

MEASURING AID

50 YEARS OF DAC STATISTICS – 1961-2011



Second impression - April 2011



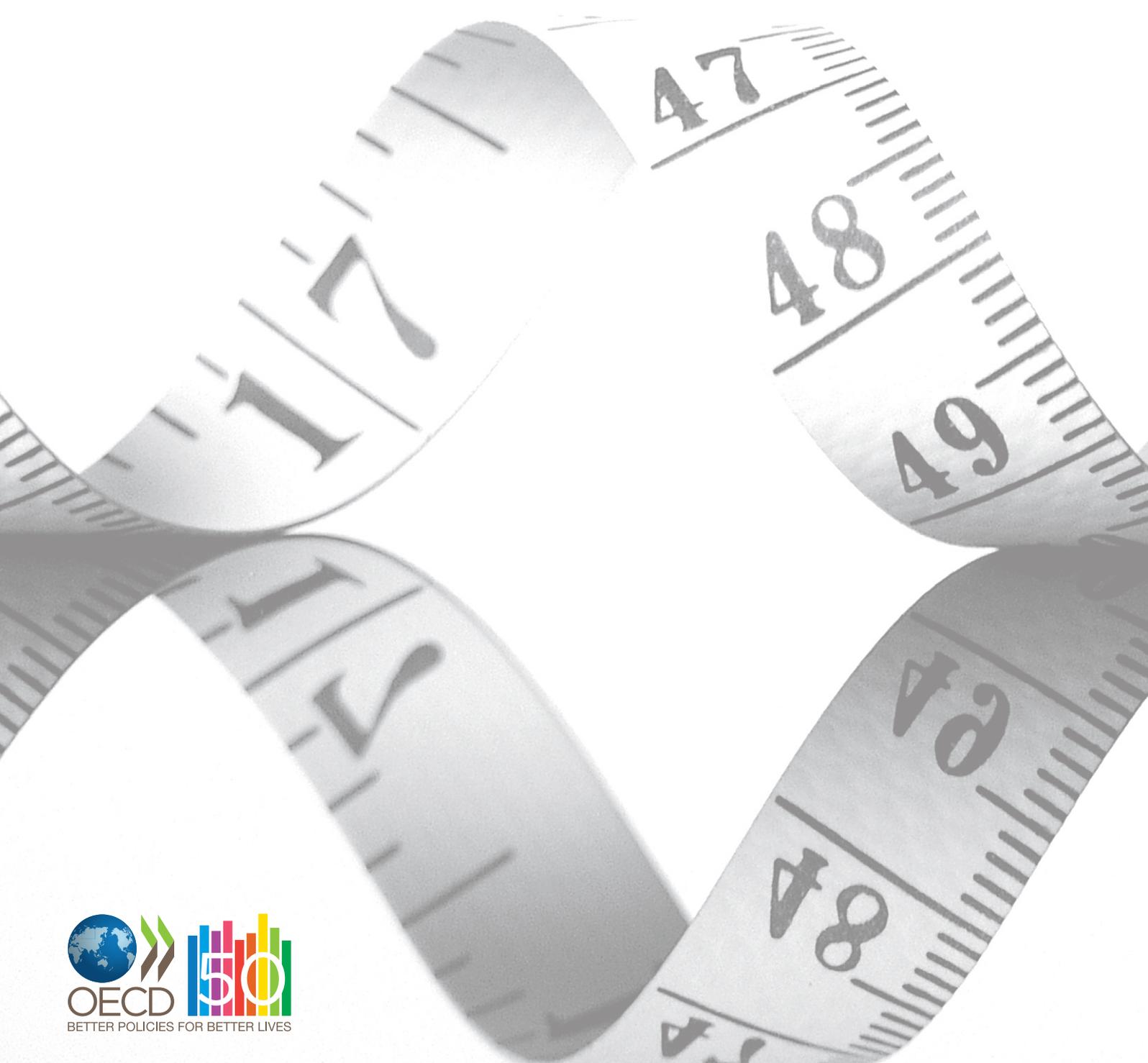


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FOREWORD

This booklet celebrates 50 years of the OECD's statistics on aid and other flows to developing countries. Compiled under the guidance of the OECD's Development Assistance Committee (DAC), these statistics are the basis of practically all international comparisons of aid volume. They are relied on by governments, NGOs, the media, researchers and students as a key source of information on the volume and quality of aid.

Great progress has been made in improving this resource, especially over the past 15 years: data quality has improved, the coverage has been extended to include new donors, and much richer data have been collected at the level of individual activities. This reflects the effort of hundreds of statistical reporters in OECD member countries and beyond who have done the hard work of collecting, collating, verifying and submitting this vast body of data.

This booklet was prepared by Simon Scott and Yasmin Ahmad of the OECD Development Co-operation Directorate's Statistics and Monitoring Division, with helpful comments and suggestions from their colleague Julia Benn, from the Chair of the DAC Working Party on Statistics, Ms. Hedwig Riegler of Austria, and from the dean of the DAC statisticians, Mr. William McCormick of the United States.

DAC statistics continue to evolve and adapt to meet new needs – providing earlier estimates, more transparent web resources and greater attention to non-aid resources for development. I commend the work of all who have contributed to these statistics over the past 50 years, and encourage their successors to continue to innovate so that they can make an even greater contribution to the global reflection on aid and development in the years to come.

Jon Lomøy

Director

OECD Development Co-operation Directorate

THE EVOLUTION OF DAC STATISTICS

Origins

DAC statistics on aid flows originated in a study published in 1961 by the Organisation for European Economic Co-operation (OEEC), the predecessor of the OECD. The work was led by Angus Maddison (see Box 1), who later became famous for his historical studies of the world economy. Maddison has described this first exercise as follows:

“ I became the secretary of the Development Assistance Group, a forerunner of the development aid activities to be carried out by the new organisation. The first task was to set up a comprehensive statistical monitoring system to measure the flow of different categories of financial resources to developing countries (official loans and grants, private credits and direct lending, export credit guarantees etc.) from each of the countries which were deemed to be developed. Most of the countries had no comprehensive view of such flows. We could get a rough aggregate crosscheck from balance of payments statistics but we had to go to central banks, finance ministries, export credit agencies, the World Bank and IMF to break down the different categories. The results were sometimes unexpected, e.g. the flow from France was very much bigger proportionately than in the USA, but as expected the flows were small from Germany, Japan and Scandinavia. This first report (*The Flow of Financial Resources to Countries in Course of Economic Development*) was carried out at breakneck speed and published in April 1961. It set the main guidelines which the Development Assistance Committee still uses for collecting data from its Member countries.¹ ”

Under the guidance of the OECD Development Assistance Committee (DAC) – a specialised committee of aid donors that in 2011 includes 23 of the OECD’s 34 member countries, plus the European Union as a full member – this statistical system was greatly extended and refined over the course of the 1960s. The first reporting directives were issued in 1962, and a revised version in 1966. Also in 1966, it was decided to exclude all military credits from DAC statistics on resource flows so as to focus only on resources that would serve development or relief purposes.

In the earliest years, data collection was limited to aggregates on various types of flow. In 1966, the OECD and the World Bank agreed to make a joint effort to collect data at the level of individual activities. This Expanded Reporting System on External Lending initially aimed to track loans so as to better understand the debt of developing countries. It was later widened to include reporting on grants, and is now known as the Creditor Reporting System or the CRS aid activity database.

Box 1. Angus Maddison, “chiffrephile”, 1926-2010

Angus Maddison had a life-long interest in establishing facts, and especially in quantifying them. He coined the term “chiffrephile” (from the French word *chiffre*, meaning number) to describe people like himself who used numbers to make as accurate an estimate as possible of any phenomenon of interest.

Maddison worked at the OECD for about 20 years over the period between 1953 and 1978. During that time, he carried out pioneering work on the economic performance of OECD countries, particularly using national accounts statistics to improve analysis of productivity trends and growth potential.

In the 1960s, Maddison worked widely on development issues, first for the DAC, then for the OECD Development Centre, and finally as a freelance academic and writer. He visited Brazil, Guinea and Mongolia as well as the USSR and Japan, and made in-depth studies of their economies.

Returning to the OECD in 1971 after four years in academia, he worked on social policy issues, creating its first *Yearbook of Education Statistics* in 1974 and producing *Measuring Employment and Unemployment* in 1979.

In the 1980s and 1990s, Maddison returned to an academic career, publishing *Phases of Capitalist Development* (1982) and *Dynamic Forces in Capitalist Development* (1991). During this period, he began the monumental task of quantifying global economic growth over the centuries. Largely under OECD auspices, he published a series of statistical studies with successively extended temporal coverage culminating in *Historical Statistics on World Population, GDP and Per Capita GDP, 1-2008 AD*.

On Angus Maddison’s death in April 2010, OECD Secretary General Gurría saluted his “invaluable contributions to the discipline of economic history” and observed: “The OECD family is very sad to lose one of its most brilliant members.”



(Photo courtesy of Lizzy Maddison)

Angus Maddison in the 1960s.

The beginnings of ODA

In 1967, the UN Secretary General commissioned an experts' report, *The Measurement of the Flow of Resources to Developing Countries*. This report helped crystallise international thinking about how to define the official concessional element of resource flows for development, for which G77 countries in particular had been demanding a specific target. In 1968, the DAC established an Ad Hoc Group on Statistical Problems and in 1969 it elaborated the concept of official development assistance (ODA, see Box 3), comprising official transactions with developing countries and multilateral development agencies that had "the promotion of the economic development and welfare of developing countries" as their main objective and that were "intended to be concessional in character".

Once the concept of ODA was defined, it became possible to set firm targets for it. In 1970, the UN General Assembly adopted a resolution under which "each economically advanced country" would aim to reach a minimum net ODA level of 0.7% of national income.² While this target is still regularly met by only five countries, it has provided a rallying point for aid advocates over the years and has almost certainly maintained aid at a higher level than would otherwise have been the case.

As the universe of financial flows for development evolved over the following decades – and as the possibilities for more precise measurement improved – the definitions of ODA as well as the systems for measuring it became more sophisticated. (See timeline on the evolution of the ODA concept and criteria, page 5.)

Improvements in data collection

Over time, refinements to the systems for collection of DAC statistical data have also been substantial. Until the early 1990s, most data submissions were made on paper and reconciliation was a tedious task. Technological advances have permitted great improvements in the speed at which data can be checked for arithmetical accuracy, but the quality of the original data is still of paramount importance. For this reason, the role of aid statisticians in donor countries – in aid agencies, ministries of finance or other agencies – is fundamental. Their hard work in obtaining, checking and collating information on their countries' total aid efforts forms the basis of quality data at the international level.

These data are provided to the OECD in two formats: aggregate data provided in response to the DAC Questionnaire; and activity-level data, recorded in the Creditor Reporting System (CRS). The coverage of the DAC Questionnaire data is more complete, especially for earlier years and for donors outside the DAC – including emerging donors and multilateral agencies. Nonetheless, the CRS is often more useful for analytical work because the user can extract data on any combination of parameters present on the activity records. The definitions and concepts of the two systems are the same, however, and the two databases are gradually being converged. DAC members are also rapidly improving the completeness of their detailed CRS reporting so that users will be able to see, for every aid aggregate, all the underlying activity-level information. Work also continues to expand CRS coverage of outflows from multilateral agencies – necessary for a complete picture of developing countries' aid receipts – and to promote the use of DAC statistical classifications in these agencies. Multilateral agencies have themselves contributed to the development of these classifications: several DAC/CRS sector categories as well as policy markers have been introduced or refined following suggestions from UN agencies, and the rules for recording debt relief were developed in close collaboration with the World Bank, the International Monetary Fund and the Paris Club.

Data presentation

Both the DAC Questionnaire and CRS data have been freely available online since the late 1990s. Today there are two portals³ that can be used to access the data: the Query Wizard for International Development Statistics (QWIDS), an interactive tool that allows the user to choose the fields of interest, prompting the system to select the most appropriate data from the DAC Questionnaire or CRS databases; and the OECD.STAT portal, intended for more advanced users. While the data on OECD.STAT is more complete, users need to be more familiar with what is in each database to make the right selections.

The OECD also offers a wide variety of standard tables and charts, as well as statistical analyses of aid. Over recent years, the OECD has also been closely tracking the fulfilment of aid volume pledges, publishing in 2010 – for the first time – estimates of prospective ODA based on budget estimates supplied by DAC members. The figures showed that 15 of the 22 DAC countries that had made these pledges for 2010 were likely to meet them. When preliminary 2010 data were published in April 2011. *

Latest projects and plans

One of the key aims of current work is to extend the range of donors reporting to OECD systems. Briefings, training courses and technical missions are being conducted in many nations. In 2010, Malta became the 20th non-DAC country to report aid statistics to the OECD and the United Arab Emirates became the first non-DAC donor to report aid at the activity level to the CRS. Wider collaboration with other Arab donors is planned for 2011-12. Also in 2010, the Gates Foundation became the first private aid donor to report to the DAC.

In 2011-12, data coverage and commentary on non-ODA flows – including foreign direct investment, remittances and private philanthropic contributions – will be improved. These flows comprise an increasing share of the external resources that contribute to development.

Box 2. Aid statistics and transparency

DAC statistics have always aimed at maximum openness and accessibility. ODA statistics were among the first in the OECD to be available online and also the first to be made available for free and without registration. ODA data are an open, public resource and only the details of certain non-ODA flows are restricted because of commercial confidentiality. Many processed statistical products, including the large Statistical Annex of the annual Development Co-operation Report, are also available for free online.

A 2007 evaluation of the DAC called for improvements in the ease of use and accessibility of these statistics. Since the Accra Agenda for Action was agreed in 2008, demands for greater transparency of aid information have also grown at the global level. Major efforts to improve the transparency of DAC statistics in recent years include:

- development of the QWIDS database, with support from the Gates Foundation (see page 4)
- joint development with the World Bank of Aidflows,* an interactive site that combines DAC aid data with World Bank indicator data to give a snapshot of countries' development status and aid inflows and/or outflows.
- workshops in developing countries to support the use of DAC statistics to improve local aid information management systems
- availability of the entire CRS database through bulk downloads to enable data providers outside the OECD to use these data as a starting point, supplementing them with additional project records
- information and advice provided to the International Aid Transparency Initiative (IATI) and other aid transparency platforms

*See: www.aidflows.org

BRIEF CHRONOLOGY OF THE ODA CONCEPT

Origins

1960

The United Nations (UN) General Assembly expresses the hope that “the flow of international assistance and capital should be increased substantially so as to reach as soon as possible approximately 1% of the combined national incomes of the economically advanced countries”.

1967

The first ministerial meeting of the G77, held in Algiers, calls for “a separate minimum target ... for the official component of aid flows”.

1968

At the second United Nations Conference on Trade and Development, held in New Delhi, some developed countries accept a target for total official flows of 0.75% of GNP.

1969

The DAC defines ODA as official flows that “are administered with the promotion of the economic development and welfare of developing countries as their main objective” whose “financial terms are intended to be concessional in character”. DAC statistical systems, which already measure the flow of resources to developing countries, are reorganised so as to capture data specifically on ODA.

The Pearson Commission, appointed by the President of the World Bank, suggests official development assistance “be raised to 0.7% of donor GNP by 1975, and in no case later than 1980”.

1970

The UN General Assembly adopts a resolution that each advanced country should “progressively increase its official development assistance” and “exert its best efforts to reach a minimum net amount of 0.7% of its gross national product at market prices by the middle of the decade”.

Evolution

By 1970, the DAC had defined ODA (see Box 3 for current definition) and established a rigorous reporting regime to collect data on it. The data were a public resource but were also closely tied to the DAC's core functions of reviewing its members' aid performance and encouraging more and better aid. To keep the data relevant, the DAC has continuously reviewed ODA methodology to ensure it responded appropriately to new forms of aid and the changing development scene.

Key DAC decisions on the scope of ODA are shown below.

	This sign indicates a decision which tended to increase the amount of ODA reportable.
	This sign marks a decision that tended to reduce ODA.

While the increases outnumber the decreases, the positive effect on ODA/GNI ratios has been counterbalanced by expansions of the production boundary of GNI, especially in the 1993 System of National Accounts.

Most technical work to support these decisions was undertaken by the DAC Working Party on Statistics and its Secretariat. Final decisions were usually taken by the DAC itself, often at High Level Meetings.

	1970	Direct government aid to NGOs for development purposes included in ODA, but not tax breaks for private contributions to NGOs.
	1972	Tightening of the ODA definition: to qualify as ODA, official loans will need to bear a grant element of 25%, calculated against a discount rate of 10% a year.
	1974-1979	Decisions to include the administrative costs of ODA programmes within ODA.
	1980	Recording of subscriptions to the capital of the World Bank and other multilateral lenders standardised at the point at which donors deposit promissory notes rather than at the point at which these are encashed. (This decision related only to point of measurement, not to volume reportable.)
	1984	Implicit subsidies of tuition costs of students from developing countries studying in donor countries allowed as ODA if these reflect a conscious policy of development co-operation.
	1988	Rules agreed on the reporting as ODA of the first-year costs of sustaining developing country refugees who arrive in donor countries.
	1992	Forgiveness of loans originally extended for military purposes excluded from ODA.
	1993-present	DAC List of ODA Recipients revised to exclude high-income countries. The DAC subsequently reviews the list every three years.
	1994	Rules agreed on the ODA-eligible component of donors' bilateral contributions to peacekeeping.
	2000-present	System of annual review of ODA-eligible organisations introduced. This tends to increase the number of organisations which receive contributions that are reportable as ODA.
	2004	Agreement that the market value of any Certified Emission Reduction units credited to a donor country in respect of CO2 emissions avoided by an ODA project must be deducted from ODA.
	2004-2005	Agreement that six defined items of expenditure in the fields of conflict, peace and security qualify as ODA.
	2006	Agreement that 6% of DAC members' multilateral contributions to UN peacekeeping will score as ODA.
	2007	Agreement that where a developing country is allowed to buy back its debt at a discount, the discount will not count as ODA.

Box 3. Official development assistance: Definition

Official development assistance (ODA) is defined as those flows to countries and territories on the DAC List of ODA Recipients and to multilateral development institutions which are:

- i. provided by official agencies, including state and local governments, or by their executive agencies; and
- ii. each transaction of which:
 - a. is administered with the promotion of the economic development and welfare of developing countries as its main objective; and
 - b. is concessional in character and conveys a grant element of at least 25%* (calculated at a rate of discount of 10%).

Key boundaries of this definition include:

- **Military aid:** No military equipment or services are reportable as ODA. Anti-terrorism activities are also excluded. However, using the donor's military forces to deliver humanitarian aid is eligible.
- **Peacekeeping:** 6% of multilateral peacekeeping are reportable, and some bilateral contributions with a clear developmental aim are fully reportable.
- **Nuclear energy:** Reportable as ODA provided it is for civilian purposes.
- **Cultural programmes:** Eligible if they build the cultural capacities of recipient countries, but one-off tours by artists and sportsmen from donor countries, and activities to promote the donor's image, are excluded.
- **Greenhouse gas emissions:** Purchase of carbon credits is excluded, and the value of any Certified Emission Reductions obtained by a donor from an ODA-funded project would have to be deducted from ODA; technical co-operation towards adaptation or mitigation by developing countries is eligible.

*Except that capitalised interest included in reschedulings of ODA loans is recorded as ODA, regardless of the grant element of the rescheduling.

SOME PROMINENT DAC STATISTICIANS AND THEIR WORK

The production of statistics is a collective enterprise by a chain of officials who collect, collate, process, verify and publish data. Within what is now the Statistics and Monitoring Division of the OECD Development Co-operation Directorate, products are generally the work of teams. Nevertheless, many notable achievements are primarily due to the efforts of individuals, a few of whom are mentioned here. (No serving staff are included.)

Jack Stone, head of the Financial Policies Division from 1967 to 1971, played a major role in perfecting the definition of official development assistance and promoted the Expanded Reporting System (see page 4) as the first international database on loans to developing countries. Mr. Stone later directed the UNCTAD Special Programme for least developed countries (LDCs) and has been described as the “father of the least developed countries concept”.⁴

Mr Stone's successor as head of the new Reporting Systems Division (RSD) was **Bevan Stein**, who held the post for 25 years until his retirement in 1996. Mr. Stein oversaw the refinement of the ODA concept through DAC decisions on the counting of administrative costs, aid to NGOs, and forgiveness of military credits. Mr. Stein was an exceptionally able writer who formulated reporting instructions with great clarity and precision. In private life he translated into English the works of the French economist Maurice Allais, who won the 1988 Nobel Prize in Economics.



The annual release of the latest aid figures usually draws extensive press coverage. In this photo, DAC Chair Joe Wheeler (left) addresses the 1986 press conference while statistics chief Bevan Stein waits for questions. (© OECD/OCDE - with thanks to the OECD Library and Archives.)

Sigismund Niebel joined the OECD in 1964 and was head of the DAC Statistics Section of the RSD from 1971 to 1997. Dr. Niebel worked extensively to develop deflators to enable comparison of real volumes of resource flows over time and between countries. Here, he understood the need to fix the external value of the *numéraire* currency at that of the chosen base year, and to adjust for price changes in the currency of the flows, not the *numéraire* currency.⁵ In advising members on reporting problems, Dr. Niebel had a flair for finding simple solutions to “cut the Gordian knot”.

Jean-Louis Grolleau, who joined the organisation in 1972, developed the Virtual Database System, one of the largest databases in the world at the time. For many years, this database assured the consistency and reliability of published DAC data. Later in his career, M. Grolleau worked tirelessly to demonstrate the feasibility of converging the CRS and DAC databases, a project which continues.

In the 1980s and 1990s, **Jane Saint-Sernin** led work on measuring the debt of developing countries, contributing to multi-agency initiatives aimed at anticipating debt service problems and crises. In consultation with the Paris Club, her close colleague, **Deborah Guz**, developed the Handbook on Reporting Debt Reorganisation on the DAC Questionnaire, which remains the basis of DAC statistical treatment of debt relief.

In 1996, **Brian Hammond** succeeded Mr. Stein as head of what became the Statistics and Monitoring Division. Mr. Hammond played a key role in developing the DAC’s 1996 strategy *Shaping the 21st Century: The Contribution of Development Co-operation* into the multi-agency publication *A Better World for All: Progress towards the International Development Goals* (2000), which provided much of the intellectual underpinning for the Millennium Development Goals adopted that year. He pioneered work in several new fields, including resource tracking, aid information management systems, forward spending surveys and monitoring of aid volume commitments.

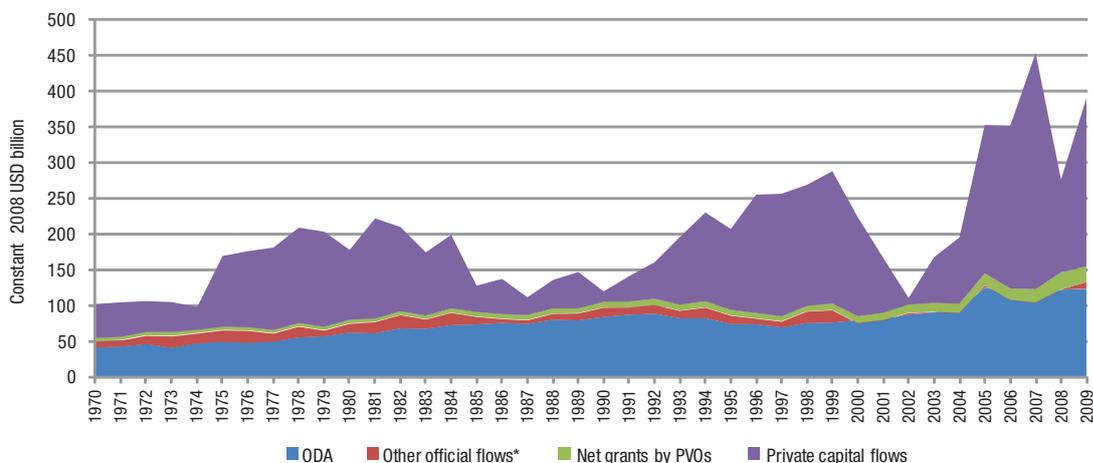


The Château de la Muette in Paris, constructed by Baron Henri de Rothschild, was established as the headquarters of the OEEC, predecessor to the OECD, in 1949. “Temporary” huts with similar views of the Chateau housed the DAC statistics staff from the 1960s until 2003. (Source: OECD.)

AID HISTORY THROUGH DAC STATISTICS

Thousands of studies have relied on DAC statistics to analyse aid trends. The following charts demonstrate how DAC statistics can be used to highlight major features of the history of aid.

Figure 1. DAC members' total net resource flows to developing countries, 1970-2009



* Net OOF flows were negative in 2000-01, 2004 and 2006-07.

ODA has been the steadiest source of development finance over the past 40 years.

Private capital flows have been larger in total but much more volatile, crashing after the Mexican debt crisis of 1982 and the end of the dotcom bubble in 2000. In recent years, however, private flows have comprised more direct investment and less bank lending, which may reduce future volatility. Note also that private capital tends to bypass the very poorest countries, which lack reliable infrastructure and institutions.

The rise in aid by private voluntary organisations (PVOs) largely reflects a rapid scaling-up of contributions by the Gates Foundation. For a historical study of aid by foundations, see www.oecd.org/dataoecd/23/4/22272860.pdf (a new edition is planned for 2013).

The chart does not include remittances, which largely finance consumption rather than investment, but some believe they are now a significant source of development finance. For a discussion of remittances as development finance, see www.oecd.org/dataoecd/62/17/34306846.pdf.

Figure 2. Official development assistance over 50 years



This chart illustrates the impact of global development patterns on the total volume of ODA.

From 1960 to 1973, as the world enjoyed rapid economic growth, aid to economically successful countries such as Brazil, Chile and Turkey fell. Total aid remained steady in real terms but fell as a share of donors' rising national incomes.

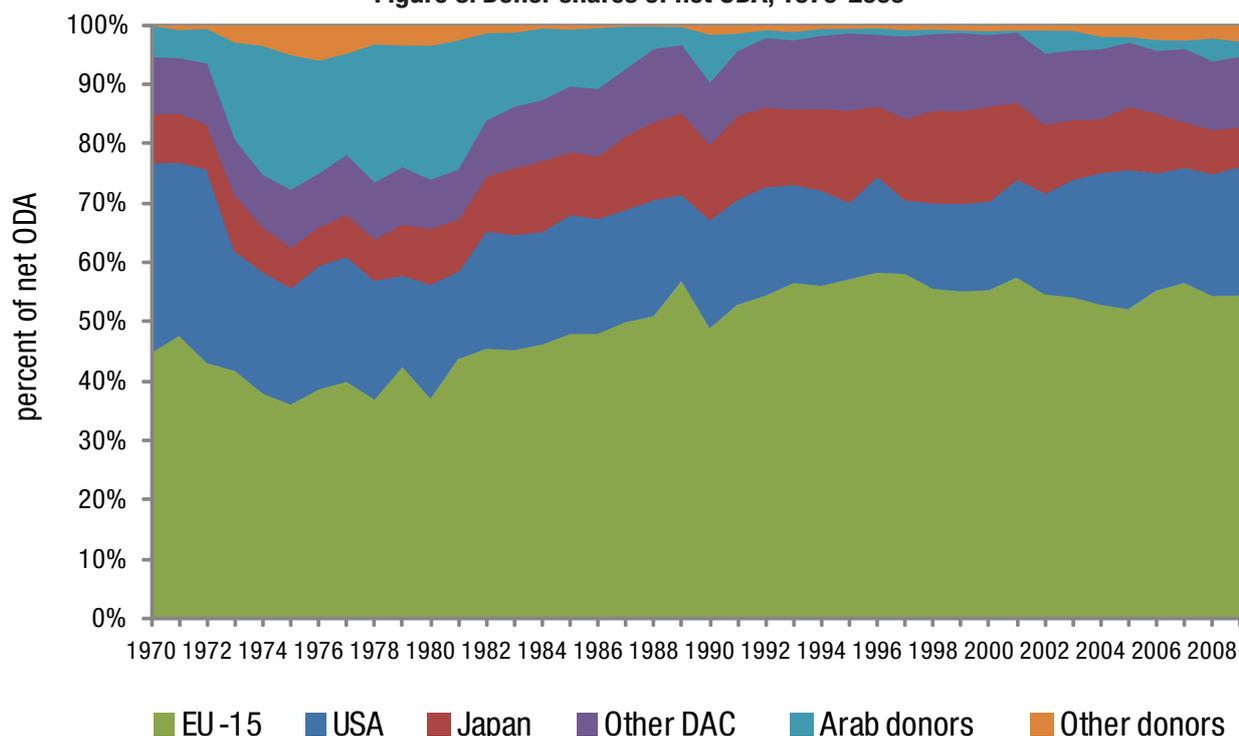
From 1974 to the end of the Cold War, aid rose in real terms. Some donors achieved the UN ODA target of 0.7% of national income and

China opened its doors to aid.

In the 1990s, as Asia developed rapidly and geopolitical competition between Communist and capitalist donors disappeared, aid fell. It rose again after the Millennium Development Goals were agreed in 2000 and especially after the Monterrey Conference on Financing for Development in 2002.

In 2005-06, exceptional debt relief to Iraq and Nigeria caused a spike in aid volumes.

Figure 3. Donor shares of net ODA, 1970-2009



The shares of total aid contributed by individual donors or groups of donors have changed considerably over the years.

The 15 **EU countries** in the DAC have, together, provided the largest slice of ODA since the 1970s, with their joint contribution exceeding half the total over the last twenty years. Among individual donors, the **United States** was in the lead in the early years, but Japan surpassed it several times around the turn of the millennium.

Aid from **Arab donors** surged after the two “oil shocks” of 1973-74 and 1979-80. Since then it has fallen as real oil prices have dipped and

some of the larger oil-rich states – including Iraq – have left the ranks of donors.

Aid from the Communist bloc, though examined in DAC publications up to the late 1980s, is not shown here because of difficulties in valuing it in dollars.

For up-to-date analysis of DAC members’ aid performance, including fulfilment of the targets set for 2010, see www.oecd.org/dac/stats. For information on the aid programmes of non-DAC donors, including those that do not report to the DAC, see www.oecd.org/dac/opendoors.

Figure 4. Changes to the DAC List of ODA Recipients

The list of countries eligible to receive ODA has been repeatedly revised to reflect changes in their development status. This does not prevent any DAC member sending aid to a country not on the list, but ensures that aid to rich countries is not counted as ODA.

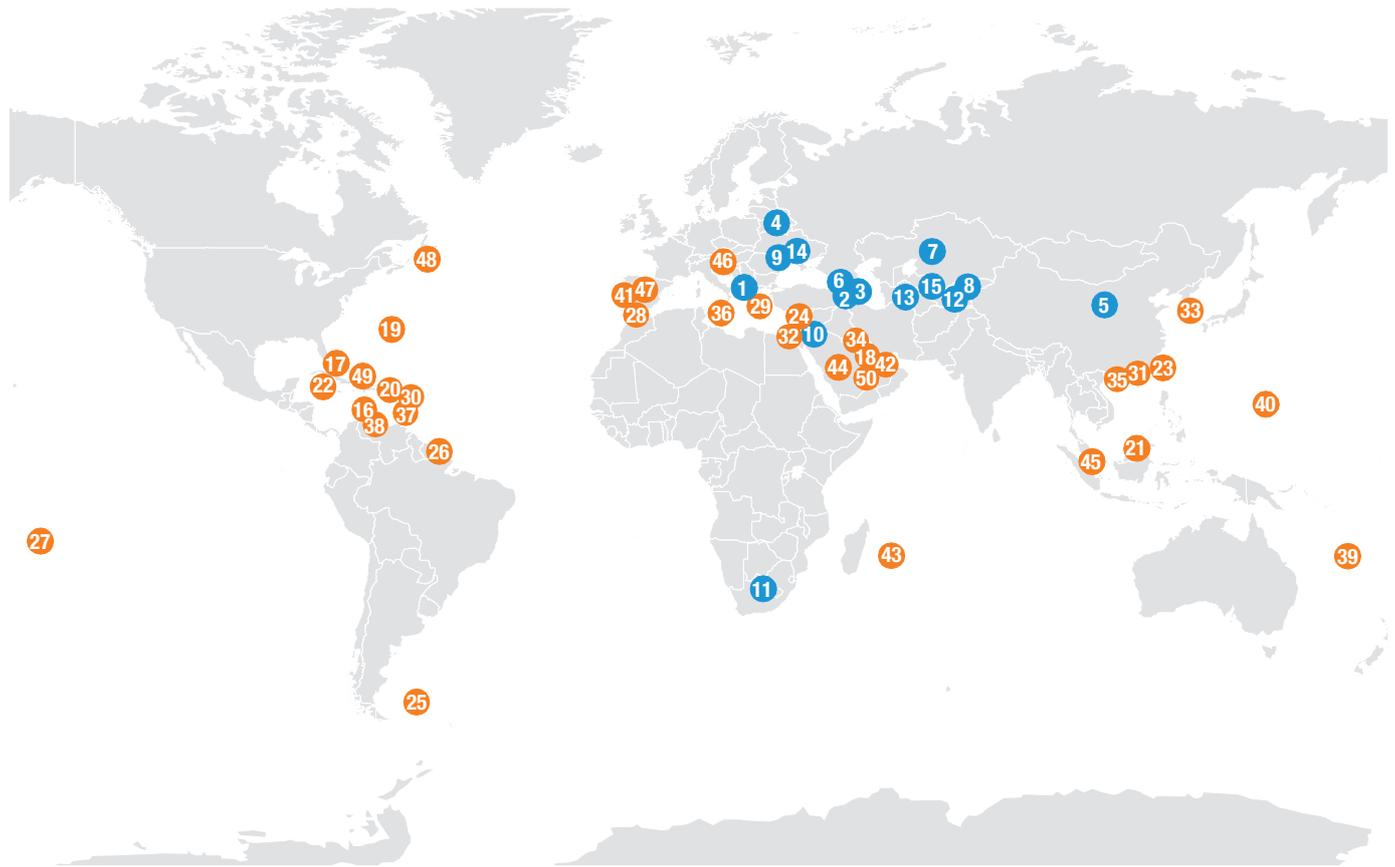
More countries have been removed from the list than have been added, reflecting rising incomes and social progress, in particular in Southeast Asia, the Middle East and the Caribbean. Of the countries added to the list, ten were former republics of the Soviet Union.

Several OECD member countries are on the list of aid recipients.

Joining the OECD has no effect on a country’s eligibility to receive ODA, although no DAC members are ODA recipients.

These lists do not include: countries that have always been on the list; countries that, between 1970 and 2010, joined the list and then left it; countries that, over the same period, left the list and then rejoined it. For the full list, its history and the rules for revising it, see www.oecd.org/dac/stats/daclist.

Figure 4 (continued). Changes to the DAC List of ODA Recipients



Recipient countries added to the DAC List since 1970

1. Albania	6. Georgia	11. South Africa
2. Armenia	7. Kazakhstan	12. Tajikistan
3. Azerbaijan	8. Kyrgyz Republic	13. Turkmenistan
4. Belarus	9. Moldova	14. Ukraine
5. China	10. Palestinian Administered Areas	15. Uzbekistan

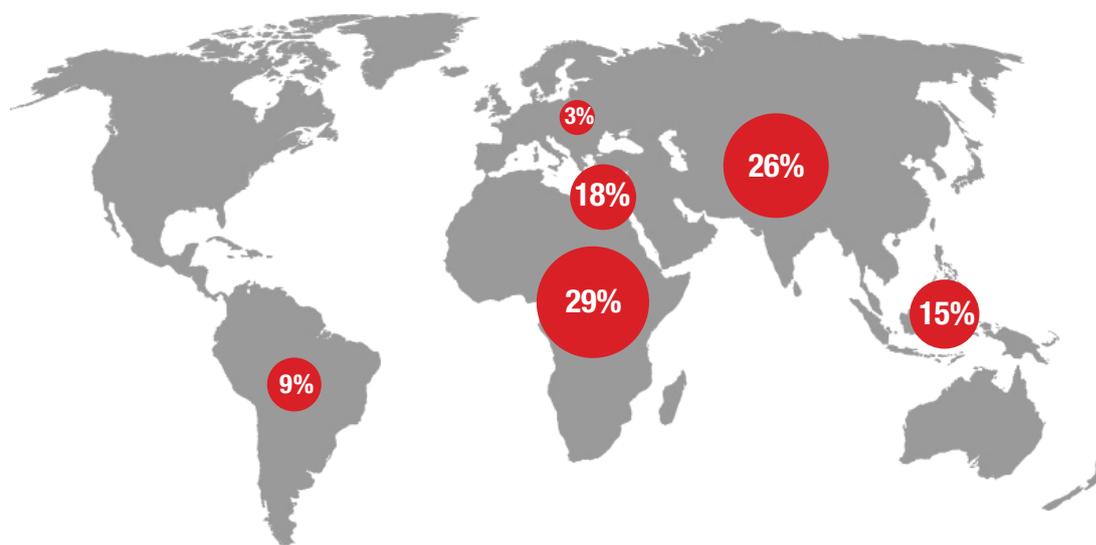
Recipient countries removed from the DAC List since 1970

16. Aruba	28. Gibraltar	40. Northern Marianas
17. Bahamas	29. Greece	41. Portugal
18. Bahrain	30. Guadeloupe	42. Qatar
19. Bermuda	31. Hong Kong (China)	43. Réunion
20. British Virgin Islands	32. Israel	44. Saudi Arabia
21. Brunei	33. Korea	45. Singapore
22. Cayman Islands	34. Kuwait	46. Slovenia
23. Chinese Taipei	35. Macao	47. Spain
24. Cyprus	36. Malta	48. St Pierre and Miquelon
25. Falkland Islands	37. Martinique	49. Turks and Caicos Islands
26. French Guyana	38. Netherlands Antilles	50. United Arab Emirates
27. French Polynesia	39. New Caledonia	

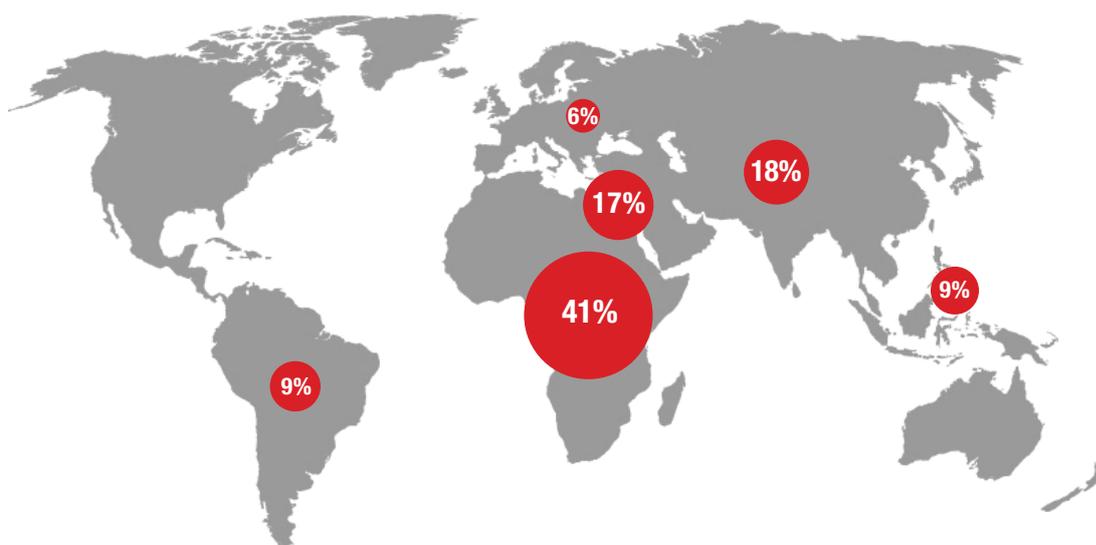
This map is for illustrative purposes and is without prejudice to the status of or sovereignty over any territory covered by this map.

Figure 5. Distribution of ODA by region from DAC countries*

1978-79



2008-09



*Includes imputed flows through multilateral agencies; excludes aid allocated by region.

Regions shown are: Latin America and Caribbean, developing countries in Europe, North Africa and Middle East, sub-Saharan Africa, South and Central Asia, and East Asia and Pacific.

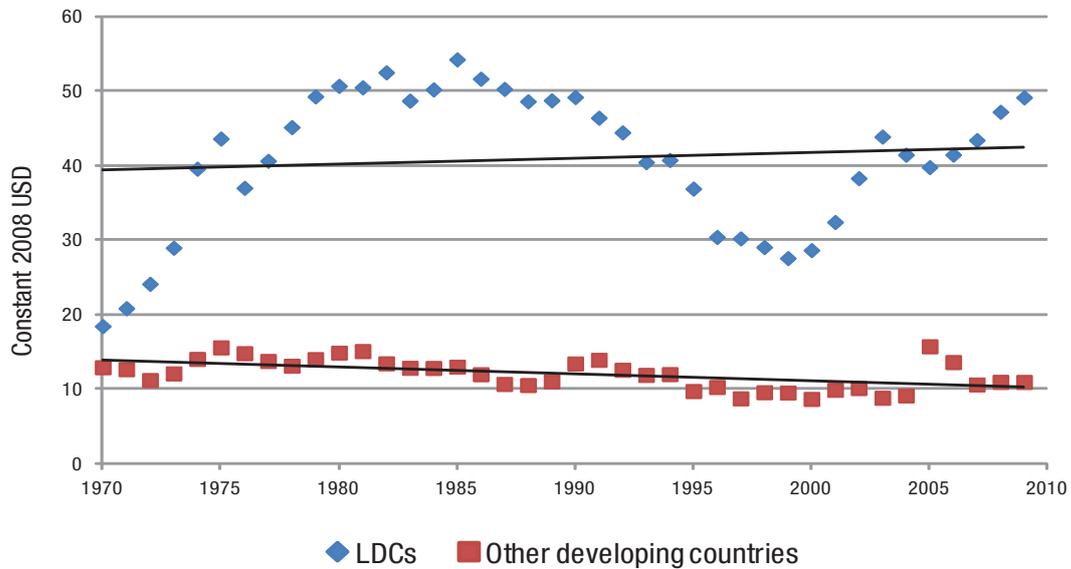
The actual geographical allocation of aid depends on decisions by bilateral and multilateral donors. DAC statistics show how these decisions have responded to changing needs. For instance, rapid development progress in Asia has enabled donors to reduce the share of their aid going there. On the other hand, as nearly 50% of people in sub-Saharan Africa have remained below the international

poverty line, aid to Africa has increased substantially. Increases in aid to Europe responded to the economic disruption and strife resulting from the collapse of Communism.

For charts of aid to all recipient countries, see www.oecd.org/dac/stats/recipientcharts.

This map is for illustrative purposes and is without prejudice to the status of or sovereignty over any territory covered by this map.

Figure 6. ODA receipts *per capita*



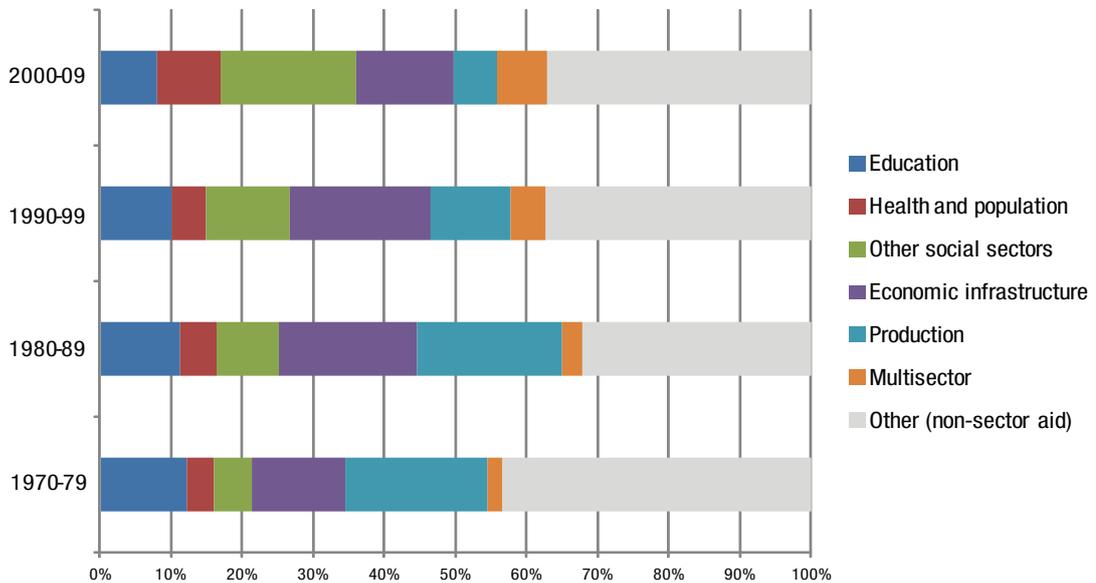
The poverty focus of aid has sharpened over the years.

Aid *per capita* received by the least developed countries (LDCs) rose rapidly after this group was formally established in 1971. It fell substantially in the 1990s, however, as aid budgets tightened and aid “fatigue” spread, especially in response to perceived poor results in Africa. In the last decade, higher aid levels have returned.

Aid to less disadvantaged developing countries has always been lower than aid to LDCs and, on the whole, has declined slowly but steadily – by nearly 40% in real terms – since 1970. The spike in aid to these countries in 2005 and 2006 reflects exceptional debt relief to Iraq and Nigeria.

For detailed analytical charts on aid by region, see www.oecd.org/dac/stats/regioncharts.

Figure 7. Trends in sector-specific aid



DAC statistics contain a wealth of information on the changes in the allocation of aid by sector.

Aid to **education** has fallen as developing countries have increasingly been able to improve their educational systems using their own resources. On the other hand, aid to **health** has risen, particularly with the AIDS crisis and the emphasis in the Millennium Development Goals on reducing the incidence of preventable disease as well as maternal and child mortality.

The boom in aid to **other social sectors** includes massive increases in the last decade in aid to governance and institutions, particularly in fragile states and post-conflict situations.

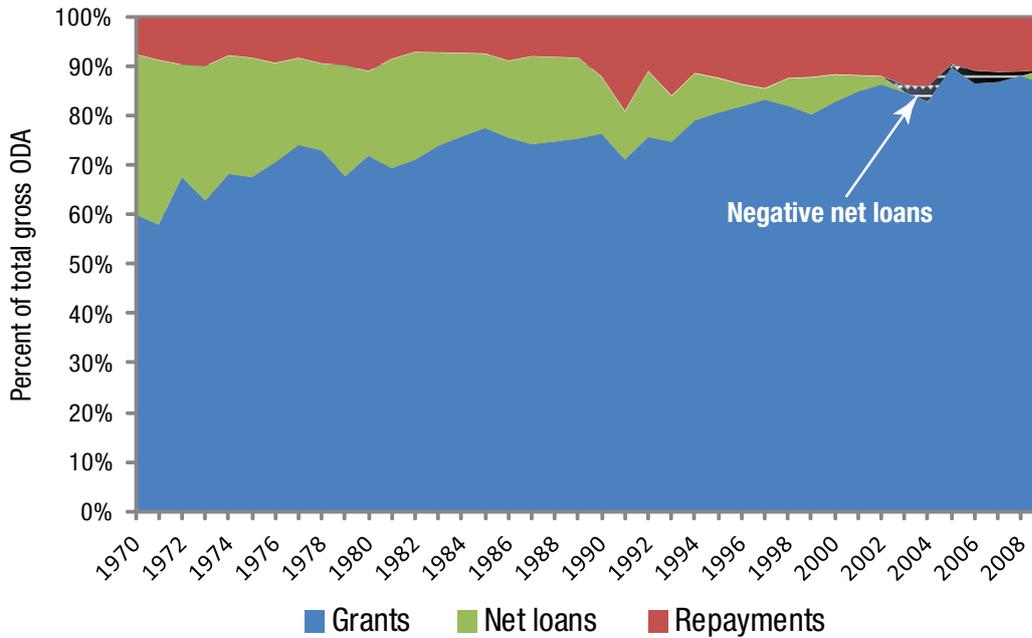
Aid to **production** sectors, and more recently aid to **economic**

infrastructure, has fallen, largely as a result of disciplines on tied aid imposed by the DAC in the early 1990s. These measures encouraged market financing of economically viable projects, reserving more aid for the social sectors in which returns were long-term and largely outside the market economy.

Multisector aid has grown as donors have recognised the interdependence of aid inputs and have facilitated more choice by recipients in the final allocation of aid funds.

Non-sector aid tends to fluctuate widely from year to year. Over the long term, two major components of non-sector aid have been debt relief and humanitarian aid, which usually account for 5-10% each of total aid.

Figure 8. The structure of total gross ODA, 1970-2009



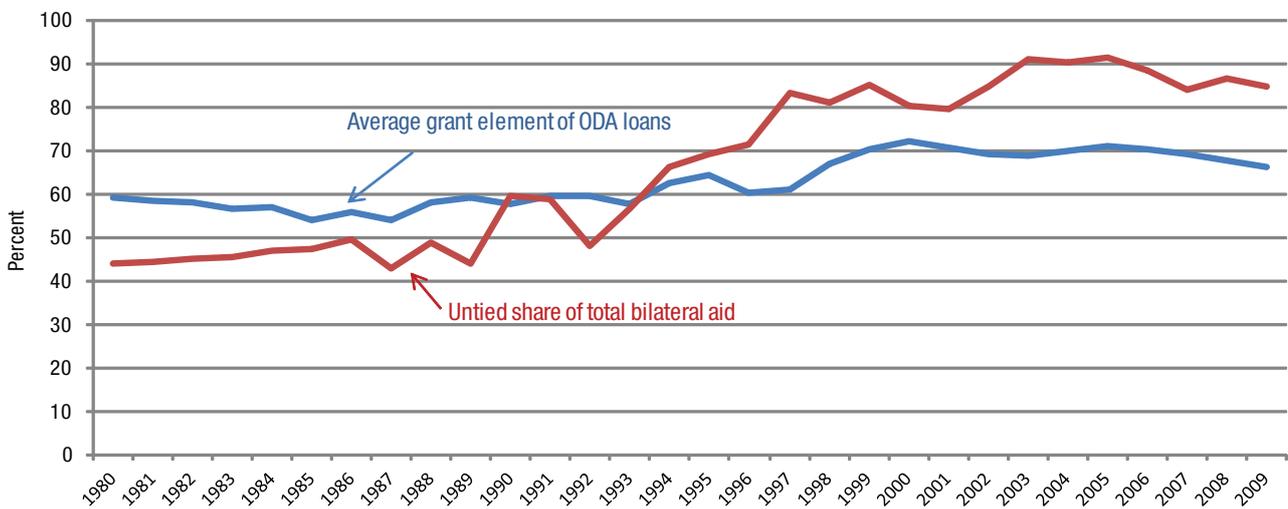
One of the important uses of DAC statistics is to support the implementation of DAC recommendations designed to improve aid quality or effectiveness.

From 1963 to 1978, the DAC negotiated a series of progressively more demanding recommendations to raise the grant element of its members' total ODA. Then, in 1987 and 1992, the DAC agreed on measures to increase screening of ODA loans against development criteria. The result has been a steady and sustained increase in the grant share of total ODA.

In DAC statistics, repayments of loan principal (and any recoveries on grants or proceeds from equity sales) are subtracted from gross ODA to arrive at net ODA, for which there is a UN target of 0.7% of national income. In some recent years, as repayments have exceeded new lending, net ODA lending has been negative.

For reviews of individual DAC members' aid policies and programmes, see www.oecd.org/dac/peerreviews.

Figure 9. Aid quality indicators



This chart shows the effect of DAC recommendations on two technical measures of aid quality: the “grant element” (softness) of loans, and the share of aid that is not tied to the donor’s own products.

As explained above, DAC members have agreed to raise the grant element of their total ODA. The grant element of total ODA combines the grant element of grants (100% by definition) with the grant element of loans (which depends on their terms, including their interest rate, grace period and maturity).

Donors have used two main methods to achieve higher grant elements: some have increased the *grant share* of their total ODA (see Figure 8), with several DAC countries moving to all-grant

programmes; others, while still offering loans, have softened their *loan terms*. This graph shows that the grant element of loans has been consistently high over the past decade. In part, this reflects lower prevailing market interest rates.

DAC members have also agreed on a series of measures to untie their aid, especially by opening procurement to international bidding, so as to increase value for money. Untying aid has been a theme of DAC work throughout its history, from a first agreement reached in 1965 to the 2008 revision of the Recommendation on Untying Aid to the Least Developed Countries. The share of untied aid has risen substantially as a result of these agreements.

THE DAC WORKING PARTY ON STATISTICS

The OECD's work on aid statistics is supervised by the DAC Working Party on Statistics (WP-STAT), in which all DAC members are represented. The Working Party met frequently in its early years as there were many issues of coverage and definition to be decided. As the statistical structure settled in the late 1970s and 1980s, the frequency of meetings declined to about one a year. In the past decade, new policy issues have arisen and technological advances have permitted improvements in the level of detail recorded for individual activities. Over this period, there have usually been two meetings a year.

While a few issues – many of them concerning ODA eligibility – have been remitted to the WP-STAT by the DAC, most WP-STAT work is initiated internally. The DCD Statistics and Monitoring Division – which serves as the Secretariat to the Working Party – raises most technical and design issues, and proposals for new classifications, while members often make proposals for changes in statistical coverage. Yet there is a close and dynamic interaction between the Secretariat and the members, in line with the nature of OECD membership: voluntary, but subject to qualifying conditions. In keeping with the general provisions of the OECD Convention, all decisions are reached by consensus of the members and implemented in unison. While this can require lengthy discussion at times, it tends to reinforce the stability and continuity of statistical categories, which is an advantage for long-term comparisons.

Those holding office in the WP-STAT on 1 January 2011 were:

- **Chair: Hedwig Riegler, Austria**
- **Vice-Chairs: Hitoshi Shoji, Japan and Catherine Graf, Switzerland**
- **DAC Facilitator (elected by the DAC): Ana Fernandes, Portugal**

In June 2009, when Ms. Riegler was elected to the position of Chair of the Working Party, she became the first woman to occupy this role. Her election reflects a long-term change in the Working Party itself: at its first meeting on 20-21 January 1969, every delegate was a man; at its 61st meeting in 2010, 33 of the 72 delegates were women.

Previous chairs of the DAC Working Party on Statistics

1969	Mr. Harvie (UK)
1970	William Kendall (UK)
1980	Eugene Kerber (USA)
1986	Richard Allen (UK)
1994	François Jeanjean (Canada)
1998	Guido la Tella (Italy)
1999	Kalevi Ahti (Finland)
2002	Fritz Meijndert (Netherlands)
2007	Geert Deserranno (Belgium)



The WP-STAT Chair and Vice-Chairs at the Maison de Benelux in Paris on 24 February 2011. Left to right: Ms Graf, Ms Riegler, Mr Shoji.

End notes

1. Maddison, A. "Confessions of a Chiffrephile", *Banca Nazionale del Lavoro Quarterly Review*, no. 189, June 1994.
2. UN Resolution 2626 (XXV), 24 October 1970, paragraph 43: "In recognition of the special importance of the role which can be fulfilled only by official development assistance, a major part of financial resource transfers to the developing countries should be provided in the form of official development assistance. Each economically advanced country will progressively increase its official development assistance to the developing countries and will exert its best efforts to reach a minimum net amount of 0.7 per cent of its gross national product at market prices by the middle of the Decade." See also "The 0.7% ODA/GNI target – a history", available at www.oecd.org/document/36/0,3746,en_2649_34447_45539475_1_1_1_1,00.html.
3. See: www.oecd.org/dac/stats/idsonline.
4. T.G. Weiss et al, *UN Voices: The Struggle for Development and Social Justice*, Bloomington, 2005, p. 237.
5. For a full explanation of this point, please refer an information note on the DAC deflators, available at www.oecd.org/document/6/0,3746,en_2649_34447_41007110_1_1_1_1,00.html.





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