



Terms of References

Implications of changing composition of official development assistance on Africa's debt profile: Recent lessons

1. Introduction

This document outlines the Terms of Reference (ToR) for a comprehensive study examining the changing composition of the Official Development Assistance on Africa's Debt profile. The study is commissioned by AFRODAD with the aim of providing critical lessons using this analysis. The trajectory of Africa's debt and dependency on ODA can then be better understood in ever changing contexts.

2. Context

Established by the Development Assistance Committee (DAC) of the Organization for Economic Co-operation and Development (OECD) in the 1960s, Official Development Assistance was designed as a tool to address global inequalities by providing concessional financial flows to developing nations. ODA remains a key component of international aid, formulated to promote economic development and welfare in low- and middle-income countries. These flows are often in the form of grants or low-interest interest loans intended to primarily support development projects, humanitarian efforts and economic stabilization. In Africa and Global South, ODA has played a significant role in funding essential sectors such as health, education and infrastructure . However, questions persist about its effectiveness in achieving long-term sustainable development and reducing poverty. ODA has been criticized for fostering dependency, perpetuating unequal power dynamics and contributing to unsustainable debt levels through its increasing reliance on loans rather than grants. This study therefore seeks to critically assess the changing composition of ODA and its implications for Africa's debt profile, focusing on recent lessons and the need for policy reform to ensure that ODA supports sustainable development without exacerbating existing challenges.

Problem statement

In April 2024, upon release of the OECD preliminary statistics covering ODA in 2023, found that "aid is moving away from its original purposes of achieving poverty eradication and economic welfare". Primary due to the expansion of the list of what can be considered as ODA through its "ODA modernization process" and now includes many controversial flows of funds and goods. The DAC Civil Society Reference Group argues that DAC is misrepresenting the real donor effort, in 2023 in-donor refugee costs was

identified again as the main way in which donors are inflating their ODA. The ONE campaign's research indicates that in 2024, Global south nations are projected to pay out US\$50 billion more in debt service than they receive in grants and loans. Oxfam's inequality report "Takers not makers" further lament " in 2023 , the richest 1% in the Global North were paid US\$263 billion by the Global South through the financial system – over US\$230 million a hour. This situation not only depicts devastating implications for essential public services but also the deepening of inequality and perpetuation of unequal power relationships. The long-standing failure of developed countries to meet their spending commitments has carried onto climate financing commitments such as the Paris Agreement, putting climate-risk countries at further risk of crippling debt traps.

Donor countries committed to spending 0,7 of their GNI on aid more than half a century ago, this is a target far from being reached. Effective aid is needed now more than ever, ODA statics remain disappointing. EURODAD says this "once more reflects a broken system that dictates aid allocations and conditions, while refusing recipient countries a seat at the table". It is for these reasons, the OECD is viewed as extending a pendency relationship. Recipients should patriciate in these crucial decision-making processes. " A select group of rich countries cannot simply be relied upon thought closed door decision-making, to have the best interest of countries that receive and rely heavily on ODA in mind added EURODAD. A serious conversation is urgency required about establishing a more inclusive and representative governance of ODA, as EURODAD reiterates " ODA is being taken away from its core purposes and aligned more and more with donors own domestic interests". The OECD's continued dominance in the global financial governance alongside its reluctance to democratize decision making marginalizes African nations in the key discussions on ODA allocations. This must change. The [Center for Global Development](#) found that ODA remains an important source of development finance, especially for poverty reduction. The concept, protractors believe has been "diluted through continued reforms and growing spacing on activities in donor countries" (2024). The future of aid must be human-rights based and transparent allocation of aid in line with aid development effective principles.

A. Objectives of the policy brief

- i. Provide a detailed background examining the OECD , ODA in an evolving context, criticisms and challenges,;
- ii. Explore the principles of aid development effectiveness in terms of implementation, challenges and opportunities as it relates to the history and current implementation of ODA
- iii. Examine how the above two impact Africa's debt profile , the analysis should provide a set of critical lessons for Africa and debt management
- iv. Propose, in line with AFRODADs Africa's Borrowing Charter key changes the DAC can make to ensure ODA meets current needs of African governments.

B. The scope of the assignment

- i. Provide a regional and global analysis of the nexus between ODA and Africa's debt profile, principles of aid development effectiveness and sovereign debt;

- ii. Assess the potential opportunities, challenges and risks of proposed reforms of the ODA for better implementation of the principles of development effectiveness;
- iii. Assess the role of OECD and global north countries as global creditors of aid to the developing south, highlighting the tensions between demands of global south countries for debt relief and inability of creditors to make the necessary provisions ;
- iv. Propose what greater adherence to principles of development effectiveness under a reformed DAC and ODA could mean for global south countries;

C. Key Outputs

- Policy brief (8-10 pages excluding references, cover page and annexes). Formatting requirements include Times New Roman, Font 11, Spacing 1.15.

D. Analysis Approach

The policy brief should have and/or follow the structure proposed below which enables flow of arguments and the tying down of cutting-edge policy propositions

- Introductory or background section
 - Presents an overview of the subject.
 - Expresses a clear research problem with related research questions.
 - Includes aim and objectives of the study with a justification of why study is needed.
 - Summarises and justifies the methods used in the study.
- Literature Review
 - Presents clear conceptual clarifications.
 - Looks at related literature and identifies gaps.
 - Looks at issues related to the problem and questions raised.
- Findings and Discussions
 - Tackles the questions raised.
 - Determines whether the main problem is being solved.
- Conclusions and Policy Recommendations
 - Determines whether the research aims and objectives were met.
 - Engages in policy discussions and advances recommendations.

The policy brief should:

- Be well written with references and acknowledgement of sources of materials that are referred to in the text, end notes and bibliography at the end of the report.

- Have a table of contents and list of tables, glossary and list of acronyms if any.
- Contain an executive summary, and a section on key findings, conclusions and recommendations.
- Contain recommendations for Parliament, Governments, private sector, civil society and the international community.
- Outputs should be tailored to specific events and audiences during the dissemination of findings.

E. Timing

The Research Study should be completed within 30 working days from the time the contract is signed between the selected consultant and AFRODAD

	Wk1	Wk2	Wk3	Wk4	Wk5	Wk6
Inception meeting with consultant	xxx					
First draft and review		xxxx				
Second Draft and Validation			xxxx	xxxx		
Final Draft and design				xxxx	xxxx	
Approval and Webinar launch						xxxxxx

3. Budget

The budget for this study will be negotiated between the contracting organization and the selected consultant(s) or research team. The budget should include all expenses related to research, data collection, analysis, and reporting.

4. Reporting and Communication

The consultant(s) or research team will report to ADFRODAD's Policy Manager throughout the duration of the study and will provide regular updates on progress.

5. Evaluation and Selection Process

Consultants or research teams interested in conducting this study are invited to submit their proposals by 03 March 2025 . Proposals will be evaluated based on relevant experience, methodology, budget, and other criteria deemed necessary.

Competences

The Consultant should have skills and experience in the following areas:

- Policy aptitude and experience on mechanisms for financing for development, debt management and human rights-based access to social services

II. Contact Information

Proposals should be submitted to recruitment@afrodad.org and riska@afrodad.org