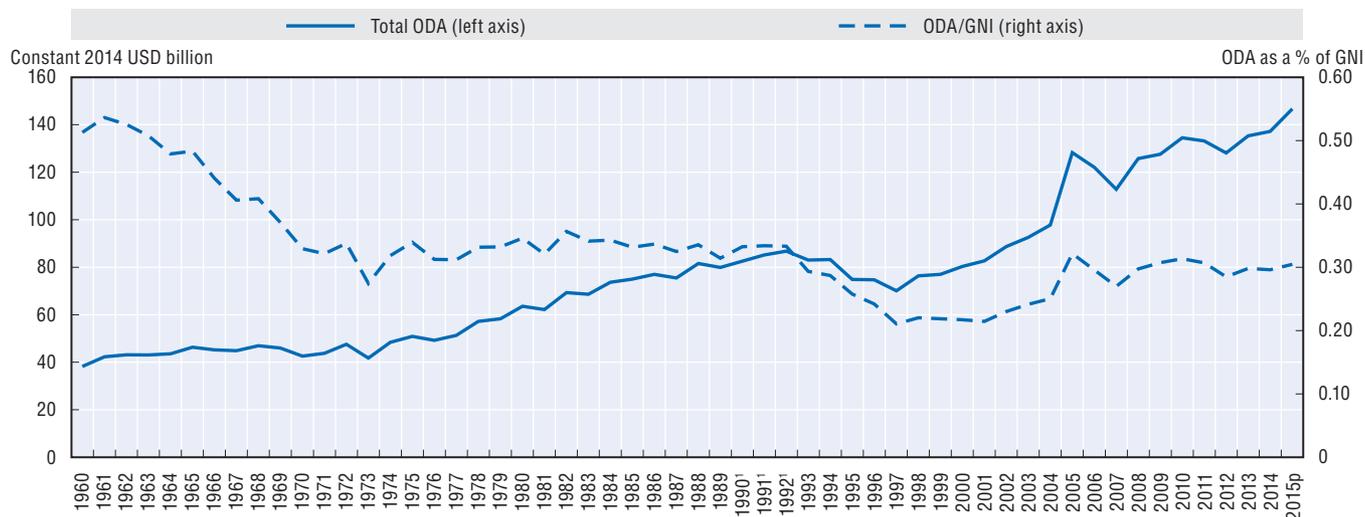


Development Assistance Committee members' ODA performance in 2014 and 2015

According to preliminary data, in 2015 net official development assistance (ODA) flows from member countries of the Development Assistance Committee (DAC) rose by 6.9% in real terms from 2014 to reach USD 131.6 billion, representing 0.30% of gross national income (GNI). In real terms, this represents the highest level of net ODA ever achieved. Most of the increase was due to the reporting of in-donor refugee costs, but if these costs are excluded, net ODA still rose by 1.7% in real terms. It is encouraging that ODA continues to remain high and stable.

Overall aid trends

Figure 8.1. Net official development assistance, 1960-2015



p: Preliminary data.

1. Total ODA excludes debt forgiveness of non-ODA claims in 1990, 1991 and 1992.

Source: OECD (2016a), "Detailed aid statistics: Official and private flows", OECD International Development Statistics (database), <http://dx.doi.org/10.1787/data-00072-en> (accessed 22 April 2016).

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In 2015, net official development assistance (ODA) flows from member countries of the Development Assistance Committee (DAC) of the OECD were USD 131.6 billion. Adjusting for inflation and the appreciation of the US dollar,¹ this represented an increase of 6.9% in real terms, the highest level ever achieved for net ODA. Net ODA as a share of gross national income (GNI) was 0.30%, on a par with 2014. Overall levels of ODA continue to grow; since 2000, net ODA has increased by 83% in real terms.

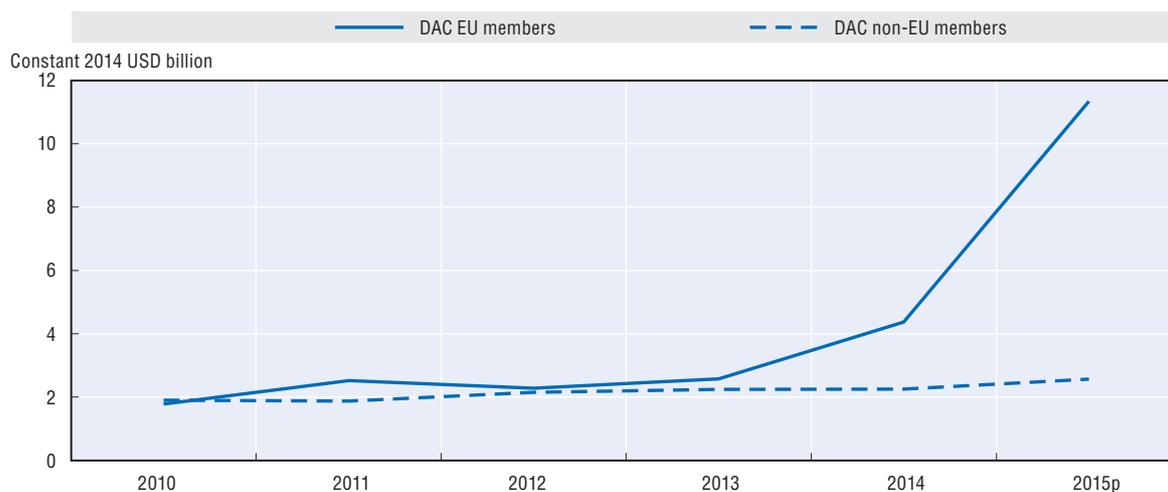
Most of the increase in 2015 was due to higher expenditures for in-donor refugee costs as a result of the surge of asylum seekers. However, if these costs are excluded, net ODA still continued to grow by 1.7% in real terms.

Between 2014 and 2015, ODA for in-donor refugee costs rose from USD 6.6 billion to USD 12 billion, and its share of total net ODA rose from 4.8% to 9.1%. However, there are large variations amongst donors. In 2015, in-donor refugee costs represented more than 10% of total net ODA for ten DAC donors; for five of these it was over 20% and up to 34%. Figure 8.2 compares the trends in ODA for in-donor refugee costs from 2010 to 2015 for EU and non-EU members, and shows how the present refugee crisis mainly affects the ODA of EU member states.

In a special survey carried out by the OECD DAC Secretariat, 13 members indicated that in-donor refugee costs were funded from budgets other than development co-operation, although they signalled that ODA budgets could be indirectly affected by these costs; 7 members responded that they would use their ODA budgets to cover in-donor refugee costs in 2015 and 2016; at the time of the survey, 3 did not consider such costs as ODA and no information was available for the remaining donors.

DAC members' performance

The largest donor countries by volume were the United States, the United Kingdom, Germany, Japan and France. Denmark, Luxembourg, the Netherlands, Norway, Sweden and the United Kingdom exceeded the United Nations' ODA target of 0.7% of GNI.

Figure 8.2. **Net ODA expenditures on in-donor refugee costs**

p: Preliminary data.

Source: OECD (2016a), "Detailed aid statistics: Official and private flows", OECD International Development Statistics (database), <http://dx.doi.org/10.1787/data-00072-en> (accessed 22 April 2016).

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Net ODA rose in 22 countries, with the largest increases recorded in Austria, Canada, the Czech Republic, Germany, Greece, Iceland, Italy, Japan, the Netherlands, Poland, the Slovak Republic, Slovenia and Sweden. For some countries, the large increases were due to in-donor refugee costs. Excluding these costs, net ODA still rose in 20 countries. By contrast, total net ODA fell in six countries, with the largest decreases recorded in Australia and Portugal.

Among DAC member countries, G7 countries provided 72% of total net DAC ODA in 2015, and the DAC-EU countries 56%.

Further outlook

The annual DAC Survey on Donors' Forward Spending Plans provides estimates of future gross aid receipts of country programmable aid (CPA).² In 2015, CPA from all sources (DAC members, non-DAC providers and multilateral agencies) amounted to USD 96.4 billion.³

CPA to least developed countries (LDCs) and other low-income countries (LICs) increased by 3% in real terms to USD 39.8 billion in 2015 compared to 2014. However, it decreased by 2% to lower middle-income countries (LMICs) and upper middle-income countries (UMICs). This was mainly due to a lower level of concessional loans to countries such as Mexico, Morocco and Viet Nam. The largest volume increases in CPA in 2015 were recorded by countries in sub-Saharan Africa (e.g. South Sudan, and Ebola-affected Liberia and Sierra Leone). These increases were mainly driven by additional grants from DAC members and concessional loans from multilateral development banks.

The survey results suggest a large increase in 2016 of global CPA of USD 5.2 billion (constant 2015 prices), stemming from both bilateral and multilateral providers. This increase will benefit countries across all income groups, but primarily LDCs and fragile states, where an increase of 6% in real terms is noted due to larger disbursements by multilateral agencies. Overall CPA to LMICs and UMICs is also expected to increase; however, at a slower pace (3% for LMICs and 4% for UMICs), and with large fluctuations across countries because of the volatility in aid receipts linked to concessional loans.

On a geographical basis, the largest increases in 2016 can be expected for populous countries in Asia, such as Bangladesh, the People's Republic of China (hereafter "China"), Myanmar and Viet Nam, and for countries in sub-Saharan Africa, such as Ethiopia, Nigeria and Uganda. Slight decreases are, however, to be expected for countries in the Americas and in Oceania.

Global CPA is projected to remain stable up to 2019 with a continued upward trajectory for the LDCs, in line with DAC members' recent commitments to allocate more of total ODA to countries most in need. This trend confirms a recent DAC study which suggested that most DAC members were in the process of re-focusing their allocations in accordance with their international agreements to better target ODA to countries most in need.⁴

The survey projects declining levels of CPA for some individual LDCs between 2016 and 2019, such as Guinea and Niger, two countries repeatedly identified as aid orphans in an OECD⁵ study. Aid is also expected to rise, although at a slower pace than for LDCs, to other countries most in need, such as other low-income countries, fragile and conflict-affected states and economies, landlocked developing countries, and small island developing states.

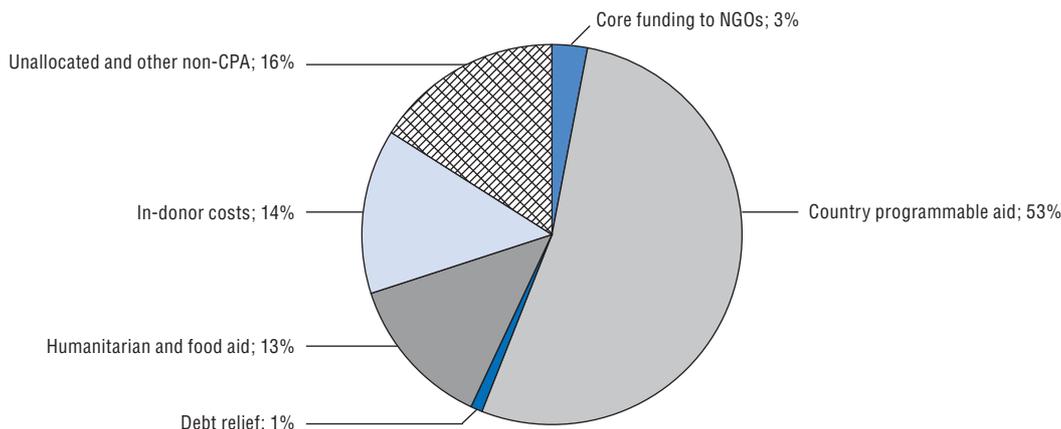
The medium-term projections show a positive trend in CPA towards some of the poorest and most fragile countries, an encouraging development in view of the challenges of the 2030 Agenda.

Aggregate aid trends by aid types and channels

Country programmable aid

DAC countries' total CPA was USD 57 billion in 2014, a 4% decrease in real terms from 2013. This volume represents 53% of DAC countries' gross bilateral ODA (Figure 8.3). CPA as a share of total bilateral ODA has been fairly stable since 2004, apart from a temporary drop in 2005 and 2006 due to exceptional debt relief to Iraq and Nigeria.

Figure 8.3. **Composition of DAC countries' bilateral ODA, 2014, gross disbursements**

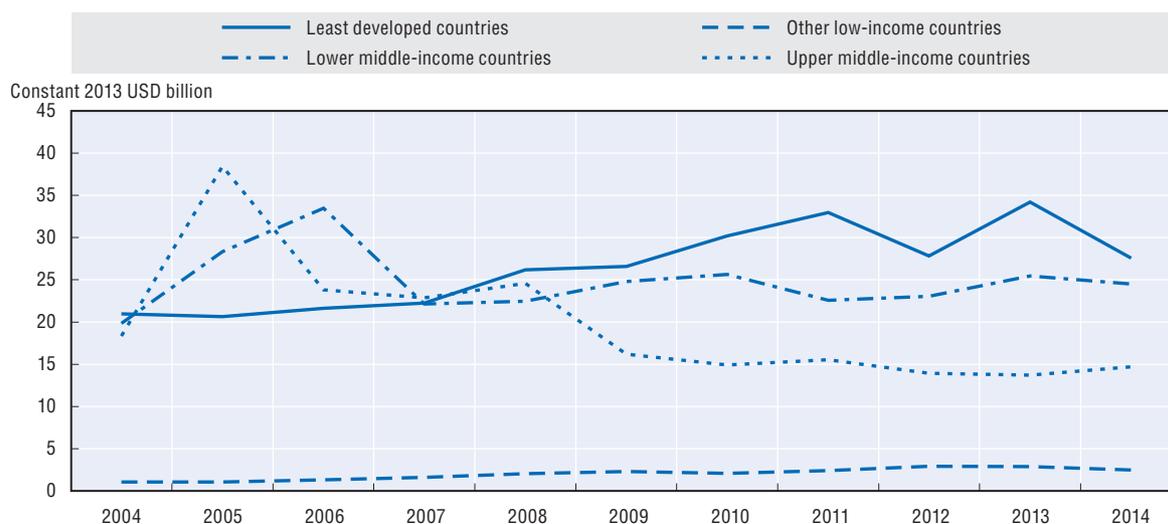


Source: OECD (2016b), "Country programmable aid (CPA)", OECD International Development Statistics (database), <http://dx.doi.org/10.1787/data-00585-en> (accessed 22 April 2016).

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Aid by income group

The increase in ODA over the past decade has benefited countries in all income groups, including the least developed countries (Figure 8.4). However, since 2011, net ODA to the least developed countries has fallen. The increase in 2013 was due to debt relief for Myanmar. Furthermore, in 2014, over half of bilateral ODA flows to LDCs were directed to eight recipient countries (Afghanistan, Ethiopia, South Sudan, Tanzania, Mozambique, Bangladesh, the Democratic Republic of the Congo and Myanmar).

Figure 8.4. **Bilateral ODA by income group, 2004-14, gross disbursements**

Source: OECD (2016c), "Detailed aid statistics: ODA official development assistance: Disbursements", OECD International Development Statistics (database), <http://dx.doi.org/10.1787/data-00069-en> (accessed 22 April 2016).

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The majority of DAC countries still fell short of the United Nations target of allocating 0.15% of their GNI as net ODA to least developed countries (Figure 8.5).⁶ In 2014, only eight member countries reached this target (Belgium, Denmark, Finland, Ireland, Luxembourg, Norway, Sweden and the United Kingdom). In total, DAC countries provided 0.09% of their GNI as ODA to least developed countries in 2014, down from 0.10% in 2013.

Figure 8.5. **DAC countries' net ODA to least developed countries as a per cent of gross national income, 1960-2014**

Source: OECD (2016c), "Detailed aid statistics: ODA official development assistance: Disbursements", OECD International Development Statistics (database), <http://dx.doi.org/10.1787/data-00069-en> (accessed 22 April 2016).

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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 either as tied aid (procurement open only to suppliers in the provider

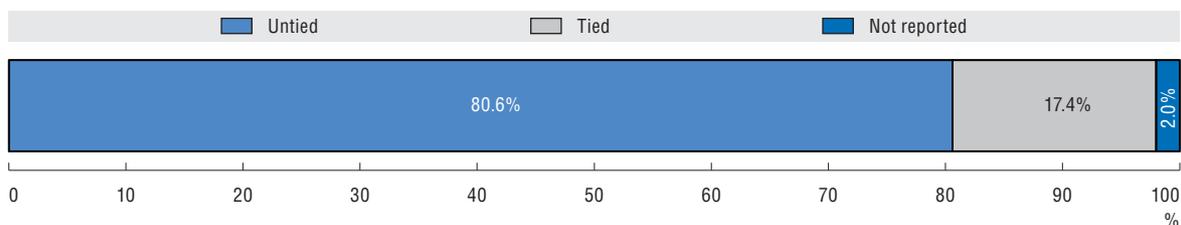
country) or as partially untied aid (procurement open to a restricted number of countries which must include substantially all developing countries and can include the provider country). These definitions apply whether aid is tied formally or through informal arrangements.

The DAC has focused on the issue of the tying status of aid since its inception in 1961. The purpose of reporting tying status items is to show how much of members' aid is open for procurement through international competition. Internationally competitive procurement promotes cost-effective sourcing of aid inputs, promotes free and open trade, and facilitates the implementation of commitments under the Paris Declaration on Aid Effectiveness in areas such as co-ordination and alignment. DAC reporting on tying status does not include multilateral ODA (core contributions to multilateral agencies), as this is treated as untied by convention. In this field, as in others, the DAC has for many years given special consideration to the needs of least developed countries. In 2001, the DAC agreed the Recommendation on Untying ODA to the Least Developed Countries (OECD, 2001). In 2008, it expanded this Recommendation to include those heavily indebted poor countries (HIPCs) that were not included as least developed countries (OECD, 2008).

The Paris Declaration committed OECD-DAC providers "to continue making progress to untie aid as encouraged by the 2001 DAC Recommendation on Untying ODA to the Least Developed Countries", while the Accra Agenda for Action encouraged co-operation providers to "elaborate plans to further untie aid to the maximum extent".⁷ The Busan Partnership agreement urges providers to "accelerate efforts to untie aid" and to "improve the quality, consistency and transparency of reporting on the tying status of aid" (Fourth High-Level Forum, 2011). Overall, reporting on the tying status of ODA has greatly improved.

In 2014, 80.6% of DAC countries' ODA was reported as untied and only 2.0% where tying status items were not reported, mostly concerning free-standing technical co-operation.⁸ While reporting the tying status of this type of aid is not mandatory (except for ODA to the least developed and highly indebted poor countries), most DAC members do so, filling a major reporting gap which was hindering accurate and comparative analysis of individual members' untying performance (OECD/UNDP, 2014).

Figure 8.6. **Tying status of DAC countries' bilateral aid, 2014**



Note: This measure of untied aid excludes providers' administrative costs and refugee costs in provider countries.

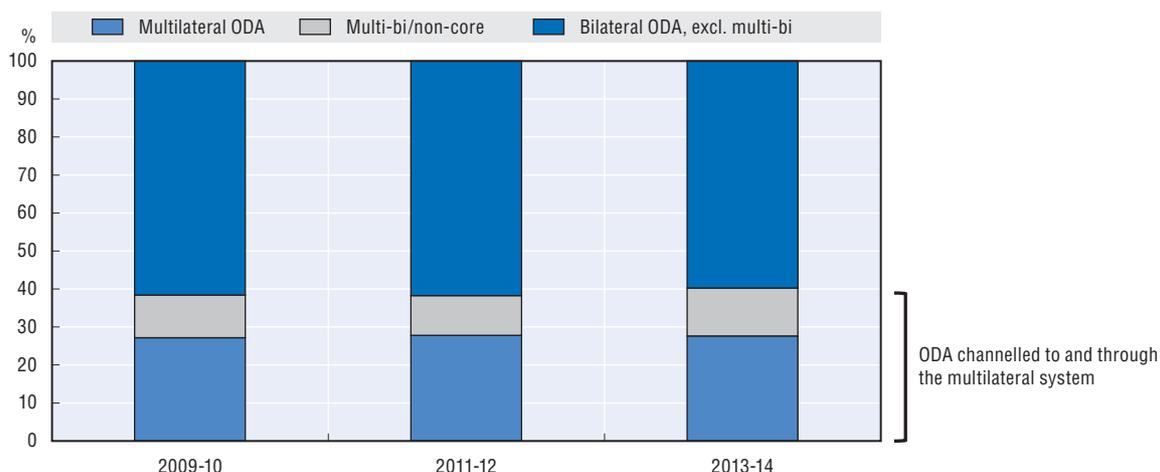
Source: OECD (2016d), "Detailed aid statistics: Official bilateral commitments by sector", OECD International Development Statistics (database), <http://dx.doi.org/10.1787/data-00073-en> (accessed 22 April 2016).

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ODA to and through the multilateral aid system

On average for 2013 and 2014, DAC countries channelled 40% of their ODA to and through the multilateral aid system, a slight increase from the 2009-10 average of 38%. This increase was mainly due to larger ODA shares allocated to the multilateral system for specific themes, sectors or country/regions (multi-bi/non-core). While the share of multi-bi rose from 11% in 2009-10 to 13% in 2013-14, the share of core contributions increased only marginally, from 27% in 2009-10 and 2011-12 to 28% in 2013-14 (Figure 8.7).

Figure 8.7. **DAC countries' share of ODA channelled to and through the multilateral system, two year averages, gross disbursements**



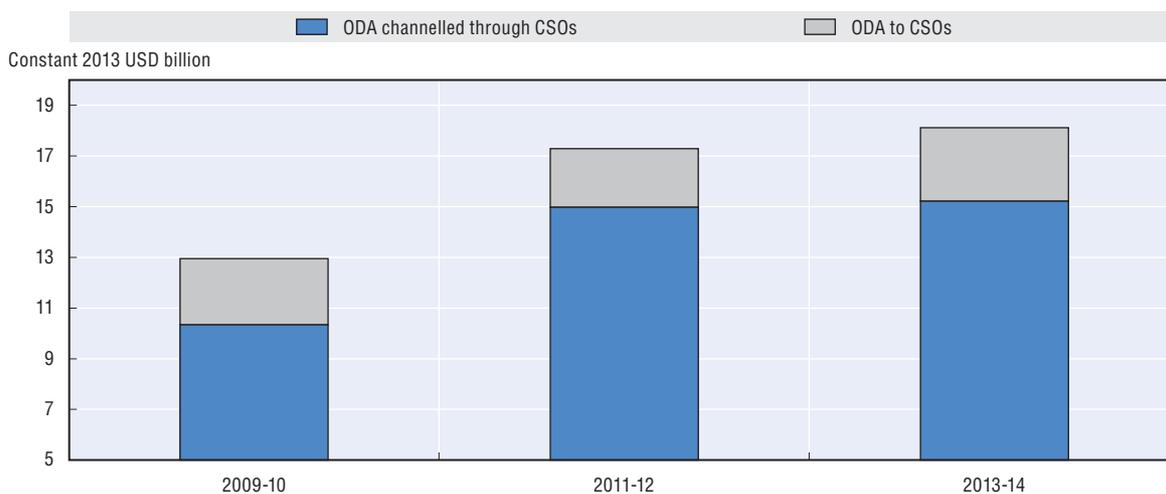
Source: OECD (2016d), "Detailed aid statistics: Official bilateral commitments by sector", OECD International Development Statistics (database), <http://dx.doi.org/10.1787/data-00073-en> (accessed 22 April 2016).

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ODA allocations to and through civil society organisations

In 2014, DAC countries channelled USD 19 billion in official development assistance to and through civil society organisations (CSOs) (Figure 8.8). This accounted for 17.4% of total bilateral aid. While the share of bilateral aid allocated to and through CSOs differs widely among DAC members, the average share of total bilateral aid for all DAC countries over the last three years has been 16.7%.

Figure 8.8. **Bilateral ODA to and through CSOs, total DAC countries, two year averages, gross disbursements**



Note: CSOs: civil society organisations; ODA: official development assistance.

Source: OECD (2016d), "Detailed aid statistics: Official bilateral commitments by sector", OECD International Development Statistics (database), <http://dx.doi.org/10.1787/data-00073-en> (accessed 22 April 2016).

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Development co-operation for gender equality and women's empowerment

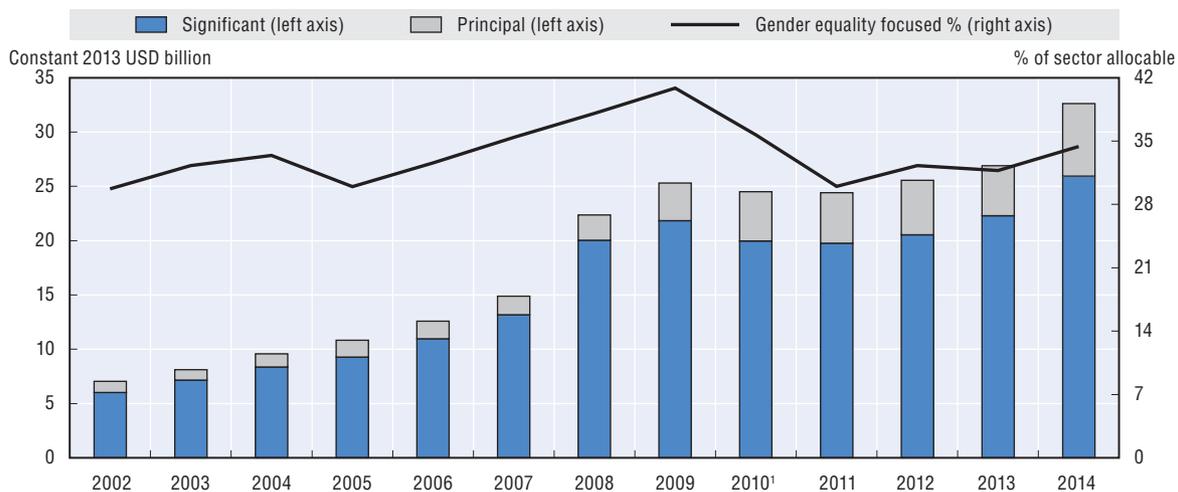
Gender equality is widely recognised as an important end in its own right and a prerequisite for sustainable development. The Busan Partnership agreement calls for a redoubling of efforts to implement commitments in this area (Fourth High-Level Forum, 2011). Adequate financing for

gender equality and women's rights will be critical for making the gender equality commitments of the Busan Partnership a reality and accelerating progress towards gender equality and women's rights beyond 2015.

The DAC Gender Equality Marker is a statistical instrument to measure aid that is focused on achieving gender equality and women's empowerment. Activities are classified as "principal" when gender equality is a primary objective, "significant" when gender equality is an important but secondary objective, or "not targeted". All DAC members screen their activities against the DAC Gender Equality Marker. The marker is an important tool for strengthening accountability and transparency in DAC provider financing for gender equality and women's rights.

In the profiles of DAC members that follow, ODA supporting gender equality and women's empowerment is presented for each country in terms of: 1) the volume of ODA in support of gender equality; 2) the share of bilateral allocable ODA committed for significant or principal activities; and 3) the share of bilateral ODA in support of gender equality by sector. In some cases, fluctuations in a DAC country's ODA for gender equality may be partly due to variations in the way the gender marker has been applied from one year to the next. The calculation of bilateral allocable aid changed for data as of 2010.⁹ In 2014, DAC countries committed a total of USD 33 billion for gender equality and women's empowerment (Figure 8.9). The DAC country average for the share of development co-operation that had a gender equality and women's empowerment objective was 34% in 2014.

Figure 8.9. **Total DAC countries' ODA for gender equality and women's empowerment, 2002-14, commitments**



1. Break in calculation of bilateral allocable aid.

Source: OECD (2016d), "Detailed aid statistics: Official bilateral commitments by sector", *OECD International Development Statistics* (database), <http://dx.doi.org/10.1787/data-00073-en> (accessed 22 April 2016).

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Development co-operation for the environment, including the Rio conventions

The United Nations Framework Convention on Climate Change (UNFCCC), the Convention on Biological Diversity (CBD) and the United Nations Convention to Combat Desertification (UNCCD), collectively known as the Rio conventions, were established following the 1992 United Nations Conference on Environment and Development in Rio de Janeiro. Signatory countries committed to incorporating 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 ODA commitments targeting the objectives of the Rio conventions through the Creditor Reporting System using the “Rio markers”. Every bilateral development co-operation activity reported to the Creditor Reporting System should be screened and marked as either: targeting the conventions as a “principal objective” or a “significant objective”; or not targeting the objective. The Rio markers are descriptive and allow for an approximate quantification of financial flows targeting the objectives of the Rio conventions. Finance reported to the UNFCCC and the CBD may be based on alternative definitions and measurement methodologies, and may not be comparable with Rio marker data. In analysing financial flows we recommend looking at trends, over at least three years, in particular to smooth out fluctuations from large multi-year projects programmed and committed in a given year, such as observed in 2010.

In 2014, total commitments of bilateral ODA by OECD-DAC countries targeting the global environmental objectives of the three Rio conventions were USD 27.3 billion, or 20% of total ODA. This represented a real increase of 7% over 2013 (USD 25.5 billion). Of the various global environmental objectives, climate change mitigation received the largest commitments of bilateral ODA in 2014, totalling USD 18.8 billion (14% of total ODA).

External finance beyond ODA

Most DAC members also provide developing countries with official finance that does not qualify as ODA, either because the operations are not primarily development-motivated (e.g. export-related operations) or because they are extended at non-concessional terms (e.g. non-concessional loans from bilateral development finance institutions). In recent years, the DAC has been paying more attention to these flows, partly to explore better ways of monitoring total official support for development in the post-2015 measurement framework. In 2014, DAC countries’ gross disbursements of “other official flows” (see Glossary) remained at the same level as in 2013, at USD 24 billion. Korea, Japan, Canada and Germany were the largest providers of other official flows in 2014. Recent DAC surveys have shown that official interventions in support of private sector development are also increasingly used to mobilise private investment in developing countries. For example, in 2012-14, USD 36.4 billion were mobilised from the private sector through official development guarantees, syndicated loans and shares in collective investment vehicles (Benn et al., 2016).

Beyond official finance, developing countries also receive external financial resources from the private sector in DAC member countries. Total net private flows to developing countries at market terms recorded a sharp increase in 2014, totalling USD 403 billion, with the United States, the Netherlands, Germany and Japan being the largest providers. Although private flows are more volatile, this represented an increase of 47% in real terms over 2013.

Net private grants for developing countries by non-governmental organisations and foundations in DAC countries was USD 32 billion in 2014, and represented nearly a quarter of total ODA in 2014. The United States alone accounted for 70% of these flows.

Notes

1. The currencies of DAC members depreciated significantly against the US dollar in 2015, and for some, the depreciation against the dollar has been in excess of 15%.
2. Country programmable aid (CPA), also known as “core” aid, is the portion of an aid donor’s programme for individual countries, and over which partner countries could have a significant say. CPA is much closer than ODA to capturing the flows of aid that go to the partner country, and has been proven in several studies to be a good proxy of aid recorded at country level. Read more on CPA at: www.oecd.org/dac/aid-architecture/cpa.htm.
3. This figure does not take into account any CPA extended by Saudi Arabia in 2015.
4. A summary of DAC members’ progress towards improved targeting of ODA is accessible at: www.oecd.org/dac/financing-sustainable-development/countries-most-in-needs.htm.

5. For more information on the OECD's study on aid orphans, see: www.oecd.org/dac/financing-sustainable-development/fragmentation-orphans.htm.
6. Total net ODA to least developed countries is calculated as DAC countries' bilateral net ODA and imputed multilateral ODA. Imputed multilateral ODA is a way of estimating the geographical distribution of providers' core contributions to multilateral agencies, based on the geographical breakdown of multilateral agencies' disbursements for the year of reference. For more information, see: www.oecd.org/dac/stats/oecdmethodologyforcalculatingimputedmultilateraloda.htm.
7. These documents can be viewed at: www.oecd.org/development/effectiveness/34428351.pdf.
8. Free-standing technical co-operation refers to the provision of resources for transferring technical and managerial skills or technology in order to build up general national capacity. It does not refer to the implementation of any specific investment projects.
9. Prior to 2010, bilateral allocable aid was calculated for CRS purpose codes below 50000, i.e. sector allocable aid. As from 2010 data, the calculation of allocable aid is no longer based on sectors but on types of aid. This new methodology slightly extends the scope of aid screened, mainly with the inclusion of humanitarian aid. The calculation includes the following types of aid: sector budget support, core support to NGOs, support to specific funds managed by international organisations, pooled funding, projects, donor country personnel and other technical assistance, and scholarships in donor country.

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