

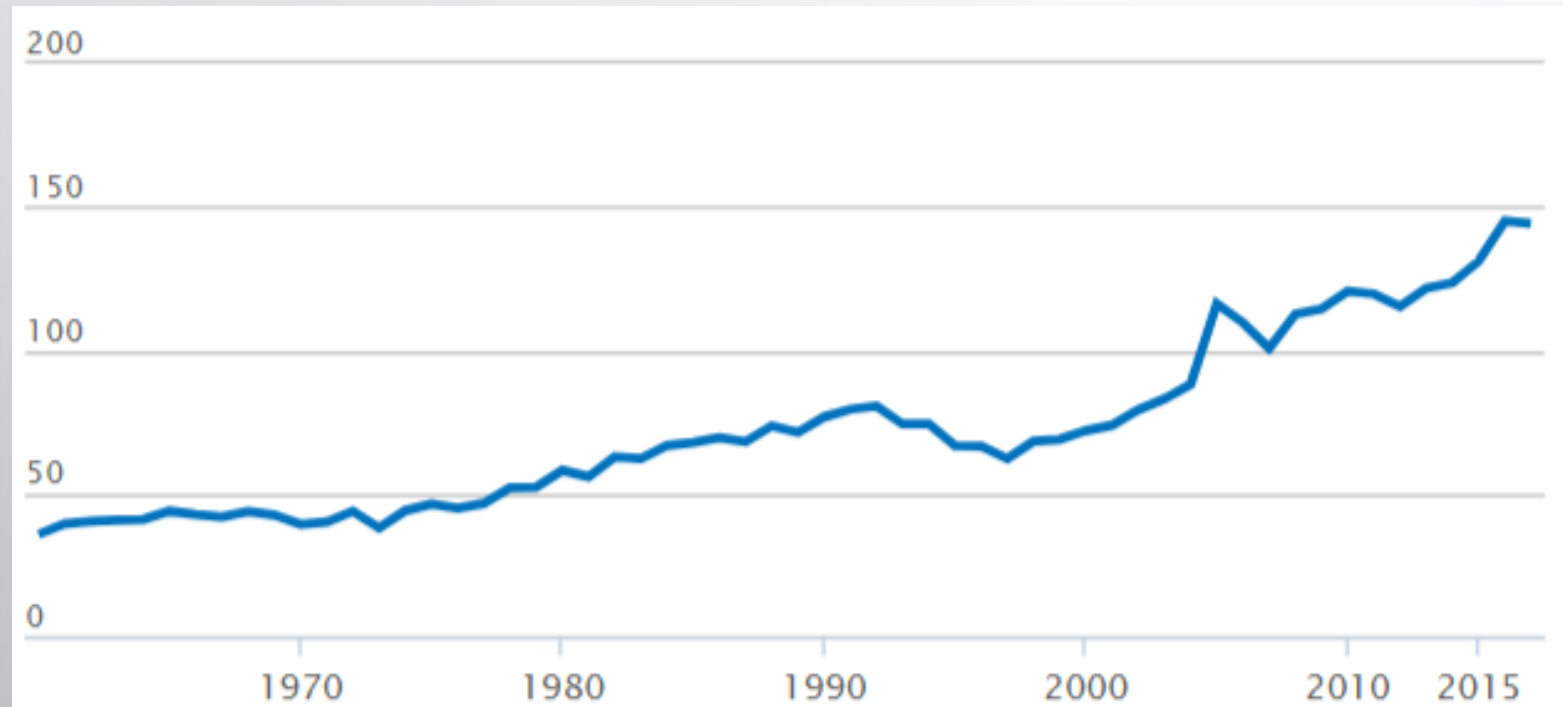


WIDER Development Conference 13- 15 September 2018: Aid Policy – Continuity or Change?

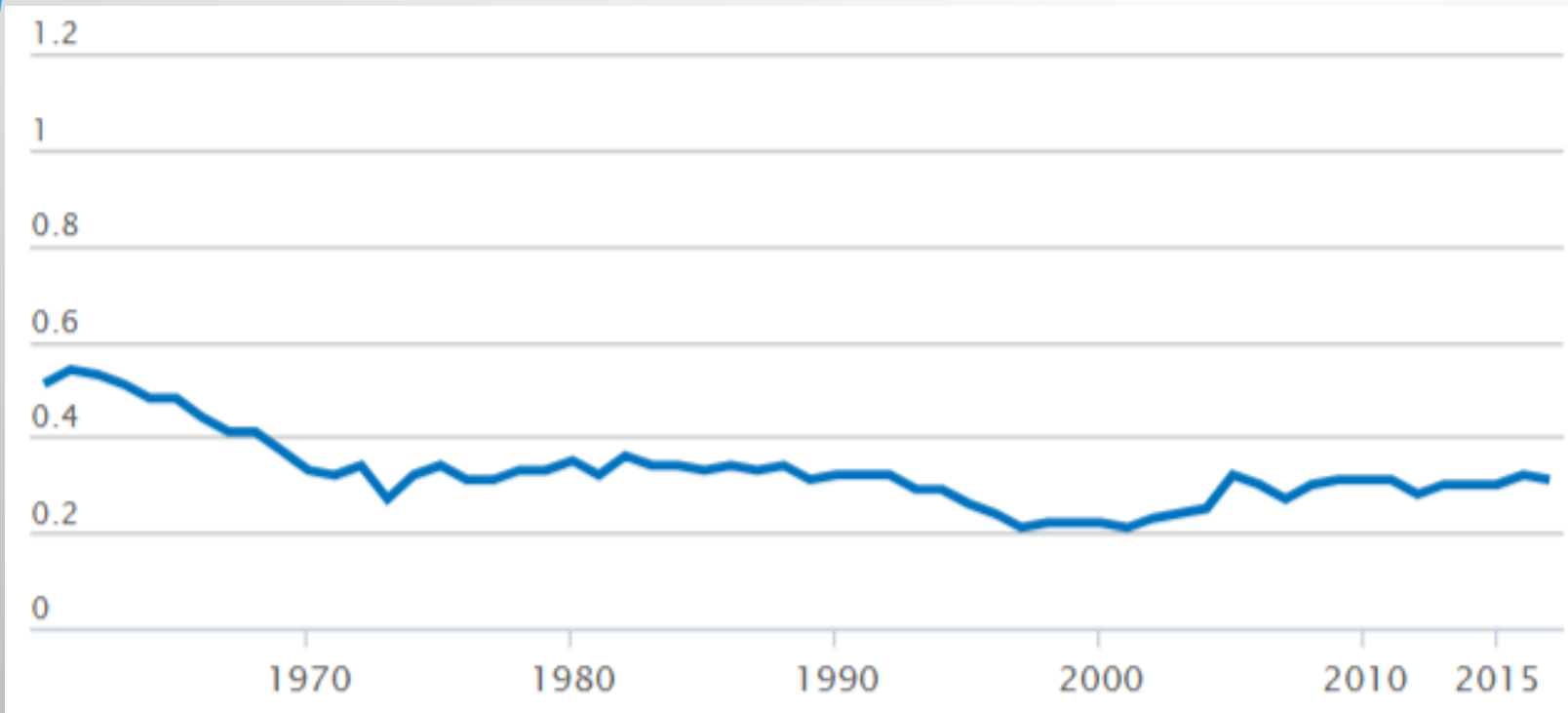
Richard Manning

Total ODA – USD billion (2016 prices and exchange rates)

(Source OECD)

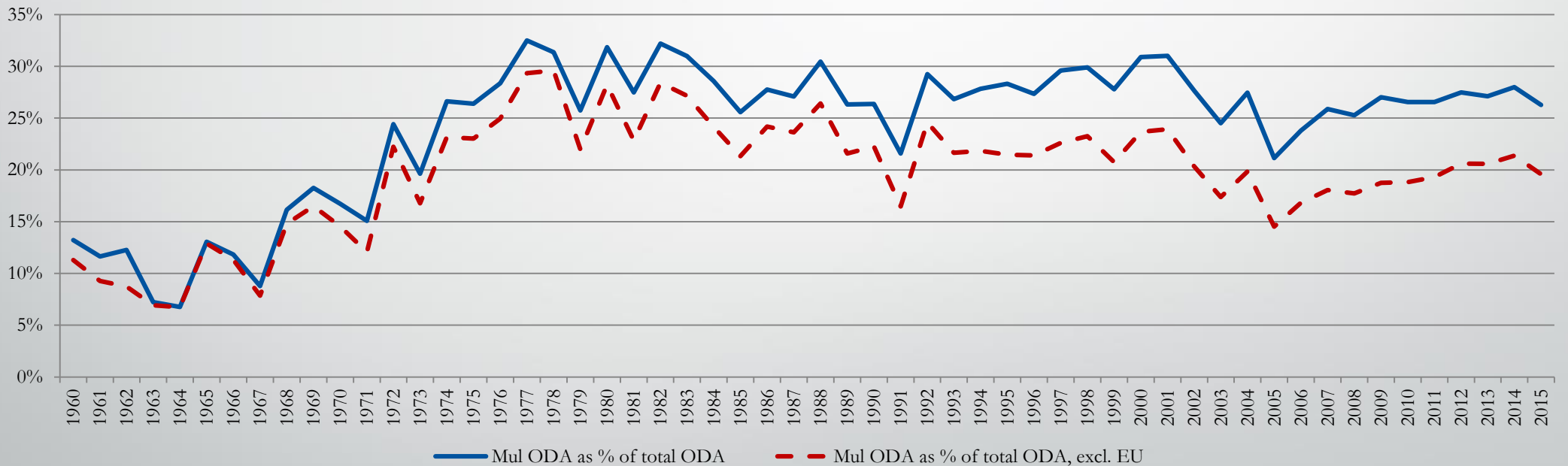


ODA as percentage of GNI

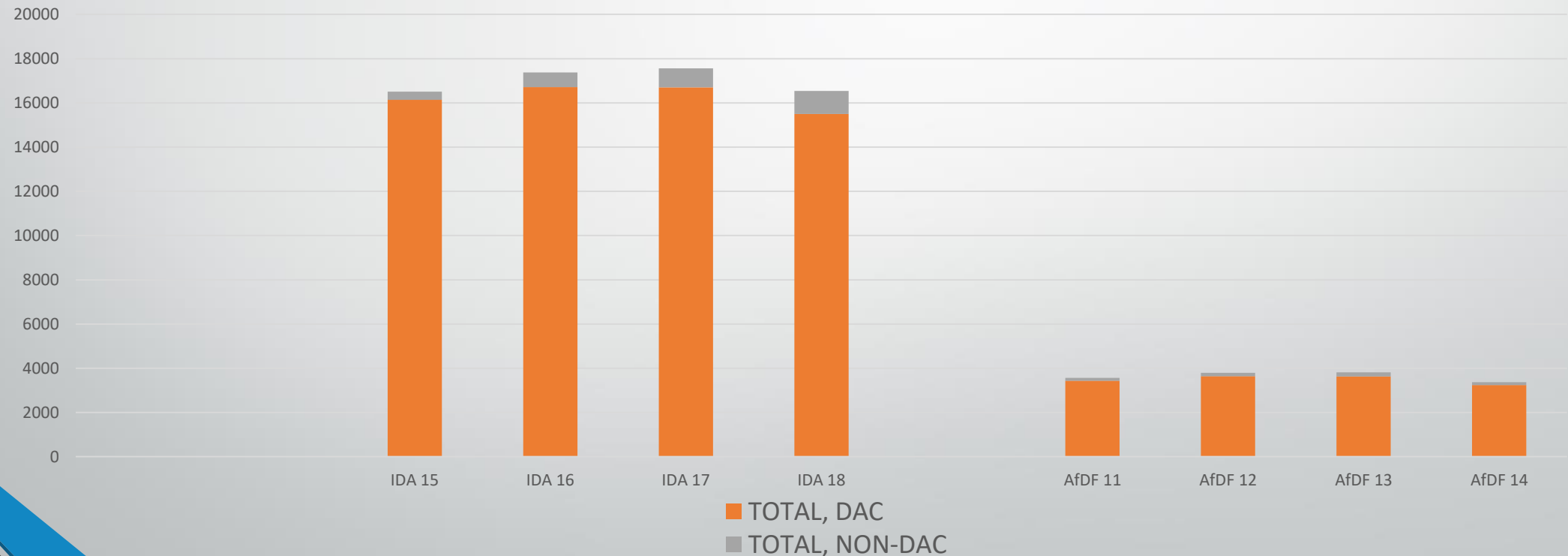


Multilateral ODA as share of DAC ODA

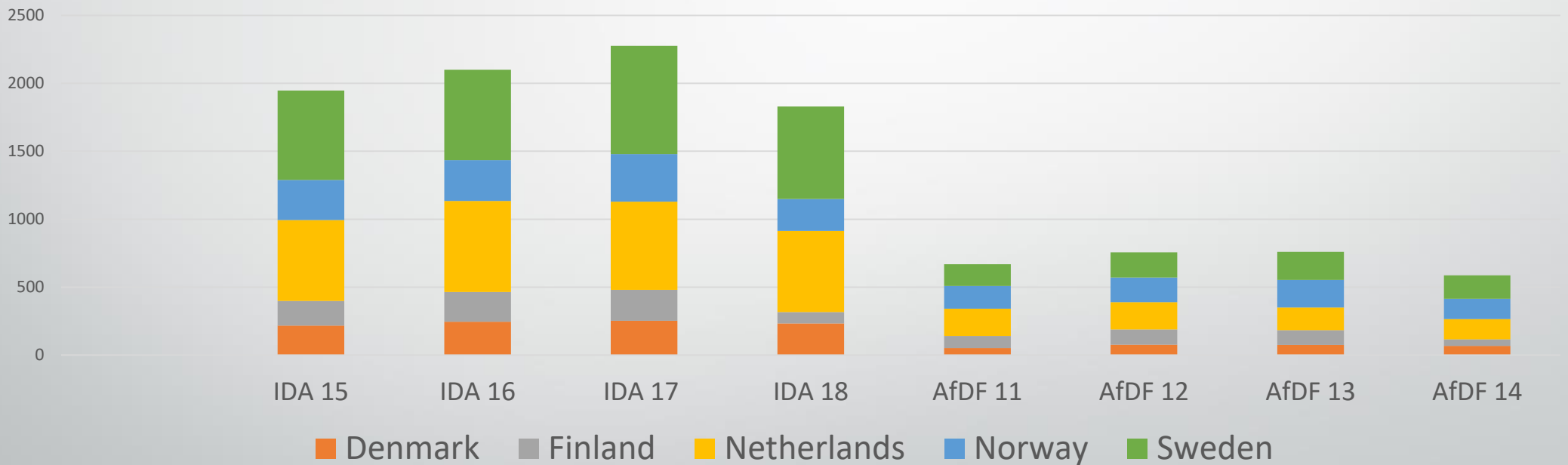
(source OECD)



Donor Contributions Falling to some major multilateral funds, despite increases from non-DAC countries,..... (SDR bn)

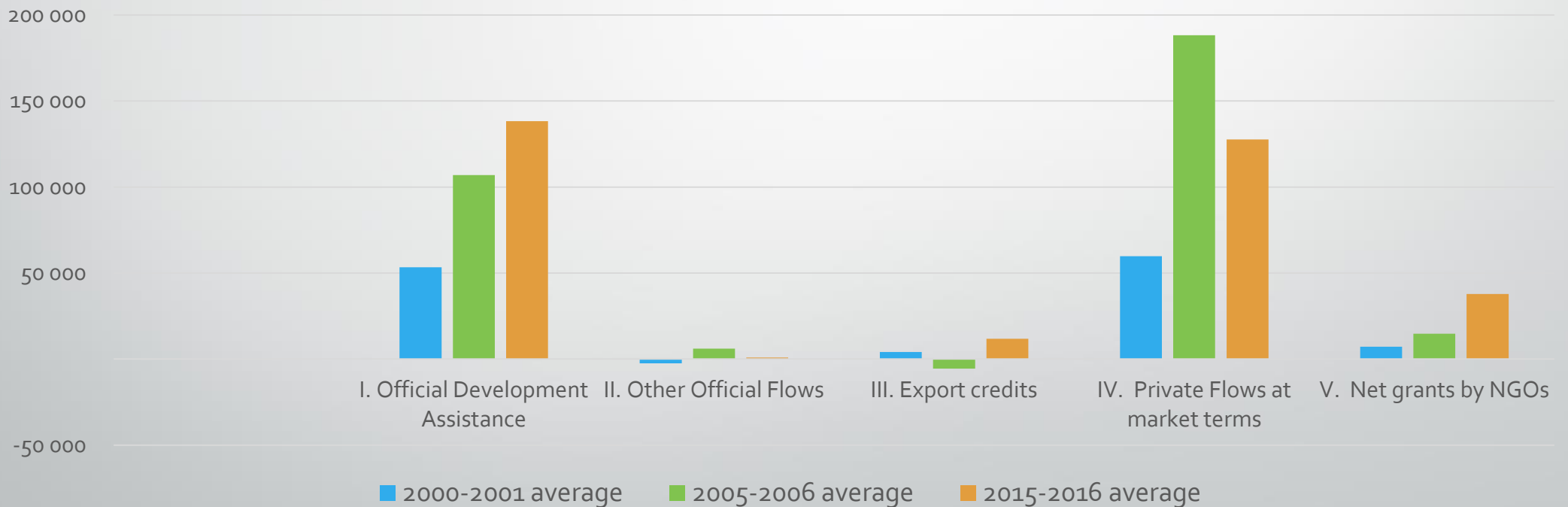


.....even from countries traditionally
supportive
(SDR bn)



Net Flows from DAC Members at Current Prices and Exchange Rates (US\$ bn)

(Source, OECD)



Development Effectiveness

(Source: Global Partnership for Effective Development Co-operation Monitoring Round, 2016)

Busan Principle:

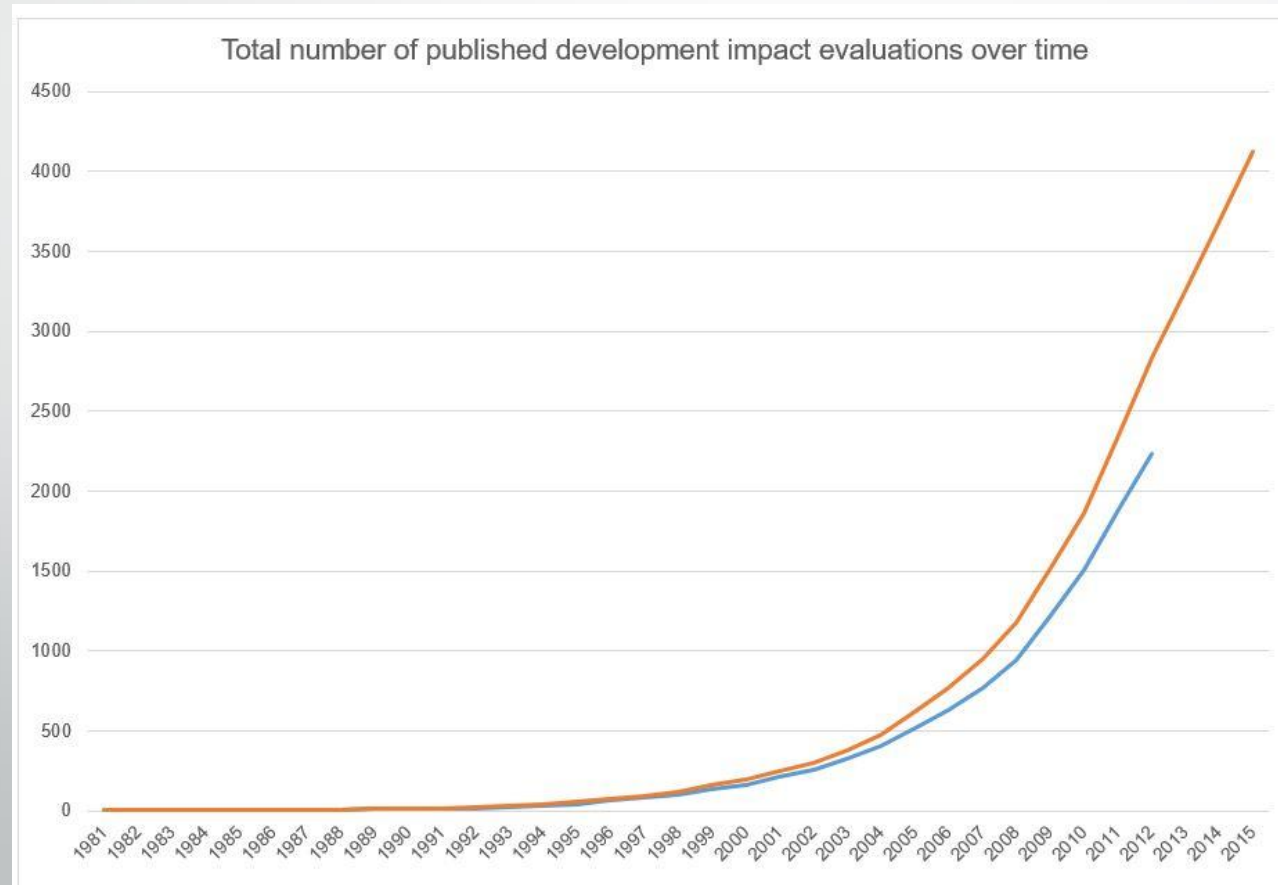
- *Country Ownership*: little change on improved PFM, use of country systems, aid predictability or untying
- *Focus on Results*: Alignment on objectives, much weaker match on using common results frameworks or involving countries in evaluations
- *Inclusive Partnerships*: Little progress on environment for meaningful Civil Society engagement, or effective dialogue with private sector (despite professed willingness on both sides)
- *Transparency and Accountability*: Quite a lot of progress on percent of aid on budget, donor transparency and tracking of gender spending; no progress on effective mutual accountability frameworks

Special Purpose Funds vs 'Horizontal' Funds (Multilateral, excluding EC), disbursements

	2006	2016
Special Purpose Funds	N/A	12,331
• <i>[UNICEF]</i>	<i>N/A</i>	<i>[1,445]</i>
• <i>[GAVI]</i>	<i>[536]</i>	<i>[1,339]</i>
• <i>[GFATM]</i>	<i>[1,300]</i>	<i>[3,598]</i>
• <i>[GCF]</i>	<i>NIL</i>	<i>[1,309]</i>
'Horizontal' Multilateral Funds	N/A	21,158
• <i>[IDA/IBRD]</i>	<i>[8,910]</i>	<i>[12,254]</i>
• <i>[Asian Development Bank]</i>	<i>[1,338]</i>	<i>[2,744]</i>
• <i>[African Development Bank]</i>	<i>[1,031]</i>	<i>[2,292]</i>

Learning and Feedback: Large Rise in Evidence; Evidence of Use??

(Source, zie Impact Evaluation Repository [IER])

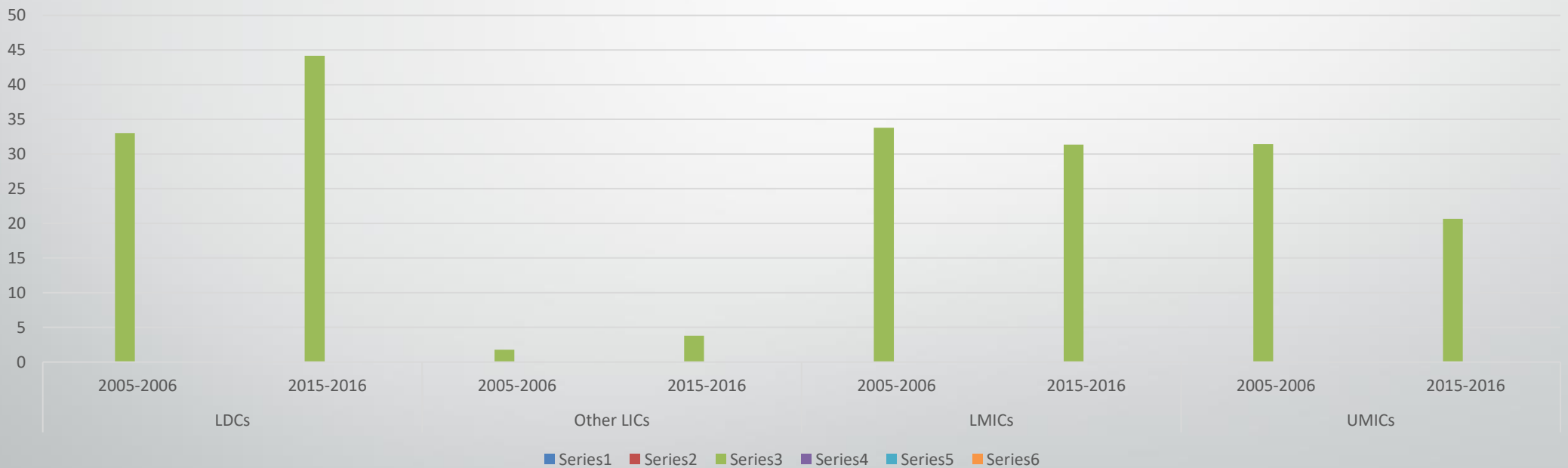


Graduation: The Case of IDA

- In 2012 the 'Future of IDA' Working Group, established by the Center for Global Development, forecast that by 2025 more than 80 percent of remaining IDA recipients (25 out of an assumed 31) would be African and that countries currently defined as fragile or post-conflict would account for 18 of the 31.
- This forecast continues to look reasonable, though clearly actual progress depends on the many factors that affect the growth of average incomes per head across countries.

Distribution of ODA by Income Group

(Percent: Source, OECD)



Aid and Domestic Resources: how aid dependence has shrunk in Bangladesh (US \$ million, current)

Year	Aid Disbursements	Govt Revenue
• 1979/80	1223	1122
• 1989/90	1810	2034
• 1999/00	1588	4180
• 2009/10	2227	11509

- Source: External Relations Division, Government of Bangladesh

Estimated global development co-operation flows, 2012-16

(net disbursements, current prices, USD billion; Source, OECD)

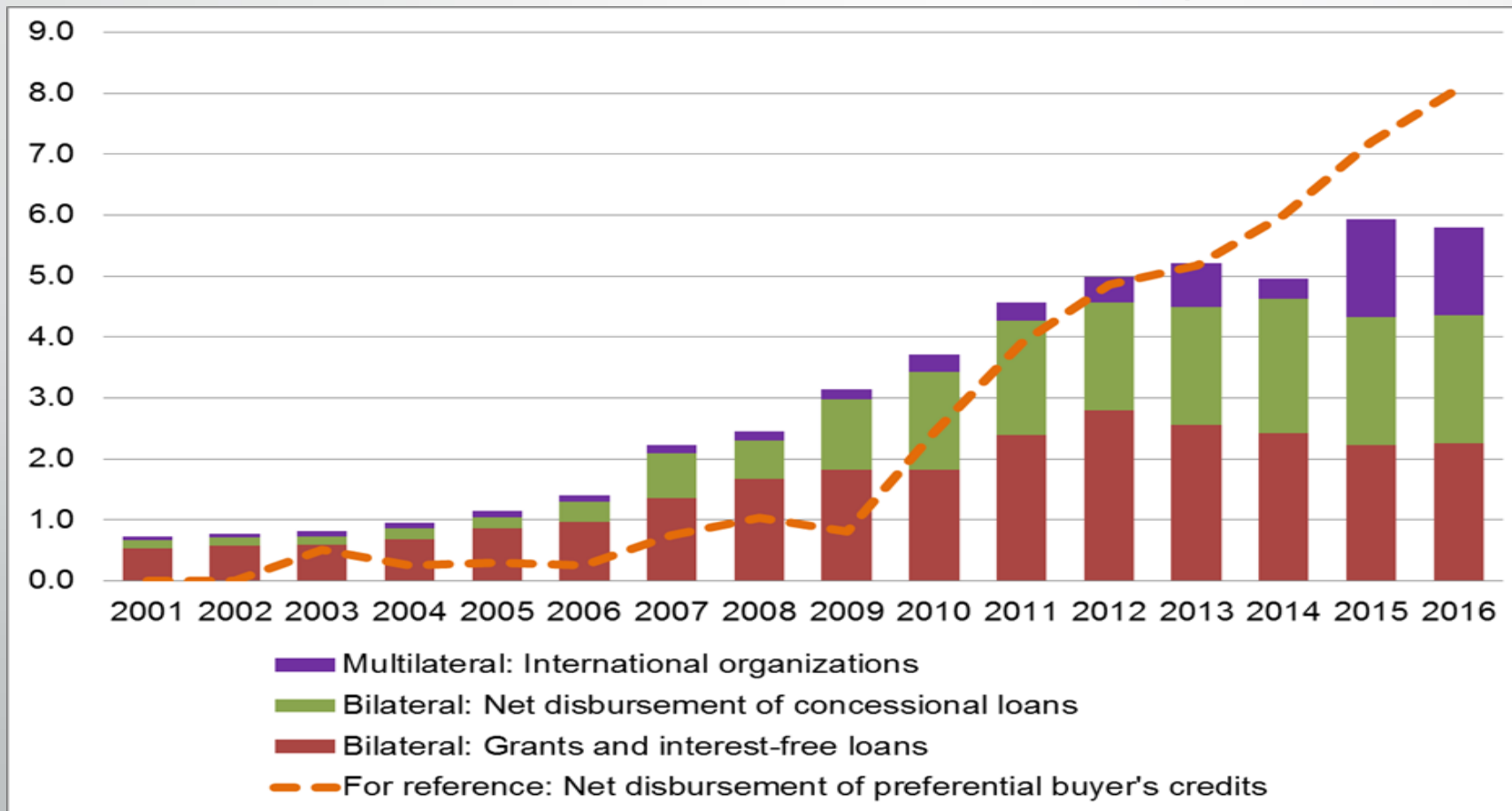
	2012	2013	2014	2015	2016	2016 (per cent)
Current DAC Member Countries (29)	127	134.8	137.5	131.6	144.9	86.90%
Other Countries reporting to DAC (20)	6.1	16.3	24.6	17.5	14.5	8.70%
Estimated, countries not reporting to DAC (7)	5.6	6.8	7	6.9	7.4	4.40%
<i>Estimated Subtotal, non-DAC</i>	<i>11.8</i>	<i>23.2</i>	<i>31.7</i>	<i>24.6</i>	<i>21.9</i>	<i>13.10%</i>
Estimated global total	138.7	157.9	169.1	156	166.8	100%

Selected non-DAC Providers

	(Source, OECD)			Of which (per cent)		
	Total Net ODA (US\$, bn)	ODA/GNI (per cent)	Main recipients	Multilateral share (per cent)	UN	WBG RDBs
Turkey	6.2	0.79	Syria (70%), Somalia, Kyrgyz, Albania, Afghanistan	2	25	8 33
United Arab Emirates	4.4	1.18	Egypt, Yemen, Jordan, Iraq, Morocco, Sudan, Pakistan	1	75	
India	1.8	N/A	Bhutan (61%), Afghanistan, Sri Lanka, Nepal, B'desh, Myanmar, the Maldives	6	31	35
Russia	1	0.08	CIS, Syria, Serbia, Guinea	22	36	56 1
Brazil	0.3	N/A	South Am, Lusophone Africa, Haiti, Timor-Leste	66	57	43

China: Net Disbursements of ODA-like flows

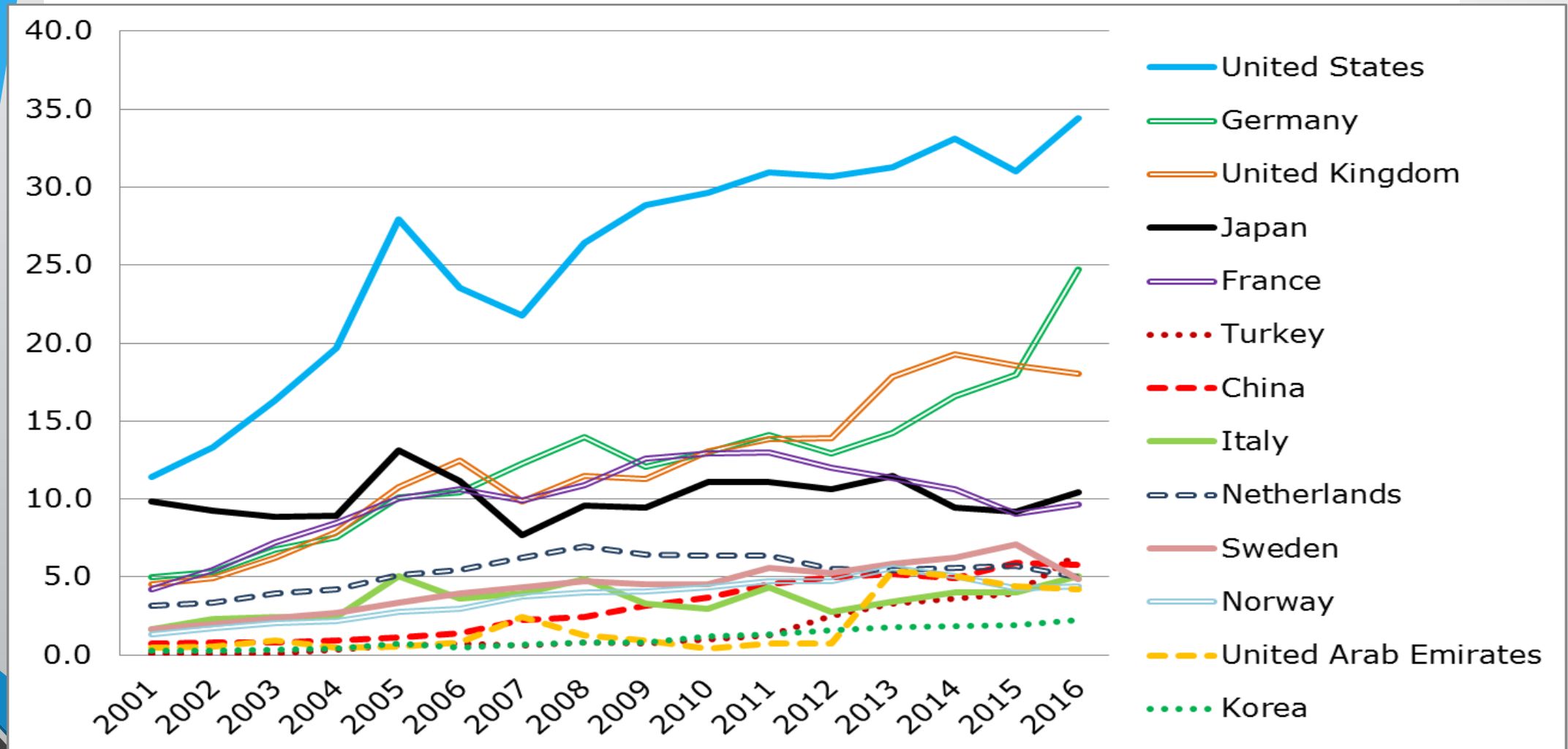
(Source: Naohiro Kitano, JICA-RI 31 May 2018)



Comparison of net ODA flows of DAC member countries and emerging providers and China's net foreign aid

US\$ Billion

(Source, Naohiro Kitano, JICA-RI 31 May 2018)



Source: Kitano (2018)

The Discovery of Hidden MDB Equity: Asian Development Bank (US\$bn)

	Equity	Gearing Ratio		
• 31 Dec 2016:				
• OCR	17	26.9		
• AsDF	31	None		
• 1 Jan 2017:				
• OCR	48	53.6		
• AsDF (grants only)	None	N/A		
• Total Loans, grants and guarantees:			2016	2017
			13.3	20.1
• Donor Contributions to AsDF			AsDF XI	AsDF 12
			4.6	2.5

The case of IDA 18 (2017-19)

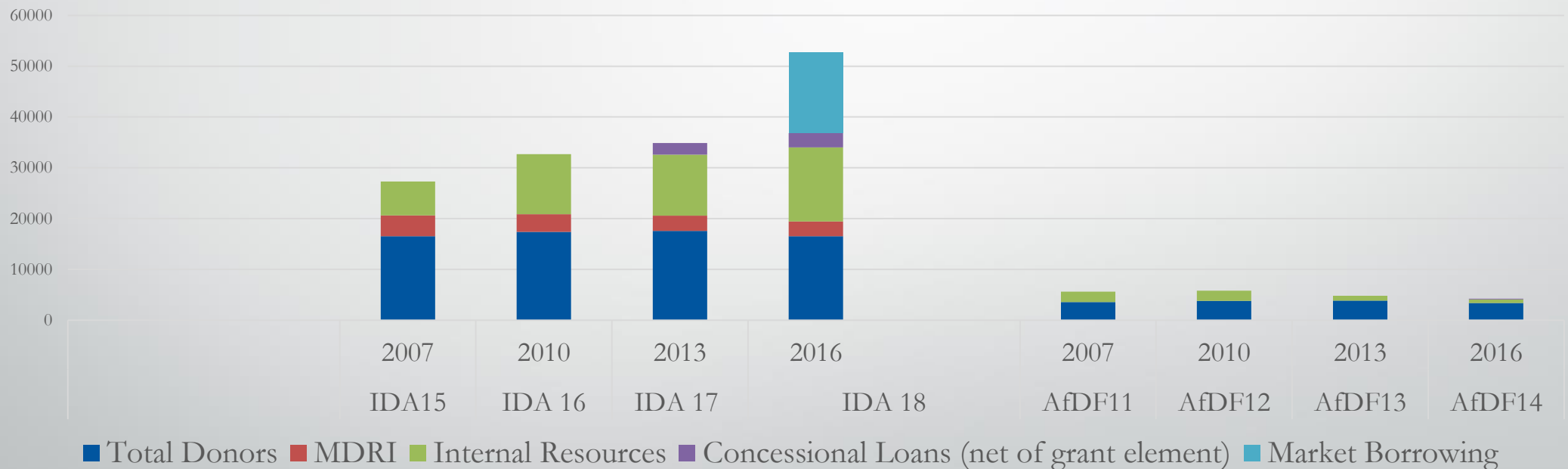
Rising repayments and donor loans.....

	SDR bn		
	IDA 17	IDA 18	% Change
Total grants from contributors	20.3	19.4	-4%
Total Internal Resources	11.9	15.5	29%
Concessional loans	2.3	2.8	21%

.....but now also market borrowing

	SDR bn		
	IDA 17	IDA 18	%Change
Total from contributors	20.3	19.4	-4%
Total Internal Resources	11.9	15.5	29%
Concessional loans	2.3	2.8	21%
Market borrowing		15.9	
TOTAL	34.6	53.5	55%
(In US\$bn)	52.1	75	44%

Extraordinary Imbalance of MDB Soft Fund Finance in sub-Saharan Africa (NB IDA also covers LICs in other regions)



Lending and Blending (1: DAC)

Main DAC loan providers, 2016

	US\$	Concessionality
• Japan	8.4	79
• Germany	4.5	46
• France	3.3	54
• Korea	0.6	87

(Source: Development Initiatives)

- Loans from DAC members up 13% in 2017

Rising commitments from many DFIs (eg UK CDC over £1bn in 2016/2017 compared to £0.45bn in 2013/14)

Lending and Blending (2): European Union

Concept:

- New European Fund for Sustainable Development provides mix of grant finance (€2.6bn) and guarantees (€1.5bn), provided through two existing 'blending platforms' (one for Neighbourhood and one Africa)
- This is designed to leverage €44bn of investments.....
-is supported by TA and advice on enabling environment

The Changing World of Borrowers – and Lenders

- National incomes rising in the Global South (though recent severe slow-down, particularly in Africa)
- From HIPC's (2000) to 'LIPC's' a few years later
- Significant and continuing graduation (India 2014-6; Bolivia, Sri Lanka, Vietnam 2017-9 all recent/current IDA graduates)
- Sub-Saharan bond issues rose from next to nothing to over \$5bn a year 2013-2014
- Bilateral lenders outside the 'traditional' Paris Club, including China EXIM and China Development Bank, have become very significant additional lenders to many countries

A New Landscape for Debt Management

(Source, IMF, March 2018)

International debt stock as % of GNI for 8 countries seen by IMF as at particular risk (Cameroon, Chad, Congo, Ethiopia, Ghana, Mauritania, Mozambique, and Zambia):

	2013	2017
Multilateral loans	12.1	15.9
Traditional Bilateral lenders	1.8	2.8
Other Bilateral lenders	11.1	19.4
(of which, China)	(6.2)	(11.6)
Commercial debt	5.2	15.3
Total External Debt	30.3	53.4

G20 Finance Ministers' Eminent Persons Group

(Tharman Review, due to report by October 2018)

Mandate:

- To review current and possible future challenges and opportunities facing the international financial and monetary systems, and the current state of the global financial architecture and governance;
- To consider.....the optimal role of the international financial institutions (IFIs) comprising the IMF, the WBG, and other multilateral development banks, including how these IFIs interact and coordinate with one another, with the G20, and with their respective memberships; their capacity to catalyse private capital flows and domestic resources; and corporate governance and accountability structures, to ensure efficiency, effectiveness and transparency in addressing the challenges identified;
- To recommend practical reforms to improve the functioning of the global financial architecture and governance so as to promote economic stability and sustainable growth; and to discuss how the G20 could better provide continued leadership and support for these goals.
- Report issuing very shortly, and will be worth reading.

And UK ODA post-Brexit?

UK White Paper, July 2018

- The UK and the EU are both global development actors and share the same commitment to meet the UN Sustainable Development Goals, direct development expertise and spend to alleviate poverty.
- The UK and the EU should seek to pool resources and exchange expertise to deliver the maximum impact from combined development assistance. There is a strong case for close collaboration in the areas of peace and security, humanitarian aid and migration. The UK is open to collaboration in other areas, and working closely with the EU to contribute to the EU's development and external programmes and instruments, where the EU and UK agree.
- The UK therefore proposes a cooperative accord with the EU..... that will allow for UK participation in specific EU programmes, instruments or bespoke projects, with appropriate influence and oversight.
- The UK will critically assess the rationale for close collaboration depending on the situation and be rigorous in assessing whether each contribution to the EU offers value for money.

Conclusion

Areas of Continuity

- Overall levels of ODA-like flows
- Difficulties of sustaining effectiveness in the face of national interests, dependency/power asymmetries and weak local institutions
- Issues-based or country-based programming - ?stability after rise in former?
- Learning and feedback?

Areas of change:

- Direction of ODA (including graduation)
- Rise of bilateral providers outside the DAC
- The discovery of hidden MDB equity
- Lending and blending



THANK YOU!