to reach, whatever the macroeconomic or demographic situation may be.

2015 will soon be here. But the international community has only modestly begun to focus on what is one of the world's major public policy issues: the formulation of our shared, long-term goals. These must reconcile the social approach of international solidarity with the public goods approach and concepts of global macro-economic management. It is time to focus on the development of goals that will project us into the future and align our instruments.

From assistance to results-based policy

One of the most important problems of the way global public policy is organised today is its toolkit.

The Millennium Development Goals are all too often linked to aid volume, which in most cases is presented as the only measure of achieving global poverty reduction. This puts a heavy weight on the shoulders of aid. Moving from policy goals to instruments can help policymakers encompass a wider range of options than aid *per se*; this should be introduced at the core of the "new MDGs" negotiations, even if it leads to some embarrassing discussions.

This point actually encompasses two complementary but separate topics: the scope of the instruments and the instruments themselves.

"Moving towards a new generation of MDGs should offer an opportunity to shift the focus from finance only, however important it may be, to whole-of-policy approaches."

A vast amount of literature has already addressed the issue of the scope of the instruments, although all too often it is treated under the heading of "coherence" (among aid and the rest of government policies). In reality, however, achieving the MDGs depends first and foremost on the range of policies implemented by each country and only second on the means implemented by the international community to support domestic policies. These can cover diverse terrain from trade, investment and finance to migration, research policy, diplomacy and… the armed forces. In fact, as the report by the Centre for Global Development (CGD), *More than Money: Impact Investing for Development,* suggests, industrialised countries – and probably emerging countries as well – should report not only on their ODA efforts, but on the scope of instruments and policies that define their "development friendliness" (Simon and Barmeier 2010). Moving towards a new generation of MDGs should offer an opportunity to shift the focus from finance only, however important it may be, to whole-of-policy approaches. Of course, this would mean that some bad players in the ODA field would see their ranking in "development friendliness" improve – but why not? If apparently generous financiers are allowed to pursue other counterproductive policies, is this not fair?

Table 9.1. Various financial instruments to mobilise and use resources for development

Resource mobilisation → / ↓ Resource use	Recurrent public financing	Recurrent private financing	"One-shot" collecting	Pooled resources	Use of market instruments
Recurrent uses	Payment of ecological services/ taxation systems	Socially responsible investment (ethical finance)	The International Finance Facility for Immunisation (IFFIm)	The Global Fund to Fight AIDS, Tuberculosis and Malaria	(Product)RED*
Investment	Financing of infrastructure through concessional loans	Clean development mechanisms		Improving the productive use of migrant remittances	Thematic donor first-loss investment funds (*e.g.* microfinance, agriculture)/migrant bonds
Leverage effects		Microfinance	Debt-to-health (converting debt relief to investments in health)	Pooled procurement initiatives	Equity investment
Systemic effects	Climate policy loans	Awards for scientific advances in the field of development		GAVI Alliance (formerly the Global Alliance for Vaccines and Immunisation)/UNITAID (for the purchase of drugs against HIV/ AIDS, malaria and tuberculosis)	World Food Programme (WFP) local purchases/ advanced market commitments
Securisation/ prevention	Preventive programmes against global pandemics	Non-governmental projects in conflict prevention	Humanitarian appeals for trust funds	Emergency funds/ International Monetary Fund (IMF) exogenous shocks facility	Guarantee and insurance instruments

*(RED) is a business model created to raise awareness and money for the Global Fund to Fight AIDS, Tuberculosis and Malaria by teaming up with the world's most iconic brands to produce (RED)-branded products. A proportion of profits from each product sold goes directly to the Global Fund to invest in African AIDS programmes.

Source: Severino and Ray 2009.

The instruments of financial intervention are another matter. An increasing variety of financial instruments is being employed by OECD countries and civil society, creating a dynamic financial innovation trend that has gained momentum over the past 20 years (Severino and Ray 2009) (Table 9.1). But it is difficult to include these innovations in the current ODA reporting system – which actually acts as a deterrent – as finance ministers and governments in general tend to favour innovations that boost their ODA ranking. And because it is difficult to encourage instruments that leverage aid or promote private-sector financial interventions, grants and concessional loans remain the categories with real legitimacy in the current aid declaration system. The OECD countries should be able to report the on-the-whole toolbox they use to support poor countries in their progress towards the MDGs, not only on the "blessed" and exclusive instruments used since the 1970s.

In a growing number of cases, in fact, assistance in the strictest sense of the word may not be an effective contribution to the achievement of the MDGs – as the following example illustrates. Sub-Saharan Africa's energy deficit probably costs that continent one to two annual growth points. Overcoming this limitation would not only represent an invaluable contribution to revenues, health and gender equality; it would even contribute to dealing with climate concerns if the challenge were to be met by using clean energy and applying energy efficiency. But energy is not, on the one hand, an MDG; and on the other, most donors are reluctant to get involved in this difficult issue when they can gain more public support by addressing heath and education.

What's more, beyond the small amount of money that can be declared as technical assistance, the key instruments needed to address this challenge – transformation of public policies and incentives, the establishment of guarantee schemes that will strengthen local capital and the private sector, and the improvement of local and international markets for investment – cannot be reported as ODA. And when public money is needed, it is likely that concessional loans will be more important than grants, for which there will be many disincentives. It is no wonder, then, that over the past years the energy issue has remained very low on domestic and international aid agendas despite its critical importance.

This brings us once again to the core challenges: defining objectives, measuring results against objectives and determining the best mix of sectoral and financial policy measures to achieve these results.

Measuring policy *versus* playing the politics of measurement

Is our international measurement system up to the task?

The answer is no.

Let's focus on financial flows. Our current public policy is not measured and therefore our system cannot understand, explain or defend it – or can do so only with very rough approximations.

Measuring public policy is simple in principle but always difficult in reality. Official definitions of ODA, for example, mask considerable confusion about measurements of volume, budgetary costs of a policy and administrative expenditure.

This lack of precision is a result of the age of the measurement system. Defined in the 1960s, there has been little possibility for revamping it because of the need for consensus around each and every modification. And no one dares to propose changes in the measurement system for fear that other changes may then be proposed and that these may be unfavourable to them.

"ODA does not capture real volumes of policies ... More importantly, there is no way one can figure out what the real costs of the policy are to the taxpayer ..."

Yet there are many areas where change is badly needed. The scope of what can be declared as ODA is both too large (many things can be declared as ODA even if their relation to development is tiny) and too narrow (many innovative instruments cannot be captured by the current system). As a consequence, ODA does not capture real volumes of policies – be they private or public in origin. More importantly, there is no way one can figure out what the real costs of the policy are to the taxpayer: costs of concessional loans and of debt restructuring and cancellation are so opaque and complex that their relationship to actual costs is impossible to trace. Administrative expenditure is also very roughly tracked. Yet these technical issues would not be very

serious if accounting modalities did not frame behaviour, on the one hand, and if the resulting numbers were not used by academics and evaluation bodies to discuss aid effectiveness, on the other.

A review of ODA accounting is a priority if we are to eliminate perverse behaviour and clearly distinguish between budget costs incurred by the taxpayer and the total volume of financial commitments of any kind undertaken to achieve specific results. The clarification of this chain is essential to enable informed debate on the contribution of financial volumes to the implementation of a given policy.

Funding public policy differently

The scope of global public policies will need to expand greatly in the decades to come.

This expansion will no doubt occur, whatever the speed of developing countries' economic growth may be. Today, the links between global policies and issues of economic and social convergence are being broken. Increasingly, as we have discussed, it is more a matter of global public goods that are related rather than to the level of poverty in the world, to a combination of concerns generated by demographic growth, global increase of economic activities and the prevalence of international inequalities.

Indeed, in today's globalised world, the principle of payment for public policies will certainly evolve in the same manner as it has within our domestic borders: payments will be determined not by absolute levels of poverty or wealth but by relative levels. Financial inequality among countries will continue to characterise our planet for many decades and this will determine the need for rich countries to finance the world's poorest countries – but not only to finance them, as we shall see.

The public policy perimeter will increase in two ways. To begin with, the number of subjects of "collective concern" will grow following the upward curve of world population, the increasing density of the planet and the accumulation of problems in managing the relationship between man and nature in general (we could call this the "extensivity syndrome"). And second, the importance of these problems will grow in intensity.

In this context, the level of payments assessed on the wealthy must necessarily increase for three simple reasons:

First, in the global public goods equation, poor countries are simultaneously victims (*e.g.* suffering the consequences of climate change induced by others), sources (*e.g.* generating conflict) and providers of solutions (*e.g.* biodiversity). For these reasons, compensation, "weakest-link transfers" and payment for global services are at the core of growing international public and private financial flows.

Second, in a globalised world, public policies must increasingly focus on the poorest countries. With nine billion people on Earth – including eight in emerging and developing countries, more than five in China and India, and two in sub-Saharan Africa – the political sustainability of globalisation lies in its ability to integrate a larger number of countries in a wide and fast pace of growth. Even in countries that demonstrate potential and real growth, securing the convergence of revenues is of prime importance and making this coherent with the world's environmental limits is a matter of life or death. Willingness to pay for this will be more and more essential, refocusing the international agenda not only on poverty, but also – and in an increasingly important way – on sustainable development and green growth. In this respect, the 2012 Rio+20 conference will play a major role in shaping the next decades' development agenda.

Finally, over the coming decades, we will see how political difficulties, isolation and other factors continue to prevent vast areas of the world from joining in global prosperity. Even in the best-case scenario, in 2050, the world will still be home to more than one billion people in absolute poverty. In the global, integrated economic space that is now being built, it will be necessary to establish – officially or indirectly – a global redistribution policy. This comprehensive social safety net will need to be in place for a long time and it will be critical to manage the associated geopolitical problems. Crisis management and prevention will, in many cases, create the ground rules for redistribution. Today, the way the MDGs have been set already makes it impossible even for many relatively well-run poor countries to meet the targets. Massive financial support is needed to allow their populations to access the basic human needs – increasingly recognised as basic human rights – we described earlier. In the future, this need for support will grow as the weight of demography and global inequalities increase.

The enlargement of the public policy perimeter and the resulting increase in costs will have implications for modes of financing. Until now, the budgets of OECD countries have been the major source of funding for assistance. This situation must change for a very simple reason: less poor people in rich countries will accept to pay for the rich in poor countries.

"... the evolution of the international economy ... is also exemplified by the accentuation of inequalities within every category of countries ... . Never before have gaps in wealth been so evident."

As we have already indicated, the evolution of the international economy is not only characterised by the emergence of formerly poor countries and by the persistence of a large number of very poor countries; it is also exemplified by the accentuation of inequalities within every category of countries, including industrialised countries. Never before have gaps in wealth been so evident. In the coming decades, persistent situations of extreme poverty – and increasing numbers of people in absolute poverty – may be perfectly consistent with relatively high economic growth, including in poor countries. They also may be consistent with growing numbers of wealthy elite, including in the poorest countries.

This planetary structure cannot help but produce a gradual shift in the balance of financing for global welfare, development and global public goods; and the shift must be borne by the rich, be they in emerging, poor or industrialised countries.

This is why international taxation has a promising future.

International taxation has been mistakenly described as an innovative development financing instrument. Though it will without any doubt continue to offer smart solutions to extremely difficult policy issues, there is nothing innovative about taxation. It is as old as the world. Research on a new basis for taxation, however – targeting the world's affluent or wealthy classes – will lead to international taxes. And as it may take a very long time for an international tax on income to emerge, the focus will be on property or transactions used by the wealthy. Many possibilities are already being considered: taxation on air transactions, international transit, carbon transactions… in fact, many options are already in play.

The international debate on taxation for development was introduced in a context of ideological blur. Some argued that its promoters sought to cover up the lack of willingness of a number of rich countries to fulfil their ODA duties. But the issue is much more serious than this. Aid budgets of OECD governments will remain indispensable in the fight against poverty – or more widely in international or global policy – for a long time and indeed will continue to represent the majority of funding. It will also be

fully legitimate for countries with national interests at stake to continue funding development assistance through a call to their citizens: for Europe, for example, the fate of the Mediterranean southern bank is a vital regional issue that warrants involvement. But in the long run, we will have to recognise the impressive transformation of the social structures of our planet, which requires changing our more than 50-year-old funding systems.

So as not to conclude

Once again, ODA is a Hydra. We could call it the "born-again" policy.

And while it is dead in its historical definition, it is living a new life in the form of global policies that the 21st century must put in place simply to survive.

"... [ODA] ... is living a new life in the form of global policies that the 21st century must put in place simply to survive."

A world of nine billion people with a society that is integrated economically and financially needs public policies to regulate its markets, allow people to live in peace and ensure the progressive extension of prosperity to all. These global policies on environmental, economic and social issues involve costs and these must rest on the shoulders of the world's wealthiest citizens. In the world of the future, the wealthy will not live only in OECD countries; they will live all around the world, including in the poorest countries. Of course, development targets will still in the vast majority of cases focus on the poorest countries and seek to benefit the poorest people. In the future, however, they will have to be designed taking into account more and more complex externalities, as well as the growing links between the social fates of the poor in the developing countries and those in OECD countries.

Today, ODA's concepts, targets, tools, institutions and operating modes have been overtaken by changes occurring in a world characterised by unstoppable movement; and that is spurred by demography, growth and technology. Public and private ODA stakeholders must recognise the importance of these transformations and be ready to fall in step, questioning the methods as well as the objectives of the policies they serve. Otherwise, they will slow down the emergence of the policies we need to build a better world. Old ODA and those who serve it have a major role to play in building a new world of policy action, a world that will not be about "official" or "development" or "assistance"… but will build on these.

This is the challenge we face. Are we up to the task?

Notes

1. To illustrate his point that many changes in the motivations and objectives of aid policy, and specifically ODA, have taken place over the past decades, Jean-Michel Severino makes reference to a Hydra, a creature from Greek mythology with many heads. For every head cut off, two new ones grew back.

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Annex A:
Efforts and policies of bilateral donors

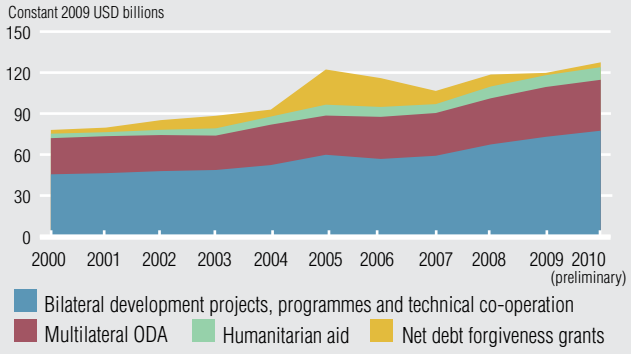
Notes on DAC members

DAC members' aid performance in 2010

In 2010, net official development assistance (ODA) flows from DAC members reached USD 128.7 billion, representing an increase of +6.5 % over 2009. This is the highest real ODA level ever, surpassing even the volume provided in 2005 that was boosted by exceptional debt relief. Net ODA as a share of gross national income (GNI) was 0.32%, equal to 2005 and higher than any other year since 1992.

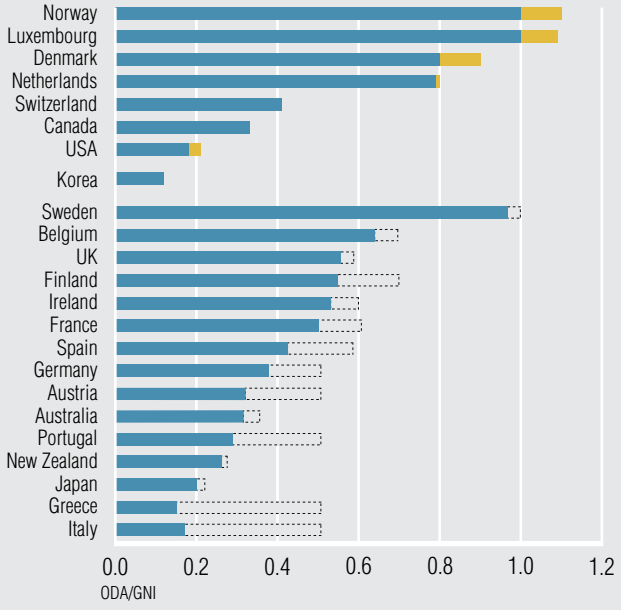
Bilateral aid for core development programmes and projects (*i.e.* excluding debt relief grants and humanitarian aid) rose by +5.9% over 2009 (Figure A.1). New lending (+13.2%) increased faster than grants (+6.8%).

Figure A.1. Components of DAC donors' ODA



StatLink http://dx.doi.org/10.1787/888932512651

Figure A.2. ODA performance in 2010 compared to 2005 projections



Upper portion shows DAC member countries that in 2010 met the projection made in 2005 (any excess shown in yellow); Korea was not a DAC member in 2005.
Lower portion shows DAC member countries that in 2010 did not meet the projection made in 2005 (with shortfall indicated).

StatLink http://dx.doi.org/10.1787/888932512670

In 2010, the largest donors by volume were the United States, the United Kingdom, France, Germany and Japan. Denmark, Luxembourg, the Netherlands, Norway and Sweden continued to exceed United Nations ODA target of 0.7% of GNI. The largest increases in real terms in ODA between 2009 and 2010 were recorded by Australia, Belgium, Canada, Japan, Korea, Portugal and the United Kingdom (Table A.1).

How well did members meet their 2010 targets?

In 2005, at the Gleneagles (G8) Summit and other fora, donors made specific commitments to increase their ODA. In particular, the 15 DAC-European Union (EU) members committed to reach an ambitious minimum country target for ODA of 0.51% of their GNI in 2010, and several envisaged higher levels.

The DAC Secretariat then made a simulation table on the ODA/GNI that members would achieve in 2010 if these targets were met.[1] Figure A.2 compares these simulations, made six years ago, with preliminary data on the actual 2010 outcome.

Targets and commitments varied widely in scope among DAC members. The United States pledged to double its aid to sub-Saharan Africa between 2004 and 2010 and surpassed this goal in 2009 – a year early. Canada aimed and succeeded to double its International Assistance Envelope compared to 2001. Switzerland met its commitment to meet an ODA/GNI ratio of 0.41%. Australia aimed to reach AUD 4 billion and achieved this, but not the corresponding ODA/GNI projection, due to higher than expected GNI growth. Norway and Luxembourg surpassed their commitment to maintain ODA as a percent of GNI at 1%, with ratios of 1.10% and 1.09% respectively. Denmark also surpassed its simulated level, reaching 0.90% in 2010, and the Netherlands slightly exceeded its projected 0.80%.

Table A.1. Net official development assistance In 2010
(Preliminary data for 2010)

DAC member	2010		2009		2010	Percent change 2009 to 2010 (1)
	ODA USD million current	ODA/GNI %	ODA USD million current	ODA/GNI %	ODA USD million (1)	
					At 2009 prices and exchange rates	
Australia	3 849	0.32	2 762	0.29	3 096	12.1
Austria	1 199	0.32	1 142	0.30	1 242	8.8
Belgium	3 000	0.64	2 610	0.55	3 109	19.1
Canada	5 132	0.33	4 000	0.30	4 509	12.7
Denmark	2 867	0.90	2 810	0.88	2 931	4.3
Finland	1 335	0.55	1 290	0.54	1 380	6.9
France	12 916	0.50	12 600	0.47	13 523	7.3
Germany	12 723	0.38	12 079	0.35	13 272	9.9
Greece	500	0.17	607	0.19	509	-16.2
Ireland	895	0.53	1 006	0.54	957	-4.9
Italy	3 111	0.15	3 297	0.16	3 248	-1.5
Japan	11 045	0.20	9 457	0.18	10 574	11.8
Korea	1 168	0.12	816	0.10	1 026	25.7
Luxembourg	399	1.09	415	1.04	413	-0.3
Netherlands	6 351	0.81	6 426	0.82	6 570	2.2
New Zealand	353	0.26	309	0.28	297	-3.9
Norway	4 582	1.10	4 086	1.06	4 233	3.6
Portugal	648	0.29	513	0.23	674	31.5
Spain	5 917	0.43	6 584	0.46	6 197	-5.9
Sweden	4 527	0.97	4 548	1.12	4 225	-7.1
Switzerland	2 295	0.41	2 310	0.45	2 205	-4.5
United Kingdom	13 763	0.56	11 283	0.51	13 475	19.4
United States	30 154	0.21	28 831	0.21	29 852	3.5
TOTAL DAC	128 728	0.32	119 781	0.31	127 518	6.5
Average country effort		0.49				
Memo items:						
EU institutions	12 986		13 444		13 546	0.8
DAC-EU countries	70 150	0.46	67 210	0.44	71 726	6.7
G7 countries	88 844	0.28	81 548	0.26	88 453	8.5
Non-G7 countries	39 884	0.49	38 233	0.50	39 065	2.2
Non-DAC economies:						
Czech Republic	224	0.12	215	0.12	225	4.6
Estonia	18	0.10	18	0.10	19	4.7
Hungary	113	0.09	117	0.10	114	-2.2
Iceland	29	0.28	35	0.35	27	-22.6
Israel	141	0.07	124	0.06	139	12.4
Poland	378	0.08	375	0.09	359	-4.1
Slovak Republic	74	0.09	75	0.09	77	2.7
Slovenia	63	0.13	71	0.15	66	-7.4
Turkey	967	0.13	707	0.11	875	23.8

(1) Taking account of both inflation and exchange rate movements.
Note: The data for 2010 are preliminary pending detailed final data to be published in December 2011. 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 DAC Statistics, 2011.

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Among other EU countries, Belgium (0.64%), Finland (0.55%), Ireland (0.53%), Sweden (0.97%) and the United Kingdom (0.56%) all met the minimum EU country target of 0.51%, though they fell somewhat short of the level that had been projected in 2005. France (0.50%) almost met the minimum target but the following countries did not: Austria (0.32%), Germany (0.38%), Greece (0.17%), Italy (0.15%), Portugal (0.29%) and Spain (0.32%).

Japan's ODA rose significantly in 2010, though this still fell somewhat short of the level projected in 2005.

New Zealand – which plans to achieve an ODA level of NZD 600 million by 2012-13 – narrowly missed its projected ODA to GNI ratio of 0.28% in 2010.

Korea was not a DAC member in 2005 and made no promises then to increase its aid; however, since 2005 its aid programme has increased in real terms by 56%.

The combined effect of the increases has been to raise ODA by 37% in real terms since 2004, or about USD 30 billion (in 2004 dollars). However, when comparing the 2010 ODA outcome to the promises made in 2005, this still represents a shortfall of about USD 19 billion. Only a little over USD 1 billion of the shortfall can be attributed to lower-than-expected GNI levels due to the economic crisis. The remaining gap of USD 18 billion was due to donors that did not meet their ODA commitments.

At Gleneagles, G8 donors also envisaged an increase in total ODA to Africa of USD 25 billion. However, preliminary estimates show that Africa only received an additional USD 11 billion. This shortfall is larger in percentage terms than the shortfall in total ODA. The main reason is the poor performance of several of the donors that provide large shares of their aid to Africa.

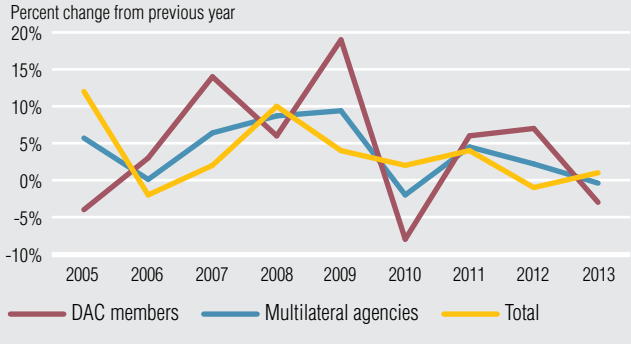
In an effort to ensure that future aid targets and pledges are clear, realistic and attainable, the DAC has recently approved a Recommendation on Good Pledging Practice (OECD DAC 2011a). This is designed to help all donors improve their pledging practice and enhance accountability and transparency.

Aid beyond 2010

The OECD has just completed the fourth comprehensive survey of donors' future spending plans (OECD DAC 2011b), which provides an indication of the collective forward programming of bilateral and multi-lateral donors through 2013.

The findings from this survey suggest slower aid growth ahead. Global country programmable aid (CPA)[2] is planned to grow at a real rate of 2% per year from 2011 to 2013, compared to 8% per year on average over the past three years. For DAC countries' bilateral aid only, the projected increase is slightly lower at 1.3% per year (Figure A.3). The deceleration is likely to be more pronounced for low-income countries and Africa, where CPA is projected to increase at about 1% per year in real terms, compared to a 13% annual growth rate in the past three years. Thus, additional aid to these countries is likely to be outpaced by population increases.

Figure A.3. Total DAC country programmable aid scaling down



Source: OECD DAC 2011.

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Notes on DAC members

In this section, notes on DAC members are presented in alphabetical order and include country charts of the key ODA data for each member showing:

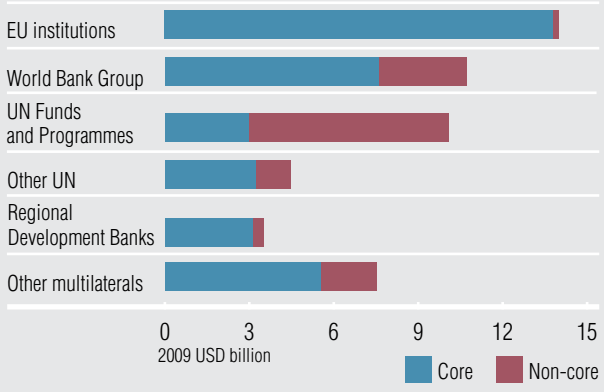
- net and gross bilateral ODA
- ODA by income group, by regions, by sector top ten recipients of gross ODA
- core and non-core multilateral aid
- untied aid
- gender equality focus,
- aid to the environment and climate change
- humanitarian assistance.

It is important to note that only financial figures are available for 2010 and these are shown for each DAC member. The analysis and detail presented in these country profiles are, however, based on data for the period up to 2009. While most of the information presented is straightforward, some words of explanation are needed for the data on multilateral aid, untied aid, development co-operation in support of gender equality, aid to the environment and climate change, and humanitarian assistance.

Core and non-core multilateral aid

All DAC members channel a proportion of their aid to and through the multilateral system; the proportions vary. Most of this aid is provided in the form of core funding, *i.e.* contributions to the regular budgets of multilateral institutions. In addition to this multilateral ODA, DAC members choose to give non-core funding, earmarked for specific sectors, themes, countries or regions and routed through multilateral agencies. Over the past six years, the majority of multilateral ODA was allocated to just five clusters of multilateral entities: EU institutions, the World Bank, UN Funds and Programmes, other UN agencies and the Regional Development Banks. The data presented in the country notes later in this annex show total multilateral aid broken down between core and non-core contributions for each DAC member in 2009 and its allocation among these five clusters. Figure A.4 presents the total multilateral ODA and non-core contributions that DAC members provided to and through the multilateral system in 2009.

Figure A.4. Total DAC core and non-core multilateral aid of DAC members (excluding EU as a donor), 2009 (2009 USD billion)



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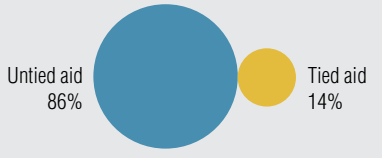
Untied aid

Untied aid is defined by the DAC as loans and grants whose proceeds are fully and freely available to finance procurement from all OECD countries and substantially all developing countries. All other loans and grants are classified as tied aid, whether they are tied formally or through informal arrangements. The DAC has focused on the issue of untying aid since its inception (1961). The purpose of reporting the status of tied aid is to show how much of members' aid is open for procurement through international competition.

Figure A.5. Total DAC untied aid, 2008-09 average (excluding donors' administrative costs and technical co-operation)



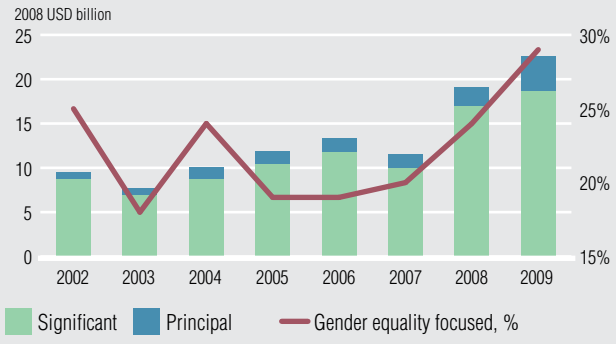
StatLink http://dx.doi.org/10.1787/888932512727

Internationally competitive procurement promotes cost-effective sourcing of aid inputs and promotes free and open trade. DAC reporting on tying does not address the status of multilateral ODA (core contributions to multilateral agencies) as data is collected on bilateral ODA only. In this field, as in others, the DAC has for many years given special consideration to the needs of least developed countries (LDCs). In 2001, the DAC agreed on the Recommendation on Untying ODA to least developed countries and in 2008, expanded this recommendation to include all heavily indebted poor countries (HIPCs). The data presented in the country notes later in this annex, however, summarise the tying status of DAC members' total bilateral aid (excluding donors' administrative costs and technical co-operation) for all countries supported by the donor and show an average for the years 2008-09. Figure A.5. presents total DAC untied aid, 2008-09 average.

Aid in support of gender equality and women's empowerment

With regard to the information presented on aid in support of gender equality and women's empowerment, all DAC members except the United States[3] screen their activities against the DAC gender marker. This marker is used to classify donor-supported activities in terms of their gender equality focus. The classification of "principal" means gender equality was an explicit objective of the activity and fundamental in its design. "Significant" means gender equality was an important but secondary objective of the activity. ODA in support of gender equality and women's empowerment is presented for each country in terms of *i*) the volume of ODA committed for significant or principal activities (in the charts shown in the country notes later in the annex, this is the left-hand scale and is measured by the bars); and *ii*) the percentage of sector-allocable ODA that this volume (the amount committed to significant and principal activities) represents (in the charts shown in the country notes later in the annex this is the right-hand scale and is measured by the line). It should be noted that in some cases fluctuations in a DAC member's aid for gender equality may be partly due to variations in the way the gender marker has been applied from one year to the next. Figure A.6 presents total DAC aid commitments in support of gender equality and women's empowerment from 2002 to 2009.[4]

Figure A.6. Total DAC members' ODA commitments in support of gender equality and women's empowerment, 2002-09 (2008 USD billion)



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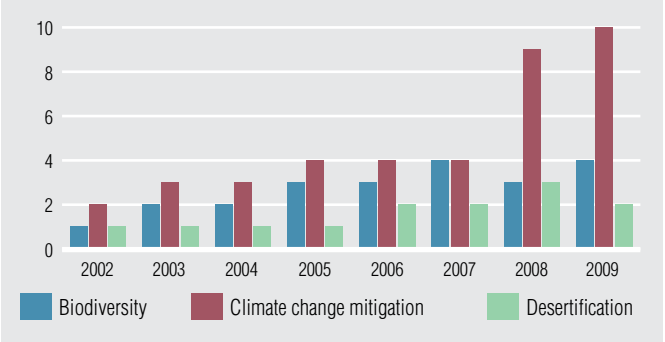
Aid in support of the environment and climate change mitigation

The United Nations Framework Convention on Climate Change (UNFCCC), the United Nations Convention on Biological Diversity (UNCBD) and the United Nations Convention to Combat Desertification (UNCCD) were negotiated and signed in the run-up to the 1992 Rio Conference (therefore collectively known as the Rio Conventions) in response to environmental threats that governments considered global in scale. The Rio Conventions reflect the commitment of signatory countries to incorporate the principles of sustainable development and global environmental concerns into their national development agendas, while providing developing countries with financial and technical resources for this purpose. The developed countries that signed the three Rio Conventions in 1992 committed themselves to assist developing countries in implementing them. Since 1998, the DAC has monitored aid commitments targeting the objectives of the Rio Conventions through its Creditor Reporting System (CRS) using the Rio markers. Every aid activity reported to the CRS should be screened and marked as either *i*) targeting the conventions as a "principal objective" or a "significant objective", or *ii*) not targeting the objective. All countries have reported using these markers with the exception of Luxembourg. It should be noted, however, that in some cases fluctuations in a DAC member's aid for environment and climate change may be partly due to variations in the way the Rio markers have been applied from one year to the next. Figure A.7 presents the total DAC average of ODA commitments targeted at the objectives of the Rio Conventions for the period 2002 to 2009.[5] As for the gender equality marker, the Rio markers measure ODA commitments rather than actual disbursements.

Figure A.7. Total DAC donors' ODA commitments targeted at the objectives of the Rio Conventions, 2002-09 (USD billion)



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Humanitarian assistance

Overall, the DAC spent USD 13.14 billion on humanitarian assistance in 2009 – the equivalent to USD 14 provided by each citizen of a DAC country and representing 10.1% of total ODA. Of these, USD 8.6 billion is DAC bilateral aid and the remainder is DAC donors' core contributions to UN agencies with humanitarian mandates.[6] The top recipients of humanitarian assistance in 2009 were Sudan, Palestinian Administered Areas and Afghanistan. The country notes later in this annex show for each DAC member the overall amount disbursed for humanitarian assistance in 2009, which includes bilateral aid and core contributions to UN agencies with humanitarian mandates. Country notes also show the main characteristics of each DAC member as a provider of humanitarian assistance. The data used for this analysis is sourced from Development Initiatives, who use OECD statistics and supplementary data sourced from humanitarian agencies. For some donors, information on spending channels is also available, although this dates from 2008.

Table A.2. Total DAC humanitarian assistance, 2009

2009 TOTAL USD 13.138 billion
10.1% OF TOTAL ODA
TOP RECIPIENTS 1. Sudan 2. Palestinian Administered Areas 3. Afghanistan

Source: Development Initiatives data and analyses based on OECD and agency data, 2009. For some donors, information on spending channels is also available, although this dates from 2008.

Australia

In 2010, Australia aimed to reach AUD 4 billion in ODA and achieved this. Australia delivered USD 3.85 billion in ODA in 2010, a 12.1% increase in real terms over 2009. This volume of ODA is equivalent to 0.32% of Australia's gross national income (GNI), up from 0.29% in 2009. The increase was due to an increase in grants to least developed countries. Australia is committed to raising its ODA to GNI ratio to 0.5% by 2015-16.

Australia's bilateral ODA

Australia remains focused on Asia and the Pacific, increasing its programmes in Afghanistan, Bangladesh, Nepal, Pakistan and Sri Lanka, and with 6-7 % of its allocation now going to South Asia – a percentage that is likely to grow. Australia's involvement in Africa is set to increase as the aid budget grows, currently representing less than 4.9% of allocations.

Gross bilateral ODA, 2008-09 average, unless otherwise shown

Net ODA	2008	2009	2010[P]	Change 2009/10
Current (USD m)	2 954	2 762	3 849	39.4%
Constant (2009 USD m)	2 809	2 762	3 096	12.1%
In Australian dollar million	3 583	3 535	4 196	18.7%
ODA/GNI	0.32%	0.29%	0.32%	
Bilateral share	90%	84%	90%	

P = Preliminary data

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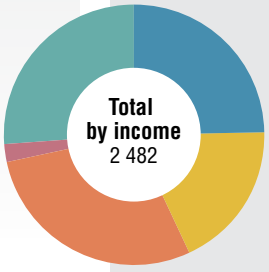
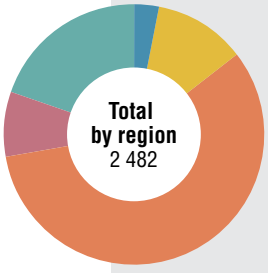
ODA by income group (USD million)



LDCs	617
Other low-income	454
Lower middle-income	713
Upper middle-income	51
Unallocated	648

ODA by region (USD million)



Sub-Saharan Africa	77
South and Central Asia	286
Other Asia and Oceania	1 433
Middle East and North Africa	200
Latin America and Caribbean	1
Europe	1
Unspecified	484

Top ten recipients of gross ODA (USD million)

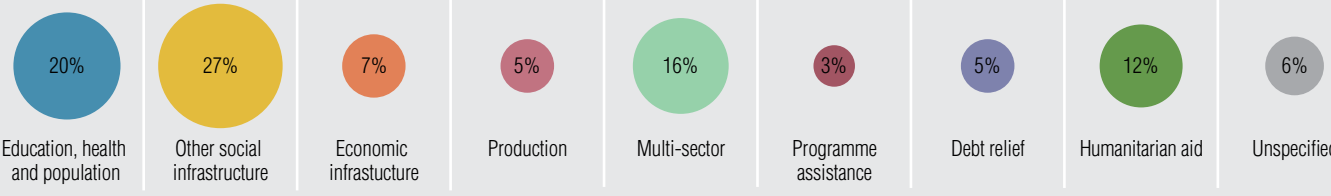
1	Indonesia	334
2	Papua New Guinea	312
3	Solomon Islands	177
4	Iraq	161
5	Afghanistan	118
6	Philippines	85
7	Vietnam	71
8	Timor-Leste	68
9	Cambodia	44
10	Bangladesh	43

Memo: Share of gross bilateral ODA

Top 5 recipients	44%
Top 10 recipients	57%
Top 20 recipients	68%

TOP RECIPIENT OF GROSS ODA
INDONESIA
USD 334 million

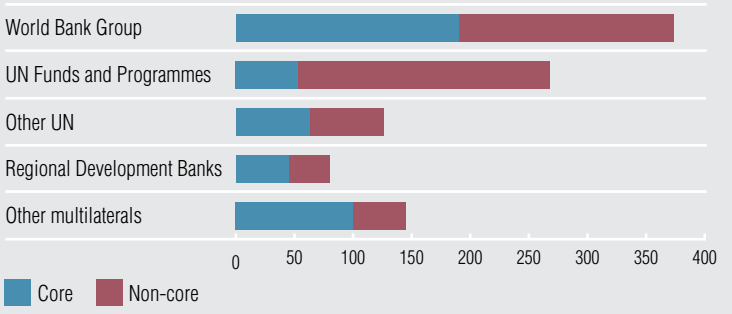
ODA by sector



Australia's core and non-core multilateral aid

In 2009, Australia provided USD 450 million in multilateral ODA ("core"), corresponding to 15% of its gross ODA. In the same year, Australia channelled an additional USD 542 million through multilateral organisations in the form of non-core contributions, for a total of USD 992 million channelled to and through the multilateral system. The World Bank Group was the largest recipient of Australia's multilateral ODA.

Figure A.8. Core and non-core multilateral aid of Australia, 2009 (2009 USD million)



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Australia's untied aid

Australia has made progress in eliminating tied aid from its development co-operation and intends to untie its aid completely in the near future.

Figure A.9. Tying status of Australia's bilateral aid, average 2008-09

StatLink http://dx.doi.org/10.1787/888932512803

Table A.3. Australia's humanitarian assistance, 2009

2009 TOTAL	USD 341.7 million
11.7%	OF TOTAL ODA
TOP RECIPIENTS	1. Afghanistan 2. Indonesia 3. Iraq

Source: Development Initiatives data and analyses based on OECD and agency data, 2009. For some donors, information on spending channels is also available, although this dates from 2008.

Australia's humanitarian assistance

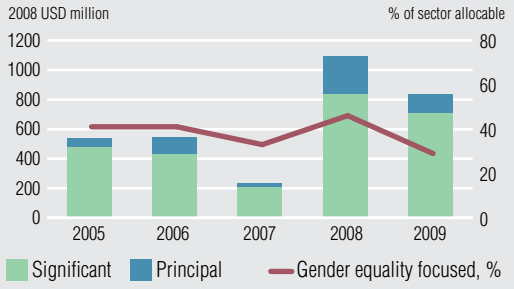
Overall, Australia spent USD 341.7 million on humanitarian assistance in 2009. Australia is a key humanitarian donor in the Asia and Pacific region. Rapid response to disasters is a strong point, using a range of rapid-response mechanisms, including simplified fast-track funding procedures for partners responding to crises, a warehouse of relief items co-managed with non-governmental organisation (NGO) partners and standard operating procedures backed by a growing rapid-response team roster that allow for prompt field deployments to disaster zones. Australia has also developed a policy and useful tools to guide its investments in disaster risk reduction.

Australia's aid in support of gender equality and women's empowerment

Australia's allocation of ODA to gender equality and women's empowerment reflects its prioritisation of this issue with increased commitments on both principal and significant activities in 2008 and 2009, compared to the previous three years. Australia is committed to increasing its support for gender equality and women's empowerment in the coming years.

Australia has not screened all activities against the gender marker: the coverage ratio for sector-allocable activities in the following figure is 87%.

Figure A.10. Australia's ODA commitments in support of gender equality and women's empowerment, 2005-09



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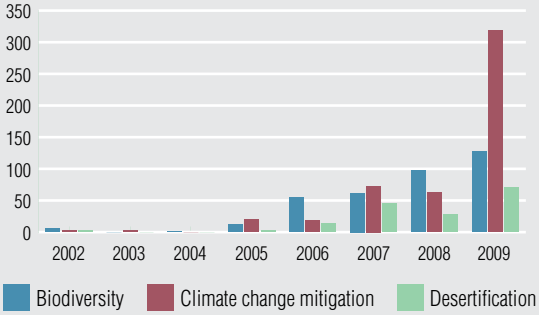
Australia's aid to the environment and climate change mitigation

Environmental sustainability is a key priority for Australia's development co-operation and this is reflected in significantly increased levels of support for environment and climate change over the past three years.

Figure A.11. Australia's ODA commitments targeted at the objectives of the Rio Conventions, 2002-09 (USD million)



Important notes on data: From 1998 onwards the DAC has monitored aid targeting the objectives of the Rio Conventions through the CRS using the "Rio markers". Data for years 1998-2006 were obtained on a trial basis; reporting became mandatory starting with 2007 flows.

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Austria

Austria's ODA volume reached USD 1.20 billion in 2010, which was the equivalent of 0.32% of GNI and an 8.8% increase in real terms over 2009. The increase is due mainly to grants for debt forgiveness.

Austria's bilateral ODA

In line with its aim to concentrate its aid on fewer partner countries, Austria has identified seven countries, mainly in South-East Europe, where it will phase out. Given the significant share of debt relief in Austria's development assistance since 2005 and notably to Iraq in 2009, few of Austria's priority countries make it to the list of top ten aid recipient countries, with the exception of Bosnia and Herzegovina, Serbia, Ethiopia and Uganda.

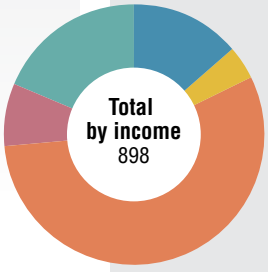
Gross bilateral ODA, 2008-09 average, unless otherwise shown

Net ODA	2008	2009	2010[P]	Change2009/10
Current (USD m)	1 714	1 142	1 199	5.0%
Constant (2009 USD m)	1 672	1 142	1 242	8.8%
In Euro (million)	1 188	820	905	10.4%
ODA/GNI	0.43%	0.30%	0.32%	
Bilateral share	72%	44%	51%	

P = Preliminary data

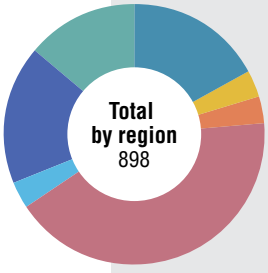
StatLink http://dx.doi.org/10.1787/888932512214

ODA by income group (USD million)



LDCs	124
Other low-income	38
Lower middle-income	501
Upper middle-income	69
Unallocated	166

ODA by region (USD million)



Sub-Saharan Africa	153
South and Central Asia	30
Other Asia and Oceania	31
Middle East and North Africa	376
Latin America and Caribbean	28
Europe	155
Unspecified	124

Top ten recipients of gross ODA (USD million)

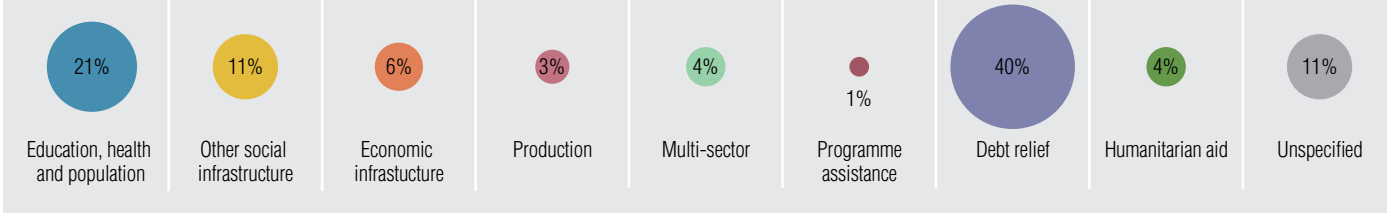
1	Iraq	339
2	Bosnia and Herzegovina	33
3	Turkey	27
4	Chad	24
5	Serbia	23
6	Egypt	20
7	China	17
8	Ethiopia	17
9	Uganda	14
10	Côte d'Ivoire	11

Memo: Share of gross bilateral ODA

Top 5 recipients	50%
Top 10 recipients	58%
Top 20 recipients	68%

TOP RECIPIENT OF GROSS ODA
IRAQ
USD 339 million

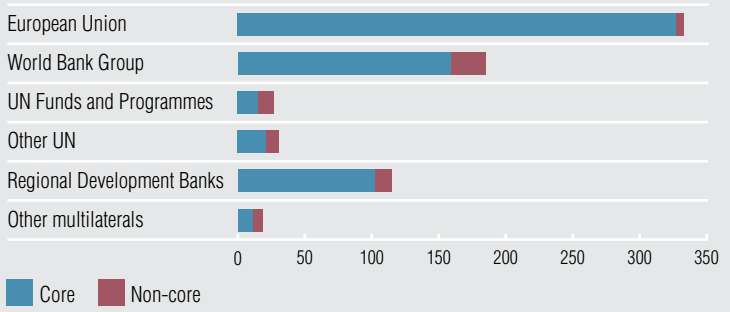
ODA by sector



Austria's core and non-core multilateral aid

In 2009 Austria provided USD 635 million in multilateral ODA ("core"), corresponding to 54% of its gross ODA. In the same year, Austria channelled an additional USD 75 million through multilateral organisations in the form of non-core contributions, for a total of USD 709 million channelled to and through the multilateral system. EU institutions were the largest recipient of Austria's multilateral ODA.

Figure A.12. Core and non-core multilateral aid of Austria, 2009 (2009 USD million)



Austria's untied aid

While Austria has untied most of its aid to least developed countries (96.9%, 2008-09 average), in line with the 2001 DAC Recommendation, almost one-quarter of bilateral aid provided by Austria in the period 2008-09 was tied. Austria does not have a clear plan for untying what remains tied aid.

Figure A.13. Tying status of Austria's bilateral aid, average 2008-09

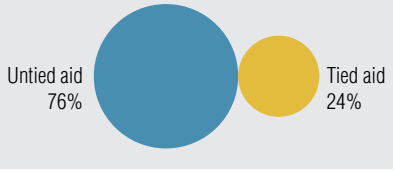


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Table A.4. Austria's humanitarian assistance, 2009

2009 TOTAL	USD 77.8 million
7%	OF TOTAL ODA
TOP RECIPIENTS	1. Chad 2. Palestinian Administered Areas 3. Ethiopia

Source: Development Initiatives data and analyses based on OECD and agency data, 2009. For some donors, information on spending channels is also available, although this dates from 2008.

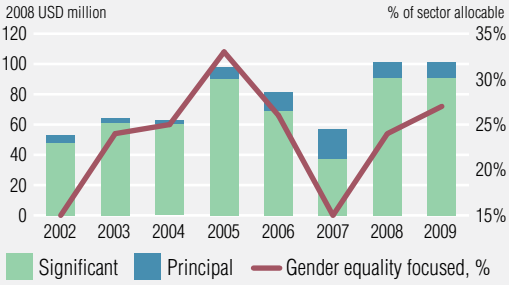
Austria's humanitarian assistance

Overall, Austria spent USD 77.8 million on humanitarian assistance in 2009. Austria gives priority to its programme countries when disbursing funds for humanitarian action and allocates most of its modest level of funding through multilateral channels. Management of overall official financing for international humanitarian action is dispersed across at least four ministries, in addition to the funds managed by the Austrian Development Agency.

Austria's aid in support of gender equality and women's empowerment

Since 2002, there has been an increase in support for gender equality and women's empowerment, which is a cross-cutting priority for Austria: 27% of bilateral aid had a gender equality component in 2009. Austria has screened all activities against the gender marker: the gender coverage ratio for sector-allocable activities in the following figure is thus 100%.

Figure A.14. Austria's ODA commitments in support of gender equality and women's empowerment, 2002-09

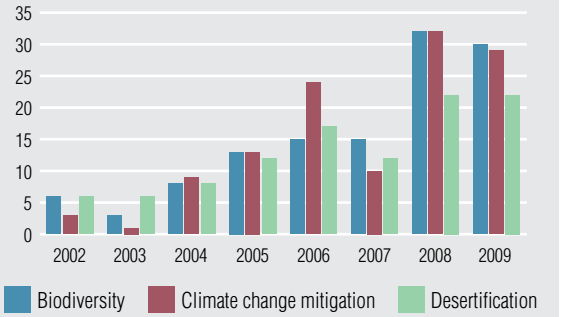


StatLink http://dx.doi.org/10.1787/888932514152

Austria's aid to the environment and climate change mitigation

Austria treats environment as an integral, cross-cutting component of development co-operation and is increasing its focus on biodiversity and climate change mitigation, as evident in the environment marker for 2008-09.

Figure A.15. Austria's ODA commitments targeted at the objectives of the Rio Conventions, 2002-09 (USD million)



Important notes on data: From 1998 onwards the DAC has monitored aid targeting the objectives of the Rio Conventions through the CRS using the "Rio markers". Data for years 1998-2006 were obtained on a trial basis; reporting became mandatory starting with 2007 flows.

StatLink http://dx.doi.org/10.1787/888932512879

Belgium

Belgian ODA grew by 19.1% in real terms between 2009 and 2010, and reached USD 3.0 billion in 2010. The volume of Belgian ODA in 2010 is equivalent to 0.64% of its GNI, up from 0.55% in 2009. The growth in volume of Belgium's ODA in 2010 was mainly due to an increase in debt forgiveness and bilateral grants.

Belgium's bilateral ODA

Belgium remains focused on sub-Saharan Africa and it spends 44% of its ODA on that region. In line with its commitment to Central Africa, the three focus countries in this region – Burundi, the Democratic Republic of Congo (DRC) and Rwanda – are the three top recipients of Belgian aid. Belgium has also increased its programmes in Togo and Niger.

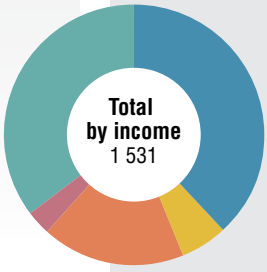
Gross bilateral ODA, 2008-09 average, unless otherwise shown

Net ODA	2008	2009	2010[P]	Change 2009/10
Current (USD m)	2 386	2 610	3 000	15.0%
Constant (2009 USD m)	2 329	2 610	3 109	19.1%
In Euro (million)	1 654	1 874	2 265	20.9%
ODA/GNI	0.48%	0.55%	0.64%	
Bilateral share	58%	61%	68%	

P = Preliminary data

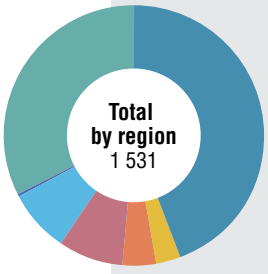
StatLink http://dx.doi.org/10.1787/888932512233

ODA by income group (USD million)



LDCs	586
Other low-income	90
Lower middle-income	269
Upper middle-income	49
Unallocated	537

ODA by region (USD million)



Sub-Saharan Africa	679
South and Central Asia	44
Other Asia and Oceania	64
Middle East and North Africa	125
Latin America and Caribbean	118
Europe	6
Unspecified	494

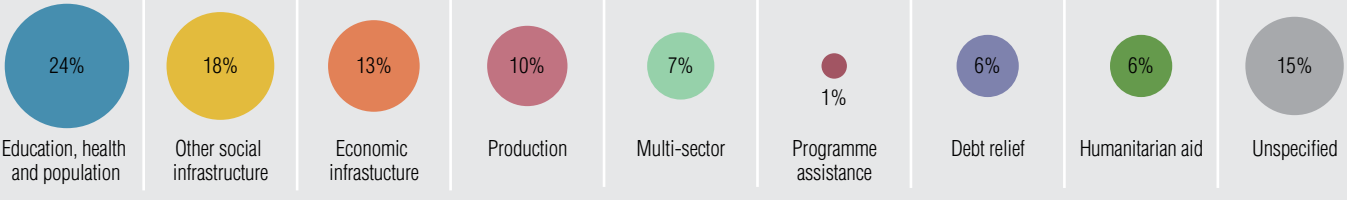
Top ten recipients of gross ODA (USD million)

1	Congo, Dem. Rep.	176
2	Rwanda	74
3	Burundi	56
4	Iraq	52
5	Togo	32
6	Vietnam	27
7	Peru	27
8	Palestinian Adm. Areas	27
9	Niger	25
10	Mozambique	25

Memo: Share of gross bilateral ODA	
Top 5 recipients	25%
Top 10 recipients	34%
Top 20 recipients	48%

TOP RECIPIENT OF GROSS ODA
CONGO, DEM. REP.
USD 176 million

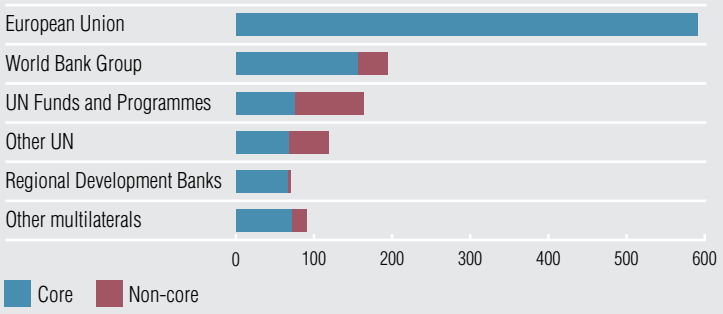
ODA by sector



Belgium's core and non-core multilateral aid

In 2009 Belgium provided USD 1.02 billion in multilateral ODA ("core"), corresponding to 40% of its gross ODA. In the same year, an additional USD 203 million were channelled through multilateral organisations in the form of non-core contributions, for a total of about USD 1.22 billion channelled to and through the multilateral system. The EU institutions were the largest recipient of Belgium's multilateral ODA

Figure A.16. Core and non-core multilateral aid of Belgium, 2009 (2009 USD million)

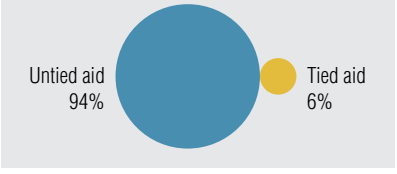


StatLink http://dx.doi.org/10.1787/888932512898

Belgium's untied aid

Belgium has made progress in untying its development co-operation. Of its total bilateral ODA, 94% was untied over the period 2008-09.

Figure A.17. Tying status of Belgium's bilateral aid, average 2008-09



StatLink http://dx.doi.org/10.1787/888932512917

Table A.5. Belgium's humanitarian assistance, 2009

2009 TOTAL	USD 204.6 million
8%	OF TOTAL ODA
TOP RECIPIENTS	1. Democratic Republic of the Congo 2. Palestinian Administered Areas 3. Afghanistan

Source: Development Initiatives data and analyses based on OECD and agency data, 2009. For some donors, information on spending channels is also available, although this dates from 2008.

Belgium's humanitarian assistance

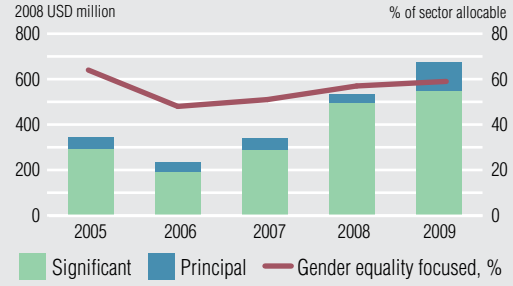
Overall, Belgium spent USD 204.6 million on humanitarian assistance in 2009, of which 50% were channelled through multilaterals, 33% through EU institutions, 15% through NGOs and the remaining 2% were provided through other channels. Guiding principles for Belgium's humanitarian assistance were finalised in 2006, providing an overall framework for its humanitarian programming. Since then, Belgium has significantly increased the volume of its humanitarian budget, increased contributions to pooled funding mechanisms and centralised most of its humanitarian instruments in one ministry, leaving only its rapid-response team – B-FAST – under separate reporting lines. Belgium is currently working on better linkages between humanitarian and follow-on development assistance.

Belgium's aid in support of gender equality and women's empowerment

Belgium's political commitment to gender equality is outlined in its 2007 law to implement the resolutions of the 1995 Women's World Conference. Between 2007 and 2009, Belgium committed increased funds for gender equality and women's empowerment.

Not all Belgium's activities have been screened against the gender marker: the coverage ratio for sector-allocable activities in the following figure is 77%.

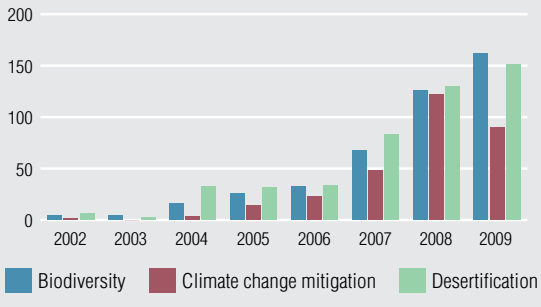
Figure A.18. Belgium's ODA commitments in support of gender equality and women's empowerment, 2005-09



Belgium's aid to the environment and climate change mitigation

Environment and climate change are not explicit priorities for Belgium's development co-operation, but are cross-cutting issues both for Belgian co-operation and for non-governmental organisations (NGOs), according to a 2009 agreement between the government and NGOs. Increased levels of support to biodiversity and desertification reflect Belgium's growing interest in these issues.

Figure A.19. Belgium's ODA commitments targeted at the objectives of the Rio Conventions, 2002-09 (USD million)



Important notes on data: From 1998 onwards the DAC has monitored aid targeting the objectives of the Rio Conventions through the CRS using the "Rio markers". Data for years 1998-2006 were obtained on a trial basis; reporting became mandatory starting with 2007 flows.

StatLink http://dx.doi.org/10.1787/888932512936

Canada

Canada increased its ODA between 2009 and 2010 by almost 13% due to an increase in bilateral grants (especially emergency funding provided in response to the Haiti earthquake) and larger contributions to the World Bank. Canada's ODA in 2010 was USD 5.13 billion (0.33 % ODA/GNI).

Canada's bilateral ODA

Since 2009, Canada has concentrated its bilateral aid on 20 countries of focus it devotes at least 80% of its country programmable aid to these countries. These 20 countries were chosen based on their needs, their capacity to benefit from aid and their alignment with Canadian foreign policy priorities.

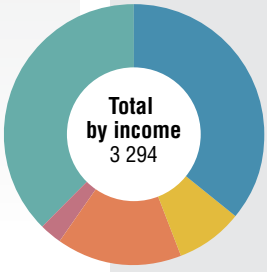
Gross bilateral ODA, 2008-09 average, unless otherwise shown

Net ODA	2008	2009	2010[P]	Change 2009/10
Current (USD m)	4 795	4 000	5 132	28.3%
Constant (2009 USD m)	4 423	4 000	4 509	12.7%
In Canadian Dollars (million)	5 156	4 564	5 287	15.8%
ODA/GNI	0.33%	0.30%	0.33%	
Bilateral share	70%	79%	75%	

P = Preliminary data

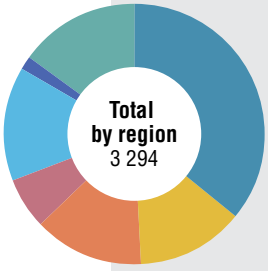
StatLink http://dx.doi.org/10.1787/888932512252

ODA by income group (USD million)



LDCs	1 187
Other low-income	272
Lower middle-income	517
Upper middle-income	90
Unallocated	1 228

ODA by region (USD million)



Sub-Saharan Africa	1 180
South and Central Asia	440
Other Asia and Oceania	449
Middle East and North Africa	209
Latin America and Caribbean	471
Europe	51
Unspecified	493

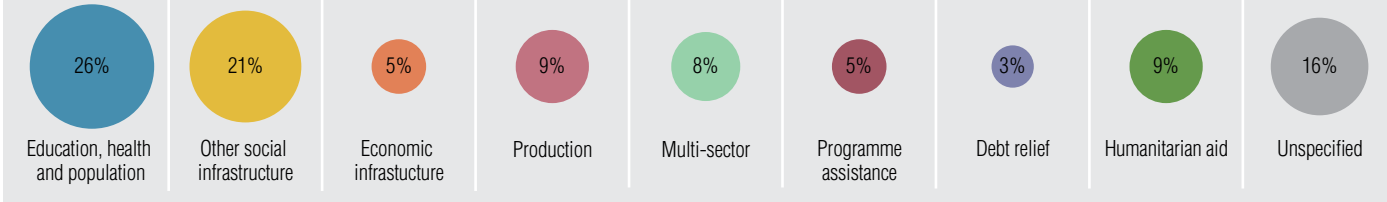
Top ten recipients of gross ODA (USD million)

1	Afghanistan	220
2	Haiti	134
3	Ethiopia	120
4	Sudan	94
5	Mali	91
6	Ghana	87
7	Iraq	82
8	Mozambique	76
9	Tanzania	69
10	Bangladesh	67

Memo: Share of gross bilateral ODA	
Top 5 recipients	20%
Top 10 recipients	32%
Top 20 recipients	44%

TOP RECIPIENT OF GROSS ODA
AFGHANISTAN
USD 220 million

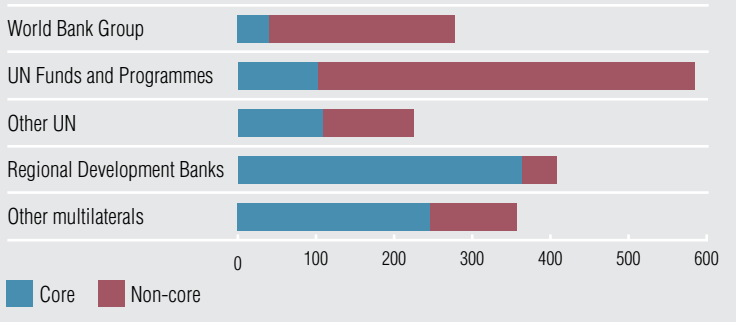
ODA by sector



Canada's core and non-core multilateral aid

In 2009, Canada provided USD 859 million in multilateral ODA ("core"), corresponding to 25% of its gross ODA. In the same year, Canada channelled an additional USD 997 million through multilateral organisations in the form of non-core contributions, for a total of USD 1.9 billion channelled to and through the multilateral system.

Figure A.20. Core and non-core multilateral aid of Canada, 2009 (2009 USD million)



StatLink http://dx.doi.org/10.1787/888932512955

Canada's untied aid

Canada has made progress in untying its aid. All food aid has now been untied and Canada has committed to untie all other aid to all countries by 2012-13.

Figure A.21. Tying status of Canada's bilateral aid, average 2008-09

StatLink http://dx.doi.org/10.1787/888932512974

Table A.6. Canada's humanitarian assistance, 2009

2009 TOTAL	USD 425.0 million
9.9%	OF TOTAL ODA
TOP RECIPIENTS	1. Sudan 2. Palestinian Administered Areas 3. Afghanistan

Source: Development Initiatives data and analyses based on OECD and agency data, 2009. For some donors, information on spending channels is also available, although this dates from 2008.

Canada's humanitarian assistance

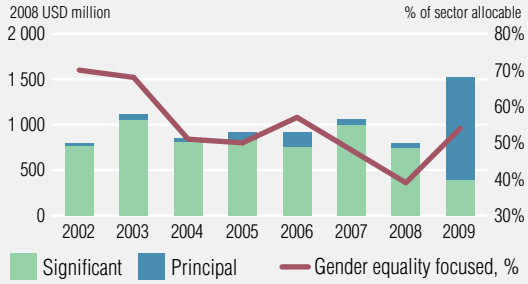
Overall, Canada spent USD 425.0 million on humanitarian assistance in 2009, of which 54% were channelled through multilaterals, 18% through NGOs and the remaining 28% were provided through other channels. Canadian humanitarian action is characterised by a well-coordinated whole-of-government approach, a systematic process for needs-based resource allocation built on an innovative severity-of-crisis model and an emphasis on multilateral and un-earmarked funding channels. Canada also has civil-military guidelines, agreed across government, that formalise the overall approach for the involvement of the Canadian military in humanitarian assistance.

Canada's aid in support of gender equality and women's empowerment

Canada gives a high priority to gender equality and women's empowerment in its programmes and this is reflected in relatively high levels of ODA committed in support of these aims.

Canada has not screened all activities against the gender marker: the coverage ratio for sector-allocable activities in the following figure is 91%.

Figure A.22. Canada's ODA commitments in support of gender equality and women's empowerment, 2002-09

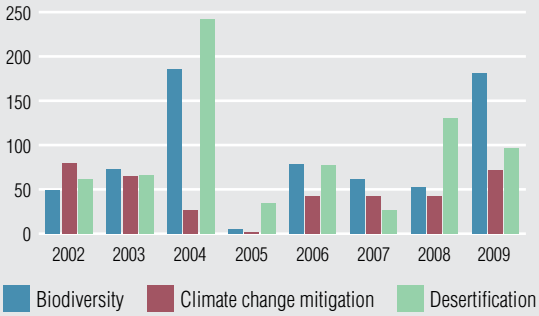


StatLink http://dx.doi.org/10.1787/888932514190

Canada's aid to the environment and climate change mitigation

Canada increased its focus on environment and climate change issues and this is reflected in higher levels of ODA commitments targeted at the objectives of the Rio Conventions over the past two years.

Figure A.23. Canada's ODA commitments targeted at the objectives of the Rio Conventions, 2002-09 (USD million)



Important notes on data: From 1998 onwards the DAC has monitored aid targeting the objectives of the Rio Conventions through the CRS using the "Rio markers". Data for years 1998-2006 were obtained on a trial basis; reporting became mandatory starting with 2007 flows.

StatLink http://dx.doi.org/10.1787/888932512993

Denmark

Denmark is one of the five most generous donors in terms of the proportion of its GNI allocated to aid. At 0.90% of GNI in 2010, Denmark's ODA volume was USD 2.87 billion, a 4.3% increase in real terms over 2009. Denmark is committed to keeping its own target of 0.8% ODA/GNI. Nevertheless, it will freeze its aid commitments at the 2010 nominal level for 2011-13 as part of measures to reduce its budget deficit for 2011 to 2013.

Denmark's bilateral ODA

Denmark is determined to continue to provide aid to the world's poorest and most fragile countries. In 2009, 60% of its gross bilateral disbursements went to least developed countries with a further 21% allocated to other low-income countries. Denmark has a strong focus on sub-Saharan Africa, allocating 59% of its bilateral portfolio to this region in 2009.

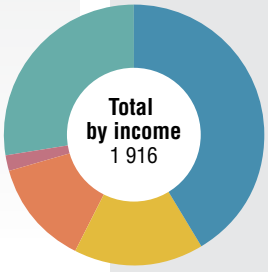
Gross bilateral ODA, 2008-09 average, unless otherwise shown

Net ODA	2008	2009	2010[P]	Change 2009/10
Current (USD m)	2 803	2 810	2 867	2.0%
Constant (2009 USD m)	2 721	2 810	2 931	4.3%
In Danish Kroner (million)	14 486	15 023	16 116	7.3%
ODA/GNI	0.82%	0.88%	0.90%	
Bilateral share	65%	68%	71%	

P = Preliminary data

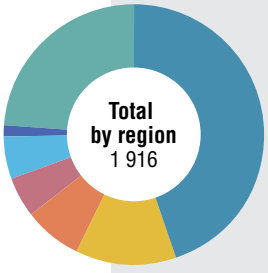
StatLink http://dx.doi.org/10.1787/888932512271

ODA by income group (USD million)



LDCs	794
Other low-income	309
Lower middle-income	251
Upper middle-income	37
Unallocated	526

ODA by region (USD million)



Sub-Saharan Africa	861
South and Central Asia	239
Other Asia and Oceania	140
Middle East and North Africa	94
Latin America and Caribbean	100
Europe	30
Unspecified	453

Top ten recipients of gross ODA (USD million)

1	Tanzania	113
2	Mozambique	96
3	Uganda	88
4	Ghana	87
5	Vietnam	75
6	Afghanistan	68
7	Kenya	62
8	Nigeria	56
9	Benin	50
10	Bangladesh	47

Memo: Share of gross bilateral ODA	
Top 5 recipients	24%
Top 10 recipients	39%
Top 20 recipients	57%

TOP RECIPIENT OF GROSS ODA
TANZANIA
USD 113 million

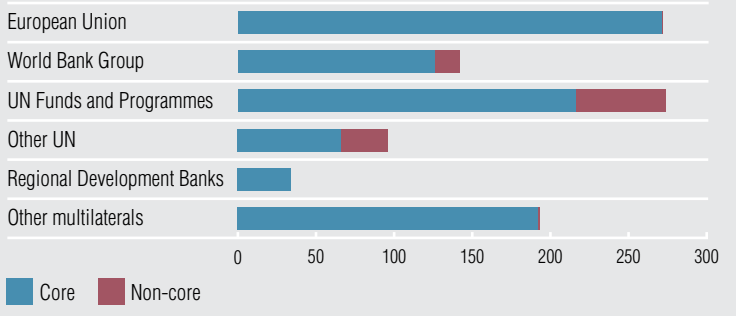
ODA by sector

12%	27%	9%	8%	11%	2%	0%	8%	23%
Education, health and population	Other social infrastructure	Economic infrastucture	Production	Multi-sector	Programme assistance	Debt relief	Humanitarian aid	Unspecified

Denmark's core and non-core multilateral aid

In 2009 Denmark provided USD 904 million in multilateral ODA ("core"), corresponding to 35% of its gross ODA. In the same year, Denmark channelled an additional USD 106 million through multilateral organisations in the form of non-core contributions, for a total of USD 1.01 billion channelled to and through the multilateral system. The EU institutions and UN Funds and Programmes were the largest recipient of Denmark's multilateral ODA.

Figure A.24. Core and non-core multilateral aid of Denmark, 2009 (2009 USD million)



StatLink http://dx.doi.org/10.1787/888932513012

Figure A.25. Tying status of Denmark's bilateral aid, avg. 2008-09

StatLink http://dx.doi.org/10.1787/888932513031

Denmark's untied aid

Denmark has made progress in untying its development assistance: food aid and technical assistance have been fully untied since 2005 and 2008, respectively. With 97% of its total aid untied in 2008-09, Denmark is in the top category of OECD donors with respect to untying aid.

Table A.7. Denmark's humanitarian assistance, 2009

2009 TOTAL USD 250.9 million
8.6% OF TOTAL ODA
TOP RECIPIENTS 1. Palestinian Administered Areas 2. Afghanistan 3. Sudan

Source: Development Initiatives data and analyses based on OECD and agency data, 2009. For some donors, information on spending channels is also available, although this dates from 2008.

Denmark's humanitarian assistance

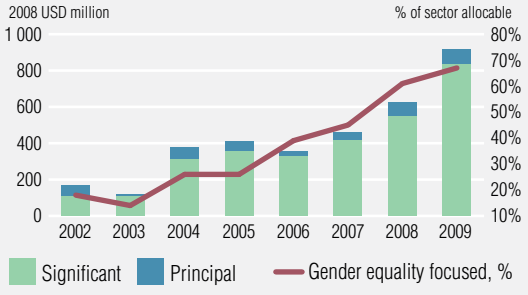
Overall, Denmark spent USD 250.9 million on humanitarian assistance in 2009, of which 53% were channelled through multilaterals, 24% through NGOs, 15% through EU institutions and the remaining 8% were provided through other channels. Denmark's humanitarian strategy aims to strengthen the impact of Danish humanitarian programming by focusing on areas of comparative advantage – deepening Danish involvement in a reduced number of crisis situations, while simultaneously narrowing the number of key partners and funding instruments. To deliver on this vision, Denmark publishes its budget commitments projected over five years and provides selected partners with multi-annual funding, thereby increasing the predictability of its humanitarian spending. Denmark also ensures that its humanitarian programming is integrated into overall Danish country strategies, promoting a coherent approach to supporting recovery in partner countries.

Denmark's aid in support of gender equality and women's empowerment

Denmark gives priority to gender equality and women's empowerment into its programmes, with steadily increasing amounts of ODA committed in support of these priorities between 2007 and 2009. In 2009, 67% of bilateral aid to sectors was gender-focused compared to 45% in 2007.

The coverage ratio for sector-allocable activities in the following figure is 99%.

Figure A.26. Denmark's ODA commitments in support of gender equality and women's empowerment, 2002-09

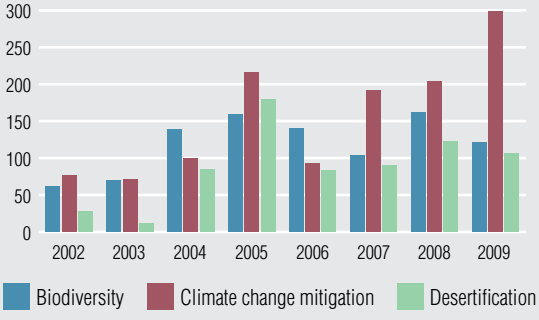


StatLink http://dx.doi.org/10.1787/888932514209

Denmark's aid to the environment and climate change mitigation

Denmark's targeting of climate change mitigation has increased over the period 2007-09, reflecting the political priority Denmark has placed on this issue. Aid focusing on biodiversity and desertification also represented a relatively high share of bilateral ODA over the same period.

Figure A.27. Denmark's ODA commitments targeted at the objectives of the Rio Conventions, 2002-09 (USD million)



Important notes on data: From 1998 onwards the DAC has monitored aid targeting the objectives of the Rio Conventions through the CRS using the "Rio markers". Data for years 1998-2006 were obtained on a trial basis; reporting became mandatory starting with 2007 flows.

StatLink http://dx.doi.org/10.1787/888932513050

European Union

EU institutions – funded through both the European Development Fund and other ODA-eligible budgetary contributions – account for around 18% of EU members' ODA. The key figures for EU institutions in 2010 are as follows:

- ODA disbursed through EU institutions was USD 12.99 billion.
- The apparent decline on 2009 in ODA figures largely relates to exchange rate fluctuation. In real terms, there was a slight increase of 0.8%.

The EU institutions' bilateral ODA

The vast majority of EU institutions' aid is deployed directly. In 2008-09, the largest share went to sub-Saharan Africa (37%), followed by Europe (15%), and the Middle East and North Africa (13%).

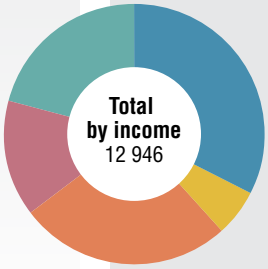
Gross bilateral ODA, 2008-09 average, unless otherwise shown

Net ODA	2008	2009	2010[P]	Change 2009/10
Current (USD m)	13 197	13 444	12 986	-3.4%
Constant (2009 USD m)	12 865	13 444	13 546	0.8%
In Euro (million)	9 149	9 654	9 804	1.6%

P = Preliminary data

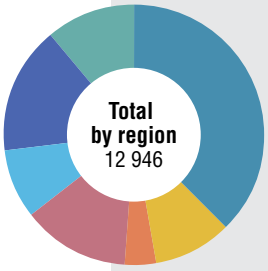
StatLink http://dx.doi.org/10.1787/888932512290

ODA by income group (USD million)



LDCs	4 221
Other low-income	752
Lower middle-income	3 427
Upper middle-income	1 865
Unallocated	2 681

ODA by region (USD million)



Sub-Saharan Africa	4 868
South and Central Asia	1 252
Other Asia and Oceania	517
Middle East and North Africa	1 729
Latin America and Caribbean	1 114
Europe	2 041
Unspecified	1 425

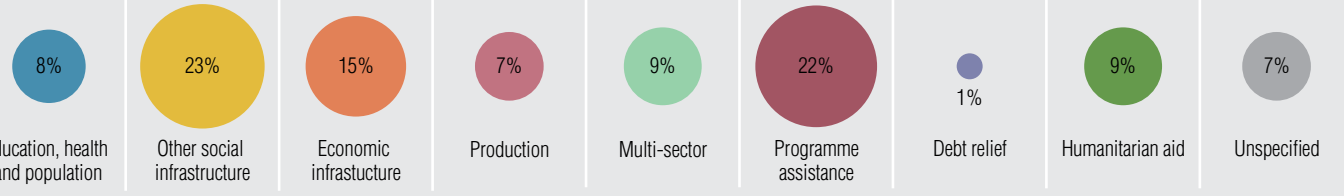
Top ten recipients of gross ODA (USD million)

1	Turkey	611
2	Palestinian Adm. Areas	601
3	Afghanistan	372
4	Ethiopia	325
5	Serbia	306
6	Morocco	306
7	Sudan	252
8	Congo, Dem. Rep.	229
9	Ukraine	210
10	Egypt	204

Memo: Share of gross bilateral ODA	
Top 5 recipients	17%
Top 10 recipients	26%
Top 20 recipients	39%

TOP RECIPIENT OF GROSS ODA
TURKEY
USD 611 million

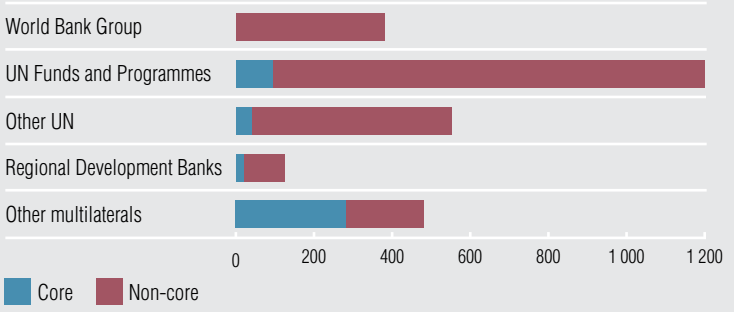
ODA by sector



EU institution's core and non-core multilateral aid

The European Union is unique among DAC members in that it plays a dual role in development assistance. Even though it is often presented as a multilateral in DAC publications, the EU is an individual donor with its own development policy and resources. As such, it co-operates with and contributes core and non-core funding to other multilateral organisations. In 2009 the EU institutions provided a total of USD 2.7 billion in aid to and through multilateral agencies.

Figure A.28. Core and non-core multilateral aid of EU institutions, 2009 (2009 USD million)



StatLink http://dx.doi.org/10.1787/888932513069

Table A.8. The European Union's humanitarian assistance in 2009

2009 TOTAL	USD 1.65 billion
12.1%	OF TOTAL ODA
TOP RECIPIENTS	1. Palestinian Administered Areas 2. Sudan 3. Afghanistan

Source: Development Initiatives data and analyses based on OECD and agency data, 2009. For some donors, information on spending channels is also available, although this dates from 2008.

EU institution's humanitarian assistance

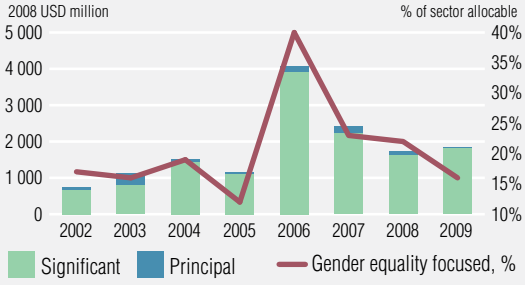
Overall, the European Union institutions spent USD 1.65 billion on humanitarian assistance in 2009, of which 44% were channelled through multilaterals, 15% through NGOs and the remaining 41% were provided through other channels. The European Community Humanitarian Office (ECHO) is the second largest donor in the DAC. Its strength lies in an extensive field presence, a network of technical experts and a focus on delivery through established NGO partners. ECHO has innovative models for determining the vulnerability and severity of a crisis and for identifying forgotten crises, which inform its early-warning system. These models are also increasingly used by other donors to guide decision-making. Rapid response is assured through the surge deployment of regionally based experts and through a broad partner base able to deploy to emerging situations.

EU institution's aid in support of gender equality and women's empowerment

Only a small proportion of the ODA deployed by EU institutions is committed for projects specifically focused on gender equality or women's empowerment.

Not all activities of EU institutions are screened against the gender marker: the coverage ratio for sector-allocable activities in the following figure is 87%.

Figure A.29. EU institutions' ODA commitments in support of gender equality and women's empowerment, 2002-09

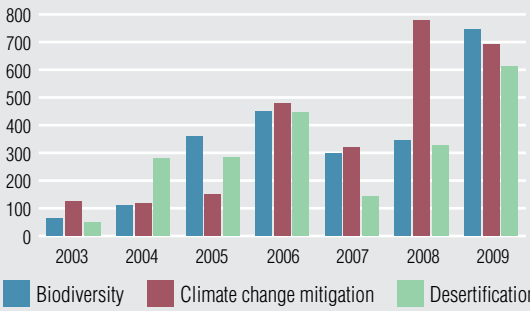


StatLink http://dx.doi.org/10.1787/888932514228

EU institution's aid to the environment and climate change mitigation

Over time, EU institutions have increased their support to key environmental issues and to climate change mitigation according to their reporting against the Rio Markers. By 2009, EU institutions had become significant players in biodiversity, climate change mitigation and desertification.

Figure A.30. EU institutions' ODA commitments targeted at the objectives of the Rio Conventions, 2003-09 (USD million)



Important notes on data: From 1998 onwards the DAC has monitored aid targeting the objectives of the Rio Conventions through the CRS using the "Rio markers". Data for years 1998-2006 were obtained on a trial basis; reporting became mandatory starting with 2007 flows.

StatLink http://dx.doi.org/10.1787/888932513088

Finland

In 2010, Finland's ODA amounted to USD 1.34 billion, equivalent to 0.55% of its GNI. The volume of Finnish ODA has grown over the past decade and between 2009 and 2010, the increase in real terms was 6.9%, mainly due to an increase in bilateral grants.

Finland's bilateral ODA

Over the past five years, Finland has increased the share of its bilateral aid to low-income countries and to sub-Saharan Africa. Nevertheless, Finnish bilateral aid remains spread across a large number of recipients, with the top 20 recipients receiving less than half of Finland's bilateral aid. With respect to sector focus, Finland continues to allocate large shares of its aid to social infrastructure in partner countries.

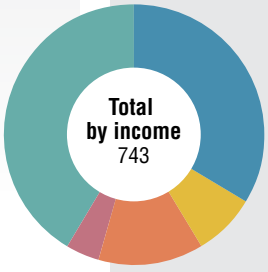
Gross bilateral ODA, 2008-09 average, unless otherwise shown

Net ODA	2008	2009	2010[P]	Change 2009/10
Current (USD m)	1 166	1 290	1 335	3.5%
Constant (2009 USD m)	1 137	1 290	1 380	6.9%
In Euro (million)	808	926	1 008	8.8%
ODA/GNI	0.44%	0.54%	0.55%	
Bilateral share	59%	61%	62%	

P = Preliminary data

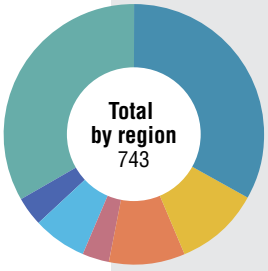
StatLink http://dx.doi.org/10.1787/888932512309

ODA by income group (USD million)



LDCs	251
Other low-income	58
Lower middle-income	96
Upper middle-income	30
Unallocated	307

ODA by region (USD million)



Sub-Saharan Africa	246
South and Central Asia	79
Other Asia and Oceania	70
Middle East and North Africa	25
Latin America and Caribbean	49
Europe	28
Unspecified	246

Top ten recipients of gross ODA (USD million)

1	Tanzania	49
2	Mozambique	42
3	Vietnam	28
4	Afghanistan	27
5	Zambia	21
6	Ethiopia	20
7	Nepal	19
8	Kenya	17
9	Nicaragua	16
10	South Africa	14

Memo: Share of gross bilateral ODA

Top 5 recipients	22%
Top 10 recipients	34%
Top 20 recipients	45%

TOP RECIPIENT OF GROSS ODA
TANZANIA
USD 49 million

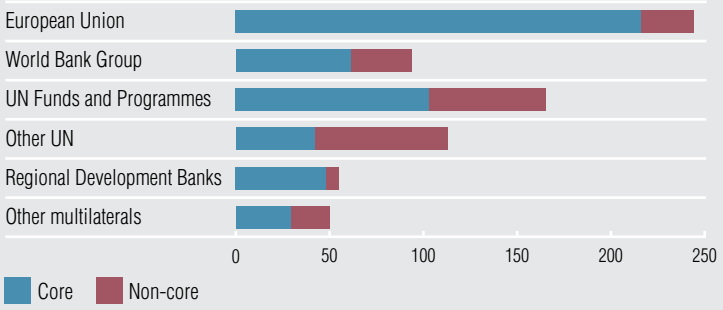
ODA by sector

Education, health and population	Other social infrastructure	Economic infrastucture	Production	Multi-sector	Programme assistance	Debt relief	Humanitarian aid	Unspecified
12%	23%	14%	12%	13%	2%	0%	10%	14%

Finland's core and non-core multilateral aid

In 2009, Finland provided USD 499 million in multilateral ODA ("core"), corresponding to 40% of its gross ODA. In the same year, Finland channelled an additional USD 222 million through multilateral organisations in the form of non-core contributions, for a total of USD 721 million channelled to and through the multilateral system. The EU institutions were the largest recipient of Finland's multilateral ODA.

Figure A.31. Core and non-core multilateral aid of Finland, 2009 (2009 USD million)

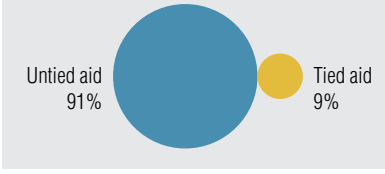


StatLink http://dx.doi.org/10.1787/888932513107

Finland's untied aid

Finland's bilateral aid is largely untied (91% as average over 2008-09).

Figure A.32. Tying status of Finland's bilateral aid, average 2008-09



StatLink http://dx.doi.org/10.1787/888932513126

Table A.9. Finland's humanitarian assistance, 2009

2009 TOTAL	USD 154.5 million
11.7%	OF TOTAL ODA
TOP RECIPIENTS	1. Afghanistan 2. Sudan 3. Pakistan

Source: Development Initiatives data and analyses based on OECD and agency data, 2009. For some donors, information on spending channels is also available, although this dates from 2008.

Finland's humanitarian assistance

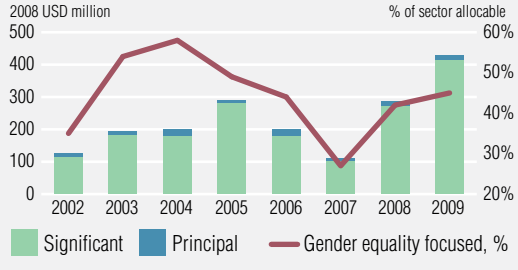
Overall, Finland spent USD 154.5 million on humanitarian assistance in 2009. Finland's humanitarian programme is disbursed largely through multilateral channels and is focused on a small number of organisations, mainly within the UN system, and to the International Red Cross and Red Crescent Movement and to Finnish NGOs. The humanitarian aid guidelines set the share of humanitarian aid as between 10-15% of Finnish ODA, slightly above the general DAC average. For acute crises, the Humanitarian Aid Unit can get additional funding from unspent funds from the development co-operation budget or, in exceptional cases, parliament can allocate extra-budgetary resources.

Finland's aid in support of gender equality and women's empowerment

Finland has identified gender equality as one of the three key cross-cutting themes of its development co-operation. Between 2002 and 2009, there have been considerable fluctuations in the ODA commitments on gender focus. Nevertheless, since 2007, larger shares of ODA have been allocated to gender equality and aid allocations with a gender- equality focus have reached a peak level of over 400 USD million in 2009.

All activities have been screened against the gender marker: the gender coverage ratio for sector-allocable activities of the following figure is thus 100%.

Figure A.33. Finland's ODA commitments in support of gender equality and women's empowerment, 2002-09

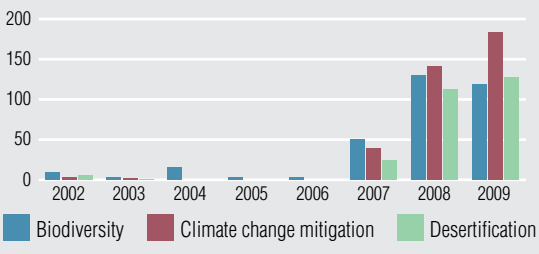


StatLink http://dx.doi.org/10.1787/888932514247

Finland's aid to the environment and climate change mitigation

Finland has emphasised the integration of environmental considerations in all development co-operation interventions from the mid-1980s onwards and environment is, with gender equality and vulnerable groups, a key cross-cutting theme for its development co-operation. ODA commitments for the environment – and especially climate change mitigation – increased significantly in 2007 and have continued to expand since then.

Figure A.34. Finland's ODA commitments targeted at the objectives of the Rio Conventions, 2002-09 (USD million)



Important notes on data: From 1998 onwards the DAC has monitored aid targeting the objectives of the Rio Conventions through the CRS using the "Rio markers". Data for years 1998-2006 were obtained on a trial basis; reporting became mandatory starting with 2007 flows.

StatLink http://dx.doi.org/10.1787/888932513145

France

France's ODA volume reached USD 12.9 billion in 2010, an increase of 7.3% in real terms compared to 2009. France's ODA as a proportion of GNI reached a 0.5%.

France's bilateral ODA

In 2009, France's bilateral aid represented 56% of its total aid, less than the average of previous years. In 2010, France adopted a policy framework document for development co-operation. Africa is a priority area and is set to receive 60% of France's aid budget through donations and loans subsidies. France is concentrating on five priority sectors: *i*) health; *ii*) education and vocational training; *iii*) agriculture and food security; *iv*) sustainable development; *v*) supporting economic growth.

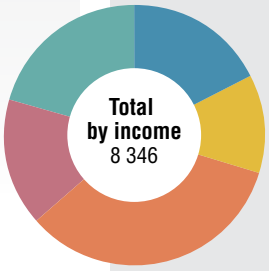
Gross bilateral ODA, 2008-09 average, unless otherwise shown

Net ODA	2008	2009	2010[P]	Change 2009/10
Current (USD m)	10 908	12 602	12 916	2.5%
Constant (2009 USD m)	10 586	12 602	13 523	7.3%
In Euro (million)	7 562	9 049	9 751	7.8%
ODA/GNI	0.39%	0.47%	0.50%	
Bilateral share	61%	57%	60%	

P = Preliminary data

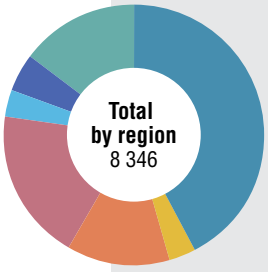
StatLink http://dx.doi.org/10.1787/888932512328

ODA by income group (USD million)



LDCs	1 475
Other low-income	1 027
Lower middle-income	2 810
Upper middle-income	1 329
Unallocated	1 704

ODA by region (USD million)



Sub-Saharan Africa	3 540
South and Central Asia	272
Other Asia and Oceania	1 072
Middle East and North Africa	1 568
Latin America and Caribbean	292
Europe	389
Unspecified	1 212

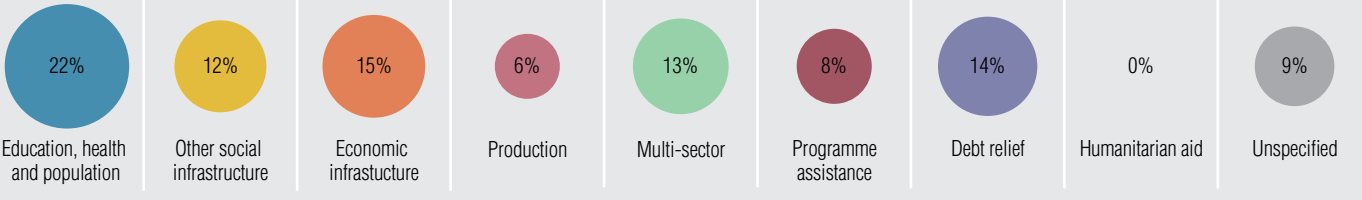
Top ten recipients of gross ODA (USD million)

1	Côte d'Ivoire	657
2	Mayotte	514
3	China	346
4	Morocco	345
5	Indonesia	263
6	Tunisia	253
7	Congo, Rep.	253
8	Turkey	248
9	Cameroon	241
10	Lebanon	210

Memo: Share of gross bilateral ODA	
Top 5 recipients	25%
Top 10 recipients	40%
Top 20 recipients	58%

TOP RECIPIENT OF GROSS ODA
CÔTE D'IVOIRE
USD 657 million

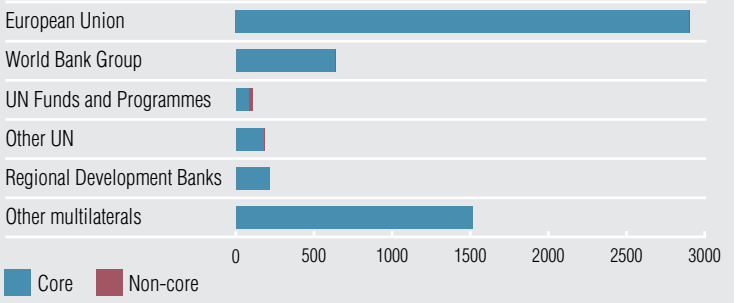
ODA by sector



France's core and non-core multilateral aid

In 2009, France provided USD 5.5 billion in multilateral ODA ("core"), corresponding to 41% of its gross ODA. In the same year, France channelled an additional USD 49 million through multilateral organisations in the form of non-core contributions, for a total of USD 5.6 billion channelled to and through the multilateral system. The EU institutions were the largest recipient of France's multilateral ODA.

Figure A.35. Core and non-core multilateral aid of France, 2009 (2009 USD million)



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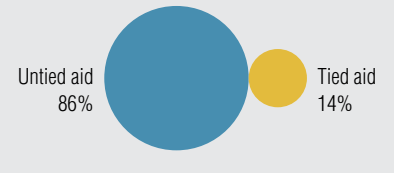
France's untied aid

France's aid is largely untied (86%). Specifically, all activities of the Agence Française de Développement (French Development Agency) are untied, regardless of the partner country.

Figure A.36. Tying status of France's bilateral aid, average 2008-09



StatLink http://dx.doi.org/10.1787/888932513183

Table A.10. France's humanitarian assistance, 2009

2009 TOTAL	USD 407.9 million
4.1%	OF TOTAL ODA
TOP RECIPIENTS	1. Pakistan 2. Palestinian Administered Areas 3. Afghanistan

Source: Development Initiatives data and analyses based on OECD and agency data, 2009. For some donors, information on spending channels is also available, although this dates from 2008.

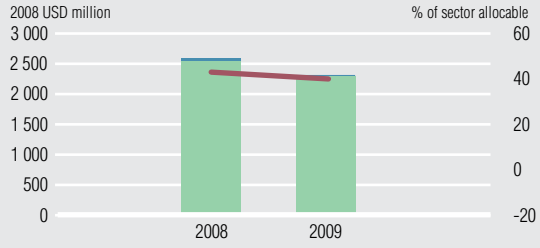
France's humanitarian assistance

Overall, France spent USD 407.9 million on humanitarian assistance in 2009. France has adopted a broad vision of humanitarian action that incorporates prevention, preparedness and early recovery as well as emergency responses. UN humanitarian agencies consider France a consistent and engaged donor and much of France's funding is provided as un-earmarked contributions. France takes evaluation seriously, with a three-level framework to support i) systematic evaluation of individual activities, ii) overall programme evaluations for responses to major crises and iii) thematic evaluations of areas of strategic importance across programmes.

France's aid in support of gender equality and women's empowerment

Since 2006, France has strengthened its efforts to integrate the gender approach into its international co-operation and in December 2007 validated a strategy paper on gender equality. France is now using the gender marker, which will allow it to measure its aid efforts in support of gender equality and women's empowerment, as well as assess the impact of its strategy. France does not screen all Activities Against the gender marker: the coverage ratio for sector-allocative activities in the following figure is 92%.

Figure A.37. France's ODA commitments in support of gender equality and women's empowerment, 2008-09

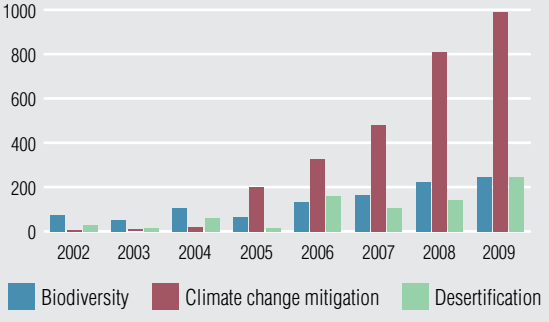


StatLink http://dx.doi.org/10.1787/888932514266

France's aid to the environment and climate change mitigation

Sustainable development is one of the strategic areas of France's policy framework for development co-operation. France has developed specific strategies on protecting the environment, which include fighting against desertification and land degradation.

Figure A.38. France's ODA commitments targeted at the objectives of the Rio Conventions, 2002-09 (USD million)



Important notes on data: From 1998 onwards the DAC has monitored aid targeting the objectives of the Rio Conventions through the CRS using the "Rio markers". Data for years 1998-2006 were obtained on a trial basis; reporting became mandatory starting with 2007 flows.

StatLink http://dx.doi.org/10.1787/888932513202

Germany

In 2010, Germany was the fourth largest donor in the world, supplying almost 10% of DAC members' total ODA. Germany's net ODA was USD 12.72 billion, an increase of 9.9% in real terms compared to 2009. German ODA as a proportion of GNI increased from 0.35% in 2009 to 0.38% in 2010, largely as a result of increased bilateral lending.

Germany's bilateral ODA

Germany is making efforts to focus its bilateral ODA on fewer countries and sectors. It has reduced the number of its partner countries from 84 to 57 since 2006, with a further reduction to 50 under way. Germany is focusing its development co-operation on 11 priority focal areas. It is expected that in future years an increasing proportion of Germany's ODA will be concentrated on its future 50 partner countries.

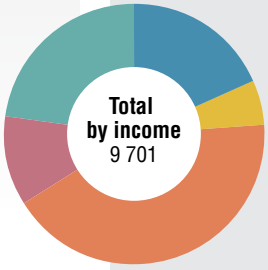
Gross bilateral ODA, 2008-09 average, unless otherwise shown

Net ODA	2008	2009	2010[P]	Change 2009/10
Current (USD m)	13 981	12 079	12 723	5.3%
Constant (2009 USD m)	13 686	12 079	13 272	9.9%
In Euro (million)	9 693	8 674	9 606	10.7%
ODA/GNI	0.38%	0.35%	0.38%	
Bilateral share	65%	59%	63%	

P = Preliminary data

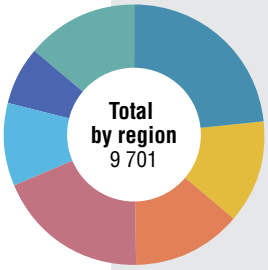
StatLink http://dx.doi.org/10.1787/888932512347

ODA by income group (USD million)



LDCs	1 780
Other low-income	552
Lower middle-income	4 095
Upper middle-income	1 083
Unallocated	2 191

ODA by region (USD million)



Sub-Saharan Africa	2 266
South and Central Asia	1 264
Other Asia and Oceania	1 295
Middle East and North Africa	1 841
Latin America and Caribbean	989
Europe	713
Unspecified	1 333

Top ten recipients of gross ODA (USD million)

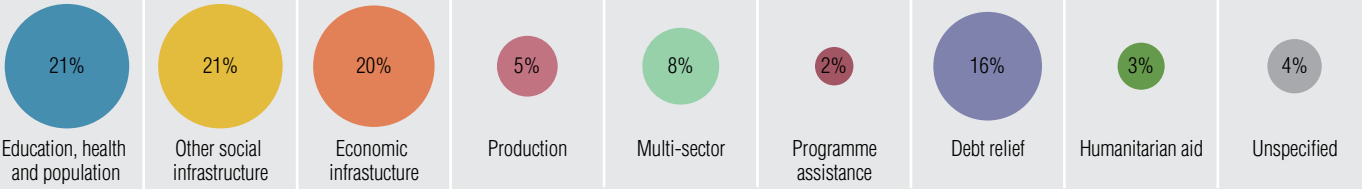
1	Iraq	946
2	China	566
3	India	358
4	Cameroon	336
5	Afghanistan	316
6	Liberia	243
7	Botswana	221
8	Egypt	205
9	Indonesia	198
10	Brazil	172

Memo: Share of gross bilateral ODA

Top 5 recipients	26%
Top 10 recipients	37%
Top 20 recipients	49%

TOP RECIPIENT OF GROSS ODA
IRAQ
USD 946 million

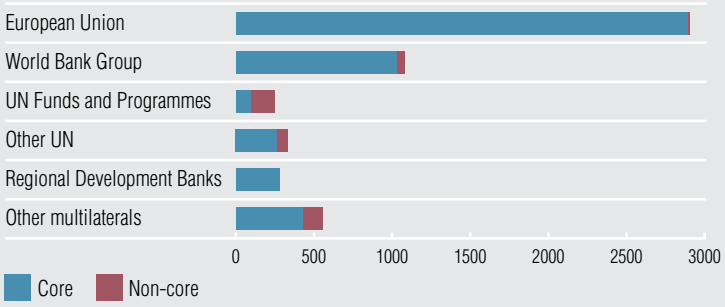
ODA by sector



Germany's core and non-core multilateral aid

In 2009, Germany provided USD 5.0 billion in multilateral ODA ("core"), corresponding to 39% of its gross ODA. In the same year, Germany channelled an additional USD 417 million through multilateral organisations in the form of non-core contributions, for a total of USD 5.4 billion channelled to and through the multilateral system. The EU institutions were the largest recipient of Germany's multilateral ODA.

Figure A.39. Core and non-core multilateral aid of Germany, 2009 (2009 USD million)



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Germany's untied aid

To meet its commitments under the Accra Agenda for Action, Germany has set out a credible plan and timetable to untie more of its aid and has made good progress in untying its financial and food aid. Germany is now focused on further untying technical co-operation and humanitarian aid.

Figure A.40. Tying status of Germany's bilateral aid, average 2008-09

StatLink http://dx.doi.org/10.1787/888932513240

Table A.11. Germany's humanitarian assistance, 2009

2009 TOTAL	USD 738.3 million
6%	OF TOTAL ODA
TOP RECIPIENTS	1. Palestinian Administered Areas 2. Afghanistan 3. Sudan

Source: Development Initiatives data and analyses based on OECD and agency data, 2009. For some donors, information on spending channels is also available, although this dates from 2008.

Germany's humanitarian assistance

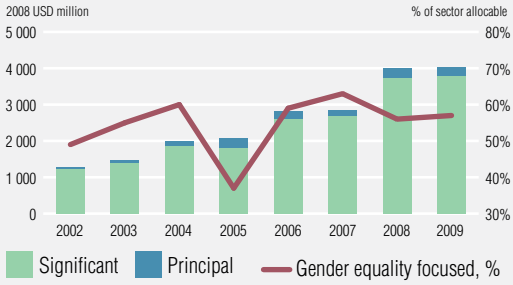
Overall, Germany spent USD 738.3 million on humanitarian assistance in 2009, of which 46% were channelled through EU institutions, 22% through multilaterals, 15% through NGOs and the remaining 17% were provided through other channels. Germany considers the division of its humanitarian instruments between the Federal Foreign Office and the Ministry for Economic Co-operation and Development (BMZ) an effective system because it builds on the comparative advantages of each organisation, including the superior rapid-response capacity of the Foreign Office and BMZ's ability to provide multi-annual funding for protracted crises. Germany is also a major advocate for strengthening disaster risk reduction programming across the world, which includes creating and supporting structures at local, national and regional levels, and advocating for risk reduction on the international stage.

Germany's aid in support of gender equality and women's empowerment

Germany's strong commitment to gender equality and the empowerment of women is reflected in the high levels of ODA that it commits in support of these issues.

Germany doesn't screen all activities against the gender marker. The coverage ratio for sector-allocable activities in the following figure is 84%.

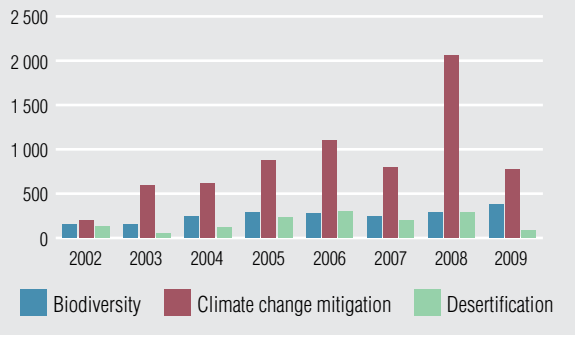
Figure A.41. Germany's ODA commitments in support of gender equality and women's empowerment, 2002-09



Germany's aid to the environment and climate change mitigation

Germany has a strong track-record going back more than two decades in mainstreaming environment across its programmes and this is reflected in its aid to this issue and to climate change.

Figure A.42. Germany's ODA commitments targeted at the objectives of the Rio Conventions, 2002-09 (USD million)



Important notes on data: From 1998 onwards the DAC has monitored aid targeting the objectives of the Rio Conventions through the CRS using the "Rio markers". Data for years 1998-2006 were obtained on a trial basis; reporting became mandatory starting with 2007 flows.

StatLink http://dx.doi.org/10.1787/888932513259

Greece

In 2010, Greece delivered USD 500 million of ODA, representing a 16% decrease in real terms compared to 2009. Its aid volume in 2010 is equivalent to 0.17% of Greece's GNI. The outlook for Greece's aid volume up to 2013 is pessimistic in light of its severe recession and the economic adjustment plan being implemented with support from the International Monetary Fund (IMF), the European Union and the European Central Bank.

Greece's bilateral ODA

Countries in the neighbouring Balkan region are the main recipients of Greek bilateral aid in line with the priority Greece gives to this region. Albania is the largest recipient of aid at 21% of bilateral ODA in 2009. With the exception of its top five aid recipients, Greece is a small bilateral donor in developing countries.

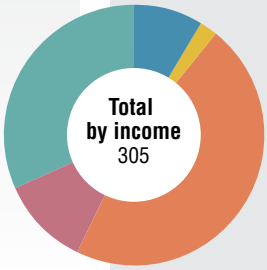
Gross bilateral ODA, 2008-09 average, unless otherwise shown

Net ODA	2008	2009	2010[P]	Change 2009/10
Current (USD m)	703	607	500	-17.7%
Constant (2009 USD m)	688	607	509	-16.2%
In Euro (million)	488	436	378	-13.4%
ODA/GNI	0.21%	0.19%	0.17%	
Bilateral share	44%	49%	41%	

P = Preliminary data

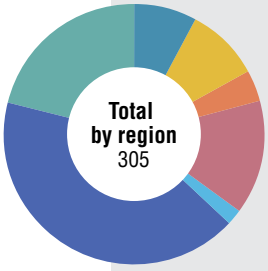
StatLink http://dx.doi.org/10.1787/888932512366

ODA by income group (USD million)



LDCs	27
Other low-income	6
Lower middle-income	141
Upper middle-income	34
Unallocated	96

ODA by region (USD million)



Sub-Saharan Africa	24
South and Central Asia	28
Other Asia and Oceania	12
Middle East and North Africa	43
Latin America and Caribbean	6
Europe	127
Unspecified	64

Top ten recipients of gross ODA (USD million)

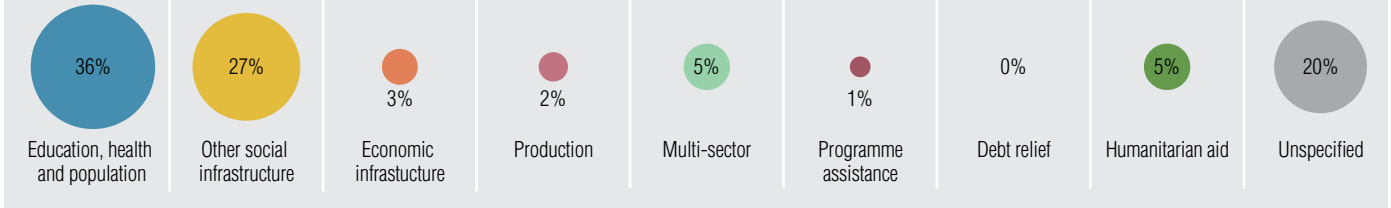
1	Albania	63
2	Serbia	19
3	Kosovo*	16
4	Afghanistan	14
5	Egypt	14
6	Palestinian Adm. Areas	9
7	Turkey	6
8	Syria	5
9	Bosnia and Herzegovina	5
10	China	4

Memo: Share of gross bilateral ODA	
Top 5 recipients	41%
Top 10 recipients	51%
Top 20 recipients	61%

*Gross ODA to Kosovo was 33 USD m. in 2009. Prior to 2009, Kosovo was not listed separately on the DAC List of ODA Recipients, and aid to Kosovo was recorded under aid to Serbia.

TOP RECIPIENT OF GROSS ODA
ALBANIA
USD 63 million

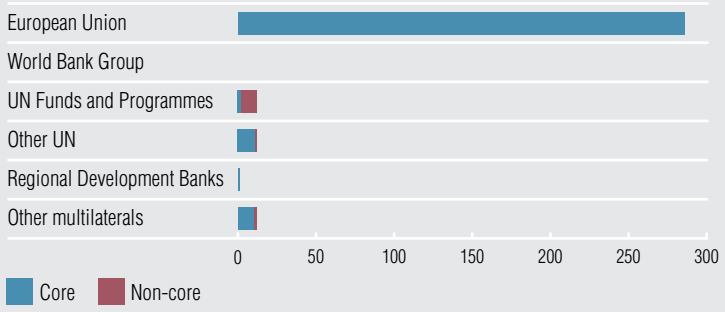
ODA by sector



Greece's core and non-core multilateral aid

In 2009 Greece provided USD 310 million in multilateral ODA ("core"), corresponding to 53% of its gross ODA. In the same year, Greece channelled an additional USD 14 million through multilateral organisations in the form of non-core contributions, for a total of USD 324 million channelled to and through the multilateral system. The EU institutions were the largest recipient of Greece's multilateral ODA.

Figure A.43. Core and non-core multilateral aid of Greece, 2009 (2009 USD million)



StatLink http://dx.doi.org/10.1787/888932513278

Greece's untied aid

Greece fully complies with the 2001 DAC Recommendation on Untying Aid to Least Developed Countries and Highly Indebted Poor Countries, but over half of Greece's total bilateral aid was tied over the two years 2008 and 2009.

Figure A.44. Tying status of Greece's bilateral aid, average 2008-09

StatLink http://dx.doi.org/10.1787/888932513297

Table A.12. Greece's humanitarian assistance, 2009

2009 TOTAL	USD 50.3 million
8.1% OF TOTAL ODA	
TOP RECIPIENTS	1. Kosovo 2. North of the Sahara 3. Palestinian Administered Areas

Source: Development Initiatives data and analyses based on OECD and agency data, 2009. For some donors, information on spending channels is also available, although this dates from 2008.

Greece's humanitarian assistance

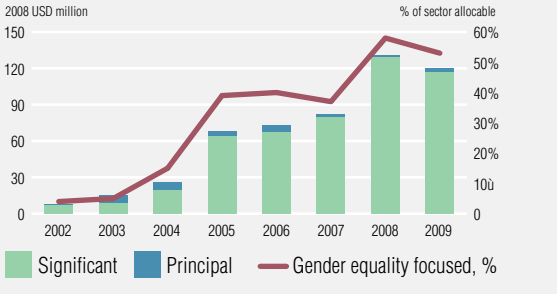
Overall, Greece spent USD 50.3 million on humanitarian assistance in 2009. Greek humanitarian assistance is at an important crossroads, as Hellenic Aid moves to draw up a new legal framework and strategic plan to guide its future humanitarian programming. Developing closer links with overall Greek development cooperation goals and Greek comparative advantage will be an important part of this process. Greece must also remain realistic in its aspirations, given the likely short-term constraints, especially in terms of budget volume, cumbersome compliance systems and the need to reset Greece's relationship with the wider humanitarian community.

Greece's aid in support of gender equality and women's empowerment

Greece has increased its aid committed for gender equality and women's empowerment since 2002. Fifty-three percent of Greece's aid programme had a gender equality focus in 2009, notably for activities in the education sector. This is in line with the priority Greece gives to "women in development".

Greece screens all activities against the gender marker: the coverage ratio for sector-allocable activities in the following figure is 100%.

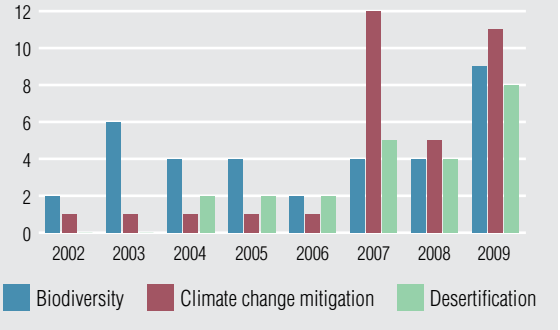
Figure A.45. Greece's ODA commitments in support of gender equality and women's empowerment, 2002-09



Greece's aid to the environment and climate change mitigation

Greece has strengthened its focus on environment and climate change since 2007. Nevertheless, there was a decrease in the share of environment-focused aid allocated by Greece between 2008 and 2009, from 11% to 6% of bilateral aid by sector.

Figure A.46. Greece's ODA commitments targeted at the objectives of the Rio Conventions, 2002-09 (USD million)



Important notes on data: From 1998 onwards the DAC has monitored aid targeting the objectives of the Rio Conventions through the CRS using the "Rio markers". Data for years 1998-2006 were obtained on a trial basis; reporting became mandatory starting with 2007 flows.

StatLink http://dx.doi.org/10.1787/888932513316

Ireland

Ireland's aid volume was USD 895 million in 2010, the equivalent of 0.53% of its GNI. Its development assistance decreased by 4.9% over 2009 due to fiscal constraints. This represented a smaller decrease than in 2009. The new government programme (2011) confirms Ireland's commitment to achieve the target of giving 0.7% of national income as aid by 2015.

Ireland's bilateral ODA

In line with its commitment to reducing poverty and vulnerability and increasing opportunities for the poor, particularly in Africa, Ireland concentrates its aid on a limited number of least developed countries in sub-Saharan Africa: in 2008-09 80.6% of total disbursements went to this region with a predominant focus on the social sectors – education, health and population, and other social infrastructure.

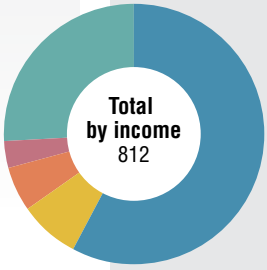
Gross bilateral ODA, 2008-09 average, unless otherwise shown

Net ODA	2008	2009	2010[P]	Change 2009/10
Current (USD m)	1 328	1 006	895	-11.0%
Constant (2009 USD m)	1 230	1 006	957	-4.9%
In Euro (million)	921	722	676	-6.4%
ODA/GNI	0.59%	0.54%	0.53%	
Bilateral share	70%	69%	67%	

P = Preliminary data

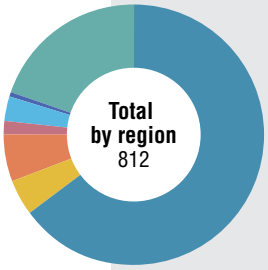
StatLink http://dx.doi.org/10.1787/888932512385

ODA by income group (USD million)



LDCs	470
Other low-income	62
Lower middle-income	44
Upper middle-income	27
Unallocated	210

ODA by region (USD million)



Sub-Saharan Africa	527
South and Central Asia	36
Other Asia and Oceania	46
Middle East and North Africa	14
Latin America and Caribbean	24
Europe	6
Unspecified	158

Top ten recipients of gross ODA (USD million)

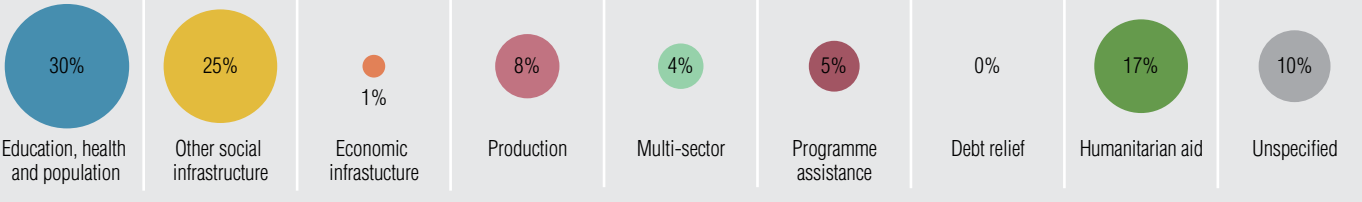
1	Uganda	73
2	Mozambique	69
3	Ethiopia	63
4	Tanzania	60
5	Zambia	41
6	Vietnam	26
7	Malawi	23
8	South Africa	22
9	Sudan	20
10	Lesotho	19

Memo: Share of gross bilateral ODA

Top 5 recipients	38%
Top 10 recipients	51%
Top 20 recipients	64%

TOP RECIPIENT OF GROSS ODA
UGANDA
USD 73 million

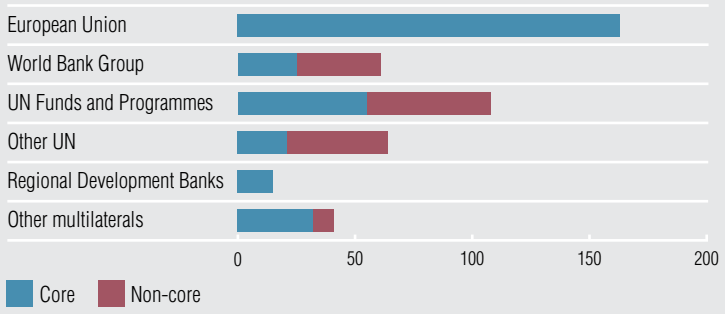
ODA by sector



Ireland's core and non-core multilateral aid

In 2009, Ireland provided USD 313 million in multilateral ODA ("core"), corresponding to 31% of its gross ODA. In the same year, an additional USD 141 million were channelled through multilateral organisations in the form of non-core contributions, for a total of USD 454 million channelled to and through the multilateral system. The EU institutions and UN Funds and Programmes were the largest recipient of Ireland's multilateral ODA.

Figure A.47. Core and non-core multilateral aid of Ireland, 2009 (2009 USD million)



StatLink http://dx.doi.org/10.1787/888932513335

Ireland's untied aid

Ireland's development assistance is fully untied.

Figure A.48. Tying status of Ireland's bilateral aid, average 2008-09

StatLink http://dx.doi.org/10.1787/888932513354

Table A.13. Ireland's humanitarian assistance, 2009

2009 TOTAL	USD 152.9 million
14.1%	OF TOTAL ODA
TOP RECIPIENTS	1. Sub-Saharan Africa 2. Democratic Republic of the Congo 3. Sudan

Source: Development Initiatives data and analyses based on OECD and agency data, 2009. For some donors, information on spending channels is also available, although this dates from 2008.

Ireland's humanitarian assistance

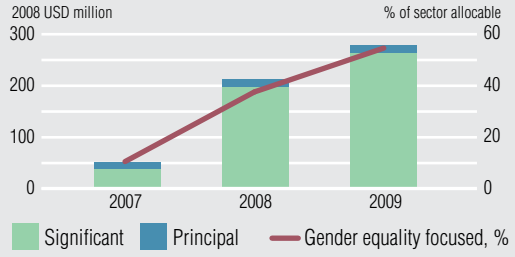
Overall, Ireland spent USD 152.9 million on humanitarian assistance in 2009. Ireland promotes a "poverty and vulnerability" approach that firmly locates Irish humanitarian action within a broader poverty reduction agenda, thereby addressing both the causes and symptoms of crises. It funds extensively through pooled and joint funding mechanisms, and has established a strategic framework to guide its support to the UN system. Ireland has also developed a flagship rapid response initiative, an effort to fill gaps – in materials, finance, essential skills and training – in the international community's capacity to respond to emergencies.

Ireland's aid in support of gender equality and women's empowerment

In line with its active advocacy for gender equality and women's empowerment internationally with an emphasis on combating gender-based violence, women's political and economic empowerment, and ensuring equitable access to education and to health services. The gender equality focus of Ireland's bilateral aid has increased since 2007 to 53% of total aid.

Ireland screens all activities against the gender marker: the coverage ratio for sector-allocable activities in the following figure is 100%.

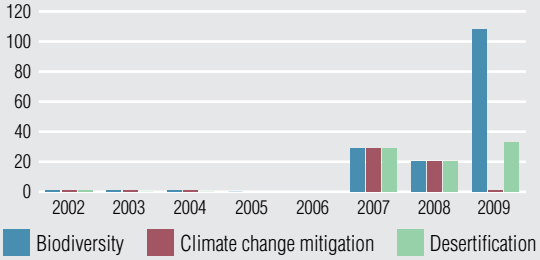
Figure A.49. Ireland's ODA commitments in support of gender equality and women's empowerment, 2007-09



Ireland's aid to the environment and climate change mitigation

Ireland focuses on the environment and climate change as cross-cutting issues, and has improved its reporting on the environment marker since 2007. The share of environment-focused aid spending was 22% in 2009, with a significant jump in commitments to biodiversity and decrease for climate change mitigation. With an increasing focus on hunger and related activities, Ireland has increased its support for activities that deliver on hunger and biodiversity objectives.

Figure A.50. Ireland's ODA commitments targeted at the objectives of the Rio Conventions, 2002-09 (USD million)



Important notes on data: From 1998 onwards the DAC has monitored aid targeting the objectives of the Rio Conventions through the CRS using the "Rio markers". Data for years 1998-2006 were obtained on a trial basis; reporting became mandatory starting with 2007 flows.

StatLink http://dx.doi.org/10.1787/888932513373

Italy

Italy delivered USD 3.1 billion in ODA in 2010, a 1.5% decrease in real terms over 2009. The 2010 aid volume was equivalent to 0.15% of gross national income.

Italy's bilateral ODA

Italy's commitment to focus on conflict and post-conflict situations is apparent in the list of top ten recipients of Gross ODA. While Italy is also committed to allocate at least half of its aid to sub-Saharan Africa, which would bring it in line with historical trends (52.7% average in 2003-04), it is not on track to meet this target, allocating only 28.5% over the period 2008-09. There has been a significant increase in aid disbursements to the Middle East and North Africa up to 17.8% in 2003-04 from an average of compared to 43.8% in 2008-09.

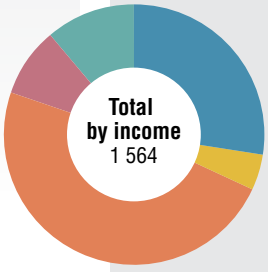
Gross bilateral ODA, 2008-09 average, unless otherwise shown

Net ODA	2008	2009	2010[P]	Change 2009/10
Current (USD m)	4 861	3 297	3 111	-5.7%
Constant (2009 USD m)	4 794	3 297	3 248	-1.5%
In Euro (million)	3 370	2 368	2 349	-0.8%
ODA/GNI	0.22%	0.16%	0.15%	
Bilateral share	38%	27%	30%	

P = Preliminary data

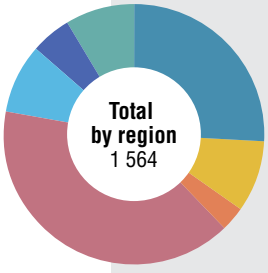
StatLink http://dx.doi.org/10.1787/888932512404

ODA by income group (USD million)



LDCs	431
Other low-income	70
Lower middle-income	755
Upper middle-income	136
Unallocated	172

ODA by region (USD million)



Sub-Saharan Africa	408
South and Central Asia	137
Other Asia and Oceania	49
Middle East and North Africa	626
Latin America and Caribbean	133
Europe	78
Unspecified	132

Top ten recipients of gross ODA (USD million)

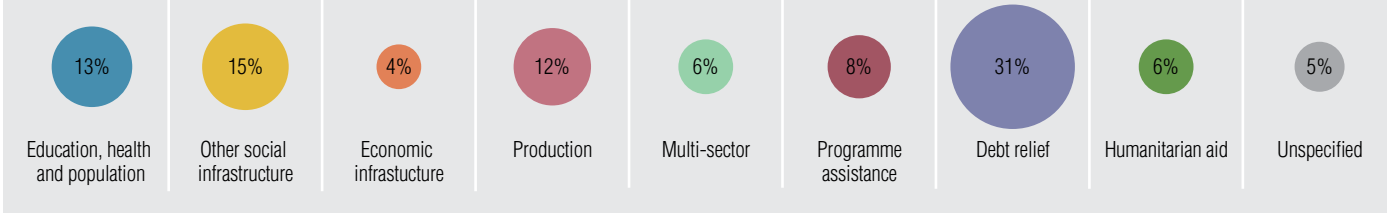
1	Iraq	429
2	Afghanistan	92
3	Ethiopia	60
4	Palestinian Adm. Areas	55
5	Lebanon	48
6	Albania	43
7	Liberia	38
8	Côte d'Ivoire	34
9	Mozambique	30
10	Sudan	27

Memo: Share of gross bilateral ODA

Top 5 recipients	44%
Top 10 recipients	55%
Top 20 recipients	66%

TOP RECIPIENT OF GROSS ODA
IRAQ
USD 429 million

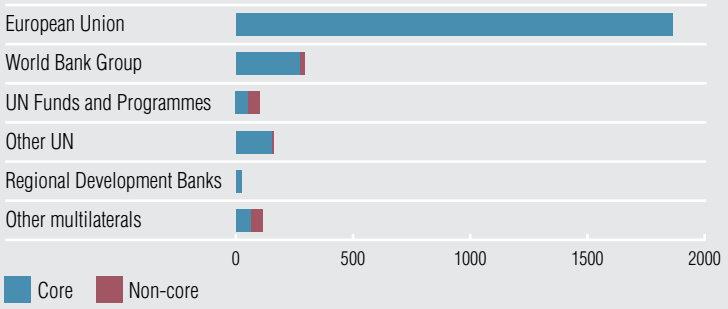
ODA by sector



Italy's core and non-core multilateral aid

In 2009 Italy provided USD 2.4 billion in multilateral ODA ("core"), corresponding to 73% of its gross ODA. In the same year, Italy channelled an additional USD 134 million through multilateral organisations in the form of non-core contributions, for a total of USD 2.6 billion channelled to and through the multilateral system. The EU institutions were the largest recipient of Italy's multilateral ODA.

Figure A.51. Core and non-core multilateral aid of Italy, 2009 (2009 USD million)



StatLink http://dx.doi.org/10.1787/888932513392

Italy's untied aid

Italy has untied 80% (2007-09 average) of its bilateral aid to least developed countries in line with the 2001 DAC Recommendation. Nevertheless, over one-quarter of its bilateral aid was tied in 2008-09. Italy does not have a clear plan for untying the remaining tied aid.

Figure A.52. Tying status of Italy's bilateral aid, average 2008-09

StatLink http://dx.doi.org/10.1787/888932513411

Table A.14. Italy's humanitarian assistance, 2009

2009 TOTAL	USD 360.7 million
11.4%	OF TOTAL ODA
TOP RECIPIENTS	1. Iraq 2. Palestinian Administered Areas 3. Afghanistan

Source: Development Initiatives data and analyses based on OECD and agency data, 2009. For some donors, information on spending channels is also available, although this dates from 2008.

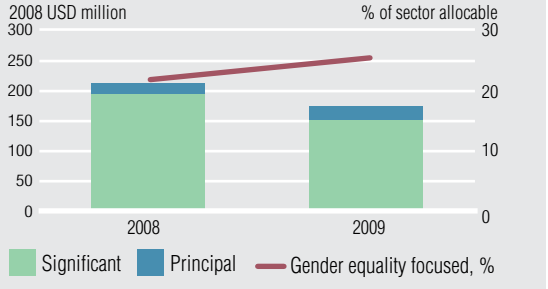
Italy's humanitarian assistance

Overall, Italy spent USD 360.7 million on humanitarian assistance in 2009. Italy provides support to the international humanitarian system by funding partners and deploying Italian personnel and emergency stockpiles. These mechanisms provide Italy with a versatile set of options for supporting the international humanitarian system. In practice, Italian humanitarian funding has been allocated to multilateral (including EU) and bilateral channels in approximately equal proportions. Nevertheless, Italy's contributions to its principal humanitarian partners have fluctuated significantly over time, hindering predictability of the response.

Italy's aid in support of gender equality and women's empowerment

Italy prioritises gender equality and women's empowerment as a cross cutting issue. Since 2008, Italy screens all activities against the gender marker (therefore the coverage ratio for sector-allocable activities in the following figure is 100%). In 2009, 23% of bilateral aid was gender-equality focused.

Figure A.53. Italy's ODA commitments in support of gender equality and women's empowerment, 2008-09

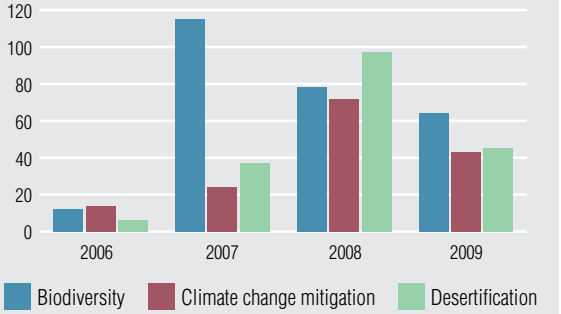


StatLink http://dx.doi.org/10.1787/888932514342

Italy's aid to the environment and climate change mitigation

Italy's ODA commitments on the environment have increased since 2006 reflecting Italy's decision to make it a priority sector in 2007. The share of environment-focused aid was 41% in 2009; a two-point increase on 2008.

Figure A.54. Italy's ODA commitments targeted at the objectives of the Rio Conventions, 2006-09 (USD million)



Important notes on data: From 1998 onwards the DAC has monitored aid targeting the objectives of the Rio Conventions through the CRS using the "Rio markers". Data for years 1998-2006 were obtained on a trial basis; reporting became mandatory starting with 2007 flows.

StatLink http://dx.doi.org/10.1787/888932513430

Japan

In 2010, Japan provided over USD 11 billion net ODA, up significantly from USD 9.46 billion in the previous year and in real terms an 11.8% increase. Japan's ODA to GNI ratio in 2010 was 0.20%.

Japan's bilateral ODA

Japan's bilateral ODA accounts for around two thirds of its overall budget, 66% in 2010. The share of Japanese ODA allocated to least developed countries was around 16% in 2008-09 and aid to sub-Saharan Africa accounted for around 10%, compared to 37% in south East Asia and Oceania. The focus on Asia and results in lower allocations to least developed countries than some other DAC members and reflects Japan's geographical location. It has however significantly increased its bilateral aid to sub-Saharan Africa in recent years.

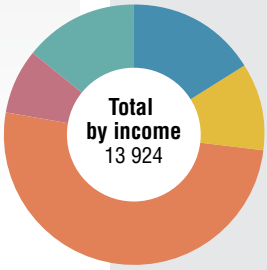
Gross bilateral ODA, 2008-09 average, unless otherwise shown

Net ODA	2008	2009	2010[P]	Change 2009/10
Current (USD m)	9 601	9 457	11 045	16.8%
Constant (2009 USD m)	10 541	9 457	10 574	11.8%
In Yen (billion)	994	883	969	9.7%
ODA/GNI	0.19%	0.18%	0.20%	
Bilateral share	71%	65%	66%	

P = Preliminary data

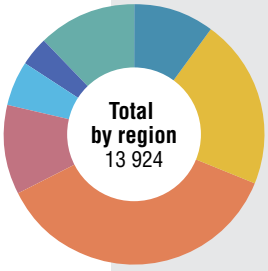
StatLink http://dx.doi.org/10.1787/888932512423

ODA by income group (USD million)



LDCs	2 251
Other low-income	1 530
Lower middle-income	7 083
Upper middle-income	1 104
Unallocated	1 956

ODA by region (USD million)



Sub-Saharan Africa	1 416
South and Central Asia	2 916
Other Asia and Oceania	5 096
Middle East and North Africa	1 547
Latin America and Caribbean	751
Europe	512
Unspecified	1 686

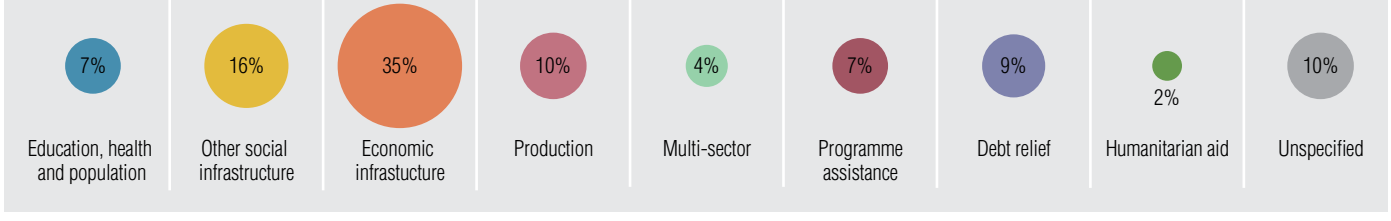
Top ten recipients of gross ODA (USD million)

1	Indonesia	1 370
2	India	1 240
3	China	1 200
4	Vietnam	1 104
5	Iraq	974
6	Philippines	580
7	Bangladesh	508
8	Turkey	428
9	Sri Lanka	341
10	Afghanistan	272

Memo: Share of gross bilateral ODA	
Top 5 recipients	42%
Top 10 recipients	58%
Top 20 recipients	68%

TOP RECIPIENT OF GROSS ODA
INDONESIA
USD 1 370 million

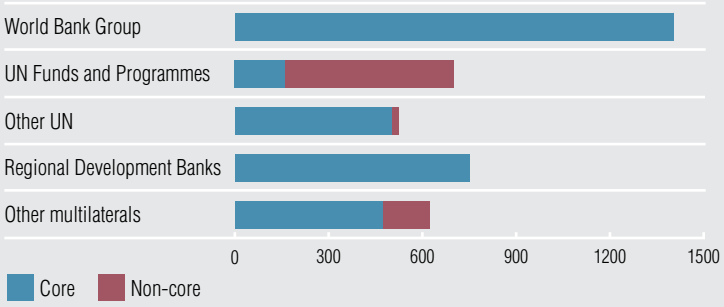
ODA by sector



Japan's core and non-core multilateral aid

In 2009 Japan provided USD 3.3 billion in multilateral ODA ("core"), corresponding to 19% of its gross ODA. In the same year, Japan channelled an additional USD 713 million through multilateral organisations in the form of non-core contributions, for a total of USD 4.0 billion channelled to and through the multilateral system. The World Bank Group was the largest recipient of Japan's multilateral ODA.

Figure A.55. Core and non-core multilateral aid of Japan, 2009 (2009 USD million)

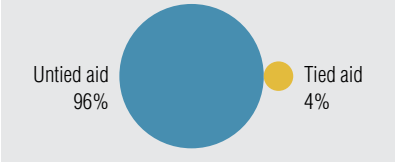


StatLink http://dx.doi.org/10.1787/888932513449

Japan's untied aid

An average of 96% of Japan's aid was untied in 2008-09 (with a slightly higher proportion tied in 2009 compared to 2008).

Figure A.56. Tying status of Japan's bilateral aid, average 2008-09



StatLink http://dx.doi.org/10.1787/888932513468

Table A.15. Japan's humanitarian assistance, 2009

2009 TOTAL	USD 269.5 million
3.2%	OF TOTAL ODA
TOP RECIPIENTS	1. Afghanistan 2. Sudan 3. Pakistan

Source: Development Initiatives data and analyses based on OECD and agency data, 2009. For some donors, information on spending channels is also available, although this dates from 2008.

Japan's humanitarian assistance

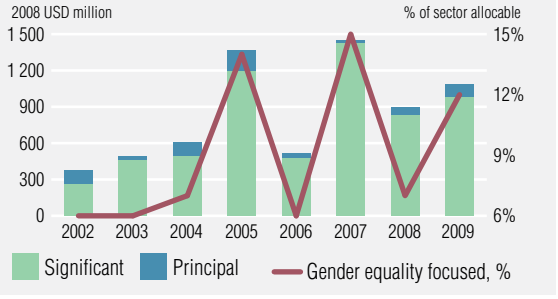
Overall, Japan spent USD 269.5 million on humanitarian assistance in 2009. Japan's policy approach differentiates between humanitarian action for natural disasters and for complex emergencies. For natural disasters, Japan provides global leadership on disaster mitigation and response, assisting partner countries to assume primary responsibility for disaster reduction through upgraded knowledge, institutional development and technology transfer. Japan also has a deployable disaster response capacity, supplemented by stockpiles of emergency relief goods. For complex emergency situations, Japan has adopted a more cautious approach, in line with the political neutrality conditions of the 1947 Constitution and focuses largely on peacebuilding.

Japan's aid in support of gender equality and women's empowerment

At least 10% of Japanese ODA has included gender as a significant objective in 2008 and 2009. A small proportion of Japanese ODA is used for projects specifically focused on gender equality or women's empowerment.

Japan doesn't screen all activities against the gender marker: the coverage ratio for sector-allocable activities in the following figure is 95%.

Figure A.57. Japan's ODA commitments in support of gender equality and women's empowerment, 2002-09

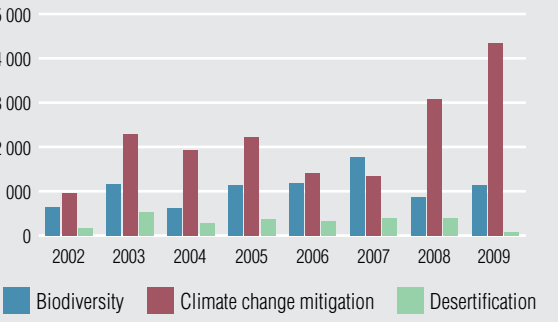


StatLink http://dx.doi.org/10.1787/888932514361

Japan's aid to the environment and climate change mitigation

Japan has prioritised climate change mitigation as an issue within its ODA for a long time. In recent years, climate change has become a relevant share of Japanese aid and in 2009 more than USD 4 billion of Japanese ODA was committed to support climate change mitigation.

Figure A.58. Japan's ODA commitments targeted at the objectives of the Rio Conventions, 2002-09 (USD million)



Important notes on data: From 1998 onwards the DAC has monitored aid targeting the objectives of the Rio Conventions through the CRS using the "Rio markers". Data for years 1998-2006 were obtained on a trial basis; reporting became mandatory starting with 2007 flows.

StatLink http://dx.doi.org/10.1787/888932513487

Korea

In 2010, Korea's net ODA stood at USD 1.17 billion, an increase of 25.7% in real terms on its 2009 ODA level of USD 816 million. Its gross ODA was slightly higher at just over USD 1.2 billion in 2010. Although Korea's ODA to GNI ratio of 0.12% is the lowest among DAC members, this is an increase on the 0.10% of GNI it achieved in 2009.

Korea's bilateral ODA

In 2010, 76% of Korean ODA was bilateral, up from 71% in 2009. Korean bilateral ODA has a relatively strong geographical focus (35% of gross ODA in 2008-09) on the East Asia and Oceania region, reflecting its geographical location, priorities and comparative advantage. The remainder of its bilateral ODA is spread across a range of regions. Korean ODA is composed of a mix of loans and grants which are managed separately.

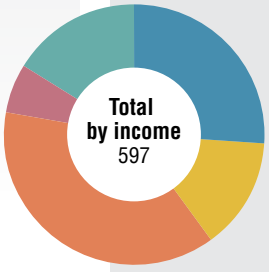
Gross bilateral ODA, 2008-09 average, unless otherwise shown

Net ODA	2008	2009	2010[P]	Change 2009/10
Current (USD m)	802	816	1 168	43.1%
Constant (2009 USD m)	723	816	1 026	25.7%
In Won (billion)	891	1 040	1 349	29.8%
ODA/GNI	0.09%	0.10%	0.12%	
Bilateral share	67%	71%	76%	

P = Preliminary data

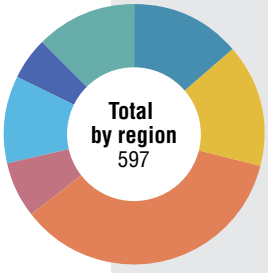
StatLink http://dx.doi.org/10.1787/888932512442

ODA by income group (USD million)



LDCs	157
Other low-income	82
Lower middle-income	225
Upper middle-income	37
Unallocated	95

ODA by region (USD million)



Sub-Saharan Africa	82
South and Central Asia	92
Other Asia and Oceania	212
Middle East and North Africa	42
Latin America and Caribbean	64
Europe	32
Unspecified	74

Top ten recipients of gross ODA (USD million)

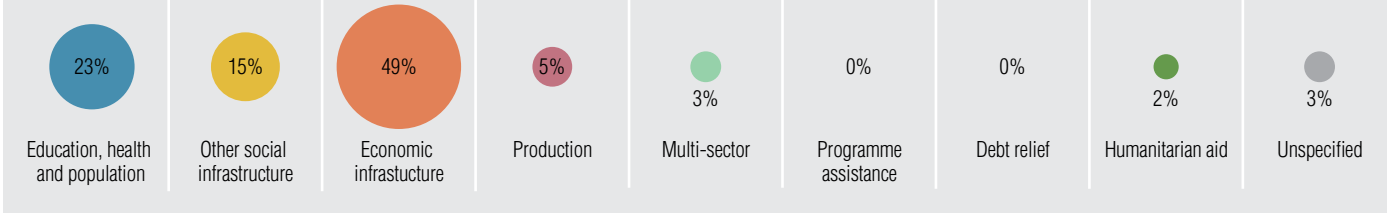
1	Vietnam	60
2	Indonesia	27
3	Angola	27
4	Cambodia	26
5	Philippines	25
6	Mongolia	25
7	Sri Lanka	23
8	Turkey	19
9	Laos	18
10	Afghanistan	14

Memo: Share of gross bilateral ODA

Top 5 recipients	28%
Top 10 recipients	44%
Top 20 recipients	61%

TOP RECIPIENT OF GROSS ODA
VIET NAM
USD 60 million

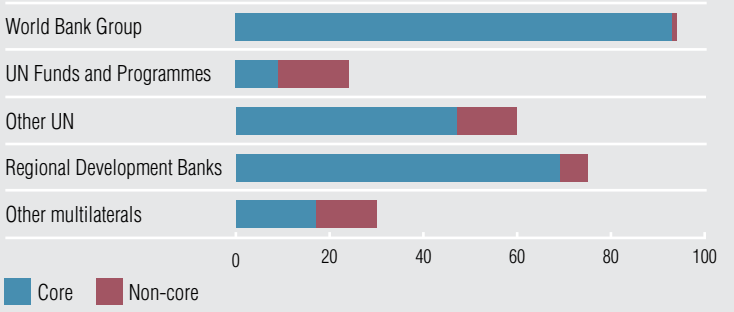
ODA by sector



Korea's core and non-core multilateral aid

In 2009 Korea provided USD 235 million in multilateral ODA ("core"), corresponding to 29% of its gross ODA. In the same year, Korea channelled an additional USD 50 million through multilateral organisations in the form of non-core contributions, for a total of USD 285 million channelled to and through the multilateral system. The World Bank Group and the Regional Development Banks were the largest recipients of Korea's multilateral ODA.

Figure A.59. Core and non-core multilateral aid of Korea, 2009 (2009 USD million)



StatLink http://dx.doi.org/10.1787/888932513506

Korea's untied aid

Over half of Korea's aid, for which the tying status was reported, was tied in 2008-09. On joining the DAC, Korea agreed a plan to untie more of its aid, setting out a road map to untie 75% of its overall ODA by 2015 and untying all aid to least developed countries by 2012.

Figure A.60. Tying status of Korea's bilateral aid, average 2008-09

StatLink http://dx.doi.org/10.1787/888932513525

Table A.16. Korea's humanitarian assistance, 2009

2009 TOTAL	USD 21.7 million
2.4%	OF TOTAL ODA
TOP RECIPIENTS	1. China 2. Iraq 3. Myanmar

Source: Development Initiatives data and analyses based on OECD and agency data, 2009. For some donors, information on spending channels is also available, although this dates from 2008.

Korea's humanitarian assistance

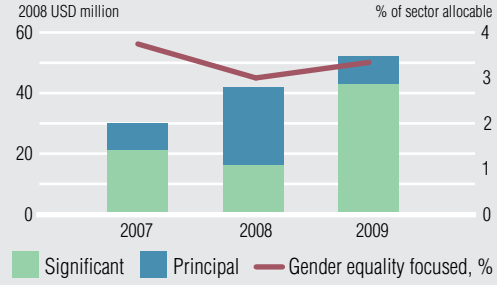
Overall, Korea spent USD 21.7 million on humanitarian assistance in 2009, of which 88% were channelled through multilaterals, 4% through NGOs and the remaining 8% were provided through other channels. Korea has expanded its humanitarian aid efforts in recent years. Korea's main bilateral interventions are in large-scale natural disasters, to which it responds by sending goods and funds, as well as professional relief workers and volunteers. Korea also has begun to work through multilateral channels, funding the humanitarian UN agencies directly, and contributing to UN Inter-Agency Consolidated Appeals and the Central Emergency Response Fund.

Korea's aid in support of gender equality and women's empowerment

The proportion of its ODA which Korea commits to target gender equality and women's empowerment is limited, though it has risen slightly since Korea first started applying the gender marker in 2007.

Korea screens all activities against the gender marker: the gender coverage ratio in the following figure is thus 100%.

Figure A.61. Korea's ODA commitments in support of gender equality and women's empowerment, 2007-09

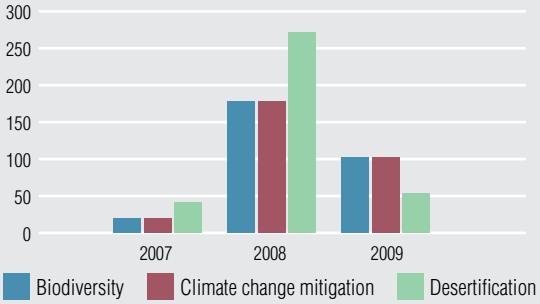


StatLink http://dx.doi.org/10.1787/888932514380

Korea's aid to the environment and climate change mitigation

Korea started reporting against the Rio markers in 2000 and has gradually improved how it applies them. Korean support to environmental issues is generally a small part of the Korean aid programme.

Figure A.62. Korea's ODA commitments targeted at the objectives of the Rio Conventions, 2007-09 (USD million)



Important notes on data: From 1998 onwards the DAC has monitored aid targeting the objectives of the Rio Conventions through the CRS using the "Rio markers". Data for years 1998-2006 were obtained on a trial basis; reporting became mandatory starting with 2007 flows.

StatLink http://dx.doi.org/10.1787/888932513544

Luxembourg

Luxembourg is one of the most generous DAC donors in terms of share of its GNI allocated to ODA. In 2010, Luxembourg net ODA amounted to USD 399 million, corresponding to 1.09% of its GNI.

Luxembourg's bilateral ODA

A high proportion of Luxembourg's bilateral aid is allocated to least developed countries. Most priority partners have seen an increase in bilateral assistance thanks to Luxembourg's strict policy of geographical concentration. Luxembourg allocates large shares of its ODA to support the social sectors.

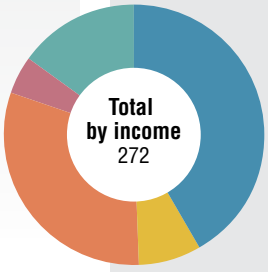
Gross bilateral ODA, 2008-09 average, unless otherwise shown

Net ODA	2008	2009	2010[P]	Change 2009/10
Current (USD m)	415	415	399	-3.7%
Constant (2009 USD m)	399	415	413	-0.3%
In Euro (million)	288	298	301	1.2%
ODA/GNI	0.97%	1.04%	1.09%	
Bilateral share	67%	64%	66%	

P = Preliminary data

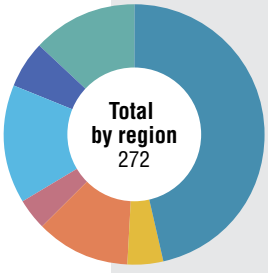
StatLink http://dx.doi.org/10.1787/888932512461

ODA by income group (USD million)



LDCs	113
Other low-income	21
Lower middle-income	84
Upper middle-income	13
Unallocated	40

ODA by region (USD million)



Sub-Saharan Africa	126
South and Central Asia	12
Other Asia and Oceania	32
Middle East and North Africa	10
Latin America and Caribbean	40
Europe	16
Unspecified	35

Top ten recipients of gross ODA (USD million)

1	Senegal	22
2	Mali	21
3	Cape Verde	17
4	Vietnam	15
5	Nicaragua	14
6	Burkina Faso	14
7	El Salvador	12
8	Laos	11
9	Niger	11
10	Namibia	8

Memo: Share of gross bilateral ODA

Top 5 recipients	33%
Top 10 recipients	54%
Top 20 recipients	70%

TOP RECIPIENT OF GROSS ODA

SENEGAL

USD 22 million

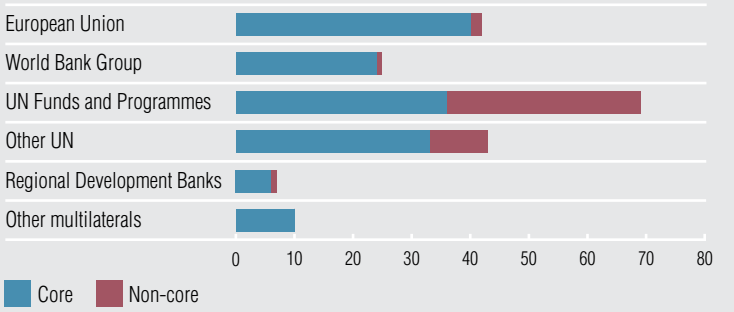
ODA by sector

30%	17%	6%	7%	10%	2%	0%	13%	15%
Education, health and population	Other social infrastructure	Economic infrastucture	Production	Multi-sector	Programme assistance	Debt relief	Humanitarian aid	Unspecified

Luxembourg's core and non-core multilateral aid

In 2009 Luxembourg provided USD 149 million in multilateral ODA ("core"), corresponding to 34% of its gross ODA. In the same year, Luxembourg channelled an additional USD 48 million through multilateral organisations in the form of non-core contributions, for a total of USD 196 million channelled to and through the multilateral system.

Figure A.63. Core and non-core multilateral aid of Luxembourg, 2009 (2009 USD million)



StatLink http://dx.doi.org/10.1787/888932513563

Luxembourg's untied aid

Luxembourg's aid continues to be fully untied.

Figure A.64. Tying status of Luxembourg's bilateral aid, avg. 2008-09

StatLink http://dx.doi.org/10.1787/888932513582

Table A.17. Luxembourg's humanitarian assistance, 2009

2009 TOTAL USD 61.4 million
14.1% OF TOTAL ODA
TOP RECIPIENTS 1. Sub-Saharan Africa 2. Sudan 3. Palestinian Administered Areas

Source: Development Initiatives data and analyses based on OECD and agency data, 2009. For some donors, information on spending channels is also available, although this dates from 2008.

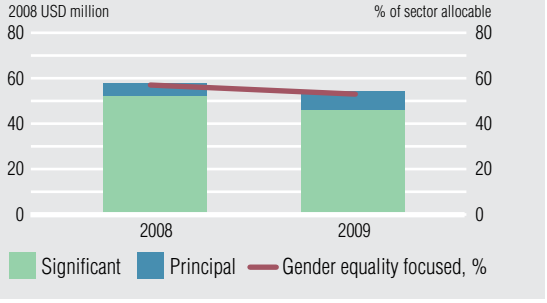
Luxembourg's humanitarian assistance

Overall, Luxembourg spent USD 61.4 million on humanitarian assistance in 2009. Although modest in absolute terms, Luxembourg's humanitarian programme is held in particularly high regard by its partners. Key features include minimal earmarking, multi-year funding arrangements with multilateral agencies and four major NGOs, a focus on bilateral dialogue, significant commitments to the Central Emergency Response Fund and a low administrative burden. Strong communication and information flows allow Luxembourg to monitor developments in real time and react promptly with programming adjustments.

Luxembourg's aid in support of gender equality and women's empowerment

Luxembourg has selected gender equality as one of the four cross-cutting themes around which it intends to focus its efforts. Nevertheless, Luxembourg began reporting on the gender equality focus of its aid only from 2008, and not all activities are screened against the gender marker (the coverage ratio for sector-allocable activities in the following figure is 52%). Available data show that in 2009 over half (53%) of Luxembourg's ODA was committed to activities focused on gender equality.

Figure A.65. Luxembourg's ODA commitments in support of gender equality and women's empowerment, 2008-09



StatLink http://dx.doi.org/10.1787/888932514399

Luxembourg's aid to the environment and climate change mitigation

Luxembourg has selected the environment as one of the four cross-cutting themes around which it intends to focus its efforts. Nevertheless, it does not screen its activities against the Rio markers on environment and climate change mitigation.

The Netherlands

In 2010, the Netherlands was the sixth largest donor, supplying 4.9% of DAC members' total ODA (all of which is provided in the form of grants). The Netherlands' net ODA was USD 6.35 billion, an increase of 2.2% in real terms over 2009. Dutch ODA as a proportion of GNI contracted slightly from 0.82% in 2009 to 0.81% in 2010.

The Netherlands' bilateral ODA

The Netherlands' bilateral ODA is increasingly focused on a small number of countries and sectors, most of which are in sub-Saharan Africa. The programmes managed by its embassies are highly decentralised and well respected for their flexibility and responsiveness to partner countries' needs

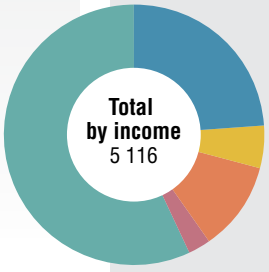
Gross bilateral ODA, 2008-09 average, unless otherwise shown

Net ODA	2008	2009	2010[P]	Change 2009/10
Current (USD m)	6 993	6 426	6 351	-1.2%
Constant (2009 USD m)	6 740	6 426	6 570	2.2%
In Euro (million)	4 848	4 615	4 795	3.9%
ODA/GNI	0.80%	0.82%	0.81%	
Bilateral share	74%	75%	75%	

P = Preliminary data

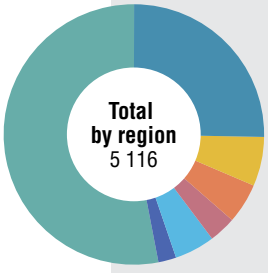
StatLink http://dx.doi.org/10.1787/888932512480

ODA by income group (USD million)



LDCs	1 232
Other low-income	265
Lower middle-income	573
Upper middle-income	147
Unallocated	2 900

ODA by region (USD million)



Sub-Saharan Africa	1 303
South and Central Asia	315
Other Asia and Oceania	252
Middle East and North Africa	169
Latin America and Caribbean	254
Europe	115
Unspecified	2 708

Top ten recipients of gross ODA (USD million)

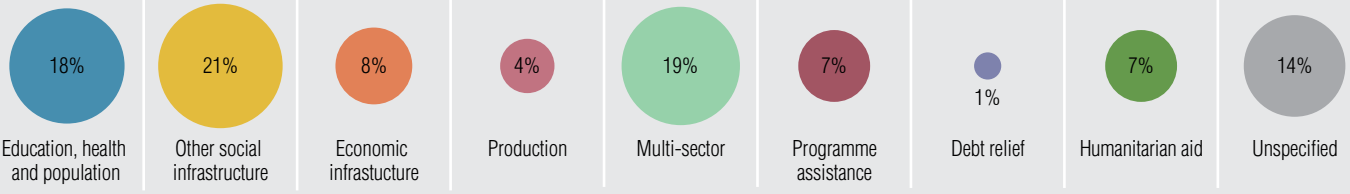
1	Indonesia	165
2	Afghanistan	130
3	Sudan	127
4	Ghana	109
5	Mozambique	103
6	Ethiopia	100
7	Suriname	92
8	Tanzania	89
9	Mali	78
10	Bangladesh	78

Memo: Share of gross bilateral ODA

Top 5 recipients	12%
Top 10 recipients	21%
Top 20 recipients	32%

TOP RECIPIENT OF GROSS ODA
INDONESIA
USD 165 million

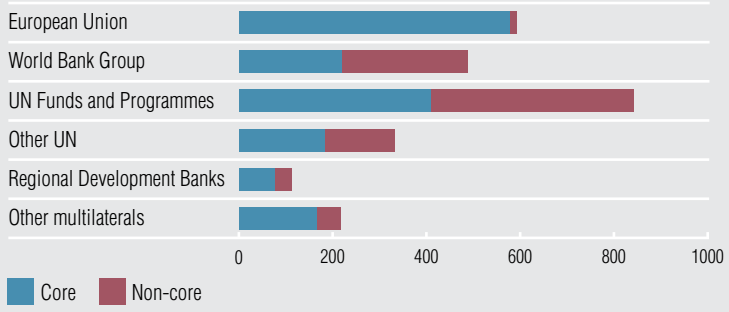
ODA by sector



The Netherlands' core and non-core multilateral aid

The Netherlands provided in 2009 USD 1.6 billion in multilateral ODA ("core"), corresponding to 25% of its gross ODA. In the same year, the Netherlands channelled an additional USD 957 million through multilateral organisations in the form of non-core contributions, for a total of USD 2.6 billion channelled to and through the multilateral system. EU institutions and UN Funds and Programmes were the largest recipients of the Netherlands' multilateral ODA.

Figure A.66. Core and non-core multilateral aid of the Netherlands, 2009 (2009 USD million)



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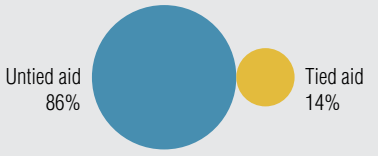
The Netherlands' untied aid

The Netherlands has made progress in eliminating tied aid from its development co-operation and it is living up to its commitments under the 2001 DAC Recommendation and the Accra Agenda for Action.

Figure A.67. Tying status of the Netherlands' bilateral aid, avg. 2008-09



StatLink http://dx.doi.org/10.1787/888932513620

Table A.18. The Netherlands' humanitarian assistance, 2009

2009 TOTAL	USD 526.0 million
7.9%	OF TOTAL ODA
TOP RECIPIENTS	1. Afghanistan 2. Sudan 3. Democratic Republic of the Congo

Source: Development Initiatives data and analyses based on OECD and agency data, 2009. For some donors, information on spending channels is also available, although this dates from 2008.

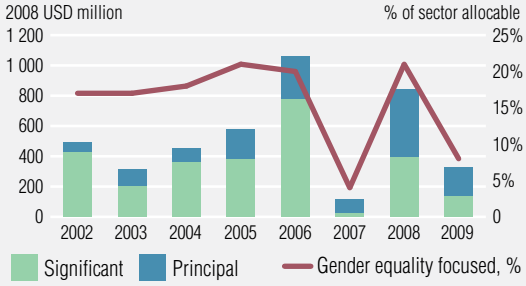
The Netherlands' humanitarian assistance

Overall, the Netherlands spent USD 526.0 million on humanitarian assistance in 2009, of which 66% were channelled through multilaterals, 16% through NGOs, 14% through the European Union and the remaining 4% were provided through other channels. The Netherlands is a significant and strategically important humanitarian donor, playing a key role in strengthening the global humanitarian system. To support this approach, Dutch humanitarian assistance focuses heavily on funding multilateral agencies and UN-led pooled funding mechanisms. Partners agree that Dutch advocacy work on system-strengthening has been useful, remains relevant and should continue.

The Netherlands' aid in support of gender equality and women's empowerment

The share of sector-allocable Dutch ODA committed for activities focused on gender equality increased steadily from 2003 to 2006, but has fluctuated since. All activities have been screened against the gender marker: the gender coverage ratio in the following figure is thus 100%.

Figure A.68. The Netherlands' ODA commitments in support of gender equality and women's empowerment, 2002-09

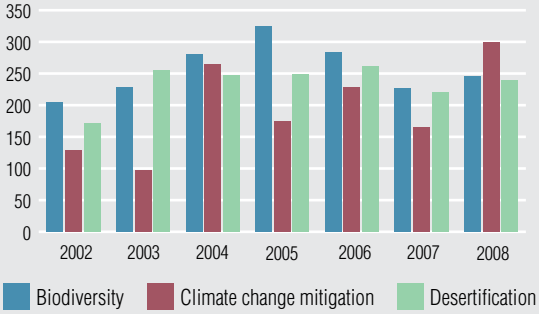


StatLink http://dx.doi.org/10.1787/888932514418

The Netherlands' aid to the environment and climate change mitigation

The Netherlands' support for the environment and climate change mitigation is reflected by consistently high levels of aid commitments for these issues over the past five years.

Figure A.69. The Netherlands' ODA commitments targeted at the objectives of the Rio Conventions, 2002-08 (USD million)



Important notes on data: From 1998 onwards the DAC has monitored aid targeting the objectives of the Rio Conventions through the CRS using the "Rio markers". Data for years 1998-2006 were obtained on a trial basis; reporting became mandatory starting with 2007 flows.

StatLink http://dx.doi.org/10.1787/888932513639

New Zealand

New Zealand delivered USD 353 million in net ODA in 2010, a -3.9% change in real terms over 2009. The ODA to GNI ratio slightly diminished, from 0.28% in 2009 to 0.26 in 2010. Despite strong pressure on public spending, New Zealand plans to continue to increase ODA following a medium-term expenditure plan, raising the level to USD 416 million by 2012-13.

New Zealand's bilateral ODA

The bilateral aid programme accounts for 73% of New Zealand's total development co-operation. It is strongly focused on the Pacific and South East Asia, both of which are central to New Zealand's foreign policy. A number of New Zealand's core partners in these regions are either least developed countries or other low-income countries (OLICs). This explains why the share of New Zealand's ODA allocated to LDCs and LICs is high. Meanwhile, New Zealand has historically largely focused its assistance on social infrastructure and services.

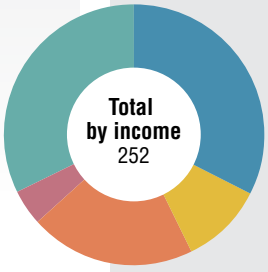
Gross bilateral ODA, 2008-09 average, unless otherwise shown

Net ODA	2008	2009	2010[P]	Change 2009/10
Current (USD m)	348	309	353	14.1%
Constant (2009 USD m)	320	309	297	-3.9%
In NZL Dollars (million)	503	494	490	-1.0%
ODA/GNI	0.30%	0.28%	0.26%	
Bilateral share	80%	73%	78%	

P = Preliminary data

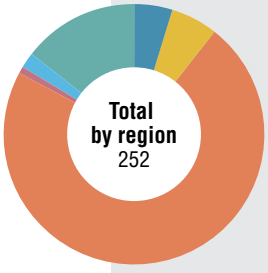
StatLink http://dx.doi.org/10.1787/888932512518

ODA by income group (USD million)



LDCs	82
Other low-income	26
Lower middle-income	52
Upper middle-income	11
Unallocated	81

ODA by region (USD million)



Sub-Saharan Africa	12
South and Central Asia	15
Other Asia and Oceania	182
Middle East and North Africa	2
Latin America and Caribbean	5
Europe	0
Unspecified	36

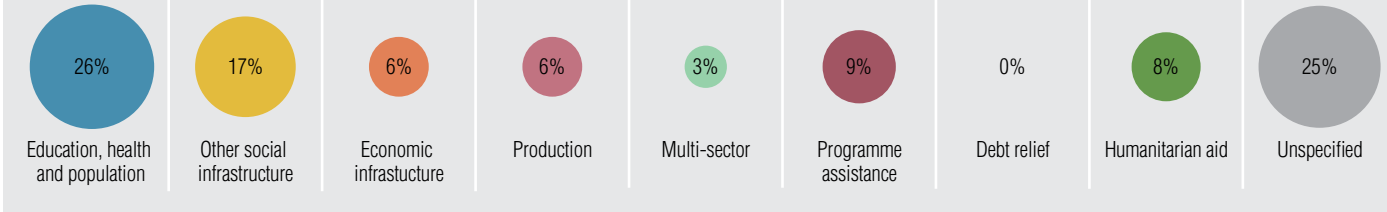
Top ten recipients of gross ODA (USD million)

1	Solomon Islands	24
2	Papua New Guinea	16
3	Tokelau	15
4	Vanuatu	13
5	Niue	10
6	Samoa	9
7	Indonesia	9
8	Tonga	7
9	Vietnam	6
10	Afghanistan	6

Memo: Share of gross bilateral ODA	
Top 5 recipients	31%
Top 10 recipients	46%
Top 20 recipients	59%

TOP RECIPIENT OF GROSS ODA
SOLOMON ISLANDS
USD 24 million

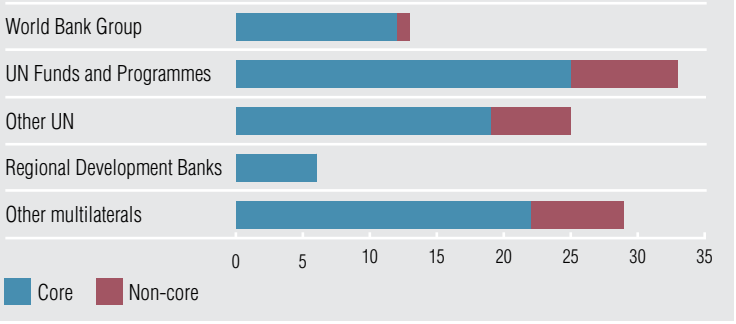
ODA by sector



New Zealand's core and non-core multilateral aid

In 2009, New Zealand provided USD 83 million in multilateral ODA ("core"), corresponding to 23% of its gross ODA. In the same year, New Zealand channelled an additional USD 23 million through multilateral organisations in the form of non-core contributions, for a total of USD 106 million channelled to and through the multilateral system.

Figure A.70. Core and non-core multilateral aid of New Zealand, 2009 (2009 USD million)

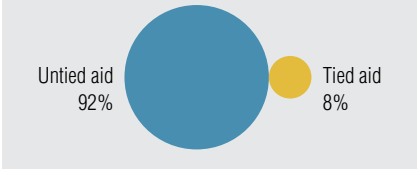


StatLink http://dx.doi.org/10.1787/888932513658

New Zealand's untied aid

New Zealand's aid is to a large extent untied (92%). The remaining tied aid relates to the costs of refugees in New Zealand, and New Zealand-based delivery mechanisms such as scholarships and deployment of New Zealand police.

Figure A.71. Tying status of New Zealand's bilateral aid, average 2008-09



StatLink http://dx.doi.org/10.1787/888932513677

Table A.19. New Zealands's humanitarian assistance, 2009

2009 TOTAL	USD 28.9 million
8.7%	OF TOTAL ODA
TOP RECIPIENTS	1. Samoa 2. Afghanistan 3. Fiji

Source: Development Initiatives data and analyses based on OECD and agency data, 2009. For some donors, information on spending channels is also available, although this dates from 2008.

New Zealand's humanitarian assistance

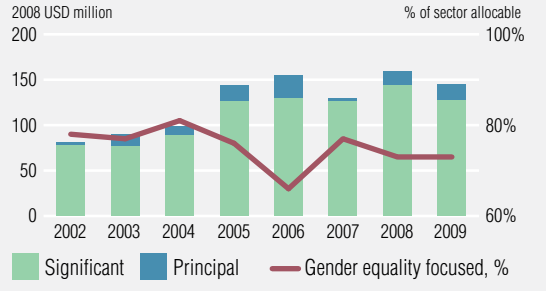
Overall, New Zealand spent USD 28.9 million on humanitarian assistance in 2009. New Zealand's humanitarian response in the Pacific is timely and effective, and the country punches above its weight in global fora and policy discussions on humanitarian action. As a donor, New Zealand is seen as a useful partner, with open discussions on key humanitarian challenges, low levels of earmarking, core funding to some UN agencies and contributions to the global CERF pooled fund, supplemented by flexible, multi-annual NGO block grants. New Zealand also provides funds to build the capacity of several Pacific Island national disaster management offices.

New Zealand's aid in support of gender equality and women's empowerment

New Zealand has defined gender equality, human rights and environment as cross-cutting issues and tries to integrate them into its aid programme and in international policy dialogue. It has developed appropriate screening tools and its systematic reporting of gender equity work shows that a high share of the programmes have gender equity as a main or significant objective.

New Zealand screens all activities against the gender marker: the gender coverage ratio in the following figure is thus 100%.

Figure A.72. New Zealand's ODA commitments in support of gender equality and women's empowerment, 2002-09

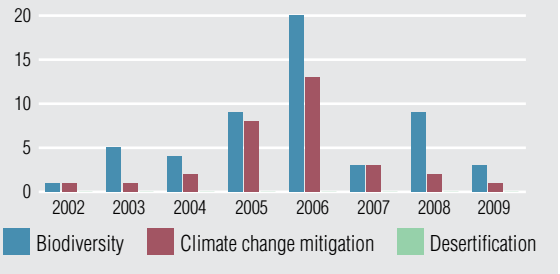


StatLink http://dx.doi.org/10.1787/888932514456

New Zealand's aid to the environment and climate change mitigation

Environment is one of New Zealand's three cross cutting issues. Given the huge range of, and potential for, natural risks in many Pacific Islands, New Zealand needs to include disaster risk management and climate change adaptation in the management life cycle of each project/programme in order to reduce vulnerability to climate change and make sure that future impacts are taken into consideration.

Figure A.73. New Zealand's ODA commitments targeted at the objectives of the Rio Conventions, 2002-08 (USD million)



Important notes on data: From 1998 onwards the DAC has monitored aid targeting the objectives of the Rio Conventions through the CRS using the "Rio markers". Data for years 1998-2006 were obtained on a trial basis; reporting became mandatory starting with 2007 flows.

StatLink http://dx.doi.org/10.1787/888932513696

Norway

In 2010, Norway achieved 1.1% in ODA/GNI, an outstanding achievement. Norway was the ninth largest donor in the world in 2010, supplying 3.5% of DAC members' total ODA. In 2010, Norway's net ODA was USD 4.58 billion, an increase of 3.6% in real terms over 2009. The increase is mainly due to increasing efforts to promote clean energy and reduce deforestation.

Norway's bilateral ODA

Norway's bilateral programmes are increasingly focused on a small set of thematic priorities that have global significance: environment and climate change, global health, clean energy, civil society, conflict prevention and peacebuilding. While Norway continues to concentrate its bilateral programme on 32 partner countries, it is shifting towards a thematic approach to these relationships.

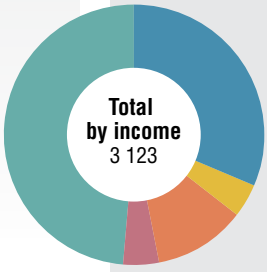
Gross bilateral ODA, 2008-09 average, unless otherwise shown

Net ODA	2008	2009	2010[P]	Change 2009/10
Current (USD m)	4 006	4 086	4 582	12.1%
Constant (2009 USD m)	3 495	4 086	4 233	3.6%
In Norwegian Kroner (million)	22 862	25 653	27 697	8.0%
ODA/GNI	0.89%	1.06%	1.10%	
Bilateral share	77%	78%	79%	

P = Preliminary data

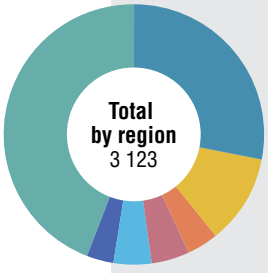
StatLink http://dx.doi.org/10.1787/888932512499

ODA by income group (USD million)



LDCs	987
Other low-income	129
Lower middle-income	357
Upper middle-income	133
Unallocated	1 517

ODA by region (USD million)



Sub-Saharan Africa	878
South and Central Asia	346
Other Asia and Oceania	128
Middle East and North Africa	148
Latin America and Caribbean	143
Europe	107
Unspecified	1 373

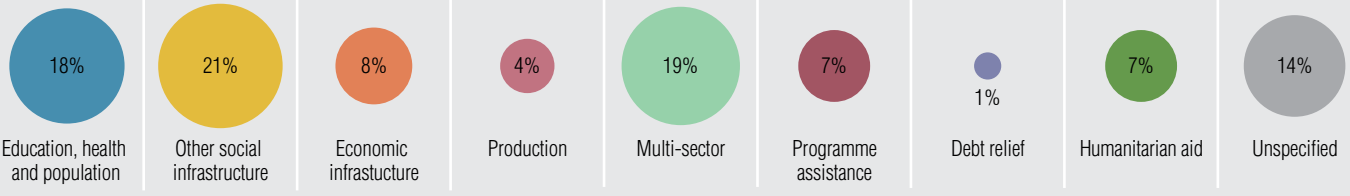
Top ten recipients of gross ODA (USD million)

1	Afghanistan	122
2	Tanzania	122
3	Palestinian Adm. Areas	108
4	Sudan	106
5	Mozambique	89
6	Uganda	71
7	Zambia	68
8	Malawi	64
9	Nepal	44
10	Somalia	39

Memo: Share of gross bilateral ODA	
Top 5 recipients	18%
Top 10 recipients	27%
Top 20 recipients	36%

TOP RECIPIENT OF GROSS ODA
AFGHANISTAN
USD 122 million

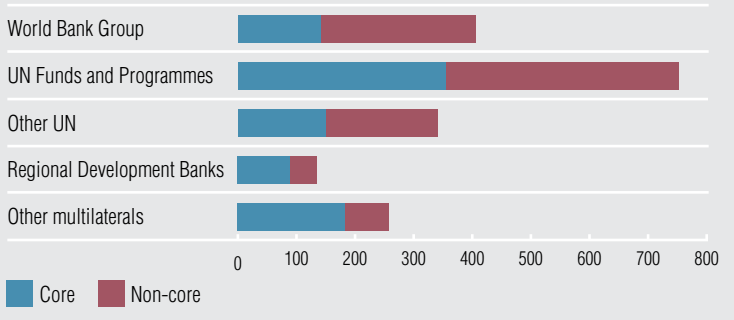
ODA by sector



Norway's core and non-core multilateral aid

In 2009, Norway provided USD 918 million in multilateral ODA ("core"), corresponding to 23% of its gross ODA. In the same year, Norway channelled an additional USD 977 million through multilateral organisations in the form of non-core contributions, for a total of USD 1.9 billion channelled to and through the multilateral system. The UN Funds and Programmes were Norway's largest recipient.

Figure A.74. Core and non-core multilateral aid of Norway, 2009 (2009 USD million)



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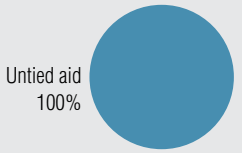
Norway's untied aid

Norway's aid is fully untied.

Figure A.75. Tying status of Norway's bilateral aid, average 2008-09



StatLink http://dx.doi.org/10.1787/888932513734

Table A.20. Norway's humanitarian assistance, 2009

2009 TOTAL	USD 426.4 million
9.2%	OF TOTAL ODA
TOP RECIPIENTS	1. Sudan 2. Afghanistan 3. Palestinian Administered Areas

Source: Development Initiatives data and analyses based on OECD and agency data, 2009. For some donors, information on spending channels is also available, although this dates from 2008.

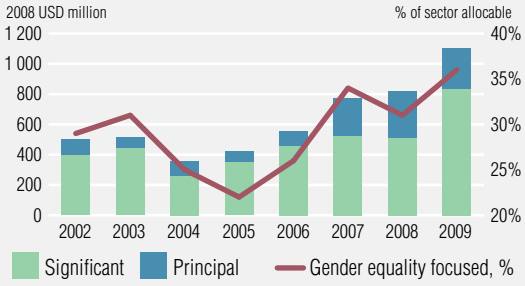
Norway's humanitarian assistance

Overall, Norway spent USD 426.4 million on humanitarian assistance in 2009. Norway's humanitarian strategy promotes a holistic approach to humanitarian affairs and continues its commitment to improving the professionalism and implementation capacity of major partners – particularly within the UN system. These commitments are backed up by channelling a significant proportion of humanitarian assistance to UN agencies and the International Red Cross and Red Crescent Movement and through support to the Central Emergency Response Fund.

Norway's aid in support of gender equality and women's empowerment

The share of sector-allocable ODA that Norway committed for activities focused on gender equality fluctuated between 28%-36% in 2002-09. The peak value of 36% was reached in 2009. Norway screens all activities against the gender marker: the gender coverage ratio in the following figure is thus 100%.

Figure A.76. Norway's ODA commitments in support of gender equality and women's empowerment, 2002-09

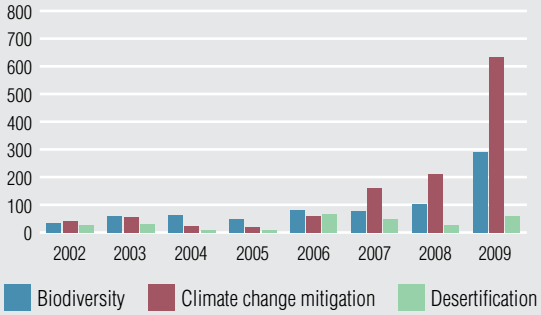


StatLink http://dx.doi.org/10.1787/888932514437

Norway's aid to the environment and climate change mitigation

Since 2005, Norway has allocated a steadily increasing proportion of its ODA to environment and climate change issues. A new White Paper presented to the Norwegian parliament in 2010 describes how the environment and development are inextricably linked and sets out a coherent environmental and development policy for the country.

Figure A.77. Norway's ODA commitments targeted at the objectives of the Rio Conventions, 2002-09 (USD million)



Important notes on data: From 1998 onwards the DAC has monitored aid targeting the objectives of the Rio Conventions through the CRS using the "Rio markers". Data for years 1998-2006 were obtained on a trial basis; reporting became mandatory starting with 2007 flows.

StatLink http://dx.doi.org/10.1787/888932513753

Portugal

In 2010, Portugal's net ODA was USD 648 million, a 31.5% increase in real terms over the 2009 ODA level. Portugal's ODA to GNI ratio in 2010 was 0.29%.

Portugal's bilateral ODA

In 2010, 61% of Portugal's ODA budget was bilateral, up from 54% in 2009. The geographic allocation of Portugal's bilateral aid is one of the most strongly focused amongst all DAC members. The majority of Portuguese bilateral ODA goes to six Lusophone countries, five in Africa and one in Asia. This distribution also means that Portugal allocates a large share of its bilateral ODA to some of the poorest countries. In recent years Portugal's "line of credit" programmes have expanded and these focus less on the six countries than Portugal's grants and technical co-operation.

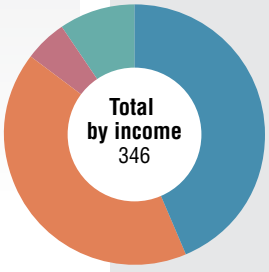
Gross bilateral ODA, 2008-09 average, unless otherwise shown

Net ODA	2008	2009	2010[P]	Change 2009/10
Current (USD m)	620	513	648	26.4%
Constant (2009 USD m)	600	513	674	31.5%
In Euro (million)	430	368	489	32.9%
ODA/GNI	0.27%	0.23%	0.29%	
Bilateral share	60%	54%	61%	

P = Preliminary data

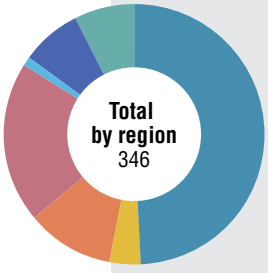
StatLink http://dx.doi.org/10.1787/888932512537

ODA by income group (USD million)



LDCs	151
Other low-income	0
Lower middle-income	145
Upper middle-income	18
Unallocated	32

ODA by region (USD million)



Sub-Saharan Africa	171
South and Central Asia	13
Other Asia and Oceania	38
Middle East and North Africa	69
Latin America and Caribbean	4
Europe	26
Unspecified	25

Top ten recipients of gross ODA (USD million)

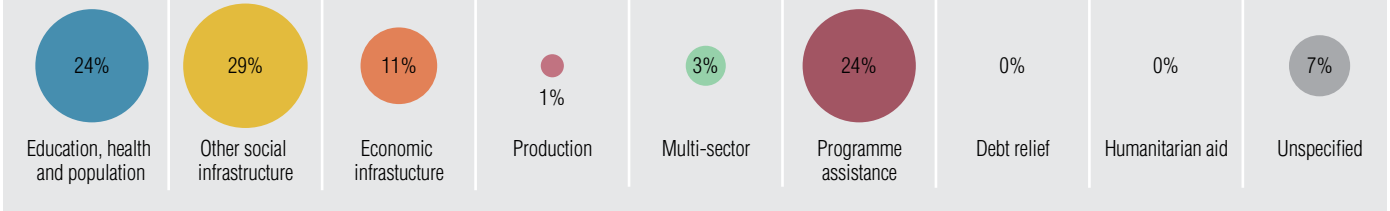
1	Cape Verde	64
2	Morocco	58
3	Mozambique	48
4	Timor-Leste	37
5	Angola	19
6	Guinea-Bissau	16
7	Sao Tome & Principe	14
8	Bosnia and Herzegovina	14
9	Afghanistan	13
10	Lebanon	10

Memo: Share of gross bilateral ODA

Top 5 recipients	65%
Top 10 recipients	84%
Top 20 recipients	90%

TOP RECIPIENT OF GROSS ODA
CAPE VERDE
USD 64 million

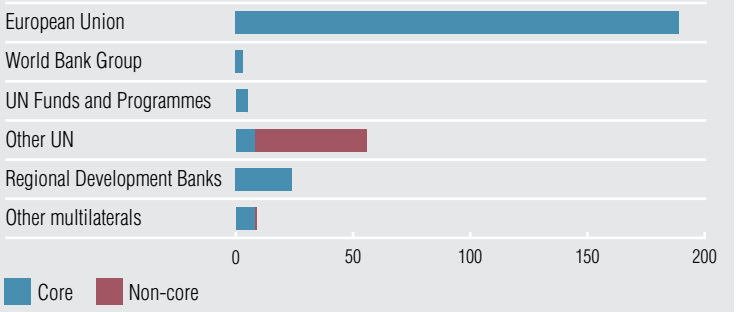
ODA by sector



Portugal's core and non-core multilateral aid

In 2009 Portugal provided USD 236 million in multilateral ODA ("core"), corresponding to 42% of its gross ODA. In the same year, Portugal channelled an additional USD 50 million through multilateral organisations in the form of non-core contributions, for a total of USD 286 million channelled to and through the multilateral system. EU institutions were the largest recipients of Portugal's multilateral ODA.

Figure A.78. Core and non-core multilateral aid of Portugal, 2009 (2009 USD million)



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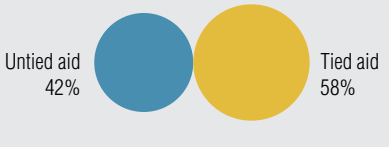
Portugal's untied aid

Over half of Portugal's aid was tied in 2008-09. Much of this is accounted for by Portugal's lines of credit programme (Box A.5).

Figure A.79. Tying status of Portugal's bilateral aid, average 2008-09



StatLink http://dx.doi.org/10.1787/888932513791

Table A.21. Portugal's humanitarian assistance, 2009

2009 TOTAL USD 24.9 million
4.7% OF TOTAL ODA
TOP RECIPIENTS 1. Lebanon 2. Cape Verde 3. Palestinian Administered Areas

Source: Development Initiatives data and analyses based on OECD and agency data, 2009. For some donors, information on spending channels is also available, although this dates from 2008.

Portugal's humanitarian assistance

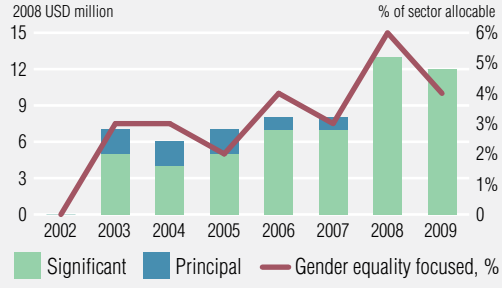
Overall, Portugal spent USD 24.9 million on humanitarian assistance in 2009. Portugal's modest levels of humanitarian assistance are mostly programmed on an ad hoc basis, although the budget can be supplemented by further appropriations in times of major crisis. Portugal has recently implemented some effective disaster response operations; lessons from those experiences could serve as useful building blocks for Portugal's future humanitarian assistance interventions, particularly in relation to inter-ministerial co-ordination and disaster preparedness.

Portugal's aid in support of gender equality and women's empowerment

The proportion of its ODA that Portugal allocates specifically to gender equality and women's empowerment is limited. In 2009, the share of sector-allocable ODA that was committed to activities focused on gender equality fell to 4%, down from 6% in the previous year.

Portugal screens all activities against the gender marker: the gender coverage ratio in the following figure is thus 100%.

Figure A.80. Portugal's ODA commitments in support of gender equality and women's empowerment, 2002-09

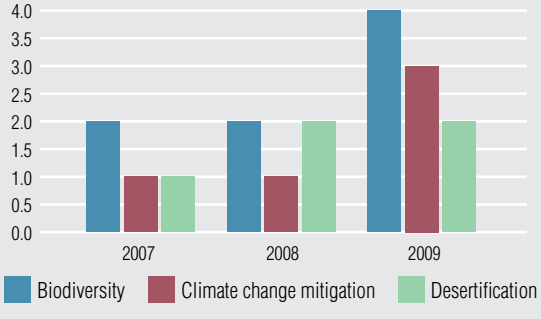


StatLink http://dx.doi.org/10.1787/888932514475

Portugal's aid to the environment and climate change mitigation

Support to environmental issues is generally only a small part of the Portuguese aid programme.

Figure A.81. Portugal's ODA commitments targeted at the objectives of the Rio Conventions, 2007-09 (USD million)



Important notes on data: From 1998 onwards the DAC has monitored aid targeting the objectives of the Rio Conventions through the CRS using the "Rio markers". Data for years 1998-2006 were obtained on a trial basis; reporting became mandatory starting with 2007 flows.

StatLink http://dx.doi.org/10.1787/888932513810

Spain

After steady ODA increases until 2009, the strong impact of the global economic crisis forced the Spanish government to make cuts in its development budget in 2010. Development assistance reached USD 5.9 billion, which meant that Spain's aid dropped by 5.9% between 2009 and 2010. Spain's ODA/GNI ratio dropped to 0.43%. Nonetheless, Spain maintains its commitment to the international target to reach 0.7% by 2015.

Spain's bilateral ODA

Spain remains focused on Latin America and the Caribbean, with 40% of its development co-operation directed to the American continent. At the same time, Spain has also been steadily increasing its focus on LDCs; particularly its programmes in sub-Saharan Africa over the past five years, with 27 % of its allocation now going to that region and further increases are likely.

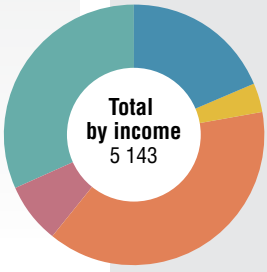
Gross bilateral ODA, 2008-09 average, unless otherwise shown

Net ODA	2008	2009	2010[P]	Change 2009/10
Current (USD m)	6 867	6 584	5 917	-10.1%
Constant (2009 USD m)	6 670	6 584	6 197	-5.9%
In Euro (million)	4 761	4 728	4 467	-5.5%
ODA/GNI	0.45%	0.46%	0.43%	
Bilateral share	70%	68%	68%	

P = Preliminary data

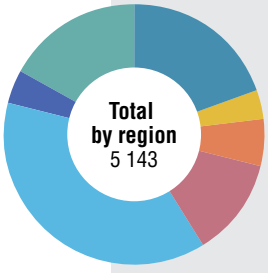
StatLink http://dx.doi.org/10.1787/888932512556

ODA by income group (USD million)



LDCs	958
Other low-income	198
Lower middle-income	1 981
Upper middle-income	389
Unallocated	1 617

ODA by region (USD million)



Sub-Saharan Africa	1 011
South and Central Asia	187
Other Asia and Oceania	289
Middle East and North Africa	628
Latin America and Caribbean	1 950
Europe	207
Unspecified	871

Top ten recipients of gross ODA (USD million)

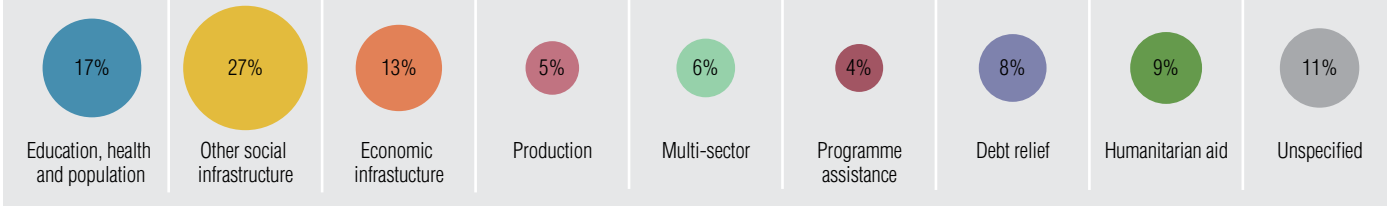
1	Guatemala	185
2	Morocco	178
3	Nicaragua	164
4	Honduras	159
5	Colombia	125
6	Peru	120
7	Turkey	115
8	El Salvador	106
9	Palestinian Adm. Areas	101
10	Bolivia	98

Memo: Share of gross bilateral ODA

Top 5 recipients	16%
Top 10 recipients	26%
Top 20 recipients	42%

TOP RECIPIENT OF GROSS ODA
GUATEMALA
USD 185 million

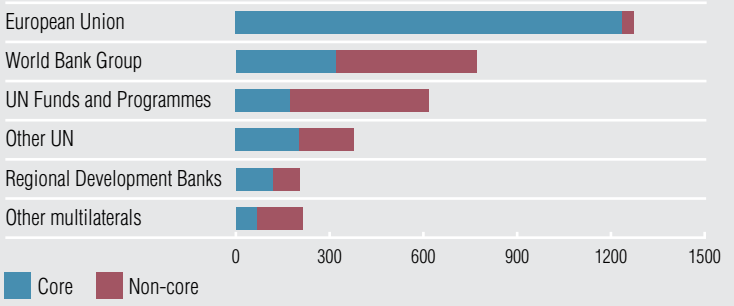
ODA by sector



Spain's core and non-core multilateral aid

In 2009, Spain provided USD 2.1 billion in multilateral ODA ("core"), corresponding to 32% of its gross ODA. In the same year, Spain channelled an additional USD 1.4 billion through multilateral organisations in the form of non-core contributions, for a total of USD 3.5 billion channelled to and through the multilateral system. EU institutions were the largest recipients of Spain's multilateral ODA.

Figure A.82. Core and non-core multilateral aid of Spain, 2009 (2009 USD million)



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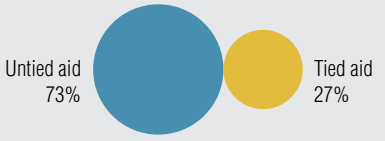
Spain's untied aid

Spain belongs among those DAC members that still have to make progress in untying goods and services for development co-operation from its own national companies. It has, however, taken concrete steps – including setting up a new, fully untied fund for development, FONPRODE – to completely untie its aid in the near future.

Figure A.83. Tying status of Spain's bilateral aid, average 2008-09



StatLink http://dx.doi.org/10.1787/888932513848

Table A.22. Spain's humanitarian assistance, 2009

2009 TOTAL	USD 649.4 million
9.7%	OF TOTAL ODA
TOP RECIPIENTS	1. Ethiopia 2. Somalia 3. Palestinian Administered Areas

Source: Development Initiatives data and analyses based on OECD and agency data, 2009. For some donors, information on spending channels is also available, although this dates from 2008.

Spain's humanitarian assistance

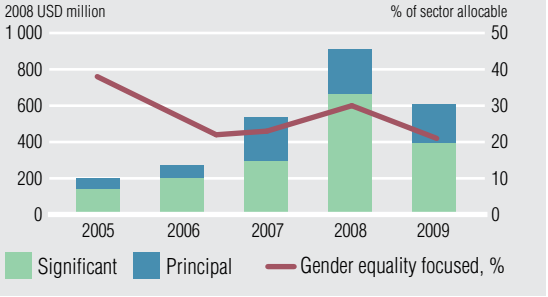
Overall, Spain spent USD 649.4 million on humanitarian assistance in 2009, of which 52% were channelled through multilaterals, 25% through EU institutions, 11% through NGOs and the remaining 12% were provided through other channels. Spain has made solid and sometimes ground-breaking progress towards reinventing and refining its significant humanitarian programme, delivering strategic and flexible assistance both directly and through partners and using a number of innovative approaches. Spain has emerged with an approach to rapid response that is innovative and effective, and is also working to encourage the use of development funding earlier in the response cycle. Spain is also committed to working in a strategic and open manner with partners, providing flexible and often multi-annual funding that is focused on delivering results, and promoting mutual accountability. It is also championing triangular co-operation with emerging donors.

Spain's aid in support of gender equality and women's empowerment

Even though gender equality is a political priority in Spanish development co-operation, the share of sector-allocable ODA that was committed in 2005-09 to activities focused on gender equality fluctuated between 21%-40%. The lowest value (21%) was recorded in 2009.

Spain does not screen all activities against the gender marker: the coverage ratio for sector-allocable activities in the following figure is 96%.

Figure A.84. Spain's ODA commitments in support of gender equality and women's empowerment, 2005-09

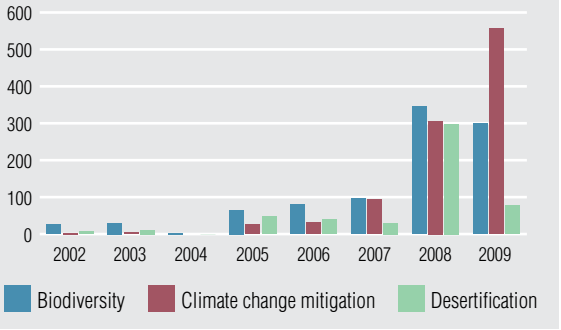


StatLink http://dx.doi.org/10.1787/888932514494

Spain's aid to the environment and climate change mitigation

One of Spain's top four priorities in development co-operation is natural resources (environment and climate change). Significant increases in Spain's financial support for environment and climate change in development co-operation since 2007 testify to this.

Figure A.85. Spain's ODA commitments targeted at the objectives of the Rio Conventions, 2002-09 (USD million)



Important notes on data: From 1998 onwards the DAC has monitored aid targeting the objectives of the Rio Conventions through the CRS using the "Rio markers". Data for years 1998-2006 were obtained on a trial basis; reporting became mandatory starting with 2007 flows.

StatLink http://dx.doi.org/10.1787/888932513886

Sweden

In all years between 2005 and 2010, Sweden has allocated more than 0.9% of GNI to ODA. In 2010 Sweden's ODA to GNI ratio was 0.97%. Swedish ODA stood at USD 4.5 billion net, a slight decline from 2009, but in real terms a decline of around 7% from 2009.

Sweden's bilateral ODA

Sweden's bilateral ODA accounts for two-thirds of its overall budget. Despite an emphasis on poverty reduction and sub-Saharan Africa in policy documents, the proportion of Swedish bilateral aid which it reports as going to sub-Saharan Africa and to least developed countries has not increased notably in the past five years. In 2008-09 Sweden reported allocating 28% of its gross bilateral aid to least developed countries and 29% to sub-Saharan Africa.

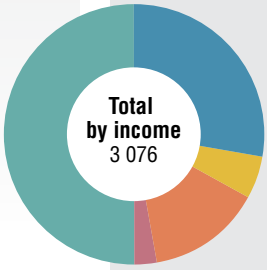
Gross bilateral ODA, 2008-09 average, unless otherwise shown

Net ODA	2008	2009	2010[P]	Change 2009/10
Current (USD m)	4 732	4 548	4 527	-0.5%
Constant (2009 USD m)	4 219	4 548	4 225	-7.1%
In Swedish Kronor (million)	31 607	34 713	32 602	-6.1%
ODA/GNI	0.98%	1.12%	0.97%	
Bilateral share	66%	66%	64%	

P = Preliminary data

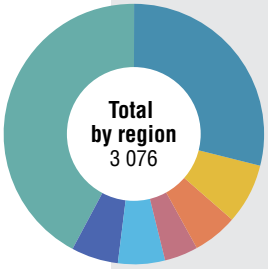
StatLink http://dx.doi.org/10.1787/888932512575

ODA by income group (USD million)



LDCs	855
Other low-income	167
Lower middle-income	436
Upper middle-income	81
Unallocated	1 536

ODA by region (USD million)



Sub-Saharan Africa	889
South and Central Asia	230
Other Asia and Oceania	172
Middle East and North Africa	130
Latin America and Caribbean	183
Europe	175
Unspecified	1 296

Top ten recipients of gross ODA (USD million)

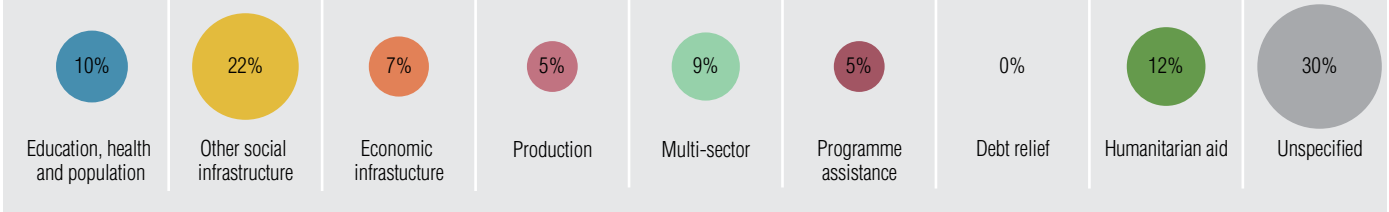
1	Tanzania	111
2	Mozambique	109
3	Afghanistan	77
4	Palestinian Adm. Areas	69
5	Kenya	66
6	Congo, Dem. Rep.	65
7	Sudan	60
8	Uganda	58
9	Ethiopia	46
10	Bangladesh	42

Memo: Share of gross bilateral ODA

Top 5 recipients	14%
Top 10 recipients	23%
Top 20 recipients	33%

TOP RECIPIENT OF GROSS ODA
TANZANIA
USD 111 million

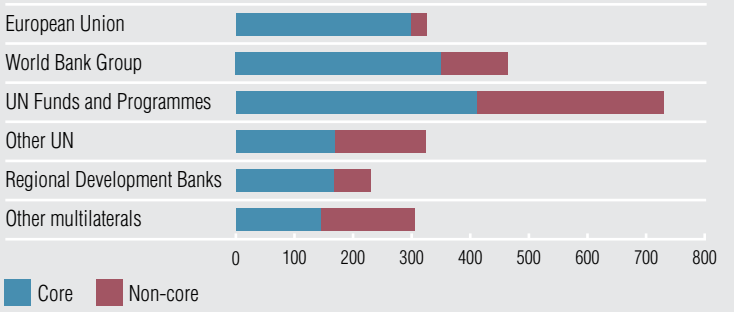
ODA by sector



Sweden's core and non-core multilateral aid

In 2009, Sweden provided USD 1.5 billion in multilateral ODA ("core"), corresponding to 34% of its gross ODA. In the same year, Sweden channelled an additional USD 838 million through multilateral organisations in the form of non-core contributions, for a total of USD 2.4 billion channelled to and through the multilateral system.

Figure A.86. Core and non-core multilateral aid of Sweden, 2009 (2009 USD million)



StatLink http://dx.doi.org/10.1787/888932513886

Sweden's untied aid

Swedish bilateral aid is fully untied.

Figure A.87. Tying status of Sweden's bilateral aid, average 2008-09

StatLink http://dx.doi.org/10.1787/888932513905

Table A.23. Sweden's humanitarian assistance, 2009

2009 TOTAL	USD 639.9 million
30.3%	OF TOTAL ODA
TOP RECIPIENTS	1. Democratic Republic of the Congo 2. Palestinian Administered Areas 3. Sudan

Source: Development Initiatives data and analyses based on OECD and agency data, 2009. For some donors, information on spending channels is also available, although this dates from 2008.

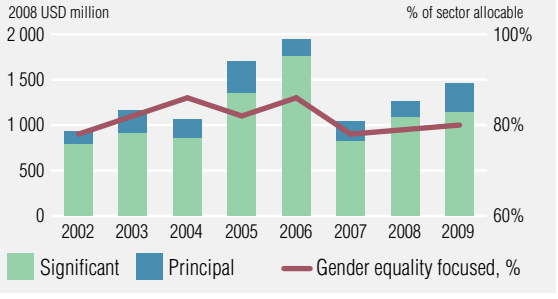
Sweden's humanitarian assistance

Overall, Sweden spent USD 639.9 million on humanitarian assistance in 2009, of which 63% were channelled through multilaterals, 24% through NGOs, 8% through EU institutions and the remaining 5% were provided through other channels. Sweden is considered to be a reliable humanitarian donor in terms of both the volume and quality of financial support. In line with Sweden's strong commitment to multilateralism, funds were primarily disbursed through UN agencies and the International Red Cross and Red Crescent Movement. Sweden is working to close the gap between humanitarian and development assistance by integrating humanitarian staff into country teams, and by offering multi-annual funding to partners. Rapid response is assured through a mechanism that prepositions funds with pre-approved response partners, backed up by the solid response capacity of the civil protection service, MSB.

Sweden's aid in support of gender equality and women's empowerment

A fairly large proportion of Swedish aid supports gender equality and women's empowerment and this reflects Sweden's prioritisation of this issue. Sweden screens all activities against the gender marker: the gender coverage ratio in the following figure is thus 100%.

Figure A.88. Sweden's ODA commitments in support of gender equality and women's empowerment, 2002-09

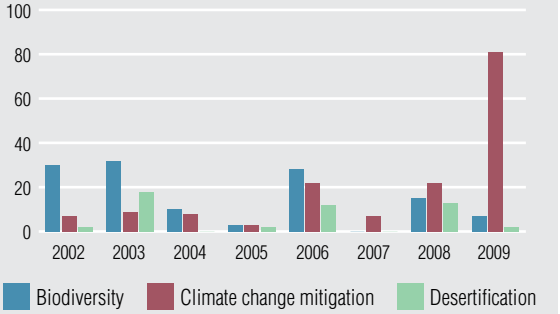


StatLink http://dx.doi.org/10.1787/888932514513

Sweden's aid to the environment and climate change mitigation

The Swedish commitment to climate change mitigation is reflected in the spike in its ODA commitments in this area in 2009 according to the Rio markers. Nevertheless, Sweden's support to two other key environmental areas, biodiversity and desertification, has decreased.

Figure A.89. Sweden's ODA commitments targeted at the objectives of the Rio Conventions, 2002-09 (USD million)



Important notes on data: From 1998 onwards the DAC has monitored aid targeting the objectives of the Rio Conventions through the CRS using the "Rio markers". Data for years 1998-2006 were obtained on a trial basis; reporting became mandatory starting with 2007 flows.

StatLink http://dx.doi.org/10.1787/888932513924

Switzerland

Switzerland's aid volume was USD 2.3 billion in 2010, a decrease of 4.5% in real terms due to the smaller amount of its debt relief. Its share of GNI allocated to official development assistance reached 0.41%, dropping from 0.45% in 2009.

Switzerland's bilateral ODA

Switzerland's gross bilateral ODA has been stable at around 75-76% of total ODA in recent years. In its financial allocations, Switzerland puts a strong emphasis on least developed countries, where 44% of gross bilateral ODA was disbursed on an annual average over the years 2008-09, and continues to honour its commitment to Africa, with 41% of bilateral aid disbursed in sub-Saharan African countries in 2008-09. While Togo and Iraq are not among Switzerland's priority partner countries, they appear in the list of top Swiss ODA recipients in 2008-09 because of exceptional debt relief in those years.

Despite its focus on social infrastructure and services, Switzerland's assistance remains thinly spread across sectors and themes.

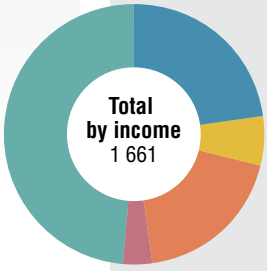
Gross bilateral ODA, 2008-09 average, unless otherwise shown

Net ODA	2008	2009	2010[P]	Change 2009/10
Current (USD m)	2 038	2 310	2 295	-0.6%
Constant (2009 USD m)	2 067	2 310	2 205	-4.5%
In Swiss Francs (million)	2 234	2 504	2 393	-4.4%
ODA/GNI	0.44%	0.45%	0.41%	
Bilateral share	76%	76%	75%	

P = Preliminary data

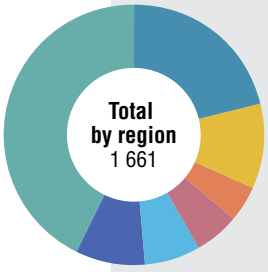
StatLink http://dx.doi.org/10.1787/888932512594

ODA by income group (USD million)



LDCs	381
Other low-income	101
Lower middle-income	313
Upper middle-income	59
Unallocated	807

ODA by region (USD million)



Sub-Saharan Africa	353
South and Central Asia	173
Other Asia and Oceania	74
Middle East and North Africa	96
Latin America and Caribbean	116
Europe	141
Unspecified	708

Top ten recipients of gross ODA (USD million)

1	Togo	80
2	Iraq	47
3	Serbia	34
4	Tanzania	27
5	Mozambique	24
6	Nepal	23
7	Vietnam	23
8	Kosovo*	22
9	Burkina Faso	22
10	Bangladesh	20

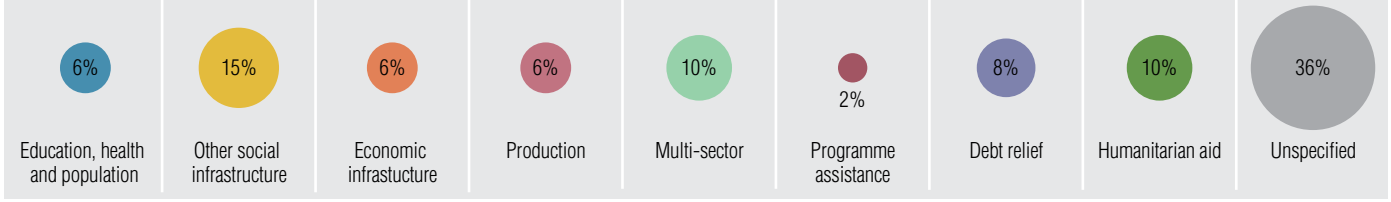
Memo: Share of gross bilateral ODA

Top 5 recipients	13%
Top 10 recipients	19%
Top 20 recipients	30%

*Gross ODA to Kosovo was 33 USD m. in 2009. Prior to 2009, Kosovo was not listed separately on the DAC List of ODA Recipients, and aid to Kosovo was recorded under aid to Serbia.

TOP RECIPIENT OF GROSS ODA
TOGO
USD 80 million

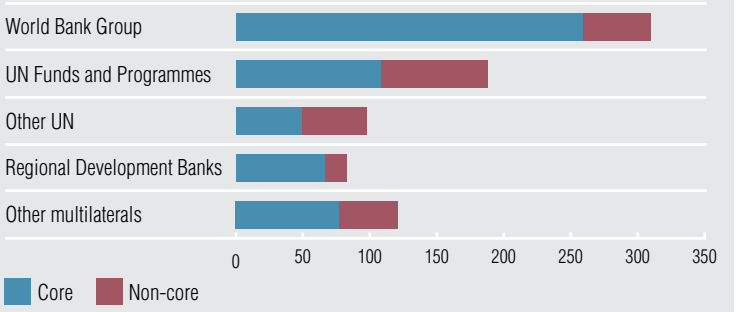
ODA by sector



Switzerland's core and non-core multilateral aid

In 2009, Switzerland provided USD 559 million in multilateral ODA ("core"), corresponding to 26% of its gross ODA. In the same year, Switzerland channelled an additional USD 246 million through multilateral organisations in the form of non-core contributions, for a total of USD 806 million channelled to and through the multilateral system. The World Bank Group was the largest recipients of Swiss multilateral ODA.

Figure A.90. Core and non-core multilateral aid of Switzerland, 2009 (2009 USD million)



StatLink http://dx.doi.org/10.1787/888932513943

Switzerland's untied aid

Switzerland's aid is almost fully untied (98%) and its aid to HIPC and LDCs is fully untied.

Figure A.93. Tying status of Switzerland's bilateral aid, average 2008-09

StatLink http://dx.doi.org/10.1787/888932513962

Table A.24. Switzerland's humanitarian assistance, 2009

2009 TOTAL	USD 183.7 million
8.7%	OF TOTAL ODA
TOP RECIPIENTS	1. Palestinian Administered Areas 2. Sudan 3. Jordan

Source: Development Initiatives data and analyses based on OECD and agency data, 2009. For some donors, information on spending channels is also available, although this dates from 2008.

Switzerland's humanitarian assistance

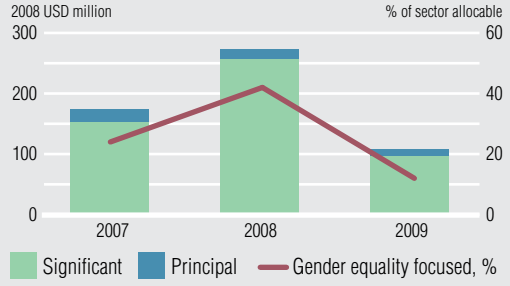
Overall, Switzerland spent USD 183.7 million on humanitarian assistance in 2009, of which 50% were channelled through NGOs, 38% through multilaterals and the remaining 12% were provided through other channels. Switzerland has adopted a holistic approach to humanitarian action that covers four key fields of activity: prevention and preparedness, emergency relief, reconstruction/rehabilitation and advocacy. Swiss humanitarian strategies, priorities and procedures are particularly immersed in the obligations of international humanitarian law, in line with its role as depository state for the Geneva Conventions. Switzerland has also played a prominent role in efforts to promote disaster risk reduction approaches in development co-operation and is working to promote recovery through useful cash-based approaches.

Switzerland's aid in support of gender equality and women's empowerment

In 2008, an evaluation of Switzerland's performance in mainstreaming gender equality pointed out that, despite progress, integration of gender equality in programming was uneven and still considered to a large extent as optional. Switzerland's response to the evaluation was a good step forward, strongly endorsing the importance of gender equality and providing clear policy direction.

Switzerland does not screen all activities against the gender marker: the coverage ratio for sector-allocable activities in the following figure is 87%.

Figure A.92. Switzerland's ODA commitments in support of gender equality and women's empowerment, 2007-09

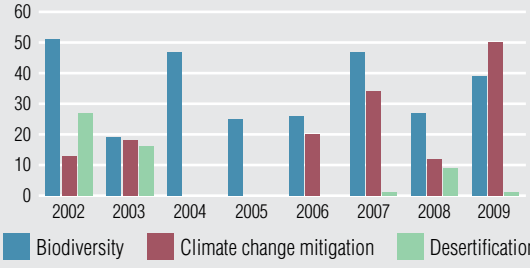


StatLink http://dx.doi.org/10.1787/888932514532

Switzerland's aid to the environment and climate change mitigation

Switzerland's commitment to the environment is rooted in the principle of sustainability as outlined in the Swiss Constitution. It has been a key concern in Swiss development co-operation since the early 1990s. According to the Rio Conventions markers, ODA commitments targeted at the objectives of the Rio Conventions fluctuated considerably in 2002-09.

Figure A.93. Switzerland's ODA commitments targeted at the objectives of the Rio Conventions, 2002-09 (USD million)



Important notes on data: From 1998 onwards the DAC has monitored aid targeting the objectives of the Rio Conventions through the CRS using the "Rio markers". Data for years 1998-2006 were obtained on a trial basis; reporting became mandatory starting with 2007 flows.

StatLink http://dx.doi.org/10.1787/888932513981

United Kingdom

The United Kingdom (UK) delivered USD 13.8 billion in net ODA in 2010. In real terms, UK net ODA increased by 14.5% in 2008-09, and by 19.4% in 2009-10. The UK's ODA was equivalent to 0.56% of GNI in 2010.

The United Kingdom's bilateral ODA

64% of the UK's ODA was provided as bilateral assistance in 2010. Although the share of UK ODA provided to low-income countries has declined slightly in recent years from a peak of 79% in 2006, the Department for International Development's (DFID) bilateral programme remains strongly focused on these countries, reflecting a continued emphasis on achieving the MDGs. This goes along with an increasing focus on fragile states, which are countries facing particular challenges in making progress towards the MDGs. Correspondingly, the sectoral distribution of the UK's bilateral ODA retains a strong MDG focus. The share of the UK's bilateral ODA allocated to social infrastructure and services has continued to grow over time.

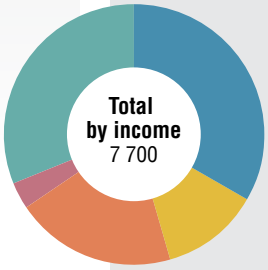
Gross bilateral ODA, 2008-09 average, unless otherwise shown

Net ODA	2008	2009	2010[P]	Change 2009/10
Current (USD m)	11 500	11 283	13 763	22.0%
Constant (2009 USD m)	10 067	11 283	13 475	19.4%
In Pounds Sterling (million)	6 356	7 223	8 912	23.4%
ODA/GNI	0.43%	0.51%	0.56%	
Bilateral share	64%	66%	64%	

P = Preliminary data

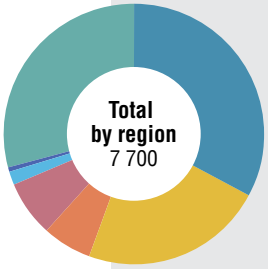
StatLink http://dx.doi.org/10.1787/888932512613

ODA by income group (USD million)



LDCs	2 581
Other low-income	938
Lower middle-income	1 532
Upper middle-income	265
Unallocated	2 383

ODA by region (USD million)



Sub-Saharan Africa	2 535
South and Central Asia	1 756
Other Asia and Oceania	465
Middle East and North Africa	531
Latin America and Caribbean	134
Europe	52
Unspecified	2 227

Top ten recipients of gross ODA (USD million)

1	India	708
2	Iraq	344
3	Afghanistan	323
4	Ethiopia	298
5	Bangladesh	251
6	Sudan	246
7	Pakistan	239
8	Tanzania	236
9	Congo, Dem. Rep.	209
10	Nigeria	202

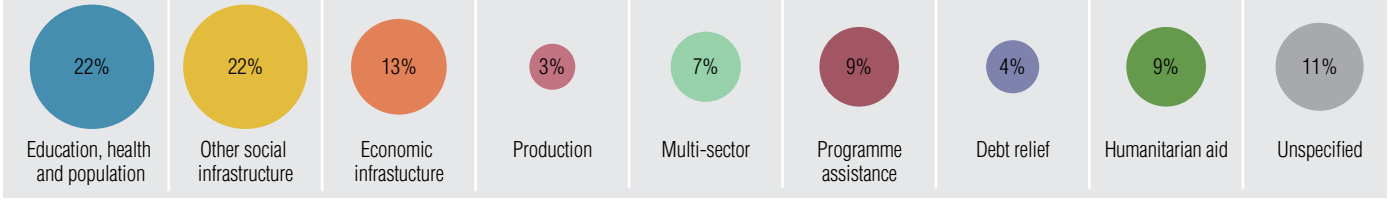
Memo: Share of gross bilateral ODA	
Top 5 recipients	25%
Top 10 recipients	40%
Top 20 recipients	55%

TOP RECIPIENT OF GROSS ODA

INDIA

USD 708 million

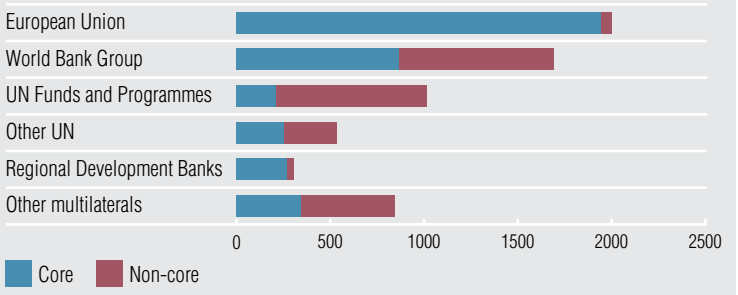
ODA by sector



The United Kingdom's core and non-core multilateral aid

In 2009, the United Kingdom provided USD 3.9 billion in multilateral ODA ("core"), corresponding to 36% of its gross ODA. In the same year, the UK channelled an additional USD 2.5 billion through multilateral organisations in the form of non-core contributions, for a total of USD 6.4 billion channelled to and through the multilateral system. The UK government concluded its Multilateral Aid Review in March 2011. The UK will continue to provide funding through multilateral organisations at levels that are appropriate to their objectives and UK ambitions.

Figure A.94. Core and non-core multilateral aid of the United Kingdom, 2009 (2009 USD million)



StatLink http://dx.doi.org/10.1787/888932514000

The United Kingdom's untied aid

The United Kingdom's aid is fully untied.

Figure A.95. Tying status of United Kingdom's bilateral aid, average 2008-09

StatLink http://dx.doi.org/10.1787/888932514019

Table A.25. The United Kingdom's humanitarian assistance in 2009

2009 TOTAL	USD 1.17 billion
8.9%	OF TOTAL ODA
TOP RECIPIENTS	1. Sudan 2. Democratic Republic of the Congo 3. Myanmar

Source: Development Initiatives data and analyses based on OECD and agency data, 2009. For some donors, information on spending channels is also available, although this dates from 2008.

The United Kingdom's humanitarian assistance

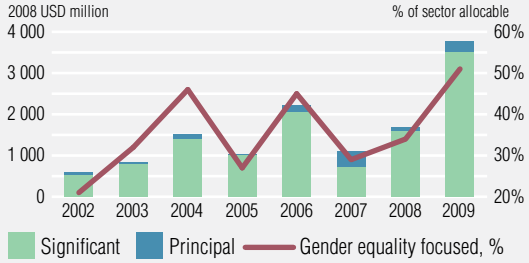
Overall, the United Kingdom spent USD 1.17 billion on humanitarian assistance in 2009, of which 44% were channelled through multilaterals, 30% through EU institutions, 17% through NGOs and the remaining 9% were provided through other channels. The UK is a prominent actor within the international humanitarian system in both policy-setting and financial terms. Nearly two-thirds of the UK's humanitarian expenditure is either un-earmarked or lightly earmarked and is often provided on a multi-annual basis, increasing predictability. The UK is considered to be a committed advocate for principled humanitarian action, with a prominent role in instigating and driving the UN humani-tarian reform agenda. The recent review of DFID's humanitarian emergency response has thrown up interesting ideas about prioritizing resilience and recovery within the humanitarian programme.

The United Kingdom's aid in support of gender equality and women's empowerment

Since 2007, the United Kingdom renewed its efforts to integrate gender equity into its programme.[7] This lead to good results with an increasing share of programmes having gender equity as a principal or significant objective. The share of sector-allocable ODA to activities with a gender focus increased in 2007-09.

The UK does not screen all activities against the gender marker. The coverage ratio for sector-allocable activities in the following figure is 83%.

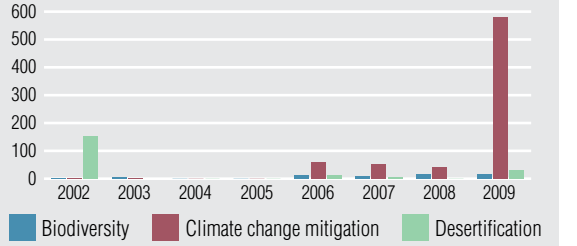
Figure A.96. The United Kingdom's ODA in support of gender equality and women's empowerment, 2002-09



The United Kingdom's aid to the environment and climate change mitigation

The UK recognises the growing importance and urgency of tackling climate change and its impact on growth and poverty reduction.[8] It has allocated GBP 2.9 billion of ODA (the International Climate Fund) in 2011-12 to 2014-15 to help developing countries adapt to the impacts of climate change, protect forests and pursue low carbon development.[9]

Figure A.97. The United Kingdom's ODA commitments targeted at the objectives of the Rio Conventions (USD million)



Important notes on data: From 1998 onwards the DAC has monitored aid targeting the objectives of the Rio Conventions through the CRS using the "Rio markers". Data for years 1998-2006 were obtained on a trial basis; reporting became mandatory starting with 2007 flows.

StatLink http://dx.doi.org/10.1787/888932514038

United States

The United States (US) provides about a quarter of global development assistance and remains by far the largest DAC donor, reaching record levels of USD 30 billion in 2010, up from USD 28.8 billion in 2009. ODA as a percentage of GNI was 0.21% in 2010.

The United States' bilateral ODA

The US spends the bulk of its aid (87%) on bilateral co-operation and still has development co-operation programmes with some 120 developing countries. The US has significantly increased its assistance to low income countries, their share rising to 55% in 2009. The US also spends a higher share of its assistance in fragile contexts than most other DAC donors. It is the largest bilateral donor for health.

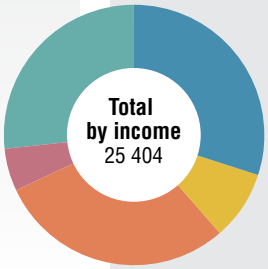
Gross bilateral ODA, 2008-09 average, unless otherwise shown

Net ODA	2008	2009	2010[P]	Change 2009/10
Current (USD m)	26 437	28 831	30 154	4.6%
Constant (2009 USD m)	26 679	28 831	29 852	3.5%
ODA/GNI	0.18%	0.21%	0.21%	
Bilateral share	90%	87%	87%	

P = Preliminary data

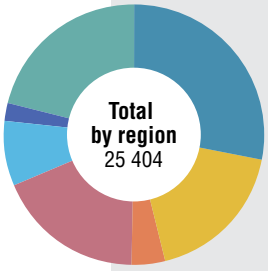
StatLink http://dx.doi.org/10.1787/888932512632

ODA by income group (USD million)



LDCs	7 672
Other low-income	2 169
Lower middle-income	7 458
Upper middle-income	1 367
Unallocated	6 738

ODA by region (USD million)



Sub-Saharan Africa	7 194
South and Central Asia	4 540
Other Asia and Oceania	1 071
Middle East and North Africa	4 652
Latin America and Caribbean	2 081
Europe	509
Unspecified	5 358

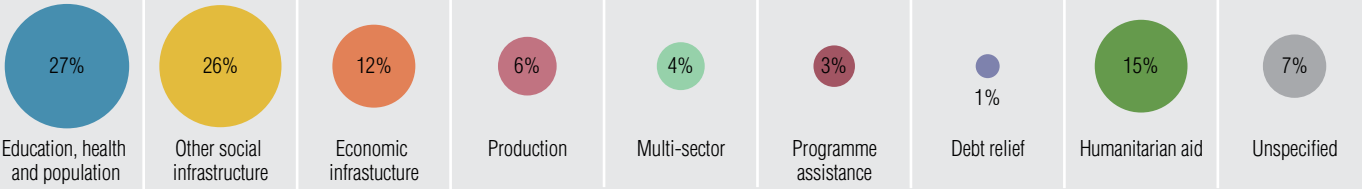
Top ten recipients of gross ODA (USD million)

1	Afghanistan	2 549
2	Iraq	2 544
3	Sudan	901
4	Ethiopia	769
5	Palestinian Adm. Areas	667
6	Colombia	645
7	Egypt	552
8	Kenya	516
9	Pakistan	484
10	South Africa	451

Memo: Share of gross bilateral ODA	
Top 5 recipients	29%
Top 10 recipients	40%
Top 20 recipients	52%

TOP RECIPIENT OF GROSS ODA
AFGHANISTAN
USD 2 549 million

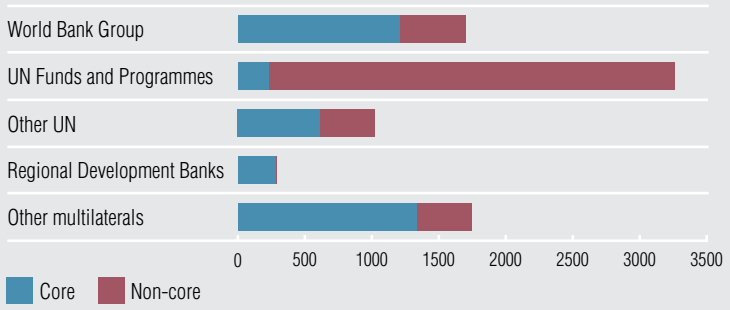
ODA by sector



The United States' core and non-core multilateral aid

In 2009 the United States provided USD 3.7 billion in multilateral ODA ("core"), corresponding to 12% of its gross ODA. In the same year, the US channelled an additional USD 4.3 billion through multilateral organisations in the form of non-core contributions, for a total of USD 8.0 billion channelled to and through the multilateral system.

Figure A.98. Core and non-core multilateral aid of the United States, 2009 (2009 USD million)



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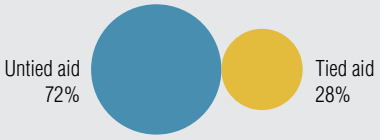
The United States' untied aid

Despite considerable progress in implementing the 2001 DAC Recommendation to Untie Aid, the US still ties over one-quarter (28%) of its aid to the delivery of US goods and services (2008-09 average).

Figure A.99. Tying status of United States' bilateral aid, average 2008-09



StatLink http://dx.doi.org/10.1787/888932514076

Table A.26. The United States' humanitarian assistance in 2009

2009 TOTAL	USD 4.32 billion
15.3%	OF TOTAL ODA
TOP RECIPIENTS	1. Sudan 2. Ethiopia 3. Somalia

Source: Development Initiatives data and analyses based on OECD and agency data, 2009. For some donors, information on spending channels is also available, although this dates from 2008.

The United States' humanitarian assistance

Overall, the United States spent USD 4.32 billion on humanitarian assistance in 2009, of which 61% were channelled through multilaterals, 28% through NGOs and the remaining 11% were provided through other channels. The US remains a responsive, flexible, rapid and generous humanitarian donor – the world's largest – with an extensive, experienced and engaged field presence, strong partnerships with the humanitarian community and an increasing global advocacy voice. Recent policy shifts provide a welcome opportunity for the US to build on existing good practice in humanitarian programming, by addressing programmatic inconsistencies and linking humanitarian and development tools across government. The US has taken promising steps to reform its emergency food aid, with local and regional procurement, cash transfers and food vouchers are now possible. Approaches to staff training could provide lessons for other donors.

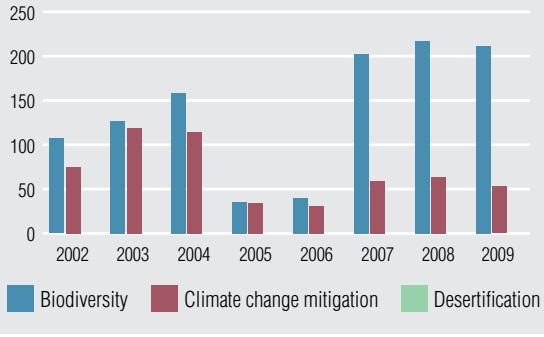
The United States' aid in support of gender equality and women's empowerment

The US is recognised as a leader in gender equality focussed aid. Nevertheless, data are not available currently.[10] The US has reviewed how it collects gender equality data and determined that for the sake of reliable and valid reporting, it will significantly modify its methods. The US anticipates that reporting on the gender equality policy marker will resume in 2011 under the new methodology.

The United States' aid to the environment and climate change mitigation

The US is highly involved in supporting environmental programmes. It has clear regulations to mainstream environment within its development co-operation and is now making progress to integrate climate change as well. Since 2007, the US has improved its reporting to the DAC using the Rio markers; this will mean it will be able to track its focus on climate change better in the future.

Figure A.100. The United States' ODA commitments targeted at the objectives of the Rio Conventions, 2002-09 (USD million)



Important notes on data: From 1998 onwards the DAC has monitored aid targeting the objectives of the Rio Conventions through the CRS using the "Rio markers". Data for years 1998-2006 were obtained on a trial basis; reporting became mandatory starting with 2007 flows.

StatLink http://dx.doi.org/10.1787/888932514095

OECD DAC peer reviews

OECD DAC peer review of Denmark

30 March 2011

Examiners: Luxembourg and New Zealand

In its 2011 peer review, the DAC commended Denmark for its long-term commitment to development co-operation, which is evident in several areas: in 2010, Denmark's ODA stood at USD 2.87 billion, or 0.90% of its GNI. Denmark has surpassed the United Nations aid target of 0.7% of GNI every year since 1978, earning its global reputation as a generous donor. Like other DAC countries, Denmark also needs to reduce its fiscal deficit and while it did not cut its aid for the coming years, Denmark announced a freeze at the 2010 nominal level for three years. Denmark is also a leader in its approach to development – working with fragile states, delivering effective humanitarian and development aid and focusing on gender equality and women's empowerment, and climate change.

Denmark made good progress on most of the recommendations in the previous 2007 DAC peer review. It is working with fragile states and advancing international approaches to understanding and managing risks. It is also refining the way Danish embassies manage aid and is working with other donors to make aid more effective. In addition, Denmark has a bold, new approach to delivering humanitarian aid and has been an international leader on climate and gender-equality issues. The DAC found that Denmark's aid is transparent and predictable, and its support to multilateral organisations is more strategic, focusing on results.

According to this peer review, Denmark's new development policy (since 2010) and organisation within the Ministry of Foreign Affairs reinforce the links between development, foreign and security policy. Nevertheless, Denmark needs to spell out how it is going to achieve the goals it has set – particularly in fragile states – to boost economies and employment, human rights, gender equality, political stability, environment and climate, as well as how it will measure the results.

Challenges and recommendations

- There is general continuity in Denmark's choice of development priorities, although the new development strategy contains little explicit focus on traditional sectors and does not outline how Denmark's commitment to aligning to partner country priorities and to division of labour will affect how it achieves its new priorities. Denmark should use the revised guidelines for programme management to clarify what the new development co-operation priorities will mean for the work of Danida, its development agency, in traditional sectors, its choice of partners for delivering aid and its approach to division of labour among donors in partner countries.
- Domestically, Denmark still needs to build on its existing inter-governmental co-ordination committees to promote policy coherence in areas that go beyond the foreign affairs mandate, as was recommended in the 2007 peer review. Denmark should strengthen institutional mechanisms for co-coordinating, promoting, arbitrating and monitoring the coherence of both domestic and European Union policies with development goals.
- In order to fine-tune its organisational set-up, the Ministry of Foreign Affairs should improve efficiency by strengthening mechanisms for decision-making, co-ordination and knowledge-sharing across the ministry's centres dealing with development, as well as with the embassies.
- Denmark has made good progress at headquarters and in-country in delivering aid more effectively. Nevertheless, Denmark needs to make sure that embassies have sufficient capacity and support from headquarters to adapt to local circumstances, particularly in fragile states, and that they favour joint approaches.

OECD DAC peer review of Germany

13 October 2010

Examiners: Australia and United Kingdom

The 2010 peer review commended Germany for its long term commitment to aid and development. Germany has been one of the world's largest bilateral donors for the past two decades, but it spent only 0.35% of its national income on official development assistance (ODA) in 2009. This is well short of its promise to raise the proportion to 0.51% by 2010 and to 0.7% by 2015. Nevertheless, Germany intends to keep its promise of increasing ODA to 0.7% of GNI by 2015.

Germany's global importance as a donor is well recognised and the review encouraged it to go further in providing strong international leadership on development issues in the future. The peer review commended Germany's leadership on issues related to climate change and development, noting that the government has integrated the issue into its development co-operation programmes and increased climate-related ODA by 40% in the past few years.

Since the last DAC peer review five years ago, Germany has made good progress in many areas of its development co-operation. It now works closely with 57 developing countries, down from 84, and plans to focus on governance, education, health, climate and environment, rural development and sustainable economic development, with an increased emphasis on the private sector. Nevertheless, Germany gave only 40% of its bilateral ODA to these countries – increasing that would maximize its development impact. Prompted by the DAC, the government has approved plans to reform its fragmented development co-operation system and it has also taken steps to improve the co-ordination of its ODA. The DAC urged Germany to go further and faster with these planned reforms to achieve greater efficiency and ensure more effective delivery of its ODA. This will strengthen Germany's contribution to meeting the Millennium Development Goals (MDGs), especially in sub-Saharan Africa.

Challenges and recommendations

- While maintaining its commitments to the MDGs, the federal government has in the last year promised a clearly recognisable change of course for Germany's development co-operation. This new vision is outlined in the Coalition Agreement of October 2009, but its practical consequences, and those of other statements made since then, remain unclear. Germany should publish a clearly-defined overarching policy for development co-operation that drives forward progress on the MDGs and poverty reduction, paying particular attention to conflict and fragility and to sub-Saharan Africa, and that further concentrates Germany's aid.
- Germany has maintained its position as a leading contributor of ODA, but progress towards its European Union commitments to increase its aid as a proportion of gross national income (GNI) has stalled. Its targets were for its ODA to be 0.51% of GNI by 2010 and 0.7% by 2015. Nevertheless, in 2009 ODA was only 0.35% of GNI, putting Germany a long way off target in its first aid volume commitment. Germany should therefore set new realistic annual ODA volume targets that form a credible pathway for achieving the 0.7% ODA/GNI target by 2015. It should also work to build cross party support for achieving the new targets and growth path and publicise them widely.
- Germany's fragmented development co operation system remains largely as it was in 2005, but it has recently embarked on a major institutional reform process to merge three technical co-operation agencies, strengthen BMZ and improve ministerial co-ordination. Germany should ensure the merger of the three agencies is implemented on schedule and is seen as a first step in the planned holistic reform of Germany's development co-operation system.
- Germany is improving its performance against all of the key Paris Declaration aid effectiveness indicators. Nevertheless, it is still weak in its use of country public financial management systems, common arrangements or procedures and joint missions. Germany should build on the progress made in implementing its aid effectiveness Plan of Operations by making greater use of partner country systems and adapting aid instruments to partner country-led programme-based approaches.

OECD DAC peer review of the Netherlands

28 September 2011

Examiners: Italy and the United States

The Netherlands is a well respected donor, both because of the volume of the aid it contributes and because of its attempts to ensure its aid is effective. At the time of the 2011 OECD DAC peer review, it was embarking on a major phase of reform to its development co-operation.

The Netherlands is one of only five DAC members to have achieved the UN target for ODA of 0.7% of national income. Since 1975, it has surpassed this target every year. In 2010, Dutch ODA was equivalent to 0.81% of its GNI. It is now in the process of decreasing its annual ODA budget, aiming to go down to 0.7% in 2015. The peer review encouraged the Netherlands to ensure it maintained its ODA to GNI ratio at no less than 0.7% in the future.

The review found that the Netherlands has made some bold choices for its development co-operation. These include shifting the focus from the social sectors towards the economic sectors, focusing ODA more tightly on four thematic areas, promoting a bigger role for the private sector and reducing the number of priority partner countries from 33 to 15.

In this context of reform, the peer review highlighted opportunities and complications. The review encouraged the Netherlands to ensure that efforts to focus Dutch aid are achieved in ways that respect the Paris Declaration principles of ownership, alignment and harmonisation. The review also noted that the reform of Dutch development co-operation gives the Netherlands an opportunity to achieve greater synergy among all of its main aid delivery channels.

In the humanitarian area, the Netherlands has taken up the challenge of improving the global humanitarian aid system – important work that now needs to be anchored in a cross-government humanitarian policy.

Challenges and recommendations

- To ensure the success of its reforms, the Netherlands should complete its policy framework for development co-operation by: *i*) setting out the principles and criteria that will drive objectives and choices for each of its main aid delivery channels; and *ii*) by making clear how it will apply its new policies to each of these channels. As part of its planned globalisation agenda, the Netherlands should put in place a programme for policy coherence for development that translates commitment into plans for action.
- To continue to make its aid more effective, the Netherlands should focus on: *i*) increasing the predictability of its support and its use of partner country systems; *ii*) improving the transparency of its plans, activities and funding decisions; and *iii*) continuing to untie its aid. It should also seize the opportunities presented by its new focus on just 15 countries to increase aid effectiveness. It should build on the existing strengths of the Dutch embassies in partner countries – notably flexibility and capacity – and ensure they have the sufficient skills and mandate to co-ordinate the full Dutch effort in those countries.
- The Netherlands should finalise its cross-government humanitarian policy, outlining clear humanitarian objectives. To support effective and efficient means of humanitarian aid delivery for each context, the Netherlands should refine its rapid-response mechanisms for sudden-onset emergencies in protracted crises, consider multi-annual funding streams and support increased delegation of authority to the field.

OECD DAC peer review of New Zealand

8 December 2010

Examiners: Austria and the European Union

New Zealand's net ODA was USD 309 million in 2009, equivalent to 0.28% of GNI. Since 2004, New Zealand has steadily increased its ODA, reaching a peak of USD 348 million in 2008. Despite strong pressure on public spending, New Zealand is committed to raising the level of ODA to USD 416 million by 2012-13. Yet New Zealand is still falling short of the internationally agreed UN target of 0.7% ODA/GNI and its funding commitments beyond 2012-13 are uncertain. The DAC encourages New Zealand to work towards increasing its ODA to 0.7% based on a clear and strategic forward spending plan with an intermediate target and a timeframe for achieving it.

While New Zealand is a comparatively small donor, it boasts an internationally recognised aid programme with a specific understanding of the unique Pacific context. It is seen as a flexible and predictable humanitarian donor. It should build on this as its aid budget grows.

This DAC peer review highlights major strategic, institutional and organisational reforms underway across New Zealand's aid programme, including the full reintegration of development co-operation into the Ministry of Foreign Affairs and Trade. This reintegration offers authorities an opportunity to strengthen the aid programme and sharpen the focus on development, both within the ministry and across government. It also offers a new opportunity to reach out to civil society and the private sector.

The report suggests that New Zealand could renew efforts to maintain development expertise and grant more authority to country offices. It is encouraged to clarify and better communicate its strategic vision, incorporating the environmental and social dimensions of sustainable economic development. It is also recommended that New Zealand maintain its strong geographic concentration in the Pacific, where it is already a key player.

Challenges and recommendations

- New Zealand should clarify the new strategic orientations of its aid programme and develop a medium-term strategy explaining the government's approach to economic development to reduce poverty, while recognising the importance of the environmental and social dimensions of sustainable development.
- To add weight to its international credibility as a development partner, New Zealand should further reduce geographic dispersion beyond the Pacific and replicate its good practice on predictability for bilateral and regional programming by making multi-year commitments to its priority multilateral partners.
- New Zealand should complete the process of organisational change to the Ministry of Foreign Affairs and Trade's. In reintegrating the aid programme, the ministry should build on its strengths while recognising its specific and related needs, in particular as regards its capacity in development expertise. The New Zealand aid programme needs to equip posts with appropriate capability, streamline its aid management systems, and clarify functions and lines of accountability if it is to continue to deliver a growing aid programme that is efficient and more effectively delegates authority to country offices.
- To further increase the effectiveness and impact of its aid, New Zealand should promote a broader understanding and dedication to aid effectiveness within the Ministry of Foreign Affairs and Trade and other government departments and set out a more systematic approach to implementation that is agreed by all relevant government departments. It should also continue to move towards greater use of partner country systems by equipping itself to handle the different accountabilities and risks associated with related modalities and ensuring appropriate training and guidance.

OECD DAC peer review of Portugal

9 November 2010

Examiners: Finland and Ireland

Portugal's ODA totalled USD 513 million in 2009, accounting for 0.23% of its GNI (provisional 2009 data). These numbers put Portugal at the bottom of DAC members' ranking in terms of aid volume (21st among 23 countries) and ODA/GNI ratio (18th). Portugal is significantly off track to achieve the global target of increasing ODA to 0.7% of GNI by 2015 and the interim target agreed within the European Union, 0.51% of GNI by 2010.

Portugal is building a clearer strategic framework for its development co-operation, where one of the main priorities is supporting progress towards the MDGs in partner countries. It is adopting a whole-of-government approach to its development co-operation. For instance, in the security sector, it is clearly looking for co-ordinating security and development interventions.

The peer review commended Portugal for its achievements in policy coherence for development. The Portuguese Council of Ministers approved a law on the matter in November 2010, aiming to *i*) confirm Portugal's commitment to ensuring that its national and international policies do not negatively affect partner countries' development; *ii*) strengthen inter-ministerial co-ordination mechanisms at political and technical levels; and *iii*) reinforce policy coherence for development (PCD) monitoring through the elaboration of a biennial whole-of-government report. Portugal has already made progress in ensuring coherence for development in the areas of security and migration.

Portugal is politically committed to the aid effectiveness agenda. Its latest generation of country strategies has facilitated greater co-ordination within the Portuguese co-operation system and alignment with partner countries' priorities. Portugal has also started participating in donor co-ordination mechanisms. Future country strategies should be more results-oriented and commit Portugal to further advance the aid effectiveness agenda.

The Portuguese Institute for Development Support (IPAD) is strengthening the quality and independence of its evaluations and increasingly using their results to reform its co-operation programmes. Nevertheless, it still needs to make progress to ensure a results-based management.

Challenges and recommendations:

- Portugal made little progress in modernising its aid modalities. It continues to channel most of its aid bilaterally (approximately 60% of gross ODA), particularly through technical co-operation to Portuguese-speaking countries (around 50% of bilateral aid). Technical co-operation is usually provided in kind and involves low financial transfers to partners. Portugal should channel future ODA increases through modalities that represent real financial flows to partner countries and use their country systems.
- Co-ordinating a fragmented development co-operation system is another important challenge. The Portuguese co-operation system involves numerous actors (all government ministries and many local governments) and is co-ordinated by IPAD. IPAD has made progress in ensuring co-ordination of Portuguese co-operation, particularly through reforming the programming process, but several constraints prevent it from fully performing its role. It has limited control over both its own and the entire development co-operation budget, insufficient human resources and little influence over the Ministry of Finance (the biggest player in Portuguese development co-operation). Portugal should review its overall business model with a view to enhancing coherence and co-ordination of its system.
- Despite some progress in implementing the aid effectiveness agenda, challenges remain. Portugal's efforts have been hampered by limited decentralisation of authority and staff to the field and by the failure to consolidate a wide array of small projects into larger programmes or situate them within partner-led programmes. For the past two years, Portugal has not been fully reporting its aid tying status to the DAC and should invest greater efforts to untie its aid to the maximum extent, as agreed in the Accra Agenda for Action.

OECD DAC peer review of the United States

23 June 2011

Examiners: Denmark and the European Union

With an aid budget of USD 30.1 billion in 2010, the United States is by far the world's largest development and humanitarian donor, providing about a quarter of global development assistance. Both Republican and Democrat administrations over the past decade have increased the aid budgets greatly. The United States has doubled its assistance to sub-Saharan Africa since 2005, as promised at the G8 Summit in Gleneagles. The United States spends a large share of its aid on humanitarian assistance (15%), while debt relief has been low over recent years. Aid consists almost exclusively of grants. The DAC encourages the United States to maintain its 2010 ODA level – the highest it has achieved – and, as its economy improves, to increase ODA so that it supports its desire to be a global leader on development.

The United States' recent renewed ambition toward global leadership on development is supported by new strategic orientations and ways to deliver development co-operation. These entail many positive aspects that include placing a policy focus on sustainable development, elevating the development pillar alongside diplomacy and defence, strengthening the whole-of-government approach, placing a new emphasis on key principles for quality aid and renewing its commitment to multilateralism. The United States is also a leader in stimulating public-private partnerships and is increasingly addressing climate change issues in its development co-operation programme.

This new dynamic, driven from the highest levels of the administration, raises high expectations among stakeholders and partners of the United States. The State Department and the United States Agency for International Development (USAID) – the lead agency for development – have taken promising steps to drive the critical reforms to implement both the 2010 presidential policy directive on global development and the quadrennial diplomacy and development review.

Challenges and recommendations

Pursuing these reforms – both as a top priority and in ways that ensure sustained progress – requires a strong commitment at all levels. Specific challenges lie in the institutional and budget fragmentation of United States development co-operation and the respective roles of the administration and Congress.

- The administration should pursue efforts to: *i*) develop and communicate widely on a government-wide strategic framework focused on development results and quality aid; *ii*) ensure that foreign aid budgets align with the strategic directions provided by the presidential policy directive and continue efforts with Congress to streamline and simplify the foreign aid budget; *iii*) strengthen USAID and broaden its mandate to promote development perspectives in policy arbitrations; and *iv*) streamline the programming and reporting processes of the 27 United States entities involved in development co-operation and develop practical guidance for their activities in a way that honours the internationally agreed principles of effective aid.
- The United States also needs to be careful about policy and operational trade-offs when dealing with geopolitical and security priorities alongside development co-operation and in the related interaction between civilians and military actors. In doing so, it should ensure that such a mix supports development and humanitarian imperatives. The United States should also continue to safeguard against the risk of discontinuing aid to those countries that are poorest and have the weakest capacities as a result of its new focus on well-performing states.
- To provide better value for money, the United States should fully untie its aid to least developed countries and heavily indebted poor countries, consistent with the 2001 DAC Recommendation as amended on 25 July 2008. Finally, it should build on its comprehensive approach to development and make use of the 2010 presidential policy directive to ensure more systematic scrutiny of the impact of United States domestic and foreign policies on developing countries.

Mid-term reviews

Since June 2010, The DAC has conducted mid-term reviews of Australia, France, Luxembourg, Norway and Sweden. These mid-term reviews are useful for: *i*) tracking changes, results and impact; *ii*) bringing momentum to members' efforts to implement the recommendations; and *iii*) for sharing experiences with other DAC members on a more frequent basis than every four to five years (the regular interval of full peer reviews). Mid-term reviews also offer opportunities to discuss recent international and national developments, and their impact on the reviewed country's aid programme.

In this regard, the economic and financial crisis continued to be a central theme in these mid-term reviews. Its severe impact on developing countries put pressure on members to maintain their aid budgets despite pressure to diminish their public spending. Australia reaffirmed its commitment to a 0.5% ODA/GNI target by 2015-16 and its 2010-11 aid budget includes a 9% increase as a step to reach this target. Luxembourg maintained its high ODA/GNI ratio, reaching 1.04% in 2009, and Norway reaffirmed its commitment to maintaining its ODA at its current level of 1% of GNI. Sweden's ODA budget has fluctuated with its gross national income, recovering in 2010 from a dip the previous year. In 2010, Swedish ODA was equivalent to 0.97% of GNI. Meanwhile, France – recognising that its commitment to reduce its fiscal deficit from 8% in 2010 to 3% in 2013 may hamper any increases in its ODA volume – called for developing further innovative finance mechanisms.

On the policy side, DAC members tend towards broadening the aid agenda and looking at all development efforts contributing to sustainable development and economic growth. Norway is placing a new emphasis on aid as a catalyst for long-term development and Sweden on involving the private sector in development efforts. Both Australia and Luxembourg have confirmed development co-operation as an important pillar for their foreign policy and have, in common with France, sustainable development as a key objective. This goes along with strengthened efforts to communicate results in order to maintain public and political support for aid in times of crisis. In Sweden, the government is prioritising a push to better demonstrate results and to increase transparency.

Mid-term reviews also illustrate DAC members' continuous efforts to deliver better aid through more effective institutional structures and systems. Australia is building a more autonomous aid agency (AusAID) and pursuing its incremental devolution process. France is consolidating its system, clarifying the mandate of the Ministry for Foreign Affairs' Steering Committee for Development Co-operation and a renewed Strategic Committee for the agency (AFD). Norway is reviewing its organisation and streamlining administrative processes. The Swedish International Development Agency (Sida) is going through a major process of change and modernisation.

Donors are also placing more emphasis on the need – and challenge – to have the right mix of staff skills (and the right staff in the right place) to deliver quality aid. Australia has implemented a workforce planning exercise while looking at ways to assign locally recruited staff with wider responsibilities. Luxembourg is responding to its staff number constraints by developing further synergies within the system and hiring external experts. Meanwhile, Sweden is working to increase the proportion of its staff based in the field, while also managing significant cuts to overall staff numbers.

The reviewed members continue to make efforts to effectively deliver aid. As their mid-term reviews show, this is particularly challenging in fragile situations. France and Australia are emphasising the need for whole-of-government approaches in such contexts, while both Norway and Sweden underline the challenge of filling posts under the harsher conditions that prevail in fragile states.

Overall, these reviews revealed a dynamic desire among the reviewed countries to adjust policies to the new international challenges, reform and look for innovation in each specific context. Good practice and lessons include:

- Australia's reinforced approach to gender "integration": a gender "champion" is included in the Executive Committee of AusAID and gender markers are included in programme design and implementation.
- France's more strategic approach to evaluation: evaluation is used as a forward-looking management tool.
- Luxembourg's new emphasis on supporting regional integration in Africa: it is providing institutional capacity development support to key regional organisations.
- Norway's progress on mainstreaming environment and climate change with tangible results: it has entered into a partnership with Indonesia to reduce greenhouse gas emissions.
- Sweden's efforts to streamline its development policy framework: previously crowded, the development policy framework makes the institutional responsibility for policy-making versus implementation much clearer.

Notes on other OECD donors

Czech Republic

In 2009, Czech net ODA reached USD 215 million, representing a decrease of 8.5% over 2008 in real terms. The ODA/GNI ratio remained stable at 0.12%. The decrease was principally due to the budget restrictions caused by the economic and financial crisis.

Bilateral aid constituted 47% of the Czech aid programme, which continued to focus on eight priority countries: Angola, Bosnia-Herzegovina, Moldova, Mongolia, Serbia, Vietnam, Yemen and Zambia. The Czech Republic also provided reconstruction assistance to Georgia and responded to crisis situations in Afghanistan and the Palestinian Administered Areas.

The ongoing transformation of the institutional set-up of Czech ODA continued in 2009. The Czech Development Agency completed its first year of existence and substantially increased project-implementation activities.

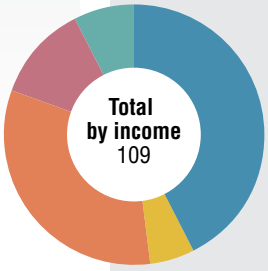
A law on international development co-operation and humanitarian aid was approved by the government and proposed for approval to the Czech Parliament. Furthermore, the Ministry of Foreign Affairs had begun preparations for a new Czech ODA strategy for the period of 2010-17.

Gross bilateral ODA, 2008-09 average, unless otherwise shown

Net ODA	2008	2009	Change 2008/09
Current (USD m)	249	215	-13.8%
Constant (2008 USD m)	249	228	-8.5%
In Koruny (million)	4 323	4 077	-5.7%
ODA/GNI	0.12%	0.12%	
Bilateral share	47%	47%	

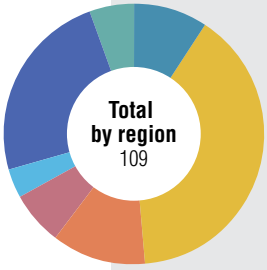
StatLink http://dx.doi.org/10.1787/888932522113

ODA by income group (USD million)



LDCs	46
Other low-income	6
Lower middle-income	35
Upper middle-income	13
Unallocated	8

ODA by region (USD million)



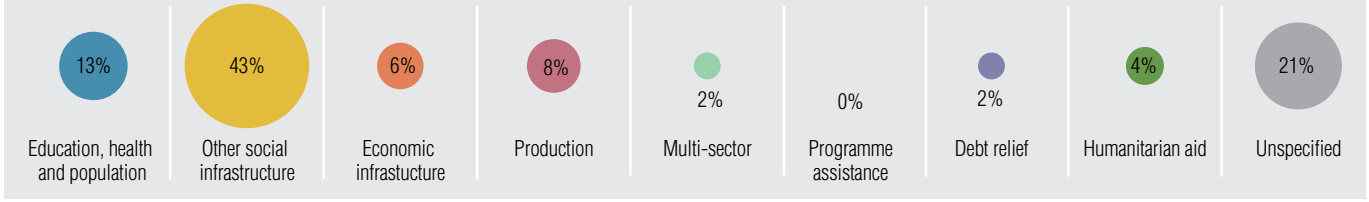
Sub-Saharan Africa	10
South and Central Asia	43
Other Asia and Oceania	13
Middle East and North Africa	7
Latin America and Caribbean	4
Europe	26
Unspecified	6

Top ten recipients of Gross ODA (USD million)

1	Afghanistan	34
2	Mongolia	6
3	Serbia	6
4	Bosnia-Herzegovina	4
5	Ukraine	4
6	Georgia	4
7	Vietnam	4
8	Palestinian Adm. Areas	3
9	Moldova	3
10	Angola	2
Memo: Share of gross bilateral ODA		
	Top 5 recipients	50%
	Top 10 recipients	65%
	Top 20 recipients	76%

TOP RECIPIENT OF GROSS ODA
AFGHANISTAN
USD 34 million

ODA by sector



Hungary

In 2009, Hungarian net ODA rose in real terms by 22.5% to reach USD 117 million, up from USD 107 million in 2008. The ODA/GNI ratio also rose from 0.08% to 0.10%.

The volume of bilateral flows nearly doubled over the previous year, while multilateral assistance decreased slightly. USD 75 million was channelled to the EU, representing 86% of Hungarian multilateral contributions.

The Hungarian aid programme is governed by a medium-term country strategy and focused on the following high-priority partner countries: Bosnia-Herzegovina, Moldova, the Palestinian Administered Areas and Vietnam. Project-based assistance was extended to sub-Saharan African countries, Cambodia, the Former Yugoslav Republic of Macedonia, Kosovo, Kyrgyzstan, Laos, Mongolia, Montenegro, Ukraine and Yemen. Hungary continues its international aid commitments in Afghanistan and Iraq.

In light of its perceived comparative advantage in these sectors, Hungary focuses its aid on political and economic transformation. Other priority sectors for Hungary include agriculture, water management programmes and education.

Iceland

In 2009, Icelandic net ODA dropped in real terms by 9.9% and amounted to USD 35 million, compared with USD 48 million the previous year. The ODA/GNI ratio also fell from 0.47% to 0.35%. Bilateral assistance amounted to USD 27 million and accounted for 76% of ODA flows.

Despite the current economic situation, development co-operation remains a key pillar of Iceland's foreign policy and the government is committed to achieving the MDGs and other internationally agreed development goals.

The Icelandic International Development Agency (ICEIDA) disbursed approximately 41% of Iceland's ODA in 2009, operating in six countries: Malawi, Mozambique, Namibia, Nicaragua, Sri Lanka and Uganda. In 2009, Iceland's embassies in Nicaragua and Sri Lanka were closed as a result of budgetary pressures.

The Directorate for International Development Co-operation of the Ministry for Foreign Affairs accounts for the remaining 59% of Iceland's ODA. This includes multilateral co-operation with UN agencies and the World Bank, humanitarian aid and support to NGOs. Participation in peacebuilding efforts and post-conflict reconstruction is carried out by the directorate's Crisis Response Unit. In 2009, this accounted for 8% of the overall ODA, with focus on Afghanistan, the Palestinian Administered Areas, the Balkans and Liberia.

Mexico

Mexico is currently not in a position to report its development cooperation data to the DAC. Nevertheless, in the past few years Mexico has built the necessary institutional capacity to start doing so in a proper and sustainable way in the near future. Firstly, Mexico´s Foreign Ministry recently established a National System of Information on International Development Co-operation with the support of the DAC, the United Nations Development Program, and the National Institute of Geography and Statistics. This system, which requires Federal Institutions to register their cooperation activities on-line and will allow the public to freely access its data base, will serve as the vehicle for reporting Mexico's cooperation to the DAC in an efficient and transparent manner. Secondly, in early 2011, the Mexican Congress adopted a Law on International Cooperation. This timely Law will enhance the legal framework and provide the necessary institutional strength to improve the management of Mexican co-operation including the proper and timely report of its activities.

Mexico's bilateral and regional development cooperation is directed mostly to Latin America and the Caribbean and takes primarily the form of technical and scientific cooperation for capacity development. In 2009, activities focused on Central American countries, notably Costa Rica, El Salvador and Guatemala. Horizontal South-South cooperation programs in South America, particularly those carried out with Chile and Colombia are in the process of consolidation. The same can be said of a number of triangular partnerships with actors such as Japan, Spain, Germany and the UNDP. Agriculture, public administration, health, environment protection, education, and science and technology, were priority areas for Mexican technical co-operation in 2009.

Poland

In 2009, Polish net ODA amounted to USD 375 million, a 23.7% increase in real terms over 2008. The ODA/GNI ratio also rose from 0.08% in 2008 to 0.09% in 2009. Bilateral aid stood at USD 92 million, representing 25% of the Polish aid effort.

As a member of the European Union, Poland channels the bulk of its aid through the EU development budget. In 2009, this accounted for nearly 96% of its multilateral aid.

Polish bilateral ODA included preferential credit disbursements to Angola, China, Montenegro and Vietnam, as well as scholarship programmes and social- and health care for refugees during the first 12 months of their residence in Poland. Humanitarian assistance was also extended to Indonesia, Kenya, Pakistan, the Palestinian Administered Areas, the Philippines and Vietnam.

The Polish development co-operation programme encourages close collaboration within the donor community, particularly the European Union and the OECD. As in the past, Polish development assistance continues to focus on enhancing and promoting democracy and good governance, human rights and sustainable development, and building civil society.

Box A.1. The DAC special review of Poland's development co-operation

Polish development assistance focuses on enhancing and promoting democracy and good governance, human rights, sustainable development and civil society, particularly among its neighbours in Eastern Europe. In 2008, Poland's ODA amounted to USD 372 million, or 0.08% of GNI. Poland has committed to increase its aid to an ODA/GNI ration of 0.33% by 2015. Poland has also committed to making its aid more effective by applying the principles of the 2005 Paris Declaration on Aid Effectiveness.

Poland asked the DAC to perform a special review of its development co-operation programme in 2009. A team of examiners representing Belgium, Canada, Turkey and the DAC visited Warsaw in January 2010, where they consulted with government officials and civil society representatives. Their review suggested that Poland should continue to align its aid with partner countries' national systems, untie its aid and improve the harmonisation of its aid with that of other donors. The review's findings were discussed by Polish stakeholders, DAC members and other emerging donors at a roundtable event in Warsaw on 17 May 2010.

Slovak Republic

In 2009, Slovak net ODA disbursements totalled USD 75 million, representing a decrease of 17.6% over the previous year. The ODA/GNI ratio also dropped from 0.10% to 0.09%. The decrease in aid was due to the economic crisis. Twenty-six percent of Slovak aid was bilateral. A contribution of USD 52 million to the EU represented 93% of the Slovak multilateral assistance effort.

In April 2009, the government approved new projects in programme countries (Afghanistan, Kenya and Serbia) and in the following priority countries: Albania, Belarus, Bosnia-Herzegovina, Ethiopia, the Former Yugoslav Republic of Macedonia, Georgia, Kazakhstan, Kyrgyz Republic, Moldova, Mongolia, Sudan, Tajikistan, Ukraine, Uzbekistan and Vietnam.

Slovak ODA addresses the MDGs by focusing on social infrastructure including healthcare and education, sustainable economic development and environment, and developing democratic institutions.

Box A.2. The DAC special review of Slovak Republic's development co-operation

At the request of the Slovak Republic's Ministry of Foreign Affairs (MFA), the OECD Development Co-operation Directorate (DCD) and representatives of the DAC from the United Kingdom and the Netherlands conducted a special review of Slovakia's international development co-operation from November 2010 to April 2011. The review's main objective was to contribute good practice and lessons learned to the Slovak authorities' internal dialogue on the reform of their foreign assistance. The report of the special review was launched by the government in Bratislava in October 2011, and was discussed by the DAC at its meeting on 3 November 2011. The DAC welcomed the special review as an opportunity to learn from the unique perspectives and expertise of providers of development co-operation beyond its members.

The special review concludes that the Slovak Republic put in place many of the legislative, strategic and institutional building blocks for its development co-operation. Slovakia now has scope to strengthen its development co-operation system so that it can achieve its development objectives more efficiently, effectively and transparently for the benefit of poor people in its partner countries. Slovakia's development co-operation faces several challenges, but the review considers that solutions are available. In responding to these challenges Slovakia should focus on:

i) strengthening the leadership of its development co-operation, particularly the key role played by the Ministry of Foreign Affairs

ii) increasing the visibility of its entire development co-operation within Slovakia

iii) improving the delivery of its ODA.

Turkey

In 2009, Turkish net ODA reached USD 707 million, representing a slight 0.6% increase over 2008 in real terms. The ODA/GNI ratio remained stable at 0.11%.

Bilateral assistance amounted to USD 665 million and accounted for 94% of the Turkish aid effort. The bulk of bilateral assistance was delivered as project- and programme aid, technical assistance and involvement in post-conflict peacebuilding operations and humanitarian aid.

Geographically, over 50% of Turkish bilateral ODA is directed towards South and Central Asia. Afghanistan, which received over USD 96 million in aid, continued as the principal recipient of bilateral ODA. Bosnia-Herzegovina, Iraq, Kazakhstan, the Kyrgyz Republic and the Palestinian Administered Areas are also noted as other major development partners.

Turkey is committed to share its experience that it has accumulated throughout its own development process with its partners especially in the form of TC. Cost-effectiveness due to low administrative costs can be considered as the main comparative advantage of these TC activities aiming at institutional development and the improvement of human resources in partner countries.

The Turkish International Co-operation and Development Agency (TIKA) is the principal body responsible for the administration of Turkish aid. TIKA is an autonomous technical co-operation organisation under the Prime Ministry. Its main function is to establish a bridge between development partners' needs and experience possessed by relevant Turkish ministries/agencies

Gross bilateral ODA, 2008-09 average, unless otherwise shown

Net ODA	2008	2009	Change 2008/09
Current (USD m)	780	707	-9.4%
Constant (2008 USD m)	780	785	0.6%
In Liras (billion)	1 021	1 093	7.1%
ODA/GNI	0.11%	0.11%	
Bilateral share	94%	94%	

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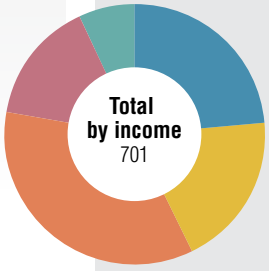
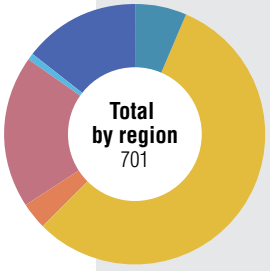
ODA by income group (USD million)



LDCs	166
Other low-income	134
Lower middle-income	246
Upper middle-income	107
Unallocated	48

ODA by region (USD million)



Sub-Saharan Africa	45
South and Central Asia	394
Other Asia and Oceania	22
Middle East and North Africa	133
Latin America and Caribbean	5
Europe	101
Unspecified	0

Top ten recipients of gross ODA (USD million)

1	Afghanistan	119
2	Kazakhstan	62
3	Kyrgyz Republic	60
4	Pakistan	57
5	Iraq	50
6	Palestinian Adm. Areas	34
7	Azerbaijan	31
8	Bosnia-Herzegovina	24
9	Lebanon	19
10	Serbia	17
Memo: Share of gross bilateral ODA		
	Top 5 recipients	50%
	Top 10 recipients	68%
	Top 20 recipients	82%

TOP RECIPIENT OF GROSS ODA
AFGHANISTAN
USD 119 million

ODA by sector

34%	14%	7%	2%	1%	0%	0%	6%	35%
Education, health and population	Other social infrastructure	Economic infrastucture	Production	Multi-sector	Programme assistance	Debt relief	Humanitarian aid	Unspecified

New OECD members

In 2010, the OECD's membership expanded to include four new countries (dates of accession are shown in parentheses); Chile (7 May 2010), Estonia (9 December 2010), Israel (7 September 2010) and Slovenia (21 July 2010). In 2009, Estonia's net ODA was USD 18.4 million, of which 80% was multilateral ODA. Israel's[11] total net ODA stood at USD 123.9 million in 2009, with the majority (87%) delivered bilaterally. Of this, USD 35.4 million (or 33%) was allocated for first-year sustenance expenses for people arriving in Israel from developing countries (many of which are experiencing civil war or severe unrest) or those who have left their home countries for humanitarian or political reasons. In 2009, Slovenia's total net ODA was USD 71.3 million, of which 65% was multilateral ODA, mostly going to the European Union Institutions. Estonia and Israel have reported their ODA flows to the DAC since the 1990s and Slovenia began reporting its flows in 2005. Nevertheless, at this time, Chile does not report its aid flows to the DAC.

Several countries beyond the OECD's membership have long played an important role in development co-operation and many of them are increasing the volumes of concessional development finance delivered to developing countries. The OECD DAC recognises and welcomes the role of countries beyond its membership in the international development co-operation landscape. It is committed to engage with these countries in a common effort to reduce poverty, promote sustainable economic growth and respond to global development challenges.

As the authoritative source on development co-operation statistics, the DAC is working to develop a more comprehensive picture of global aid flows that includes information on all providers of development co-operation. The DAC hopes that all countries with significant development co-operation programmes will begin providing information on their financial flows in the near future. This will not only allow them to receive recognition for their important efforts, but will also help to foster more informed decision-making among donors and partner countries alike. Twenty non-DAC countries already report their ODA statistics to the DAC.

Notes on non-OECD providers of development co-operation

This section provides information on the volumes and key features of the development co-operation programmes of 16 countries that are not members of the OECD. Eleven officially report their ODA flows to the DAC: Chinese Taipei, Cyprus,[12] Kuwait, Latvia, Liechtenstein, Lithuania, Malta, Romania, Saudi Arabia, Thailand and the United Arab Emirates (UAE). Brazil, Russia, India, China and South Africa (BRICS) do not report their data but have been making important contributions to international development co-operation for many years.[13]

Development co-operation flows from the 16 non-OECD countries were a small but increasingly important proportion of total ODA flows in 2009. Together, these countries provided an estimated USD 9.3 billion in gross development assistance in 2009, or 6.4% of total gross ODA flows. Some of these countries' flows exceeded the contributions made by some DAC members. This is notably the case for Saudi Arabia (USD 3.2 billion in gross ODA), China (USD 1.9 billion in gross ODA) and the United Arab Emirates (UAE) (more than USD 1.0 billion in gross ODA) (Figure A.101).

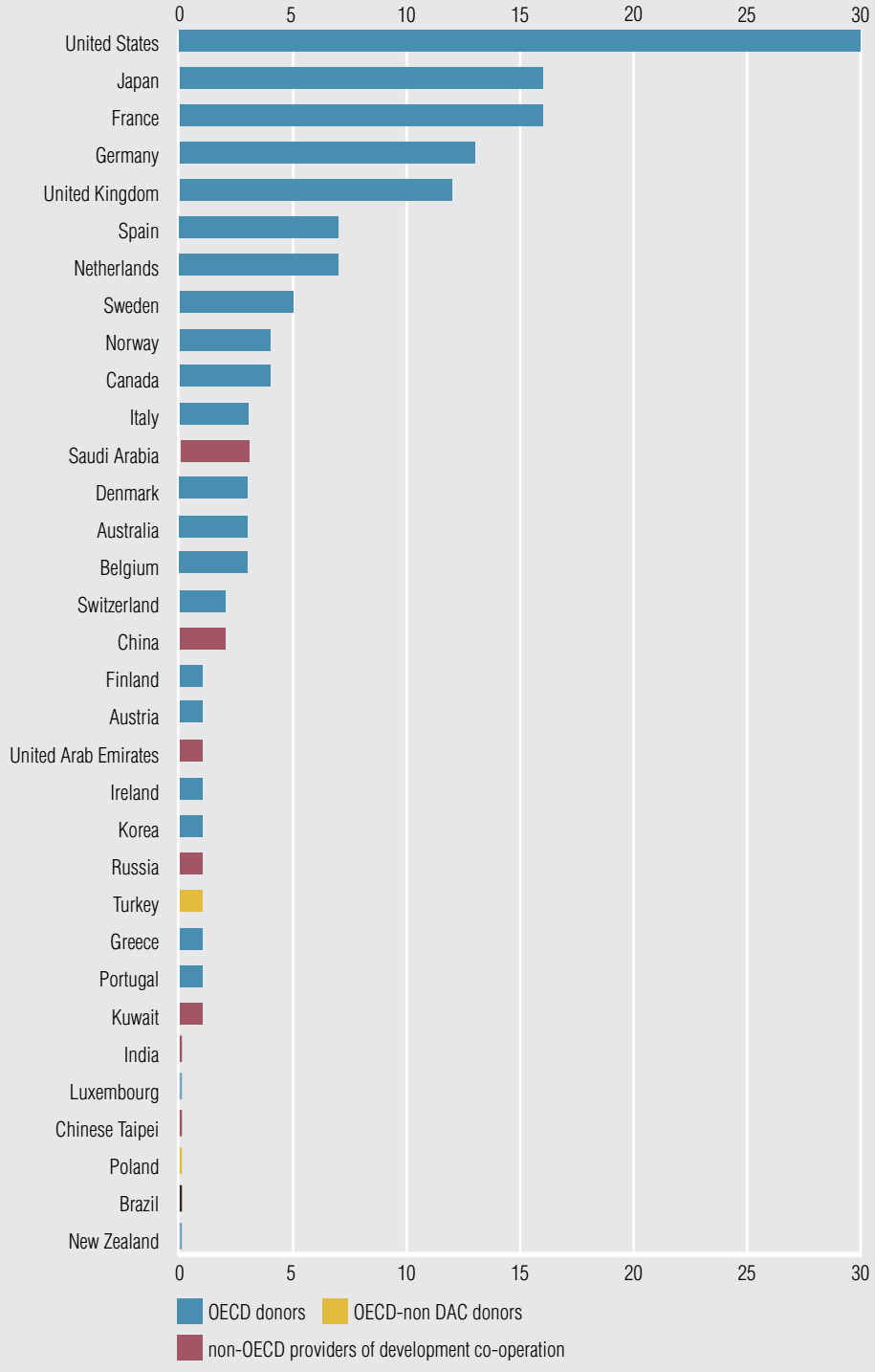
Several Middle Eastern countries have been engaged in development co-operation for many decades and have sophisticated mechanisms for co-ordinating and harmonising their efforts, notably through the Arab Co-ordination Group (ACG). In three recent meetings (Kuwait in May 2009, Vienna in April 2010, and London in July 2011), members of the ACG and the DAC expressed strong interest in learning from each other. Besides agreeing to exchange information on their respective assistance programmes, they agreed to collaborate in several priority areas, including: supporting partner countries in strengthening food security; helping improve the supply of adequate, accessible, low-cost energy for the poor; addressing the climate change impacts of traditional energy sources; and providing more co-ordinated support to Yemen in its efforts to implement reforms.

Three of the Gulf region's largest donors report their ODA data to the DAC: Kuwait, Saudi Arabia and the UAE. Most of their aid is distributed bilaterally and focused on sectors such as infrastructure, energy and agriculture. Development assistance has been an important instrument to demonstrate solidarity among Arab countries, helping to support and stabilise states in situations of conflict and fragility in the region. In 2009, Saudi Arabia remained the largest donor outside the DAC, providing USD 3.2 billion in gross ODA. Nevertheless, this figure represents a 42% decrease in comparison to the previous year, when Saudi Arabia disbursed USD 5.1 billion. Kuwait also reduced its development assistance flows in 2009, providing USD 527.7 million in gross ODA, down from USD 663.4 million in 2008. The UAE reported total gross ODA of USD 1.0 billion in 2009. In 2010, the UAE provided, for the first time, whole-of-government reporting of its aid flows at the activity level to the DAC, making it the first country outside the DAC's membership to report in such detail (Smith 2011a).

ODA performance of European Union members who are not members of the OECD varied in 2009. On the one hand, Romania and Cyprus[14] increased gross aid disbursements: Romania achieved USD 152.5 million in 2009, up from USD 122.9 million in 2008, and Cyprus[15] provided USD 45.4 million, up from USD 37.4 million in 2008. On the other hand, Lithuania's gross ODA fell to USD 36.2 million, down from USD 47.9 million in the previous year. Latvia's ODA flows also decreased, but slightly: USD 21.0 million in 2009 against USD 21.9 million in 2008. Malta reported its ODA flows to the DAC for the first time in 2009: USD 13.7 million in gross ODA. Given their limited capacity to deliver bilateral aid programmes in the field, these EU countries tend to channel most of their aid through multilateral organisations, notably the European Union Institutions and the UN system.

Chinese Taipei, Thailand and Liechtenstein also report their ODA statistics to the DAC. Two of them reduced their aid flows in 2009: Chinese Taipei disbursed USD 411.4 million in gross ODA, down from USD 435.2 million in 2008; Thailand provided USD 40.2 million, a major decrease from USD 178.5 million in 2008. Liechtenstein increased its gross ODA contributions, achieving USD 26.3 million in ODA, up from USD 23.3 million in the previous year. These three countries provide most of their development assistance bilaterally: 98% of Chinese Taipei's ODA, 86% of Thailand's ODA and 80% of Liechtenstein's ODA are bilateral.

Figure A.101. Donors' gross ODA in 2009 (Current USD billion)



Source: OECD DAC Statistics plus estimates for Brazil, China, India and Russia as reported by Zimmermann and Smith 2011.

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Besides the countries reporting their statistics to the DAC, the DAC also estimated the development co-operation flows provided from Brazil, China, India, Russia and South Africa in 2009.

According to a recent study conducted by the Brazilian government, Brazil's development co-operation reached USD 362.2 million in 2009, up from USD 336.8 million in 2008 (IPEA and ABC 2010). These figures only cover grants provided by the federal government and do not include loans (interest-free and concessional), debt relief or co-operation provided by state and local governments. Therefore, the volume of Brazilian development co-operation is probably higher than the authorities estimate. According to the government's report, more than 68% of Brazil's development co-operation was provided to multilateral organisations in 2009, while 13.5% was delivered via technical co-operation, 12% for support to humanitarian assistance and 6% for scholarships to foreign students in Brazil (IPEA and ABC 2010). The Brazilian Development Bank (BNDES) has been scaling up its efforts to stimulate trade and domestic growth in Brazil by providing loans to developing countries; however, their degree of concessionality is unclear (Zimmermann and Smith, 2011). Once focused on its Latin American neighbours and Portuguese-speaking countries, Brazil's development co-operation is increasingly reaching out to other African partners such as Ghana.

In its recent White Paper "China's Foreign Aid", the Chinese government stated that it provided approximately USD 38.5 billion (RMB 256.3 billion) in foreign assistance from 1950 to 2009 (GoC 2011). This figure includes grants (41%), interest-free loans (30%) and subsidies for concessional loans (29%). In 2009, China's development co-operation was USD 1.9 billion, according to the 2010 Expenditure Budget for Central Level Government (GoC 2010), up from USD 1.8 billion in 2008. Nevertheless, this estimation excludes the capital of concessional loans and debt relief. If these were included, Chinese aid assistance could achieve USD 3 billion (Zimmermann and Smith 2011). According to the government, China directed 63% of its development assistance to low-income countries in 2009 (GoC 2011). In the same year, Chinese aid was concentrated to countries in Africa (45.7%) and Asia (32.8%), but Latin American and the Caribbean (12.7%), Oceania (4%), Europe (0.3%) and other countries (4.5%) also received a share of its development assistance. The government's priority sectors include agriculture, industry, economic infrastructure, public facilities, education and health. Recently, the Chinese government has been paying increasing attention to helping other developing countries fight climate change (GoC 2011).

According to the annual report of the Indian Ministry of External Affairs, the country's aid and loan programme amounted to USD 488.0 million in the 2009-10 fiscal year, down from USD 609.5 million in 2008-099 (GoI 2010). The Department of Economic Affairs of the Ministry of Finance administers India's development assistance and oversees the lending programme of the Export Import (EXIM) Bank. As of 25 May 2011, India's EXIM Bank reports 140 operative lines of credit, most of which finance specific infrastructure projects in developing countries delivered by Indian companies in sectors such as electricity, energy, irrigation and transport (Indian EXIM Bank 2011). The Technical and Economic Co-operation Division of the Ministry of External Affairs is in charge of technical co-operation. Through its International Technical and Economic Co-operation (ITEC) programme, India trains thousands of individuals from more than 150 countries every year, in areas as diverse as information technology, education and enterprise development (GoI 2010). India channels most of its development co-operation budget to its neighbour countries, including Bhutan, Bangladesh, Nepal, Sri Lanka, Myanmar and the Maldives. Nevertheless, Africa is attracting increasing volumes of Indian development assistance. At the first India-Africa Forum Summit in 2008, India pledged to provide USD 5.4 billion in loans and USD 500 million in grants to African countries over the five to six ensuing years (Zimmermann and Smith 2011).

Russian authorities estimate that aid disbursements reached USD 785.0 million in 2009, a significant increase from USD 220.0 million in 2008 and USD 100.0 million in 2004 (GoR 2010). Much of Russia's aid is provided through multilateral channels, including the Eurasian Economic Community, the World Bank, the UN system and major global initiatives and special-purpose funds. Russia's main partner countries are the members of the Commonwealth of Independent States (CIS), followed by countries in the Asia-Pacific region and sub-Saharan Africa. Health is a priority sector, but Russia also invests in other sectors such as food security, energy, education and regional integration (GoR 2010). Russia has declared that it intends to begin reporting aid to the DAC once it has the necessary capacity to do so.

South Africa's development co-operation flows decreased to USD 108.7 million in the 2009-10 fiscal year, down from USD 112.6 million in 2008-09 (South African National Treasury 2010). Its bilateral co-operation is mainly channelled through the African Renaissance and International Co-operation Fund, which has grown from under USD 7 million in 2003 to almost USD 40 million in 2008-09. South Africa announced the establishment of a new development co-operation agency in 2011, the South African Development Partnership Agency which will subsume the Renaissance Fund and improve co-ordination of different development co-operation activities and instruments (Ramachandran 2011). South Africa prioritises assistance to countries in its region. It is estimated that around 70% of South African aid is channelled to countries in the South African Development Community (Zimmermann and Smith 2011).

In addition to the bilateral donors mentioned above, private donors also deliver significant amounts of concessional financing for development. For the first time in 2010, DAC statistics included outflows from one the world's largest private foundations, the Bill and Melinda Gates Foundation (Smith 2011b).

In 2009, the Bill and Melinda Gates Foundation disbursed USD 1.8 billion in grants to improve health in developing countries, including support for vaccines, polio, HIV/AIDS, malaria, pneumonia, tuberculosis (TB), diarrheal diseases, other infectious diseases, family planning, nutrition, and maternal, newborn and child health. This made the Gates Foundation the third largest international donor of aid to health after the United States and the Global Fund to Fight AIDS, Tuberculosis and Malaria. Many of the Gates Foundation's expenditures on global health are focused on research and development of vaccines, drugs and diagnostics, the benefits of which could be shared globally. Thus, 50% of its global health spending in 2009 were made at the global or regional level and not allocated to one single country. Nevertheless, the Gates Foundation also invests on improving access to proven tools for addressing health problems with major impact in developing countries. Through this work, most contributions were made to African and Asian countries, which received 34% and 15% of the Gates Foundation's global health spending in 2009.

Notes

1. These projections were published in the *Development Co-operation Report* 2005 (Table 1.1).
2. Country programmable aid (CPA) is a core subset of official development assistance (ODA) and excludes non-programmable items such as humanitarian aid, debt relief and in-donor costs like administrative costs and refugees in donor countries.
3. In the case of the United States, gender equality- focused aid is not comparable with that reported by other donors. The United States has reviewed how it collects gender marker data and determined that for the sake of reliable and valid reporting, it will significantly modify methods.
4. The share of gender-focused aid in total ODA commitments is calculated on the basis of sector-allocable aid that has been screened against the gender marker. When analysing these figures, it is necessary to take into account the fact that donors started progressively reporting on the marker. The total donor historic figure takes into account this irregular inclusion of donors and the increasing volume of aid screened.
5. Official reporting on the Rio markers on environment started in 2007.
6. In order to calculate DAC donor humanitarian aid expenditure, Global Humanitarian Assistance (GHA) calculations add: *i*) humanitarian aid as reported in DAC1 Official and Private Flows, Memo: Humanitarian Aid (net disbursements); *ii*) total ODA disbursements to the United Nations High Commission for Refugees (UNHCR), United Nations Relief and Works Agency (UNRWA) and the World Food Programme (WFP), as recipients, reported in DAC2a ODA Disbursements. GHA calculations do not include all ODA to WFP, but applies a percentage in order to take into account that not all WFP expenditure will be "humanitarian". Humanitarian aid reported to the United Nations Children's Fund (UNICEF), United Nations Population Fund (UNFPA), United Nations Development Programme (UNDP) and "other UN" in DAC2a tables is also included in GHA calculations. For further information, refer to: *www.globalhumanitarianassistance.org/data-guides/calculations-methodologies.*
7. In 2011, DFID launched its new Strategic Vision for Girls and Women. It sets out four pillars for greater and more effective action, with the aim that girls' and women's lives are significantly improved and sustainably transformed.
8. The UK is also committed to mainstreaming climate change across the whole bilateral and multilateral programme. This effort is being driven by a Director General and championed across the organisation by senior staff. The UK continues to support wider environmental work, for example through its support to the Global Environment Facility.
9. This represents almost a 50% increase over the four year period with the share of UK ODA allocated to international climate finance rising to 7.5% by 2014-15. This allocation fully funds the UK's international commitment to deliver GBP 1.5 billion of `Fast Start' finance from 2010 to 2012. The International Climate Fund will support both multilateral and bilateral UK spending and will aim for a balanced allocation between adaptation (50%), low carbon development (30% and forestry (20%). This split will be kept under review.
10. In the case of the United States, the gender marker was assigned based on a text search through project descriptions (using terms such as "girl" or "woman"); resulting data on gender equality-focused aid is not comparable with those reported by other donors. The United States has reviewed how it collects gender marker data and determined that for the sake of reliable and valid reporting, it will significantly modify methods.

11. 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.
12. *i*) Footnote by Turkey: "The information in this document with reference to 'Cyprus' relates to the southern part of the Island. There is no single authority representing both Turkish and Greek Cypriot people on the Island. Turkey recognises the Turkish Republic of Northern Cyprus (TRNC). Until a lasting and equitable solution is found within the context of the United Nations, Turkey shall preserve its position concerning the 'Cyprus issue'." *ii*) Footnote by all the European Union member states of the OECD and the European Commission: "The Republic of Cyprus is recognised by all members of the United Nations with the exception of Turkey. The information in this document relates to the area under the effective control of the Government of the Republic of Cyprus."
13. The figures in this section are presented on a gross disbursement basis to make them more comparable with the estimates of the development co-operation efforts of Brazil, Russia, India and China and South Africa, for which data on loan repayments are not available.
14. See footnote 12.
15. See footnote 12.

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Annex B:
Trends in development co-operation, 1960-2010

Figures and tables by theme

Resource flows

Multilateral aid

Sector aid

Qualitative aspects of ODA

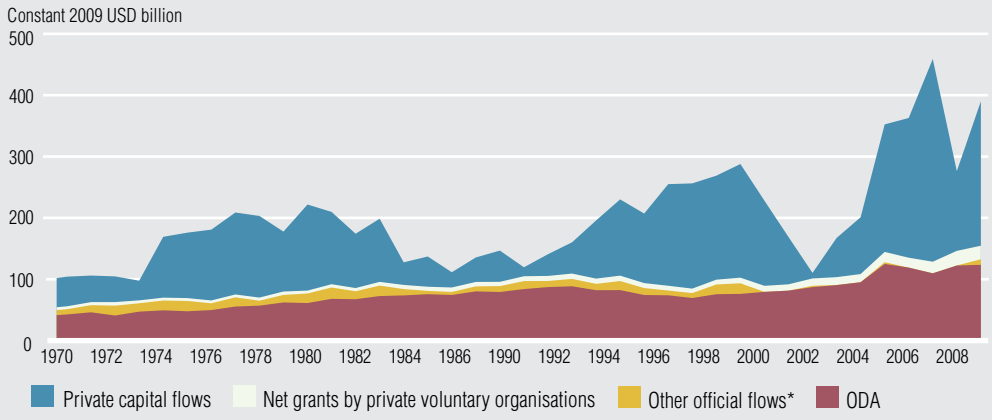
ODA by recipient

ODA by non-DAC donors

Indicators

Technical notes

Figure B.1. DAC members' total net resource flows to developing countries (1970-2009)



* Net OOF flows were negative in 2000-01, 2004 and 2006-07.

StatLink http://dx.doi.org/10.1787/888932511986

Figure B.2. Net official development assistance over 50 years (1960-2010)

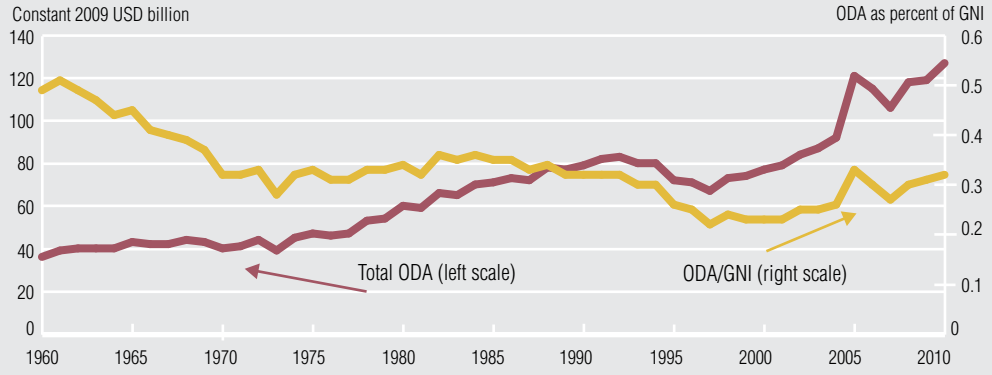


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Figure B.3. Donor shares of net official development assistance (1970-2009)

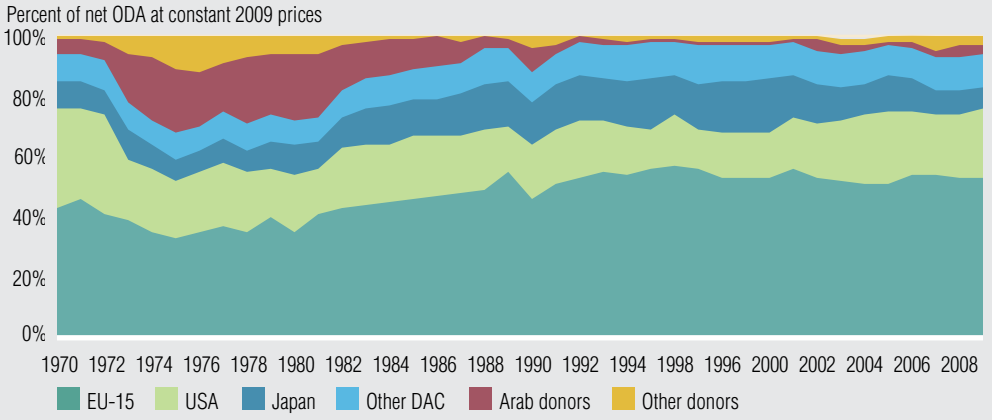

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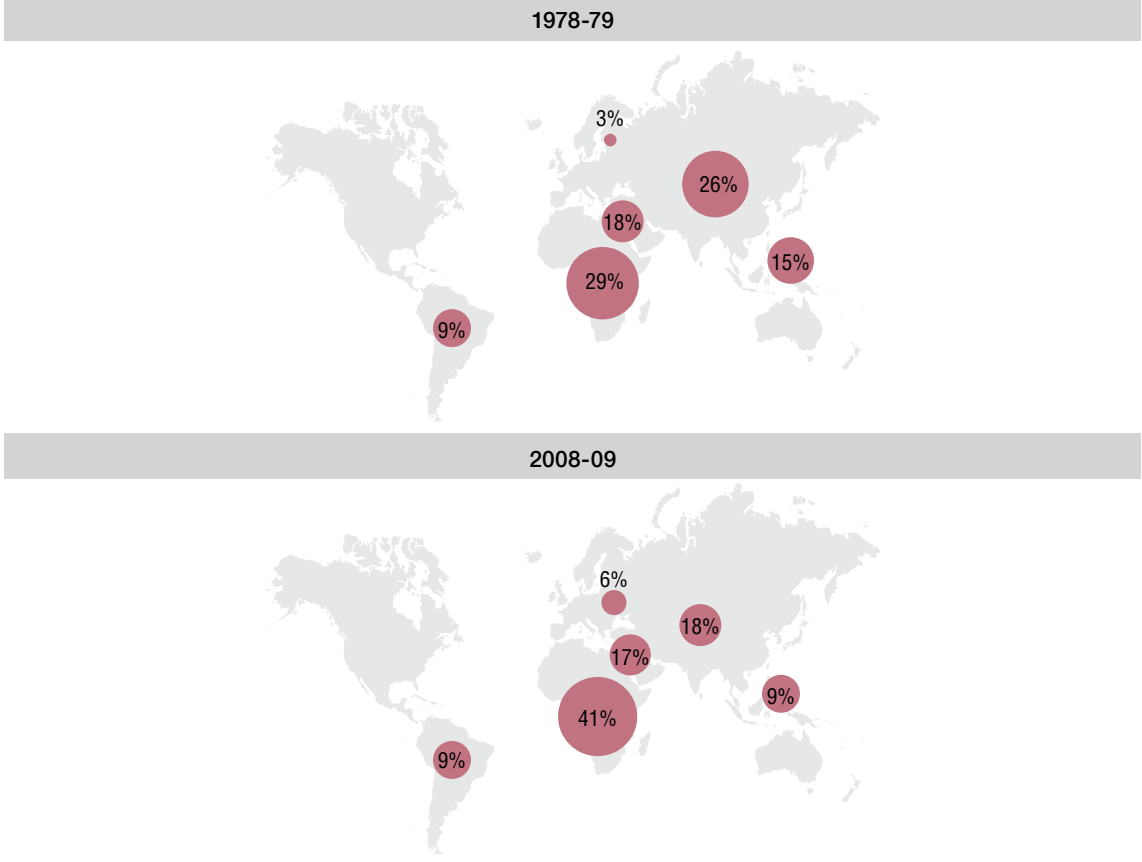
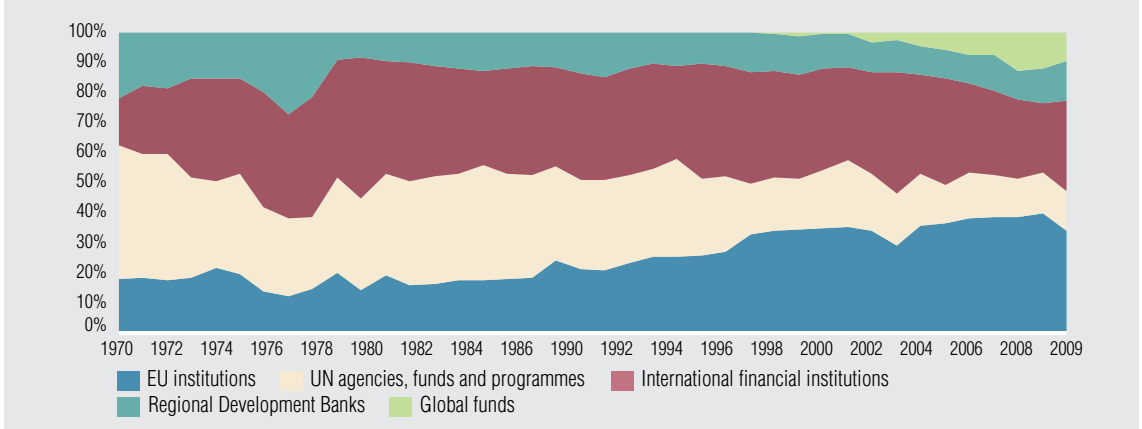
Figure B.4. Distribution of official development assistance by region from DAC countries*
(1978-79 and 2008-09)



*Includes imputed flows through multilateral agencies, excludes aid allocated by region.

Regions shown are: Latin America and Caribbean, developing countries in Europe, North Africa and Middle East, sub-Saharan Africa, South and Central Asia, and East Asia and Pacific.

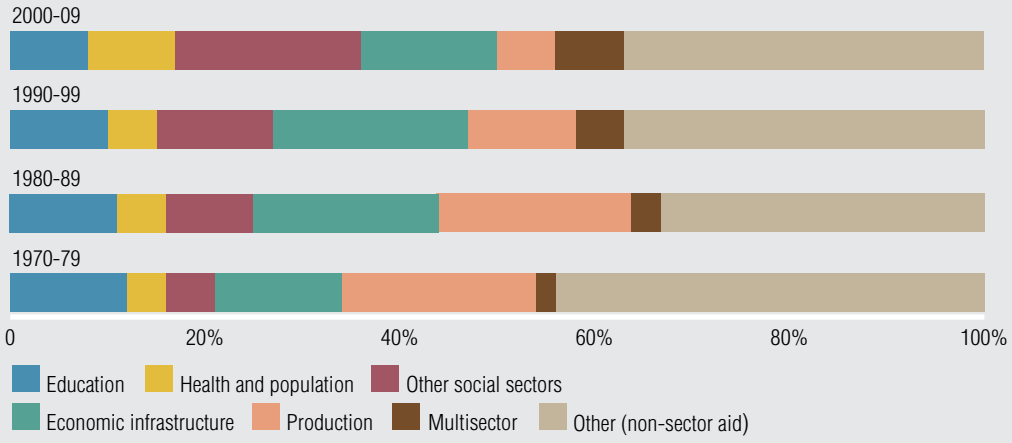
Figure B.5. Official development assistance from DAC countries to multilateral organisations (1970-2009)
(Shares in total net multilateral concessional assistance*)



* To countries and territories on the DAC List of ODA Recipients.

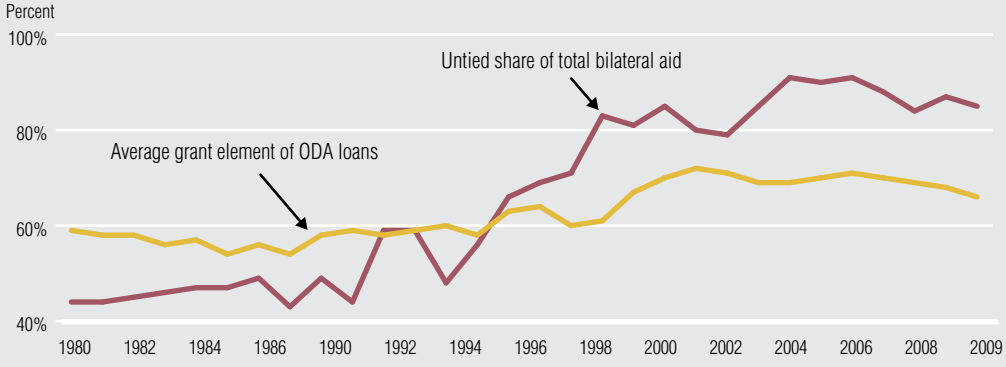
StatLink http://dx.doi.org/10.1787/888932512043

Figure B.6. Trends in sector-specific aid (1970-2009)



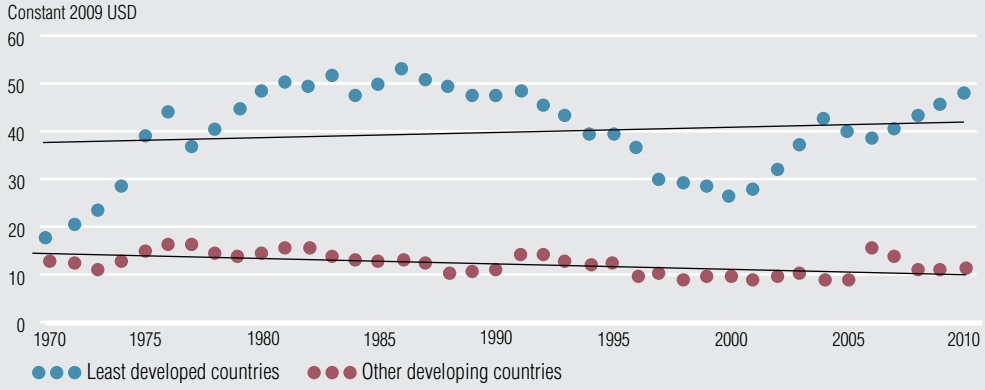
StatLink http://dx.doi.org/10.1787/888932512062

Figure B.7. Aid quality indicators (1980-2009)



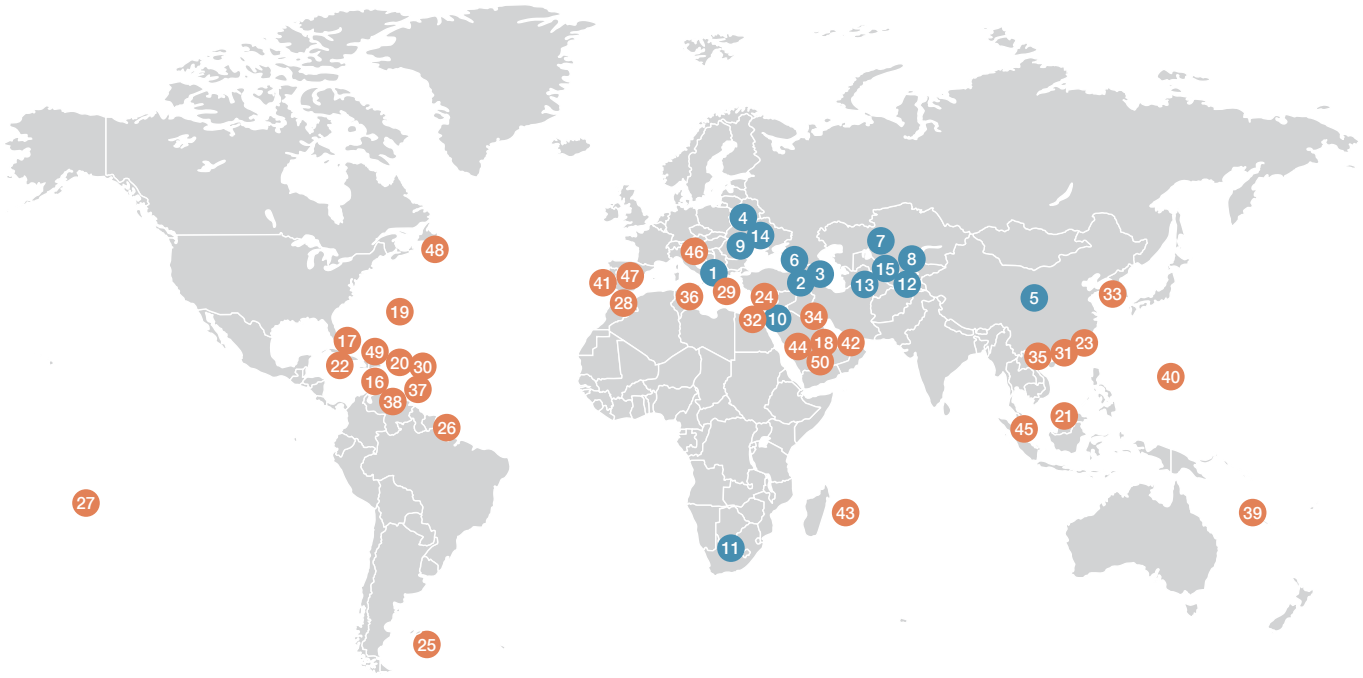
StatLink http://dx.doi.org/10.1787/888932512081

Figure B.8. Official development assistance receipts *per capita* (1970-2009)



StatLink http://dx.doi.org/10.1787/888932512100

Figure B.9. Changes to the DAC List of ODA Recipients



Recipient countries added to the DAC List since 1970			
1. Albania	5. China	9. Moldova	13. Turkmenistan
2. Armenia	6. Georgia	10. Palestinian Administered Areas	14. Ukraine
3. Azerbaijan	7. Kazakhstan	11. South Africa	15. Uzbekistan
4. Belarus	8. Kyrgyz Republic	12. Tajikistan	

Recipient countries removed from the DAC List since 1970			
16. Aruba	25. Falkland Islands	34. Kuwait	43. Réunion
17. Bahamas	26. French Guiana	35. Macao	44. Saudi Arabia
18. Bahrain	27. French Polynesia	36. Malta	45. Singapore
19. Bermuda	28. Gibraltar	37. Martinique	46. Slovenia
20. British Virgin Islands	29. Greece	38. Netherlands Antilles	47. Spain
21. Brunei	30. Guadeloupe	39. New Caledonia	48. St Pierre et Miquelon
22. Cayman Islands	31. Hong Kong (China)	40. Northern Marianas	49. Turks and Caicos Islands
23. Chinese Taipei	32. Israel	41. Portugal	50. United Arab Emirates
24. Cyprus	33. Korea	42. Qatar	

Table B.1. Total net flows from DAC countries by type of flow (1970-2009)
(Net disbursements at constant prices and exchange rates)

	Constant 2009 USD million				Percent of total			
	1970-1979 average	1980-1989 average	1990-1999 average	2000-2009 average	1970-1979 average	1980-1989 average	1990-1999 average	2000-2009 average
I. Official development assistance	46 693	70 210	77 960	100 739	33	45	37	38
1. Bilateral ODA	35 041	48 112	54 059	71 187	24	31	26	27
of which: General budget support	..	..	..	1 770	..	..	..	1
Core support to national NGOs	..	596	1 285	2 062	..	0	1	1
Investment projects	..	9 583	6 411	7 008	..	6	3	3
Debt relief grants	..	748	4 536	9 443	..	0	2	3
Administrative costs	..	2 314	3 565	4 682	..	2	2	2
Other in-donor expenditures (a)	..	..	1 082	2 568	..	..	0	1
2. Contributions to multilateral institutions	13 884	22 098	23 901	29 553	10	14	11	11
of which: UN (b)	3 640	5 963	6 082	6 456	3	4	3	2
EU (b)	2 270	4 229	6 720	10 579	1	2	3	4
IDA (b)	5 021	6 893	6 196	5 956	4	4	3	2
Regional development banks (b)	382	3 216	2 522	2 704	0	2	1	1
II. Other official flows	12 541	11 345	12 258	-1 758	8	6	6	-1
1. Bilateral	11 543	11 237	11 506	-1 557	7	6	6	-1
2. Multilateral	997	108	752	- 201	0	0	0	-0
III. Private flows at market terms	77 979	74 000	110 454	146 676	56	45	53	57
1. Direct investment	25 161	28 638	75 652	122 484	18	19	36	47
2. Bilateral portfolio investment	34 474	26 822	33 946	19 938	26	16	17	9
3. Multilateral portfolio investment	537	8 784	-2 049	-1 840	1	5	-1	-1
4. Export credits	17 807	9 756	2 905	6 093	12	5	2	2
IV. Net grants by NGOs	4 795	6 065	8 075	15 418	3	4	4	6
TOTAL NET FLOWS	**142 008**	**161 619**	**208 747**	**261 075**	**100**	**100**	**100**	**100**

a) Includes development awareness and refugees in donor countries.
b) Grants and capital subscriptions only.
Source of private flows: DAC Members' reporting to the annual DAC questionnaire on total official and private flows.

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Table B.2. Net official development assistance by DAC donor (1960-2009)

	Net ODA (constant 2009 USD billion)					Share in ODA (percent)					ODA/GNI ratio (percent)				
	1960-69	1970-79	1980-89	1990-99	2000-09	1960-69	1970-79	1980-89	1990-99	2000-09	1960-69	1970-79	1980-89	1990-99	2000-09
Australia	0.93	1.46	1.72	1.71	2.19	2.2	3.1	2.5	2.2	2.2	0.52	0.52	0.44	0.31	0.28
Austria	0.09	0.27	0.57	0.53	1.26	0.2	0.6	0.8	0.7	1.2	0.09	0.18	0.25	0.19	0.36
Belgium	0.82	1.20	1.44	1.28	2.10	1.9	2.6	2.0	1.6	2.1	0.54	0.53	0.50	0.36	0.47
Canada	0.74	2.40	3.20	3.32	3.52	1.8	5.1	4.6	4.3	3.5	0.23	0.48	0.46	0.38	0.29
Denmark	0.20	0.84	1.56	2.37	2.73	0.5	1.8	2.2	3.0	2.7	0.19	0.57	0.84	1.00	0.87
Finland	0.03	0.15	0.57	0.69	0.91	0.1	0.3	0.8	0.9	0.9	0.05	0.16	0.45	0.44	0.41
France	7.12	5.48	9.08	10.86	10.30	17.0	11.7	12.9	13.9	10.2	0.87	0.43	0.57	0.53	0.41
Germany	4.29	5.61	8.40	8.96	10.56	10.2	12.0	12.0	11.5	10.5	0.40	0.37	0.43	0.32	0.33
Greece	..	..	..	0.30	0.51	..	..	..	0.4	0.5	..	..	..	0.15	0.18
Ireland	..	0.06	0.12	0.23	0.81	..	0.1	0.2	0.3	0.8	..	0.14	0.21	0.26	0.48
Italy	0.99	1.19	4.28	4.17	3.93	2.4	2.6	6.1	5.4	3.9	0.16	0.11	0.31	0.23	0.19
Japan	2.48	4.98	9.92	12.38	11.57	5.9	10.7	14.1	15.9	11.5	0.24	0.23	0.31	0.27	0.22
Korea	..	..	0.04	0.15	0.48	..	..	0.1	0.2	0.5	..	..	0.02	0.03	0.07
Luxembourg	..	..	0.03	0.12	0.33	..	..	0.0	0.2	0.3	..	..	0.16	0.44	0.88
Netherlands	0.89	2.41	4.09	4.56	5.95	2.1	5.2	5.8	5.9	5.9	0.42	0.76	0.98	0.82	0.80
New Zealand	0.07	0.17	0.16	0.17	0.25	0.2	0.4	0.2	0.2	0.2	0.19	0.34	0.27	0.25	0.26
Norway	0.15	0.77	1.82	2.40	3.20	0.4	1.7	2.6	3.1	3.2	0.20	0.71	1.04	0.96	0.91
Portugal	..	..	0.09	0.42	0.58	..	..	0.1	0.5	0.6	..	..	0.11	0.27	0.28
Spain	..	..	0.67	2.23	4.21	..	..	1.0	2.9	4.2	..	..	0.10	0.24	0.33
Sweden	0.27	1.34	1.99	2.23	3.44	0.6	2.9	2.8	2.9	3.4	0.22	0.74	0.87	0.86	0.92
Switzerland	0.17	0.48	0.95	1.39	1.87	0.4	1.0	1.4	1.8	1.9	0.09	0.18	0.29	0.35	0.40
United Kingdom	3.92	4.40	4.19	4.41	8.36	9.3	9.4	6.0	5.7	8.3	0.48	0.43	0.33	0.28	0.40
United States	18.84	13.51	15.36	13.24	21.69	44.9	28.9	21.9	17.0	21.5	0.50	0.25	0.22	0.13	0.16
TOTAL DAC	**41.99**	**46.69**	**70.21**	**77.96**	**100.74**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**0.45**	**0.32**	**0.33**	**0.27**	**0.27**

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Table B.3. Net official development assistance by individual DAC countries at 2009 prices and exchange rates (2000-10)
(USD million)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010 (Preliminary)
Australia	1 855	1 772	1 851	1 866	1 893	2 014	2 447	2 661	2 809	2 762	3 096
Austria	767	1 115	858	686	826	1 884	1 739	1 887	1 672	1 142	1 242
Belgium	1 485	1 584	1 823	2 579	1 812	2 374	2 314	2 046	2 329	2 610	3 109
Canada	2 756	2 498	3 276	2 866	3 304	4 304	3 848	3 912	4 423	4 000	4 509
Denmark	3 060	3 017	2 809	2 453	2 543	2 563	2 637	2 715	2 721	2 810	2 931
Finland	627	656	732	742	818	1 081	979	1 026	1 137	1 290	1 380
France	7 399	7 636	9 262	10 026	10 485	12 157	12 429	10 369	10 586	12 602	13 523
Germany	8 399	8 471	8 469	8 897	8 900	11 827	12 075	12 805	13 686	12 079	13 272
Greece	441	397	500	526	412	479	508	534	688	607	509
Ireland	416	497	627	644	692	799	1 084	1 147	1 230	1 006	957
Italy	2 618	3 094	4 081	3 444	3 087	6 254	4 349	4 240	4 794	3 297	3 248
Japan	14 094	11 724	11 568	10 410	9 862	14 960	13 540	9 542	10 541	9 457	10 574
Korea	235	322	319	385	415	656	369	540	723	816	1 026
Luxembourg	246	286	281	292	317	330	347	397	399	415	413
Netherlands	5 772	5 719	5 508	5 351	5 112	6 070	6 295	6 470	6 740	6 426	6 570
New Zealand	200	204	200	213	230	273	273	287	320	309	297
Norway	2 444	2 616	2 980	3 092	3 006	3 361	3 252	3 678	3 495	4 086	4 233
Portugal	514	506	557	447	1 280	456	462	489	600	513	674
Spain	2 457	3 528	3 169	2 907	3 158	3 749	4 504	5 386	6 670	6 584	6 197
Sweden	2 548	2 604	2 913	2 842	2 907	3 619	4 132	4 048	4 219	4 548	4 225
Switzerland	1 535	1 552	1 474	1 745	1 907	2 189	2 005	1 917	2 067	2 310	2 205
United Kingdom	5 842	6 099	6 131	6 943	7 618	10 256	11 371	8 026	10 067	11 283	13 475
United States	12 310	13 821	15 814	19 010	22 320	30 621	24 981	22 467	26 679	28 831	29 852
TOTAL DAC	**78 021**	**79 719**	**85 202**	**88 365**	**92 904**	**122 276**	**115 942**	**106 588**	**118 594**	**119 782**	**127 518**
of which: DAC-EU countries	42 593	45 210	47 720	48 779	49 967	63 898	65 227	61 585	67 538	67 211	71 726
Memo:											
Total DAC at current prices and exchange rates	53 962	52 687	58 575	69 432	79 854	107 838	104 814	104 206	121 954	119 782	128 728

StatLink http://dx.doi.org/10.1787/888932514608

Table B.4. Official development finance to developing countries (1980-2009)
(Constant 2009 USD billion)

	1980	1985	1990	1995	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
OFFICIAL DEVELOPMENT FINANCE (ODF)	**97.3**	**111.1**	**115.0**	**88.9**	**83.5**	**92.2**	**96.9**	**89.9**	**90.0**	**137.0**	**120.5**	**127.1**	**145.0**	**168.8**
1. Official development assistance (ODA)	80.7	81.1	89.5	73.7	72.8	80.2	90.8	91.6	93.6	123.6	118.8	111.8	124.3	127.7
of which: Bilateral donors (a)	62.6	60.4	70.0	51.1	52.9	53.9	63.5	67.9	67.1	97.1	90.2	81.1	92.7	89.3
Multilateral organisations	18.1	20.7	19.6	22.6	19.9	26.3	27.3	23.7	26.4	26.6	28.6	30.7	31.7	38.4
2. Other ODF	16.7	30.0	25.5	15.2	10.7	12.0	6.1	-1.7	-3.6	13.3	1.7	15.3	20.6	41.1
of which: Bilateral donors (a)	5.4	10.5	10.0	10.9	-2.2	-0.5	8.9	5.8	0.6	12.6	2.8	1.2	1.8	10.0
Multilateral organisations	11.2	19.5	15.5	4.3	12.9	12.5	-2.8	-7.6	-4.1	0.7	-1.2	14.1	18.8	31.1
For cross reference														
Total DAC net ODA (b)	61.2	72.3	82.7	73.0	78.0	79.7	85.2	88.4	92.9	122.3	115.9	106.6	118.6	119.8
of which: Bilateral grants	31.4	41.3	49.3	46.1	48.8	50.8	57.7	64.7	66.6	94.6	87.9	77.6	86.0	81.2

a) Bilateral ODA flows from DAC countries and non-DAC countries (see Table B.8 for the list of non-DAC countries for which data are available).
b) Comprises bilateral ODA, as above, plus contributions to multilateral organisations in place of ODA disbursements from multilateral organisations as shown above.

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Table B.5. Official development assistance from DAC countries to multilateral organisations[a] (1970-2009)
(Net disbursements)

	Total				World Bank Group[b]				Regional Development Banks[b]			
	1970-79	1980-89	1990-99	2000-09	1970-79	1980-89	1990-99	2000-09	1970-79	1980-89	1990-99	2000-09
Australia	238	496	422	378	108	180	147	149	12	110	97	84
Austria	123	157	215	415	66	72	62	81	7	34	23	39
Belgium	361	534	531	741	112	160	131	130	0	44	26	42
Canada	849	1 142	1 068	935	303	372	315	243	32	269	184	197
Denmark	378	729	997	1 001	69	121	135	127	0	18	54	73
Finland	83	222	274	373	27	56	44	46	2	30	33	33
France	1 069	2 069	2 544	3 464	334	608	569	479	10	219	236	216
Germany	1 756	2 700	3 206	4 002	642	922	809	728	48	217	189	234
Greece	-	-	85	265	-	-	4	19	-	-	2	8
Ireland	28	70	98	266	10	15	12	38	-	-	-	6
Italy	800	1 766	1 964	2 433	217	528	393	280	9	227	136	123
Japan	1 287	3 156	2 848	3 283	621	1 581	1 283	1 301	78	880	644	606
Korea	-	12	69	145	-	6	30	56	-	3	13	52
Luxembourg	-	19	38	93	-	2	8	15	-	0	-	6
Netherlands	737	1 206	1 371	1 627	146	357	352	291	2	79	80	97
New Zealand	36	34	38	57	5	11	11	10	1	6	3	7
Norway	365	760	749	851	82	152	164	153	4	71	75	98
Portugal	-	36	118	205	-	2	8	16	-	4	7	27
Spain	-	234	781	1 551	-	52	84	220	-	31	59	143
Sweden	528	633	649	1 062	176	169	153	204	8	64	62	111
Switzerland	200	257	393	456	35	-	140	173	6	88	59	71
United Kingdom	1 568	1 791	1 942	2 873	891	565	434	642	112	141	85	172
United States	3 477	4 075	3 501	3 078	1 462	1 793	1 418	1 056	49	683	457	260
TOTAL DAC	**13 884**	**22 098**	**23 901**	**29 553**	**5 305**	**7 726**	**6 705**	**6 457**	**382**	**3 216**	**2 522**	**2 704**
of which: DAC-EU countries	7 430	12 166	14 814	20 369	2 690	3 631	3 197	3 316	198	1 106	992	1 330

a) Unearmarked contributions.
b) Grants and capital subscriptions only.

Table B.5. (continued) Official development assistance from DAC countries to multilateral organisations[a] (1970-2009)
(Net disbursements)

United Nations agencies[b]				EU[b]				
1970-79	1980-89	1990-99	2000-09	1970-79	1980-89	1990-99	2000-09	
55	168	134	83	-	-	-	-	Australia
31	46	44	37	-	-	66	237	Austria
66	75	68	77	164	236	270	436	Belgium
305	430	336	250	-	-	-	-	Canada
260	374	460	397	26	109	140	223	Denmark
39	118	141	120	-	-	37	153	Finland
79	223	224	242	592	976	1 286	2 170	France
234	405	438	433	648	1 087	1 668	2 358	Germany
-	-	8	17	-	-	68	210	Greece
7	13	19	82	11	41	63	118	Ireland
73	333	349	326	414	630	978	1 481	Italy
204	637	718	983	-	-	-	-	Japan
-	1	17	33	-	-	-	-	Korea
-	0	9	33	-	3	21	30	Luxembourg
333	438	452	596	210	328	416	486	Netherlands
16	10	12	23	-	-	-	-	New Zealand
233	469	482	508	-	-	0	-	Norway
-	0	9	13	-	11	90	142	Portugal
-	26	71	175	-	51	548	898	Spain
311	373	345	443	-	-	58	219	Sweden
110	158	167	149	-	-	-	-	Switzerland
327	272	307	443	204	757	1 010	1 417	United Kingdom
957	1 393	1 274	993	-	-	-	-	United States
3 640	**5 963**	**6 082**	**6 456**	**2 270**	**4 229**	**6 720**	**10 579**	**TOTAL DAC**
1 761	2 697	2 943	3 434	2 270	4 229	6 720	10 579	of which: DAC-EU countries

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Table B.6. Regional distribution of official development assistance by individual DAC donors[a] (1970-2009)
(Percent of total net disbursements)

	South of Sahara				South & Central Asia				Other Asia and Oceania			
	1970-79[b]	1980-89[c]	1990-99[d]	2000-09	1970-79[b]	1980-89[c]	1990-99[d]	2000-09	1970-79[b]	1980-89[c]	1990-99[d]	2000-09
Australia	4.5	12.1	13.5	9.4	15.0	17.1	12.3	14.2	78.3	66.8	69.5	65.8
Austria	21.5	19.8	38.5	35.2	20.3	8.9	11.3	8.1	10.3	16.7	7.3	4.7
Belgium	62.7	66.0	56.3	61.7	12.6	10.6	7.4	7.3	7.8	9.4	11.0	5.8
Canada	30.6	38.7	41.1	45.6	42.3	30.8	19.2	17.7	8.0	10.5	15.6	10.4
Denmark	45.0	53.5	54.2	54.1	24.9	25.7	18.1	15.3	13.8	8.8	10.3	10.4
Finland	56.5	56.0	48.1	46.4	16.2	19.0	15.2	14.9	8.8	10.0	15.0	10.4
France	49.5	53.2	51.3	54.1	8.2	8.8	4.9	6.4	18.1	18.7	20.3	8.5
Germany	27.4	36.9	35.3	40.1	24.1	19.2	13.2	12.9	9.0	11.2	16.5	9.7
Greece	..	..	19.8	25.1	..	..	9.7	12.0	..	..	3.7	3.9
Ireland	88.5	76.1	70.7	69.7	6.4	10.8	6.9	8.8	0.6	4.6	5.2	6.5
Italy	36.6	58.7	41.5	46.3	27.5	13.5	7.5	10.3	10.1	7.1	9.7	3.9
Japan	10.6	18.3	18.2	26.9	30.1	28.0	20.0	22.0	43.6	38.9	42.5	29.1
Korea	..	29.5	20.9	18.2	..	27.8	27.2	22.8	..	33.6	35.4	29.7
Luxembourg	..	..	47.4	48.2	..	..	8.9	9.4	..	..	8.3	13.1
Netherlands	26.9	38.6	40.4	51.8	24.2	22.7	16.4	13.6	15.7	13.2	7.8	9.6
New Zealand	4.9	5.3	8.9	12.2	11.5	5.8	5.9	11.0	79.0	86.6	81.1	70.0
Norway	45.5	54.7	52.2	49.2	30.0	25.7	16.9	18.7	10.3	7.9	8.5	7.6
Portugal	..	99.5	89.5	60.3	..	0.2	1.3	6.3	..	0.2	4.4	13.7
Spain	..	33.2	23.9	31.4	..	10.1	3.9	8.0	..	7.2	15.8	6.3
Sweden	41.0	51.4	48.2	49.1	29.8	24.0	14.9	14.1	16.3	13.5	12.1	9.4
Switzerland	34.2	49.0	42.0	40.7	33.2	21.3	19.8	20.3	9.8	8.8	10.9	8.1
United Kingdom	30.3	44.6	46.0	52.4	39.5	31.1	22.5	21.6	12.0	9.2	10.6	6.6
United States	11.2	19.3	25.5	33.4	22.7	15.5	12.4	17.8	25.4	8.1	8.7	6.2
TOTAL DAC	**24.8**	**34.2**	**34.6**	**41.0**	**24.4**	**19.7**	**14.0**	**15.3**	**22.5**	**17.3**	**20.8**	**11.7**
of which: DAC-EU countries	37.4	47.2	44.2	48.2	22.6	17.7	11.4	12.4	13.2	12.7	14.4	8.0

a) Including imputed multilateral flows, *i.e.* making allowance for contributions through multilateral organisations, calculated using the geographical distribution of multilateral disbursements for the year of reference.
Excluding amounts unspecified by region.
b) Finland as from 1971, Ireland as from 1974, New Zealand as from 1972.
c) Korea as from 1987, Portugal as from 1989 and Spain as from 1987.
d) Greece as from 1996.

Table B.6. (continued) Regional distribution of official development assistance by individual DAC donors[a] (1970-2009)
(Percent of total net disbursements)

Middle East and North Africa				Europe				Latin America and Caribbean				
1970-79[b]	1980-89[c]	1990-99[d]	2000-09	1970-79[b]	1980-89[c]	1990-99[d]	2000-09	1970-79[b]	1980-89[c]	1990-99[d]	2000-09	
1.3	2.7	2.2	8.9	0.2	0.1	1.1	0.7	0.7	1.2	1.3	1.0	Australia
31.7	39.3	(4.5)	31.1	7.9	10.1	35.8	15.5	8.3	5.1	11.5	5.4	Austria
9.1	6.2	8.9	10.6	1.9	1.7	2.2	5.5	5.9	6.2	14.2	9.0	Belgium
7.1	6.4	7.8	8.0	1.1	0.3	2.1	3.7	11.0	13.1	14.2	14.6	Canada
8.7	6.6	7.2	7.5	1.3	0.5	1.8	4.5	6.4	4.9	8.5	8.2	Denmark
5.7	7.0	8.3	11.1	0.9	0.6	5.0	8.3	11.9	7.5	8.4	8.9	Finland
19.4	12.3	16.1	18.0	1.1	1.2	2.0	7.1	3.7	5.7	5.4	5.9	France
17.5	13.3	14.7	19.0	10.4	7.0	7.9	9.1	11.6	12.5	12.5	9.1	Germany
..	..	14.4	14.7	..	..	43.9	39.0	..	..	8.5	5.3	Greece
1.2	3.6	5.9	5.3	-	0.9	5.8	4.4	3.3	4.0	5.5	5.3	Ireland
13.6	8.5	16.9	21.8	3.5	2.0	9.7	10.2	8.7	10.2	14.7	7.5	Italy
9.0	5.9	7.5	12.3	0.8	1.5	1.7	2.6	5.9	7.5	10.1	7.2	Japan
..	3.6	5.5	13.8	..	0.9	2.9	4.2	..	4.7	8.1	11.3	Korea
..	..	9.6	7.5	..	..	6.7	7.8	..	..	19.0	14.0	Luxembourg
5.6	5.7	7.7	7.9	1.7	0.7	6.1	6.9	25.9	19.0	21.7	10.1	Netherlands
1.6	0.9	1.1	3.0	0.3	0.1	0.6	0.7	2.8	1.3	2.4	3.1	New Zealand
5.7	3.7	6.9	8.8	3.1	1.2	6.7	7.8	5.3	6.8	8.9	7.8	Norway
..	0.1	1.9	8.8	..	0.0	1.4	7.7	..	0.0	1.5	3.1	Portugal
..	7.2	14.7	15.3	..	0.7	3.1	8.8	..	41.7	38.5	30.2	Spain
6.3	4.0	7.5	8.9	1.2	0.4	6.5	8.6	5.4	6.7	10.9	9.9	Sweden
7.1	5.5	7.2	8.0	2.0	0.8	6.4	11.9	13.6	14.6	13.7	11.0	Switzerland
5.0	5.2	5.9	9.8	2.6	1.8	4.6	5.8	10.5	8.2	10.4	3.9	United Kingdom
24.9	38.1	36.7	27.7	1.8	2.0	3.7	4.2	14.0	17.0	13.1	10.6	United States
15.2	**15.7**	**14.7**	**16.7**	**2.7**	**2.1**	**4.3**	**6.2**	**10.4**	**11.1**	**11.6**	**9.1**	**TOTAL DAC**
12.9	9.9	12.2	14.6	4.1	2.7	5.6	8.0	9.9	9.7	12.1	8.8	of which: DAC-EU countries

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Table B.7. Distribution of official development assistance by income group[a] (1970-2009)
(Net disbursements as a percent of total ODA)

	ODA to LDCs				ODA to other LICs			
	1970-79[b]	1980-89[c]	1990-99[d]	2000-09	1970-79[b]	1980-89[c]	1990-99[d]	2000-09
Australia	13.4	23.4	24.0	33.3	64.1	43.8	36.0	27.0
Austria	19.1	19.1	36.4	23.9	10.5	4.6	10.5	9.6
Belgium	64.0	63.6	49.4	54.0	5.8	6.0	10.9	11.8
Canada	35.3	44.2	42.7	51.2	17.3	14.9	13.1	14.1
Denmark	47.8	55.0	53.5	53.6	17.8	12.7	14.1	17.9
Finland	59.8	55.8	46.1	48.7	11.4	15.6	13.9	12.2
France	41.1	46.8	37.6	36.4	9.7	9.9	13.7	16.0
Germany	32.8	39.3	32.7	33.6	10.4	9.1	10.5	13.5
Greece	..	..	16.9	26.5	..	..	4.2	5.5
Ireland	81.9	73.6	66.4	67.7	4.4	8.4	8.6	9.9
Italy	40.8	57.5	39.6	41.7	14.5	7.9	7.8	12.3
Japan	27.0	29.8	20.8	30.6	10.5	9.6	12.2	20.7
Korea	..	19.6	26.5	33.0	..	50.9	19.3	16.6
Luxembourg	..	..	35.1	44.7	..	..	5.9	10.7
Netherlands	31.4	42.8	42.7	49.9	11.2	11.1	11.8	14.5
New Zealand	21.0	25.8	32.8	43.2	7.4	7.6	12.5	15.2
Norway	46.6	53.9	53.8	55.9	19.1	15.0	9.0	9.6
Portugal	..	83.5	83.0	63.0	..	0.1	1.4	3.8
Spain	..	30.6	19.6	30.2	..	4.2	5.6	7.9
Sweden	44.0	50.6	46.3	50.2	20.0	16.6	12.4	11.6
Switzerland	43.9	54.1	46.0	43.8	12.5	8.7	11.0	14.6
United Kingdom	34.8	44.8	42.0	44.6	12.4	15.1	15.3	21.8
United States	24.8	30.2	32.8	36.1	18.8	8.2	8.3	11.0
TOTAL DAC	**32.2**	**39.3**	**34.0**	**39.2**	**16.2**	**11.1**	**11.8**	**14.7**
of which: DAC-EU countries	38.6	46.5	39.0	41.1	11.6	10.7	11.7	14.7

a) Including imputed multilateral ODA. Excluding MADCTs and amounts unspecified by country.
b) Finland as from 1971, Ireland as from 1974, New Zealand as from 1972.
c) Korea as from 1987, Portugal as from 1989 and Spain as from 1987.
d) Greece as from 1996.

Table B.7. (continued) Distribution of official development assistance by income group[a] (1970-2009)
(Net disbursements as a percent of total ODA)

ODA to LMICs				ODA to UMICs				
1970-79[b]	1980-89[c]	1990-99[d]	2000-09	1970-79[b]	1980-89[c]	1990-99[d]	2000-09	
19.3	25.5	34.1	36.1	3.2	7.3	5.9	3.6	Australia
61.3	62.8	43.9	55.5	9.1	13.5	9.2	11.0	Austria
25.4	25.5	33.2	26.1	4.9	4.9	6.5	8.2	Belgium
40.0	33.4	38.0	28.9	7.4	7.6	6.2	5.8	Canada
28.1	28.3	27.7	23.1	6.3	4.0	4.7	5.4	Denmark
21.8	25.5	35.1	29.5	7.1	3.1	4.9	9.5	Finland
42.9	32.9	39.6	34.1	6.3	10.4	9.1	13.5	France
43.3	38.9	49.0	41.9	13.4	12.7	7.8	11.0	Germany
..	..	60.6	45.1	..	..	18.3	22.9	Greece
12.1	15.2	19.2	15.3	1.5	2.8	5.8	7.0	Ireland
34.2	28.4	44.4	35.6	10.6	6.2	8.1	10.5	Italy
55.8	52.9	61.1	43.1	6.6	7.6	6.0	5.7	Japan
..	25.1	49.4	45.0	..	4.4	4.8	5.3	Korea
..	..	47.8	36.2	..	..	11.2	8.4	Luxembourg
39.3	38.6	36.2	27.8	18.1	7.5	9.3	7.9	Netherlands
40.7	37.1	35.7	33.8	30.9	29.6	19.0	7.8	New Zealand
25.9	24.8	30.3	27.0	8.4	6.3	6.9	7.6	Norway
..	16.3	14.3	26.2	..	0.0	1.4	7.0	Portugal
..	45.5	56.8	50.8	..	19.7	18.0	11.1	Spain
29.2	28.3	33.8	30.9	6.8	4.5	7.5	7.3	Sweden
36.3	32.7	37.7	33.0	7.3	4.6	5.3	8.6	Switzerland
40.9	30.8	34.2	26.1	11.9	9.3	8.5	7.5	United Kingdom
47.6	53.1	54.9	47.6	8.8	8.5	4.0	5.4	United States
42.4	**41.1**	**47.2**	**38.0**	**9.2**	**8.5**	**7.0**	**8.1**	**TOTAL DAC**
39.2	33.8	40.8	34.2	10.6	9.1	8.5	10.0	of which: DAC-EU countries

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Table B.8. Net official development assistance disbursements from non-DAC donors (2000-09)
(USD million)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	Memo: 2009 ODA/GNI (%)
OECD Non-DAC											
Czech Republic	16	26	45	91	108	135	161	179	249	215	0.12
Estonia	1	0	1	1	5	10	14	16	22	18	0.10
Hungary	..	..	..	21	70	100	149	103	107	117	0.10
Iceland	9	10	13	18	21	27	41	48	48	35	0.35
Israel[a b]	164	93	131	112	84	95	90	111	138	124	0.06
Poland	29	36	14	27	118	205	297	363	372	375	0.09
Slovak Republic	6	8	7	15	28	56	55	67	92	75	0.09
Slovenia	..	..	..	..	..	35	44	54	68	71	0.15
Turkey	82	64	73	67	339	601	714	602	780	707	0.11
Arab countries											
Kuwait	165	73	20	138	161	218	158	110	283	221	..
Saudi Arabia	276	205	2 478	2 391	1 734	1 026	2 025	1 551	4 979	3 134	..
United Arab Emirates	399	487	558	926	485	510	783	2 426	1 266	834	0.35
Other donors											
Chinese Taipei	..	..	..	..	421	483	513	514	435	411	0.13
Thailand	..	..	..	..	..	..	74	67	178	40	0.02
Other donors[c]	..	2	2	3	17	41	63	118	253	295	..
TOTAL	**1 146**	**1 005**	**3 342**	**3 809**	**3 592**	**3 543**	**5 181**	**6 330**	**9 271**	**6 672**	
of which: Bilateral											
OECD Non-DAC											
Czech Republic	6	15	31	80	63	64	78	81	117	101	
Estonia	0	0	0	0	1	2	2	3	6	4	
Hungary	..	..	..	14	35	40	84	33	15	30	
Iceland	4	5	5	14	16	20	28	37	36	27	
Israel[a b]	158	86	125	104	75	80	75	96	119	108	
Poland	13	31	9	19	25	48	119	156	84	92	
Slovak Republic	2	3	4	9	11	31	25	28	41	20	
Slovenia	..	..	..	..	..	14	18	21	29	25	
Turkey	26	19	27	26	292	532	643	545	736	665	
Arab countries											
Kuwait	164	73	20	114	99	218	157	109	282	220	
Saudi Arabia	129	110	2 410	2 340	1 691	980	1 980	1 526	4 958	2 925	
United Arab Emirates	399	487	558	926	484	508	779	2 416	1 258	834	
Other donors											
Chinese Taipei	..	..	..	..	410	465	494	495	407	402	
Thailand	..	..	..	..	..	..	65	61	166	35	
Other donors[c]	..	0	0	1	1	7	23	65	88	96	
TOTAL	**901**	**830**	**3 188**	**3 647**	**3 204**	**3 008**	**4 569**	**5 671**	**8 344**	**5 582**	

a) 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.
b) These figures include USD 66.8 million in 2000, USD 50.1 million in 2001, USD 87.8 million in 2002, USD 68.8 million in 2003, USD 47.9 million in 2004, USD 49.2 million in 2005, USD 45.5 million in 2006, USD 42.9 million in 2007, USD 43.6 million in 2008 and USD 35.4 million in 2009 for first year sustenance expenses for persons arriving from developing countries (many of which are experiencing civil war or severe unrest), or individuals who have left due to humanitarian or political reasons.
c) Includes Cyprus, Latvia, Liechstenstein, Lithuania, Malta and Romania.
Note: The above table does not reflect aid provided by several major emerging non-OECD donors, as information on their aid has not been disclosed.

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Table B.9. Gross national income and population of DAC member countries

	Gross national income (USD billion)													
	1970-79 average	1980-89 average	1990-99 average	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Australia	76	179	330	370	346	387	493	596	679	720	827	935	941	1 185
Austria	36	87	196	188	185	204	250	291	302	320	363	400	378	373
Belgium	61	111	234	229	235	248	308	357	373	396	458	498	474	470
Canada	153	354	564	684	705	718	854	971	1 113	1 254	1 410	1 473	1 320	1 547
Denmark	36	72	150	157	159	170	209	240	260	280	317	343	319	317
Finland	24	67	114	119	120	131	160	185	196	211	249	266	238	242
France	314	681	1 384	1 347	1 357	1 463	1 799	2 059	2 117	2 267	2 604	2 831	2 678	2 602
Germany	417	848	2 052	1 862	1 841	1 987	2 389	2 729	2 798	2 931	3 350	3 652	3 403	3 354
Greece[a]	..	..	122	112	117	133	173	204	224	245	308	334	322	296
Ireland	10	21	52	79	87	99	128	156	171	189	216	225	185	170
Italy	185	555	1 118	1 074	1 083	1 174	1 454	1 669	1 756	1 847	2 091	2 233	2 081	2 024
Japan	531	1 709	4 190	4 808	4 245	4 065	4 376	4 759	4 675	4 486	4 524	5 042	5 180	5 603
Korea[a]	..	178	405	510	481	548	606	682	790	887	971	935	837	1 015
Luxembourg[a]	..	6	16	18	18	19	23	30	32	33	41	43	40	37
Netherlands	83	166	346	375	386	412	499	573	625	676	770	869	783	780
New Zealand	12	27	47	45	44	55	73	91	101	97	120	114	111	134
Norway	26	65	129	165	169	191	222	252	297	333	392	451	386	416
Portugal[a]	..	28	91	104	107	119	145	164	179	187	214	229	219	222
Spain[a]	..	229	533	552	574	652	839	1 018	1 110	1 210	1 400	1 537	1 434	1 389
Sweden	65	126	220	225	217	241	302	350	357	386	464	483	406	467
Switzerland	54	130	268	258	267	286	350	389	407	421	439	461	514	564
United Kingdom	226	577	1 144	1 418	1 431	1 595	1 829	2 180	2 279	2 424	2 772	2 672	2 223	2 444
United States	1 588	3 842	7 152	9 929	10 159	10 490	10 981	11 656	12 359	13 260	13 926	14 410	14 011	14 660
TOTAL DAC	**(3 898)**	**(10 058)**	**20 858**	**24 627**	**24 335**	**25 387**	**28 463**	**31 602**	**33 198**	**35 057**	**38 227**	**40 438**	**38 483**	**40 309**
of which: DAC-EU countries	(1 458)	(3 573)	7 772	7 858	7 918	8 648	10 508	12 207	12 778	13 600	15 618	16 616	15 182	15 185

a) Data are shown only for years in which a country has reported ODA.

Table B.9. (continued) Gross national income and population of DAC member countries

Population (thousand)														
1970-79 average	1980-89 average	1990-99 average	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	
13 710	15 718	17 999	19 230	19 490	19 580	19 880	20 110	20 330	20 510	21 020	21 370	21 880	22 340	Australia
7 553	7 571	7 979	8 110	8 130	8 030	8 050	8 140	8 230	8 280	8 300	8 330	8 360	8 380	Austria
9 764	9 873	10 117	10 250	10 280	10 320	10 370	10 400	10 430	10 540	10 580	10 690	10 810	10 850	Belgium
22 926	25 792	29 161	30 770	31 080	31 490	31 710	32 040	32 380	32 730	33 090	33 390	34 020	34 109	Canada
5 039	5 120	5 225	5 340	5 360	5 380	5 400	5 410	5 430	5 450	5 480	5 510	5 530	5 560	Denmark
4 692	4 881	5 092	5 180	5 200	5 210	5 210	5 240	5 260	5 260	5 300	5 330	5 330	5 330	Finland
52 405	55 153	57 887	58 890	59 190	59 440	59 770	62 000	60 740	63 400	61 700	62 280	64 490	64 670	France
61 510	61 417	79 616	82 210	82 310	82 500	82 500	82 490	82 490	82 440	82 260	82 140	81 840	81 760	Germany
..	..	10 505	10 920	10 960	10 950	11 020	11 040	11 090	11 110	11 180	11 240	11 260	11 280	Greece[a]
3 247	3 504	3 606	3 790	3 840	3 880	4 000	4 000	4 000	4 240	4 340	4 340	4 460	4 470	Ireland
54 381	56 334	56 806	57 190	57 350	57 920	57 480	57 550	58 530	58 750	58 880	59 340	60 260	60 600	Italy
110 721	120 437	125 267	126 930	127 210	127 440	127 620	127 720	127 610	127 740	127 750	127 660	127 490	127 390	Japan
..	..	46 455	47 270	47 340	47 640	48 390	48 580	48 140	48 300	48 460	48 610	48 750	48 870	Korea[a]
..	372	409	440	440	440	450	450	450	460	460	490	490	500	Luxembourg[a]
13 583	14 484	15 398	15 930	15 990	16 140	16 250	16 290	16 340	16 360	16 400	16 480	16 580	16 650	Netherlands
3 018	3 247	3 623	3 830	3 850	3 940	4 010	4 060	4 090	4 170	4 220	4 270	4 350	4 390	New Zealand
3 987	4 153	4 348	4 490	4 510	4 550	4 570	4 610	4 640	4 680	4 740	4 800	4 860	4 920	Norway
..	9 950	9 940	10 260	10 340	10 340	10 340	10 340	10 340	10 340	10 340	10 340	10 340	10 340	Portugal[a]
..	38 271	39 182	39 930	40 270	41 180	42 710	43 200	43 210	44 710	45 200	46 160	46 750	47 020	Spain[a]
8 179	8 368	8 758	8 870	8 900	8 940	8 980	9 010	9 050	9 110	9 180	9 260	9 350	9 420	Sweden
6 364	6 532	6 980	7 180	7 230	7 320	7 320	7 360	7 450	7 500	7 590	7 700	7 780	7 866	Switzerland
56 106	56 696	58 417	58 660	58 790	58 980	59 200	60 000	60 000	60 200	60 580	60 970	60 970	60 970	United Kingdom
215 027	237 483	261 377	275 370	285 020	288 210	291 050	293 910	296 410	299 400	301 620	304 060	307 010	309 050	United States
(652 212)	**(745 356)**	**864 147**	**891 040**	**903 080**	**909 820**	**916 280**	**923 950**	**926 640**	**935 680**	**938 670**	**944 760**	**952 960**	**956 735**	**TOTAL DAC**
(276 459)	(331 994)	368 937	375 970	377 350	379 650	381 730	385 560	385 590	390 650	390 180	392 900	396 820	397 800	of which: DAC-EU countries

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Table B.10. Deflators for resource flows from DAC donors[a]
(2009 = 100)

	1970	1975	1980	1985	1990	1995	2000	2001	2002
Australia	14.81	30.31	42.36	38.81	61.31	62.42	53.20	49.26	53.42
Austria	10.49	22.43	38.81	30.47	62.81	83.00	57.30	56.79	60.65
Belgium	13.35	27.35	45.17	29.30	59.95	77.67	55.20	54.76	58.78
Canada	19.73	31.46	41.29	47.69	67.80	63.10	63.27	61.36	61.18
Denmark	11.17	24.46	37.60	28.88	59.68	71.19	54.38	54.17	58.49
Finland	12.73	27.02	42.48	38.44	82.38	80.25	59.13	59.27	63.12
France	13.67	27.21	44.51	32.39	63.19	75.30	55.47	54.97	59.23
Germany	13.58	27.41	45.16	32.78	67.29	87.80	59.89	58.90	62.87
Greece	10.79	18.36	29.76	24.89	47.98	62.97	51.25	50.76	55.23
Ireland	11.14	18.95	34.74	29.96	55.19	61.64	56.27	57.70	63.48
Italy	11.16	19.22	32.73	28.49	63.51	59.24	52.56	52.59	57.15
Japan	11.61	22.76	38.93	40.20	70.64	113.36	95.84	83.99	80.25
Korea	..	..	..	51.44	86.07	115.66	90.24	82.12	87.44
Luxembourg	12.26	22.59	38.93	26.17	50.98	68.51	49.92	48.55	52.16
Netherlands	11.31	25.06	42.88	30.04	56.79	72.05	54.31	55.47	60.61
New Zealand	13.61	23.11	40.19	34.78	64.24	76.64	56.74	54.70	60.96
Norway	11.44	23.07	36.11	30.90	51.98	54.77	51.71	51.45	56.92
Portugal	10.59	20.35	26.92	21.26	46.80	64.93	52.69	53.03	57.90
Spain	8.36	18.08	33.28	24.13	57.46	61.09	48.62	49.23	54.04
Sweden	18.73	35.98	57.70	42.41	85.94	86.09	70.59	63.95	69.06
Switzerland	8.27	20.49	35.29	29.65	61.45	81.11	58.00	58.50	63.69
United Kingdom	13.20	22.64	47.60	36.59	67.81	71.42	77.04	74.86	80.40
United States	22.18	30.62	43.56	56.17	65.87	74.38	80.87	82.70	84.04
TOTAL DAC	**16.46**	**27.49**	**42.82**	**39.77**	**65.66**	**80.69**	**69.16**	**66.09**	**68.75**
EU institutions	12.81	22.00	36.13	29.09	59.74	72.78	55.21	54.98	59.34

a) Including the effect of exchange rate changes, *i.e.* applicable to US dollar figures only.

Table B.10. (continued) Deflators for resource flows from DAC donors[a]
(2009 = 100)

2003	2004	2005	2006	2007	2008	2009	2010	
65.31	77.15	83.42	86.78	100.29	105.17	100.00	124.33	Australia
73.57	82.03	83.52	86.15	95.82	102.51	100.00	96.54	Austria
71.85	80.75	82.70	85.44	95.35	102.42	100.00	96.51	Belgium
70.85	78.67	87.27	95.72	104.29	108.40	100.00	113.82	Canada
71.28	80.11	82.30	84.80	94.39	103.01	100.00	97.82	Denmark
75.23	83.14	83.47	85.21	95.61	102.56	100.00	96.79	Finland
72.34	80.80	82.47	85.29	95.32	103.04	100.00	95.51	France
76.25	84.66	85.25	86.42	95.98	102.15	100.00	95.87	Germany
68.81	77.94	80.18	83.46	93.74	102.25	100.00	98.25	Greece
78.23	87.73	89.95	94.25	103.90	107.91	100.00	93.54	Ireland
70.64	79.73	81.40	83.72	93.65	101.40	100.00	95.77	Italy
85.30	90.47	87.74	82.24	80.67	91.08	100.00	104.46	Japan
95.14	101.92	114.71	123.26	128.85	111.02	100.00	113.80	Korea
66.31	74.23	77.68	83.72	94.66	103.95	100.00	96.57	Luxembourg
74.24	82.23	84.26	86.60	96.20	103.74	100.00	96.66	Netherlands
77.77	92.33	100.29	94.64	111.60	108.85	100.00	118.66	New Zealand
66.11	73.12	83.12	90.57	101.55	114.63	100.00	108.24	Norway
71.50	80.56	82.62	85.76	96.17	103.33	100.00	96.16	Portugal
67.47	77.18	80.51	84.66	95.42	102.96	100.00	95.47	Spain
84.47	93.64	92.89	95.71	107.18	112.15	100.00	107.13	Sweden
74.45	81.04	80.92	82.11	87.90	98.57	100.00	104.08	Switzerland
90.19	103.77	105.03	109.57	122.71	114.24	100.00	102.14	United Kingdom
85.85	88.28	91.23	94.20	96.97	99.09	100.00	101.01	United States
78.57	**85.95**	**88.19**	**90.40**	**97.76**	**102.82**	**100.00**	**100.95**	**TOTAL DAC**
72.70	81.43	83.04	85.48	95.43	102.58	100.00	95.86	EU institutions

StatLink http://dx.doi.org/10.1787/888932514741

Table B.11. Annual average Dollar exchange rates for DAC members

1 USD =		1970	1975	1980	1985	1990	1995	2000	2001	2002
Australia	Dollars	0.8980	0.7597	0.8771	1.4317	1.2818	1.3496	1.7265	1.9354	1.8413
Austria	Euro	1.8799	1.2660	0.9404	1.5033	0.8262	0.7328	1.0851	1.1166	1.0611
Belgium	Euro	1.2309	0.9119	0.7252	1.4732	0.8285	0.7312	1.0851	1.1166	1.0611
Canada	Dollars	1.0442	1.0170	1.1694	1.3659	1.1671	1.3725	1.4851	1.5484	1.5700
Denmark	Kroner	7.4995	5.7413	5.6358	10.5945	6.1864	5.6037	8.0880	8.3208	7.8843
Finland	Euro	0.7083	0.6171	0.6256	1.0421	0.6429	0.7345	1.0851	1.1166	1.0611
France	Euro	0.8429	0.6536	0.6443	1.3696	0.8302	0.7608	1.0851	1.1166	1.0611
Germany	Euro	1.8644	1.2579	0.9291	1.5051	0.8262	0.7327	1.0851	1.1166	1.0611
Greece	Euro	0.0880	0.0940	0.1251	0.4052	0.4643	0.6796	1.0725	1.1166	1.0611
Ireland	Euro	0.5300	0.5737	0.6180	1.2008	0.7678	0.7930	1.0851	1.1166	1.0611
Italy	Euro	0.3239	0.3371	0.4423	0.9861	0.6189	0.8413	1.0851	1.1166	1.0611
Japan	Yen	358.2	296.8	226.7	238.6	144.8	94.1	107.8	121.5	125.2
Korea	Won	310.8	484.0	607.4	870.9	708.0	771.4	1130.6	1290.4	1251.0
Luxembourg	Euro	1.2309	0.9119	0.7252	1.4732	0.8285	0.7312	1.0851	1.1166	1.0611
Netherlands	Euro	1.6411	1.1481	0.9020	1.5076	0.8262	0.7285	1.0851	1.1166	1.0611
New Zealand	Dollars	0.8971	0.8259	1.0272	2.0256	1.6779	1.5240	2.2047	2.3817	2.1633
Norway	Kroner	7.1471	5.2233	4.9369	8.5938	6.2583	6.3372	8.7967	8.9930	7.9856
Portugal	Euro	0.1426	0.1271	0.2494	0.8476	0.7098	0.7479	1.0851	1.1166	1.0611
Spain	Euro	0.4209	0.3450	0.4311	1.0221	0.6127	0.7494	1.0851	1.1166	1.0611
Sweden	Kroner	5.1862	4.1506	4.2292	8.6022	5.9184	7.1336	9.1606	10.3384	9.7210
Switzerland	Francs	4.3106	2.5819	1.6761	2.4574	1.3889	1.1821	1.6879	1.6869	1.5568
United Kingdom	Pound Sterling	0.4174	0.4518	0.4302	0.7793	0.5630	0.6336	0.6606	0.6943	0.6665
EU-12	**EURO**	**..**	**0.7537**	**0.7182**	**1.3105**	**0.7877**	**0.7652**	**1.0851**	**1.1166**	**1.0611**

Table B.11. (continued) Annual average Dollar exchange rates for DAC members

2003	2004	2005	2006	2007	2008	2009	2010		1 USD =
1.5415	1.3592	1.3128	1.3279	1.1952	1.2129	1.2800	1.0902	Dollars	Australia
0.8851	0.8049	0.8046	0.7967	0.7305	0.6933	0.7181	0.7550	Euro	Austria
0.8851	0.8049	0.8046	0.7967	0.7305	0.6933	0.7181	0.7550	Euro	Belgium
1.4001	1.3011	1.2117	1.1343	1.0743	1.0753	1.1410	1.0302	Dollars	Canada
6.5766	5.9876	5.9961	5.9430	5.4426	5.1675	5.3465	5.6218	Kroner	Denmark
0.8851	0.8049	0.8046	0.7967	0.7305	0.6933	0.7181	0.7550	Euro	Finland
0.8851	0.8049	0.8046	0.7967	0.7305	0.6933	0.7181	0.7550	Euro	France
0.8851	0.8049	0.8046	0.7967	0.7305	0.6933	0.7181	0.7550	Euro	Germany
0.8851	0.8049	0.8046	0.7967	0.7305	0.6933	0.7181	0.7550	Euro	Greece
0.8851	0.8049	0.8046	0.7967	0.7305	0.6933	0.7181	0.7550	Euro	Ireland
0.8851	0.8049	0.8046	0.7967	0.7305	0.6933	0.7181	0.7550	Euro	Italy
115.9	108.1	110.1	116.4	117.8	103.5	93.4	87.8	Yen	Japan
1190.7	1145.2	1024.2	951.8	929.5	1110.1	1273.9	1155.4	Won	Korea
0.8851	0.8049	0.8046	0.7967	0.7305	0.6933	0.7181	0.7550	Euro	Luxembourg
0.8851	0.8049	0.8046	0.7967	0.7305	0.6933	0.7181	0.7550	Euro	Netherlands
1.7240	1.5090	1.4208	1.5416	1.3609	1.4455	1.5988	1.3876	Dollars	New Zealand
7.0791	6.7393	6.4414	6.4148	5.8584	5.7073	6.2784	6.0445	Kroner	Norway
0.8851	0.8049	0.8046	0.7967	0.7305	0.6933	0.7181	0.7550	Euro	Portugal
0.8851	0.8049	0.8046	0.7967	0.7305	0.6933	0.7181	0.7550	Euro	Spain
8.0781	7.3460	7.4724	7.3733	6.7575	6.6797	7.6322	7.2022	Kroner	Sweden
1.3450	1.2427	1.2459	1.2532	1.1998	1.0966	1.0839	1.0427	Francs	Switzerland
0.6124	0.5457	0.5501	0.5434	0.4997	0.5527	0.6402	0.6475	Pound Sterling	United Kingdom
0.8851	**0.8049**	**0.8046**	**0.7967**	**0.7305**	**0.6933**	**0.7181**	**0.7550**	**EURO**	**EU-12**

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Technical notes

Notes on definitions and measurement

The coverage of the data presented in the *Development Co-operation Report* has changed in recent years. The main points are:

Changes in the concept of official development assistance (ODA) and the coverage of gross national income (GNI)

While the definition of official development assistance has not changed since 1972, some changes in interpretation have tended to broaden the scope of the concept. The main ones are the recording of administrative costs as ODA (from 1979), the imputation as ODA of the share of subsidies to educational systems representing the cost of educating students from aid recipient countries (first specifically identified in 1984), and the inclusion of assistance provided by donor countries in the first year after the arrival of a refugee from an aid recipient country (eligible to be reported from the early 1980s but widely used only since 1991).

Precise quantification of the effects of these changes is difficult because changes in data collection methodology and coverage are often not directly apparent from members' statistical returns. The amounts involved can, however, be substantial. For example, reporting by Canada in 1993 included for the first time a figure for in-Canada refugee support. The amount involved (USD 184 m) represented almost 8% of total Canadian ODA. Aid flows reported by Australia in the late 1980s, it has been estimated, were some 12% higher than had they been calculated according to the rules and procedures applying fifteen years earlier.

The coverage of national income has also been expanding through the inclusion of new areas of economic activity and the improvement of collection methods. In particular, the 1993 System of National Accounts (SNA) co-sponsored by the OECD and other major international organisations broadens the coverage of gross national product (GNP), now renamed gross national income (GNI). This tends to depress donors' ODA/GNI ratios. Norway's and Denmark's ODA/GNI ratios declined by 6 to 8% as a result of moving to the new SNA in the mid-1990s. Finland and Australia later showed smaller falls of 2 to 4%, while some other countries showed little change. The average fall has been about 3%. All DAC members are now using the new SNA.

Recipient country coverage

Since 1990, the following entities were added to the list of ODA recipients at the dates shown: the Black Communities of South Africa (1991 – now simply South Africa); Kazakhstan, the Kyrgyz Republic, Tajikistan, Turkmenistan and Uzbekistan (1992); Armenia, Georgia and Azerbaijan (1993); Palestinian Administered Areas (1994); Moldova (1997); Belarus, Libya and Ukraine (2005); Kosovo (2009).

Over the same period, the following countries and territories were removed from the list of ODA recipients at the dates shown: Portugal (1991); French Guiana, Guadeloupe, Martinique, Réunion and St Pierre and Miquelon (1992); Greece (1994); Bahamas, Brunei, Kuwait, Qatar, Singapore and United Arab Emirates (1996); Bermuda, Cayman Islands, Chinese Taipei, Cyprus, Falkland Islands, Hong Kong (China), and Israel (1997); Aruba, the British Virgin Islands, French Polynesia, Gibraltar, Korea, Libya, Macao, Netherlands Antilles, New Caledonia and the Northern Marianas (2000); Malta and Slovenia (2003); Bahrain (2005); Turks and Caicos Islands and Saudi Arabia (2008).

From 1993 to 2004, several Central and Eastern European Countries (CEEC)/New Independent States (NIS) countries in transition and more advanced developing countries were included on a separate list of recipients of "official aid". This list has now been abolished.

Donor country coverage

Spain and Portugal joined the DAC in 1991, Luxembourg joined in 1992, Greece joined in 1999 and Korea joined in 2010. Their assistance is now counted within the DAC total. ODA flows from these countries before they joined the DAC have been added to earlier years' data where available. The accession of new members has added to total DAC ODA, but has usually reduced the overall ODA/GNI ratio, since their programmes are often smaller in relation to GNI than those of the longer-established donors.

Treatment of debt forgiveness

The treatment of the forgiveness of loans not originally reported as ODA varied in earlier years. Up to and including 1992, where forgiveness of non-ODA debt met the tests of ODA it was reportable as ODA. From 1990 to 1992 inclusive it remained reportable as part of a country's ODA, but was excluded from the DAC total. The amounts so treated are shown in the table below. From 1993, forgiveness of debt originally intended for military purposes has been reportable as "other official flows", whereas forgiveness of other non-ODA loans (mainly export credits) recorded as ODA is included both in country data and in total DAC ODA in the same way as it was until 1989.

The forgiveness of outstanding loan principal originally reported as ODA does not give rise to a new net disbursement of ODA. Statistically, the benefit is reflected in the fact that because the cancelled repayments will not take place, net ODA disbursements will not be reduced.

Reporting year

All data in this publication refer to calendar years, unless otherwise stated.

Debt forgiveness of non-ODA claims[a] (USD million)

	1990	1991	1992
Australia	-	-	4.2
Austria	-	4.2	25.3
Belgium	-	-	30.2
France	294.0	-	108.5
Germany	-	-	620.4
Japan	15.0	6.8	32.0
Netherlands	12.0	-	11.4
Norway	-	-	46.8
Sweden	5.0	-	7.1
United Kingdom	8.0	17.0	90.4
United States	1 200.0	1 855.0	894.0
TOTAL DAC	**1 534.0**	**1 882.9**	**1 870.2**

a) These data are included in the ODA figures of individual countries but are excluded from DAC total ODA in all tables showing performance by donor.

DAC List of ODA Recipients
Effective for reporting on 2009 and 2010 flows

Least developed countries	Other low-income countries (*per capita* GNI < USD 935 in 2007)	Lower middle-income countries and territories (*per capita* GNI USD 936-3 705 in 2007)	Upper middle-income countries and territories (*per capita* GNI USD 3 706-11 455 in 2007)
Afghanistan	Côte d'Ivoire	Albania	*Anguilla
Angola	Ghana	Algeria	Antigua and Barbuda[1]
Bangladesh	Kenya	Armenia	Argentina
Benin	Korea, Dem. Rep.	Azerbaijan	Barbados[2]
Bhutan	Kyrgyz Rep.	Bolivia	Belarus
Burkina Faso	Nigeria	Bosnia and Herzegovina	Belize
Burundi	Pakistan	Cameroon	Botswana
Cambodia	Papua New Guinea	Cape Verde	Brazil
Central African Rep.	Tajikistan	China	Chile
Chad	Uzbekistan	Colombia	Cook Islands
Comoros	Viet Nam	Congo, Rep.	Costa Rica
Congo, Dem. Rep.	Zimbabwe	Dominican Republic	Croatia
Djibouti		Ecuador	Cuba
Equatorial Guinea		Egypt	Dominica
Eritrea		El Salvador	Fiji
Ethiopia		Former Yugoslav Republic of Macedonia	Gabon
Gambia		Georgia	Grenada
Guinea		Guatemala	Jamaica
Guinea-Bissau		Guyana	Kazakhstan
Haiti		Honduras	Lebanon
Kiribati		India	Libya
Laos		Indonesia	Malaysia
Lesotho		Iran	Mauritius
Liberia		Iraq	*Mayotte
Madagascar		Jordan	Mexico
Malawi		Kosovo[3]	Montenegro
Maldives		Marshall Islands	*Montserrat
Mali		Micronesia, Federated States	Nauru
Mauritania		Moldova	Oman[1]
Mozambique		Mongolia	Palau
Myanmar		Morocco	Panama
Nepal		Namibia	Serbia
Niger		Nicaragua	Seychelles
Rwanda		Niue	South Africa
Samoa		Palestinian Administered Areas	*St. Helena
São Tomé and Príncipe		Paraguay	St. Kitts-Nevis
Senegal		Peru	St. Lucia
Sierra Leone		Philippines	St. Vincent and Grenadines
Solomon Islands		Sri Lanka	Suriname
Somalia		Swaziland	Trinidad and Tobago[2]
Sudan		Syria	Turkey
Tanzania		Thailand	Uruguay
Timor-Leste		*Tokelau	Venezuela
Togo		Tonga	
Tuvalu		Tunisia	
Uganda		Turkmenistan	
Vanuatu		Ukraine	
Yemen		*Wallis and Futuna	
Zambia			

* Territory

(1) Antigua & Barbuda and Oman exceeded the high income country threshold in 2007. In accordance with the DAC rules for revision of this List, both will graduate from the List in 2011 if they remain high income countries until 2010.

(2) Barbados and Trinidad & Tobago exceeded the high income country threshold in 2006 and 2007. In accordance with the DAC rules for revision of this List, both will graduate from the List in 2011 if they remain high income countries until 2010.

(3) This does not imply any legal position of the OECD regarding Kosovo's status.

Glossary of key terms and concepts

(Cross-references are given in CAPITALS)

AID: The words "aid" and "assistance" in this publication refer only to flows which qualify as OFFICIAL DEVELOPMENT ASSISTANCE (ODA).

AID EFFECTIVENESS: The efforts of the development community to improve the delivery of AID to maximise its impact on development.

AMORTISATION: Repayments of principal on a LOAN. Does not include interest payments.

ASSOCIATED FINANCING: The combination of OFFICIAL DEVELOPMENT ASSISTANCE, whether GRANS or LOANS, with other official or private funds to form finance packages. Associated financing packages are subject to the same criteria of concessionality, developmental relevance and recipient country eligibility as TIED AID credits.

BILATERAL: See TOTAL RECEIPTS.

CLAIM: The entitlement of a creditor to repayment of a LOAN; by extension, the loan itself or the outstanding amount thereof.

COMMITMENT: A firm obligation, expressed in writing and backed by the necessary funds, undertaken by an official donor to provide specified assistance to a recipient country or a multilateral organisation. Bilateral commitments are recorded in the full amount of expected transfer, irrespective of the time required for the completion of DISBURSEMENTS. Commitments to multilateral organisations are reported as the sum of: *i*) any disbursements in the year in question which have not previously been notified as commitments and *ii*) expected disbursements in the following year.

CONCESSIONALITY LEVEL: A measure of the "softness" of a credit reflecting the benefit to the borrower compared to a LOAN at market rate (see GRANT ELEMENT). Technically, it is calculated as the difference between the nominal value of a TIED AID credit and the present value of the debt service as of the date of DISBURSEMENT, calculated at a discount rate applicable to the currency of the transaction and expressed as a percentage of the nominal value.

COUNTRY PROGRAMMABLE AID (CPA): Tracks the portion of aid on which recipient countries have, or could have, a significant say and for which donors should be accountable for delivering "as programmed". CPA reflects the amount of aid that is subjected to multi-year planning at country/regional level, and is defined through exclusions, by subtracting from total gross ODA that is:

- unpredictable by nature (humanitarian aid and debt relief)
- entails no cross-border flows (administrative costs, imputed student costs, promotion of development awareness, and research and refugees in donor countries)
- does not form part of co-operation agreements between governments (food aid and aid from local governments)
- does not form part of co-operation agreements between governments (food aid and aid from local governments, core funding to NGOs, aid through secondary agencies, and aid which is not allocable by country)

CPA does not net out loan repayments, as these are not usually factored into aid allocation decisions.

DEVELOPMENT ASSISTANCE COMMITTEE (DAC): The committee of the Organisation for Economic Co-operation and Development (OECD) which deals with development co-operation matters. A description of its aims and a list of its members are available at *www.oecd.org/dac.*

DAC LIST OF ODA RECIPIENTS: For statistical purposes, the OECD Development Assistance Committee (DAC) uses a list of official development assistance (ODA) recipients which it revises every three years. The "Notes on Definitions and Measurement" give details of revisions in recent years. As of 1 January 2008, the list is presented in the following categories (the word "countries" includes territories):

- **LDCs:** Least developed countries, a group established by the United Nations (UN). To be classified as LDCs, countries must fall below thresholds established for income, economic diversification and social development. The DAC List of ODA Recipients is updated immediately to reflect any change in the LDCs group.
- **Other LICs:** Other low-income countries; includes all non-LDCs with per capita gross national income (GNI) of USD 935 or less in 2007 (World Bank Atlas basis).
- **LMICs:** Lower middle-income countries, *i.e.* with a GNI per capita (atlas basis) between USD 936 and USD 3 705 in 2007. LDCs which are also LMICs are only shown as LDCs, not as LMICs.
- **UMICs:** Upper middle-income countries, *i.e.* those with a GNI per capita (atlas basis) between USD 3 706 and USD 11 455 in 2007.

When a country is added to or removed from the LDCs group, totals for the income groups affected are adjusted retroactively to maximise comparability over time with reference to the current list.

DEBT REORGANISATION (also: **RESTRUCTURING**): Any action officially agreed between creditor and debtor that alters the terms previously established for repayment. This may include **forgiveness** (extinction of the LOAN) or **rescheduling,** which can be implemented either by revising the repayment schedule or extending a new **refinancing** loan. See also the "Notes on Definitions and Measurements" in Annex B.

DISAGGREGATED MONITORING: Means breaking down results from statistical monitoring by sex, sub-national region, and ethnic and social groups.

DISBURSEMENT: The release of funds to – or the purchase of goods or services for – a recipient; by extension, the amount thus spent. Disbursements record the actual international transfer of financial resources, or of goods or services valued at the cost to the donor. In the case of activities carried out in donor countries, such as training, administration or public awareness programmes, disbursement is taken to have occurred when the funds have been transferred to the service provider or the recipient. They may be recorded **gross** (the total amount disbursed over a given accounting period) or net (the gross amount less any repayments of LOAN principal or recoveries on GRANTS received during the same period).

EXPORT CREDITS: Loans for the purpose of trade and which are not represented by a negotiable instrument. They may be extended by the official or the private sector. If extended by the private sector, they may be supported by official guarantees.

FRAGMENTATION OF AID: Describes aid that comes in too many small slices from too many donors, creating unnecessary and wasteful administrative costs and making it difficult to target aid where it is needed most.

GRACE PERIOD: See GRANT ELEMENT.

GRANTS: Transfers made in cash, goods or services for which no repayment is required.

GRANT ELEMENT: Reflects the **financial terms** of a COMMITMENT: interest rate, MATURITY and GRACE PERIOD (interval to first repayment of capital). It measures the concessionality of a LOAN, expressed as the percentage by which the present value of the expected stream of repayments falls short of the repayments that would have been generated at a given reference rate of interest. The reference rate is 10% in DAC statistics. This rate was selected as a proxy for the marginal efficiency of domestic investment, *i.e.* as an indication of the opportunity cost to the donor of making the funds available. Thus, the grant element is nil for a loan carrying an interest rate of 10%; it is 100% for a GRANT; and it lies between these two limits for a loan at less than 10% interest. If the face value of a loan is multiplied by its grant element, the result is referred to as the **grant equivalent** of that loan (see CONCESSIONALITY LEVEL). Note: In classifying receipts, the grant element concept is not applied to the operations of the multilateral development banks. Instead, these are classified as concessional if they include a subsidy ("soft window" operations) and non-concessional if they are unsubsidised ("hard window" operations).

GRANT-LIKE FLOW: A transaction in which the donor country retains the formal title to repayment but has expressed its intention in the COMMITMENT to hold the proceeds of repayment in the borrowing country for the benefit of that country.

HIGH LEVEL FORUM ON AID EFFECTIVENESS: The formulation of a set of principles for effective aid (see PARIS DECLARATION ON AID EFFECTIVENESS) grew out of a need to understand why aid was not producing the development results everyone wanted to see and to step up efforts to meet the ambitious targets set by the Millennium Development Goals (MDGs). These principles are rooted in continuous efforts to improve the delivery of aid, marked by three notable events: the High Level Fora on Aid Effectiveness in Rome, Paris and Accra in 2003, 2005 and 2008, respectively.

IMPUTED MULTILATERAL FLOWS: Geographical distribution of donors' core contributions to multilateral agencies, based on the geographical breakdown of multilateral agencies' disbursement for the year of reference.

LOANS: Transfers for which repayment is required. Only loans with MATURITIES of over one year are included in DAC statistics. The data record actual flows throughout the lifetime of the loans, not the **grant equivalent** of the loans (see GRANT ELEMENT). Data on net loan flows include deductions for repayments of principal (but not payment of interest) on earlier loans. This means that when a loan has been fully repaid, its effect on total NET FLOWS over the life of the loan is zero.

LONG-TERM: LOANS with an original or extended MATURITY of more than one year (see SHORT-TERM).

MATURITY: The date at which the final repayment of a LOAN is due; by extension, the duration of the loan.

MULTILATERAL AGENCIES: In DAC statistics, those international institutions with governmental membership that conduct all or a significant part of their activities in favour of development and aid recipient countries. They include multilateral development banks (e.g. the World Bank, regional development banks), United Nations agencies and regional groupings (e.g. certain European Union and Arab agencies). A contribution by a DAC member to such an agency is deemed to be multilateral if it is pooled with other contributions and disbursed at the discretion of the agency. Unless otherwise indicated, capital subscriptions to multilateral development banks are presented on a deposit basis, *i.e.* in the amount and as of the date of lodgement of the relevant letter of credit or other negotiable instrument. Limited data are available on an encashment basis, *i.e.* at the date and in the amount of each drawing made by the agency on letters or other instruments.

NET FLOW: The total amount disbursed over a given accounting period, less repayments of LOAN principal during the same period, no account being taken of interest.

NET TRANSFER: In DAC statistics, NET FLOW minus payments of interest.

OFFICIAL DEVELOPMENT ASSISTANCE (ODA): GRANTS or LOANS to countries and territories on the DAC LIST OF ODA RECIPIENTS and MULTILATERAL AGENCIES that are undertaken by the official sector at concessional terms (*i.e.* with a GRANT ELEMENT of at least 25%) and that have the promotion of the economic development and welfare of developing countries as their main objective. In addition to financial flows, TECHNICAL CO-OPERATION is included in aid. Grants, loans and credits for military purposes are excluded. For treatment of the forgiveness of loans originally extended for military purposes, see "Notes on Definitions and Measurement" in Annex B.

OFFICIAL DEVELOPMENT FINANCE (ODF): Used in measuring the inflow of resources to recipient countries and includes: *i*) bilateral ODA, *ii*) GRANTS, and concessional and non-concessional development lending by MULTILATERAL AGENCIES and *iii*) those OTHER OFFICIAL FLOWS which are considered developmental (including refinancing LOANS) but which have too low a GRANT ELEMENT to qualify as ODA.

OFFSHORE BANKING CENTRES: Countries or territories whose financial institutions deal primarily with non-residents.

OTHER OFFICIAL FLOWS (OOF): Transactions by the official sector with countries on the DAC LIST OF ODA RECIPIENTS which do not meet the conditions for eligibility as OFFICIAL DEVELOPMENT ASSISTANCE, either because they are not primarily aimed at development or because they have a GRANT ELEMENT of less than 25%.

PARIS DECLARATION ON AID EFFECTIVENESS: The Paris Declaration (2005) – adhered to by over 100 countries – lays out a practical, action-oriented roadmap to improve the quality of aid and its impact on development by 2010. It puts in place a series of specific implementation measures and establishes an international monitoring system to ensure that donors and recipients hold each other accountable for their commitments – a feature that is unique among international agreements. The Paris Declaration's 56 PARTNERSHIP COMMITMENTS are organised around five fundamental principles for making aid more effective:

- **Ownership:** Developing countries set their own strategies for development, improve their institutions and tackle corruption.
- **Alignment:** Donor countries bring their support in line with these objectives and use local systems.
- **Harmonisation:** Donor countries co-ordinate their action, simplify procedures and share information to avoid duplication.
- **Managing for results:** Developing countries and donors focus on producing and measuring results.
- **Mutual accountability:** Donor and developing country partners are accountable for development results.

Designed to strengthen and deepen implementation of the Paris Declaration, the **Accra Agenda for Action** (AAA, 2008) takes stock of progress and sets the agenda for accelerated advancement towards the 2010 targets. The AAA represents an unprecedented alliance of more than 80 developing countries, DAC donors, some 3 000 civil society organisations, emerging economies, United Nations and multilateral institutions, and global funds.

PARTIALLY UNTIED AID: ODA for which the associated goods and services must be procured in the donor country or among a restricted group of other countries that must, however, substantially include all recipient countries. Partially untied aid is subject to the same disciplines as TIED AID credits and ASSOCIATED FINANCING.

PARTNER COUNTRY: Refers to countries that receive development assistance provided by other countries to support their own development.

PARTNERSHIP PRINCIPLES: See PARIS DECLARATION ON AID EFFECTIVENESS.

PRIVATE FLOWS: Consist of flows at market terms financed out of private sector resources (i.e. changes in holdings of private LONG-TERM assets held by residents of the reporting country) and private grants (i.e. grants by non-governmental organisations and other private bodies, net of subsidies received from the official sector). In presentations focusing on the receipts of recipient countries, flows at market terms are shown as follows:

- **Direct investment:** Investment made to acquire or add to a lasting interest in an enterprise in a country on the DAC LIST OF ODA RECIPIENTS. "Lasting interest" implies a long-term relationship where the direct investor has a significant influence on the management of the enterprise, reflected by ownership of at least 10% of the shares, or equivalent voting power or other means of control. In practice it is recorded as the change in the net worth of a subsidiary in a recipient country to the parent company, as shown in the books of the latter.
- **International bank lending:** Net lending to countries on the DAC List of ODA Recipients by banks in OECD countries. LOANS from central monetary authorities are excluded. Guaranteed bank loans and bonds are included under other private (see below) or bon lending (see below).
- **Bond lending:** Net completed international bonds issued by countries on the DAC List of ODA Recipients.
- **Other private:** Mainly reported holdings of equities issued by firms in aid recipient countries.

In data presentations that focus on the outflow of funds from donors, private flows other than direct investment are restricted to credits with a MATURITY of more than one year and are usually divided into:

- **Private export credits:** See EXPORT CREDITS.
- **Securities of multilateral agencies:** This covers the transactions of the private, non-bank and bank sector in bonds, debentures etc. issued by MULTILATERAL AGENCIES.

SCALING UP: This term, used with reference to aid, refers not only to increased aid flows, but also to an increase in the impact and effectiveness of aid through several measures: distributing aid better, based on partner country needs and priorities; widening aid to include populations and geographic/thematic areas that receive proportionally too little; applying more broadly the lessons that have been learned on more effective aid delivery and management; following through on commitments (in terms of how much aid is given and how it is delivered and managed); investing greater efforts to overcome known and recognised obstacles to aid effectiveness.

SHORT-TERM: LOANS with a MATURITY of one year or less (see LONG-TERM).

TECHNICAL CO-OPERATION: Includes both *i*) GRANTS to nationals of aid recipient countries receiving education or training at home or abroad and *ii*) payments to consultants, advisers and similar personnel, as well as teachers and administrators serving in recipient countries (including the cost of associated equipment). Assistance of this kind provided specifically to facilitate the implementation of a capital project is included indistinguishably among bilateral project and programme expenditures, and is omitted from technical co-operation in statistics of aggregate flows.

TIED AID: Official GRANTS or LOANS where procurement of the goods or services is limited to the donor country or to a group of countries which does not substantially include all aid recipient countries. Tied aid loans, credits and ASSOCIATED FINANCING packages are subject to certain disciplines concerning their CONCESSIONALITY LEVELS, the countries to which they may be directed and their developmental relevance for the purpose of: avoiding the use of aid funds on projects that would be commercially viable with market finance and ensuring that recipient countries receive good value.

TOTAL RECEIPTS: The inflow of resources to aid recipient countries includes, in addition to ODF, official and private EXPORT CREDITS and LONG-TERM private transactions (see PRIVATE FLOWS). Total receipts are measured net of AMORTISATION payments and repatriation of capital by private investors. **Bilateral** flows are provided directly by a donor country to an aid recipient country. **Multilateral** flows are channelled through MULTILATERAL AGENCIES. In tables showing total receipts of recipient countries, the outflows of multilateral agencies to those countries is shown, not the contributions which the agencies received from donors.

UNDISBURSED: Describes amounts committed but not yet spent (see COMMITMENT, DISBURSEMENT).

UNTIED AID: ODA for which the associated goods and services may be fully and freely procured in substantially all countries.

VOLUME (real terms): The flow data of DAC statistics are expressed in US dollars (USD). To give a truer idea of the volume of flows over time, some data are presented in constant prices and exchange rates, with a reference year specified. This means that adjustment has been made to cover both inflation in the donor's currency between the year in question and the reference year, and changes in the exchange rate between that currency and the United States dollar over the same period. A table of combined conversion factors (deflators) is provided in Annex B which allows any DAC figure in current USD to be converted to dollars of the reference year ("**constant prices**").

ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT

The OECD is a unique forum where governments work together to address the economic, social and environmental challenges of globalisation. The OECD is also at the forefront of efforts to understand and to help governments respond to new developments and concerns, such as corporate governance, the information economy and the challenges of an ageing population. The Organisation provides a setting where governments can compare policy experiences, seek answers to common problems, identify good practice and work to co-ordinate domestic and international policies.

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In order to achieve its aims, the OECD has set up a number of specialised committees. One of these is the Development Assistance Committee, whose mandate is to promote development co-operation and other policies so as to contribute to sustainable development – including pro-poor economic growth, poverty reduction, improvement of living standards in developing countries – and to a future in which no country will depend on aid. To this end, the Development Assistance Committee (DAC) has grouped the world's main donors, defining and monitoring global standards in key areas of development.

The members of the Development Assistance Committee are Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Japan, Korea, Luxembourg, the Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, the United Kingdom, the United States and the Commission of the European Communities.

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