

1. Introduction

This profile cross-examines the trends in official development assistance (ODA) 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 people with Nigeria accounting for nearly half of the population. With such a big population, Nigeria is the biggest economy in West Africa.

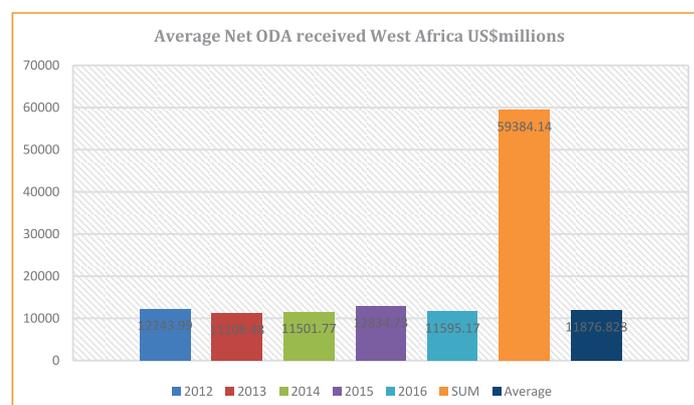
Nevertheless, the region has the lowest GDP growth rate at more than 3 percent in 2015 slumped to a low 0.5% in 2016 due to Nigeria's negative growth rate that drew down the regional GDP for West Africa as it contributes about 70% of the region's GDP.

However, growth rebounded in 2017 where the region registered 2.5% with projections of 3.6% and 3.8% anticipated for 2018 and 2019 respectively. 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.

2. Regional Net ODA Received 2010 to 2015

In terms of ODA West Africa received a significantly constant share of aid which averaged almost US\$11.88 billion for the period 2012 to 2016. 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 as can be seen in Figure 1 below.

Figure 1: Average Net ODA received West Africa sub-region



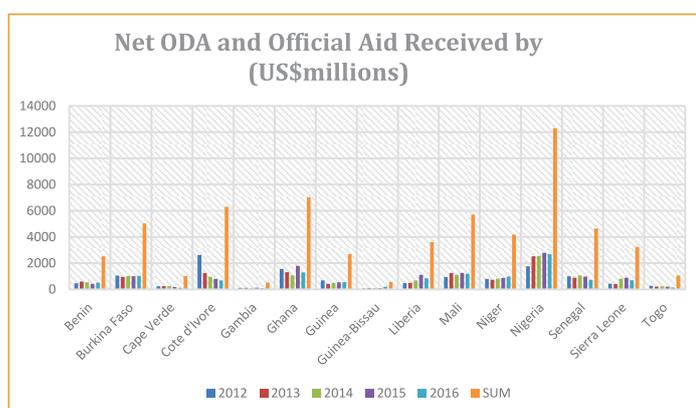
Source: AFRODAD calculation based on World Bank data 2018

As indicated in Figure 2 below, the top three countries to have received the highest amounts of ODA are Nigeria, Ghana and Cote d'Ivoire which received US\$12.3 billion, US\$7.3 billion and US\$6.2 billion respectively. However, the trend for net ODA to the Ivory Coast has been on a downward spiral citing the country's attractiveness in drawing FDI that has seen a shift in the broadening of Ivory Coast's financial base.

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).
<http://www.oecd.org/fr/csao/publications/39803778.pdf>
 African Economic Outlook 2016
 West Africa Economic Outlook 2018

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\$2,1billion for the 2012 to 2016 period which amounts to 3.3% 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 2: Net ODA and Official Aid Received (2012-2016)

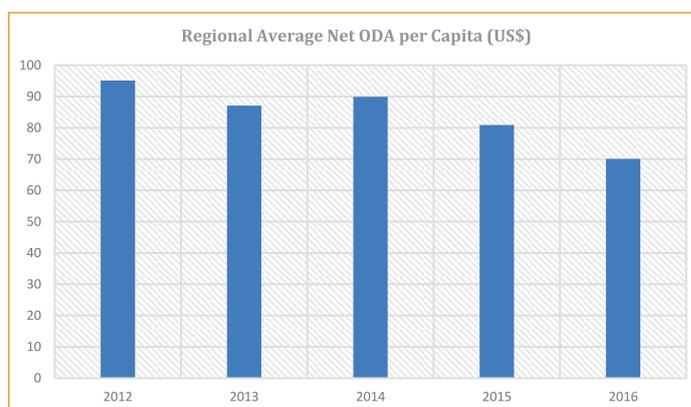


Source: AFRODAD's compilation based on World Bank and OECD statistics 2018

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

Data from the West Africa region, as depicted in Figure 3, 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\$70.07 in 2016. Liberia and Cape Verde accounted for the top two highest net ODA per capita figures in the region amounting to US\$851.15 and US\$1885.68 respectively for the 2012 to 2016 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 resources alternatives to finance their development as well as positive economic progress.

Figure 3: Regional Average Net ODA per Capita (US\$)

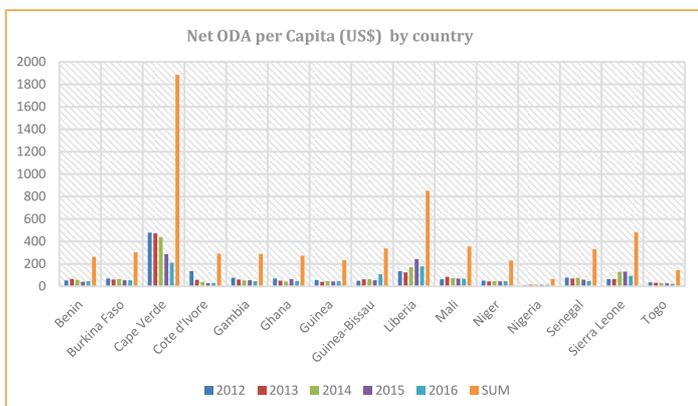


Source: Compiled by AFRODAD based on World Bank figures 2018

Figure 4 below shows relative declining in net ODA per capita for countries in the West Africa region with the exception of Guinea, Benin and Guinea Bissau as of 2014.

The figure illustrates minimal increases in net ODA per capita for Guinea and Benin who 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. Guinea Bissau recorded in highest increase in net ODA per capita with a jump for US\$53.68 in 2015 to US\$109.64 in 2016 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.

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

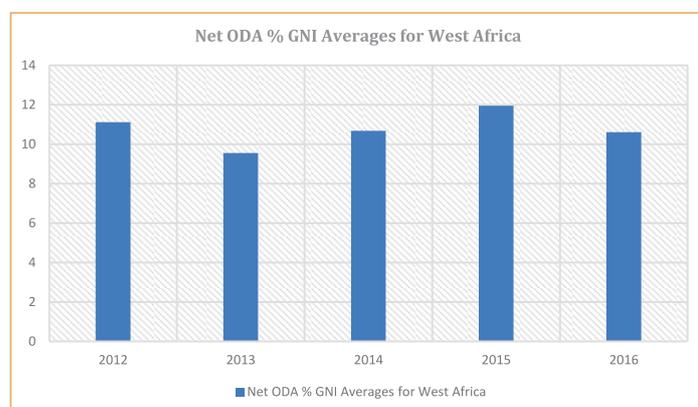


Source: AFRODAD calculation based on World Bank Data 2018

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

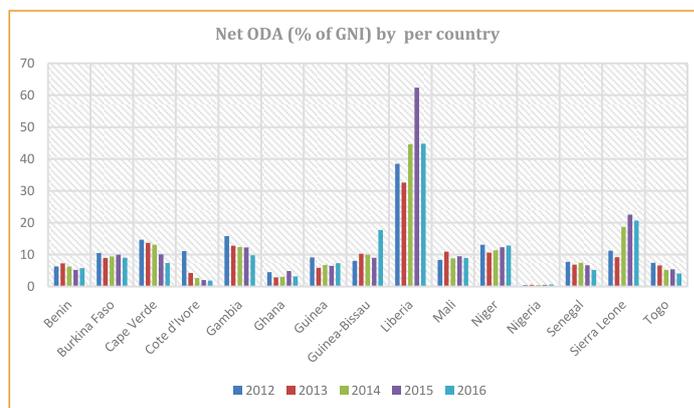
The average net ODA (% of GNI) for West Africa for the period 2012 to 2016 is 10.78%. Trends in the region as presented in Figure 5 shows that the highest figure recorded in the region was in 2015 at 11.95% of GNI which steadily fell to 10.61% of GNI in 2016 posting a 11.21% decline thereby signifying less reliance on ODA in the region. The decline as of 2015 however came after a steady increase registered in 2013 and 2014 up to 2015 where there was a 20.08% rise from 9.55% of GNI in 2013 to 11.95% of GNI where dependency on ODA can be deduced to have been relatively high.

Figure 5: Average Net ODA (% of GNI) for West Africa 2012-2016



Source: Compiled by AFRODAD based on World Bank and OECD figures 2018

Figure 6: Net ODA (% of GNI) for West Africa (2012-2016)



Source: AFRODAD calculation based on World Bank and OECD data 2018

Figure 6 above illustrates the trends in Net ODA flows as a percentage of gross national income for countries in the West Africa region over the 2012-2016 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.

5. Policy recommendations to governments

- Countries such as Nigeria, Niger and Mali must use ODA to develop under-served areas as a strategy to minimise and eventually curb political insurgencies that have plagued the nation due to rising inequality.

- 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). This would deviate from the current trend of prioritising the defence and security sector.
- 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
- Countries such as Nigeria, Niger and Ghana 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
- Liberia and Cape Verde must use their ODA to broaden their financial resource bases as a way of minimising dependency on ODA and external assistance. This will be a respective shift from port and storage surcharges and tourism to more broad-based economic activities in telecoms, IT, agriculture and financial services.
- Countries including Nigeria, Ivory Coast and Ghana must use ODA to improve intra-regional trade, the region should also harness the principles of the Continental Free Trade Area that the AU adopted in March 2018.