2016 Global aid prospects and projections: from words to action

The annual DAC Survey on Forward Spending Plans is the only global process that projects future aid receipts up to 2019 by developing countries. **The latest spending plans of the bilateral and multilateral providers of development co-operation reveal a shift in aid allocations towards the poorest and most fragile countries.**

This result shows that the strong commitments undertaken at the 2014 DAC High Level Meeting (HLM) and at the Third International Conference on Financing for Development in 2015 are being translated into new policies, strategies and programming.

A sharp increase in CPA to LDCs and fragile states is expected

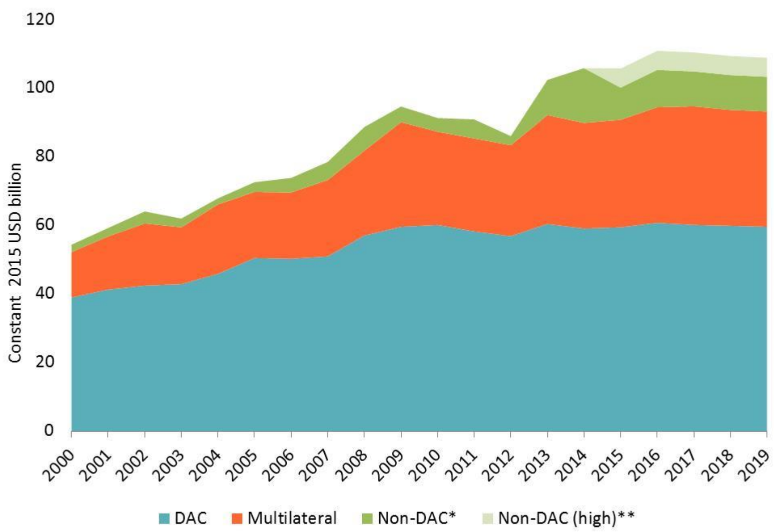
Preliminary results from the 2016 DAC Survey on Forward Spending Plans indicate stable levels of programmed aid in 2015, measured by country programmable aid (CPA)[1], which amounted to USD 96.4 billion in 2015[2].

CPA to least-developed countries (LDCs) and other low-income countries (other LICs) increased by 3% in real terms to USD 39.8 billion in 2015 compared to 2014. It decreased by 2% to lower middle-income countries (LMICs) and upper middle-income countries (UMICs). This was mainly due to lower levels of concessional loans to countries such as Mexico, Morocco, and Vietnam.

Survey results suggest a large increase in 2016 of global CPA of USD 5.2 billion (constant 2015 prices) from both bilateral and multilateral providers. This increase will benefit countries across all income groups, but primarily to LDCs and fragile states, where an increase of 6% in real terms has been registered due to higher disbursements by multilateral agencies. Overall CPA to LMICs and UMICs is also expected to increase, albeit at a slower pace (3% for LMICs and 4% for UMICs) and with large fluctuations across countries due to volatility in aid receipts linked to concessional loans.

Figure 1: CPA by type of provider

(preliminary data for 2015 and projections 2016-2019)



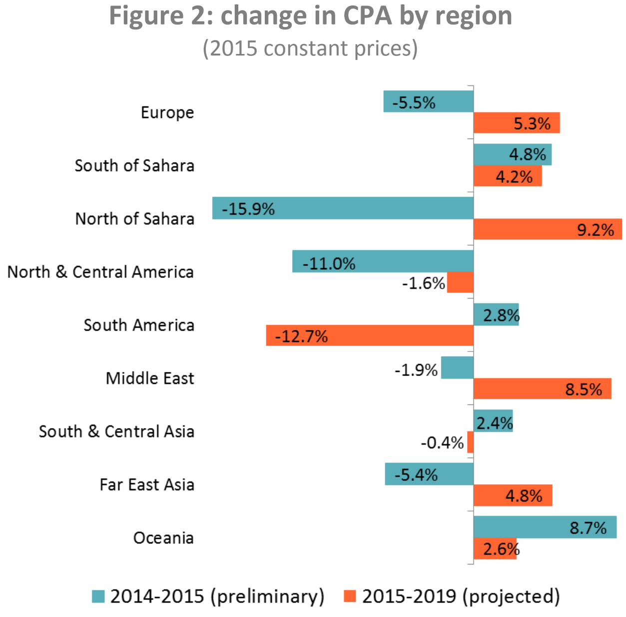
* Projected amount for Saudi Arabia using 3-year average

** Projected amount for Saudi Arabia using 2014 ODA.

Source: OECD DAC statistics

[1] Country Programmable Aid (CPA), also known as “core” aid, is the portion of aid providers can 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/financing-sustainable-development/cpa.htm

[2] This figure does not take into account any CPA extended by Saudi Arabia.



Source: OECD DAC statistics

Geographical distribution

CPA to sub-Saharan Africa grew by 5% (USD 1.7 billion) in 2015 with increases from both bilateral and multilateral sources. The largest volume increases in CPA in 2015 occurred for South Sudan and Ebola-affected Liberia and Sierra Leone. These increases were mainly driven by additional grants from DAC members and concessional loans from multilateral development banks.

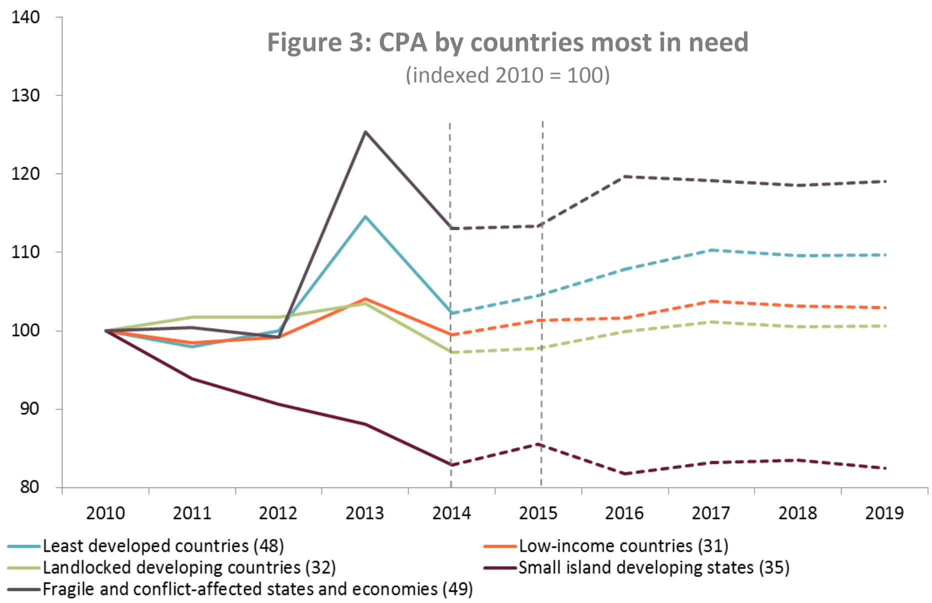
Falling financial support to Egypt and Morocco resulted in a sharp drop in CPA to North Africa in 2015, however part of this decline is expected to be reversed over the medium-term. CPA to Oceania rose in 2015 due to additional support to Papua New Guinea and the Solomon Islands: future increases are expected to be marginal. CPA flows decreased for countries in the Americas, a trend which is projected to continue over the medium-term.

The largest increases going forward can be expected for populous countries both in Asia (such as Bangladesh, China and Myanmar) and in sub-Saharan Africa (such as Ethiopia and Nigeria).

A continuing upward trend in CPA to LDCs is foreseen over the medium-term

Global CPA is projected to remain stable up to 2019 with a continued upward trajectory for LDCs, in line with DAC members' recent commitments to allocate more of total ODA to countries most in need. This trend confirms a recent DAC study which suggested that most DAC members are in the process of re-focusing their allocations in accordance with their international agreements to improve the targeting of ODA to countries most in need[3].

The Survey projects declining levels of CPA for some individual LDCs between 2016 and 2019, such as Guinea and Niger, two countries repeatedly identified as aid orphans by an OECD study[4]. Aid is also expected to rise, although at a slower pace than for LDCs, to other countries most in need, such as other low-income countries, fragile and conflict-affected states and economies, landlocked developing countries and small island developing states.



Source: OECD DAC statistics

The medium-term projections show a positive trend in CPA towards some of the poorest and most fragile countries, an encouraging development in view of the challenges of the 2030 Agenda. For more information and detailed survey data on providers' latest spending plans disaggregated by country and provider, see http://www.oecd.org/dac/financing-sustainable-development/global-aid-prospects-and-projections.htm

[3] A summary of DAC members' progress towards improved targeting of ODA is accessible at http://www.oecd.org/dac/financing-sustainable-development/countries-most-in-needs.htm

[4] For more information on OECD's study on aid orphans, see http://www.oecd.org/dac/financing-sustainable-development/fragmentation-orphans.htm