



OUTLOOK ON AID

SURVEY ON DONORS' FORWARD SPENDING PLANS 2013-2016

PARIS 3 APRIL 2013 - The OECD has just completed its sixth comprehensive DAC Survey on Donors' Forward Spending Plans, providing an indication of collective forward aid programming for all DAC members, as well as major non-DAC and multilateral donors, past the MDG target year of 2016. The survey tracks future aid receipts by developing countries, measured in terms of Country Programmable Aid (CPA)¹. For the first time the survey also collected information from major non-DAC donors, including Czech Republic, Kuwait, Poland, Turkey and the United Arab Emirates.

Aid levels dropped in 2012...

Overall, CPA projections are relatively good predictors for future ODA; over the past five years, DAC members CPA has amounted to around 57% of gross bilateral ODA. Nonetheless, the survey only provides indicative information about the level of ambition of future spending to developing countries; some variations can result from the nature of multi-year planning and unexpected delays in aid programme implementation. As observed, the financial and economic crisis, which has affected the level of ambitions of some key donors, combined with unforeseen events, such as the Arab Spring and the un-rest in the Sahel region, have also led to readjustments and important reprogramming of aid resources.

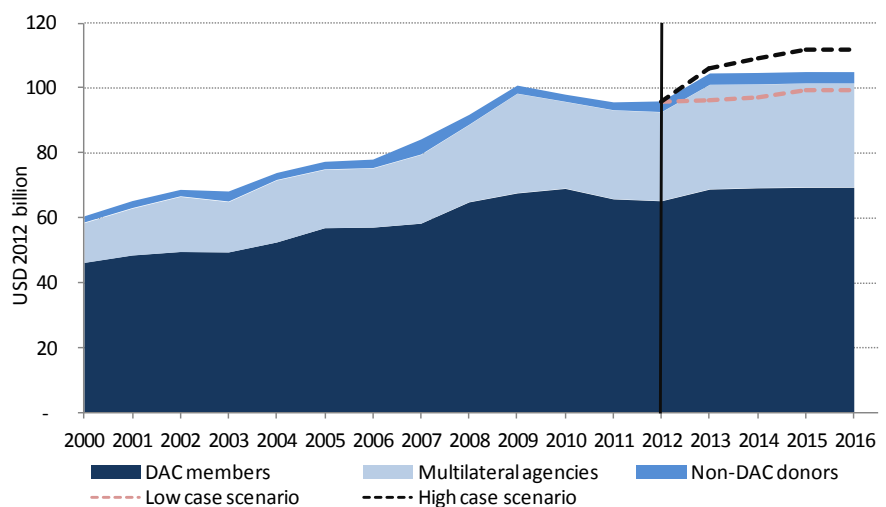
The provisional CPA spending figures for 2012 collected through the survey confirm an overall decline in DAC ODA. 2012 CPA for DAC members and multilateral agencies is estimated at USD 92.2 billion, a decline of 1% in real terms from 2011. However, increased efforts by non-DAC donors of nearly USD 1 billion in 2012, corresponding to +36% over 2011, counter the DAC decline.

... but are expected to bounce back in 2013

In 2013 global CPA is projected to bounce back with a 9% increase, mainly resulting from the planned increases of a few larger bilateral development providers (Australia, Germany, Italy, Switzerland and the United Kingdom) and soft loans from multilateral agencies (such as IDA and IFAD).

Looking beyond 2013, global CPA is expected to stagnate over 2014-2016; nonetheless, this may reflect the uncertainty of the current economic environment.

Actual and projected CPA volume 2000-2016



¹ Country Programmable Aid (CPA), also known as "core" aid, is the portion of aid donors programme for individual countries, and over which partner countries could have a significant say. CPA is much closer than ODA to capturing the flows of aid that goes to the partner country, and has been proven in several studies to be a good proxy of aid recorded at country level. Read more on CPA at: <http://www.oecd.org/dac/aid-architecture/cpa.htm>



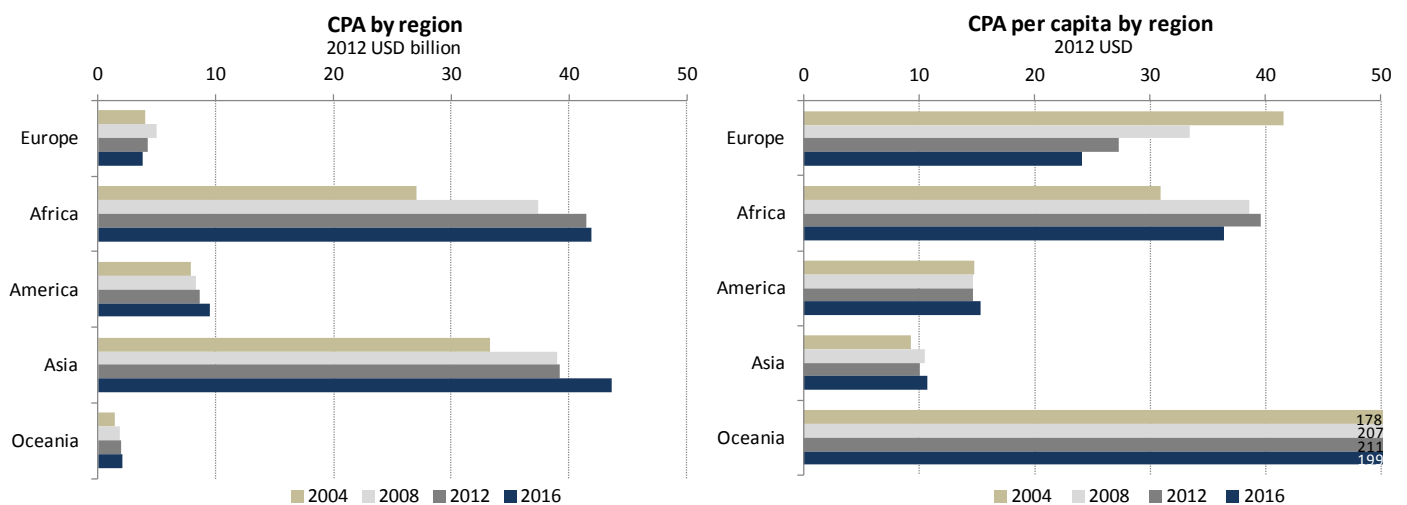
Analyses of development providers' earlier submissions to the Survey present two scenarios going forward: a "high" scenario, where the crisis dampens and aid volumes continue to rise; and a "low" scenario, with a longer period of stagnation where the focus will be on maintaining current aid levels.

BUT, no additional money for the poorest countries

It is important to note, above and beyond overall levels, that on a country by country basis, CPA is not being programmed to where it is most needed. The major increases in CPA are projected for middle-income countries in the Far East and South and Central Asia, primarily China, India, Indonesia, Pakistan, Sri Lanka, Uzbekistan and Vietnam. It is most likely that the increased programming towards those countries will be in the form of bilateral and multilateral soft loans.

The survey suggests a slight increase in aid to Africa; however, this mainly results from increased funding to countries in Northern Africa and large recipients such as Kenya and Nigeria.

For the countries that experience the largest MDG gaps and poverty levels, the survey reveals a significant reduction in programmed aid, amounting to nearly half a billion dollars. This primarily affects countries in sub Saharan Africa, such as Burundi, Chad, Madagascar, Malawi and Niger, which are also identified as potentially under-aided countries. It is fundamental that the international community sustain funding to countries where concessional resources represent an important share of their overall development finance resources.



The OECD received permission from most of its reporting countries and agencies to publish previously confidential information on country-level forward spending plans for the first time in 2012. As part of its transparency efforts, the OECD will continue to publish this country level data as agreed by individual donors.

For more information: please visit www.oecd.org/dac/aidoutlook or contact: dac.contact@oecd.org