



Net financial flows from Development Assistance Committee members

6.8

Net flows to part I countries	Official development assistance				Other official flows	Private flows					Net grants by NGOs	Total net flows
	Total	Bilateral grants	Bilateral loans	Contributions to multilateral institutions		Total	Foreign direct investment	Bilateral portfolio investment	Multilateral portfolio investment	Private export credits		
\$ millions, 1998												
Australia	960	752	0	209	146	..	..	..	..	..	111	1,217
Austria	456	274	18	164	81	306	215	0	0	91	46	889
Belgium	883	546	-10	346	79	6,727	1,011	6,172	0	-457	36	7,725
Canada	1,691	1,232	-26	484	1,896	5,469	5,656	-313	0	127	155	9,211
Denmark	1,704	1,026	-12	690	127	-60	-60	0	0	0	35	1,806
Finland	396	217	-8	187	56	1,219	26	1,151	0	42	5	1,676
France	5,742	4,540	-355	1,557	-191	2,851	6,188	-2,895	0	-442	..	8,402
Germany	5,581	3,315	176	2,090	-321	15,695	5,486	6,773	1,343	2,094	972	21,926
Ireland	199	124	0	75	..	90	..	..	..	..	45	333
Italy	2,278	624	73	1,581	-209	11,061	1,813	7,832	0	1,416	40	13,171
Japan	10,640	4,901	3,652	2,087	10,804	-3,744	5,850	-2,400	-4,556	-2,638	203	17,902
Luxembourg	112	77	0	35	..	..	..	..	..	..	6	118
Netherlands	3,042	2,323	-190	909	253	9,300	7,673	787	760	81	158	12,752
New Zealand	130	98	0	32	..	11	11	0	0	0	12	154
Norway	1,321	944	6	371	0	535	391	0	0	144	126	1,983
Portugal	259	156	20	82	417	1,333	1,333	0	0	0	7	2,015
Spain	1,376	666	171	538	35	10,297	10,370	0	0	-72	133	11,841
Sweden	1,573	1,045	-5	532	13	1,221	1,221	0	0	0	40	2,847
Switzerland	898	632	0	265	35	3,583	3,583	..	..	..	167	4,683
United Kingdom	3,864	2,328	-196	1,732	-54	7,919	9,286	-1,313	0	-55	408	12,136
United States	8,786	6,574	-585	2,798	618	36,112	22,815	11,344	410	1,543	2,671	48,187
Total	51,888	32,396	2,729	16,764	13,785	109,926	82,869	27,228	-2,043	1,873	5,375	180,974

Net flows to part II countries	Official aid				Other official flows	Private flows					Net grants by NGOs	Total net flows
	Total	Bilateral grants	Bilateral loans	Contributions to multilateral institutions		Total	Foreign direct investment	Bilateral portfolio investment	Multilateral portfolio investment	Private export credits		
\$ millions, 1998												
Australia	1	0	0	1	0	..	..	..	..	..	..	1
Austria	191	143	1	47	0	964	964	0	0	0	6	1,161
Belgium	68	3	0	66	82	16,385	1,128	15,142	0	115	..	16,535
Canada	157	157	0	0	68	34	0	0	0	34	..	260
Denmark	118	113	5	0	189	164	164	0	0	0	..	472
Finland	82	47	4	31	-3	1,407	283	1,130	0	-6	..	1,487
France	823	533	-37	327	0	6,893	2,579	3,723	0	591	..	7,716
Germany	654	391	-152	415	4,485	17,744	5,090	11,638	0	1,016	87	22,969
Ireland	0	0	0	0	0	0	0	0	0	0	..	0
Italy	243	3	0	240	21	3,839	1,028	3,278	0	-467	2	4,105
Japan	132	90	3	39	1,874	3,794	5,778	-675	0	-1,309	..	5,801
Luxembourg	3	3	0	0	0	..	..	..	..	..	..	3
Netherlands	130	4	126	0	212	1,749	2,752	-1,048	0	45	..	2,091
New Zealand	0	0	0	0	0	0	0	0	0	0	..	0
Norway	52	52	0	0	3	92	90	0	0	2	..	147
Portugal	22	0	0	22	3	-22	-22	0	0	0	..	3
Spain	5	5	0	0	0	574	574	0	0	0	..	579
Sweden	105	105	0	0	2	1,284	1,284	0	0	0	..	1,390
Switzerland	76	73	0	4	0	1,387	1,387	..	..	..	17	1,480
United Kingdom	435	122	-1	313	-1	2,848	3,415	-808	0	241	5	3,287
United States	2,726	2,746	-32	12	-20	10,409	8,899	698	0	812	1,438	14,553
Total	6,024	4,589	-82	1,517	6,915	69,544	35,393	33,077	0	1,075	1,554	84,038

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6.8



About the data

The high-income members of the Organisation for Economic Co-operation and Development (OECD) are the main source of external finance for developing countries. This table shows the flow of financial resources from members of the OECD's Development Assistance Committee (DAC) to official and private recipients in developing and transition economies. DAC exists to help its members coordinate their development assistance and to encourage the expansion and improve the effectiveness of the aggregate resources flowing to developing and transition economies. In this capacity DAC monitors the flow of all financial resources, but its main concern is official development assistance (ODA). DAC has three criteria for ODA: It is undertaken by the official sector. It promotes economic development or welfare as a main objective. It is provided on concessional terms, with a grant element of at least 25 percent on loans.

This definition excludes military aid and nonconcessional flows from official creditors, which are considered other official flows. (However, refinancing of military aid on concessional terms is included in ODA.) The definition includes capital projects, food aid, emergency relief, peacekeeping efforts, and technical cooperation. Also included are contributions to multilateral institutions, such as the United Nations and its specialized agencies, and concessional funding to the multilateral development banks. In 1999, to avoid double counting extrabudgetary expenditures reported by DAC countries and flows reported by the United Nations, all United Nations agencies revised their data to include only regular budgetary expenditures since 1990 (except for the World Food Programme and the United Nations High Commissioner for Refugees, which revised their data from 1996 onward).

DAC maintains a list of countries and territories that are aid recipients. Part I of the list comprises countries and territories considered by DAC members to be eligible for ODA. Part II of the list, created after the collapse of the Soviet Union to monitor the flow of concessional assistance to transition economies, consists of countries that are not considered eligible for ODA but that nevertheless receive ODA-like flows. To differentiate assistance to the two groups of recipients, ODA-like flows to part II countries are termed official aid.

The data in the table were compiled from replies by DAC member countries to questionnaires issued by the DAC Secretariat. Net flows of resources are defined as gross disbursements of grants and loans minus repayments on earlier loans. Because the data are based on donor country reports, they do not provide a complete picture of the resources received by developing and transition economies, for three reasons. First, flows from DAC members are only part of the aggregate resource flows to these economies. Second, the data that record contributions to multilateral institutions measure the flow of resources made available to those institutions by DAC members, not the flow of resources from those institutions to developing and transition economies. Third, because some of the countries and territories on the DAC recipient list are normally classified as high income, the reported flows may overstate the resources available to low- and middle-income economies. High-income countries receive only a small fraction of all development assistance, however.

Net disbursements of ODA by some important donor countries that are not DAC members are shown in table 6.8a.

Definitions

- **Official development assistance** comprises grants and loans, net of repayments, that meet the DAC definition of ODA and are made to countries and territories in part I of the DAC list of aid recipients.
- **Official aid** comprises grants and ODA-like loans, net of repayments, to countries and territories in part II of the DAC list of aid recipients.
- **Bilateral grants** are transfers in money or in kind for which no repayment is required.
- **Bilateral loans** are loans extended by governments or official agencies that have a grant element of at least 25 percent and for which repayment is required in convertible currencies or in kind.
- **Contributions to multilateral institutions** are concessional funding received by multilateral institutions from DAC members in the form of grants or capital subscriptions.
- **Other official flows** are transactions by the official sector whose main objective is other than development or whose grant element is less than 25 percent.
- **Private flows** consist of flows at market terms financed from private sector resources. They include changes in holdings of private long-term assets by residents of the reporting country.
- **Foreign direct investment** is investment by residents of DAC member countries to acquire a lasting management interest (at least 10 percent of voting stock) in an enterprise operating in the recipient country. The data in the table reflect changes in the net worth of subsidiaries in recipient countries whose parent company is in the DAC source country.
- **Bilateral portfolio investment** covers bank lending and the purchase of bonds, shares, and real estate by residents of DAC member countries in recipient countries.
- **Multilateral portfolio investment** records the transactions of private banks and nonbanks in DAC member countries in the securities issued by multilateral institutions.
- **Private export credits** are loans that are extended to recipient countries by the private sector in DAC member countries for the purpose of promoting trade and are supported by an official guarantee.
- **Net grants by NGOs** are private grants by nongovernmental organizations, net of subsidies from the official sector.
- **Total net flows** comprise ODA or official aid flows, other official flows, private flows, and net grants by NGOs.

Data sources

The data on financial flows are compiled by DAC and published in its annual statistical report, *Geographical Distribution of Financial Flows to Aid Recipients*, and the DAC chairman's annual report, *Development Co-operation*. Data are available to registered users from the OECD website at www.oecd.org/dac/html/online.htm.

Table 6.8a

Official development assistance from non-DAC donors

Net disbursements (\$ millions)

	1994	1995	1996	1997	1998
OECD members (non-DAC)					
Czech Republic	25	..	..	..	16
Greece ^a	122 ^b	152 ^b	184	173	179
Korea, Rep.	140	116	159	186	183
Poland	..	..	..	..	19
Turkey	58	107	88	106	..
Arab countries					
Kuwait	555	384	426	373	278
Saudi Arabia	317	192	327	235	288
United Arab Emirates	100	65	31	..	..

Note: China also provides aid but does not disclose the amount.

a. Greece became a member of DAC in December 1999.

b. Comprises total aid disbursements to both part I (official development assistance) and part II countries (official aid).

Source: OECD.