

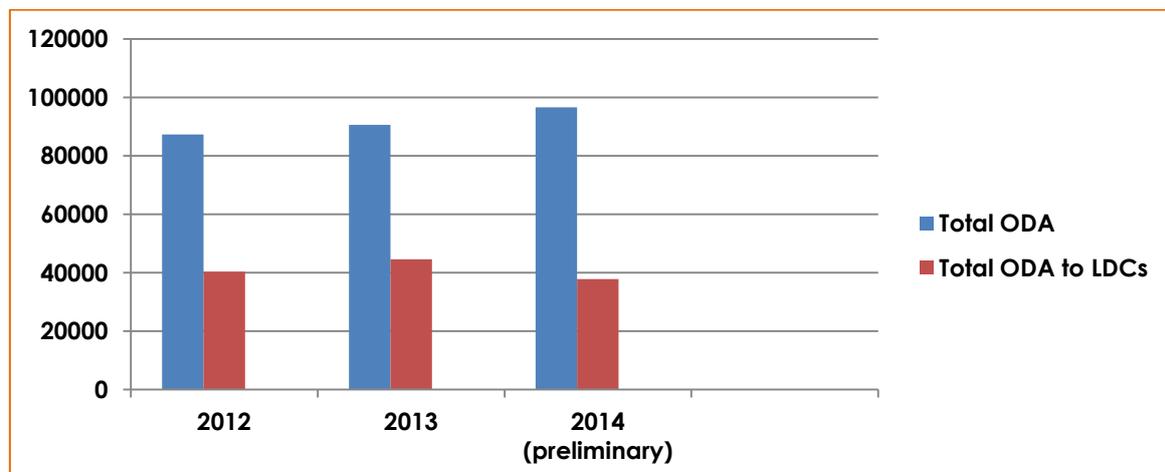
ODA neglecting poorest countries in the Sub-Saharan Africa

By Dr Fanwell K. Bokosi and Taurai A. Chiraerae*

On 8 April, 2015, the Organisation for Economic Co-operation and Development (OECD) published preliminary statistics on Official Development Assistance (ODA). At the same time OECD ministers committed to provide more development assistance to countries most in need (Gurría, 2015). Official development assistance has gone down between 2013 and 2014. The preliminary figures released however

shows that Sub-Saharan Africa (SSA) [which has the highest number of least developed countries (LDCs)] receives the most ODA than most regions in the world, in real terms this ODA is going down. Specifically SSA has registered a reduction in aid in 2014 by about 8%. In contrast ODA to low middle income countries is slightly on the increase, an indication that ODA is not going to the poorest countries that need it the most.

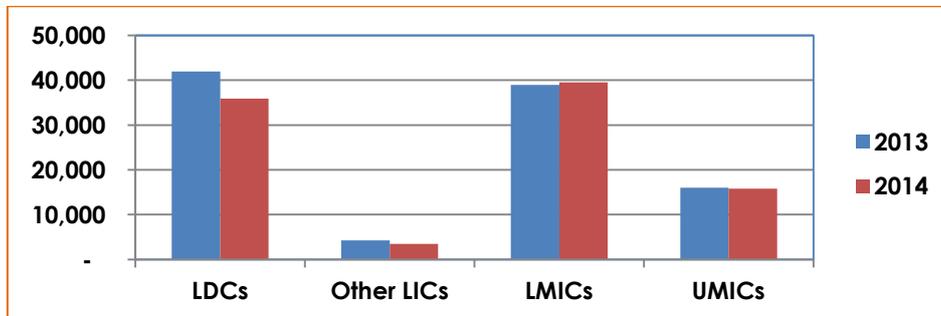
ODA to Least developing countries



Source: Authors compilations from OECD 2014 statistics

Excluding debt relief grants, ODA to the least developed countries fell by about 8%. This might be due to the fact that debt relief was not factored in the 2014 figures. Bilateral ODA to Sub-Saharan Africa was US\$25 billion, a decrease of 5% in real terms from 2013. Excluding debt relief, the decrease was nearly 2%.

Comparison by Income status



Source: Authors compilations from OECD 2014 statistics

Preliminary data for 2014 indicate that ODA to least developed countries will decline while they will be an increase in ODA to low middle income countries. This also raises questions as to whether or not it should be the income status of a country that best quantifies to ascertain that a country is

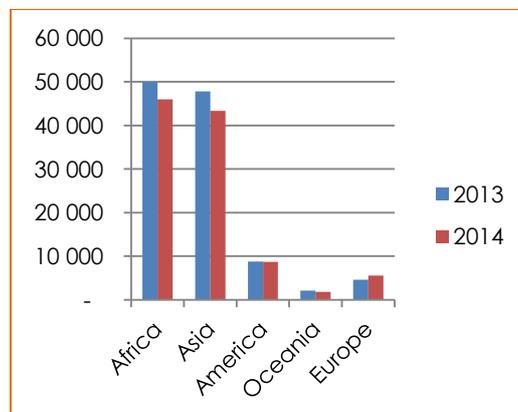
really in need of ODA. The ever growing inequality in the developing economies is creating a new form of poverty which requires ODA. However much of the aid should continue to be disbursed to LDCs as they have the greatest populations in need of ODA.

Country programmable aid

Country Programmable Aid (CPA) is the most preferred aid modality for most Sub-Saharan African countries. This is because it is the portion of aid on which recipient countries have, or could have, a significant say and for which donors should be accountable for delivering “as

programmed.” CPA reflects the amount of aid that is subjected to multi-year planning at country/regional level (OECD 2015). The following figure depicts where CPA was distributed in 2013 and 2014.

Country programmable aid



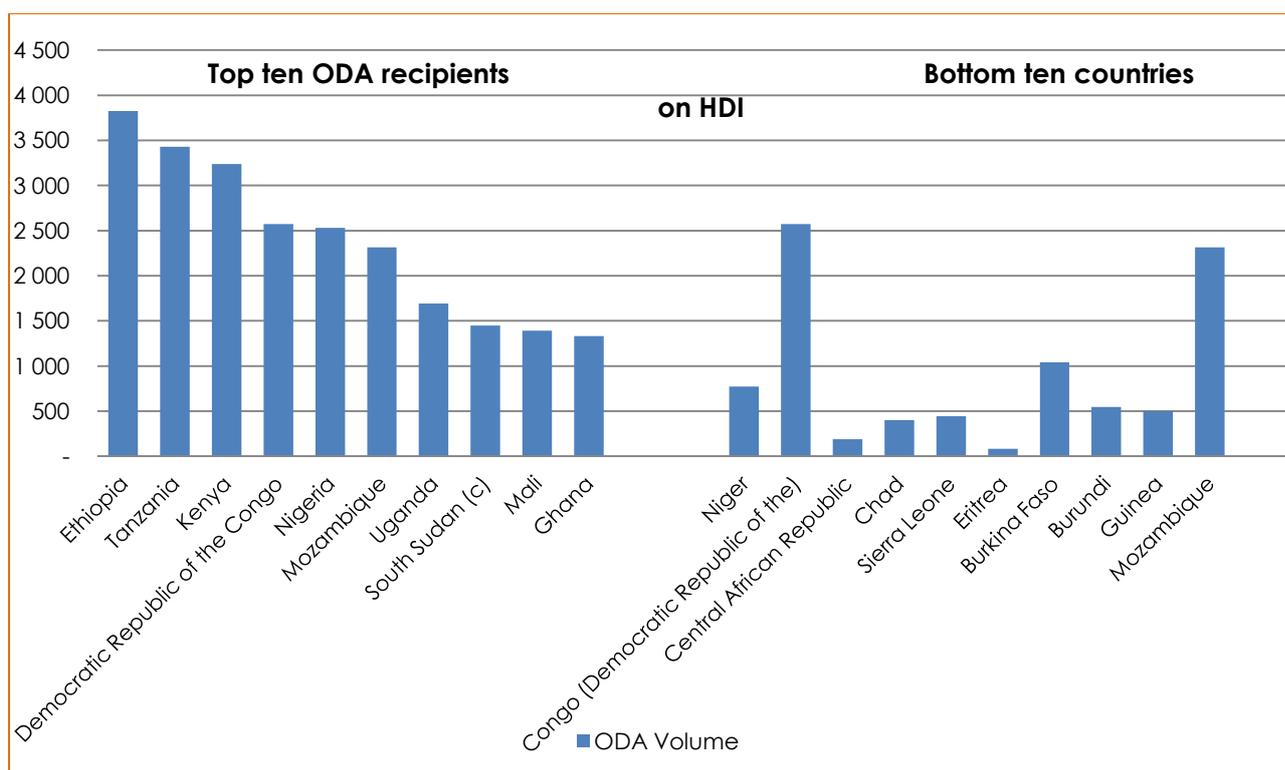
SOURCE: Authors compilations from OECD 2015 statistics

CPA from all sources (DAC members, non-DAC providers and multilateral agencies) decreased by 7.0% in real terms to an estimated US\$105.3 billion. In 2013 Africa received most of the CPA of US\$50 billion while Asia received US\$47.9 billion, the Americas received US\$8.8 billion and the Oceania received US\$2.1 billion. The same trend is shown in 2014 preliminary results as Africa continues to lead as the biggest recipient of ODA from the OECD countries. In 2014 Africa received US\$46 billion, while Asia received US\$43.3 billion.

The Americas received US\$8.7 billion while the least recipient was Oceania which received US\$1.8 billion.

The overall decline of CPA in 2014 was driven by a significant drop in aid to top aid recipient countries such as Kenya and Tanzania, thus affecting overall ODA levels for both least developed countries and other low-income countries.

Aid to selected Sub Saharan Africa (US\$ million)



Source: Authors compilations from OECD 2014 statistics and the Human Development index 2014

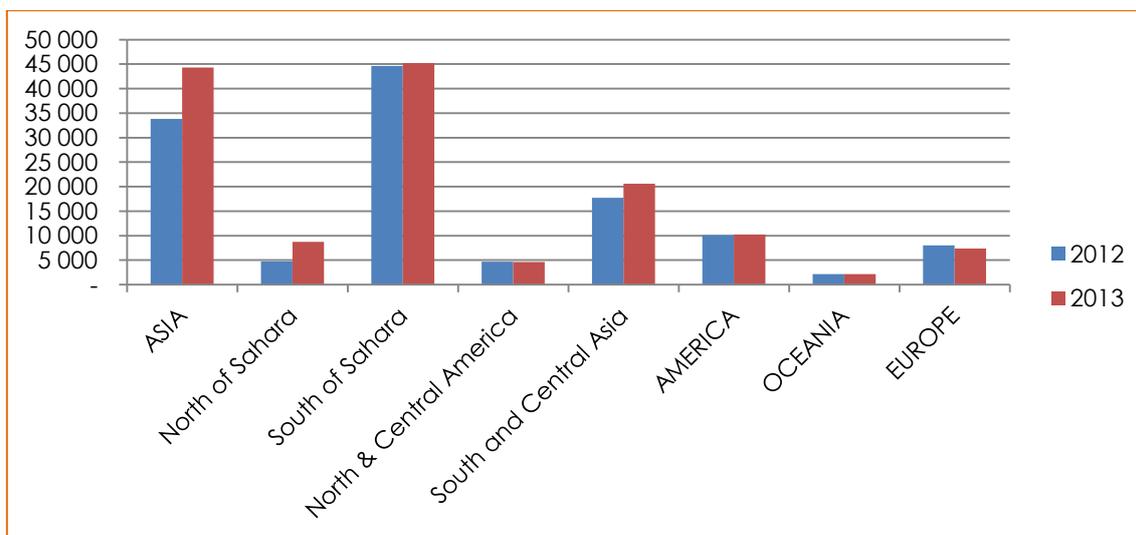
Aid Goes To Rich Countries in Sub Saharan Africa

For the period under review Ethiopia has received the most aid than any other country in Sub-Saharan Africa. According to the Human development rankings of 2013 Ethiopia is the 15th poorest country in Sub-Saharan Africa and 173th in the world. Other top recipients of ODA during the period under review include Tanzania (ranked 27th poorest in SSA and 159th in the world), Kenya (ranked 35th poorest in SSA and 147th in the world),

152th in the world), Mozambique (ranked 10th poorest in SSA and 178th in the world) last in the list is Ghana (ranked 39th poorest in SSA and 138th in the world). Six of the top ten aid recipients are resource rich such as Tanzania, DRC, Nigeria, Mozambique, South Sudan and Ghana. It is important to note that only two countries (DRC and Mozambique) of the poorest countries by HDI are among the top ten recipients of ODA in 2014.

DRC (ranked 2nd poorest in SSA and 186th in the world), Nigeria (ranked 30th poorest in SSA and

Net ODA recipients (US\$ million)



Source: Authors compilations from OECD 2014 Statistics

What next with ODA

The Africa rising narrative will benefit from improved ODA hence will call upon the donor countries to ensure that they increase their ODA as it directly works towards poverty eradication. ODA should be used to improve domestic resource mobilisation by ensuring tax reforms. The

post 2015 development agenda will strongly benefit from more resources from ODA and much impetus should be made towards ensuring that all DAC countries meet their Gleneagles 0.7% commitment from the current average of

0.3%GNI for all DAC countries. Further more for recipient African countries should:

1. **Diversify their donor base:** There are now different types of donors who were not in the frame a decade ago; this is an opportunity for more resources and competition between donors. African countries should use this opportunity to their advantage by increasing the number of development cooperation partners and hence spread the risk. This opportunity will however need to be balanced with the associated costs. The multiplicity of donors comes with greater fragmentation in the delivery of aid and coordination problems which will result in large administrative burdens.
2. **Reduce reliance on aid:** There is more pressure on donor countries due to increasing economic hardship globally and pressure from their own constituencies. The future of aid will most likely continue to decline. It is therefore more prudent for African countries to start defining strategies that will enable them to exit from aid at some point in the future. The strategy should include

focusing attention to raising revenues in future and the development areas that ODA should be used to support today. Ability to raise domestic resource will increase policy space and country ownership of the development process.

3. **Use aid to support development:** Development aid has not been as effective as it should have been in achieving development results. It is therefore imperative that African governments should be more aggressive in the acceptance of development assistance. Development aid that does not support the developmental objectives of the country should be subjected to a more rigorous interrogation before being accepted. This can only be possible in countries that have a clear development strategy which should also include an aid policy that should have a functioning aid information and management system. This will ensure that all external financial flows are captured in a transparent and effective manner.

Finally to end poverty in the world the Busan partnership agreement alludes to common but differentiated commitments. Both donor and Recipient countries have to ensure that they adhere to the transparency and mutual accountability as this will drive effective partnerships for effective development.

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