

Aid to poor countries slips further as governments tighten budgets

03/04/2013 - Development aid fell by 4% in real terms in 2012, following a 2% fall in 2011. The continuing financial crisis and euro zone turmoil has led several governments to tighten their budgets, which has had a direct impact on development aid. There is also a noticeable shift in aid allocations away from the poorest countries and towards middle-income countries. However, on the basis of the DAC Survey on Donors' Forward Spending Plans, a moderate recovery in aid levels is expected in 2013.

OECD Secretary-General Angel Gurría expressed concern over this trend. "It is worrying that budgetary duress in our member countries has led to a second successive fall in total aid, but I take heart from the fact that, in spite of the crisis, nine countries still managed to increase their aid. As we approach the 2015 deadline for achieving the Millennium Development Goals, I hope that the trend in aid away from the poorest countries will be reversed. This is essential if aid is to play its part in helping achieve the Goals."

Key aid totals in 2012

In 2012, members of the Development Assistance Committee (DAC) of the OECD provided USD 125.6 billion in net official development assistance (ODA), representing 0.29 per cent of their combined gross national income (GNI), a -4.0% drop in real terms compared to 2011 (see Table 1 and Chart 1*).

Since 2010, the year it reached its peak, ODA has fallen by -6.0% in real terms. Excluding 2007, which saw the end of exceptional debt relief operations, the fall in 2012 is the largest since 1997. This is also the first time since 1996-97 that aid has fallen in two successive years.

The financial crisis and euro zone turmoil led many governments to implement austerity measures and reduce their aid budgets. However, despite the current fiscal pressures, some countries have maintained or increased their ODA budgets in order to reach the targets they have set.

The new DAC Chair, Erik Solheim, observed that the DAC would continue to encourage its members to live up to their commitments. "I welcome the efforts of those nine DAC members that increased their aid in 2012, and urge others to increase their aid as soon as their budget circumstances allow", said Mr Solheim. "Maintaining aid levels is not impossible even in today's fiscal climate. The UK's 2013-14 budget increases its aid to 0.7% of national income, which gives hope that we can reverse the falling trend."

Shifting aid allocations

Data for 2012 show that although total net ODA fell, aid for core bilateral projects and programmes (i.e. excluding debt relief grants and humanitarian aid) rose by +2.0% in real terms; by contrast core contributions to multilateral institutions fell by -7.1% (see Chart 2*).

Bilateral aid to sub-Saharan Africa was USD 26.2 billion, representing a fall of -7.9 % in real terms compared to 2011. Aid to the African continent fell by -9.9% to USD 28.9 billion, following exceptional support to some countries in North Africa after the “Arab Spring” in 2011.

Bilateral net ODA to the group of Least Developed Countries (LDCs) also fell by -12.8% in real terms to about USD 26 billion.

Donor performance

The largest donors, by volume, were the United States, the United Kingdom, Germany, France and Japan. Denmark, Luxembourg, the Netherlands, Norway and Sweden continued to exceed the United Nations’ ODA target of 0.7% of GNI. Net ODA rose in real terms in nine countries, with the largest increases recorded in Australia, Austria, Iceland (which joined the DAC in 2013), Korea and Luxembourg. By contrast net ODA fell in fifteen countries, with the largest cuts recorded in Spain, Italy, Greece and Portugal, the countries most affected by the euro zone crisis.

The G7 countries provided 70% of total net DAC ODA in 2012, and the DAC-EU countries 51%.

The United States continued to be the largest donor by volume with net ODA flows amounting to USD 30.5 billion in 2012, representing a fall of -2.8% in real terms compared to 2011. US ODA as a share of GNI also fell from 0.20% in 2011 to 0.19% in 2012. The fall was mainly due to a reduction in bilateral net debt relief from USD 1.1 billion in 2011 to USD 56.3 million in 2012. However, US contributions to international organisations reached a historic high of USD 4.9 billion (+30.0% in real terms compared to 2011). In 2012, US bilateral aid to sub-Saharan Africa fell to USD 8.8 billion (-4.5% in real terms compared to 2011); however, excluding debt relief it rose by +7.2%.

ODA from the fifteen EU countries that are DAC members was USD 63.7 billion in 2012, representing a fall of -7.4% compared to 2011. As a share of their combined GNI, ODA fell from 0.44% in 2011 to 0.42% in 2012. ODA rose or fell in DAC EU countries as follows:

- Austria (+6.1%): due to debt relief operations with sub-Saharan Africa;
- Belgium (-13.0%): reflecting overall cuts in its aid budget;
- Denmark (-1.8%): reflecting a reduction in bilateral grants;
- Finland (-0.4%);
- France (-1.6%)[1];
- Germany (-0.7%): due to reduced contributions to multilateral institutions;
- Greece (-17.0%): due to austerity measures;
- Ireland (-5.8%): due to fiscal constraints leading to cuts in its aid budget;
- Italy (-34.7%): due to lower levels of aid to refugees arriving from North Africa and reduced debt relief grants compared to 2011; however, the Italian government has made a firm commitment to increase ODA allocations in order to reach 0.15-0.16% of GNI in 2013;
- Luxembourg (+9.8%): reflecting an increase in bilateral grants;
- Netherlands (-6.6%): due to overall cuts in its aid budget;
- Portugal (-13.1%): due to the unprecedented financial constraints leading to cuts in its budget;
- Spain (-49.7%): due to the financial crisis;
- Sweden (-3.4%): due to reduced capital subscriptions to international organisations, although cash disbursements to these organisations increased;
- United Kingdom (-2.2%): reflecting firm budget allocations were put into place to ensure that the government spent an ODA volume of 0.56% of GNI in 2012 and 0.7% from 2013 onwards.

In 2012, total net ODA by the 27 EU member states was USD 64.9 billion, representing 0.39% of their combined GNI. Net disbursements by EU Institutions to developing countries and multilateral organisations were USD 17.6 billion, a rise of +8.0% compared to 2011, due essentially to an increase in loans.

Net ODA rose or fell in other DAC countries as follows:

- Australia (+9.1%): to meet its international commitments to scale up aid in order to reach 0.5% ODA/GNI in 2016-17.
- Canada (+4.1%): due to an increase in debt relief and its continued commitment to major regional initiatives;
- Iceland (+5.7%): reflecting the overall scaling up of its aid programme;
- Japan (-2.1%): due to a fall in bilateral grants and reduced contributions to international organisations;
- Korea (+17.6%): due to the overall scaling up of its aid to achieve an ODA/GNI ratio of 0.25% by 2015;

- New Zealand (+3.0%) reflecting the overall scaling up of its aid to reach an ODA level of \$NZ 600 million;
- Norway (+0.4%);
- Switzerland (+4.5%): reflecting the overall scaling up of its aid to reach 0.5% of GNI by 2015.

Other donor countries reported preliminary ODA figures as follows:

- Czech Republic (-4.2%): due mainly to lower contributions to the EU;
- Estonia (-2.7%): due to lower contributions to the EU;
- Hungary (-7.5%): due to the lower disbursements to the EU and a decrease in bilateral aid;
- Israel (-10.1%): due to a reduction in bilateral ODA;
- Poland (+12.4%): which increased its bilateral ODA;
- Slovak Republic (-3.5%);
- Slovenia (-2.4%);
- Turkey (+98.7%): reflecting help to a large number of refugees arriving from Syria and increased support to North African countries following the Arab Spring;
- United Arab Emirates (+30.6%): due to the overall scaling up of its bilateral aid.

In 2012, DAC countries' **gross** ODA (i.e. without deducting loan repayments) was USD 138.0 billion, down by -5.2% in real terms compared to 2011. The largest donors on a gross basis were the United States, Japan, Germany, the United Kingdom and France. Chart 3 shows the difference between gross and net ODA for DAC countries.

Further Outlook

The most recent DAC Survey on Donors' Forward Spending Plans provides estimates of future aid for all DAC members and major non-DAC and multilateral donors up to 2016. It predicts gross receipts by developing countries of Country Programmable Aid (CPA see Table 4*)[2].

Global CPA rose by +0.3% in real terms in 2012, with falls from DAC members outweighed by increases from non-DAC donors. CPA is projected to increase by 9% in real terms in 2013, mainly due to planned increases by Australia, Germany, Italy, Switzerland and United Kingdom, and in soft loans from multilateral agencies (e.g. IDA, the World Bank's

soft lending window, and IFAD). Total CPA is then expected to remain stable over the years 2014 to 2016.

The Survey suggests a shift in aid towards middle-income countries in the Far East and South and Central Asia, primarily China, India, Indonesia, Pakistan, Sri Lanka, Uzbekistan and Vietnam, and it is most likely that aid to these countries will be in the form of soft loans.

By contrast, CPA is likely to stagnate to countries with the largest MDG gaps and poverty levels, including sub Saharan African countries such as Burundi, Chad, Madagascar, Malawi and Niger.

As part of its transparency efforts, the OECD will publish country level data on CPA as submitted by several donors [3].

[1] Secretariat estimate.

[2] 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>

[3] See www.oecd.org/dac/aidoutlook

* See the charts and figures in [Excel](#) and [PDF](#).

Tomado de:

Aid to poor countries slips further as governments tighten budgets. OECD Newsroom. [Disponibile: <http://www.oecd.org/newsroom/aidtopoorcountriesslipsfurtherasgovernmentstightenbudgets.htm>] [Consulta: 2013, abril, 10]

TABLE 1: NET OFFICIAL DEVELOPMENT ASSISTANCE FROM DAC AND OTHER DONORS IN 2012
Preliminary data for 2012

	2012		2011		2012	
	ODA USD million current	ODA/GNI %	ODA USD million current	ODA/GNI %	ODA USD million (1) At 2011 prices and exchange rates	Percent change 2011 to 2012 (1)
<i>DAC countries:</i>						
Australia	5 440	0.36	4 983	0.34	5 436	9.1
Austria	1 112	0.28	1 111	0.27	1 180	6.1
Belgium	2 303	0.47	2 807	0.54	2 442	-13.0
Canada	5 678	0.32	5 459	0.32	5 682	4.1
Denmark	2 718	0.84	2 931	0.85	2 879	-1.8
Finland	1 320	0.53	1 406	0.53	1 400	-0.4
France	12 000 (2)	0.45 (2)	12 997	0.46	12 785	-1.6
Germany	13 108	0.38	14 093	0.39	13 991	-0.7
Greece	324	0.13	425	0.15	353	-17.0
Iceland	26	0.22	26	0.21	27	5.7
Ireland	809	0.48	914	0.51	860	-5.8
Italy	2 639	0.13	4 326	0.20	2 823	-34.7
Japan	10 494	0.17	10 831	0.18	10 601	-2.1
Korea	1 551	0.14	1 325	0.12	1 557	17.6
Luxembourg	432	1.00	409	0.97	449	9.8
Netherlands	5 524	0.71	6 344	0.75	5 928	-6.6
New Zealand	455	0.28	424	0.28	437	3.0
Norway	4 754	0.93	4 756	0.96	4 773	0.4
Portugal	567	0.27	708	0.31	615	-13.1
Spain	1 948	0.15	4 173	0.29	2 101	-49.7
Sweden	5 242	0.99	5 603	1.02	5 411	-3.4
Switzerland	3 022	0.45	3 051	0.45	3 188	4.5
United Kingdom	13 659	0.56	13 832	0.56	13 532	-2.2
United States	30 460	0.19	30 783	0.20	29 907	-2.8
TOTAL DAC	125 586	0.29	133 716	0.31	128 356	-4.0
Average Country Effort		0.43		0.47		
<i>Memo Items:</i>						
EU Institutions	17 570		17 391		18 778	8.0
DAC-EU countries	63 707	0.42	72 080	0.44	66 747	-7.4
G7 countries	88 038	0.26	92 321	0.27	89 321	-3.3
Non-G7 countries	37 548	0.43	41 395	0.46	39 035	-5.7
<i>Non-DAC members:</i>						
Czech Republic	219	0.12	250	0.12	240	-4.2
Estonia	23	0.11	24	0.11	24	-2.7
Hungary	119	0.10	140	0.11	129	-7.5
Israel (3)	177	0.08	206	0.09	185	-10.1
Poland	438	0.09	417	0.08	469	12.4
Slovak Republic	78	0.09	86	0.09	83	-3.5
Slovenia	58	0.13	63	0.13	61	-2.4
Turkey	2 532	0.33	1 273	0.16	2 530	98.7
United Arab Emirates	942	0.27	737	0.22	963	30.6

(1) Taking account of both inflation and exchange rate movements.

(2) Secretariat estimate.

(3) The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

Notes: The data for 2012 are preliminary pending detailed final data to be published in December 2013. The data are standardised

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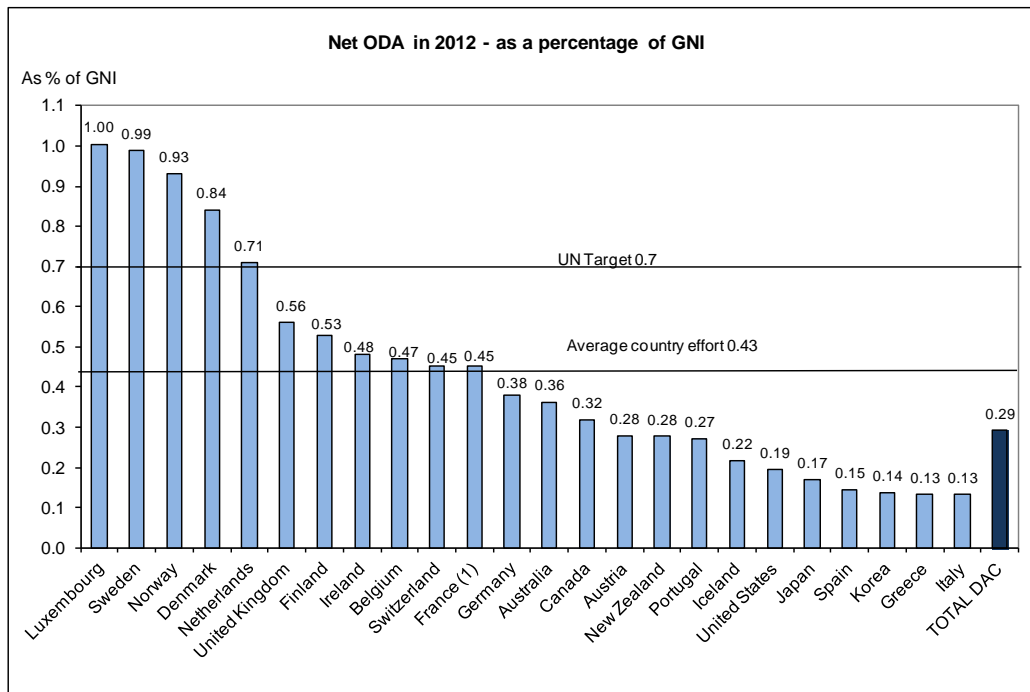
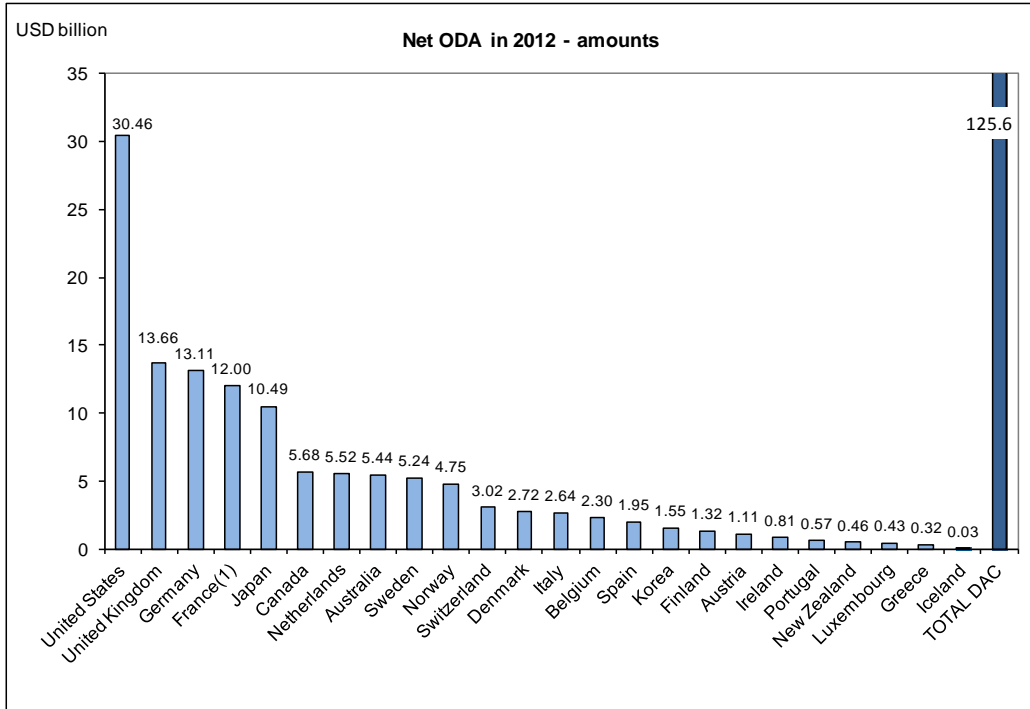
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Source: OECD, 3 April 2013.

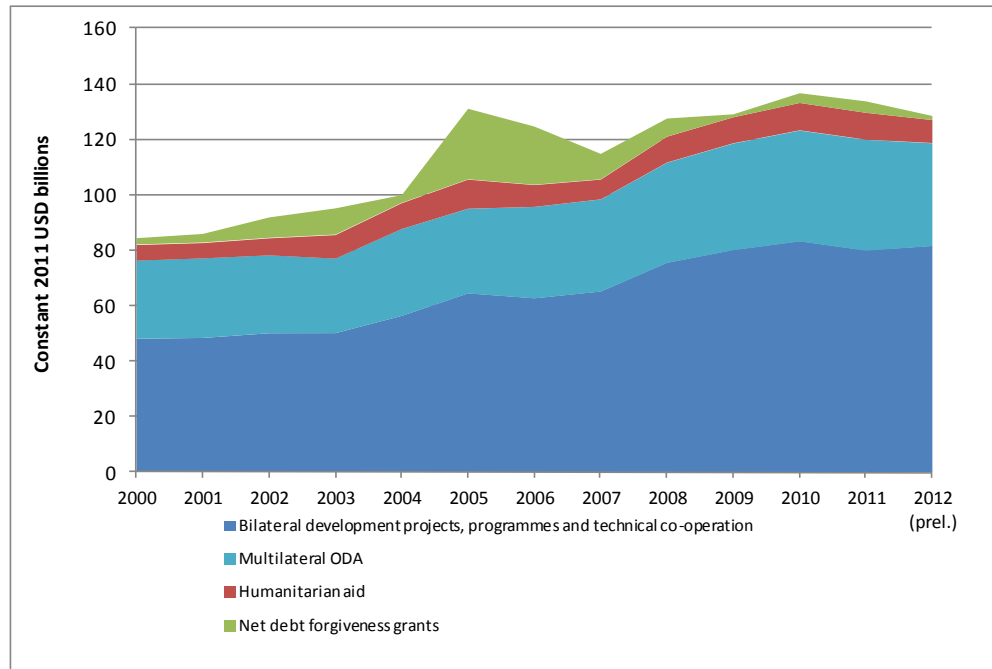
CHART 1: NET OFFICIAL DEVELOPMENT ASSISTANCE FROM DAC COUNTRIES IN 2012
Preliminary data for 2012



(1) Secretariat estimate.

Source: OECD, 3 April 2013.

CHART 2: COMPONENTS OF DAC DONORS' OFFICIAL DEVELOPMENT ASSISTANCE



Source: OECD, 3 April 2013.

TABLE 2: GROSS OFFICIAL DEVELOPMENT ASSISTANCE IN 2012
Preliminary data for 2012

	2012 ODA USD million current	2011 ODA USD million current	2012 ODA USD million (1) At 2011 prices and exchange rates	Percent change 2011 to 2012 (1)
Australia	5 440	4 983	5 436	9.1
Austria	1 116	1 116	1 184	6.1
Belgium	2 303	3 018	2 442	-19.1
Canada	5 727	5 506	5 731	4.1
Denmark	2 810	3 001	2 976	-0.8
Finland	1 326	1 426	1 407	-1.4
France	13 000 (2)	14 436	13 850	-4.1
Germany	14 753	15 596	15 747	1.0
Greece	324	425	353	-17.0
Iceland	26	26	27	5.7
Ireland	809	914	860	-5.8
Italy	2 734	4 626	2 924	-36.8
Japan	18 551	19 992	18 742	-6.3
Korea	1 602	1 369	1 609	17.5
Luxembourg	435	413	452	9.4
Netherlands	5 629	6 558	6 041	-7.9
New Zealand	455	424	437	3.0
Norway	4 754	4 756	4 773	0.4
Portugal	605	746	656	-12.0
Spain	2 070	4 477	2 233	-50.1
Sweden	5 246	5 606	5 414	-3.4
Switzerland	3 048	3 128	3 215	2.8
United Kingdom	14 162	14 174	14 030	-1.0
United States	31 036	31 992	30 472	-4.7
TOTAL DAC	137 963	148 708	141 011	-5.2
<i>Memo Items:</i>				
EU Institutions	18 711	18 292	19 998	9.3
DAC-EU countries	67 324	76 533	70 569	-7.8
G7 countries	99 963	106 322	101 496	-4.5
Non-G7 countries	38 000	42 387	39 515	-6.8

(1) Taking account of both inflation and exchange rate movements.

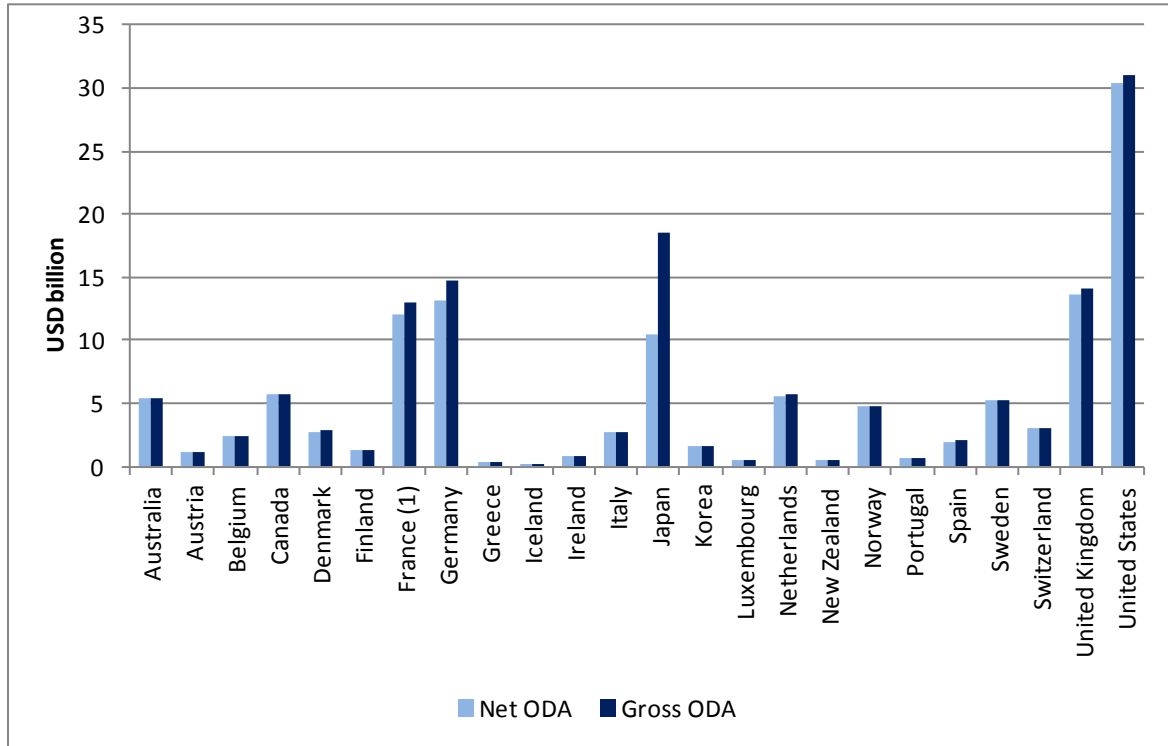
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Source: OECD, 3 April 2013.

CHART 3: GROSS AND NET ODA FLOWS BY DAC DONORS IN 2012
Preliminary data for 2012



(1) Secretariat estimate.

Source: OECD, 3 April 2013.

TABLE 4: REGIONAL BREAKDOWN OF DONORS' FORWARD SPENDING PLANS

Planned disbursements by region of “country programmable aid” by bilateral and multilateral donors

Region	Actual	Provisional	Planned			
	2011	2012	2013	2014	2015	2016
	2012 USD Million					
Europe	4 682	4 213	4 247	3 823	3 822	3 784
Africa	40 228	41 298	42 095	42 932	42 021	41 773
North of Sahara	3 588	3 717	4 225	4 116	4 242	4 236
South of Sahara	35 263	36 404	36 771	37 661	36 519	36 278
Africa, regional/multi-country	1 378	1 177	1 099	1 154	1 260	1 259
America	9 346	8 640	8 871	8 955	9 245	9 455
North and Central America	5 125	4 593	4 472	4 566	4 672	4 775
South America	3 817	3 551	3 916	3 900	4 085	4 195
America, regional/multi-country	404	496	482	490	488	485
Asia	38 723	39 285	43 248	42 876	43 568	43 664
Middle East	5 833	6 538	6 829	6 559	6 626	6 650
South and Central Asia	20 792	20 003	23 173	22 632	22 728	22 730
Far East Asia	11 597	12 268	12 696	13 080	13 546	13 609
Asia, regional/multi-country	501	477	549	606	668	675
Oceania	2 163	2 023	1 982	2 008	2 088	2 075
All developing countries	95 143	95 459	100 443	100 594	100 744	100 751
Thematic to be programmed			3 616	3 618	3 746	3 722
Grand Total	95 143	95 459	104 059	104 212	104 490	104 473

Source: OECD, 3 April 2013.