

At the Conference on Financing for International Development, held in Monterrey in March 2002, DAC members committed to increasing their ODA in order to achieve the Millennium Development Goals and eradicate poverty. Since the conference, a number of DAC members have made further announcements of increases to their development co-operation budgets. If these announcements are realised, the DAC total ODA/GNI ratio is estimated to rise from 0.22% in 2001 to 0.26% in 2006. On the policy coherence front, following the 2001 Recommendation to untie ODA to the least developed countries, DAC members, without exception, have taken action to implement its provisions. Their efforts to implement the Recommendation and to enhance policy coherence are also presented in this section.

1. ODA trends in 2001

Net official development assistance (ODA) from DAC members in 2001 was USD 52.3 billion, up just 0.5% from 2000 in real terms and stable at 0.22% as a proportion of DAC members' combined gross national income (see Table V-1 and Chart V-1). The decrease in current dollar terms from USD 53.7 billion in 2000 results from falls in the exchange rates of some currencies against the United States dollar.

Increases from the United States and most EU member States compensated for a decline in Japan's ODA. The United States increased its ODA to USD 11.4 billion and became the world's largest aid donor for the first time since 1992, when it was overtaken by Japan's ODA boom. Its overall aid effort improved from 0.10 to 0.11% of GNI. The next largest donors in 2001 were Japan (USD 9.8 billion), and then Germany, the United Kingdom, France and the Netherlands within an EU total of USD 26 billion.

Denmark, Luxembourg, the Netherlands, Norway and Sweden continued to be the only countries to meet the United Nations

target for ODA of 0.7% of gross national income.

Other notable features in 2001 included:

- Fifteen of the twenty-two DAC member countries reported a rise in ODA in real terms, including eleven EU member states. Spain, Austria and Ireland showed the most significant increases in real terms.
- The United States' increase in 2001 was due mainly to two factors. First, a USD 600 million disbursement to Pakistan for economic support in the aftermath of 11 September. Second, an additional USD 500 million from improved coverage of food aid compared to previous years' reporting.
- Japan's ODA fell by USD 3.7 billion, 17% in real terms. A key factor accounting for this was a 12.7% depreciation of the yen, from 108 yen to the dollar in 2000 to 122 in 2001. Other factors included the timing of Japan's disbursements to multilateral organisations and loan repayments from Asian countries that have recovered from the Asian financial crisis.

Table V-1.

Net official development assistance from DAC members in 2000 and 2001

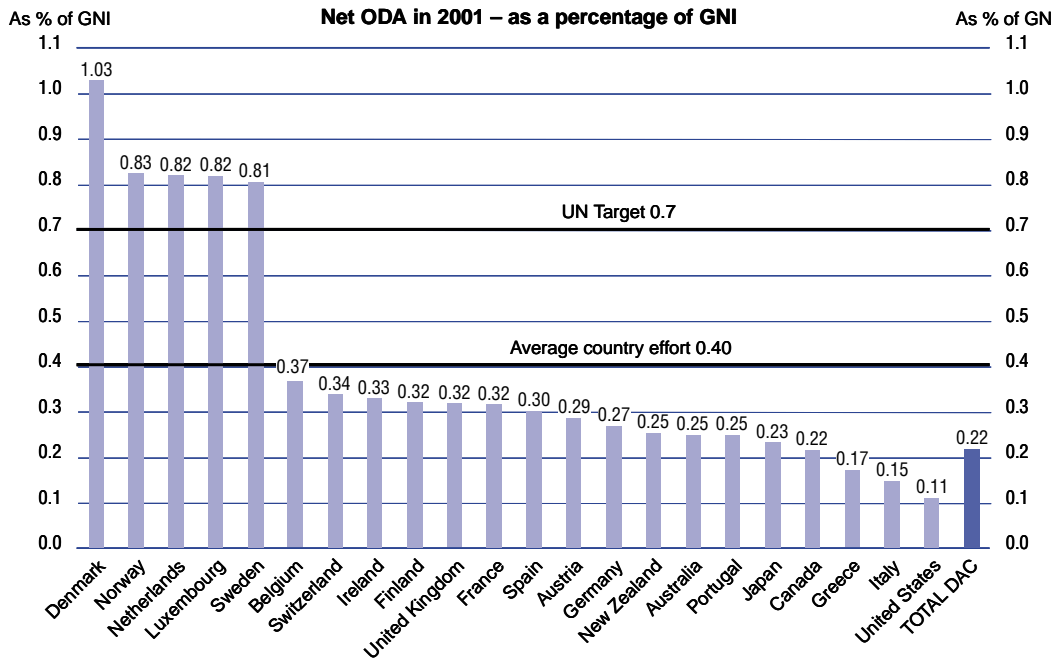
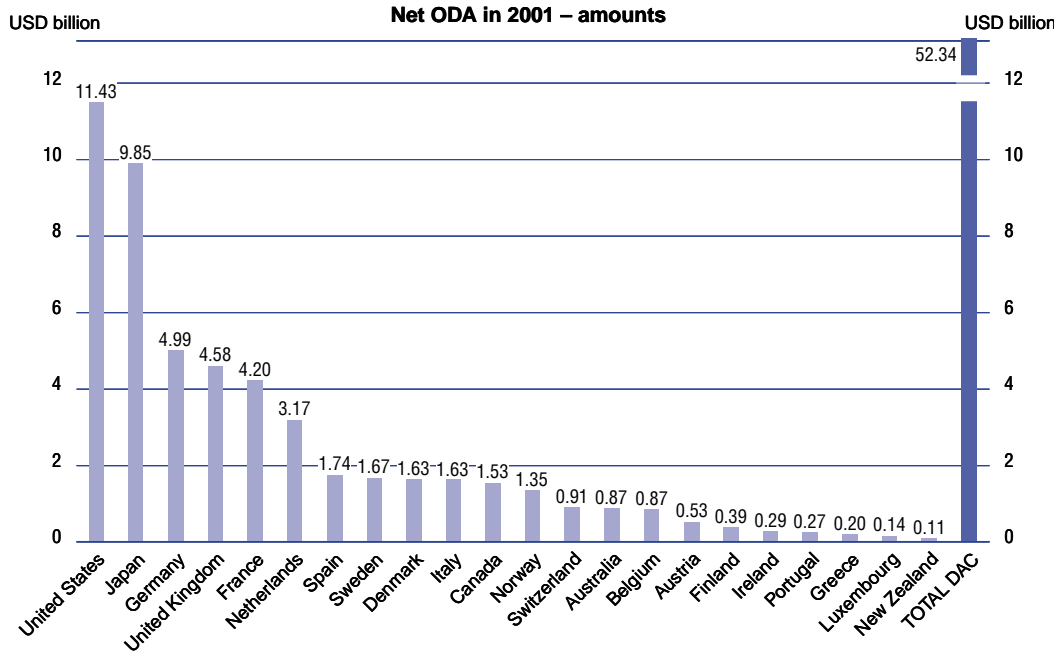
	2001		2000		Per cent change 2000 to 2001 in real terms ¹
	ODA (USD million current)	ODA/GNI (%)	ODA (USD million current)	ODA/GNI (%)	
Australia	873	0.25	987	0.27	-4.0
Austria	533	0.29	423	0.23	27.3
Belgium	867	0.37	820	0.36	6.9
Canada	1 533	0.22	1 744	0.25	-9.4
Denmark	1 634	1.03	1 664	1.06	-1.6
Finland	389	0.32	371	0.31	5.7
France	4 198	0.32	4 105	0.32	3.6
Germany	4 990	0.27	5 030	0.27	0.8
Greece	202	0.17	226	0.20	-10.0
Ireland	287	0.33	235	0.30	20.4
Italy	1 627	0.15	1 376	0.13	18.6
Japan	9 847	0.23	13 508	0.28	-16.6
Luxembourg	141	0.82	123	0.71	16.1
Netherlands	3 172	0.82	3 135	0.84	-0.5
New Zealand	112	0.25	113	0.25	1.6
Norway	1 346	0.83	1 264	0.80	6.8
Portugal	268	0.25	271	0.26	-2.5
Spain	1 737	0.30	1 195	0.22	43.9
Sweden	1 666	0.81	1 799	0.80	2.4
Switzerland	908	0.34	890	0.34	0.1
United Kingdom	4 579	0.32	4 501	0.32	4.4
United States	11 429	0.11	9 955	0.10	12.4
TOTAL DAC	52 336	0.22	53 734	0.22	0.5
Average country effort		0.40		0.39	
<i>Memo items:</i>					
1. EC	5 961		4 912		22.1
2. EU countries combined	26 290	0.33	25 273	0.32	5.5
3. G7 countries	38 202	0.18	40 219	0.19	-1.3
4. Non-G7 countries	14 134	0.47	13 515	0.45	6.0

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

DAC member countries account for at least 95% of world-wide ODA. ODA from non-DAC donors rose slightly again in 2001 to USD 1.18 billion, regaining – in current dollars – its 1997 level. Increases

by Arab countries and all non-DAC OECD members except Turkey (whose ODA fell in current dollars due to devaluation), offset a halving – in current dollars – of Israel's ODA.

Chart V-1. Net ODA from DAC countries in 2001



Source: OECD.

2. ODA outlook after Monterrey

At the Conference on Financing for International Development, held in Monterrey in March 2002, DAC members committed to increasing their ODA in order to achieve the Millennium Development Goals (MDGs) and eradicate poverty. Since the conference, a number of DAC members have made further announcements of increases to their development co-operation budgets. If these announcements, which are subject to budget approval processes, are fully realised, the DAC total ODA/GNI ratio is estimated to rise to 0.26% in 2006, with some extra USD 15 billion of ODA compared to 2001 (at 2001 prices and exchange rates).

The major announcements were:

- At the European Union Council Meeting in Barcelona, and reaffirmed by the EC President at Monterrey, EU members committed to increase their collective ODA to 0.39% of GNI by 2006 as a step towards reaching the 0.7% target. Within this, all members would strive to attain at least 0.33% by 2006, with other members above that level maintaining or improving their levels of aid. Some EU members have made announcements to this effect as detailed later in this chapter.

- At Monterrey, the United States reiterated its intention to raise its core development assistance by USD 5 billion annually (almost a 50% increase) by 2006. These new funds will go into a Millennium

Challenge Account (Box II-1 of the Report provides further details on the MCA), devoted to projects in nations that govern justly, invest in their people and encourage economic freedom. Subject to Congressional approval, the proposed increase for the MCA will begin in 2004 and reach full effect by 2006.

- Other DAC members have made statements prior or subsequent to Monterrey. These include Canada to double its aid by 2010, Norway to increase to 1% by 2005, and Switzerland to increase to 0.4% by 2010. On the other hand, Japan has announced reductions in its ODA budget in fiscal years 2002 and 2003 as part of necessary fiscal consolidation.

3. Untying ODA to the least developed countries

The DAC Recommendation on Untying Official Development Assistance to the Least Developed Countries¹ entered into force on 1 January 2002. The large majority of DAC members have untied all categories of LDC ODA covered by the Recommendation.² Furthermore, DAC members, without exception, have taken action to implement the operational provisions of Recommendation in areas such as its coverage, effort sharing and transparency.

A number of members (Finland, France, Germany, Ireland, the Netherlands, Norway, Switzerland, and the United Kingdom) have also untied ODA beyond the requirements of the Recommendation (*e.g.* commitments below the thresholds, free-standing and

1. The Technical Notes provide a list of countries classified as least developed (see the DAC List of Aid Recipients).

2. The following categories of ODA to the LDCs are covered in the Recommendation: balance of payments and structural adjustment support; debt forgiveness; sector and multi-sector programmes assistance; investment project aid; import and commodity support; commercial services contracts, and ODA to NGOs for procurement-related activities.

investment related technical co-operation, food aid and/or ODA beyond the LDC group of countries).

In a few cases (Belgium, Canada and Denmark), full implementation of the coverage provisions is awaiting the final conclusion of the co-ordination process among the various implementing agencies. At the adoption of the Recommendation, the European Commission indicated, *inter alia*, that “it will implement the spirit and the objectives of the DAC Recommendation, while complying with the policies and procedures defined at the Community level and in the partnership agreements”. In November 2002, the Commission submitted to the European Council and to the European Parliament a Communication³ proposing the full untying of Community aid, subject to the agreement of the recipient country and reciprocity with other donors.

A second annual progress report dealing with all aspects of implementation of the Recommendation will be presented to the DAC High Level Meeting in April 2003.

Ex ante notification

The Recommendation sets out procedures for transparency and monitoring compliance. *Ex ante* notifications of untied aid offers on a public Bulletin Board⁴ are a central element of these provisions.

Effort sharing

Promoting a reasonable balance of effort among members in implementing the untying initiative is an integral part of the Recommendation. The issue of effort sharing arises from the interplay of two

factors – the coverage of the Recommendation (not all ODA categories are covered) and variations in volume, structure and geographical orientations of DAC members’ aid programmes (*e.g.* differences in the share of a donor’s ODA allocated to the LDC group of countries). The result of this, coupled with the degree of untying prior to the Recommendation, means that some DAC members have more to do than others in implementing the Recommendation.

The effort-sharing provisions of the Recommendation thus cover both the untying effort and broader dimensions of the aid effort (*e.g.* ODA volume, ODA/GNI ratios). These provisions are being addressed, in the first instance, through setting out members’ pre-Recommendation positions on these indicators in a “Reference Indicators Matrix”. This will provide the basis for identifying and assessing possible supplementary actions by DAC members to promote greater effort sharing. Such efforts are being reviewed through the regular DAC peer reviews of members’ development co-operation policies.

Food aid

Food aid is neither formally included nor excluded from the coverage of the Recommendation, but it is covered by its broader provisions which invite members to consider the possibilities of untying categories of ODA not formally included in its coverage. In order to further explore the issues related to untying food aid and the linkages with discussions in other relevant forums, analytical work will be undertaken on the developmental

3. Commission Communication “Untying: Enhancing the effectiveness of aid” (COM/2002/0639).

4. See <http://webdomino1.oecd.org/dcd/UntiedCWS.nsf>

quality of food aid and the effects of tying/untying.

Technical co-operation

Free-standing technical co-operation is excluded from the coverage of the Recommendation, as members wished to maintain a degree of national involvement (via technical co-operation activities) in their development co-operation programmes. The coverage of technical co-operation related to follow-on investment projects (investment-related technical co-operation – IRTC) is optional. An issue with IRTC is whether this form of technical co-operation influences the outcome of the bidding process for untied follow-on capital investment projects. The recent agreement among the Participants⁵ on the similar issue of linkage between consultancy services and follow-on investment projects offers guidance to DAC members on the types of IRTC of relevance to the implementation of the Recommendation.

Procurement

Promoting partner country responsibility for conducting aid-related procurement is an important objective of the Recommendation, as its benefits will be greater when aid procurement is owned and run by developing countries.

The principles and broad directions of a programme of work to achieve this objective have been agreed by the DAC and also received the active support of the World Bank, the Regional Development Banks and the WTO. A joint DAC-World Bank programme of work has been defined to address ways and means to

mainstream procurement as a strategic aid management function, identify and meet capacity building needs to professionalise procurement systems around which donors can harmonise their procurement procedures. This work is founded on ownership and partnership principles, and thus involves a wide group of stakeholders (developing countries, multilateral donors, the private sector and civil society). The programme was launched on 22 January 2003 at a joint DAC-World Bank Roundtable involving all stakeholders. The Roundtable addressed four major themes which are crucial for building sound procurement systems in developing countries: mainstreaming, capacity building, benchmarking/standards and monitoring. The different themes will be pursued at two levels: strategic notes setting out main principles, instruments and modalities, and specific initiatives between donors and partner countries on these themes to provide field-tested lessons of experience.

4. Notes on individual DAC members

Notes on DAC members are presented in alphabetical order and include a box on those members reviewed in 2002 (Greece, Spain, the European Community, the United States and Canada.). The data on overall ODA refer to 2001, but data on aid distribution use the average from 2000-2001 for gross ODA. Box V-1 on the Client Survey Study of Peer Reviews, carried out in mid-2002, outlines how peer reviews are now responding to members' needs in a systematic and client-focused way.

5. Participants to the Arrangement of Officially Supported Export Credits have developed a set of disciplines aimed at eliminating trade distortions through aid financing.

Box V-1.

Client Survey Study of DAC Peer Reviews**Background**

The proposal for a client survey was welcomed by the DAC Senior Level Meeting in December 2001. The overarching goal of the client survey study was to help make peer reviews more relevant to members' needs. The specific purpose of the survey was to investigate members' views on the strengths, weaknesses and challenges of the peer reviews in a systematic and client-focused way. An Informal sub-group on peer reviews of the Working Party on Aid Evaluation* selected an independent consultant to conduct the study. Following consultations with almost all DAC Delegates and the Secretariat, the consultant developed a detailed questionnaire on the basis of which in-depth interviews were conducted with key persons in 21 member capitals (out of 23) involved in peer reviews.

The client study outlines the views, assessments, and suggestions synthesised in the report and reflects members' views and needs rather than the judgements of an external observer whose opinions members may or may not share. The survey was not a formal evaluation of the peer reviews according to standard evaluation criteria but a methodologically sound survey of members' views and needs as the main stakeholders.

Peer reviews constitute a comprehensive review of members' aid policies and practices on the basis of standards commonly agreed by DAC members and involving other members as peer examiners. (See also Section IV of the Report.) The survey showed that members see a clear need for the peer reviews which have an impact on their aid policies and practices. But improvements are needed in a number of areas. The ones most frequently highlighted in the survey refer to:

- *Experience-sharing and collective learning.* The majority of members interviewed stressed the need for greater and more systematic efforts to synthesise and document lessons learnt and good practices.
- *Methodology.* Although the standards applied in peer reviews are regarded as appropriate the majority of members, they appear to be insufficient in two respects. First, the standards need to be more outcome-oriented, and second, they need to be made clearer, with more measurable indicators, benchmarks and checklists.
- *Thematic coverage.* While most members were satisfied with both the coverage of the last review of their country and the current "menu" of main issues of the reviews, they would like more weight to be given to issues such as policy coherence, implementation (as opposed to stated policies), sector approaches and aid outcomes.

A number of suggestions were also made regarding improvements to peer review process, including a common format for field visits, intensifying follow-up (at mid-term between reviews) and developing more specific recommendations (see Table IV-1).

Follow-up

Last, but not least, as with any development co-operation activity, the impact of peer reviews depends not only on the inputs made (*i.e.* the quality of the reviews in terms of methodology, thematic coverage, specific recommendations, etc.), but also, and ultimately in a decisive way, on the use made of them by DAC members. The survey has shown that members use the reviews in different ways, ranging from limited use to intensive and visible use as a tool in domestic discussions on the aid programme.

Box V-1.

Client Survey Study of DAC Peer Reviews (cont.)

The 2002 DAC Senior Level Meeting in December 2002 gave broad endorsement to the Client Survey findings and to follow-up by the DAC.

During 2003 a number of changes are planned with respect to peer reviews, most notably the introduction of regular methodology discussions in the DAC covering both substantive and process aspects of peer reviews. These discussions should take place semi-annually and draw on inputs from the Secretariat and DAC members themselves.

* Following the request by the DAC for closer collaboration on peer reviews and evaluation, an informal subgroup on peer reviews of volunteer members of the Working Party on Aid Evaluation was created. The core group consisted of Germany, Denmark, France, the Netherlands, Norway, Sweden, the United Kingdom, and the Secretariat. WP-EV members from Canada, Italy, Japan and the United States also participated in some of the meetings.

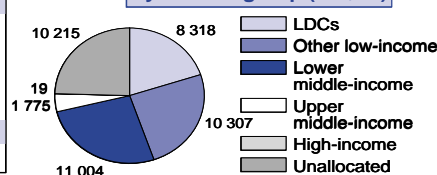
TOTAL DAC COUNTRIES

Net ODA	2000	2001	Change 2000/2001
Current (US\$ m)	53 734	52 336	-2.6%
Constant (2000 US\$ m)	53 734	54 000	0.5%
ODA/GNI	0.22%	0.22%	
Bilateral share	67%	67%	
Net Official Aid (OA)			
Current (US\$ m)	6 853	5 574	-18.7%

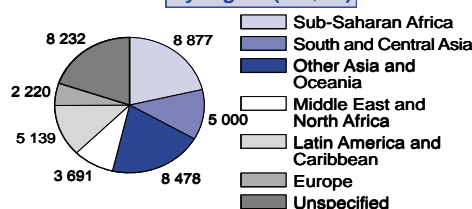
Top Ten Recipients of Gross ODA/OA	(US\$ m)
1 China	1 782
2 Indonesia	1 750
3 India	1 442
4 Egypt	1 379
5 Russia (OA)	1 172
6 Viet Nam	1 057
7 Thailand	1 003
8 Philippines	940
9 Tanzania	878
10 Pakistan	859

Gross bilateral ODA, 2000-2001 average, unless otherwise shown

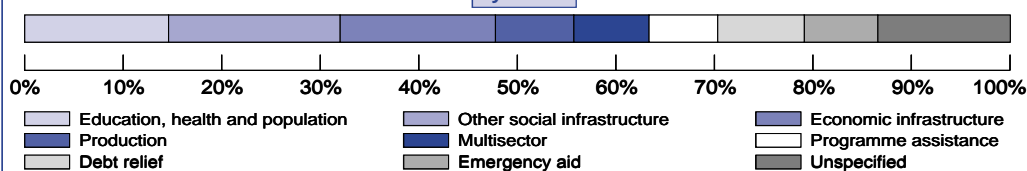
By income group (US\$ m)



By region (US\$ m)



By sector



Source: OECD.

AUSTRALIA

Australian ODA disbursements in 2001 totalled USD 873 million. This represented 0.25% of Australia's GNI, as compared to 0.27% in 2000, due to the strong growth of the economy. In 2002, Australia developed a new policy framework, *Australian Aid: Investing in Growth, Stability and Prosperity*, which reaffirms poverty reduction as the central integrating factor of Australia's aid programme.

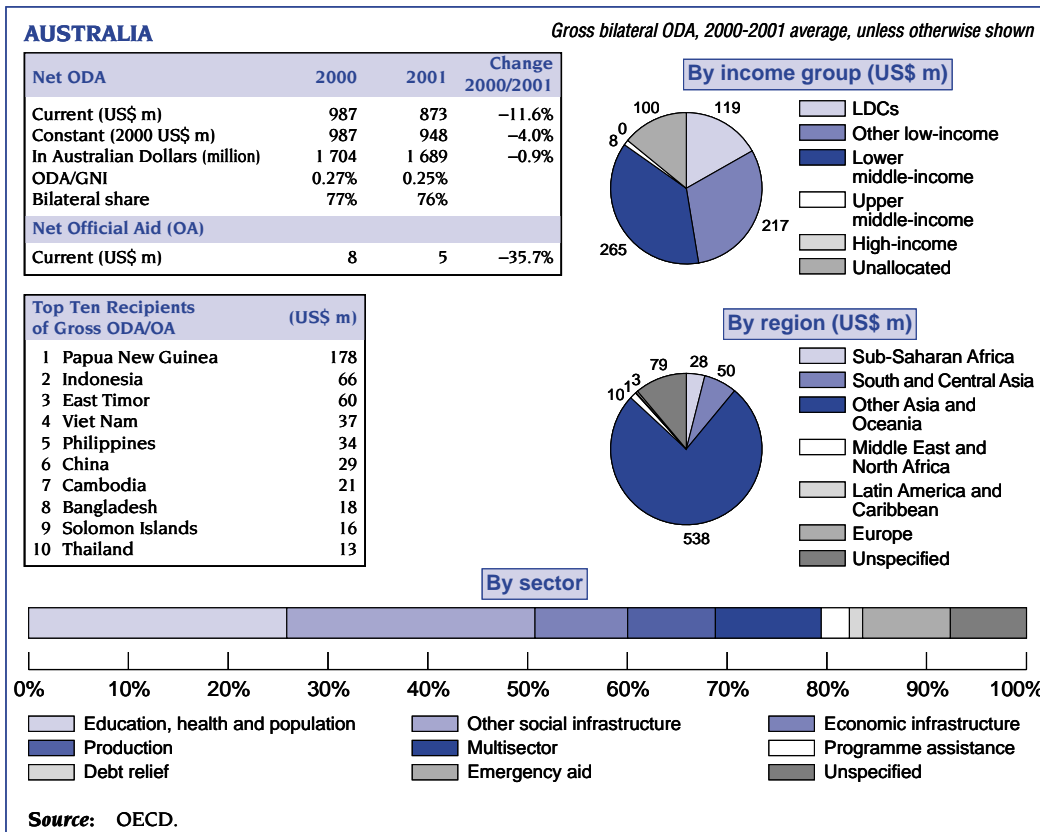
Partnership approaches. Australia's bilateral aid is guided by strategies developed with partner countries that are consistent with their broader development plans. To heighten responsiveness to changing local circumstances and promote stronger dialogue and interaction with partners, Australia has begun devolving activity and contract management to offices in partner countries. Australia also works towards strengthening donor co-ordination and engages on a regular basis with civil society and private sector groups.

Poverty reduction policies. AusAID, the Australian aid agency, conducts poverty analyses as a critical element of the country programme strategies

which guide Australia's bilateral aid programming decisions. Australia places special emphasis on good governance as the basis for successful poverty reduction and development.

Policy coherence. Given the security and other transboundary challenges facing its region, Australia considers strong coherence between its aid, foreign and trade policies to be essential. Australia supports further trade liberalisation in areas of particular interest to developing countries, especially agriculture.

Performance measurement. Australia has committed significant resources to enhance performance measurement and the feedback of lessons learnt. As well as improving the gathering and analysis of activity-level information, AusAID continues to strengthen the focus of programmes and its ability to assess achievements. A new "Knowledge Warehouse" has been launched that aims to give staff better access to key lessons and policy documents. AusAID's overall Performance Information Framework is being revised to improve the gathering and reporting of information, for both internal management and external stakeholders.



AUSTRIA

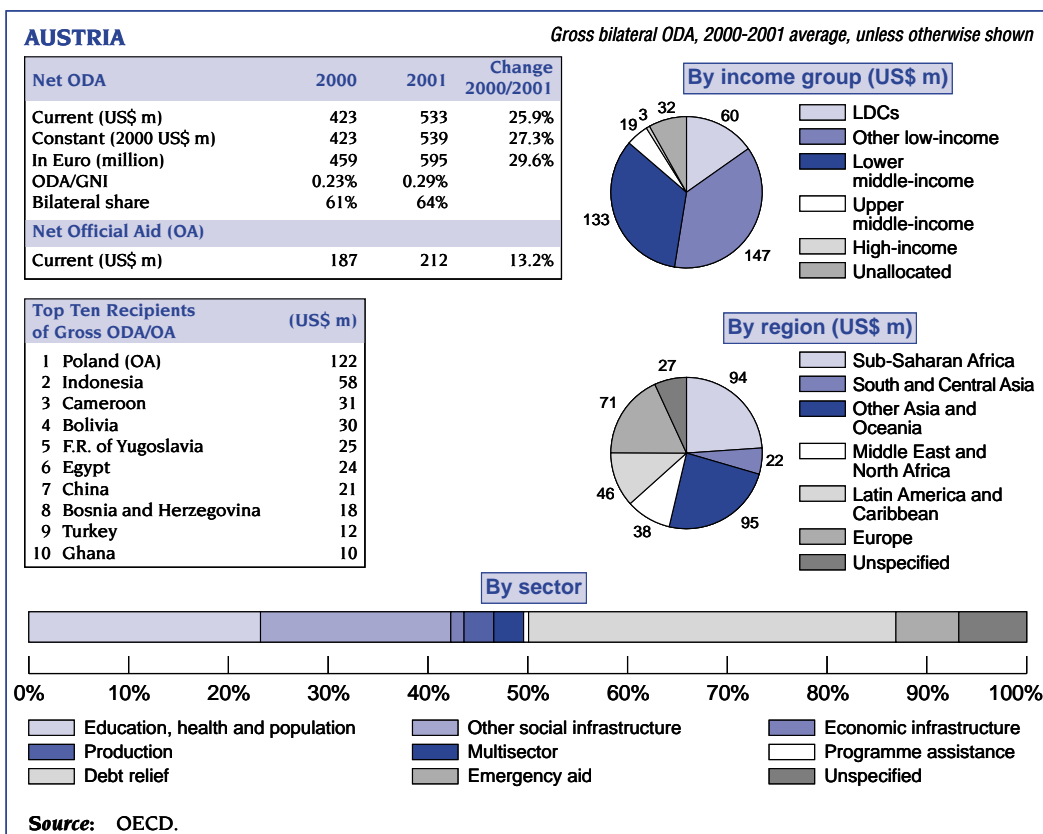
In 2001, Austria's ODA increased 27% in real terms from 2000 and reached USD 533 million. Its ODA/GNI ratio also rose to 0.29%, ranking thirteenth of all DAC countries, compared to eighteenth in 2000.

Partnership approaches. Austria's direct co-operation with partner country governments has been rising. It supports decentralisation processes and engages in sector policies and priorities. Funding for NGOs has declined.

Poverty reduction policies. Austria accords priority to selecting the poorest countries, especially needy regions and disadvantaged target groups. Austria considers that economic growth alone is insufficient to raise the living standards of the poor, and that equitable income distribution is needed. Therefore, Austria carries out targeted actions designed to reach the poor directly.

Policy coherence. Austria is yet to officially endorse the need for coherence between non-aid policies that affect developing countries and development policy. However, regarding synergies within development co-operation, a new law was established incorporating goals and principles for development co-operation as a guideline for all federal administrative bodies. The law aims at an overall, coherent Austrian development policy, with the Federal Ministry for Foreign Affairs being responsible for co-ordination.

Performance measurement. Austria is committed to the Millennium Development Goals; incorporating them into its entire aid programme and collaborating with other bilateral and multilateral donors to realise them remain challenges. Austria's evaluation system could be substantially augmented in terms of financing, human resources, and management.



BELGIUM

In 2001, Belgian aid increased to USD 867 million, equivalent to 0.37% of GNI. This represented a slight rise compared to 2000 (0.36%). Of funds allocated geographically, three-quarters are allocated to the least developed and low-income countries, and 60% to sub-Saharan Africa.

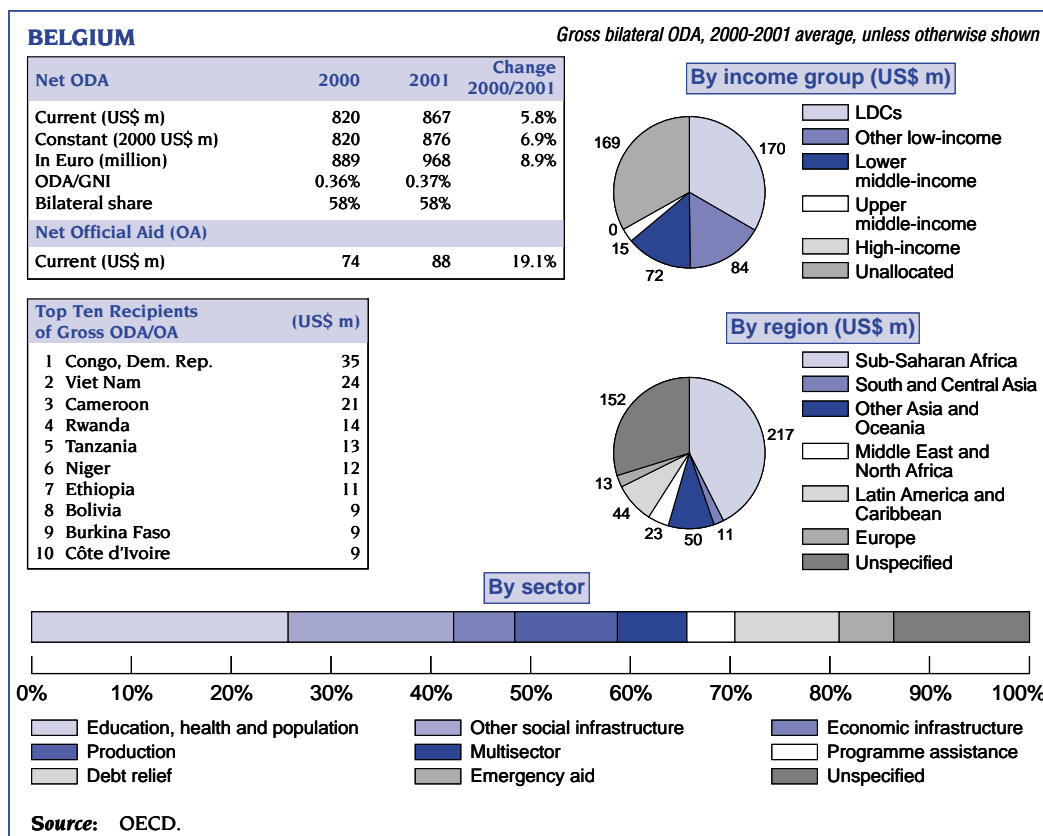
Partnership approaches. Belgium encourages empowerment, or capacity building for the poorest, to promote their inclusion into democratic structures. This requires a focus on the participation of the beneficiaries in the design and implementation of development programmes, which also ensures coherence between the policies of the country and the donor, with each donor accepting the need to reduce its own visibility in the partnership.

Poverty reduction policies. Belgium sees combating poverty as central in its efforts to work

towards sustainable development. Poverty is viewed as an unfair balance of power and rights, and thus poverty reduction as a question of redistribution of power, with Belgium placing a special emphasis on conflict regions.

Policy coherence. Belgium recently reactivated an inter-ministerial working party aimed at promoting synergy between the federal ministries responsible for formulating policy affecting developing countries. A major challenge lies ahead in the proposed devolution to the regions of responsibility for bilateral aid, which could result in a greater dispersal of ODA and a lack of overall political coherence.

Performance measurement. A framework is being developed that will integrate an internal evaluation phase into all of Belgium's development co-operation activities, and an external assessor was recently appointed to perform independent evaluations.



CANADA

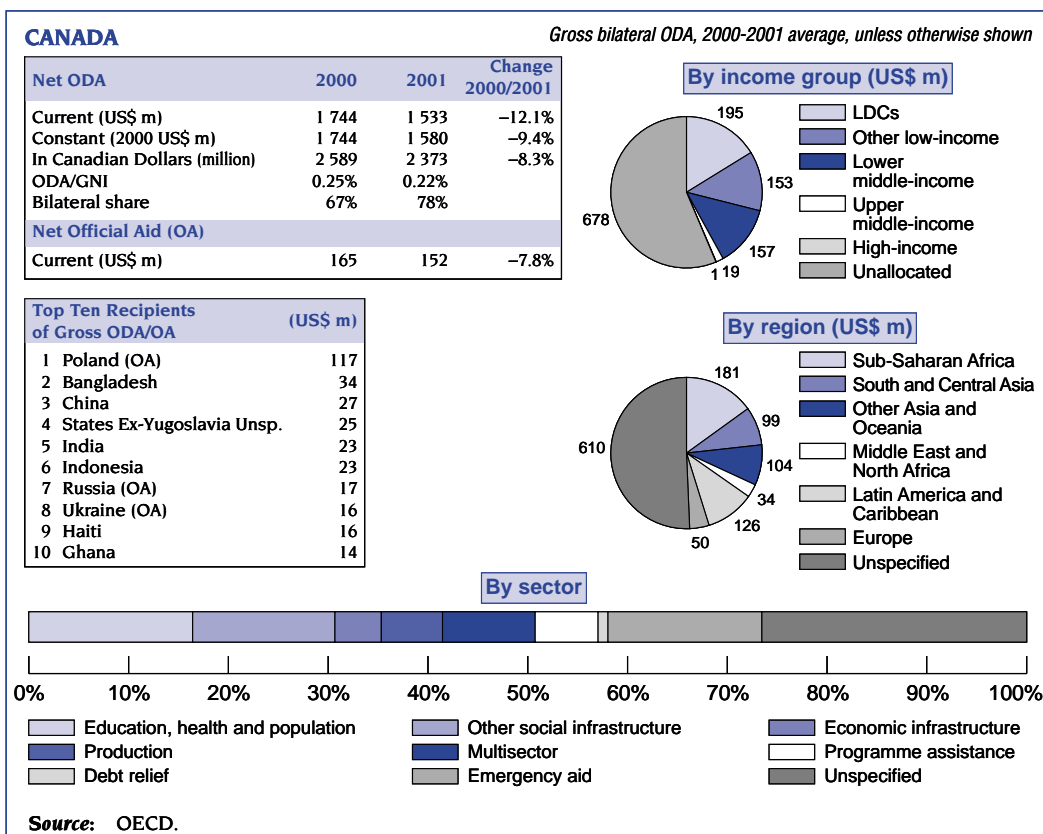
In 2001, Canada's ODA declined in real terms by 9.4% (to USD 1.5 billion), while the ODA/GNI ratio slipped from 0.25% to 0.22%, after a decade that saw aid volumes decrease by nearly 30%. In early 2002 a commitment was made to double ODA by 2010. Of ODA that is geographically allocated, two-thirds goes to least developed and low-income countries.

Partnership approaches. The Canadian International Development Agency (CIDA) contributes to international efforts assisting developing countries with their poverty reduction strategies, and has other features such as a Partnership Branch, with the mandate of establishing mutually beneficial co-operation between organisations in Canada and their counterparts in developing countries.

Poverty reduction policies. Canada considers poverty reduction as one of the central goals for supporting sustainable development. CIDA allocates a large portion of its ODA to basic social needs, with extra resources invested in the areas of basic education, health and nutrition, HIV/AIDS and child protection. Gender equality and environment are cross-cutting themes.

Policy coherence. Many federal departments undertake aid activities, and carry out inter-departmental co-ordination as needs arise. While a comprehensive strategy has yet to be devised, issues such as market access and aid untying have been included in a policy statement entitled "Strengthening Aid Effectiveness".

Performance measurement. The Performance Review Branch is responsible for performance assessment within CIDA, and utilises results-based management, evaluation and internal audit as its three distinct review functions.



Box V-2.

DAC Peer Review of Canada, 15 November 2002

Examiners: Netherlands and Italy

A noteworthy aspect of the Peer Review of Canada was the participation as observers by representatives of the Economic Commission for Africa (ECA), at the request of Canada. This initiative was a useful step to assist the ECA in developing the capacity to support the African Peer Review Process put in train by NEPAD.

Canada has recently made some impressive commitments including an 8% annual ODA increase until the end of the decade. Canada has also recently taken steps to open its markets further, as well as untie ODA to LDCs. Its 1995 foreign policy statement, "Canada in the World", which is the overall reference point for the country's development co-operation policy, is being updated. During the Review, the DAC recommended that the following issues be taken into consideration:

- Integrate the central role of poverty reduction and its linkages with programme priorities and with non-aid foreign policy objectives.
- Implement Canada's recently announced intention to focus the additional aid resources on a limited number of recipient countries with the aim of achieving greater impact.
- Shift towards programme-based approaches with greater local ownership where the policy and management environment are conducive, and to focus on fewer sectors in a selected number of recipient countries.
- In line with the changes taking place in Canada's approach to development co-operation, CIDA has been broadening and deepening its organisational change process. In this context, the DAC recommended:
 - Revive an annual report to the public by CIDA and launch a report on Canada's overall ODA effort. These could enhance transparency and accountability as well as help build public confidence in the results achieved through development co-operation.
 - Make results-based management more strategic and selective in identifying the significant results to be measured. This could better generate key management information and track CIDA's contribution to collective donor efforts to help achieve the MDGs.
 - Clarify the respective roles of staff in headquarters, embassies and Programme Support Units and delegate more authority to the field, especially since CIDA is moving towards programme-type approaches.

DENMARK

Denmark's ODA/GNI ratio remained the highest of all DAC members in 2001 at 1.03%, reflecting a volume of USD 1.63 billion. The current government has abandoned the 1% ODA/GNI target, while remaining committed to at least 0.7%. Danish geographically-allocated assistance is primarily directed to the least developed countries (51%) and other low-income countries (33%), mainly in sub-Saharan Africa (52%).

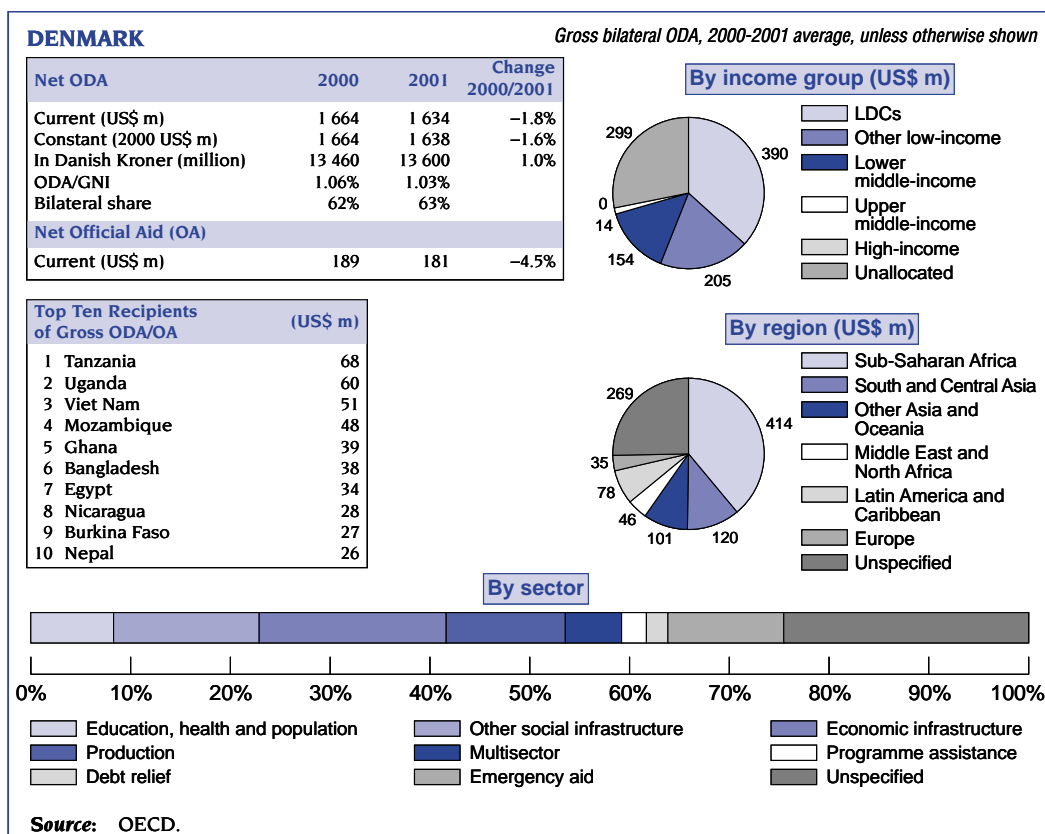
Partnership approaches. Denmark's policy *Partnership 2000* affords local partners substantial opportunities to influence strategy formulation. Denmark played a pioneering role in supporting sector programmes to encourage partnership among foreign donors and beneficiaries at the country level.

Poverty reduction policies. Poverty reduction is the overarching goal of Danish assistance. Programing focus is on sectors with particular relevance

to the poor, with strong recognition for gender issues. Denmark supports country-led poverty reduction strategies, in collaboration with other donors.

Policy coherence. The same regional departments within the Ministry of Foreign Affairs have dealt with development co-operation, foreign policy, and general economic relations since 1991. Denmark also considers donor co-ordination to be important for efficient aid delivery. It agrees with untying aid to the least developed countries, but also insists on the principle of "effort sharing" in untying among all donors.

Performance measurement. Denmark supports the Millennium Development Goals as a means to focus attention on impacts. Furthermore, Denmark recognises that the current, widely shared interest in poverty reduction strategies, sector programmes and results orientation, suggests the need for joint evaluations of combined donor efforts.



EUROPEAN COMMUNITY

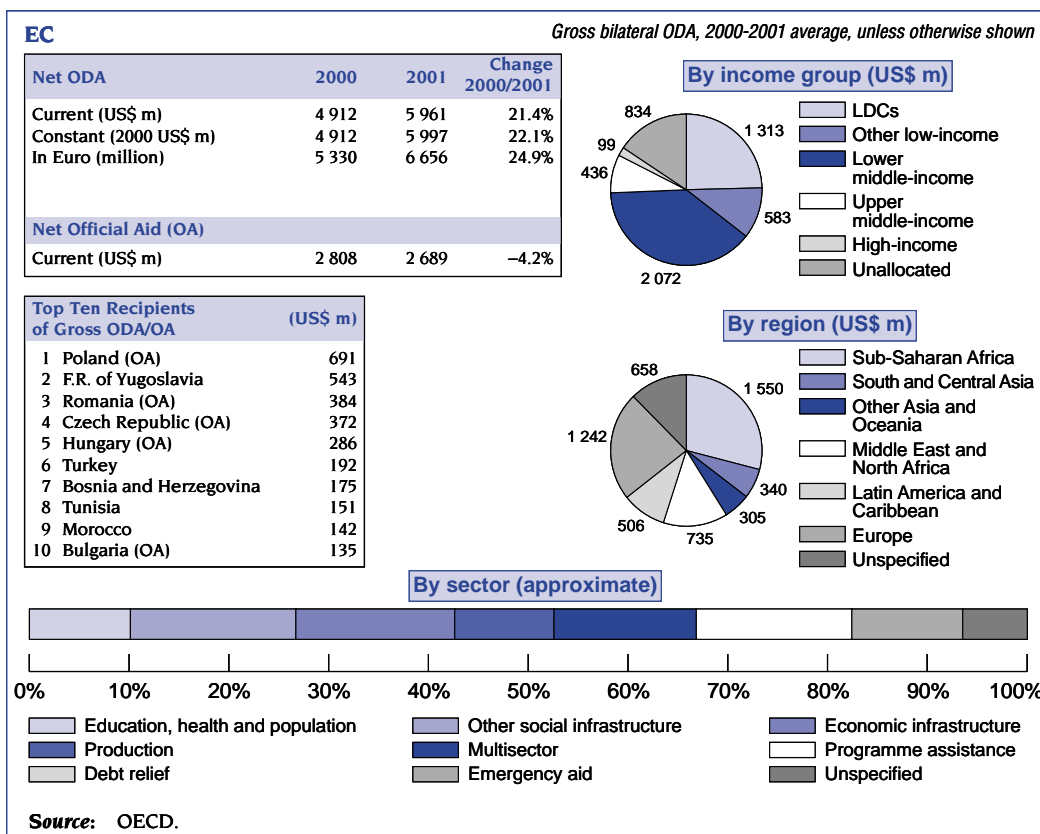
In 2001, the European Community's ODA volume was USD 5.96 billion, an increase in real terms over 2000 of 22.1%.

Partnership approaches. The EC signed the Cotonou partnership agreement with ACP countries in June 2000. The Community seeks partnership with other development actors; it collaborates with the World Bank and IMF on selected PRSP.

Poverty reduction is the overarching goal of the Community's development co-operation. The EC made significant progress in strengthening the poverty focus of its programmes, taking concrete measures to support the achievement of the MDGs. In 2001, the EC made fundamental reforms in the management of external assistance, improving the speed, quality, impact and visibility of its programmes.

Policy coherence between EU development policy and other European policies was also strengthened. The EU's broad range of policies provides a unique opportunity to apply an effective and efficient mix of co-operation instruments. The Commission established Country and Regional Strategy Papers using the framework agreed in Council in November 2000. The "Everything but Arms" initiative has been a major success for policy coherence.

Performance measurement. The Commission has made substantial progress since January 2001 with organisational and management reforms of its development and humanitarian aid system. On 1 January 2001, the EuropeAid Co-operation Office was created. Decentralisation to the Delegations of the Commission is a key element in the reforms of the management of external aid. To help measure its contribution against the MDGs and other policy objectives, the EC is developing – with its members – a system of indicators for monitoring country performance.



Box V-3.

DAC Peer Review of the European Community, 6 June 2002*Examiners: Canada and Norway*

The European Community is a large donor with global reach and specific capabilities through its regional partnership agreements, linking trade and political aspects with development co-operation. The European Community has increased its ODA for two consecutive years. It rose by 13% in real terms to USD 4.91 billion in 2000 and by 22% to USD 5.9 billion in 2001. A broad range of European Union (EU) external relations activities support countries' efforts to gain accession to the EU, help maintain stability in neighbouring regions, and provide development assistance. The European Commission plays a co-ordinating role with its member States, encouraging them to raise the average of their ODA from 0.32% of GNI in 2000 to 0.39% by 2006. The European Community has substantially improved its development policies and strategies since the last review in 1998, and remains committed to implementing all the elements of its reforms in the coming years.

The DAC welcomed the European Commission's ambitious reforms that aim to improve its capacity to fulfil its primary aim to reduce poverty through the European Community aid programme. The DAC also welcomed the efforts of the EC to raise ODA within the EU as a whole. The DAC commended the work done by the European Community to enhance its development policy framework since the 1998 DAC Review by setting out six priority areas to achieve the principal aim of poverty reduction throughout the Community's global aid programme. The DAC made the following recommendations:

- Further to the positive steps already taken on policy coherence, the EC should improve the coherence of a broad range of Community policies with its development objectives, which would have clear benefits for the world's poor.
- While the efforts in development policy and management reform have been commendable, the Commission should further promote its comparative advantage, increase its visibility in the field, and focus on measurable results in its regional and country programmes.
- There are major challenges ahead for the European Community in translating its poverty reduction aim into more effective ODA country allocations.
- The European Community should improve the developmental impact of sectoral allocations, taking account of cross-cutting objectives of governance, gender equality, and environment within the context of the primary aim of poverty reduction. There is a need to adjust ODA allocations in line with these priorities, recognising the importance for European Community policy of increased economic growth, through trade and development linkages, including support for the private sector, and social sector development, taking account of country ownership.

FINLAND

Finland's ODA in 2001 increased 5.7% in real terms from 2000 to reach USD 389 million. Its ODA/GNI ratio also increased slightly to 0.32%, ranking ninth among DAC member countries.

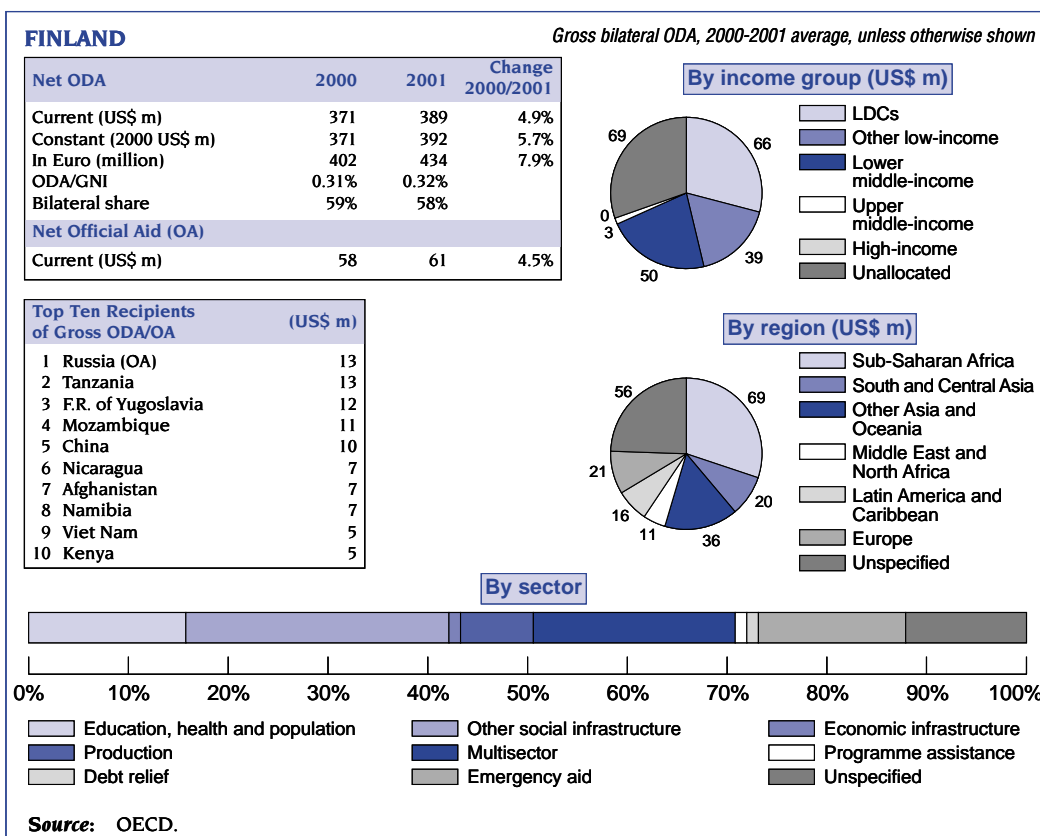
Partnership approaches. Bilateral development co-operation is limited to long-term partner countries where Finland can exercise dialogue, premised upon commitments agreed with the partner country government. Finland participates in the formulation and implementation of sectoral programmes and poverty reduction strategies.

Poverty reduction constitutes the main objective of Finnish development co-operation. Programmes implemented in long-term partner countries undergo special scrutiny from the poverty perspective. Co-operation is carried out particularly in the areas of human rights, good governance, democracy, culture, trade as well as sustainable development and environment. The

promotion of gender equality also plays a central role.

Policy coherence. Finland strives for coherence in foreign and security policy, trade policy and development co-operation. The basis of discussion is the Millennium Development Goals. In terms of synergies within development co-operation, efforts are made to ensure that bilateral, multilateral and EU co-operation are more uniform and complementary. Finland also emphasises transparency, co-ordination, division of labour, and the need to harmonise aid management among different donors.

Performance measurement. Evaluations focus on individual projects, various instruments, and country programmes. Joint donor programmes require combined evaluation efforts and capacity building of the partner countries. Finland regards the MDGs as fundamental in assessing performance.



FRANCE

French ODA in 2001 rose by 3.6% in real terms to USD 4.2 billion, staying at 0.32% in terms of the ODA/GNI ratio. There was, though, a marked contrast between bilateral aid, down 7%, and multilateral aid, up 27%. French aid focuses mainly on African countries. In 2002, France made a commitment to increase its ODA as a share of GNI to 0.50% by 2007 and 0.70% by 2012.

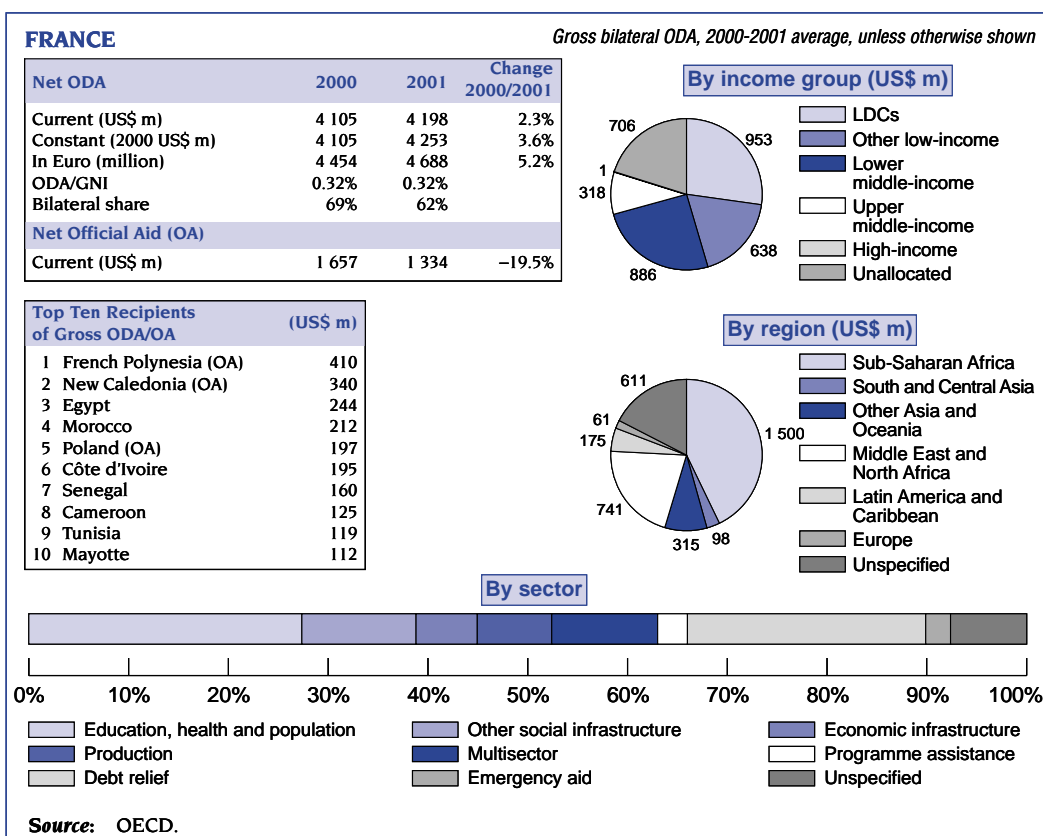
Partnership approaches. The 1998 reform of the aid system put partnership at the centre of development policy. France attaches special importance to development in Africa and supports the New Partnership for Africa's Development (NEPAD).

Poverty reduction policies. Commitment to poverty reduction is increasingly gaining in importance and has been reaffirmed on several occasions by the two ministries responsible, namely Foreign Affairs and the Economy, Finance and Industry. It constitutes the main thrust of the overall strategic framework. Resources available through bilateral debt relief will fund contracts for debt reduction and development (C2D), which focus on primary education and professional training, primary health care and the fight against major epidemics,

equipment and infrastructure for local communities, local development and natural resource management. France is increasing its support to country-led poverty reduction strategies, including through debt relief.

Policy coherence. The coherence of France's co-operation priorities is the responsibility of the Interministerial Committee for International Co-operation and Development (CICID), on which all ministries whose actions have an impact on development are represented. Following the CICID meeting on 14 February 2002, discussions were launched to harmonise French aid procedures with those of other donors, in line with the commitments made by France in various international forums. The DAC Recommendation on Untying ODA to the Least Developed Countries has been in force since January 2002. The French Development Agency (AFD) has untied all its operations in countries in the "priority solidarity area", including the technical assistance associated with investment projects.

Performance measurement. A number of actions are underway to reinforce the overall quality of evaluation and thus to improve the performance and effectiveness of its aid programme.



GERMANY

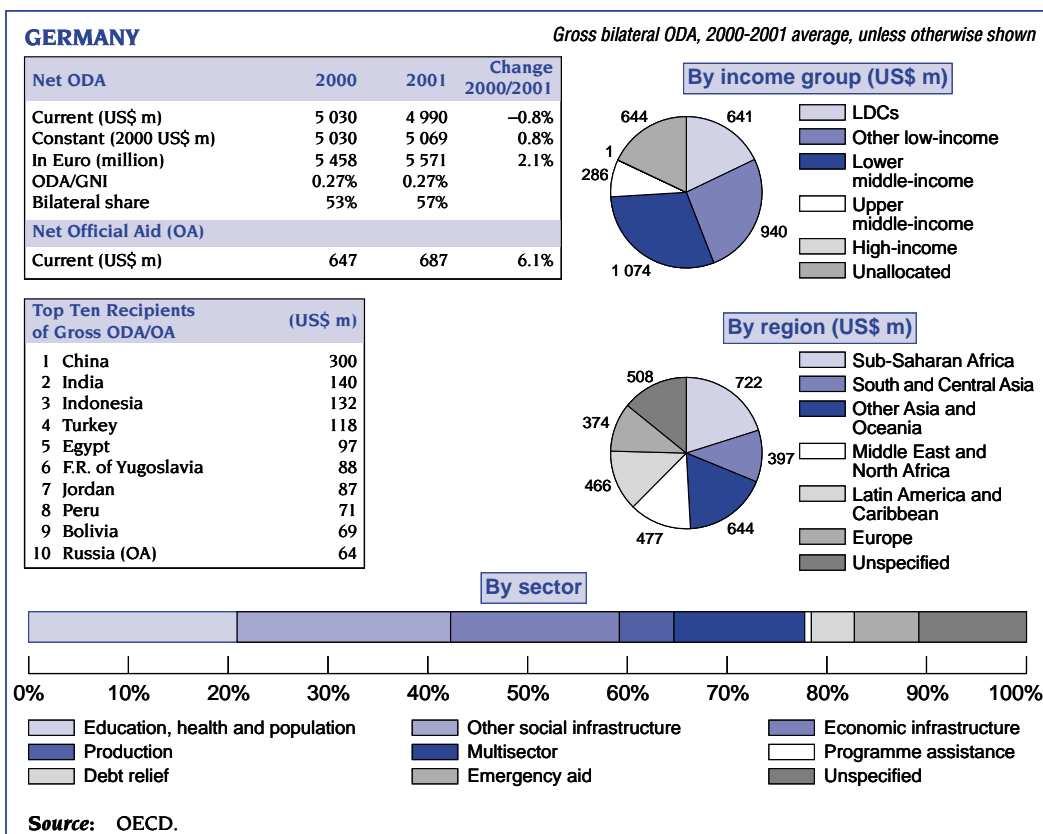
Germany's ODA increased by 0.8% to USD 4.99 billion in 2001. The ODA/GNI ratio remained at 0.27%. Following the Monterrey Conference, Germany has made a commitment to reach an ODA/GNI ratio of 0.33% by 2006.

Partnership approaches. The coalition treaty for the new German government from October 2002 outlines the programmatic framework for Germany's development co-operation, in line with the Millennium Declaration, the Monterrey and Johannesburg Conferences.

Poverty reduction policies. In April 2001, the Federal Cabinet approved the *Programme of Action 2015 on Poverty Reduction*, outlining Germany's contribution towards the goal of halving extreme poverty worldwide. A first implementation report was published in September 2002.

Policy coherence. Germany's *Global Structural Policy* aims to improve the coherence of all policies, with the main orientations on reducing poverty, securing peace, and shaping globalisation justly. Active co-ordination with the European Community is important for ensuring policy coherence so Germany has been keen to curb the European Community's agricultural subsidies, widely considered to lack coherence with development co-operation policy.

Performance management. Germany's development co-operation will strengthen its focus on results. The *Programme of Action* established priorities. There are results-oriented frameworks for financial and technical co-operation, so the reports from KfW and GTZ compare aims with outputs and outcomes. At a meeting in July 2002, as a follow-up to the 2001 German Peer Review, the Federal Ministry for Economic Co-operation and Development and the Federal Foreign Office discussed how co-ordination in the field might be improved further.



GREECE

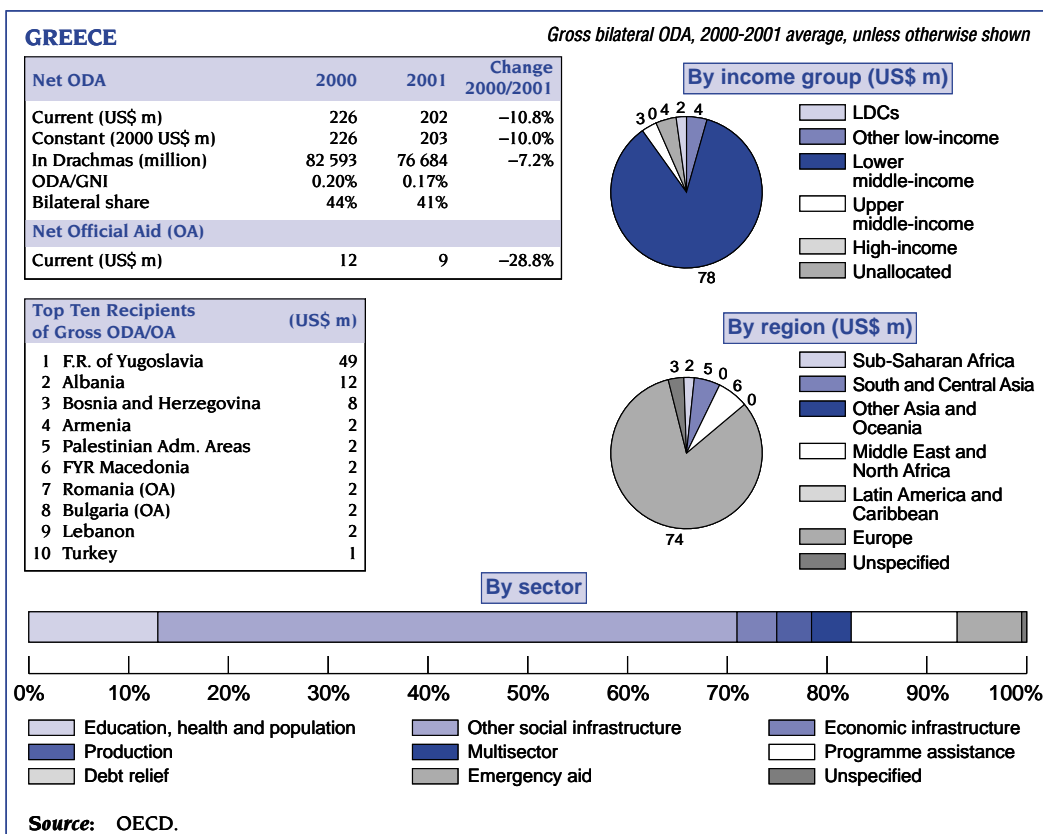
Greece's net ODA disbursements totalled USD 202 million in 2001, 0.17% of its GNI. In 2000, Greece's ODA had reached USD 226 million, resulting in a ODA/GNI ratio of 0.20%. Greece continued the process of consolidating management of its aid programme in the Ministry of Foreign Affairs during 2002, following the change in ministry responsibilities announced in October 2001.

Partnership approaches. Greek development co-operation is based on a partnership approach, with development the responsibility of recipient partners while foreign aid responds to partners' needs, as elaborated in development strategies formulated locally with involvement by a broad cross-section of society. Greece aims to encourage and support the principles of local ownership and local capacity building by concluding medium-term partnership agreements with its main partners that integrate Greek development assistance into local plans for development.

Poverty reduction policies. Greece acknowledges that poverty reduction must become the central focus of development policy. As from 2002, Greece's aid activities have been focusing more on poverty reduction and the achievement of the MDGs. Greece intends to increase gradually its ODA to least-developed countries, particularly Afghanistan.

Policy coherence. Greece recognises that sustainable development in poor countries requires avoiding policies that undermine other efforts to promote their development. Greece is making efforts to minimise such incoherence and is working to establish and develop the necessary mechanisms and procedures to promote greater policy coherence for development.

Performance measurement. To improve the performance and effectiveness of its aid programme, Greece is expanding its information base for decision making. An example of this was the evaluation conducted in 2001 of the policies and implementation of Greek development assistance over the period 1997-2000.



Box V-4.

DAC Peer Review of Greece, 12 March 2002*Examiners: Finland and Spain*

Greece has an important contribution to make to co-ordinated, international efforts to support sustainable development and reduce poverty in its multicultural, neighbouring regions. In August 1996, and with membership of the DAC in view, the Greek government launched a five-year programme to develop a substantive bilateral aid programme, committing USD 400 million for this purpose over the period 1997-2001. Guided by the government's first medium-term programme for development co-operation, Greece established units with special responsibilities for aid within the Ministry of National Economy and the Ministry of Foreign Affairs (known as "Hellenic Aid"), formed committees to manage specific aspects of the bilateral aid programme and mobilised an impressive number of other ministries, government agencies and civil society organisations to implement official aid activities.

Greece responded to the dramatic events since 1997 in Albania, Bosnia, Kosovo and FYROM with substantial emergency relief and humanitarian assistance, implemented mostly by the Hellenic Armed Forces. As these emergencies recede, Greece is allocating the funding to longer-term development activities targeting basic sources of poverty. This is requiring active planning for a rapid and major scaling up of selected ministries' and agencies' development activities, backed up by steps to assure aid quality and effectiveness as these programmes expand.

The DAC welcomed Greece as its twenty-third member in December 1999. The Committee's first peer review of Greece was timely because it coincided with a change in ministry responsibilities for development co-operation, with leadership being unified under Hellenic Aid, and took place as a new five-year programme for 2002-2007 was being prepared. To support Greece's endeavours to build on achievements to date and raise ambitions for the next phase of expansion, the DAC recommended that Greece:

- Set out an overall statement of the broad goals of its development co-operation and develop an assessment framework to support decision making and budget allocations across the aid system.
- Ensure that new organisational structures promote efficient and effective achievement of development co-operation goals and objectives.
- Work to operationalise, in priority regions for Greece, the new policy on poverty reduction, gender equality and the environment.
- Build up a core of development co-operation staff to manage and implement the aid programme, including during postings to main partner countries.
- Adopt a more integrated and programmatic approach to country programming and budgeting, backed up by annual high-level consultations dedicated to development co-operation matters.
- Conduct a review of Greece's substantial tertiary scholarships schemes and increase support for basic social services.
- Pursue a more strategic and integrated approach to multilateral assistance and work to bring bilateral and multilateral channels closer together.
- Complete the establishment of monitoring and evaluation systems and increase efforts to inform parliamentarians and the public of results achieved.
- Make a high level commitment to policy coherence for development as a government-wide objective and adapt existing structures to foster more systematic addressing of policy coherence issues.

IRELAND

Ireland's ODA continued to expand in 2001 to reach USD 287 million, a 20% increase in real terms over its level in 2000. Expressed as a share of GNI, Ireland's ODA rose from 0.30% in 2000 to 0.33% in 2001. Ireland is committed to further increasing its ODA to reach the United Nations target of 0.7% by 2007 and has set an interim target of 0.45% by the end of 2002. The recommendations made by the Ireland Aid Review Committee on the future role and management of the Irish aid programme were accepted by the government in 2002.

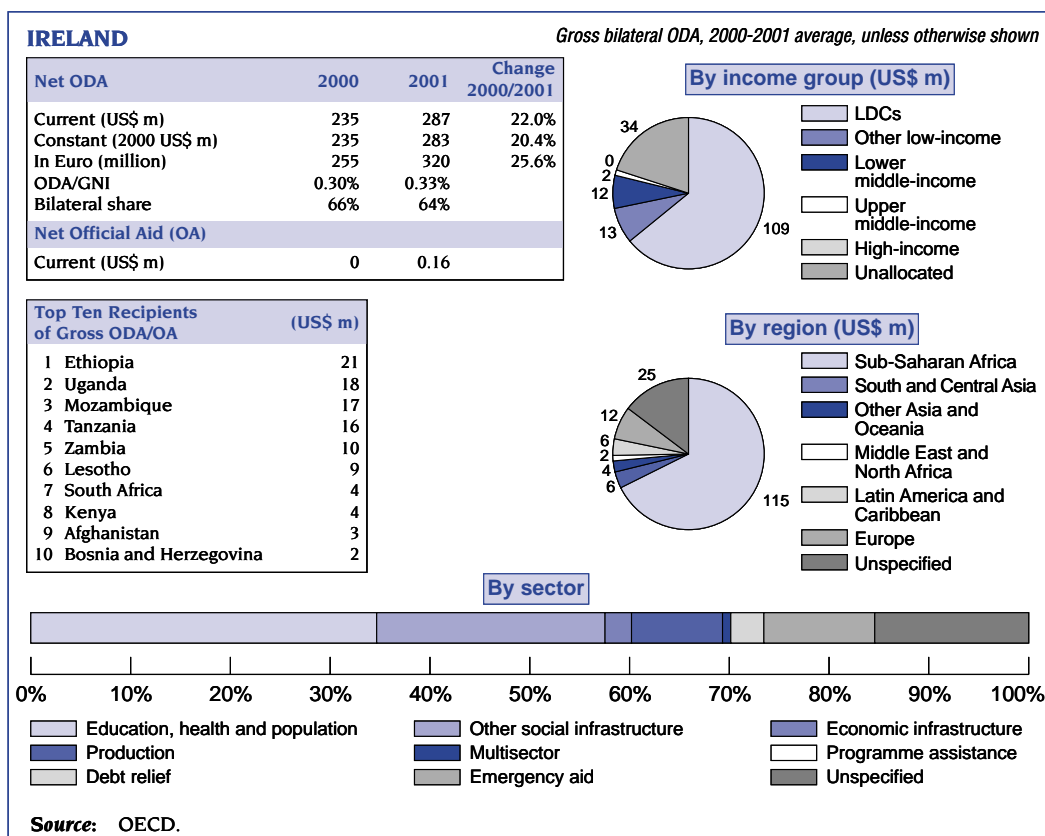
Partnership approaches. Partnership is one of the key principles underpinning Ireland's expanding aid programme. Partnership extends to recipient countries, the international development community and NGOs, both at home and abroad.

Poverty reduction policies. Poverty reduction remains the overarching objective for the Ireland

Aid programme. Ireland Aid aims to ensure that all its activities are planned with reference to the impact they are likely to have on reducing poverty and measured on a continuing basis against this objective.

Policy coherence. The requirement of policy coherence for development is a starting point for an effective development policy. Its application, however, sometimes imposes difficult policy choices. Ireland endeavours to ensure that the development perspective is clearly highlighted and accorded full weight in decision making in all situations of competing priorities.

Performance measurement. Ireland Aid is working to enhance its results orientation and improve its capacity to measure the practical impact of its interventions on an on-going basis. Public accountability will also be strengthened through regular reports on the programme's impact on reducing poverty and its contribution towards achieving the Millennium Development Goals.



ITALY

Italy's ODA volume increased in 2001 to a total USD 1.63 billion, representing an ODA/GNI ratio of 0.15%. Italian geographically allocated bilateral assistance is most strongly directed to the least developed countries (44%), particularly in sub-Saharan Africa (46%).

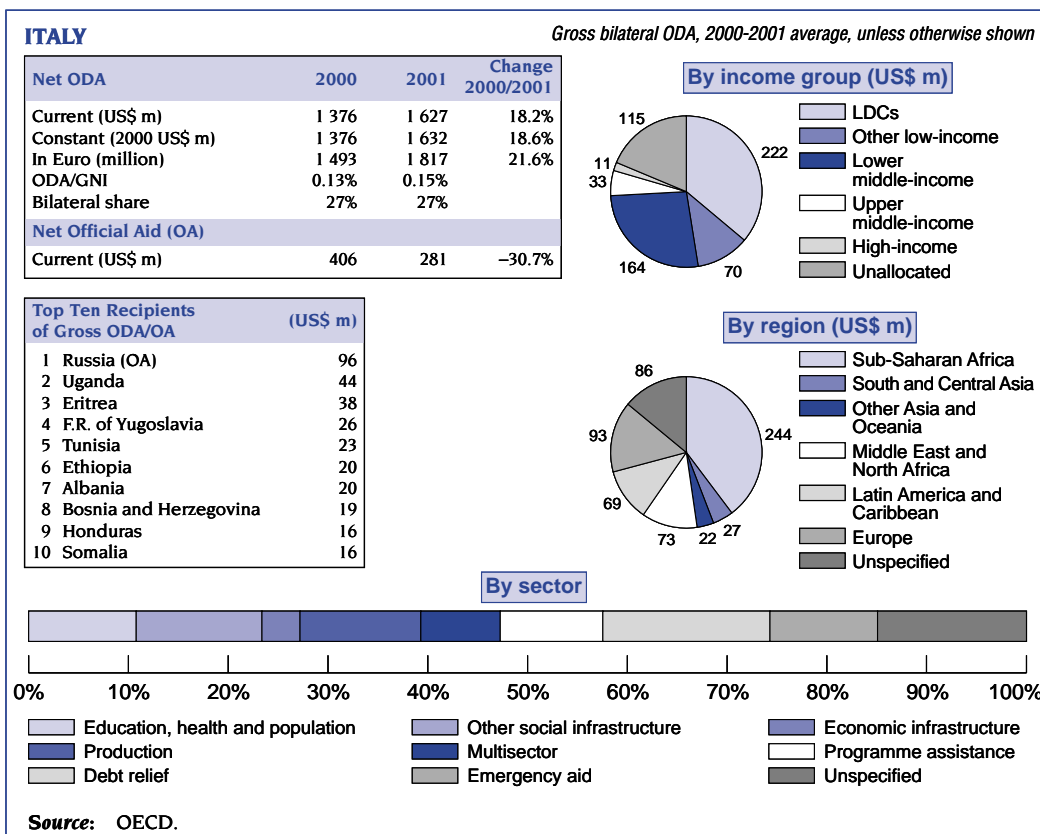
Partnership approaches. Development co-operation policy focuses on joint action between recipient countries and Italian partners (government, private sector, NGOs, and universities). To implement partnerships in the recipient countries more effectively, Italy is producing country-level strategies and setting up new field offices, but is hampered by a lack of staff and organisational support, as well as operational flexibility.

Poverty reduction policies. Poverty reduction is the overarching goal of Italian development co-operation. Italy outlined the approach and contents of its poverty reduction initiative around the Millennium Development Goals. The

initiative uses both direct allocation of resources and debt swaps to support nationally owned poverty reduction strategies in partner countries, with a special focus on selected sectors (health, food security, education, private sector support, micro-credit, trade).

Policy coherence. The ministries of Foreign Affairs, Foreign Trade and Treasury maintain regular contact and co-ordinate on *ad hoc* policy issues as they arise. Guidelines in numerous policy areas are periodically issued through a Steering Committee of Development Co-operation that includes these ministries.

Performance measurement. The Evaluation Group is directly accountable to the Director-General. Several actions are now underway to reinforce the quality and utility of evaluation feedback in the broader system, including improved evaluation planning and operational guidance. The recently adopted Monitoring and Evaluation Handbook is an example of innovation in this area.



JAPAN

In 2001, Japan relinquished its position as the largest bilateral donor to the United States, after having led continuously since 1993. Its ODA volume at USD 9.8 billion still constituted almost a fifth of total DAC ODA. Its ODA/GNI ratio was 0.23%, ranking eighteenth of 22 DAC member countries. It has, however, announced further reductions in its ODA budget for fiscal years 2002 and 2003.

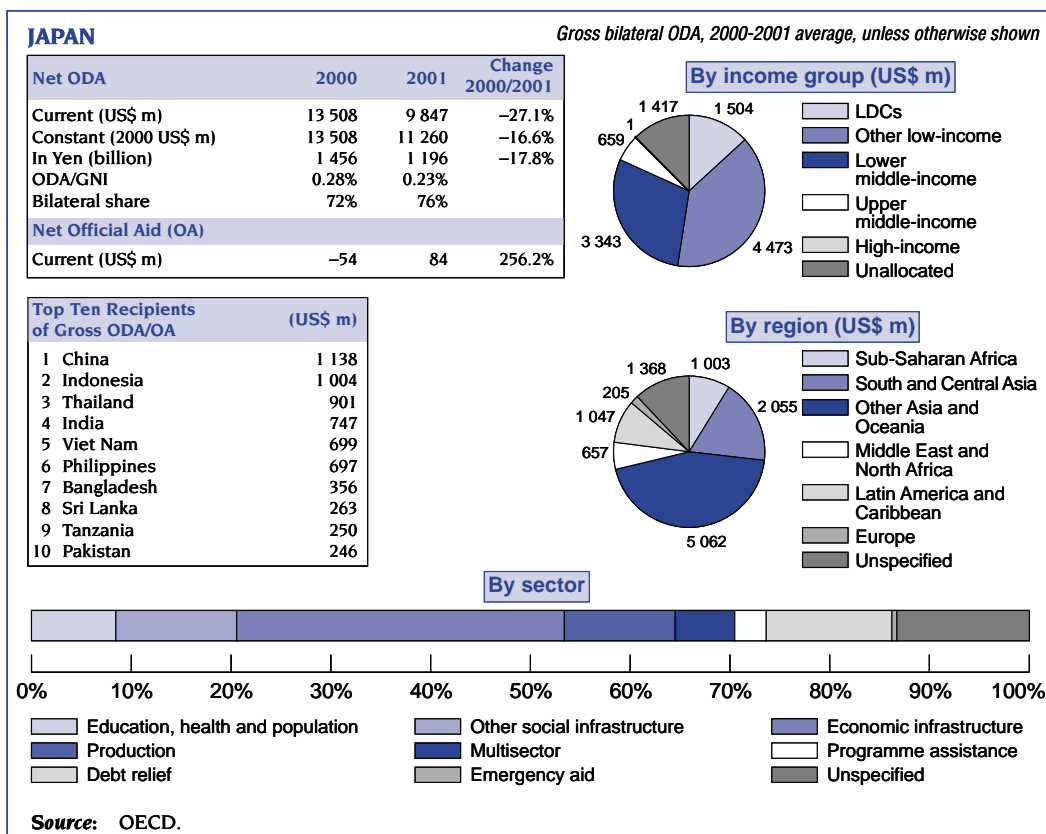
Partnership approaches. Japan launched the Initiative for Development in East Asia (IDEA), under which ASEAN countries plus Japan, China, and South Korea reviewed successful regional experiences. The assessments included positive roles played by ODA and highlighted aspects to be shared with the rest of the developing world.

Poverty reduction policies. Japan developed a strategy for basic education entitled "Basic Education for Growth Initiative (BEGIN)" and committed

ODA of around USD 2 billion over the next five years for education in low-income countries. Japan is also helping to provide access to safe drinking water and sanitation, including by launching the "Clean Water for People" initiative jointly with the United States on the occasion of the Johannesburg Summit in September.

Policy coherence. Recognising the important role of trade in poverty reduction, Japan offers duty and quota-free access to almost all industrial products from LDCs. Recently, the government has proposed the expansion of coverage starting April 2003.

Performance measurement. The Japanese government is undertaking ODA reform with active participation from the public, which is demanding a more transparent, efficient, and effective ODA system. In this respect, the evaluation system is being revised. This is also part of a government-wide mandate on evaluation, based on the 2001 Guidelines of Government Policy Evaluation Act.



LUXEMBOURG

In 2001, Luxembourg's ODA amounted to 0.82% of GNI, an increase of 16% in real terms compared to 2000. Luxembourg is therefore continuing to move closer to the 1% threshold it aims to reach by the middle of the decade. Its ODA went mainly to least developed and low-income countries.

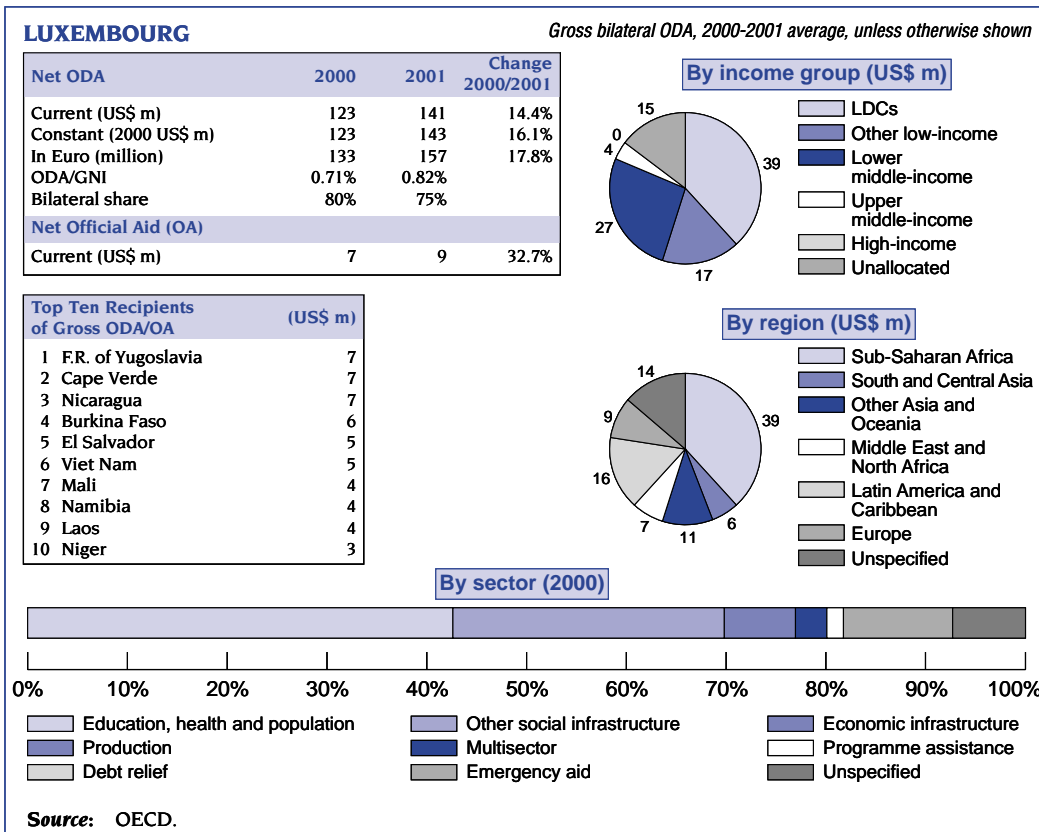
Partnership approaches. Aid programmes are implemented in ten priority countries on the basis of indicative co-operation programmes aimed at matching Luxembourg's aid more closely to the development priorities of partner countries, enhancing transparency and predictability and improving management. Co-operation on the ground has been stepped up with the opening of offices in Senegal and Cape Verde. Multilateral co-operation is increasingly developed through

"multi-bi" initiatives in priority countries (15% of ODA in 2001).

Poverty reduction policies. Poverty reduction and sustainable development are key objectives in Luxembourg's aid programme. Luxembourg has subscribed to the Millennium Development Goals and its programmes place special emphasis on primary education and basic health care.

Policy coherence. Luxembourg is committed to policy coherence and is promoting a globalisation process with a human face. Most of Luxembourg's aid is already untied and project implementation relies greatly on local contractors.

Performance measurement. An "evaluation and audit" unit has been set up for all government aid initiatives, including those involving Luxembourg NGOs receiving government support.



THE NETHERLANDS

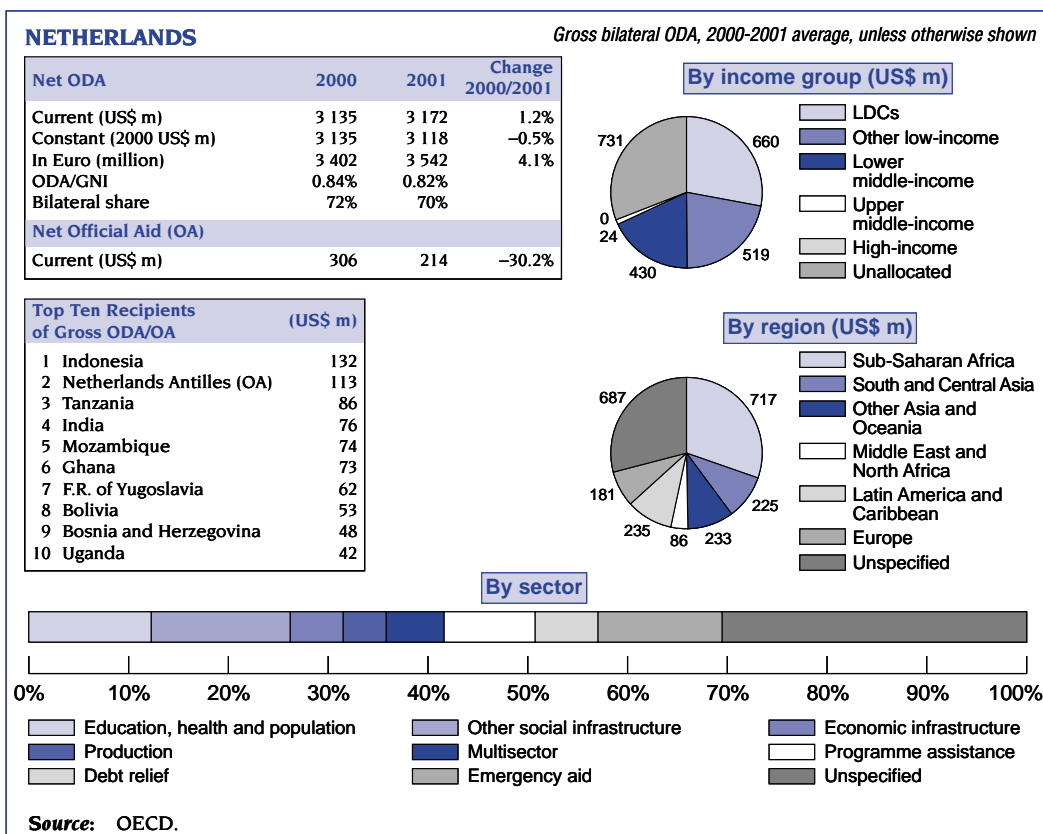
The Netherlands' ODA volume remained fairly stable in 2001 at USD 3.17 billion, representing an ODA/GNI ratio of 0.82%. Dutch geographically allocated bilateral ODA was strongly directed towards the least developed countries (40%) and other low-income countries (32%). Sub-Saharan Africa remained a geographic priority with 43% of bilateral ODA.

Partnership approaches. Partnership with relevant actors is a major feature of Dutch programmes. The Netherlands currently uses a list of 23 "partnership" and 28 "thematic" countries to better focus its aid. This list was the subject of extensive public and parliamentary debate. Sector approaches emphasise ownership by the recipient country and are also used in identifying areas for national capacity strengthening. The Netherlands favours the use of budget support wherever there is effective local capacity to manage. A strong decentralised presence permits co-ordinated implementation with other donors. Harmonisation of donor practices is a high priority for the Netherlands.

Poverty reduction policies. Poverty reduction is the overarching objective of Dutch foreign policy in general and development co-operation in particular. The PRSP framework is seen as a primary implementation mechanism, guiding Dutch strategy, assisting in implementing programmes, providing a basis for monitoring and evaluation, and serving as a primary forum for policy dialogue.

Policy coherence. The Cabinet actively engages coherence issues within the government and approves all instructions for international meetings. The ministry has now established a policy coherence unit to ensure more systematic identification and treatment of issues. The Netherlands uses international forums to address coherence issues.

Performance measurement. The Dutch Policy and Operations Evaluation Department supports comprehensive evaluation guidelines. Nevertheless, the creation of an integrated monitoring and evaluation system that involves feedback for learning and decision making at all administrative levels remains a conceptual and technical challenge. Within the ministry, a new unit is setting up an improved monitoring system that is expected to be fully operational by 2003.



NEW ZEALAND

New Zealand's net ODA rose slightly in real terms to USD 112 million in 2001 while its ODA/GNI ratio remained at 0.25%. On 1 July 2002, New Zealand established a new Agency for International Development (NZAID) as a semi-autonomous body within the Ministry of Foreign Affairs and Trade.

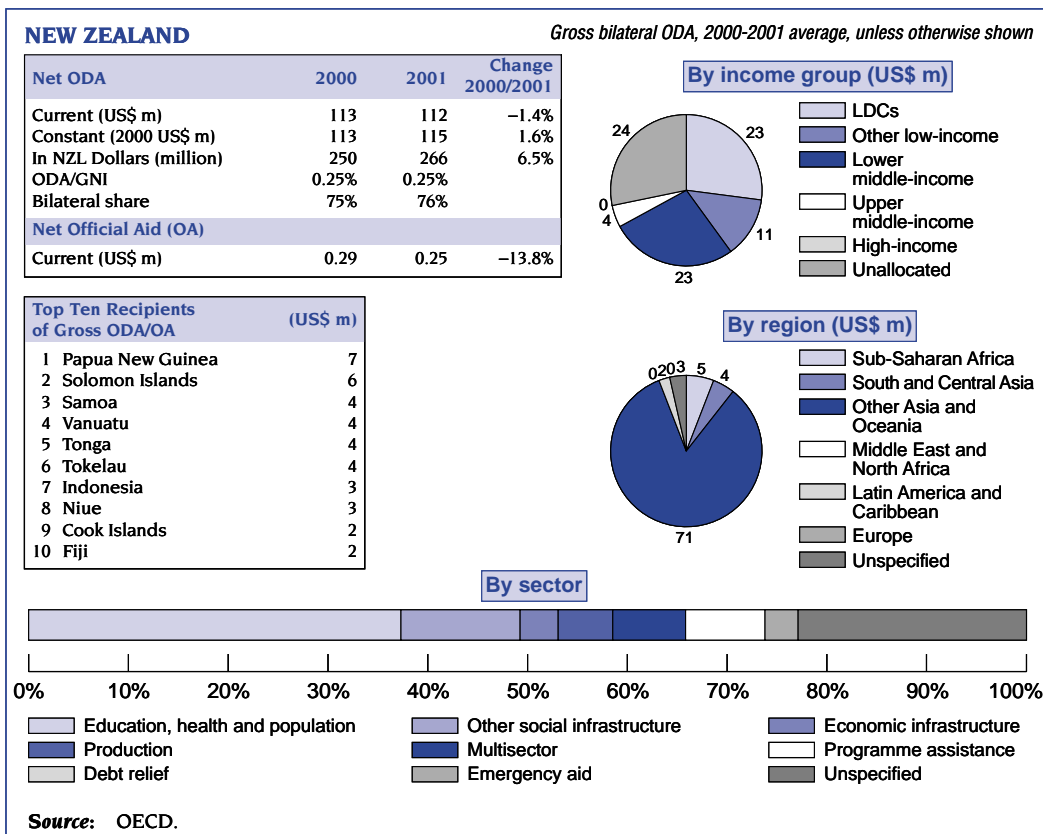
Partnership approaches. NZAID's new Policy Framework reconfirms an earlier focus on partner-led poverty reduction and moves to more formally integrate national development strategies into New Zealand's programming process. NZAID is also moving towards greater provision of budgetary support and assistance via trust fund mechanisms, particularly in Polynesia. Partnership underpins NZAID's relationships with NGOs and other non-government actors.

Poverty reduction policies. The central focus of NZAID is the elimination of poverty. Contributing to the achievement of the Millennium Development Goals is a key concern while gender rights and the environment are mainstreamed throughout

activities. Regional and international interventions aim to ensure that proper account is taken of the poverty which prevails in the Pacific region and that adequate provision for the region is made in apportioning and delivering services.

Policy coherence. Fostering good governance and promoting economic growth through sound macro-economic, public sector and trade policies in developing countries in the Asia-Pacific region remains an important objective for New Zealand. Growing instability in the Asia-Pacific region has underlined the need to develop whole-of-government strategies to address the development, security, economic and political challenges facing the region.

Performance measurement. New Zealand is in the process of strengthening the monitoring and evaluation of its development activities. Extra resources will be made available to boost in-house risk management capacity and enhance quality assurance. New evaluation tools, including assessments, will also be developed under an overarching Monitoring and Evaluation Strategy and a complementary Assessment Framework.



NORWAY

In 2001, Norwegian ODA increased by 6.8% in real terms to USD 1.35 billion and the ODA/GNI ratio increased to 0.83%. Norway plans to reach 1% of GNI by 2005. Norwegian ODA is focused on twelve priority countries, all among the least-developed. In general, Norwegian development assistance benefits low-income and least developed countries.

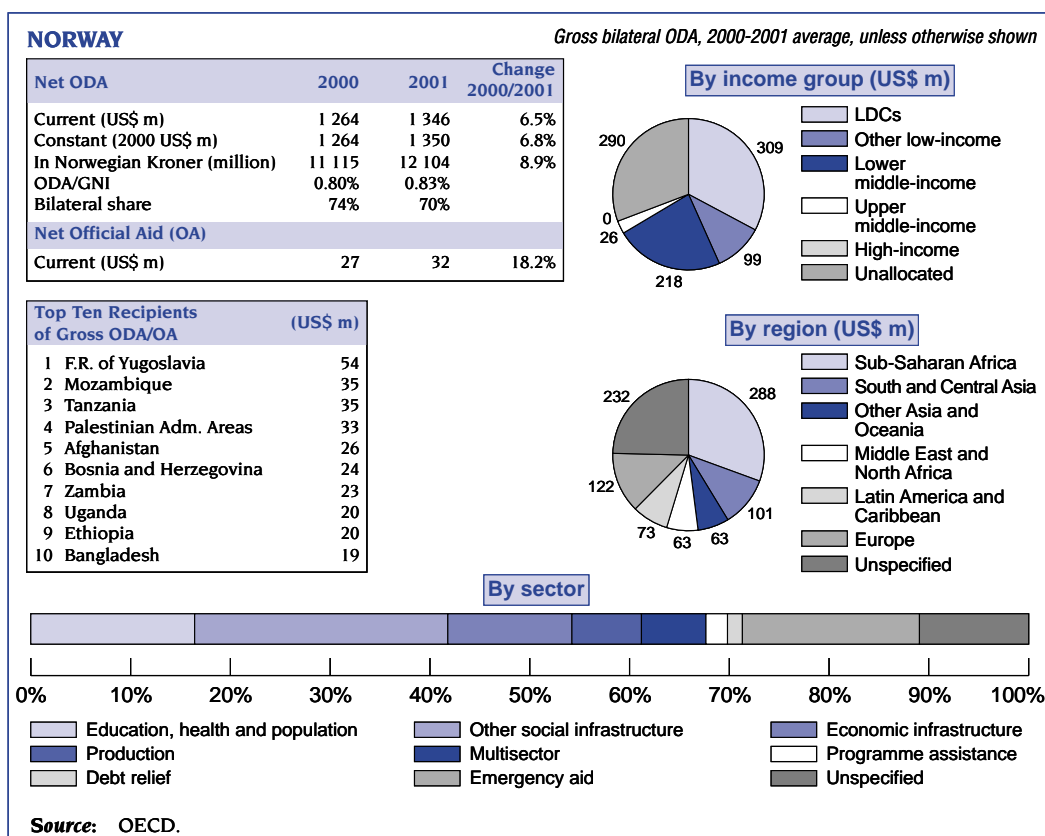
Partnership approaches. Norway supports the work that is being done in the DAC and in other forums to reduce the number of development activities and co-ordinate and harmonise conditions and reporting routines stemming from the proliferation of donor activities in partner countries. Norway is seeking opportunities for division of labour with other donors regarding activities in partner countries and is already engaged in these kinds of partnerships in some countries.

Poverty reduction policies. Combating poverty is the main objective of Norwegian development policies, implying realising the social, economic

and humanitarian rights of the poor. Achievement of the Millennium Development Goals is central to the Norwegian development strategy. National Poverty Strategies are generally seen to support the realisation of the MDGs as relevant on a national level. In the Norwegian Action Plan for Combating Poverty (2002) it is stated that Norwegian contributions to the fight against poverty will be based on such strategies. This is in recognition of the fact that all development assistance effort must be in line with national priorities to be sustainable.

Policy coherence. Policies in developed countries can work contrary to development assistance in combating poverty. The Norwegian government has consequently decided to examine its policies in selected areas relevant to poverty situations in developing countries. The purpose is to assess the potential for alignment and improvements of these policies for poverty reduction.

Performance measurement. Norway acknowledges the importance of improving the effectiveness of development activities through strong monitoring and evaluation systems.



PORTUGAL

Portugal's ODA in 2001 totalled USD 268 million. As an EU member, the Portuguese government is making an effort to reach the ODA/GNI ratio target of 0.33%, although the ODA/GNI ratio fell slightly to 0.25% in 2001 from 0.26% in 2000.

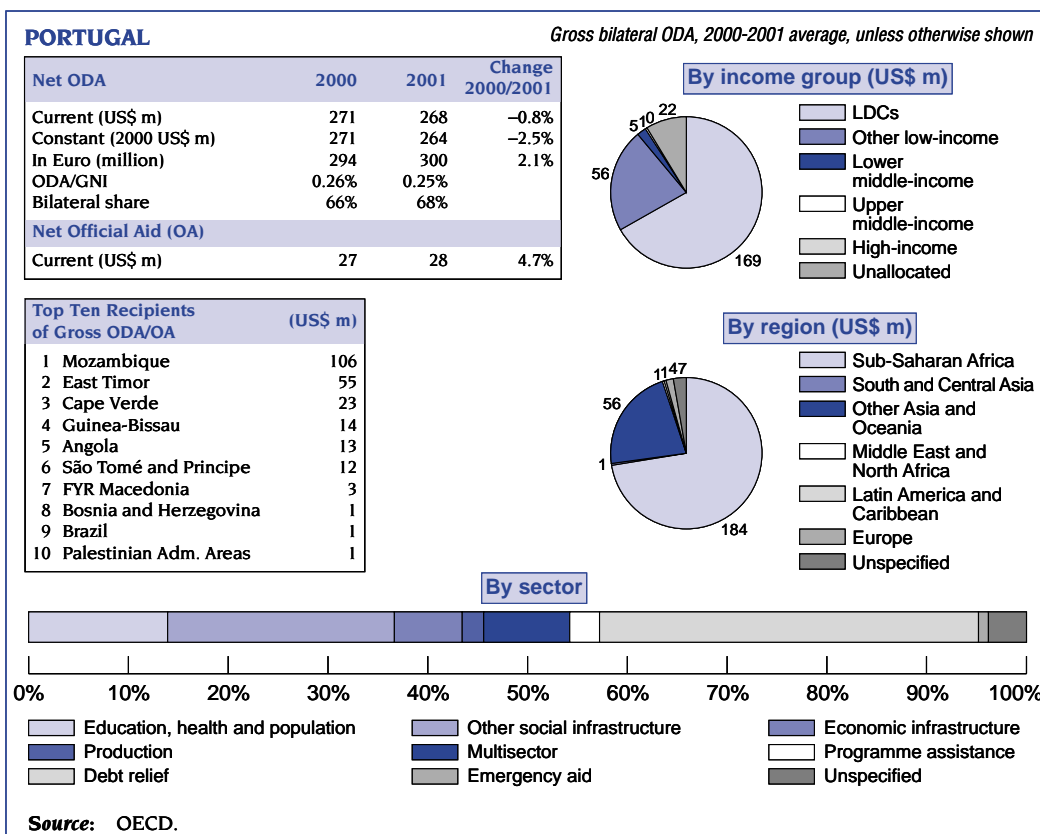
Partnership approaches. Portugal relies on priorities of recipient countries or works jointly in identifying their needs, taking into account the specificity of Portuguese co-operation. Portugal designs an Indicative Co-operation Programme with the recipient country on a tri-annual basis.

Poverty reduction. Portugal focuses on the former colonies, all of which are LDCs except East Timor. Poverty reduction is one of the main priorities and a cross-cutting issue in Portuguese

co-operation. Portugal is committed to support PRSPs and participates in the HIPC Initiative. There is a particular focus on education, health, and agriculture, with a view to greater self-sufficiency and food security. At the same time, the country's contribution to basic social services represents a small part in its ODA.

Policy coherence. Various co-ordination mechanisms have been established, such as the Council of Ministers for Co-operation and Inter-ministerial Committee for Co-operation to facilitate synergies within development co-operation to ensure better coherence of non-aid policies with development co-operation policy.

Performance measurement. Improvements in the evaluation system have been made through increased external and independent evaluations and development of methodological materials.



SPAIN

In 2001, Spanish ODA increased by 44% in real terms to reach 0.30% of GNI. This was mainly due to debt cancellation of USD 374 million for Nicaragua. Excluding this operation, to give an indication of the underlying trend, ODA would nevertheless have increased by 13%, reaching 0.23% of GNI. A large proportion of Spanish ODA is allocated to Latin American countries, resulting in focus on lower middle-income countries (42%) and low-income countries (42%).

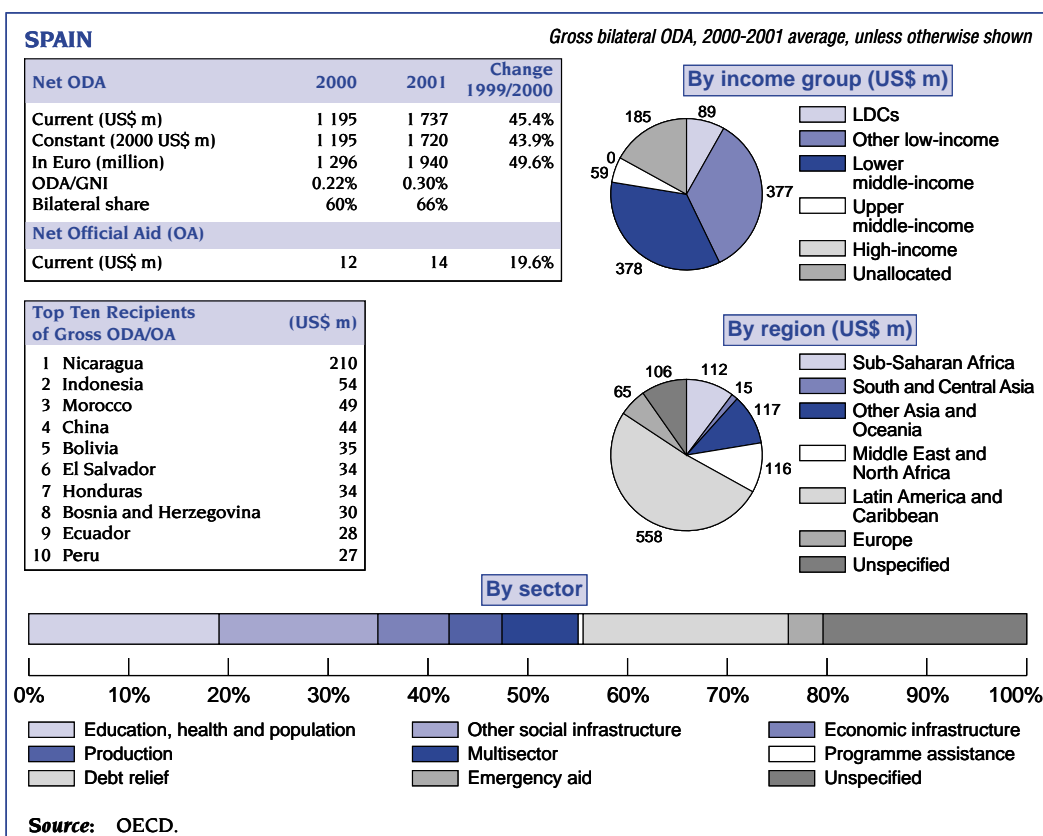
Partnership approaches. With the adoption of the Master Plan for the Spanish Co-operation (2001-2004), Spain maintains efforts to improve the quality of its interventions, including the preparation of regional and country strategies as well as sector policies. Development co-operation relies on a broad support base and the resources mobilised by the Autonomous and

Local Administrations as well as NGOs continue to increase.

Poverty reduction policies. The Master Plan confirms poverty reduction and achievement of other MDGs as the main purpose of Spanish development co-operation. In 2001, a large share of activities funded by Spanish ODA was focused on poverty reduction, with emphasis being placed on education and water supply and treatment. Other priorities included activities related to government and civil society, agriculture and micro-finance.

Policy coherence. A broader development approach has been endorsed and other issues affecting development are under consideration, in particular immigration issues.

Performance measurement. The Master Plan provides for the development of evaluation mechanisms and performance indicators.



Box V-5.

DAC Peer Review of Spain, 9 April 2002*Examiners: Ireland and United Kingdom*

Spain recently adopted a comprehensive binding law on International Development Co-operation and a multi-year Master Plan, which was designed with the purpose of enhancing consistency and co-ordination within its diverse aid system, and which sets an example for DAC members with similar structures. A significant achievement of the new policy is that it establishes poverty reduction as the overarching goal in development co-operation, and, in so doing, focuses on basic social needs, while mainstreaming gender and environment. Spain has development co-operation programmes in 29 countries, with a high concentration of aid flowing to Latin America. Decentralised co-operation through autonomous regions and local authorities is a notable feature of Spanish development co-operation and accounted for 25% of bilateral ODA.

While welcoming its poverty-oriented reforms, the DAC recommended that Spain take advantage of strong economic growth in recent years to reach its commitment of an ODA/GNI ratio of 0.33% by 2006. In addition, the DAC noted that a number of management and implementation issues would need to be refined in the new policy to enhance aid effectiveness, and recommended that Spain:

- Ensure that assistance to middle-income countries is effectively targeted on poverty reduction, increase resource allocation to basic social services, ensure that the Scholarship and Cultural Programmes reinforce the overarching goal of poverty reduction.
- Clarify the policies on loans vs. grants, taking into account debt sustainability of recipient countries and country income levels.
- Establish a more results-oriented approach to programming and implementation to inform lesson-learning and consider integrating the MDGs and indicators as a framework for assessing performance.
- Take into account enhanced policy coherence for development by encouraging a wider public debate and strengthening the analytical capacity of the Ministry of Foreign Affairs (MFA) in areas which have an impact on developing countries (e.g. trade, agriculture and fisheries).
- Assign the MFA a clearer leading role in providing directions to other ministries and actors to further increase synergies, particularly with respect to decentralised co-operation.
- Increase partner countries' responsibility in aid management, improve the links between individual projects and country-led poverty reduction strategies and move towards working on sector approaches with other donors.
- Ensure that NGO activities co-financed by the national and regional governments are consistent with country and sector strategies of Spanish development co-operation.
- Continue to develop and strengthen monitoring and evaluation across the Spanish aid system.

SWEDEN

At USD 1 666 million, Sweden's net ODA in 2001 represented 0.81% of its GNI. The new Swedish government has planned increases in the ODA budget between 2002 and 2004 and aims to reach 1% of GNI by 2006, if public finances permit. The Parliamentary Commission on Sweden's Policy for Global Development delivered its report in March 2002. The government will present a new White Paper to Parliament in 2003, based on the Commission's recommendations.

Partnership approaches. Sweden is committed to the partnership approach, participating actively in sector-wide approaches and continuously working to develop new methods to improve donor co-ordination and aid effectiveness.

Poverty reduction policies. The Parliamentary Commission reconfirmed that reducing poverty should remain the overall aim of Sweden's policy for global development. In line with this goal, Swedish bilateral aid is focused on least-developed

countries, especially in sub-Saharan Africa. Sweden's approach to poverty reduction focuses on the individual and emphasises the importance of improving human rights.

Policy coherence. Sweden considers that development assistance alone cannot suffice to eradicate world poverty and Swedish domestic policies often have an impact on poor people and poor countries. For these reasons, the government recognises the need to take development aspects into account in all relevant policy areas and to use the wide range of policy instruments at its disposal to pursue its poverty reduction objective.

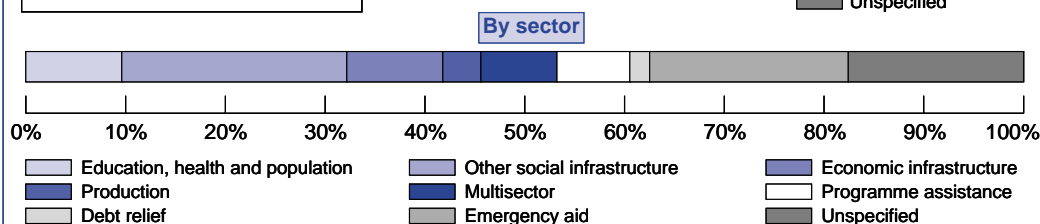
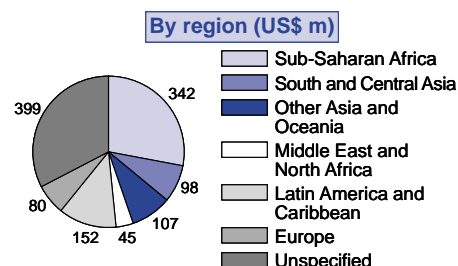
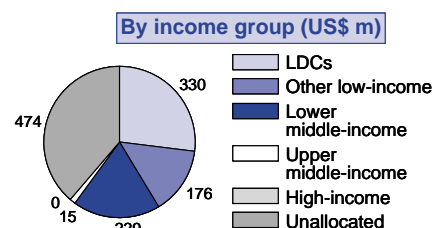
Performance measurement. Sweden has a strong and well-developed evaluation system that it aims to improve continuously. Sweden has undertaken to work towards achieving the internationally agreed Millennium Development Goals but is supplementing these with operative objectives related to important components of the Swedish aid programme, such as democracy, the rule of law and human rights.

SWEDEN

Gross bilateral ODA, 1999-2000 average, unless otherwise shown

Net ODA	2000	2001	Change 2000/2001
Current (US\$ m)	1 799	1 666	-7.4%
Constant (2000 US\$ m)	1 799	1 842	2.4%
In Swedish Kronor (million)	16 479	17 220	4.5%
ODA/GNI	0.80%	0.81%	
Bilateral share	69%	72%	
Net Official Aid (OA)			
Current (US\$ m)	122	119	-2.7%

Top Ten Recipients of Gross ODA/OA	(US\$ m)
1 Tanzania	55
2 Mozambique	44
3 Honduras	37
4 Viet Nam	36
5 F.R. of Yugoslavia	34
6 Russia (OA)	32
7 Bangladesh	30
8 South Africa	29
9 Nicaragua	28
10 Palestinian Adm. Areas	27



Source: OECD.

SWITZERLAND

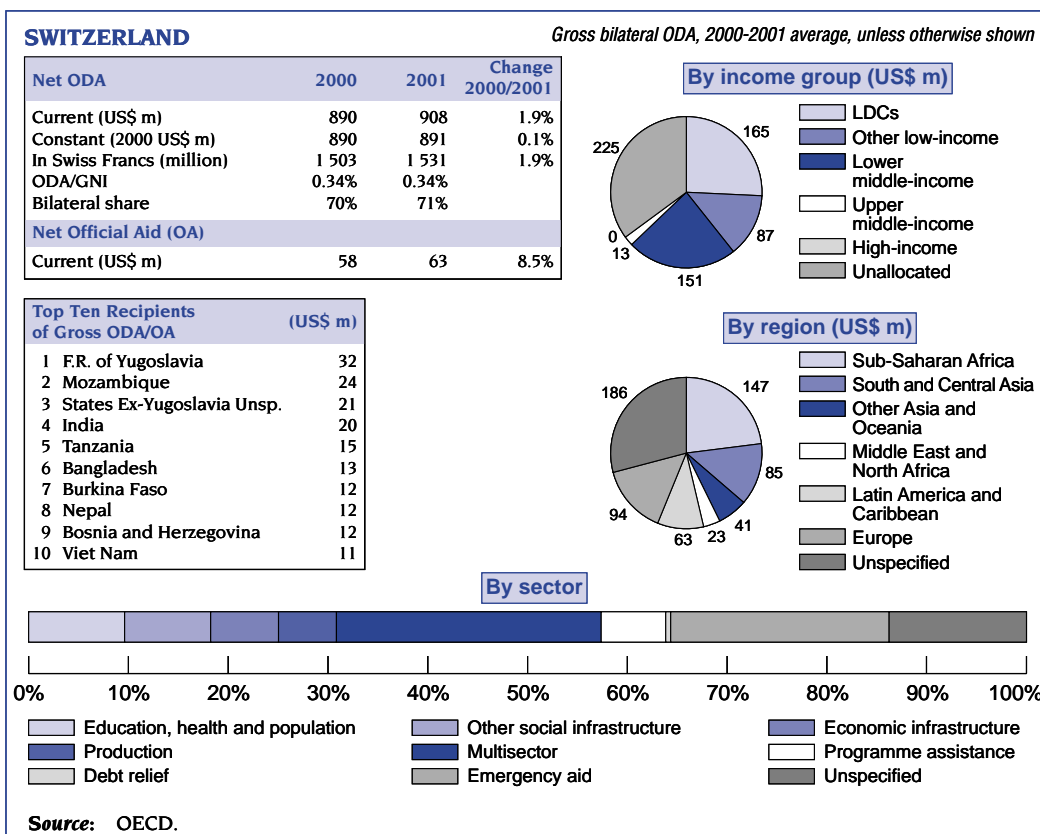
In 2001, Swiss ODA increased slightly to USD 908 million (0.34% of GNI) with the aim to rise to 0.4% by 2010. Swiss bilateral aid is focused on low-income and least developed countries (61% of geographically allocated ODA).

Partnership approaches are promoted with a selected number of priority countries where policy dialogue is under the responsibility of Swiss local representations. Although cautious about concrete modalities and local management capacity, Switzerland is engaged in sector-wide approaches involving budget support, in Burkina Faso, Tanzania and Mozambique. Because of the special role of international institutions in the context of globalisation, Switzerland's multilateral funding represents about a third of overall ODA.

Poverty reduction policies. New strategic orientations are being implemented, re-emphasising poverty reduction as a fundamental objective of Swiss development co-operation. Switzerland is also carrying out institutional changes to mainstream poverty reduction and support for basic social services in aid programmes.

Policy coherence. The promotion of policy coherence remains a priority. Current efforts aim at reinforcing coherence with development objectives across the entire government. Aid to the poorest countries was already untied before the adoption of the DAC Recommendation.

Performance measurement. As part of the implementation plan for the new strategy, a results-based system will be introduced together with performance indicators in line with ongoing international efforts to achieve the Millennium Development Goals.



UNITED KINGDOM

The United Kingdom increased its ODA by 4.4% in real terms to USD 4.59 billion in 2001. Its ODA/GNI ratio remains at 0.32% but there are plans to increase to reach 0.4% of GNI by 2005-6.

Partnership approaches. The United Kingdom is committed to developing its partnership approaches. At country level, the Department for International Development (DFID) has established more country offices. The government seeks opportunities arising from its membership of the G7, DAC, EU and other multilateral forums to strengthen international interest in development issues.

Poverty reduction policies. Taking poverty reduction as the overarching aim, DFID gives close attention to its development strategy and encourages other agencies to allocate funds to low-income countries. To achieve impact on poverty reduction, DFID focuses spending in all sectors that contribute to

poverty reduction, including those that promote pro-poor economic growth. DFID welcomes and promotes poverty reduction strategies and sector-wide approaches, and has developed mechanisms for budget support.

Policy coherence. DFID gives attention to all policy issues that impact on development, in collaboration with other government ministries. The United Kingdom has already untied its own aid globally, including its technical co-operation.

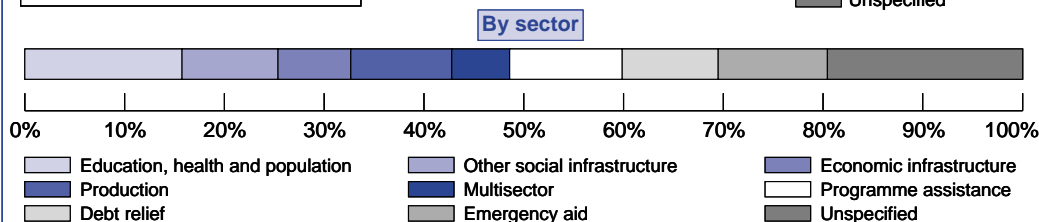
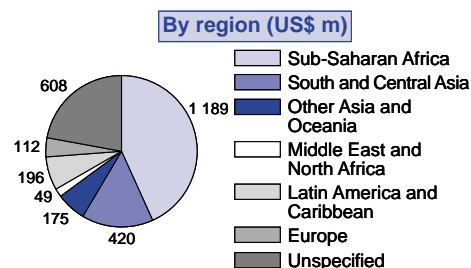
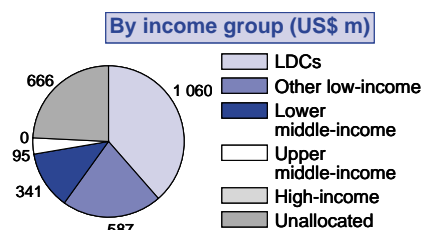
Performance measurement. DFID supports international efforts to develop a more results-based approach, through development of indicators and joint evaluations. The Millennium Development Goals are extremely important for DFID. Its Public Service Agreement, strengthened by a detailed Service Delivery Agreement, provides the means for showing how DFID activities contribute towards achieving these longer-term international objectives while monitoring shorter-term performance.

UNITED KINGDOM

Gross bilateral ODA, 2000-2001 average, unless otherwise shown

Net ODA	2000	2001	Change 2000/2001
Current (US\$ m)	4 501	4 579	1.7%
Constant (2000 US\$ m)	4 501	4 698	4.4%
In Pounds Sterling (million)	2 974	3 179	6.9%
ODA/GNI	0.32%	0.32%	
Bilateral share	60%	57%	
Net Official Aid (OA)			
Current (US\$ m)	439	461	5.0%

Top Ten Recipients of Gross ODA/OA	(US\$ m)
1 Tanzania	222
2 India	202
3 Uganda	158
4 Mozambique	134
5 Bangladesh	114
6 Zambia	96
7 Ghana	89
8 Malawi	85
9 Kenya	67
10 China	67



Source: OECD.

UNITED STATES

United States ODA volume increased in 2001 to USD 11.43 billion, making it the largest DAC donor. However, the ODA/GNI ratio of 0.11% is the lowest among DAC members. In early 2002, the United States announced plans to increase ODA by USD 5 billion annually by 2006. American geographically allocated bilateral ODA is most heavily directed toward lower middle-income countries (52%) and is relatively evenly distributed geographically among the developing regions of the world.

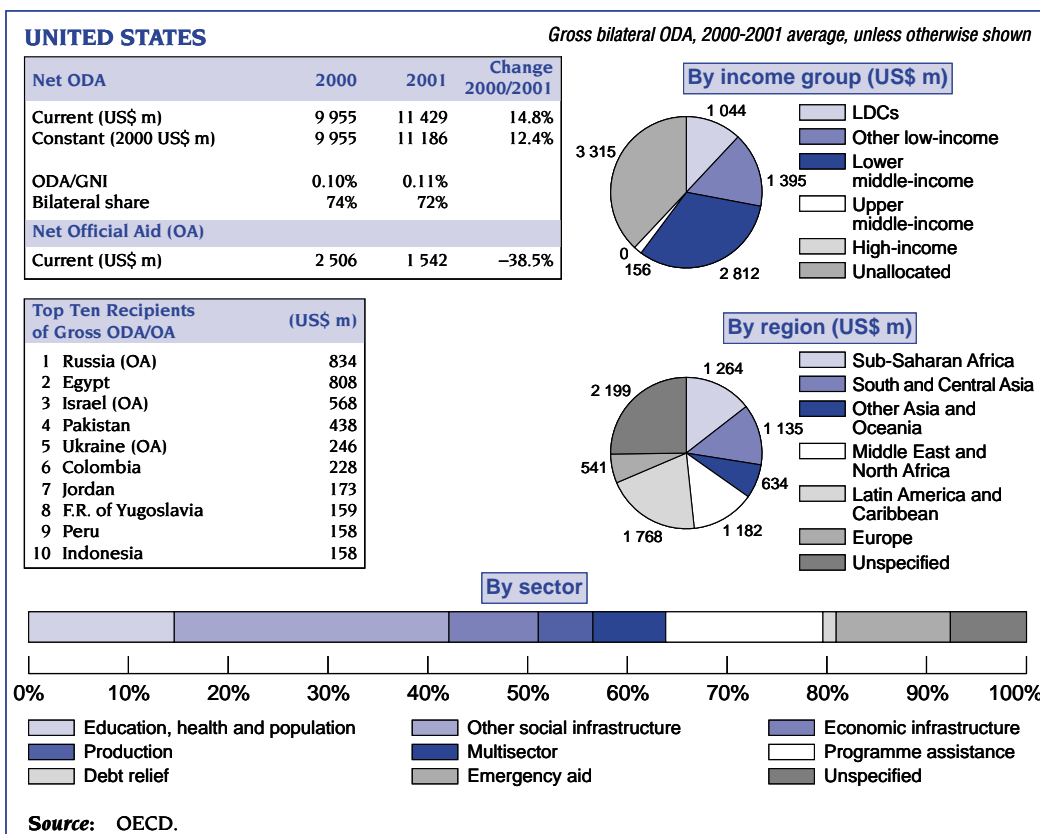
Partnership approaches. The “New Compact for Development” announced in 2002 advocates collaboration among development actors, both international and American. US field agencies engaged in development co-operation are asked to work with local partners to avoid overlaps, to increase overall effectiveness, and to support host country ownership. The United States Agency for International Development (USAID) launched a “Global Development Alliance” that aims at greater partnership among Americans working in development (NGOs, foundations, academic institutions and corporations).

USAID has several international partnerships on themes such as HIV/AIDS.

Poverty reduction policies. The United States subscribes to halving the proportion of people who live in extreme poverty by 2015. USAID strategic objectives (economic growth, agriculture and trade; global health; democracy, conflict prevention and humanitarian assistance) are seen as essential to sustainable poverty reduction, which also requires private sector involvement. USAID recently created an Office of Poverty Reduction.

Policy coherence. Ambassadors oversee coherence and co-ordination among the various US agencies in the Embassy “Country Team”. In Washington, co-ordination across agencies responsible for development co-operation is being strengthened, but it remains to be addressed more fully and systematically. The National Security Council encourages coherence across government through a series of high level Policy Co-ordination Committees, including one on development.

Performance measurement. Since the Government Results Performance Act of 1993, USAID has used a system that tracks results through a co-ordinated planning-implementation monitoring process. The new MCA programme will use performance based results as its operational focus.



Box V-6.

DAC Peer Review of the United States, 22 October 2002*Examiners: Sweden and France*

United States Development Co-operation continues to evolve in policy and structure, particularly since the events of 11 September 2001. A major new feature of US development co-operation, the Millennium Challenge Account (MCA), promises to increase overall American ODA by USD 5 billion by 2006. The main findings and recommendations from the DAC peer review of the United States included:

- The growing number of official US Government entities that deliver foreign aid (perhaps as many as fifty separate government units) operate with considerable autonomy and have relatively modest systematic opportunity to co-ordinate their respective parts of official aid. The United States was encouraged to look to USAID leadership to define more explicitly a system that can strategically bring all of these entities together around a common vision and a framework of broadly co-ordinated action. The MCA presents an opportunity for such strategic and operational reform.
- The United States has historically been a strong advocate of reliance on international partnerships to advance the common agenda of world development co-operation. Although that leadership diminished somewhat over the last decade, new policies appear to have begun to reinvigorate the US interest in development. The DAC encouraged the United States to continue to seek out and reinforce international partnerships to resolve current issues of development co-operation. Given the importance of the MCA for future growth in ODA levels in the US, it will be important to ensure consistency between American selection criteria and those being used by other members of the international donor community.
- Given its pre-eminent position, promoting economic growth and sustainably reducing poverty will require the United States in particular to work alongside other donors to promote policy coherence for development. While the current Administration is working to strengthen co-ordination across the government in areas related to development, there remains scope to address more formally, systematically and coherently the effects of broader policies on developing countries. The United States is encouraged to act in a range of areas to promote greater policy coherence for development. These include a more systematic integration of development considerations into national policy and legislative dialogue and the more systematic use of mechanisms for policy consultation across agencies. As the primary official advocate for development, USAID should assume a stronger advocacy role with other agencies in the analysis and promotion of development policy coherence.
- USAID has had a long-standing policy of delegation of authority to the field and maintains well-staffed field missions. Paradoxically, current US programming practices (e.g. extensive Congressional earmarking of funds, associated reporting requirements, limitations in using the fullest possible array of approaches) limit the extent to which the field is actually empowered to undertake flexible and locally adapted decision making. USAID is encouraged to evaluate the range of these limitations, with an eye to supporting modifications that liberate the fullest potential of the decentralisation concept. Of specific interest was the Congressional earmarking system, for which the strategic and management costs and other consequences could be investigated in the context of the current debate over the MCA.
- Results-based management is seen in the United States as synonymous with the improved effectiveness of aid. While USAID has registered several accomplishments in this area since the last peer review, difficulties inherent in such an approach have proved to be considerable and USAID has yet to convince all sceptics. Given USAID's need to improve management credibility with those who oversee its operations, it should more aggressively adopt the use of results-based systems within its organisation. This is an important topic for all donors and USAID could potentially form a strong alliance within the DAC to move forward with internationally acceptable results-based approaches for development co-operation in the future.

5. Notes on non-DAC OECD members' aid programmes

The following section outlines the aid activities of non-DAC OECD members except Hungary. Korea and Turkey have provided sufficient data to produce "aid at a glance" charts.

Czech Republic

In keeping with its foreign policy and priorities, Czech ODA disbursements in 2001 totalled USD 26 million, representing 0.05% of GNI, rising by USD 10 million in comparison with 2000. Czech ODA comprised bilateral development projects, scholarships, humanitarian aid, aid to refugees and multilateral development aid. All assistance was provided in grant form. Multilateral development aid amounted to 44% of Czech ODA in 2001. By region, most bilateral aid was directed to southern and south-eastern Asia, the Balkans and the CIS.

Czech development aid is governed by the Guidelines on Foreign Development Aid, approved by the government on 15 March 1995. The aid is given predominantly to countries aiming to introduce or consolidate democracy, human rights and a market economy.

During the year 2001, six years after the approval of the Guidelines, the new "Concept of the Czech Republic Foreign Aid Program for the 2002-2007 Period" was prepared by the Ministry of Foreign Affairs in collaboration with other departments. The Concept is based on comprehensive analysis and evaluation of the Czech development aid programme in 1996-2000 and has also taken account of best practices of the EU and OECD members. In accordance

with the international development goals endorsed by the UN Millennium Summit in 2000, the system of granting development aid, its principles, geographical and sectoral priorities, operational procedure and organisational provisions will be reassessed and modified in the near future to increase the integral effectiveness of development aid.

To attain these goals and to enhance the co-ordinating role of the Ministry of Foreign Affairs, a Development Centre was established in September 2001 within the Institute of International Relations to serve as the ministerial consultancy body on development issues.

Iceland

Iceland's ODA disbursements in 2001 totalled USD 10 million, representing 0.12% of GNI as against 0.11% in 2000. Bilateral aid increased from USD 4 million in 2000 to USD 5 million in 2001. Multilateral aid in 2001 totalled USD 5 million, the same as in 2000.

The main beneficiaries of Iceland's bilateral aid are countries in southern Africa, notably Malawi, Mozambique, Namibia and Uganda. Multilateral aid is mostly channelled through the World Bank and United Nations agencies. Icelandic development aid is untied and consists solely of grants.

Iceland's development assistance is administered by the Ministry for Foreign Affairs and is an integral part of Iceland's foreign policy. The Icelandic International Development Agency within the Ministry for Foreign Affairs co-ordinates Iceland's bilateral assistance.

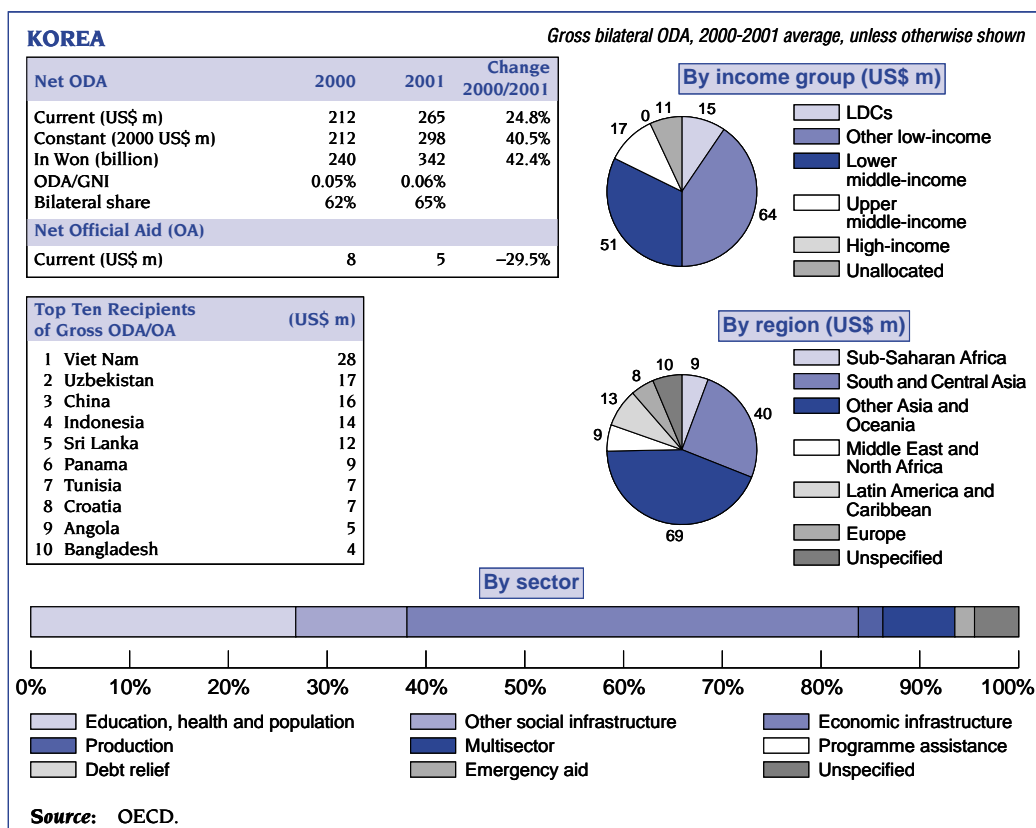
Korea

In 2001, Korea's total ODA volume rose by 41% in real terms to USD 265 million from USD 212 million in 2000. The increase was only 25% in current USD due to the depreciation of the Won. Accordingly, Korea's ODA/GNI ratio increased to 0.06% from 0.05% in 2000. Bilateral ODA in 2001 amounted to USD 172 million. Bilateral grants reached USD 53 million rising by 25% over the previous year. This increase was mainly due to Korea's humanitarian aid for Afghan refugees both inside and outside the country. Disbursements of concessional loans increased substantially to USD 119 million, a 60% rise from the previous year.

Over 75% of Korea's bilateral ODA was provided to Asia. The main sectors assisted were telecommunications (29%), health (20%), transport (13%) and education (8%). The focus on building-up infrastructure reflects Korea's belief that this is a prerequisite for achieving economic growth and development in developing countries.

Multilateral ODA increased to USD 93 million from USD 81 million the year before. The rise mainly reflected Korea's increased contributions to the UN and international development banks.

Korea's ODA programmes are based on a number of key objectives. First, Korea's



focus in assisting sustainable economic and social development is on human resource development and bridging the digital divide. Second, Korea contributes to humanitarian aid particularly to the Least Developed Countries. In particular, Korea will provide a total of USD 45 million in grants up to 2004 to assist the reconstruction of Afghanistan. Third, through its ODA activities, Korea also consistently pursues the promotion of democracy, the market economy and human rights. Fourth, extending emergency relief to developing countries has also become one of Korea's highest priorities. Finally, Korea endeavours to actively participate in a broader range of global issues that include the environment, gender equality and poverty reduction.

Mexico

For Mexico, international co-operation is a result of efforts to share experiences, abilities and resources for implementing integrated development projects. Technical, scientific and technological co-operation incorporates a diversity of types and forms.

Co-operation with developing countries is carried out through actions and projects of mutual benefit, taking into account complementarity, suitability, pertinence, viability and shared financing criteria.

Mexican co-operation with Central America shares experiences and abilities in order to solve specific problems. Co-operation with the region includes 522 technical and scientific co-operation projects and 217 educational and cultural co-operation actions. With the Caribbean it includes 128 scientific and technical projects and 121 more in the educational and cultural fields.

At the multilateral level, Mexico promotes co-operation with the United Nations System, the Organisation of American States, and other regional and international organisations taking into account multilateral co-participation, co-financing and sustainability criteria. At present, 86 projects with the United Nations System are in progress.

Poland

In 2001, Polish ODA rose by USD 7 million to reach USD 36 million, representing 0.02% of GNI. The increase was mainly due to substantial concessional loans to two Asian countries; other aid fell because of the difficult budgetary situation. Official aid to Part II countries of the DAC List was USD 8 million compared with USD 12 million in 2000. Increases in concessional loans are planned for the Asia region, especially the Middle East, in the year 2002. Apart from concessional loans, in 2001 Poland delivered development assistance mainly in grant form and through bilateral channel.

Poland's bilateral development assistance continues to be focused on the transition countries in Central and Eastern Europe and the Balkans, as well as on selected developing countries of Asia. Among the beneficiaries of Polish ODA in 2001 were Yemen (USD 24 million), Kazakhstan (USD 2 million) and Viet Nam (USD 2 million), while official aid was directed mainly to Lithuania (USD 3 million), Belarus (USD 3 million) and Russia (USD 1 million). The priority countries are chosen on the basis of their needs and of comparative advantage of Polish governmental and non-governmental institutions in the respective areas of foreign aid.

Development co-operation plays an increasing role in Poland's foreign policy. Poland's development assistance remains concentrated on technical co-operation with countries in transition; building-up of technical infrastructure in education and health sector; support for local capacity building; promotion of human rights, democracy and good governance; post-conflict reconstruction; and humanitarian and emergency assistance.

Poland is preparing a new development co-operation strategy, as a basis for foreign aid delivery following accession to the European Union. In establishing this system, Poland will take into account its own experience as recipient and emerging donor country, guidelines adopted by the OECD, as well as the experience of more advanced donors.

Slovak Republic

Total ODA for 2001 amounted to USD 8 million (0.04% of GNI) which represented an increase of 40% in comparison with year 2000. The increase was mainly due to ad hoc humanitarian assistance and bigger contributions to international financial institutions. Disbursements of Slovak ODA were as follows: multilateral 59%, bilateral 32% and administrative costs 9%. In addition, official aid of USD 2 million was provided.

Slovak ODA continued to be provided by sectoral ministries and development NGOs with the Ministry of Foreign Affairs being in charge of overall development co-operation. Further steps have been taken to consolidate the system of Slovak ODA provision. In April 2002, the Slovak Government approved the basic principles for 2002 ODA allocations as well as the financial outlook for the period

from 2003 to 2011. Those principles envisaged that Slovak ODA will increase to about 0.12% of GNI in 2011 subject to economic growth performance. But this will need review – in line with EU commitments – following the Slovak Republic's accession in 2004.

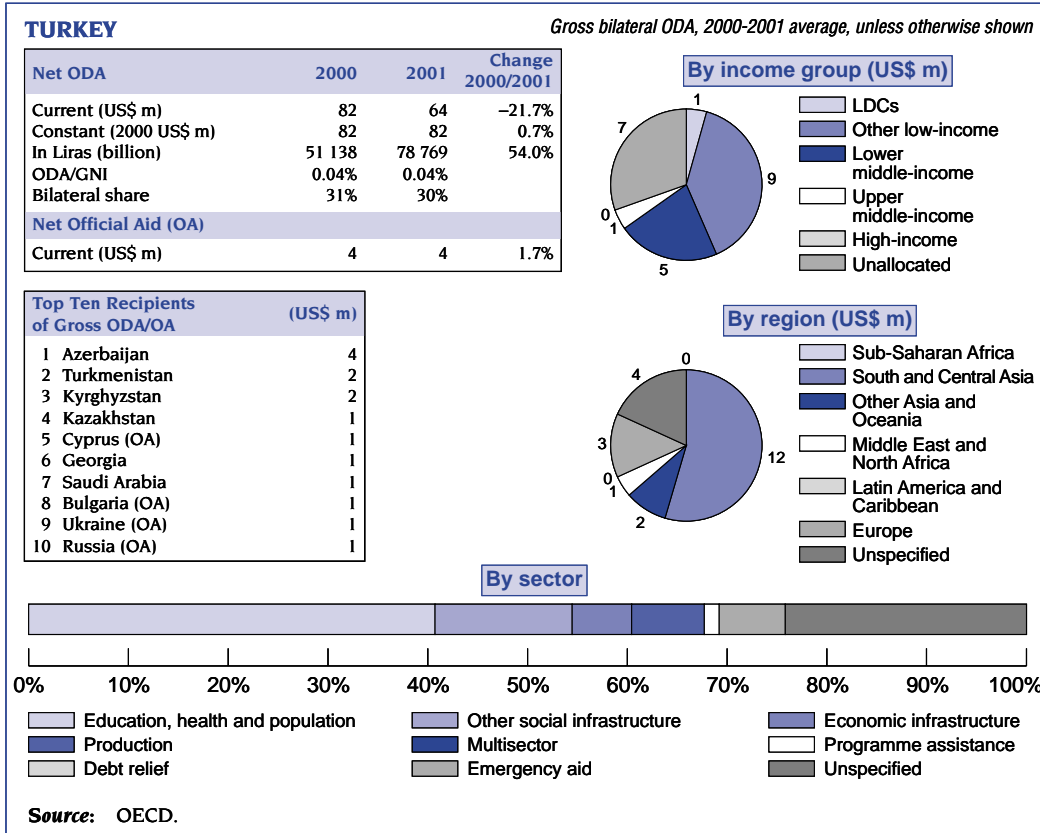
It is planned that future Slovak aid programmes will be approved by the Government on an annual basis and managed by the Ministry of Foreign Affairs. The National plan for the year 2003 and the mid-term ODA strategy will be prepared and submitted to Government by March 2003.

Turkey

Turkey's ODA fell from USD 82 million in 2000 to USD 64 million in 2001, due mainly to the evaluation of the Turkish Lira. In real terms, ODA was static at 0.04% of GNI. Turkish official aid was maintained at USD 4 million in 2001 despite the devaluation. All Turkish ODA is in grant form. Bilateral ODA remained about one third of Turkey's total ODA. Technical co-operation was the main instrument of Turkish ODA and OA with a share of 60% and 66% respectively.

Turkey began providing development aid in 1985 and since 1997, the ODA it has disbursed has exceeded the ODA it has received, so it has become a net donor. Turkey's eighth five-year plan (covering the years 2001-2005) calls for taking the required initiatives to become a member of the DAC. Legislative and restructuring processes begun in 2001 will continue with the efforts of all related public agencies.

The principal body dealing with the administration of Turkish development aid is the Turkish International Co-operation



Agency (TICA) which is an autonomous technical co-operation organisation under the Prime Minister. It contributes to institutional development and the improvement of human resources in partner countries by way of technical co-operation in various fields including private sector development, agriculture, health, environment, taxation, banking, infrastructure, legislation and tourism.

The basic principles underlying TICA's co-operation policies are: respect for the national, social and cultural values of partner countries, making use of the existing technologies of aid recipient countries, equal responsibility and joint management in project implementation and extending priority to institutional and human resources.

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) or OFFICIAL AID (OA).

AMORTIZATION: Repayments of principal on a LOAN. Does not include interest payments.

ASSOCIATED FINANCING: The combination of OFFICIAL DEVELOPMENT ASSISTANCE, whether GRANTS or LOANS, with any other funding 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 (*cf.* 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.

DAC (DEVELOPMENT ASSISTANCE COMMITTEE): The committee of the OECD which deals with development co-operation matters. A description of its aims and a list of its Members are given at the front of this volume.

DAC LIST: See RECIPIENT COUNTRIES AND TERRITORIES.

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 “Notes on Definitions and Measurement” below.

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.

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.* 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 mul-

tiplied by its grant element, the result is referred to as the **grant equivalent** of that loan (*cf.* CONCESSIONALITY LEVEL). (*Note:* the grant element concept is not applied to the non-concessional (“hard window”) operations of the multilateral development banks.)

GRANT-LIKE FLOW: A transaction in which the donor country retains 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.

LOANS: Transfers for which repayment is required. Only loans with MATURITIES of over one year are included in DAC statistics. Data on net loans 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: Used of LOANS with an original or extended MATURITY of more than one year.

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 which conduct all or a significant part of their activities in favour of development and aid recipient countries. They include multilateral development banks (*e.g.* World Bank, regional development banks), United Nations agencies, and regional groupings (*e.g.* certain European Community 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 at 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 AID (OA): Flows which meet the conditions of eligibility for inclusion in OFFICIAL DEVELOPMENT ASSISTANCE, except that the recipients are on Part II of the DAC List of Aid Recipients (see RECIPIENT COUNTRIES AND TERRITORIES).

OFFICIAL DEVELOPMENT ASSISTANCE (ODA): GRANTS or LOANS to countries and territories on Part I of the DAC List of Aid Recipients (developing countries) which are:

- Undertaken by the official sector.
- With promotion of economic development and welfare as the main objective.
- At concessional financial terms (if a loan, having a GRANT ELEMENT of at least 25%).

In addition to financial flows, TECHNICAL CO-OPERATION is included in aid. Grants, loans and credits for military purposes are excluded. For the treatment of

the forgiveness of loans originally extended for military purposes, see “Notes on Definitions and Measurement” below.

OFFICIAL DEVELOPMENT FINANCE (ODF): Used in measuring the inflow of resources to recipient countries: includes *a)* bilateral ODA, *b)* GRANTS and concessional and non-concessional development lending by multilateral financial institutions, and *c)* 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 Aid Recipients which do not meet the conditions for eligibility as OFFICIAL DEVELOPMENT ASSISTANCE or OFFICIAL AID, either because they are not primarily aimed at development, or because they have a GRANT ELEMENT of less than 25%.

PARTIALLY UNTIED AID: Official Development Assistance for which the associated goods and services must be procured in the donor country or among a restricted group of other countries, which must however include substantially all recipient countries. Partially untied aid is subject to the same disciplines as TIED AID credits and ASSOCIATED FINANCING.

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, 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 Aid Recipients (see RECIPIENT COUNTRIES AND TERRITORIES). “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 Aid Recipients by banks in OECD countries. LOANS from central monetary authorities are excluded. Guaranteed bank loans and bonds are included under OTHER PRIVATE or BOND LENDING (see below) in these presentations.
- **Bond lending:** Net completed international bonds issued by countries on the DAC List of Aid Recipients.
- **Other private:** Mainly reported holdings of equities issued by firms in aid recipient countries.

In data presentations which focus on the outflow of funds from donors, private flows other than direct investment are restricted to credits with a MATURITY of greater 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 institutions.

- **Bilateral portfolio investment and other:** Includes bank lending and the purchase of shares, bonds and real estate.

RECIPIENT COUNTRIES AND TERRITORIES: The DAC List of Aid Recipients used to compile the statistics in this volume is shown separately at the end of this publication. Some details about recent changes in the List are given in the “Notes on Definitions and Measurement” below. From 1 January 2000, Part I of the List is presented in the following categories (the word “countries” includes territories):

- **LDCs:** Least Developed Countries. Group established by the United Nations. To be classified as an LDC, countries must fall below thresholds established for income, economic diversification and social development. The DAC List is updated immediately to reflect any change in the LDC group.
- **Other LICs:** Other Low-Income Countries. Includes all non-LDC countries with per capita GNP \$760 or less in 1998 (World Bank Atlas basis).
- **LMICs:** Lower Middle-Income Countries, *i.e.* with GNP per capita (Atlas basis) between \$761 and \$3 030 in 1998. LDCs which are also LMICs are only shown as LDCs – not as LMICs.
- **UMICs:** Upper Middle-Income Countries, *i.e.* with GNP per capita (Atlas basis) between \$3 031 and \$9 360 in 1998.
- **HICs:** High-Income Countries, *i.e.* with GNP per capita (Atlas basis) more than \$9 360 in 1998.

Part II of the List comprises “Countries in Transition”. These comprise *i)* more

advanced Central and Eastern European Countries and New Independent States of the former Soviet Union; and *ii*) more advanced developing countries. See also OFFICIAL AID.

SHORT-TERM: Used of LOANS with a MATURITY of one year or less.

TECHNICAL CO-OPERATION: Includes both (a) GRANTS to nationals of aid recipient countries receiving education or training at home or abroad, and (b) 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 involved is limited to the donor country or to a group of countries which does not include substantially 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 so as to avoid using aid funds on projects that would be commercially viable with market finance, and to ensure that recipient countries receive good value. Details are given in the **Development Co-operation Reports** for 1987 (pp. 177-181) and 1992 (pp. 10-11).

TOTAL RECEIPTS: The inflow of resources to aid recipient countries (see

Table I of the Statistical Annex) includes, in addition to ODF, official and private EXPORT CREDITS, and LONG- and SHORT-TERM private transactions (see PRIVATE FLOWS). Total receipts are measured net of AMORTIZATION 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 via an international organisation active in development (*e.g.* World Bank, UNDP). 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 also COMMITMENT, DISBURSEMENT.

UNTIED AID: Official Development Assistance for which the associated goods and services may be fully and freely procured in substantially all countries.

VOLUME (real terms): The flow data in this publication are expressed in US dollars. 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 the Statistical Annex (Table 36) which allows any figure in the Report in current United States dollars to be converted to dollars of the reference year ("constant prices").

Notes on Definitions and Measurement

The coverage of the data presented in this Report has changed in recent years. The main points are:

Changes in the ODA concept and the coverage of GNP

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 (\$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 new System of National Accounts (SNA) co-sponsored by the OECD and other major international organisations broadens the coverage of GNP, now renamed GNI – Gross National Income. 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%. All DAC members are now using the new SNA.

Recipient country coverage

Since 1990, the following entities have been 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). Eritrea, formerly part of Ethiopia, has been treated as a separate country from 1993. The former United States Trust Territory of the Pacific Islands has been progressively replaced by its independent successor states, viz. Federated States of Micronesia and Marshall

* S. Scott, "Some Aspects of the 1988/89 Aid Budget", in *Quarterly Aid Round-up*, No. 6, AIDAB, Canberra, 1989, pp. 11-18.

Islands (1992); Northern Marianas and Palau Islands (1994).

Over the same period, the following countries and territories have been removed from the ODA recipient list: Portugal (1991); French Guyana, Guadeloupe, Martinique, Réunion and St Pierre and Miquelon (1992), Greece (1994).

From 1993, several CEEC/NIS countries in transition have been included on Part II of a new List of Aid Recipients (the List is given at the end of this volume). Aid to countries on Part II of the List is recorded as "Official Aid", not as ODA. To avoid overlap, Part II of the new List does not include those CEEC/NIS countries which have been classified as ODA recipients.

From 1996, the following High-Income Countries were transferred from Part I to Part II of the List: Bahamas, Brunei, Kuwait, Qatar, Singapore and United Arab Emirates. From 1997, seven further High-Income Countries were transferred to Part II: Bermuda, Cayman Islands, Chinese Taipei, Cyprus, Falkland Islands, Hong Kong (China), and Israel. From 1 January 2000, Aruba, the British Virgin Islands, French Polynesia, Gibraltar, Korea, Libya, Macao, Netherlands Antilles, New Caledonia and Northern Marianas progressed to Part II. In 2001, Senegal transferred to the group of LDCs, and Northern Marianas left the List.

Data on total aid to Part I countries (ODA) and total aid to Part II countries (OA) follow the recipient list for the year in question. However, when a country is added to or removed from an income group in Part I, totals for the groups affected are adjusted retroactively to maximise comparability over time with reference to the current list.

Donor country coverage

Spain and Portugal joined the DAC in 1991, Luxembourg joined in 1992 and Greece joined in 1999. 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/GNP ratio, since their programmes are often smaller in relation to GNP 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. 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.

DAC List of Aid Recipients – For 2001 Flows

Part I: Developing Countries and Territories (Official Development Assistance)					Part II: Countries and Territories in Transition (Official Aid)	
LLDCs	Other LICs (per capita GNP < \$760 in 1998)	LMICs (per capita GNP \$761-\$3 030 in 1998)	UMICs (per capita GNP \$3 031-\$9 360 in 1998)	HICs (per capita GNP > \$9 360 in 1998) ¹	CEECs/NIS	More Advanced Developing Countries and Territories
Afghanistan Angola Bangladesh Benin Bhutan Burkina Faso Burundi Cambodia Cape Verde Central African Republic Chad Comoros Congo, Dem. Rep. Djibouti Equatorial Guinea Eritrea Ethiopia Gambia Guinea Guinea-Bissau Haiti Kiribati Laos Lesotho Liberia Madagascar Malawi Maldives Mali Mauritania Mozambique Myanmar Nepal Niger Rwanda Samoa São Tomé and Príncipe Sierra Leone Solomon Islands Somalia Sudan Tanzania Togo Tuvalu Uganda Vanuatu Yemen Zambia	* Armenia * Azerbaijan Cameroon China Congo, Rep. Côte d'Ivoire East Timor Ghana Honduras India Indonesia Kenya Korea, Democratic Republic * Kyrgyz Rep. * Moldova Mongolia Nicaragua Nigeria Pakistan Senegal ² * Tajikistan * Turkmenistan Viet Nam Zimbabwe	* Albania Algeria Belize Bolivia Bosnia and Herzegovina Colombia Costa Rica Cuba Dominica Dominican Republic Ecuador Egypt El Salvador Fiji * Georgia Guatemala Guyana Iran Iraq Jamaica Jordan * Kazakhstan Macedonia (former Yugoslav Republic) Marshall Islands Micronesia, Federated States Morocco Namibia Niue	Palestinian Administered Areas Papua New Guinea Paraguay Peru Philippines South Africa Sri Lanka St Vincent and Grenadines Suriname Swaziland Syria Thailand • Tokelau Tonga Tunisia * Uzbekistan • Wallis and Futuna Yugoslavia, Federal Republic	Botswana Brazil Chile Cook Islands Croatia Gabon Grenada Lebanon Malaysia Mauritius • Mayotte Mexico Nauru Palau Islands Panama • St Helena St Lucia Trinidad and Tobago Turkey Uruguay Venezuela	Malta ¹ Slovenia ¹	* Belarus * Bulgaria * Czech Republic * Estonia * Hungary * Latvia * Lithuania * Poland * Romania * Russia * Slovak Republic * Ukraine • Aruba Bahamas • Bermuda Brunei • Cayman Islands Chinese Taipei Cyprus • Falkland Islands • French Polynesia • Gibraltar • Hong Kong, China Israel Korea Kuwait Libya • Macao • Netherlands Antilles • New Caledonia Qatar Singapore United Arab Emirates • Virgin Islands (UK)

* Central and eastern European countries and New Independent States of the former Soviet Union (CEECs/NIS).

• Territory.

1. These countries and territories will transfer to Part II on 1 January 2003.

As of July 2002, **the Heavily Indebted Poor Countries (HIPC)** are: Angola, Benin, Bolivia, Burkina Faso, Burundi, Cameroon, Central African Republic, Chad, Comoros, Congo (Dem. Rep.), Congo (Rep.), Côte d'Ivoire, Ethiopia, Gambia, Ghana, Guinea, Guinea-Bissau, Guyana, Honduras, Kenya, Laos, Liberia, Madagascar, Malawi, Mali, Mauritania, Mozambique, Myanmar, Nicaragua, Niger, Rwanda, São Tomé and Príncipe, Senegal, Sierra Leone, Somalia, Sudan, Tanzania, Togo, Uganda, Viet Nam and Zambia.

List of acronyms¹

ACP	AFRICAN, CARIBBEAN AND PACIFIC COUNTRIES
AERA	ACCELERATED ECONOMIC RECOVERY IN ASIA
AfDB	AFRICAN DEVELOPMENT BANK
AfDF	AFRICAN DEVELOPMENT FUND
AsDB	ASIAN DEVELOPMENT BANK
AsDF	ASIAN DEVELOPMENT FUND
ASEAN	ASSOCIATION OF SOUTH-EAST ASIAN NATIONS
BIS	BANK FOR INTERNATIONAL SETTLEMENTS
BHN	BASIC HUMAN NEEDS
BSS	BASIC SOCIAL SERVICES
CCA	COMMON COUNTRY ASSESSMENT
CDE	CAPACITY DEVELOPMENT IN ENVIRONMENT
CDF	COMPREHENSIVE DEVELOPMENT FRAMEWORK
CEC	COMMISSION OF THE EUROPEAN COMMUNITIES
CEDAW	CONVENTION ON THE ELIMINATION OF DISCRIMINATION AGAINST WOMEN
CEECs	CENTRAL AND EASTERN EUROPEAN COUNTRIES
CFA²	AFRICAN FINANCIAL COMMUNITY
CIS	COMMONWEALTH OF INDEPENDENT STATES
CMH	COMMISSION ON MACROECONOMICS AND HEALTH (WHO)
CPE	COUNTRY PROGRAMME EVALUATION
CPIA	COUNTRY POLICY AND INSTITUTIONAL ASSESSMENT
CRS	CREDITOR REPORTING SYSTEM (of the DAC)
CSOs	CIVIL SOCIETY ORGANISATIONS
DAC	DEVELOPMENT ASSISTANCE COMMITTEE
DCD	DEVELOPMENT CO-OPERATION DIRECTORATE (OECD)
EBRD	EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT
EC	EUROPEAN COMMUNITY
ECA	ECONOMIC COMMISSION FOR AFRICA
ECHO	EUROPEAN COMMUNITY HUMANITARIAN OFFICE
EDF	EUROPEAN DEVELOPMENT FUND
EFA	EDUCATION FOR ALL
ESAF	ENHANCED STRUCTURAL ADJUSTMENT FACILITY (IMF, now PRGF)
EU	EUROPEAN UNION
FDI	FOREIGN DIRECT INVESTMENT
FSAP	FINANCIAL SECTOR ASSESSMENT PROGRAMME (of the IMF/World Bank)
GSP	GENERALISED SYSTEM OF PREFERENCES
GNI	GROSS NATIONAL INCOME
HICs	HIGH-INCOME COUNTRIES
HIPC_s	HEAVILY-INDEBTED POOR COUNTRIES (see DAC List of Aid Recipients in this annex)
HPI	HUMAN POVERTY INDEX
IBRD	INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
ICB	INTERNATIONAL COMPETITIVE BIDDING

ICPD	INTERNATIONAL CONFERENCE ON POPULATION AND DEVELOPMENT (Cairo, 1994)
IDA	INTERNATIONAL DEVELOPMENT ASSOCIATION
IDAI	INTEGRATED DEVELOPMENT ACTIVITY INFORMATION
IDB	INTER-AMERICAN DEVELOPMENT BANK
IDGs	INTERNATIONAL DEVELOPMENT GOALS
IECDF	INTERNATIONAL ECONOMIC CO-OPERATION DEVELOPMENT FUND
IFAD	INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT
IFC	INTERNATIONAL FINANCE CORPORATION
ILO	INTERNATIONAL LABOUR ORGANISATION
IMF	INTERNATIONAL MONETARY FUND
IMSG	INFORMAL MULTILATERAL SECRETARIATS GROUP
IRTA	INVESTMENT-RELATED TECHNICAL ASSISTANCE
ITC	INTERNATIONAL TRADE CENTRE
JBIC	JAPAN BANK FOR INTERNATIONAL CO-OPERATION (ex OECF + JEXIM)
JEXIM	JAPAN EXPORT IMPORT BANK (now JBIC)
KfW²	BANK FOR RECONSTRUCTION AND DEVELOPMENT (Germany)
LDCs	DEVELOPING COUNTRIES
LICs	LOW-INCOME COUNTRIES
LLDCs	LEAST DEVELOPED COUNTRIES
LMICs	LOWER MIDDLE-INCOME COUNTRIES
MDBs	MULTILATERAL DEVELOPMENT BANKS
NEPAD	NEW PARTNERSHIP FOR AFRICA'S DEVELOPMENT
NGO	NON-GOVERNMENTAL ORGANISATION
NIS	NEW INDEPENDENT STATES (of the former Soviet Union)
NSSDs	NATIONAL STRATEGIES FOR SUSTAINABLE DEVELOPMENT
ODA	OFFICIAL DEVELOPMENT ASSISTANCE
ODF	OFFICIAL DEVELOPMENT FINANCE
OECD	ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT
OECF	OVERSEAS ECONOMIC CO-OPERATION FUND (Japan, now JBIC)
OLICs	OTHER LOW-INCOME COUNTRIES
OOF	OTHER OFFICIAL FLOWS
PDGG	PARTICIPATORY DEVELOPMENT AND GOOD GOVERNANCE
PRGF	POVERTY REDUCTION AND GROWTH FACILITY (IMF, formerly ESAF)
PRSP	POVERTY REDUCTION STRATEGY PAPER
RBM	RESULTS-BASED MANAGEMENT
S-21	21st CENTURY STRATEGY
SAF	STRUCTURAL ADJUSTMENT FACILITY
SDR	SPECIAL DRAWING RIGHT
SNA	SYSTEM OF NATIONAL ACCOUNTS
SPA	STRATEGIC PARTNERSHIP WITH AFRICA (formerly Special Programme of Assistance for Africa)
SPS	SECTOR PROGRAMME SUPPORT
SSA	SUB-SAHARAN AFRICA
SWAPs	SECTOR-WIDE APPROACHES

TC	TECHNICAL CO-OPERATION
TRTA	TRADE-RELATED TECHNICAL ASSISTANCE
UMICs	UPPER MIDDLE-INCOME COUNTRIES
UN	UNITED NATIONS
UNCED	UNITED NATIONS CONFERENCE ON ENVIRONMENT AND DEVELOPMENT (Rio de Janeiro, 1992)
UNCTAD	UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT
UNDAF	UNITED NATIONS DEVELOPMENT ASSISTANCE FRAMEWORK
UNDP	UNITED NATIONS DEVELOPMENT PROGRAMME
UNEP	UNITED NATIONS ENVIRONMENT PROGRAMME
UNESCO	UNITED NATIONS EDUCATIONAL, SCIENTIFIC AND CULTURAL ORGANISATION
UNFCCC	UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE
UNFPA	UNITED NATIONS FUND FOR POPULATION ACTIVITIES
UNHCR	UNITED NATIONS HIGH COMMISSIONER FOR REFUGEES
UNICEF	UNITED NATIONS CHILDREN'S FUND
WFP	WORLD FOOD PROGRAMME
WHO	WORLD HEALTH ORGANISATION
WID	WOMEN IN DEVELOPMENT
WSSD	WORLD SUMMIT FOR SUSTAINABLE DEVELOPMENT (Johannesburg, 2002)
WTO	WORLD TRADE ORGANISATION

1. This list is not exhaustive. It provides the most common development co-operation related acronyms, including those referred to in this Report. Acronyms for country Ministries and Aid Agencies are provided in Chapter V.
2. Denotes acronym in the original language.

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