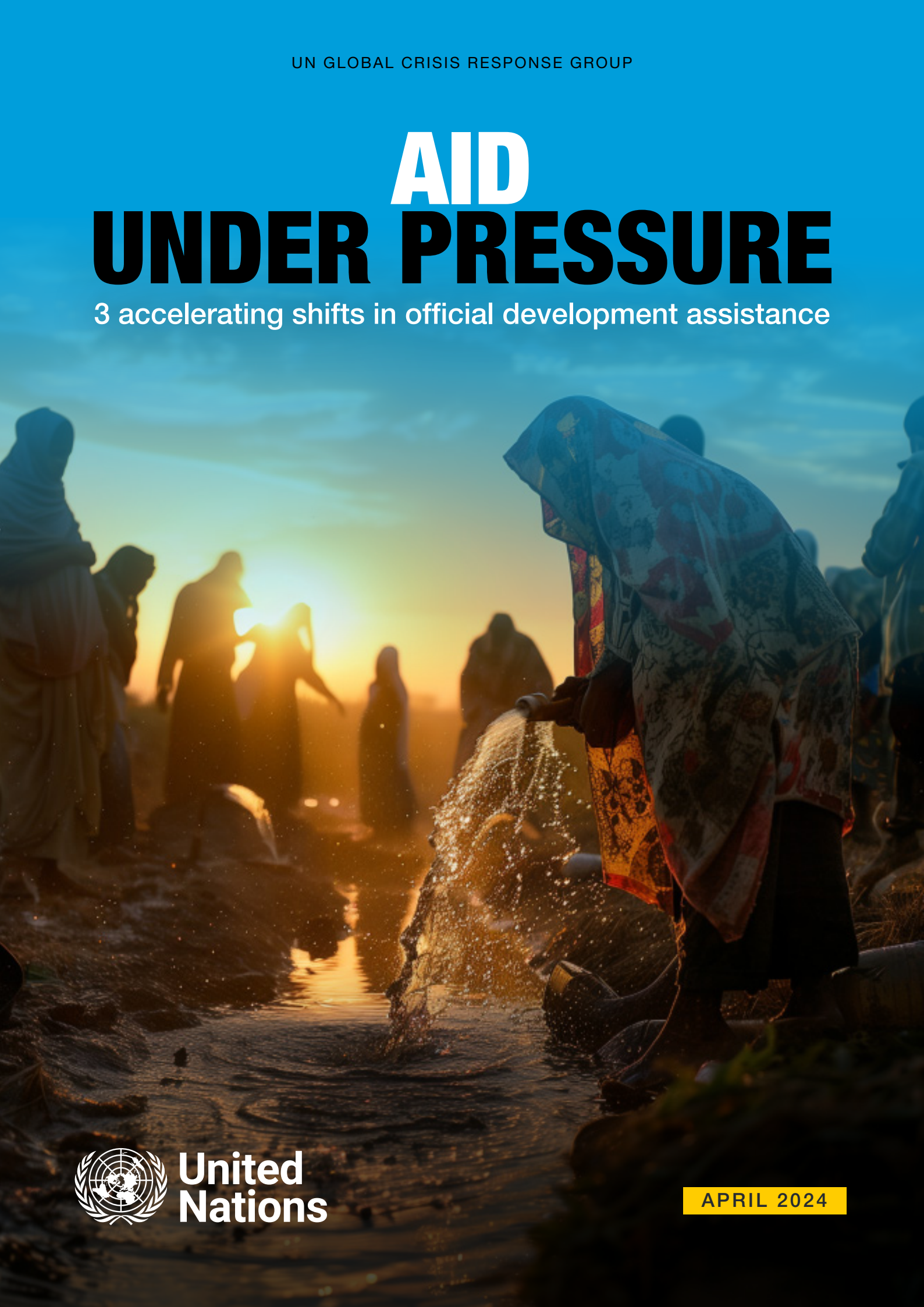


UN GLOBAL CRISIS RESPONSE GROUP

AID UNDER PRESSURE

3 accelerating shifts in official development assistance



United
Nations

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Introduction

Official Development Assistance (ODA) is more than just cash. It is a powerful way to make a difference where it matters most. It is aimed at improving economic development and welfare for millions of people. ODA, also referred to as aid, means having access to electricity and medical care, having food on the table, or even having an opportunity for a better future.

Global ODA reached record levels in 2022, \$287 billion at constant 2021 prices, but continues to fall short of the SDG 17 aid target. ODA from DAC donors remained \$143 billion below the SDG 17 aid target of 0.7% of their gross national income.¹ Moreover the aid landscape is undergoing shifts that may be detrimental to the development aspiration of some countries.

ODA is a critical source of financing, providing more than \$150 billion to developing countries in 2022.² It is an injection of concessional financial resources for development purposes. As economies grow wealthier, ODA inflows tend to play a progressively smaller role in comparison to domestic public resources and private flows. However, in vulnerable economies, where other funding is limited, or in the case of sudden shocks like natural disasters, ODA flows are vital to supplement [domestic resource mobilisation](#) efforts.

ODA is one of the most stable and predictable sources of external financing for developing countries, especially in times of crises. Along with remittances and foreign direct investment, ODA represents a major source of external financing. While ODA is the smallest of these three sources in developing countries overall, for vulnerable countries, it often represents the [main source of external financing](#). Moreover, ODA is one of the most stable and predictable sources of external finance in times of crisis. Notably, ODA increased during the COVID-19 pandemic when other external flows declined.

Yet, international crises leave visible marks on the ODA landscape, generating new demands and reshuffling priorities. At a time when slowing economic growth, rising inflation and other macroeconomic challenges put pressure on aid budgets, dealing with new emergencies is inevitably complex. Even more so when crises directly affect donor countries. In 2022, ODA for developed countries increased by \$28 billion and for asylum seekers and refugees in donor countries it increased by \$20 billion, driving the overall increase of ODA.

Aid flows to developing regions fell by \$4 billion despite global ODA reaching record levels in 2022. ODA for developing countries³ decreased by 2%. It fell by more than 3.5% for Africa, Asia and Oceania and least developed countries (LDCs) between 2021 and 2022. The decline in ODA affected the majority of developing countries, including 24 LDCs and 15 Small Island Developing States (SIDS).

1 Sustainable Development Goal (SDG) target 17.2 contains two ODA-related targets, which reaffirm past commitments. The first target is for developed countries to mobilise 0.7% of their gross national income (GNI) in ODA to developing countries, adopted in the UN General Assembly Resolution 2626 (XXV) in 1970. The second target is to mobilise 0.15–0.20% of DAC countries' GNI to LDCs, adopted in the Paris Programme of Action for LDCs in 1990. The [SDG Stimulus](#) reaffirms the need to reach these targets to ensure the accomplishment of the 2030 Agenda.

2 This report presents evidence based on data retrieved from the Creditor Reporting System maintained by the Development Assistance Committee (DAC) of the Organisation for Economic Co-operation and Development (OECD). Please refer to [the annex](#) for details on the list of DAC members countries and the methodology and scope of this document.

3 Throughout the report, developing countries and regions refer to the classification of the United Nations. Figures for developing countries therefore deviate from aggregates computed by the OECD.

3 shifts in ODA to developing countries in 2022

Some may hinder sustainable development.

SHIFT 1

Multilateral donors increased their support during crises, but bilateral donors still account for the largest share of ODA.

Between 2021 and 2022, ODA increased only from multilateral donors, while it declined for members of the Development Assistance Committee (DAC) and non-DAC bilateral donors. But bilateral donors remain the biggest source of aid to developing countries.

SHIFT 2

ODA shifts from grants to loans, increasing developing countries' debt burden.

Developing countries face stagnation in ODA grants and increasingly turn to concessional loans, exacerbating their debt burden. Notably, this is also the case for ODA towards least developed countries.

SHIFT 3

The need for crises responses puts pressure on sustainable development financing.

Cascading crises and the need for emergency responses compete with long-term development priorities. The share of ODA for least developed countries decreased to the lowest level in over a decade. Humanitarian aid and support for refugees in donor countries grew rapidly. Meanwhile, ODA for action related to debt declined most rapidly, to its lowest level on record.

In focus: food, energy and finance

Inflation, food insecurity, cost-of-living crisis, supply chain disruptions and tightening financial conditions are among the pressing challenges added to a world recovering from the COVID-19 pandemic and facing the threats of climate change and conflicts. Yet, aid to developing countries related to food, energy, and debt has stagnated since 2016.

Food



ODA for agricultural development stagnated, **while food aid kept rising.**

Energy



Aid for energy generation from renewable sources peaked.

Debt



ODA for debt action reached its lowest level on record; moreover, **for the first time, debt forgiveness fell behind rescheduling and refinancing.**

ODA declined to developing regions, despite having reached a global record

In 2022, at the mid-point of the 2030 Agenda for Sustainable Development, global ODA reached a record high. It increased by 22% to \$287 billion at constant 2021 prices, or \$276 billion in current prices.⁴

Even this remarkable record misses the target of the Sustainable Development Goals.

In 2022, DAC donors devoted 0.37% of their gross national income (GNI) to ODA. This is almost 50% below the Sustainable Development Goal (SDG) 17.2 aid target of 0.7% of donor countries' GNI, which was achieved by only four DAC countries (Luxembourg, Sweden, Norway, and Germany). Had all members of the DAC met the target in 2022, an additional \$143 billion⁵ could have been available worldwide.

ODA to developing regions decreased by 2% in 2022. ODA towards developing regions decreased for the second consecutive year, down from the peak of \$181 billion in 2020, the first year of the COVID-19 pandemic, to \$172 billion in 2022. By contrast, ODA towards developed countries and "unspecified" recipients⁶, including spending on asylum seekers and refugees in donor countries, almost doubled in 2022 and were the key drivers for the overall increase of ODA.

⁴ Henceforth, unless otherwise indicated, all data on ODA refer to disbursements in billion US\$ at constant 2021 prices, to allow for comparison across regions and time.

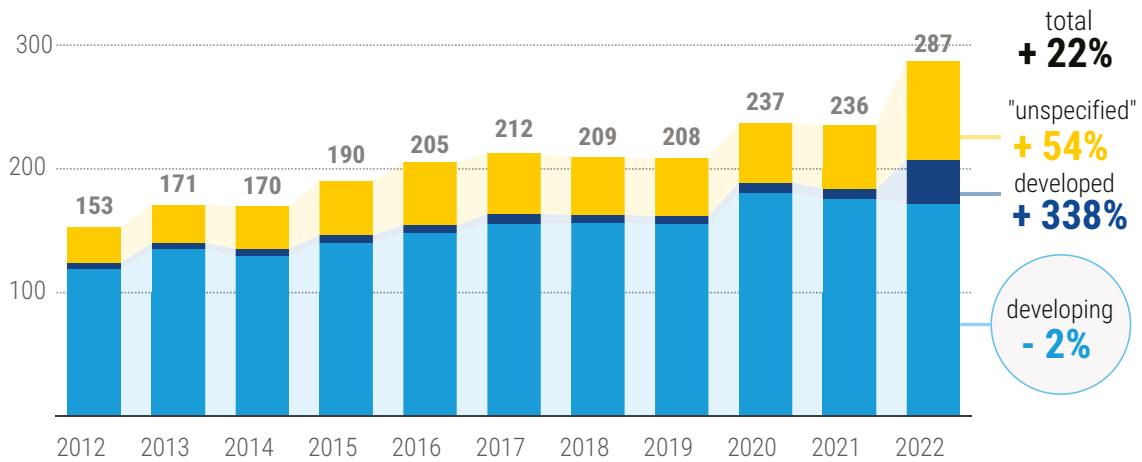
⁵ Unlike in the rest of the report, ODA figures mentioned in this paragraph are computed based on the grants equivalent approach, following OECD-DAC practice. Please refer to the annex for details.

⁶ ODA to "unspecified" recipients can benefit several regions or cannot be assigned to specific recipient countries or regions, such as ODA for refugees in donor countries, infectious disease control, research institutions, or administrative costs.

Figure 1. ODA to developing regions declined despite a global ODA record

ODA in US\$ billion at constant 2021 prices, 2012-2022

Percentage change
2021-2022

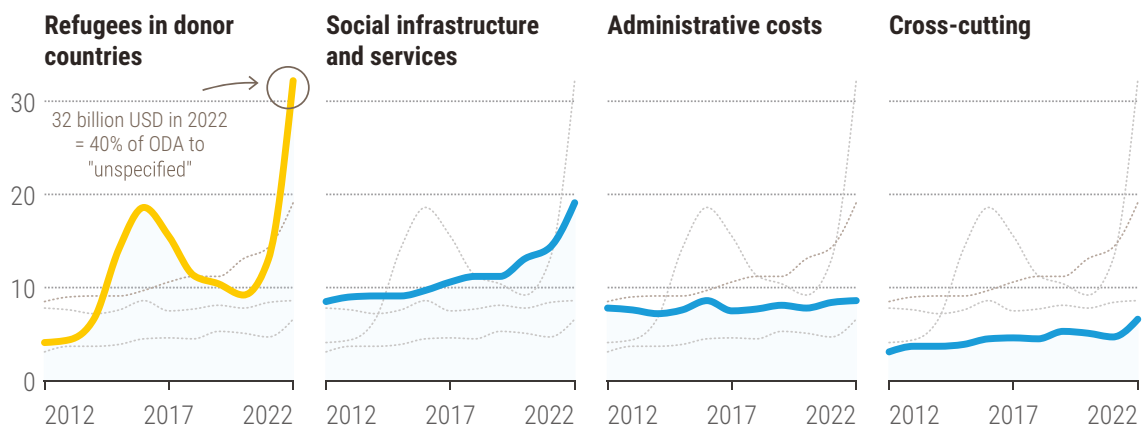


Source: UN GCRG based on OECD (Dec. 2023).

ODA to "unspecified" recipients has seen a strong shift towards spending for asylum seekers and refugees in donor countries, reaching 40% in 2022.⁷ Over the past decade, two strong increases in spending for asylum seekers and refugees in donor countries are easily visible. The first spike corresponds to the year 2015 when one million people – mainly from Syria, Afghanistan and Iraq – arrived in Europe and ODA for asylum seekers and refugees in donor countries peaked at \$19 billion in 2016. Despite declining again, it never returned previous levels. The second spike corresponds to the war in Ukraine. Between 2021 and 2022, ODA for asylum seekers and refugees increased by 148% to \$32 billion, accounting for 40% of total ODA towards "unspecified" recipients. For comparison, this figure is as high as 50% of total ODA disbursed to all least developed countries in 2022.

Figure 2. ODA to "unspecified" recipients is mainly used for asylum seekers and refugees in donor countries

ODA to developing countries by purpose in US\$ billion at constant 2021 prices



Source: UN GCRG based on OECD (Dec. 2023).

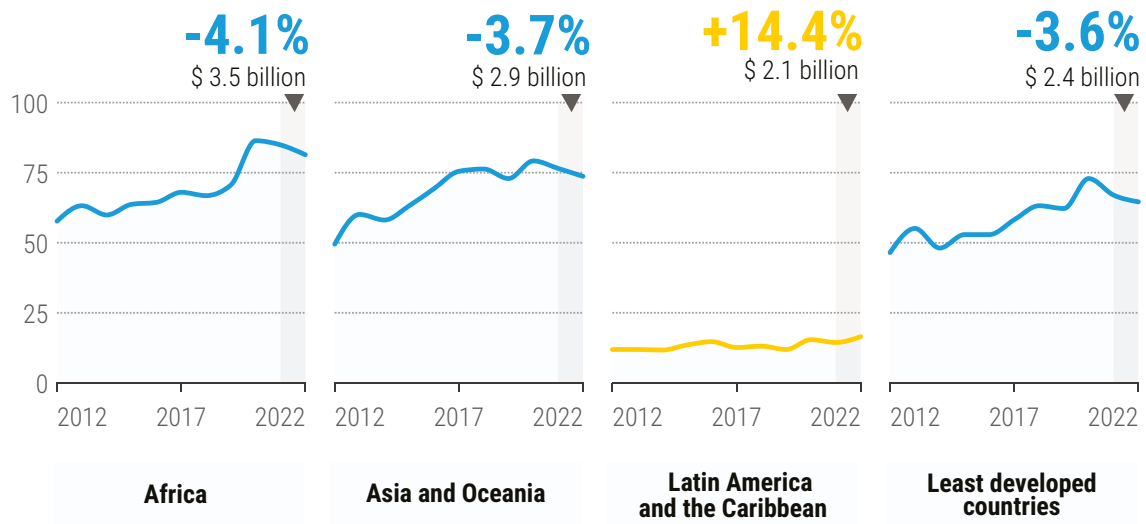
Note: Only the four biggest areas for ODA towards "unspecified" recipients are plotted.

⁷ Specific expenditures for asylum seekers and recognised refugees in donor countries are considered as a form of humanitarian assistance and thus can be reported as international aid flows for a maximum period of 12 months.

ODA for Africa, Asia and Oceania and least developed countries fell by more than 3.5% in 2022. Africa received \$81 billion in ODA, accounting for the biggest share of ODA to developing countries (47%), followed by Asia and Oceania (\$74 billion, 43%). For these two regions, ODA fell by 4.1% and 3.7% in 2022, respectively. Among developing regions, only Latin America and the Caribbean saw an increase of ODA (14.4%), though from a lower baseline (\$17 billion, 10%).

Figure 3. ODA fell for most developing regions

ODA towards developing regions in US\$ billion at constant 2021 prices

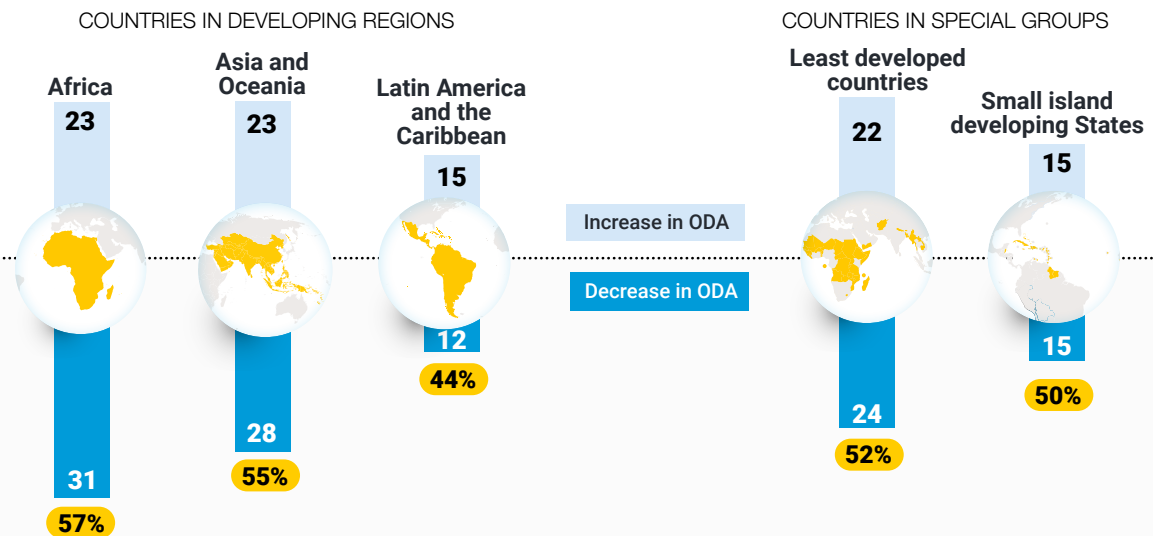


Source: UN GCRG based on OECD (Dec. 2023).

More than 70 developing countries, including 24 least developed countries and 15 small island developing states, experienced a decrease in ODA. Compared to the average in 2019-2021, 71 developing countries witnessed a decrease in ODA in 2022, while 61 countries (including some of the biggest recipients) recorded an increase in ODA.

Figure 4. The decline in ODA affected the majority of developing countries.

Number of countries for which ODA in 2022 increased or decreased compared to the period 2019-2021



Source: UN GCRG based on OECD (Dec. 2023).

Note: Calculations based on disbursements in 2022 in US\$ billion at constant 2021 prices compared to the average for the period 2019-2021. Not all small island developing states received ODA in recent years.

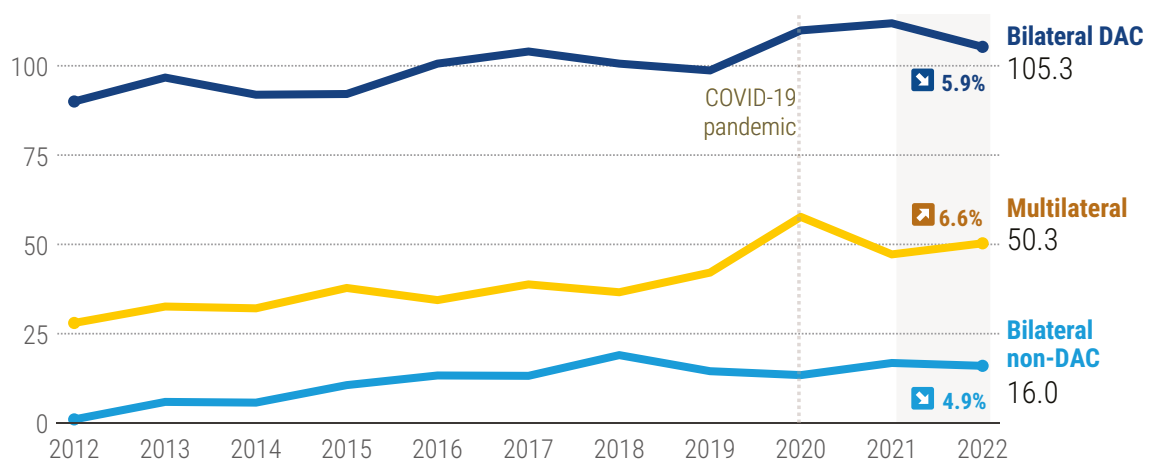
What are the three main shifts in ODA for developing regions?

2.1 Multilateral donors increased their support during crises, but bilateral donors still account for the largest share of ODA

Only multilateral donors increased their ODA towards developing countries. Between 2021 and 2022, ODA to developing regions decreased to \$105 billion from DAC members (-6%) and to \$16 billion from non-DAC countries (-5%). By contrast, ODA from multilateral donors increased by 7% to \$50 billion. Nevertheless, ODA to developing countries in 2022 exceeded its pre-pandemic level for all donor groups.

Figure 5. Only multilateral donors increased ODA to developing countries

ODA to developing regions by donor type in US\$ billion at constant 2021 prices

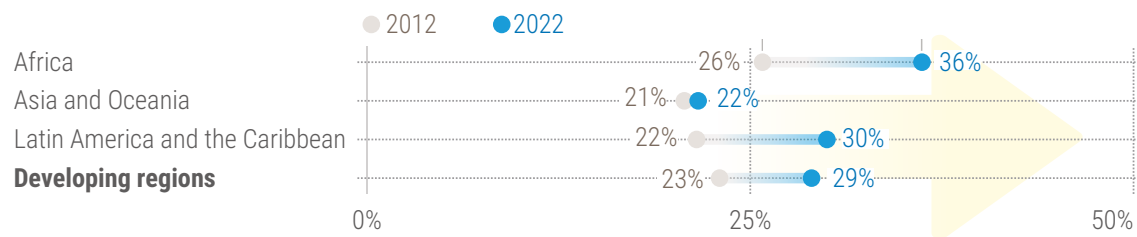


Source: UN GCRG based on OECD (Dec. 2023).

DAC members remain the biggest source of aid to developing countries, but their share is declining. In 2022, DAC members accounted for 61% of ODA to developing countries, compared to 76% in 2012. All regions experienced a decrease in the share of ODA from DAC members over the past decade. However, the share of ODA from multilaterals remained stable until the COVID-19 pandemic hit. Since then, their importance has increased significantly, especially for Africa, as well as Latin America and the Caribbean. Multilateral donors' share of ODA to developing countries increased from 23% to 29% between 2012 and 2022.

Figure 6. Multilateral donors' share in developing regions' ODA increased to 29%

Share in total ODA to developing regions between 2012 and 2022



Source: UN GCRG based on OECD (Dec. 2023).

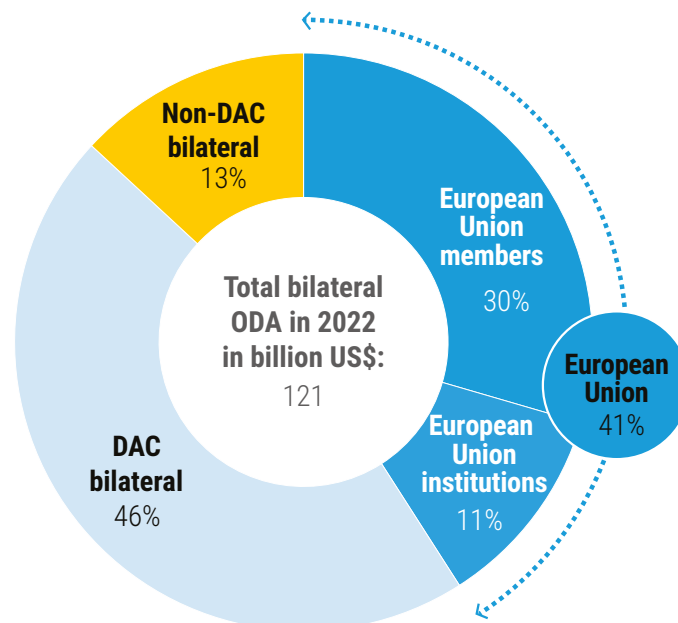
Note: Calculations based on ODA disbursements in US\$ billion at constant 2021 prices.

The European Union accounts for more than 40% of all bilateral ODA to developing countries.

In 2022, 30% of bilateral ODA were contributed by the 27 members of the European Union (EU). Together with the contributions of EU institutions, they represented almost half 41% of all ODA disbursed in 2022. All other DAC bilateral donors accounted for 46% and the remaining 13% of bilateral contributions did come from Non-DAC bilateral donors.

Figure 7. The European Union remains the biggest bilateral ODA donor for developing countries

It accounted for 41% of total bilateral ODA to developing countries in 2022



Source: UN GCRG based on OECD (Dec. 2023).

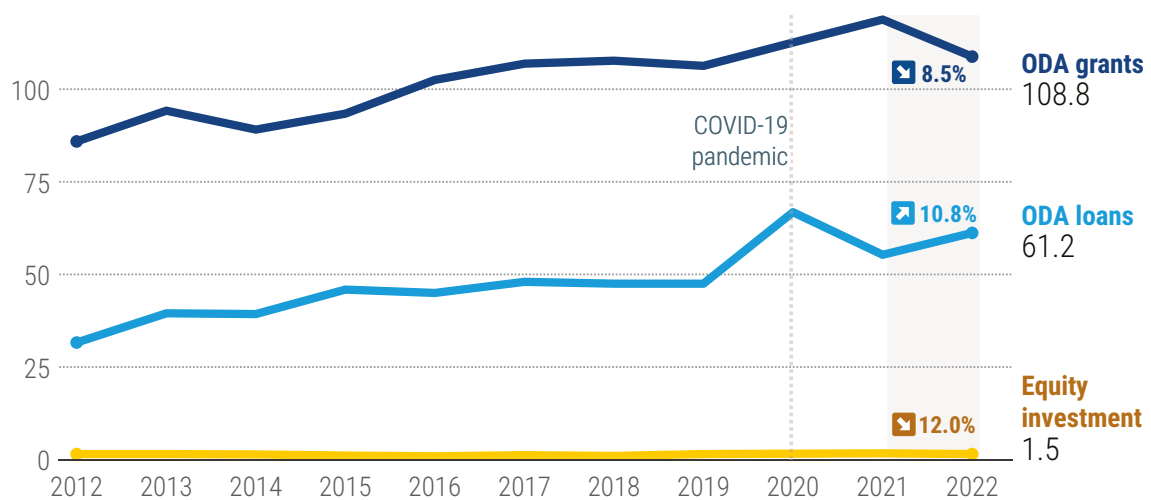
Note: DAC and Non-DAC bilateral donors excluding EU member States and institutions. Calculations based on ODA disbursements in US\$ billion at constant 2021 prices.

2.2. ODA shifts from grants to loans, increasing developing countries' debt burden

ODA is increasingly provided through concessional loans, rather than grants. Between 2021 and 2022, ODA grants to developing regions decreased by 8% to \$109 billion, while loans increased by 11% to \$61 billion, implying lower levels of concessionality of development assistance. Equity investment represents only a small share of the total and decreased by 12% to \$1.5 billion.

Figure 8. Trends in grants and loans diverged in 2022

ODA to developing regions by instrument in US\$ billion at constant 2021 prices



Source: UN GCRG based on OECD (Dec. 2023).

The share of grants in total ODA declined significantly. The share of ODA grants peaked in 2006 as a result of the sizeable debt relief granted under the Heavily Indebted Poor Countries initiative and the related Multilateral Debt Relief Initiative. Since then, it has been continuously falling. Over the decade 2012-2021, ODA grants represented on average 68% of the total. In 2022, their share dropped to 63%. This is the smallest share in two decades, with the exception of the first year of the COVID-19 pandemic (62%).

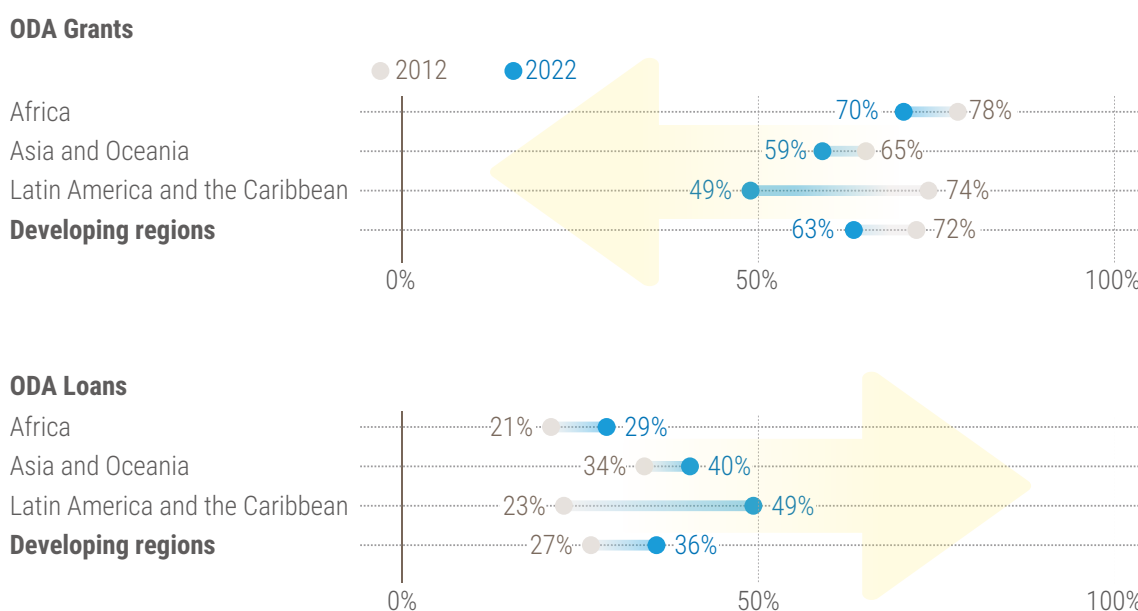
The shift towards loans is observable for every developing region. Over the past decade, the share of loans in total ODA more than doubled for Latin America and the Caribbean, to 49% in 2022. It also increased to 40% for Asia and Oceania and to 29% for Africa.

The trend was accelerated across all regions in 2022. Between 2021 and 2022, grants fell the most for Asia and Oceania (-12%), followed by Latin America and the Caribbean (-8%) and Africa (-6%). Loans grew the fastest in Latin America and the Caribbean (49%), followed by Asia and Oceania (12%) and Africa (1%). Latin America and the Caribbean is the only developing region where the rise in loans exceeded the decrease in grants, resulting in an overall increase in ODA inflows.

The growing share of loans in ODA raises concerns in times of widening debt distress and rising interest rates in international markets. The growing recourse to debt-creating ODA instruments comes at a time when many developing countries are still struggling to restore fiscal space after the COVID-19 pandemic and to cope with the effects of monetary tightening across the world. This worsens debt sustainability, especially for recipient countries that are at high risk or in debt distress.

Figure 9. ODA loans are outpacing ODA grants in all developing regions

Share of ODA by instrument and developing region, in 2012 and 2022



Source: UN GCRG based on OECD (Dec. 2023).

2.3 The need for crises responses puts pressure on sustainable development financing

Scarce ODA resources come under increasing pressure as cascading crises and the need for emergency responses compete with long-term development priorities. The sectoral and recipient breakdown of ODA flows bears evidence of these trade-offs, and related challenges have become increasingly visible over the last decade.

Social infrastructure and services remain by far the biggest component of ODA to developing countries. Since 2007, its share remained relatively stable at around 41%, even during the recent crises period 2020-2022. Between 2021 and 2022, it grew by 0.5% to a total of \$71 billion.

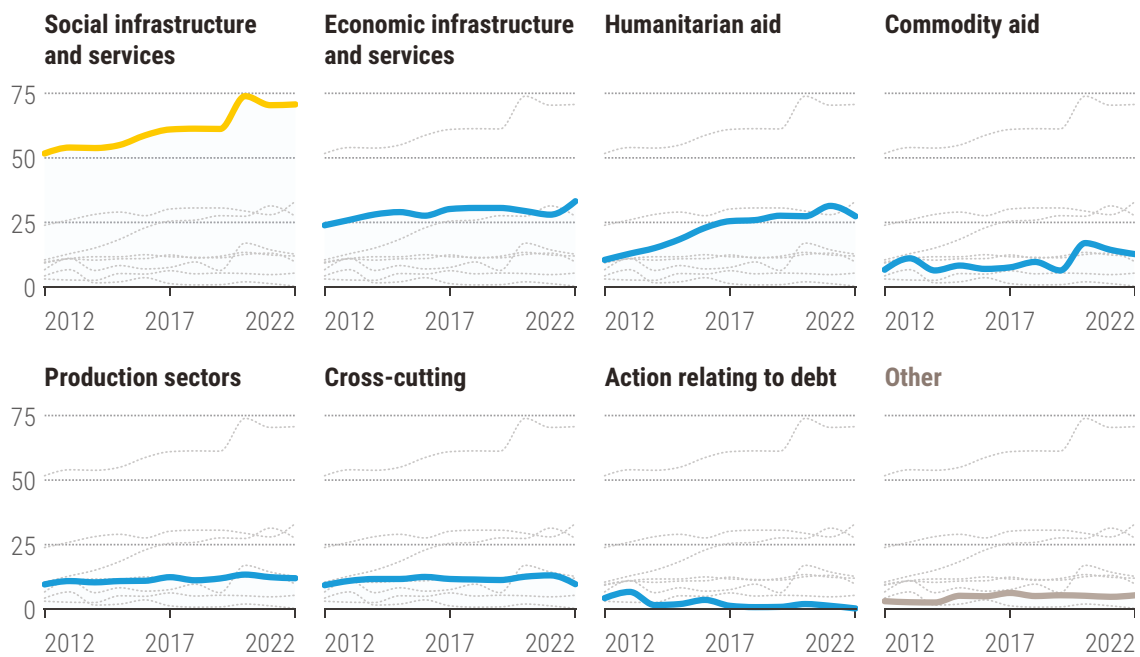
ODA for economic infrastructure recovered to its pre-COVID levels. The share of economic infrastructure and services in developing countries' ODA averaged 20% since 2012, except for the years 2020 and 2021, when it temporarily decreased. Between 2021 and 2022, it increased by 18% to \$33 billion, thereby regaining a share of 19%.

Humanitarian aid has been the fastest growing ODA item over the last decade. The share of humanitarian aid in total ODA to developing countries grew steadily from 9% in 2012 to its peak of 18% in 2021, representing the fastest growing item and for the first time replacing economic infrastructure as the second largest component of ODA spending. From 2021 to 2022 it fell by 12% but still represented the third largest area of ODA.

ODA funding for debt action has declined the most since 2012 and reached a historic low in 2022.⁸ ODA addressing debt of developing countries decreased from its peak of 48% of total ODA in 2006 down to its historical low point of a mere 0.2% in 2022. Between 2021 and 2022, it decreased from the already low level of \$1.3 billion to \$0.3 billion.

Figure 10. The bulk of ODA to developing countries is aimed at social infrastructure

ODA to developing countries by purpose in US\$ billion at constant 2021 prices



Source: UN GCRG based on OECD (Dec. 2023).

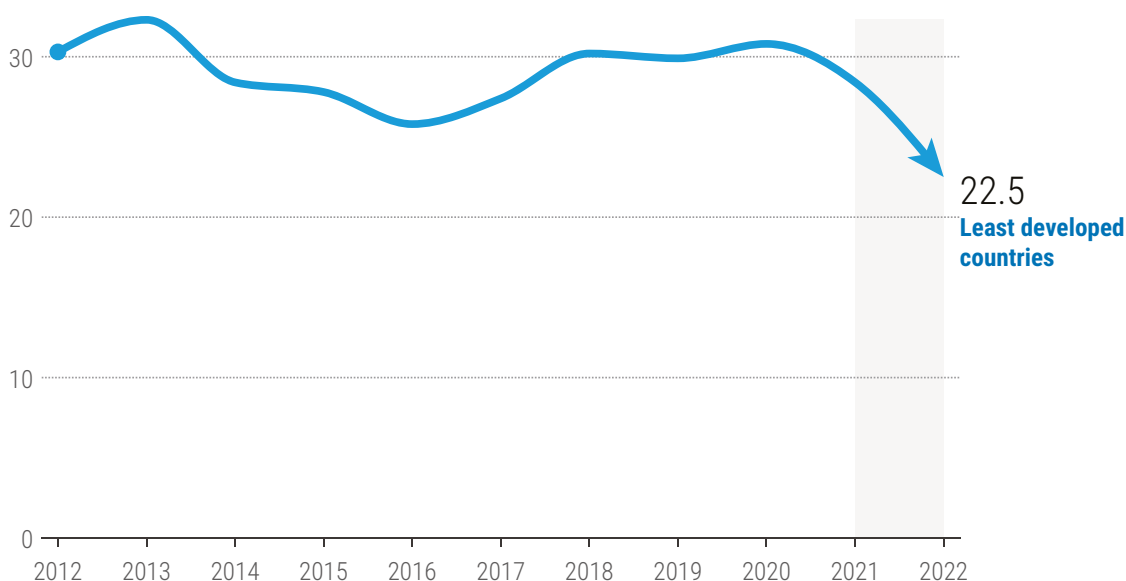
Note: The sectoral breakdown follows the OECD-DAC classification. “Other” includes ODA used for asylum seekers and refugees in donor countries, administrative costs, and unallocated or unspecified ODA.

The world’s poorest countries were not spared from the challenging aid landscape: in 2022, ODA to LDCs declined for the second year in a row, reaching \$65 billion at constant 2021 prices, equal to \$62 billion in current prices. In real terms, aid to LDCs experienced a 4% contraction in 2022, following the 8% drop of the previous year. This is a much stronger reduction than in other developing countries, where aid peaked in 2021 and fell by 2% the following year. As a result, the share of global ODA for LDCs decreased to 22% in 2022, the lowest share over a decade.

⁸ Action relating to debt encompasses a range of ODA purposes such as debt forgiveness, relief of multilateral debt, rescheduling and refinancing, debt for development swap, other debt swap and debt buy-back.

Figure 11. The share of ODA for LDCs decreased to the lowest level over a decade

Share of ODA at constant 2021 prices in %



Source: UN GCRG based on OECD (Dec. 2023).

Many of the sectoral patterns described above for all developing countries also apply to LDCs. ODA increased in only two sectors, namely social and economic infrastructure and services between 2021 and 2022 (3% and 20%, respectively). Aid for all other purposes remained unchanged or contracted, with very pronounced year-on-year declines in debt-related ODA (-88%) and commodity-related aid (-50%).

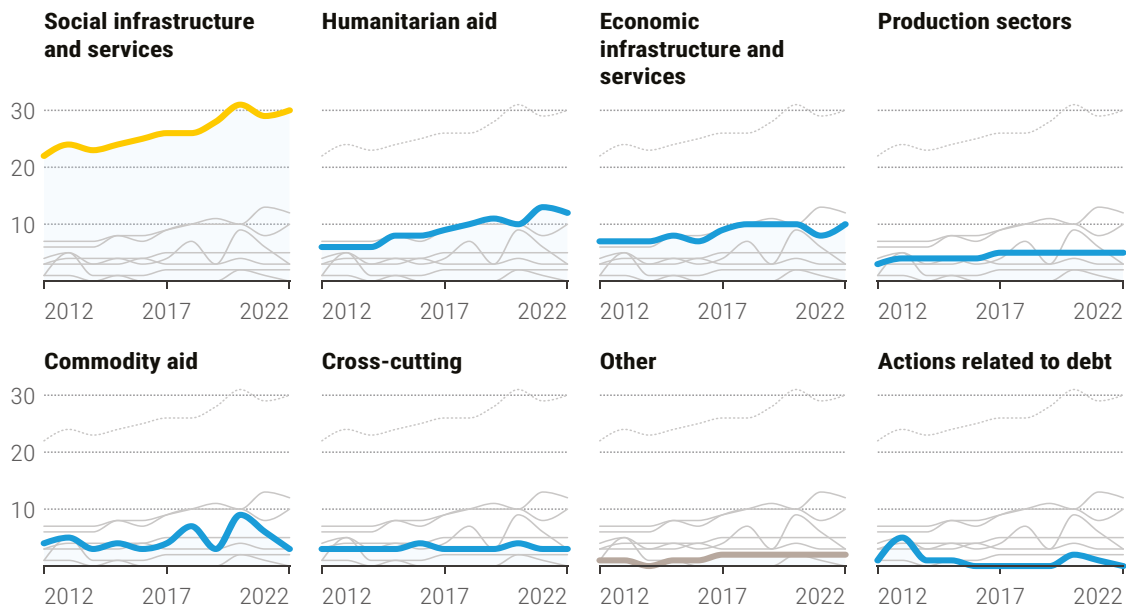
Social infrastructure and services increasingly dominate ODA to LDCs, accounting for a significantly larger proportion of total ODA than in non-LDC developing countries, 45% compared to 37%. Humanitarian aid has become the second-largest component of ODA in LDCs since 2019, having recorded an average growth rate of 8% per year during the 2012-2022 period.

Aid for economic infrastructure and services has rebounded to its pre-COVID-19 levels in 2022, while ODA to production sectors remained largely unchanged since 2020. In 2022, these two sectors, which are jointly referred to as Aid for Trade, received \$10 billion and \$5 billion, respectively, representing 16% and 8% of total ODA to LDCs. As such, they account for a significantly lower share of total ODA in LDCs than in non-LDC developing countries (on average 8 percentage points less, in the 2012-2022 period).

ODA for actions related to debt stands out as the sector witnessing the largest decline in the LDCs for the 2012-2022 period (-17% per year, on average). While sizeable debt-related assistance in 2020 and 2021 had temporarily reversed this long-term decline, the downward trend resumed in 2022, when debt-related ODA to LDCs reached its lowest level on record at \$130 million.

Figure 12. Nearly half of ODA to LDCs is devoted to social infrastructure

ODA to least developed countries by purpose in US\$ billion at constant 2021 prices



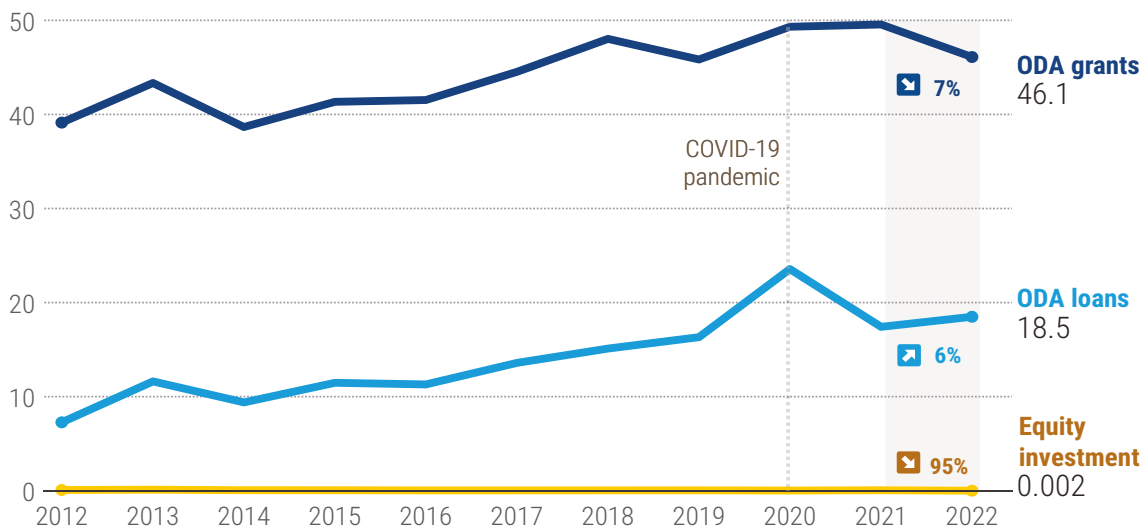
Source: UN GCRG based on OECD (Dec. 2023).

Note: The sectoral breakdown follows the OECD-DAC classification. "Other" includes ODA used for asylum seekers and refugees in donor countries, administrative costs, and unallocated or unspecified ODA.

At the same time, total ODA to LDCs has become more reliant on debt. In 2022, LDCs witnessed a deterioration in concessionality levels, as ODA grants decreased by 7% while loans increased by 6%. Meanwhile, equity investment continued to play a negligible role. Since the COVID-19 pandemic, ODA loans have accounted for nearly 30% of total ODA to LDCs, up from 21% a decade earlier. LDCs have not been spared from the progressive shift towards debt-creating ODA instruments experienced by non-LDC developing countries. This is particularly worrying for the world's poorest countries, at a time when their debt vulnerabilities have worsened.

Figure 13. In 2022, ODA to LDCs declined and shifted away from grants

ODA to least developed countries by instrument in US\$ billion at constant 2021 prices



Source: UN GCRG based on OECD (Dec. 2023).



In focus: food, energy and finance

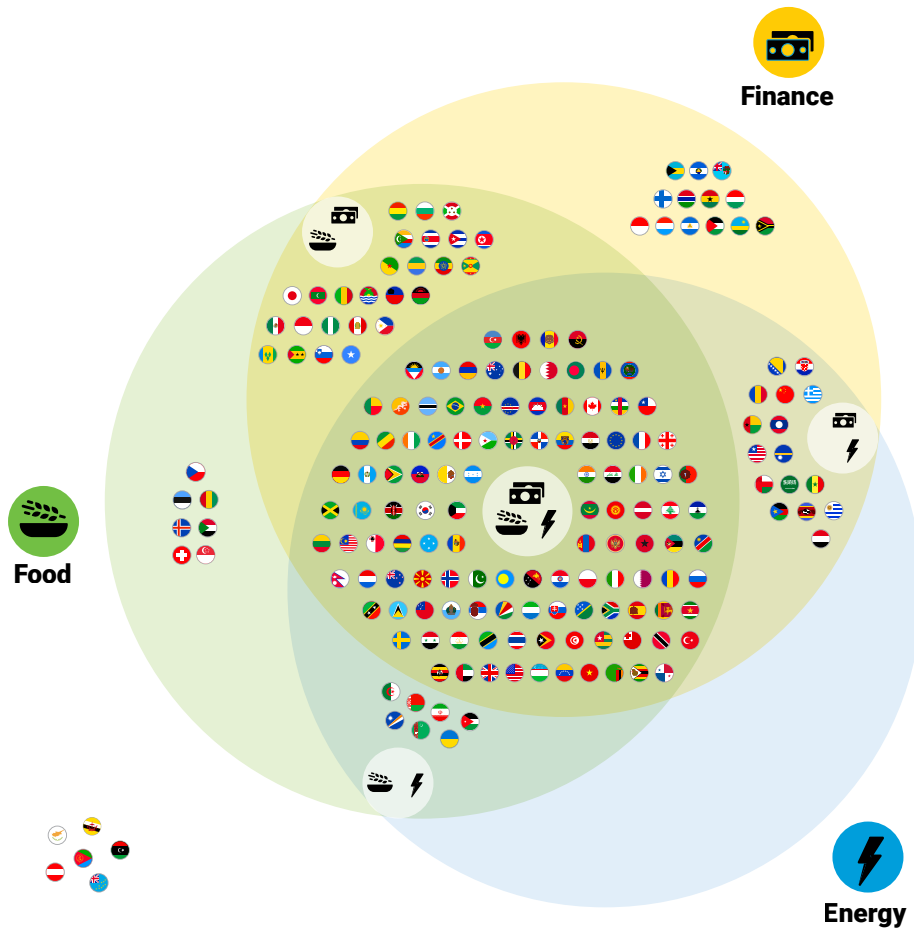
The UN Global Crisis Response Group has been focusing on the cost-of-living crisis transmitted through the channels of rising food and energy prices, and increasing debt burdens. Inflation, food insecurity, soaring energy and food prices, supply chain disruptions and tightening financial conditions are among the pressing challenges added to a world recovering from the COVID-19 pandemic and facing the threats of climate change and conflicts.

Food, energy and finance are priority concerns for leaders around the world. 97% of all the leaders who took the floor during the 78th Session of the UN General Assembly in 2023 highlighted issues related to at least one of these three areas, with most of them referring to all three.

Yet, aid to developing countries related to food, energy, and debt has stagnated since 2016. These areas jointly accounted for an average of 13% of total ODA during the last decade. But they decreased to 9% in 2022 despite their importance in the current context. They address the three main channels of transmission through which the war in Ukraine affects global sustainable development prospects.

Figure 13. 97 per cent of world leaders expressed concerns about food, energy or finance

Country speeches that include explicit references to issues related to food, energy and finance.



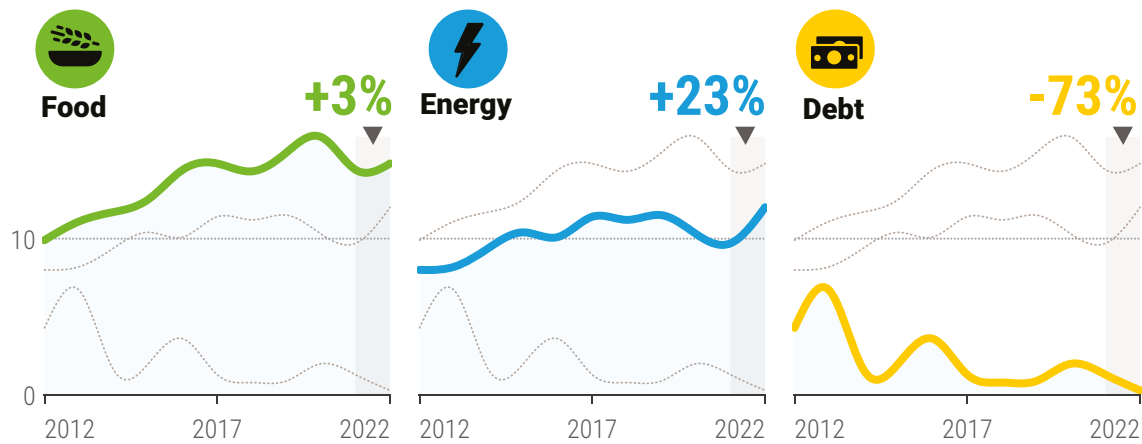
Source: UN GCRG based on 192 speeches of the General Debate at the 78th Session of the General Assembly, 19-23 and 26 September 2023.

In 2022, aid for food and agriculture reverted to its pre-COVID-19 level, while aid to energy sectors climbed to a record high, and ODA for debt-related purposes fell to its lowest value on record.

- ODA for food and agriculture grew significantly (7% per year) between 2012 and 2020. After tumbling in 2021, it reverted to its pre-COVID-19 level of roughly \$15 billion in 2022.
- ODA for energy sectors had also been on the rise in the pre-COVID phase, but at a slower pace (4% per year). The COVID-19 pandemic resulted in a two-year decline, as countries focused on more immediate priorities. Then in 2022, aid for energy purposes rebounded strongly, reaching a record of \$12 billion.
- In contrast, ODA for debt-related purposes had been on a downward trend for most of the decade, and the pick-up in 2020 was short-lived. In 2022, debt-related ODA barely reached \$0.3 billion, its historic low.

Figure 14. Aid for the energy sector at a record high, but for debt action at a historic low

ODA to developing countries by sector in US\$ billion at constant 2021 prices and changes between 2021 and 2022 in %



Source: UN GCRG based on OECD (Dec. 2023).

Aid for food, energy and debt issues is particularly important for LDCs. During 2020-2022, LDCs accounted for 39% of total ODA to developing countries, but for the areas of food, energy and debt, their share was 61%. This suggests that these areas are regarded as key priorities.

ODA support to food security has been steadily shifting towards food assistance. In developing countries, food assistance increased significantly during 2012-2020 (on average 9% per year) and accounted for as much as 55% of the total support for food security in 2022. In contrast, support for agricultural development expanded at a much slower pace.

ODA support for agricultural development, as well as for inputs, land and water, are back to the level of a decade ago. Support for agricultural services, including training and research, and for food production has witnessed an expansion over the past decade. However, in 2022, aid for agricultural development, inputs, land and water went back to the same levels as in 2012. This does not reflect priorities voiced by developing countries whose agricultural sector is exposed to the adverse impacts of climate change and faces huge investment needs for adaptation, especially in the LDCs. Indeed, at the last UN General Assembly, 95% of LDC leaders pointed to the challenges posed by climate change in their speeches and 43% of them highlighted the importance of adaptation.

Table 1. Food assistance absorbs the bulk of aid for food security

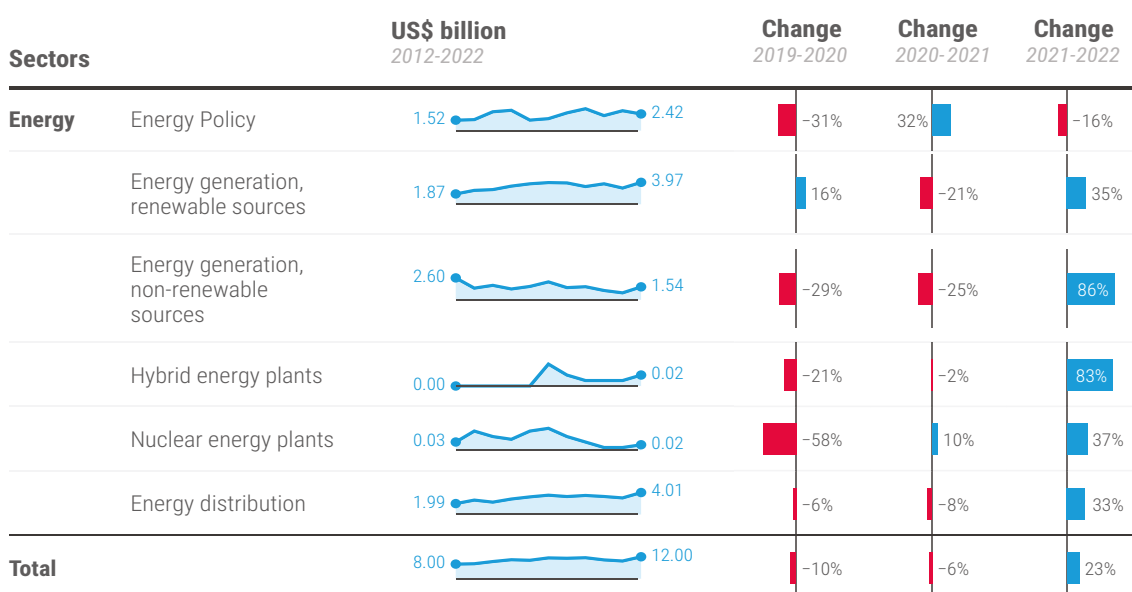
Sectors		US\$ billion 2012-2022	Change 2019-2020	Change 2020-2021	Change 2021-2022
Agriculture	Agricultural development	1.5 → 1.4	1%	-13%	0%
	Agricultural inputs, land, and water resources	1.3 → 1.3	-7%	-16%	3%
	Agricultural policy and administrative management	0.8 → 1.2	-10%	-3%	-9%
	Agricultural services (incl. training and research)	0.8 → 1.3	26%	-38%	14%
	Food production	0.9 → 1.2	15%	-2%	0%
Food assistance	Food assistance (incl. emergency)	4.6 → 8.1	7%	-11%	4%
	Food security and safety	0 → 0.3	82%	73%	7%
Total		9.9 → 14.8	6%	-13%	3%

Source: UN GCRG based on OECD (Dec. 2023). Disbursements at constant 2021 prices.

Support for renewables-based energy generation and energy distribution have emerged as the key focus of aid for energy sectors. Despite some contraction in the wake of the COVID-19 pandemic, these two subsectors account for over two thirds of the total aid to energy sectors in developing countries.

However, support for non-renewable energy generation experienced a strong rebound in 2022 (86%) after having declined between 2012 and 2021. This increase can be seen in the context of the renewed emphasis on energy security, as well as universal energy access and volatile global energy markets.

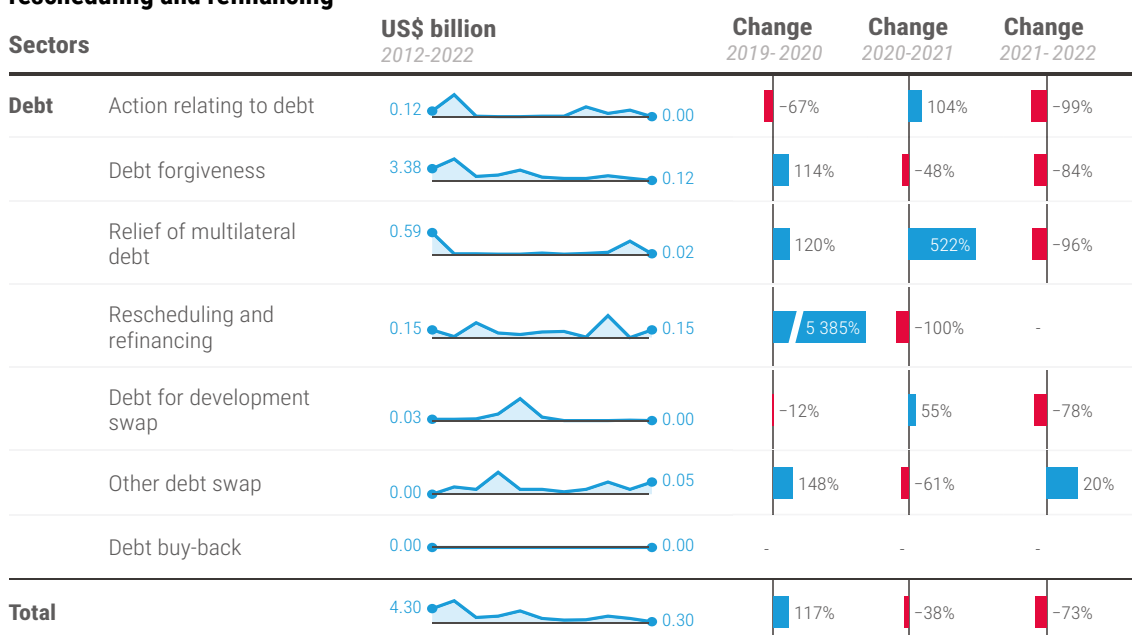
Table 2. ODA to the energy sector rebounded in 2022, also for non-renewable energy sources



Source: UN GCRG based on OECD (Dec. 2023). Disbursements at constant 2021 prices.

For the first time, debt forgiveness fell behind rescheduling and refinancing. In 2022, ODA for actions related to debt did not only contract to a historic low, but for the first time, ODA for debt forgiveness (\$120 million) was lower than ODA for rescheduling and refinancing (\$150 million). Developing countries may further struggle with tackling mounting debt vulnerabilities and risk further squeezing of development spending.

Table 3. Debt-related ODA plummeted to their lowest level on record, with a strong focus on rescheduling and refinancing



Source: UN GCRG based on OECD (Dec. 2023). Disbursements at constant 2021 prices.



Conclusion

As multiple crises increase development and humanitarian needs, renewing the efforts to meet the 0.7% ODA target is crucial. In 2022, global ODA flows reached a historic high, however, if all DAC donors had met the SDG 17.2 target, additional \$143 billion could have been available. As governments grapple with multiple development challenges and with the new emergencies, scaling up ODA in line with SDG commitments would make a difference. This is especially the case for the world's poorest countries, which face escalating sustainable development needs and lack alternative sources of finance.

Moreover, three major shifts in ODA that accelerated in 2022, may hinder sustainable development. In 2022, aid declined towards most developing regions, particularly least developed countries. Decreasing grants and increasing loans coupled with diminishing action relating to debt magnify developing countries' debt burden. Scarce ODA resources come under increasing pressure as cascading crises compete with long-term development priorities.

Strengthening the effectiveness of ODA is critical to strike a better balance between responding to crises and investing in sustainable development. In times of unprecedented needs, we cannot afford to lose sight of our collective "[plan of action for people, planet and prosperity](#)".

Annex

This report analyses ODA data released in December 2023 in the Creditor Reporting System maintained by Development Assistance Committee (DAC) of the Organisation for Economic Co-operation and Development (OECD).

All ODA data presented refer to gross disbursements, rather than commitments. Figures are presented in US\$ billion at constant 2021 prices, if not explicitly indicated differently, to allow for comparability across regions and time. Countries are classified by region and development status according to the [UN M49 standard](#).

The scope of ODA figures follows the OECD-DAC standards in relation to both the definition of ODA and the coverage of development partners reporting their development assistance. Data include ODA flows in the forms of grants, loans and equity investments reported to the OECD-DAC by DAC and non-DAC bilateral and multilateral donors. Hence, many development partners that do not report to the OECD-DAC (e.g. China and India) are not covered in the analysis. Since the focus is on ODA flows, the report does not cover private flows nor other official flows.

Unless otherwise specified, in order to have consistent series for at least a decade, the cash flow methodology to compute ODA has been preferred to the [grant equivalent methodology](#), which underpins OECD's headline figures but is only available from 2018. According to the cash flow methodology, ODA refers to flows (i) provided by official agencies, including state and local governments, or by their executive agencies; (ii) administered with the main objective of promoting the economic development and welfare of developing countries; and (iii) concessional in character, with a grant element of at least 25% (calculated at a rate of discount of 10%).

DAC members as of December 2023:

Austria, Australia, Belgium, Canada, Czechia, Denmark, Estonia, EU Institutions, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Japan, Korea, Lithuania, Luxembourg, Netherlands, New Zealand, Norway, Poland, Portugal, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, United Kingdom, United States.

Non-DAC donors:

Algeria, Azerbaijan, Bulgaria, Taiwan Province of China, Croatia, Cyprus, Iraq, Israel, Kazakhstan, Kuwait, Latvia, Libya, Liechtenstein, Malta, Mexico, Monaco, Qatar, Romania, Russia, Saudi Arabia, Thailand, Timor-Leste, Türkiye, United Arab Emirates.



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