



OUTLOOK ON AID

SURVEY ON DONORS' FORWARD SPENDING PLANS 2012-2015

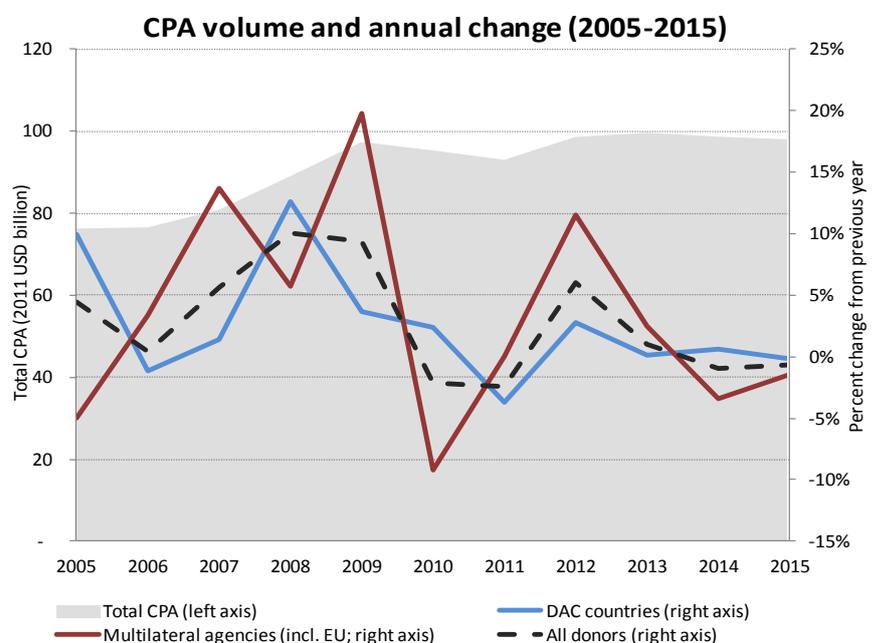
Global aid allocations constantly evolve. The annual OECD-DAC Survey on Donors' Forward Spending Plans reduces some of the uncertainty around planned aid by bringing together the forward aid spending plans – for up to three years – of DAC members and the largest 23 multilateral agencies. This is the only regular, global process of its kind.

Country Programmable Aid (CPA)¹ is a core subset of ODA over which recipient countries could have significant say. By tracking donors' plans for CPA, the Survey helps to identify gaps in forward aid allocations and opportunities for improving them. Since its development in 2007, CPA has repeatedly been proven to be a good proxy for determining the overall flows expected to appear in country aid information systems, and thus can be useful to recipient countries.

Preliminary findings of the 2012-2015 Survey on Donors' Forward Spending Plans

The 2012-2015 Survey provides a preliminary indication of the collective forward programming of bilateral and major multilateral donors up to the MDG milestone year of 2015.

Global CPA in 2011 is estimated at USD 93.1 billion, representing a decline of 2.4% compared to 2010; this decline, which results from unexpected budget cuts, contrasts with the projected increase for 2011 that had been programmed last year. In real terms, the decline represents nearly USD 2.3 billion; it mainly affects countries in Central America, as well as some large aid recipients in East Asia (e.g. Indonesia and the Philippines).



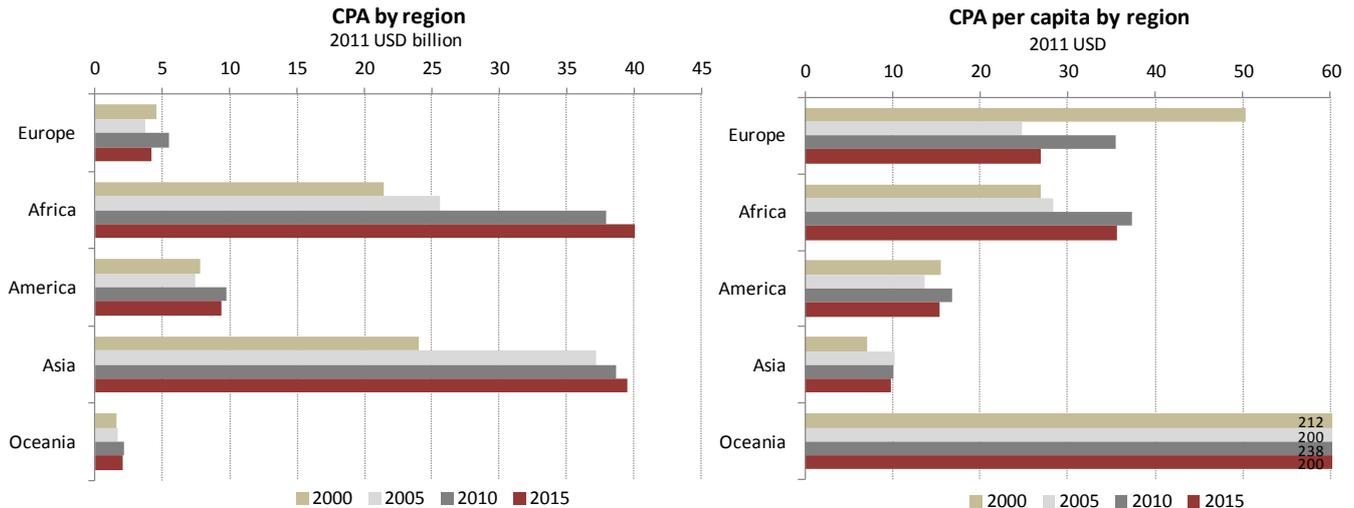
The decline in CPA between 2010 and 2011 constitutes a reversal of previous trends and of the initial increases agreed at the onset of the financial crisis to reduce the effect of the downturn on developing countries.

Preliminary findings from the 2012-2015 Survey indicate that global CPA could recover in 2012, with an estimated 6% programmed increase in real terms. However, this is mainly due to expected increases in soft loans from multilateral agencies (outflows), reflecting delayed effects of earlier replenishments of their capital. From 2013, global CPA is expected to stagnate, confirming earlier findings that it takes several years from the onset of a recession for the full impact on aid flows to be felt.²

The expected slow-down from 2013 masks regional disparities, with CPA to countries in Latin America continuing to decrease while CPA to the populous South and Central Asian countries (e.g. Bangladesh, Myanmar and Nepal) increases. For Africa, the Survey indicates few changes in CPA, although recent events in Sahel and North Africa may result in some reprogramming of donor efforts.

¹ CPA is a core subset of ODA and excludes non-programmable items such as humanitarian aid, debt relief, and in-donor costs like administration costs and refugees in donor countries. Over the past five years, CPA has corresponded to roughly half of DAC donors' gross bilateral ODA. For more details on CPA see: <http://www.oecd.org/dac/cpa>

² See Development Co-operation Report 1996, page 95.

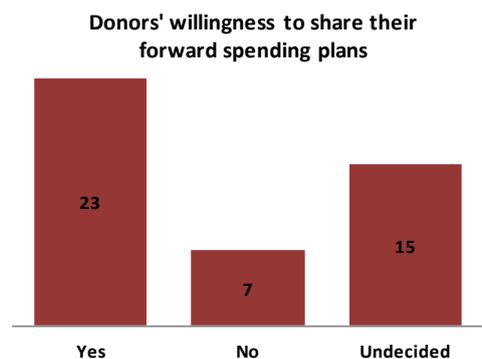


In general, additional aid is likely to be outpaced by population increases, lowering CPA per capita back to pre-crisis levels (2005) in all regions except Africa. For countries in fragile situations (46 in 2011), the Survey projects little change in total CPA, with the largest increases expected for DR Congo and Kenya, and the largest drops expected for Haiti and Afghanistan.

Is improved transparency and predictability of aid within reach?

Since the Paris Declaration was agreed in 2005, lack of transparency and predictability concerning planned aid flows have been recognised as major bottlenecks to making aid more effective. In Accra (2008) and Busan (2011), donors promised to step up their efforts to address these challenges.³ Nonetheless, since the first Survey in 2007, one of the basic conditions established has been to keep confidential the information collected on individual donor programming by recipient country. A recent study⁴ shows that removing the confidentiality requirement could support country-level dialogue on donors' intentions and thereby contribute to improved aid coordination across donors. Nonetheless, the confidentiality agreement has not yet been overridden.

The 2012 Survey asked donors if they were willing to make their forward spending plans publicly available, with a clear indication that the information is indicative and subject to change. The survey results show that most donors are willing to make their plans available. Nonetheless, at this stage seven donors still do not agree to this. A few indicated that this is because of uncertainties about future budgeting resulting from ongoing aid reviews; others reported that their own channels of communication are sufficient to ensure predictability and transparency on planned aid.



The final 2012 Survey results will be available in June 2012, following the next DAC Technical Meeting for Aid Financing and Allocation Specialists. It will include, for the first time, detailed programming information for those countries that have agreed to make these data available. The results are expected to shape donor headquarter-level discussions on future aid allocations.

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

³ Busan Partnership for Effective Development Cooperation paragraph 24: We will also work to make development co-operation more predictable in its nature. Those of us who committed, through the Accra Agenda for Action, to improve medium-term predictability will implement fully our commitments in this area, introducing reforms where needed. By 2013, they will provide available, regular, timely rolling three- to five-year indicative forward expenditure and/or implementation plans as agreed in Accra to all developing countries with which they co-operate. Other actors will aim to provide developing countries with timely and relevant information on their intentions with regards to future co-operation over the medium term.

⁴ See 2011 OECD Report on Aid Predictability: Survey on Donors' Forward Spending Plans 2011 – 2013 (www.oecd.org/dac/scalingup).