



# REGIONAL AID PROFILE 2017

## CENTRAL AFRICA

### 1. INTRODUCTION

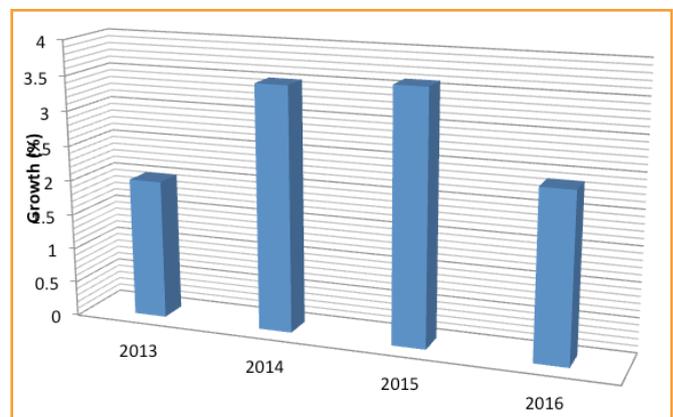
This profile provides an analysis of the trends in official development assistance (ODA<sup>1</sup>) for the Central African region. It begins by highlighting the amounts of ODA flowing into the central region. The profile considers disbursements of loans made on concessional terms (net of repayments of principal) and grants by official agencies of the members of the Development Assistance Committee (DAC), by multilateral institutions, and by non-DAC countries to promote economic development and welfare in East Africa. It discusses average net ODA received per capita of countries in Central Africa and also interrogates average ODA as a percentage (%) of gross national income (GNI). The focus of the analysis is for the period 2010 to 2015. The profile ends by giving policy recommendations.

Central Africa consists of seven countries: Cameroon, Chad, Central African Republic, Congo Republic, Equatorial Guinea, Gabon and Sao Tome and Principe according to the United Nations Economic Commission for Africa and the African Union Commission. The regional economic intergovernmental communities in this region are Economic Community of Central African States (ECCAS) and the Customs and Economic Union of Central African States (UDEAC). The region is composed of oil rich countries which are non dependent on ODA and non oil producing countries that depend very much on ODA.

### 2. REGIONAL ECONOMIC OUTLOOK

The central region was ranked as the second fastest growing region in Africa in 2014 and 2015 at 6.1% and 3.7% respectively (African Economic Outlook, 2016). In the same period Cameroon led the region's economic growth at 5.3 percent followed by the Central African Republic whilst Equatorial Guinea was the slowest at -4.5 percent (UNECA, 2017). As highlighted in the Figure 1 the region's economic growth is on upward path from a low of 2% in 2013 to 3.5 percent in the 2015.

Figure 1: Economic Growth Patterns in the Central Africa Region



Source: AFRODAD's calculation based on UNECA Data 2017

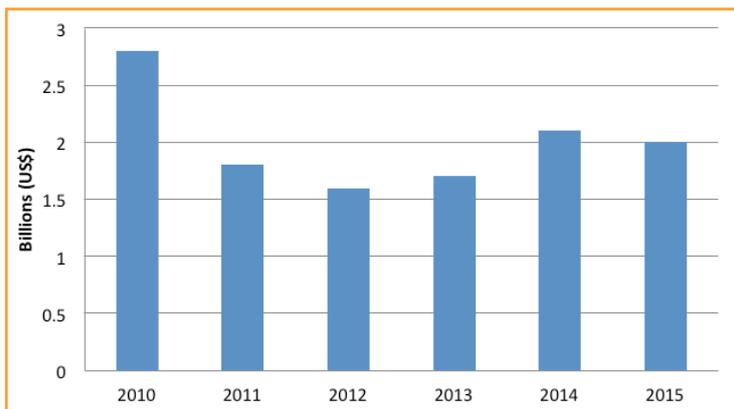
### 3. NET OFFICIAL DEVELOPMENT ASSISTANCE (CURRENT US\$) IN CENTRAL AFRICA

In terms of ODA as shown in Figure 2 there has been a decline in the net official development assistance and official aid received (current US\$) in Central Africa from above US\$2.8 billion in 2010 to an estimated less than US\$1.6 billion in 2012. Although the amount increased in 2014 to US\$2.1 billion the

<sup>1</sup> ODA is classified as by the OECD/DAC as "flows to countries and territories on the DAC List of ODA Recipients and to multilateral institutions which are provided by official agencies, including state and local governments, or by their executive agencies; and each transaction of which is administered with the promotion of the economic development and welfare of developing countries as its main objective; and is concessional in character and conveys a grant element of at least 25 per cent (calculated at a rate of discount of 10 per cent).

net aid received declined marginally to US\$2 billion in the following year as depicted in Figure 2.

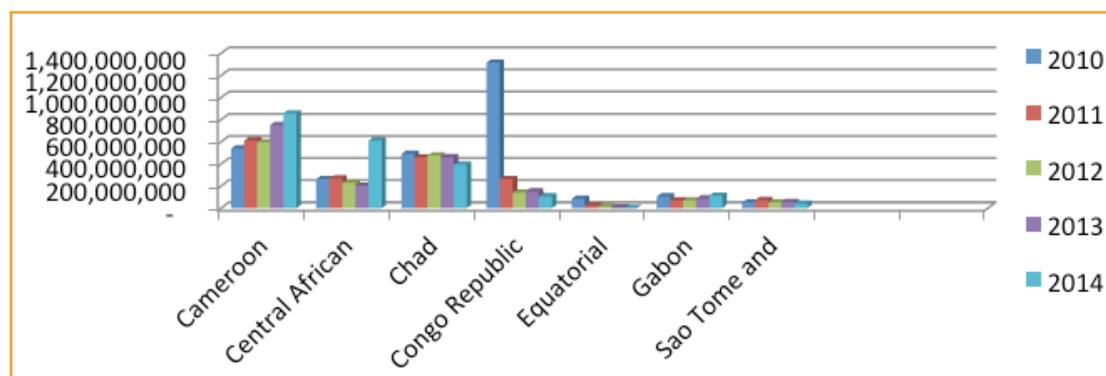
**Figure 2: Net ODA received in Central Africa**



Source: AFRODAD's calculation based on World Bank data 2017

Notably as presented in Figure 3, in Central Africa for the period 2010 to 2015 Cameroon received the largest amount of ODA having received an estimated US\$4 billion followed by Chad at US\$2.9 billion whilst Equatorial Guinea is the least recipient at US\$136.7 million. Congo Republic once received the largest amount in a single year having received a regional record of US\$1.3 billion in 2010. However, trends continue to show that since 2011 the country's share of net ODA and aid received decreased drastically to about US\$88.9 million in 2015. The amounts of ODA received are also reflective of the populations of the countries in Central Africa. Countries such as Gabon, Equatorial Guinea and Sao Tome and Principe are very tiny geographically and have small populations as compared to Cameroon, Chad and the Central African Republic.

**Figure 3: Net ODA received in Central Africa per country (US\$)**

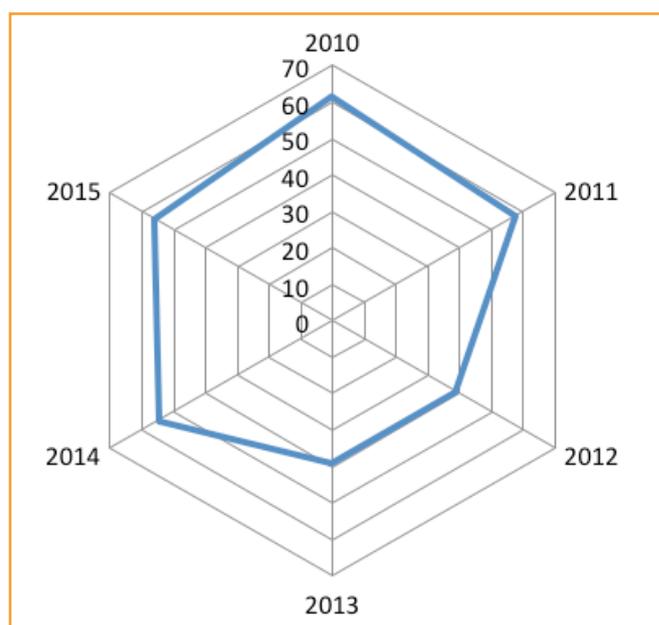


Source: AFRODAD's calculation based on World Bank data 2017

#### 4. CENTRAL AFRICA'S NET ODA RECEIVED (% OF GNI)

Figure 4 shows that in the Central Africa region the average net ODA received between 2010 and 2015 is 7.22% GNI. Also, it can be noted as Figure 4 below depicts that the region experienced an increase of 17 % from a low of 38.92% GNI in 2012 to high of over 56.04% GNI in 2015.

**Figure 4: Central Africa Regional Net ODA received (% of GNI)**

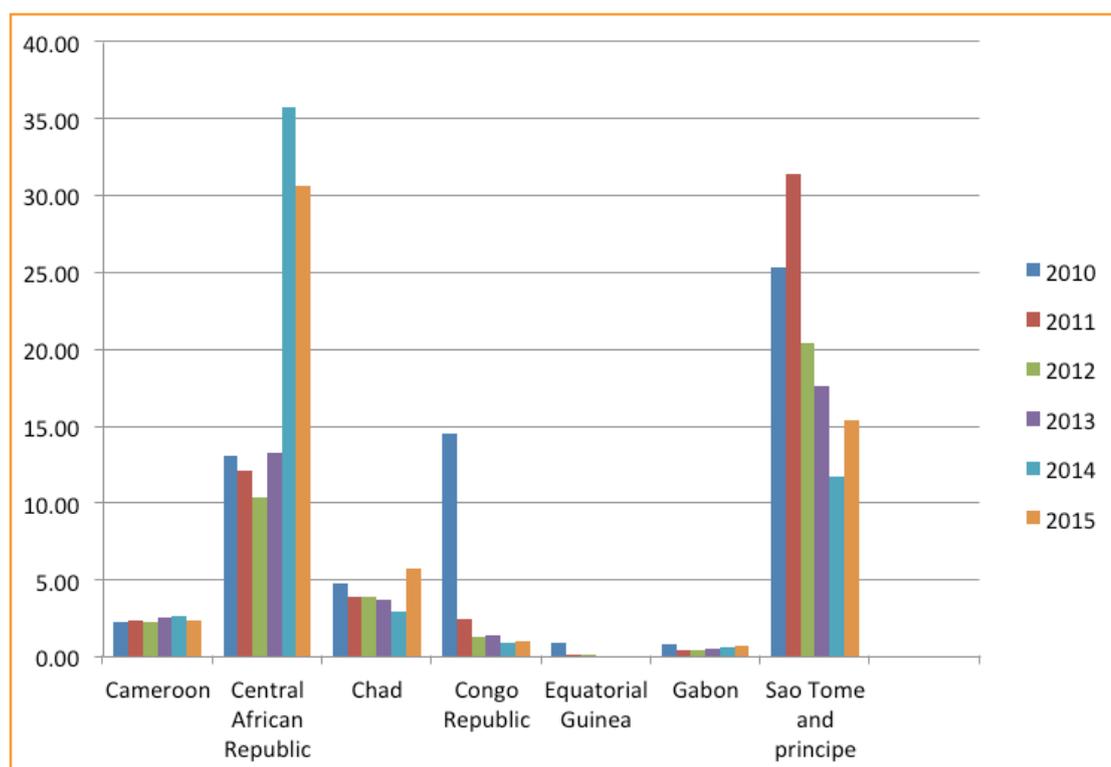


Source: Calculation by AFRODAD based on World Bank data 2017

The data in Figure 5 show that Sao Tome and Principe recorded the highest number of net ODA received (% of GNI) summing 121.87% GNI with an average of 20.31% GNI since 2010. This was followed by the Central African Republic which had an average of 19.20% GNI recorded between

2010 and 2015 as well as a peak of 35.73% GNI in 2014. This indicator reflects how crucial ODA is to Sao Tome and Principe and the Central African Republic which are non oil rich countries. In oil rich countries such as Gabon and Equatorial Guinea net ODA received averages 0.62% GNI and 0.22% GNI respectively over the period 2010 to 2015. Therefore, these two countries do not rely on ODA for economic development.

**Figure 5: Central Africa Net ODA received (% of GNI) per Country**



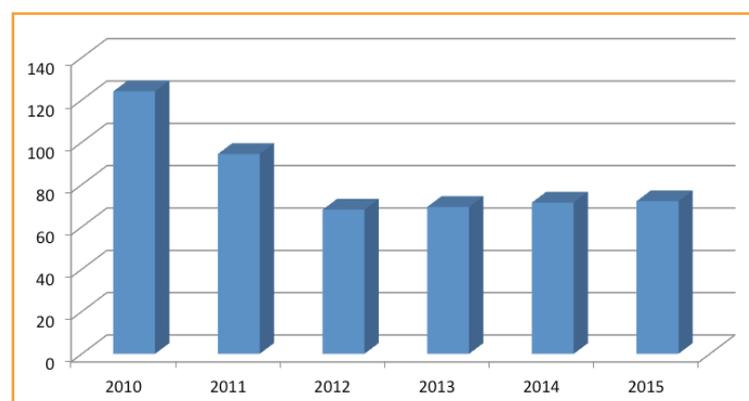
Source: AFRODAD's calculation based on World Bank data 2017

In the case of the Congo Republic, the discovery and increased production of oil can be attributed to the decline in the net amount of ODA received from more than US\$1.3 billion in 2010 to a meagre US\$88.9 million in 2015 as shown in Figure 3. This translates to a decline of net ODA received from 14.57% GNI in 2010 to 1.05% GNI in 2015. Most important to note is the fact that oil plays a significant role in understanding the aid matrix in the Central Africa region. The contribution of ODA to GNI in oil rich countries such as Gabon and Equatorial Guinea is less than 1% as compared countries without oil such as the Central African Republic and Sao Tome and Principe as depicted in Figure 5.

## 5. NET ODA RECEIVED PER CAPITA

Net official development assistance (ODA) per capita brings to the fore the adequacy of the sum of ODA provided to the countries under review and the region. During the period under review the average ODA per capita was US\$83.29. The average figure for 2015 as Figure 6 depicts is US\$72.16 down from US\$124.03 in 2010. It can also be deduced that the per capita contribution ODA to the Central Africa region has been on a downward trajectory between 2010 and 2015.

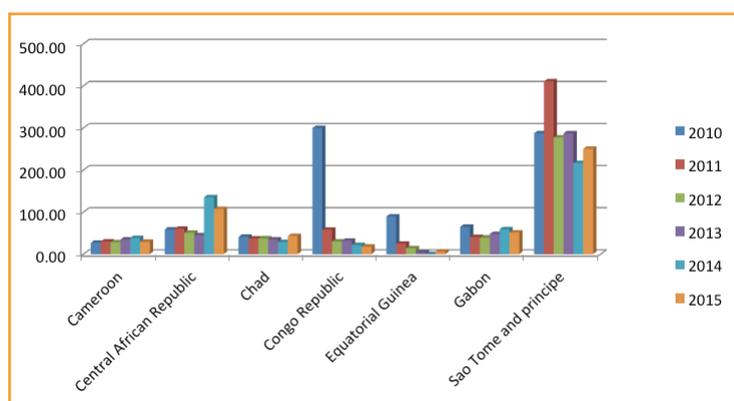
**Figure 6: Net ODA Received per capita (US\$) in the Central Africa region**



Source: AFRODAD's compilation based on World Bank data 2017

As presented in Figure 7, ODA per capita was US\$410.68 in 2011 in Sao Tome and Principe. In essence it can be noted that Sao Tome and Principe has the highest amount averaging US\$288.18 followed by Congo Republic and the Central African Republic at US\$76.51 and US\$76.17 respectively for the period 2010 to 2015. This shows that Sao Tome and Principe is heavily dependent of ODA. However, trends in this country shows the effective use of ODA as an increase or decrease in the net ODA and official aid received reflected percentage GNI. The other fascinating case is that of the Congo Republic where net ODA received per capita monumentally fell from nearly US\$300 in 2010 to less than US\$18 in 2015. As highlighted earlier above, this is attributed to a shift from ODA dependency to an economy supported extensively by oil revenues.

**Figure 7: Net ODA Received per capita (US\$) in the Central Africa region per country**



Source: AFRODAD's compilation based on World Bank Data 2017

## 6. POLICY RECOMMENDATIONS TO GOVERNMENTS

- Countries such as Central African Republic and Sao Tome and Principe must proactively find alternatives to ODA since overreliance is not sustainable. This can be through using ODA to foster beneficiation and value addition initiatives.
- ODA still plays a significant part to oil producing countries in the Central Africa region. Equatorial Guinea should use ODA especially technical assistance to diversify its economy through strategic use of oil revenues and ODA.
- Countries must improve other sectors of their economies such as agriculture and manufacturing to be protected from both the decreases in either ODA or commodity prices.
- The region should work to improve peace and security in order for ODA to contribute effectively to economic growth. Central African Republic and Cameroun (particularly on its volatile boarder with Nigeria) must improve on cross-border security to enable free movement of goods and people. Political instability drives away foreign direct investment and domestic entrepreneurship programmes.
- Countries must use ODA to boost trade. Since ODA is on the decrease, the region must also accelerate regional integration especially economic integration.
- Countries must use ODA to improve infrastructure such as the road and rail network as well as border facilities among member states. These barriers hinder regional trade and inhibit economic cooperation.



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