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MEASURING PREDICTABILITY : PROPOSING A PREDICTABILITY RATIO

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MEASURING PREDICTABILITY: PROPOSING A PREDICTABILITY RATIO

1. In the Accra Agenda for Action (AAA), the donors committed to increase the medium-term predictability of aid "to enable developing countries to effectively plan and manage their development programmes over the short and medium term". The signatories of the AAA also committed that "developing countries and donors will work together at the international level on ways of further improving the medium-term predictability of aid, including by developing tools to measure it". This third annual survey on Donors' Forward Spending Plans provides an opportunity to compare donors' programming over time, and to develop necessary tools and indicators to take action towards meeting these commitments.

2. At the fifth technical meeting on aid allocations in April 2009, the Secretariat presented its initial work on a global predictability ratio. The participants welcomed the measurement and recommended further work in this area.

3. **The predictability indicator is the ratio of delivered CPA over programmed CPA reported to the DAC in previous surveys.**

Methodology

4. The basic methodology is to compare the outturn with what was planned the year before.

5. As the third survey in the series, it is also possible to compare the outturn with donors' planning two years earlier (*i.e.* their planning in 2007/08 for the year 2009).

6. This provides a one-year and a two-year perspective on donors' ability to provide predictable aid, and to compare how planning figures are being adjusted over time.[1]

7. A predictability ratio of 100% means that a donor disbursed the same amount as initially planned.

Results

8. Last year's survey indicated a preliminary predictability ratio of 104% for the 2008 flows. This meant that, on average, each donor disbursed 4% more CPA than forecasted one year earlier.[2] Considering 2009 flows, one-year predictability ratio is of similar levels, 104%. This reinforces the robustness of the survey data: overall forward spending data collected a year in advance is a relatively good predictor for the outturn.

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1 In order to ensure consistent measures, this analysis only covers CPA to partner countries reported in all surveys that are being compared. It does not include CPA to partner countries only reported in one or two of the surveys, or any potential estimates made by the Secretariat if the donor coverage in any survey was not complete.

2 See DCD/RD(2009)3/RD3, Measuring Predictability – Developing a Global Aid Predictability Index – discussed at previous technical meeting.

9. The ability to predict diverges from one donor to another. Multilateral disbursements for 2009 were 7% higher than was initially programmed as of end 2008. The Asian Development Fund disbursed 40% more than programmed, mainly due to frontloading additional resources to assist countries during the financial crisis. The DAC average is 102%. However, there are wide variations around this average. In some cases only half of the initially programmed amounts were actually disbursed, perhaps reflecting reduced CPA budgets in 2009.

10. The two-year predictability ratio is the comparison between 2009 outturn and what was programmed for 2009 prior to the crisis as reported in the 2007/2008 Survey. The two-year predictability ratio is 108%, meaning that donors on average disbursed 8% more than what they had initially programmed two years earlier. Multilateral agencies' predictability ratio was 127%, however with some large variations in this group: *e.g.* African Development Bank disbursed 65% more than initially programmed. Table 1 presents the one and two-year predictability ratios for 2009 flows.

Questions

- How well does this measure reflect the donors' abilities to provide predictable aid on a medium term basis?
- Do the participants agree with the methodology?
- In which ways can this measure be improved?

Table 1: Predictability Ratio 2009 flows

	Predictability Ratio of 2009 flows	
	2009 Outturn[1] / programmed in 2009[2]	2009 Outturn[1] / programmed in 2008[2]
DAC MEMBERS		
Australia	107%	131%
Austria	109%	n.a.
Belgium[3]	118%	56%
Canada	82%	94%
Denmark	106%	109%
EC	136%	111%
Finland	100%	109%
France	107%	68%
Germany	111%	163%
Greece	n.a.	n.a.
Ireland	84%	71%
Italy	56%	62%
Japan	n.a.	n.a.
Korea	89%	n.a.
Luxembourg	104%	97%
Netherlands	85%	86%
New Zealand	71%	85%
Norway	69%	82%
Portugal	107%	103%
Spain	81%	120%
Sweden	100%	96%
Switzerland	96%	n.a.
United Kingdom	96%	89%
United States	n.a.	n.a.
DAC Total	**102%**	**99%**
MULTILATERAL AGENCIES		
AfDf	115%	165%
AsDF	140%	149%
GAVI	53%	n.a.
GEF	118%	n.a.
Global Fund	90%	n.a.
IDA	109%	119%
IDB Sp.Fund	100%	n.a.
IFAD	n.a.	n.a.
IMF	n.a.	n.a.
Montreal Protocol	n.a.	n.a.
UNAIDS	100%	n.a.
UNDP[4]	95%	185%
UNFPA	100%	99%
UNICEF	107%	116%
Multilateral Total	**107%**	**127%**
Grand Total	**104%**	**108%**

1. Provisional figures
2. n.a. means that the donor did not provide forward estimates.
3. Belgium adjusted their CPA calculations for the 2009 Survey.
4. UNDP provided forward estimates for half its resources in the 2007/2008 Survey.

Example of how to read Table 1:

- Predictability of 2009 flows (one-year): 2009 outturn / programmed in 2009:

Australia: CPA outturn for 2009 (provisional estimates) was 7% more than programmed one year before. Australia's one-year predictability ratio for 2009 is 107%.

- Predictability of 2009 flows (two-year): 2009 outturn / programmed in 2008:

Australia: CPA outturn for 2009 (provisional estimates) was 31% more than programmed two years before. Australia's two-year predictability ratio for 2009 is 131%.