

1. Introduction

This profile cross-examines the trends in official development assistance (ODA¹) for the West African region. It begins by highlighting the amounts of net ODA flowing into West Africa. It assesses the average net ODA received per capita in West African countries. It also reveals West Africa's average ODA percentage (%) of gross national income (GNI). In this regard, 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. The trends in ODA profiled are for the period 2012 to 2016. The profile ends by proffering policy recommendations.

The United Nations Economic Commission for Africa, the African Union Commission and the African Development Bank recognise the existence of fifteen countries in the West African region and these are Nigeria, Ghana, Togo, Niger, Benin, Cape Verde, Gambia, Senegal, Guinea Bissau, Liberia, Chad, Mali, Sierra Leone, Guinea and Cote d'Ivoire. The regional economic intergovernmental community in this region is the Economic Commission for West African States (ECOWAS). West Africa is the most populous region of Africa estimated to be approximately 315 million people² with Nigeria accounting for nearly half of the population. With such a big population, Nigeria is the biggest economy in West Africa. Nevertheless, as shown in Figure 1 below, the region has the lowest GDP growth rate at more than 3 percent in 2015³ slumped to a low 0.5% in 2016 due to Nigeria's negative growth rate that drew down the regional GDP for West Africa as it contributes about 70% of the region's GDP. However, growth rebounded in 2017 where the region registered 2.5% with projections of 3.6% and 3.8% anticipated for 2018 and 2019 respectively⁴. Overall, the region's economic activities are primarily dependant on oil and gas and minerals that include gold, diamonds and uranium as well as agricultural outputs such as cocoa, groundnuts and coffee.

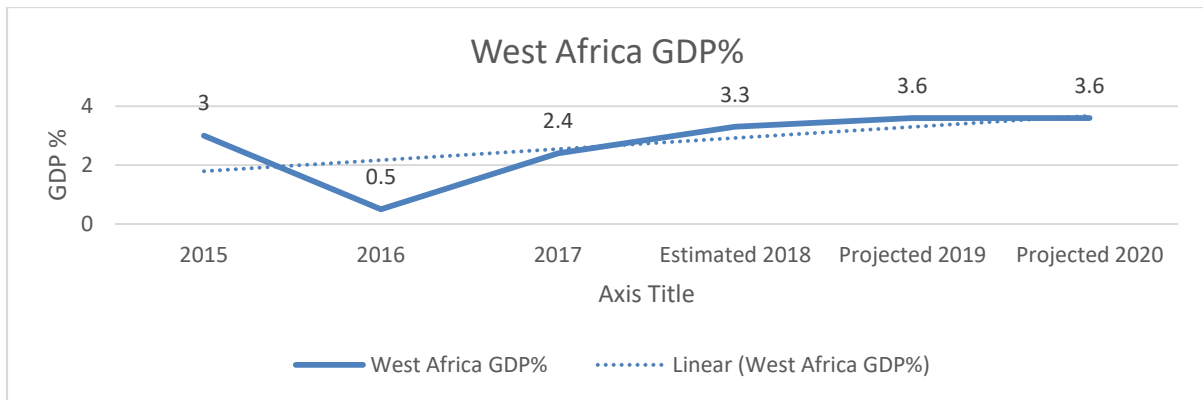
¹ ODA is classified as by the OECD/DAC as "flows to countries and territories on the DAC List of ODA Recipients and to multilateral institutions which are provided by official agencies, including state and local governments, or by their executive agencies; and each transaction of which is administered 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).

² <http://www.oecd.org/fr/csao/publications/39803778.pdf>

³ African Economic Outlook 2016

⁴ West Africa Economic Outlook 2018

Figure 1: West Africa GDP % trends 2015-2020

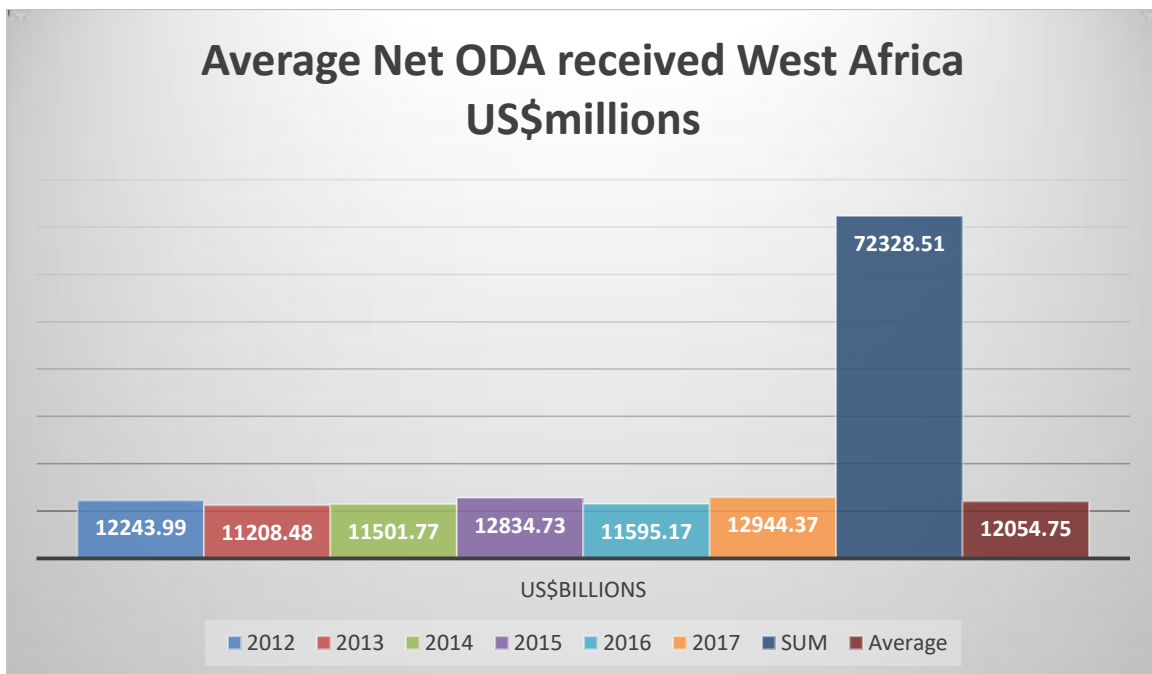


Source: AfDB West Africa Economic Outlook 2019

2. Regional Net ODA Received 2012 to 2017

In terms of ODA West Africa received a significantly constant share of aid which averaged almost US\$12 billion for the period 2012 to 2017. For the period under review, net ODA into the region minimally fluctuated within the ranges of 0.9% decrease for 2012 to 2013, an increase of 1.1% for 2014 to 2015 and a decrease of 0.91% for 2015 to 2016 and a marginal increase for 2017 US\$ 12.94 billion as illustrated in Figure 2. In total, West Africa received US\$72.3 billion in aid since 2012.

Figure 2: Average Net ODA received West Africa sub-region

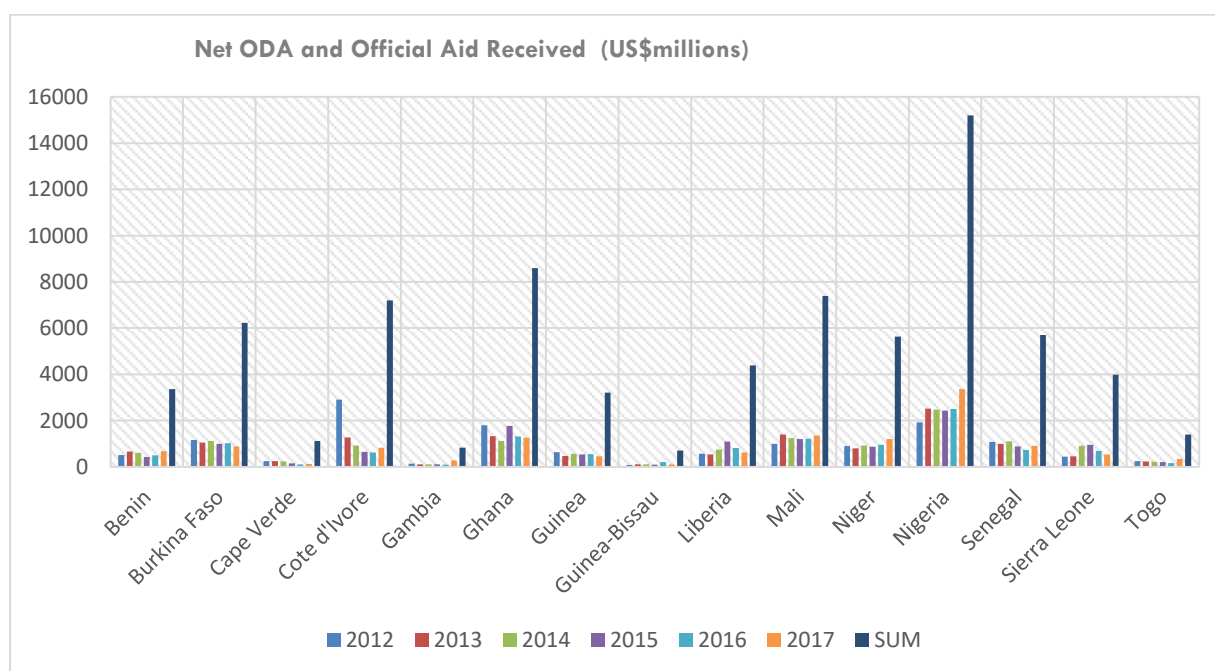


Source: AFRODAD calculation based on World Bank data 2019

As indicated in Figure 3, the top three countries to have received the highest amounts of ODA are Nigeria, Ghana and Mali which received US\$15,1 billion, US\$8.5 billion and US\$7.3 billion respectively. However, the trend for net ODA to Ghana has been on a

downward spiral citing the country’s attractiveness in drawing FDI that has seen a shift in the broadening of Ghana’s financial base⁵. Guinea Bissau, Gambia and Cape Verde remain the bottom 3 recipients of ODA in the region for the period under review. The three countries account for US\$2,6 billion for the 2012 to 2017 period which amounts to 3.6% of the total net ODA received in the region. Although the ODA received is relatively low, it is reflective of the populations of these countries against those of Nigeria, Ghana and Cote d’Ivoire who are the top three recipients in the region.

Figure 3: Net ODA and Official Aid Received (2012-2017)



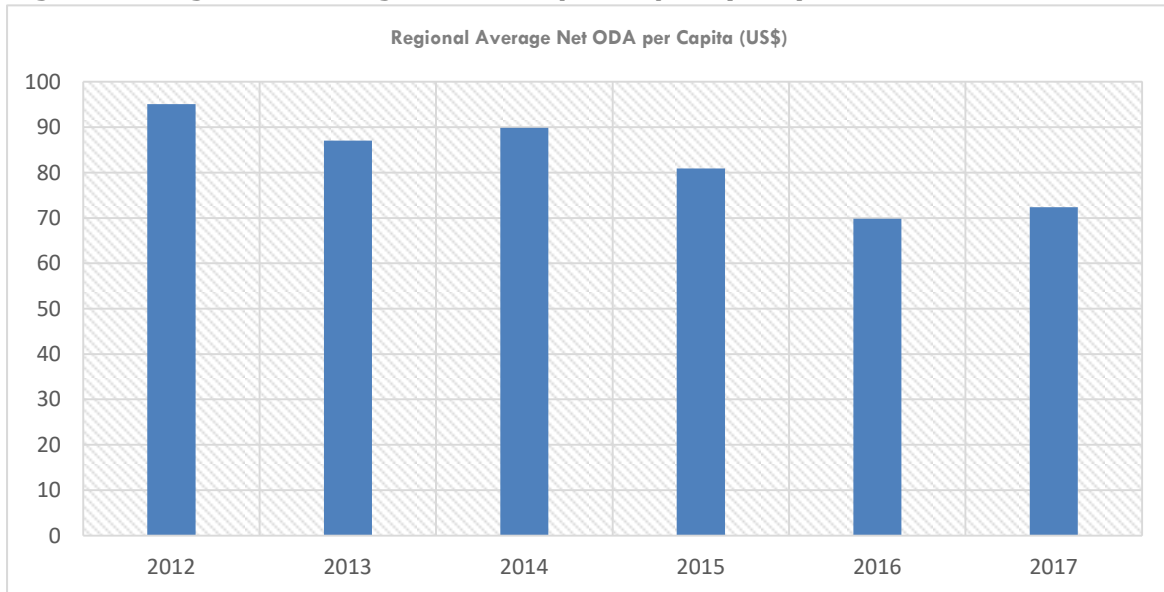
Source: AFRODAD’s compilation based on World Bank and OECD statistics 2019

3. Net ODA per capita (current US\$) for West Africa Sub-region

Data from the West Africa region, as depicted in Figure 4, shows that the average ODA per capita has been on a fall during the period under review. In 2012 it was US\$95.08 and dropped by 27% to US\$69.85 in 2016 and marginally increased to US\$72.37 in 2017. Liberia and Cape Verde accounted for the top two highest net ODA per capita figures in the region amounting to US\$982.52 and US\$2110.79 respectively for the 2012 to 2017 period as shown in Figure 4. These statistics are reflective of the heavy reliance on ODA that the two countries have. It calls for the need to have the countries look at other financial resource alternatives to finance their development as well as positive and sustainable economic progress.

⁵ West Africa Economic Outlook 2019

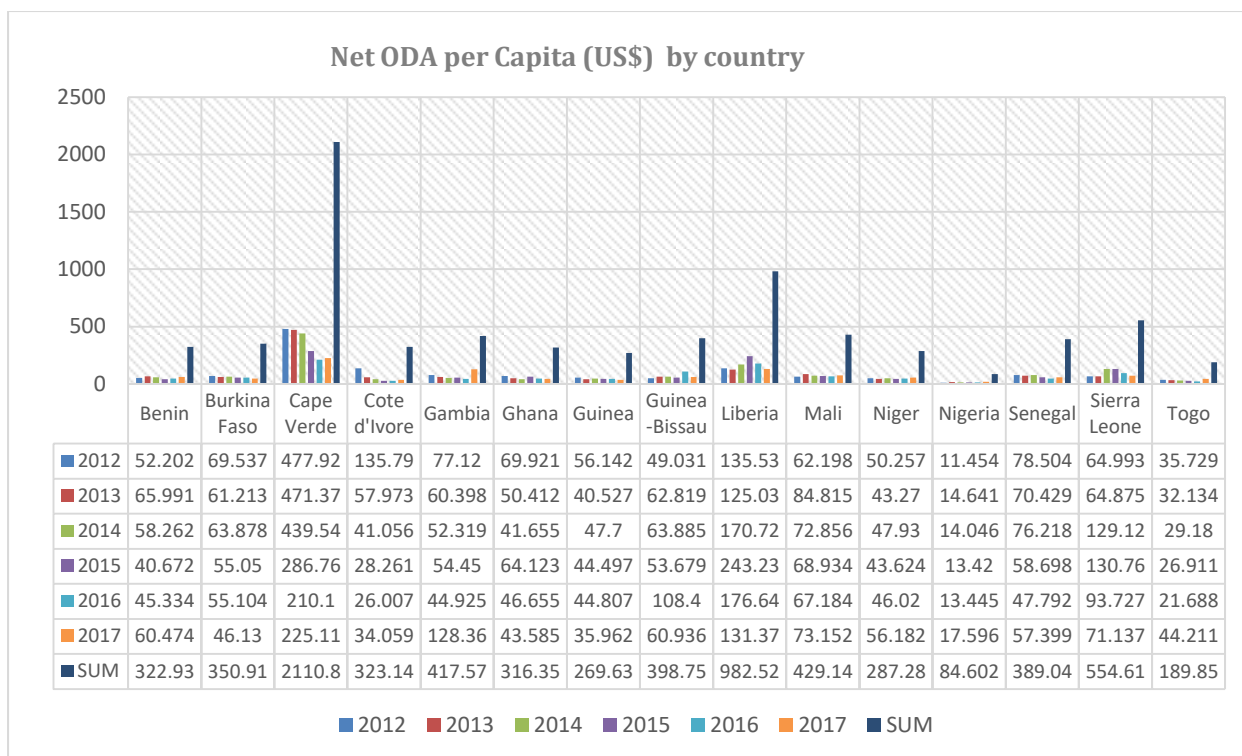
Figure 4: Regional Average Net ODA per Capita (US\$)



Source: Compiled by AFRODAD based on World Bank Open Data 2019

Figure 5 below shows relative rise in net ODA per capita for countries in the West Africa region with the exception of Guinea, Burkina Faso, Ghana, Guinea and Sierra Leone for the year 2017. This comes after a dip in net ODA per capita for all countries except for 3 namely Benin, Guinea Bissau and Niger. Guinea and Benin for 2016 had moved from US\$40.67 to US\$45.33 for the period 2015 to 2016 whilst Guinea's US\$0.80 increase landed it on a net ODA per capita reception of US\$45.29 in 2016. The Gambia recorded in highest increase in net ODA per capita with a jump from US\$44.92 in 2016 to US\$128.36 in 2017 highlighting a sudden increased dependency on ODA by the country owing the country's contracted terms of trade that inhibits the broadening of the country's financial resource base in an already poverty stricken and unequal country. More for the region, the slight slumps also account for the aid efforts in mitigating the effects of the Ebola crisis that plagued the region between 2013 and 2016. ODA was primarily channelled towards Ebola crisis management hence limited focus on targeted ODA initiatives for the region.

Figure 5: Country Net ODA per Capita (US\$)

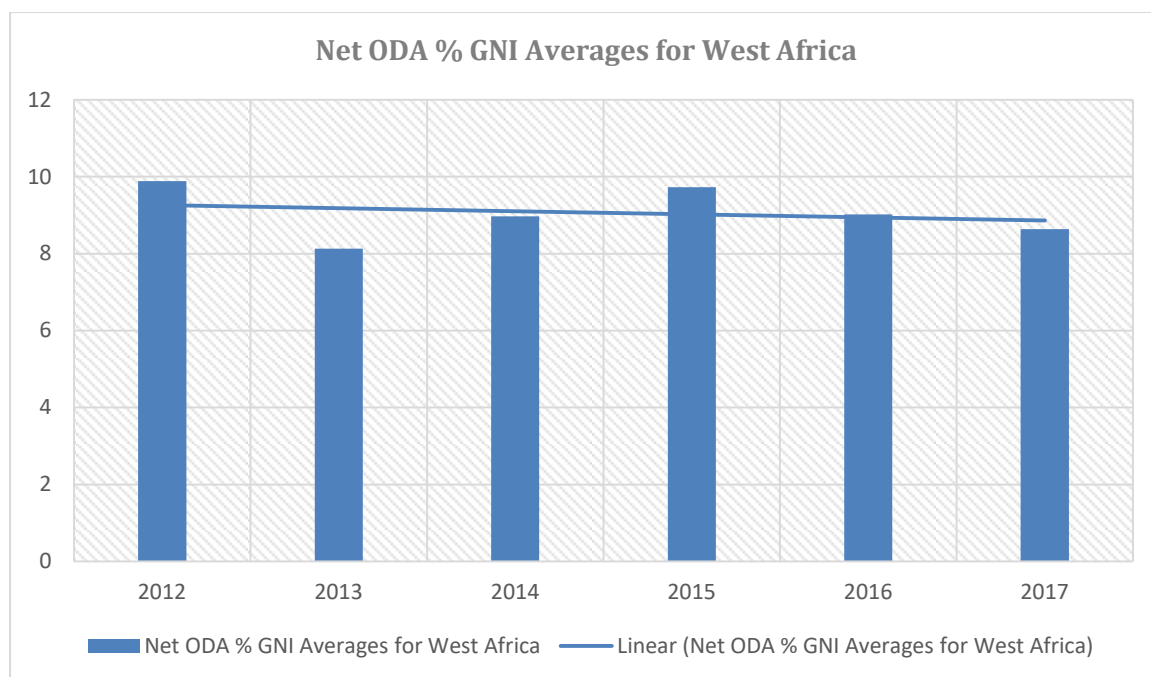


Source: AFRODAD calculation based on World Bank Data 2019

4. Net ODA (% of GNI) in West Africa

The average net ODA (% of GNI) for West Africa for the period 2012 to 2016 is 10.78%. Trends in the region as presented in Figure 6 shows that the highest figure recorded in the region was in 2012 at 9.89% of GNI which fluctuated between an average of 8% and (% of GNI between 2012 and 2017. The overall trend highlights two possibilities where ODA has dwindled as well as the fact that countries in the region have relatively dissipating dependency on ODA given their reliance on oil, gas and other natural resources.

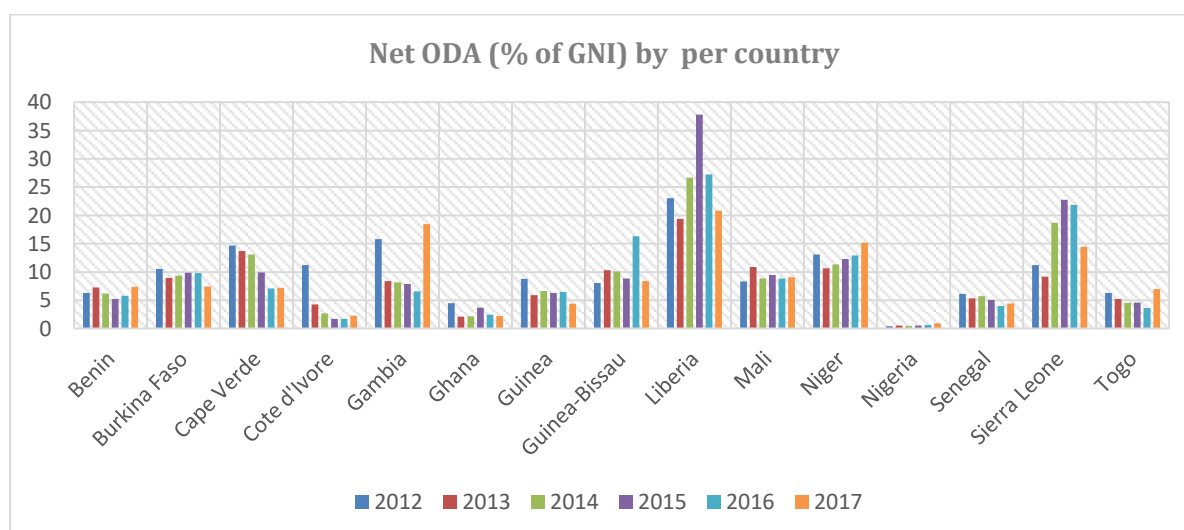
Figure 6: Average Net ODA (% of GNI) for West Africa 2012-2017



Source: Compiled by AFRODAD based on World Bank and OECD figures 2019

Figure 7 illustrates the trends in Net ODA flows as a percentage of gross national income for countries in West Africa over the 2012-2017 period. It can be noted that Liberia has over dependence on ODA as its share depicts a 44% contribution to its development as compared to countries such as Nigeria that account for 0.51% of GNI yet it is one of the leading recipients of net ODA in the region. Amongst the countries that have relative dependence on ODA and whose share show higher contribution of ODA to their development are Sierra Leone with 16.45%, the Gambia with 12.60% and Niger which is pegged at 12.05%. Countries in the region with ODA contributing less significantly to their GNI include Togo, Ghana and the Ivory Coast at 5.74%, 3.69% and 4.69% respectively. This is a mainly a result of strides that have been made in economic diversification.

Figure 7: Net ODA (% of GNI) for West Africa (2012-2017)



Source: AFRODAD calculation based on World Bank and OECD data 2019

5. Policy recommendations to governments

- **Utilise ODA for Integration and Equality** - Countries such as Nigeria, Niger and Mali must use ODA to develop under-served areas so as to minimise and eventually curb political insurgencies that have plagued the nation due to rising inequality. This
- **Enhance Humanitarian Response Mechanisms** - As a learning curve from the Ebola crisis, Liberia, Sierra Leone and Nigeria should utilise ODA to improve their health systems and enhance their disaster response mechanism (i.e. early warning, disaster response and post disaster mechanisms).
- **Governments in the region must use ODA to diversify their economies** - Overdependence on oil and gas has affected Africa's biggest economy Nigeria and subsequently the whole West African region. They should learn from the recession and slump of commodity prices and use alternative financing mechanisms for development.
- **Promote Beneficiation, Value Addition and wean from AID** - Countries with mineral resources should use ODA to engage in beneficiation and value addition which is sustainable as this creates economies with positive economic ripple effects.
- **Enhance Domestic Resources Mobilisation** - Liberia and Cape Verde must use the aid they receive to broaden their financial resource bases to ameliorate themselves from dependency on aid to do away with overdependence on ODA and outside assistance.
- **Promote Intra-Regional Trade through ODA** - Countries in West Africa must use ODA to improve intra-regional trade, the region should also harness the ethos of the Continental Free Trade Area that the AU member states signed and adopted.