

Aid for Trade in 2012: Increasing Volumes Hardening Terms

CTD Session on Aid for Trade
WTO, 9 April 2014
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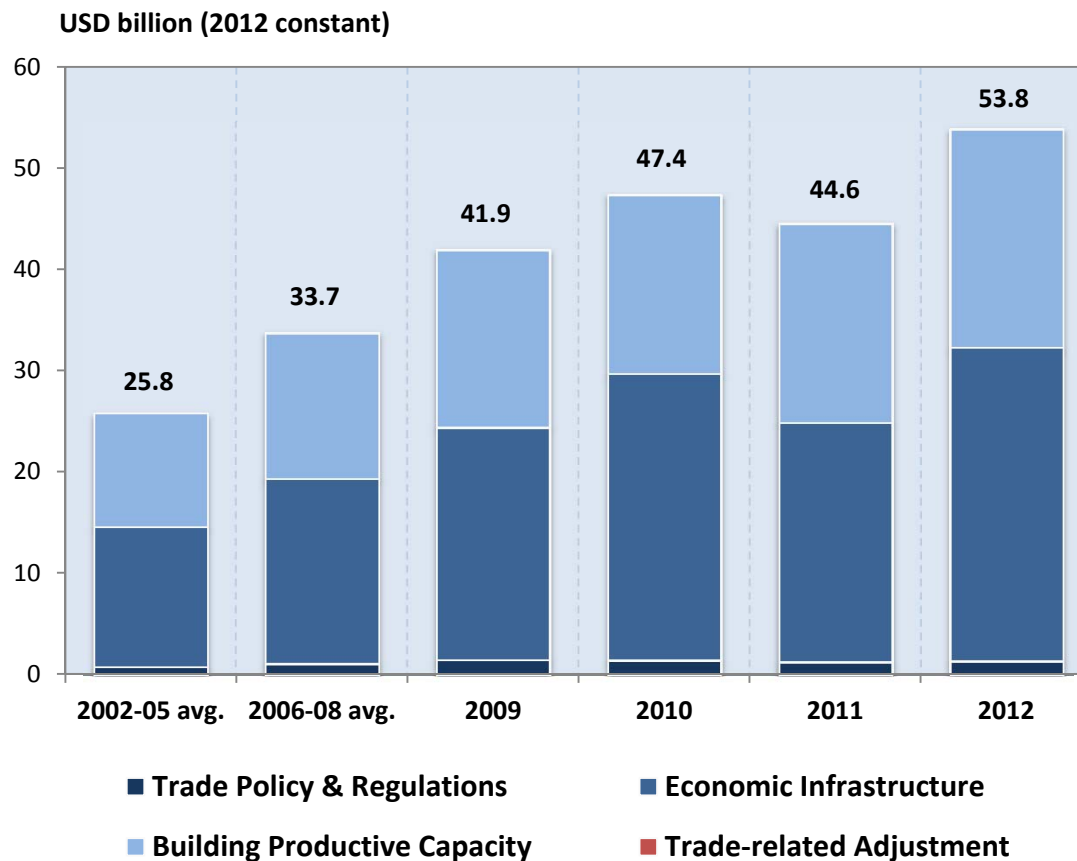


Aid for Trade in 2012

OUTLINE

- How much Aid for Trade was committed and disbursed?
- What does it support?
- Who gets it?
- Who provides it?
- Conclusions

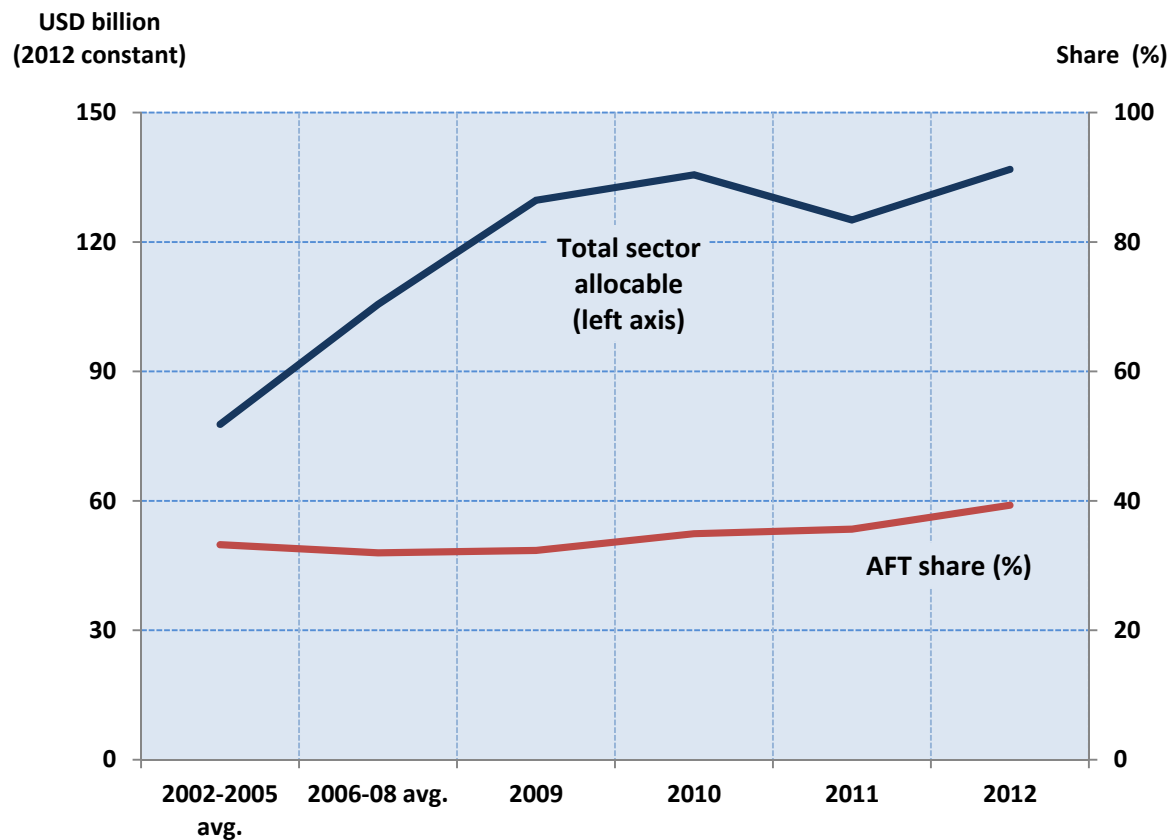
Commitments continue to expand...



Source: OECD-DAC, Credit Reporting System (CRS)

- Commitments up 20% since 2011 and up 110% since 2002-05 baseline
- Economic infrastructure USD 31 bn up 125% 57% of total flows
- Building Productive Cap. USD 21.6 bn up 92% 40% of total flows
- But support for trade policy and regulations has stagnated

...increasing the share of AfT in overall ODA...

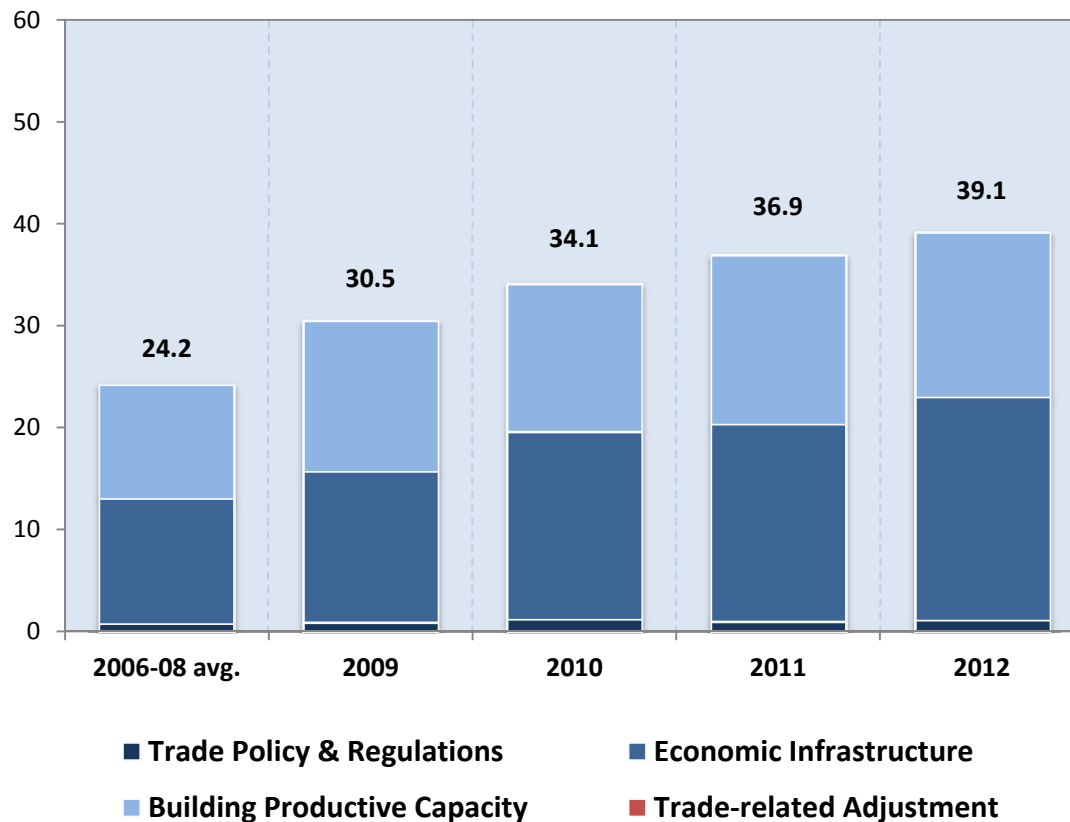


Source: OECD-DAC, Credit Reporting System (CRS)

- Share of AfT in Sector Allocable ODA has increased from 33% in past years to almost 40% in 2012
- Increases in AfT drove the overall rise in Total Sector Allocable ODA in 2012

...resulting in higher disbursements...

USD billion (2012 constant)

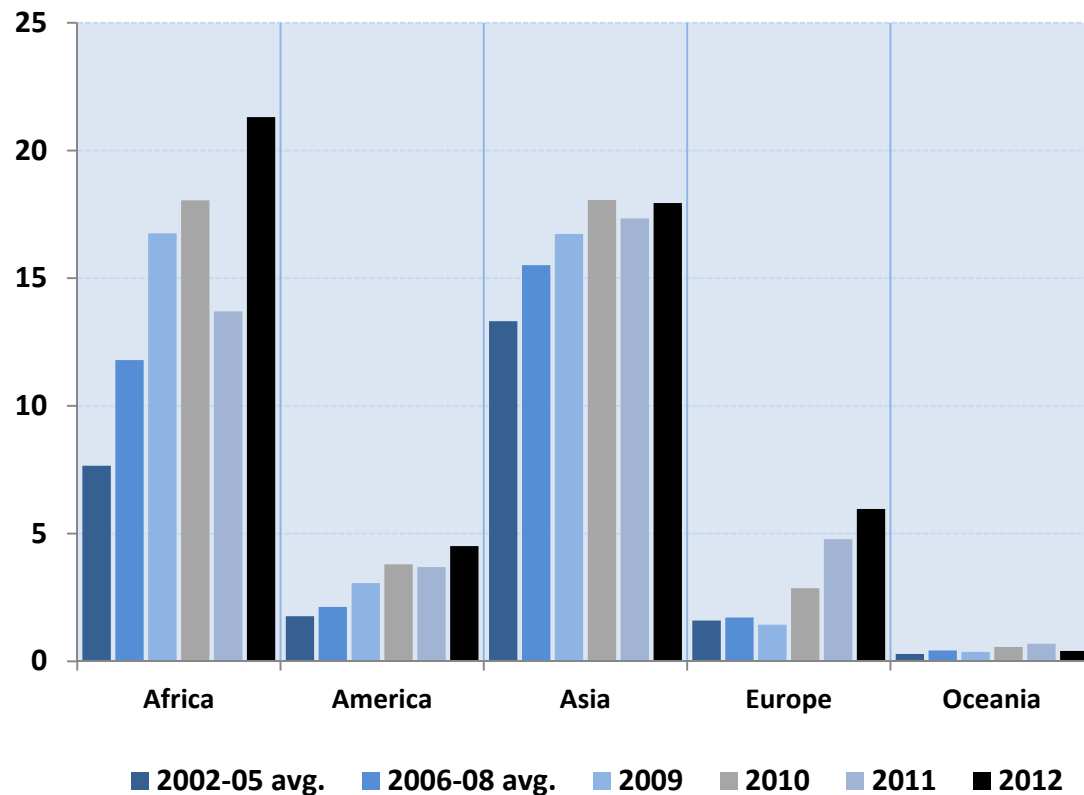


- Disbursements increased to USD 39 bn as earlier commitments are being disbursed
- USD 213 bn has been disbursed since 2006
- Growth rate slowing from an average of over 10% during 2010 and 2011 to 5% in 2012

Source: OECD-DAC, Credit Reporting System (CRS)

...largely benefiting Africa...

(USD billion 2012 constant)

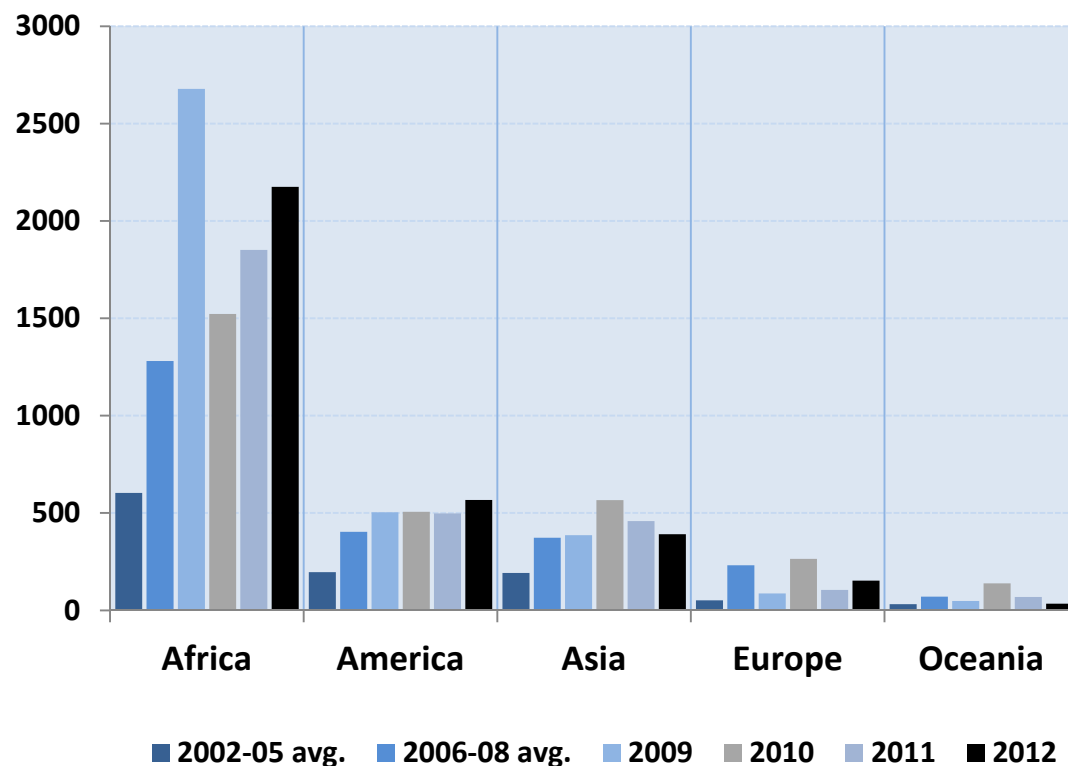


- African share of aid for trade was 30% during 2002-05 but this has risen to 40% in 2012
- USD 21.3 bn was provided in 2012, almost 180% higher than the baseline and 55% higher compared to 2011
- Flows to Europe have also expanded while they have stagnated to other regions

Source: OECD-DAC, Credit Reporting System (CRS)

...and regional and global programmes...

(USD million 2012 constant)

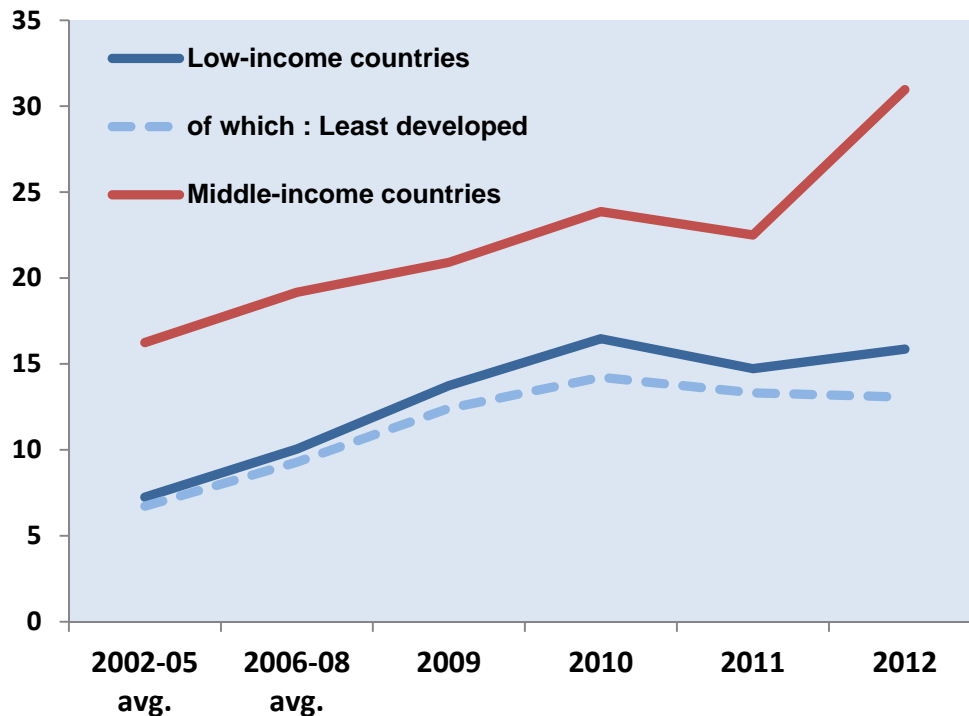


- Multi-country and regional programmes reached USD 7.0 bn in 2012 up from USD 2.3 bn during 2002-05
- Increasing regional programmes help expand markets by reducing the thickness of borders, especially in Sub-Saharan Africa

Source: OECD-DAC, Credit Reporting System (CRS)

...but LDCs are not keeping pace...

USD billion (2012 constant)

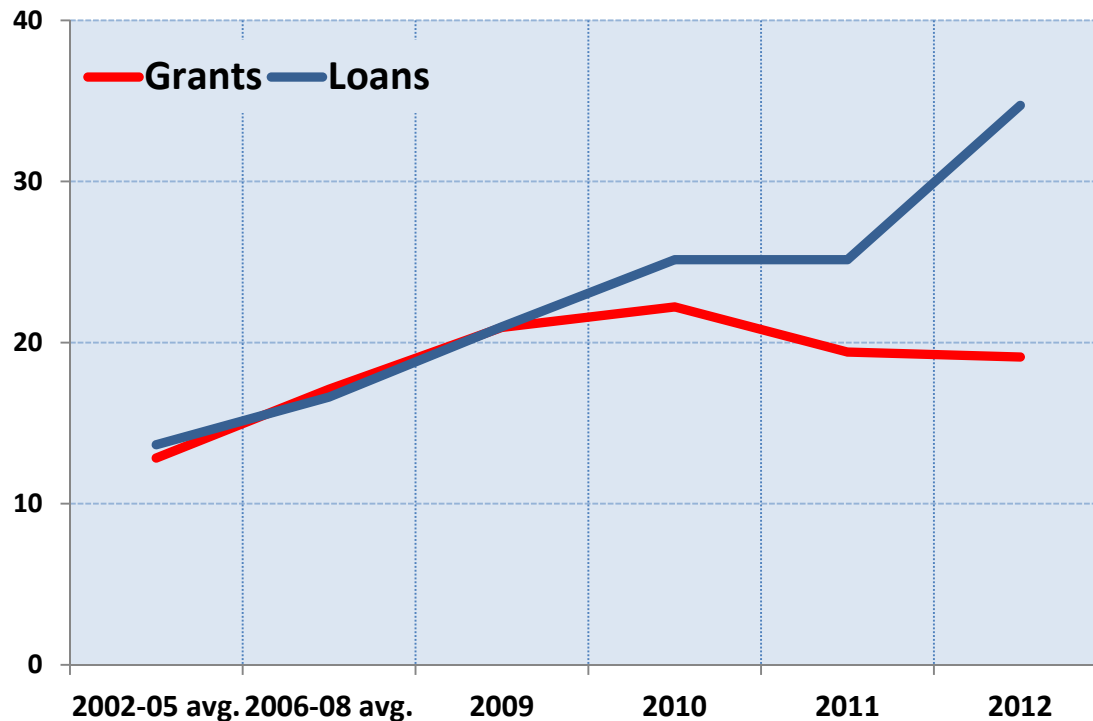


Source: OECD-DAC, Credit Reporting System (CRS)

- The large increase in aid for trade was driven by Middle-Income Countries with USD 31 bn (58% of the total) - 38% higher than 2011
- LDCs received USD 13.1 bn (24% of the total) - down 2% from 2011

...and terms of assistance are hardening...

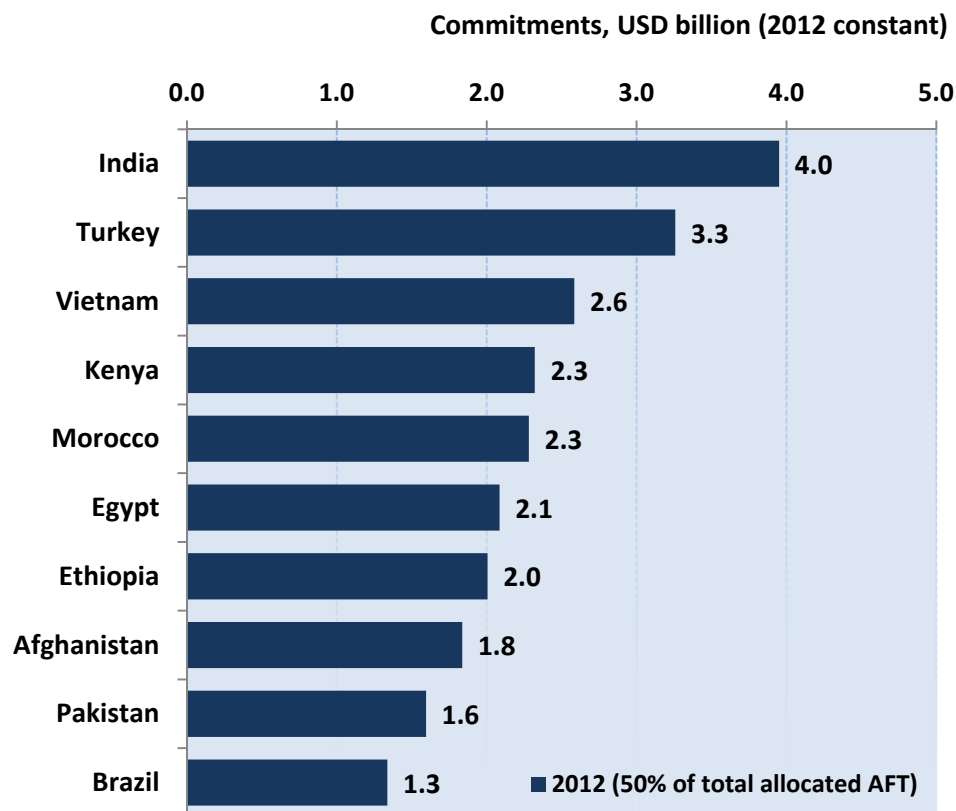
USD billion (2012 constant)



- Traditionally aid for trade is split evenly between loans and grants
- However in 2011 and especially 2012, loans have increased significantly while grants have declined
- In 2012, only 35% of aid for trade was in grant form

Source: OECD-DAC, Credit Reporting System (CRS)

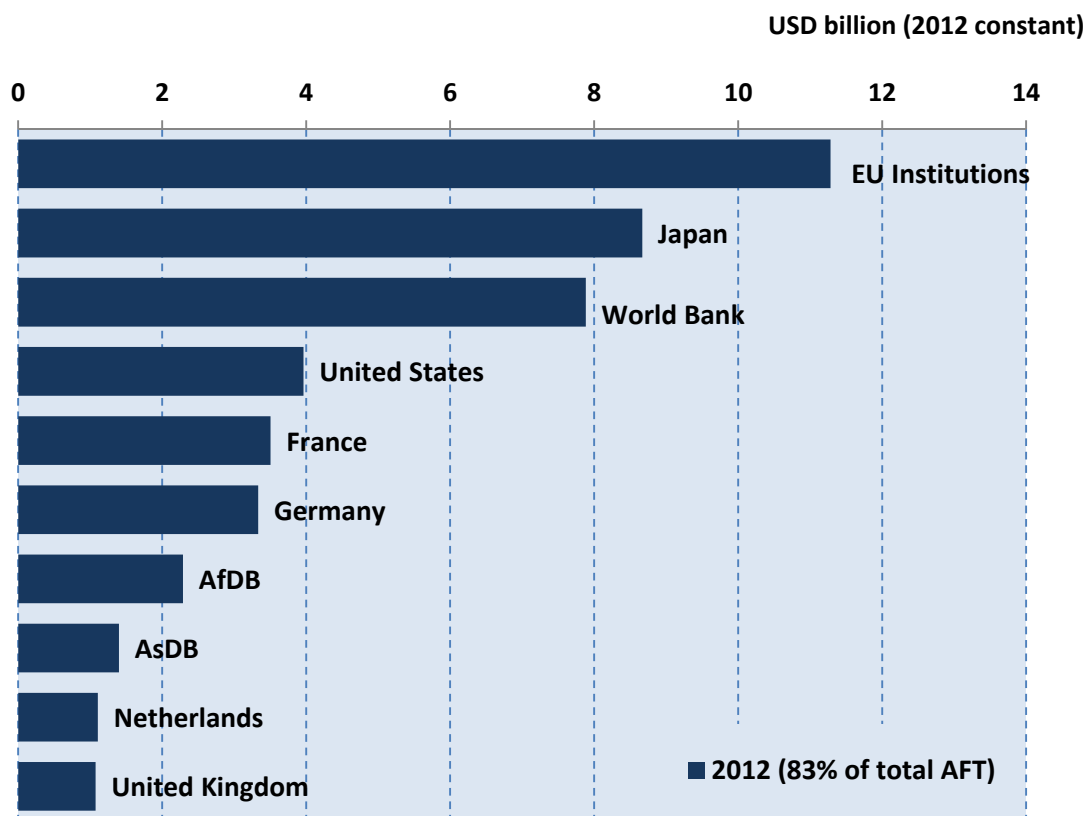
...with Middle Income Countries dominating



Source: OECD-DAC, Credit Reporting System (CRS)

- Top 10 recipients received 50% of total flows
- Recipients include:
 - 7 Middle Income Countries and only 2 LDCs
 - Africa (4)
 - Asia (4)
 - Europe (1)
 - Americas (1)

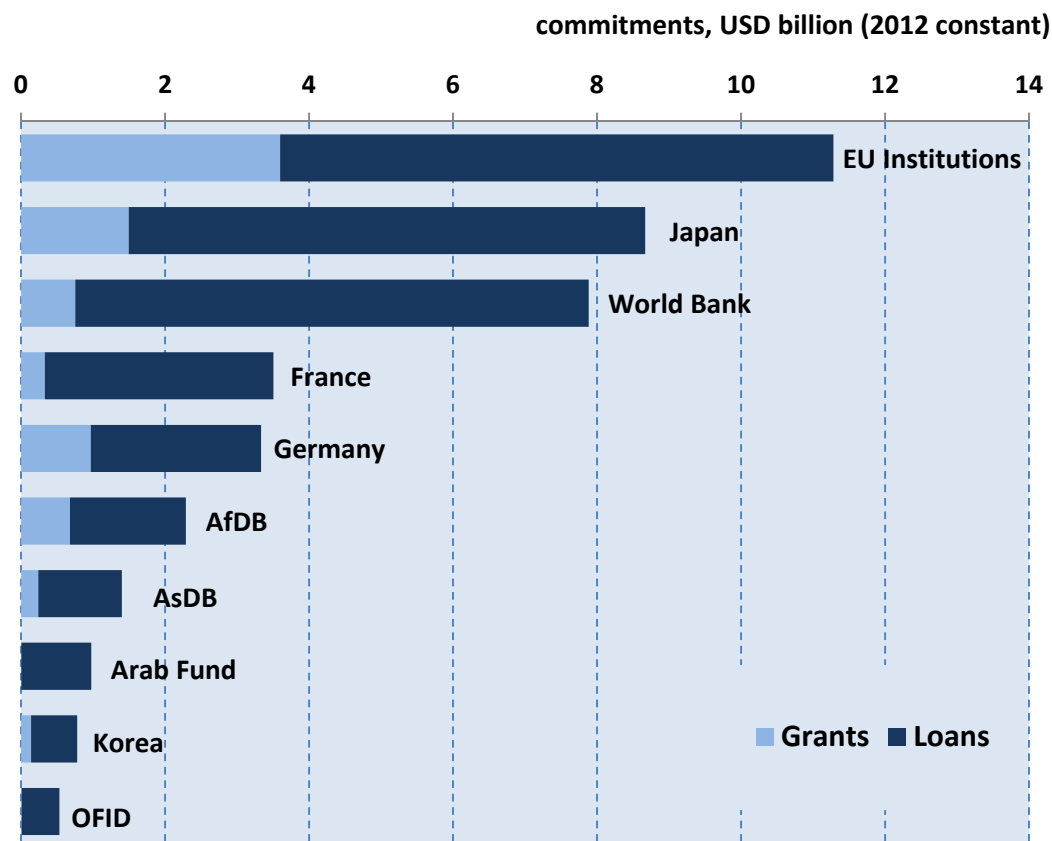
...and 5 Donors providing the bulk of Aft...



- Top 5 donors provide 66% of total aid for trade but mostly in loans
- The EU increased significantly in 2011 and 2012 to reach USD 11 bn
- Japan (USD 8.7 bn) and World Bank (USD 7.9 bn) remain major donors

Source: OECD-DAC, Credit Reporting System (CRS)

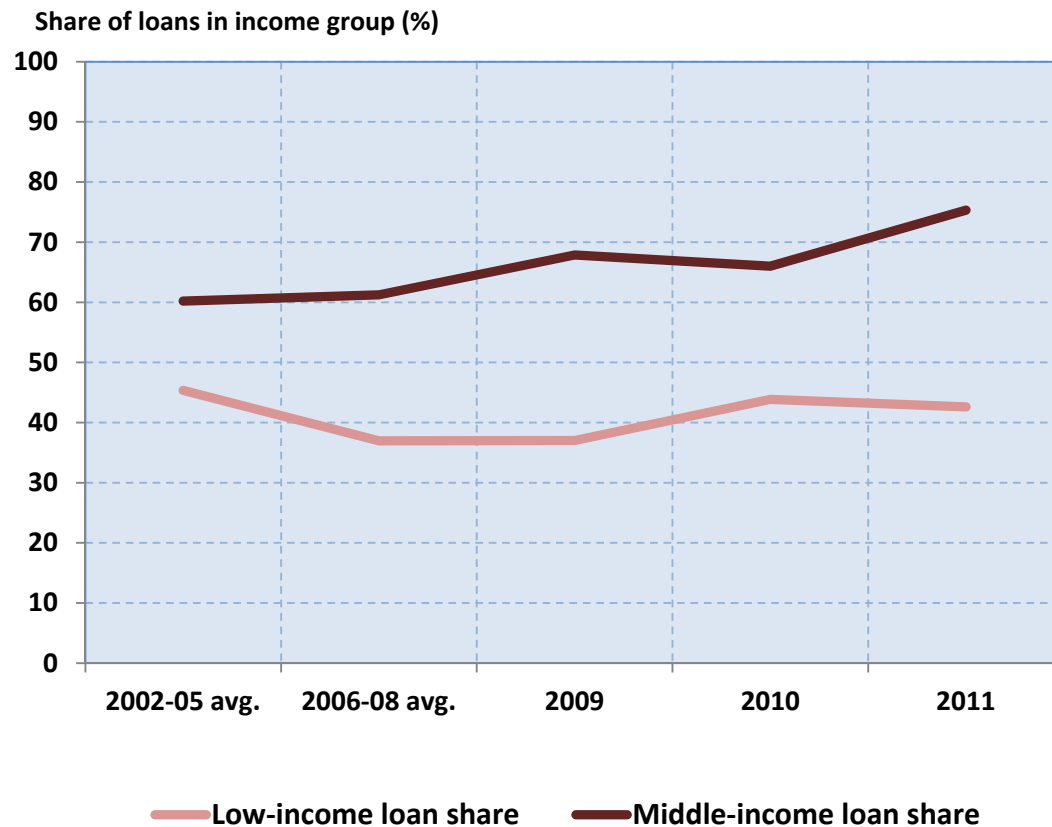
...mostly by expanding loan-financed programmes...



- Some of the top donors have expanded their aid for trade through greater use of loans
- Traditionally the majority of support provided by the EU was in grant form but in 2012 its programme was dominated by loans
- Multilateral donors typically have a higher proportion of loans

Source: OECD-DAC, Credit Reporting System (CRS)

...in middle income countries

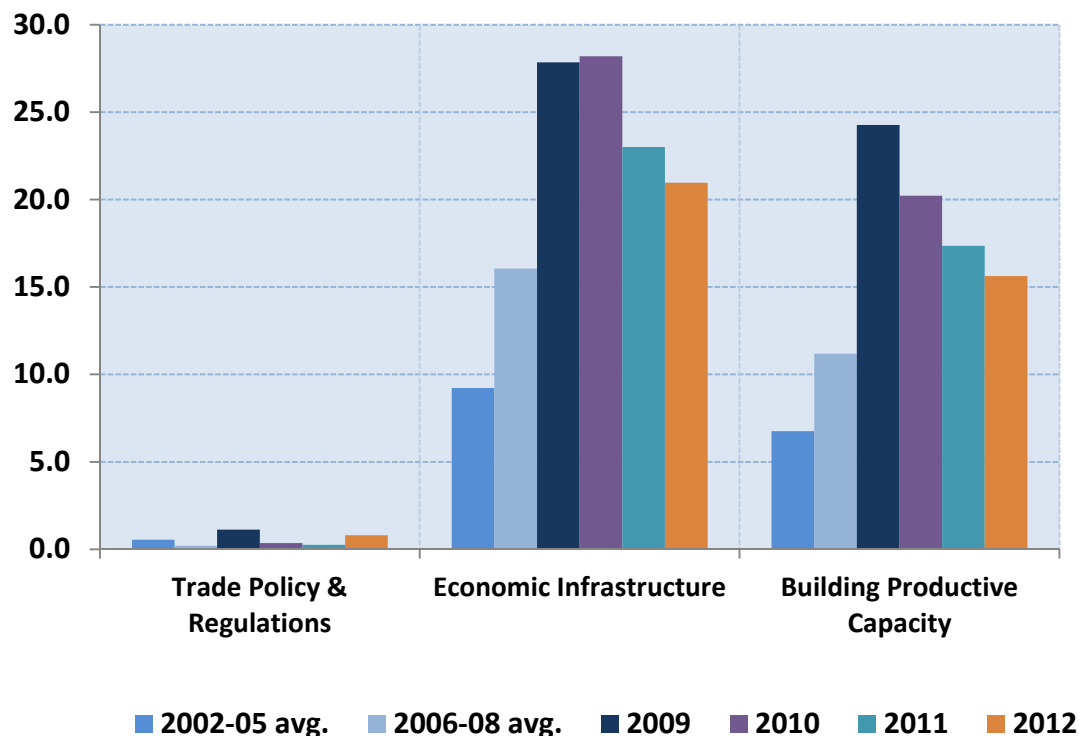


- AfT provided to middle income countries is almost 80% loans and this share has been increasing since 2002-05
- For LICs, the share of loans is much lower and relatively unchanged at 40%

Source: OECD-DAC, Credit Reporting System (CRS)

Other official flows continue to decline...

USD billion (2012 constant)

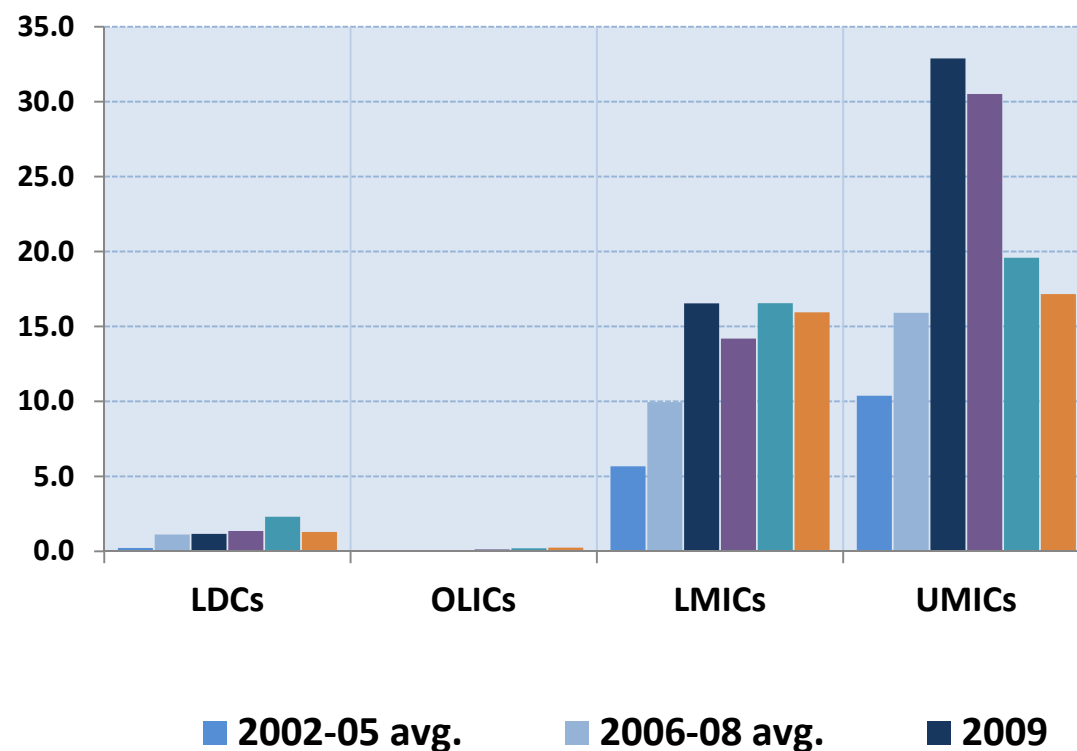


- OOF have fallen in recent years following a surge of post-crisis lending in 2009
- USD 37.4 bn was committed in 2012 – USD 21 bn for economic infrastructure and USD 15.6 bn for building productive capacity. Less than USD 1 bn for trade policy and regulations

Source: OECD-DAC, Credit Reporting System (CRS)

...and remain concentrated in MICs

USD billion (2012 constant)



- OOF fell 13% to USD 43 bn after a large 2009 increase
- Multilaterals provide most of the support
- Indonesia, China, Brazil, Turkey and Kazakhstan are the largest recipients
- Mostly large projects in better-off countries

Source: OECD-DAC, Credit Reporting System (CRS)

Conclusions

- Overall a mixed picture
- Aid-for-Trade Commitments and disbursements continue to grow strongly
- Financing major infrastructure and private sector development projects in Africa
- But growing concern about the terms of assistance and the allocation to LDCs

For additional information:
www.oecd.org/dac/aft

Thank you

