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To the millions of people who work and campaign tirelessly for the end of extreme poverty,

THANK YOU.

Your perseverance and commitment are truly inspiring.

ERRORS AND OMISSIONS

This report went to print on August 28, 2017. The information it contains was, to the best of our knowledge, current up until this date. We acknowledge that events that occurred after this point may mean that some of the information in this report is out of date.
EXECUTIVE SUMMARY

In 1990, approximately 35,000 children on average died every day from preventable and treatable diseases. Twenty-five years later, that number has been nearly cut in half and over 18,600 fewer children die each day from these causes. Over this same period, nearly 1.1 billion people worldwide have been lifted out of extreme poverty. A remarkable partnership between aid donors, foundations, government leaders, civil society, and private sector innovation has been fundamental to these achievements.

In light of this, record aid levels in 2016 should be a welcome sign, particularly when many donor countries are facing growing calls to prioritise domestic agendas. But as with most trends, global progress masks deep inequalities amongst the beneficiaries of resources and the quality of financing. A number of the very poorest countries are struggling to realise the same global progress. These countries never met most of the Millennium Development Goals (MDGs), whose deadline for delivery was 2015, and are starting off on the back foot to achieve the Sustainable Development Goals (SDGs) by 2030. Some countries have slid backwards after new shocks, such as the commodities price crash or repeated droughts induced by extreme climate, have damaged their progress. The least developed countries (LDCs) and fragile states, the majority of which are in Africa, deserve particular attention as they have some
of the highest poverty levels and the fewest resources to meet basic needs. LDCs and fragile countries are also both the origins and the hosts of the majority of the world’s displaced people, and they have the fewest resources to tackle this instability. There are huge income and gender inequalities in the most vulnerable countries. Poverty is sexist, and this is both unjust and inefficient; investing in girls and women gets the best returns in terms of poverty eradication, peace and prosperity.

It is shocking, then, that this year’s DATA Report reveals that these countries, and above all the world’s poorest citizens, are receiving a declining share of global financial resources. ‘The 2017 DATA Report: Financing for the African Century’ analyses aid, domestic resources and private finance flows to Africa, particularly to the many countries that are deemed fragile or least developed, and finds that resources flowing to the continent do not reflect global trends. While official development assistance (ODA) is growing globally, LDCs and Africa are receiving a declining portion. Germany and Italy, for example, spend more aid money on in-country refugee costs at home than they do in aid to Africa. Foreign direct investment (FDI) to Africa remains the lowest to any region in the world by far and has fallen in recent years as a proportion of global flows. Domestic revenues in African countries are also declining. Most of the people in the region, which is home to over 50% of the world’s extreme poor, are in danger of being left behind.

This is a pivotal time to reverse these negative trends. With its population set to double by 2050, Africa has an increasingly narrow window of opportunity to harness a potential ‘demographic dividend.’ We need a step change in investments of aid, private flows and domestic resources in the education, employment and empowerment of Africa’s youth. ONE has called for a doubling of all forms of development finance by 2020 for the continent’s doubling population. Important initiatives are beginning to take shape. The new G20 Partnership with Africa—particularly the Compact with Africa initiative, which is focused on increasing private sector investment—and the African Union’s roadmap for harnessing the demographic dividend have a vital role to play. In an encouraging sign, the World Bank Group has committed $57 billion ($45 billion from its concessional window) to the region over the next three years, providing the foundation for a doubling of overall development finance. But long term commitments must be made by leaders, alongside quick implementation, to ensure progress. Redoubling investments in girls and women, particularly in the poorest countries, is also essential for fighting the poverty that is concentrated in these countries. Achieving sustainable quality of life, where citizens and communities can stay reliably above and away from extreme poverty, is the goal if we want to make extreme poverty history.

In the first chapter of this report, ONE looks at the latest ODA figures, compares donor progress on global aid and aid to the poorest countries, and tracks the continued erosion of ODA through in-donor refugee costs. Chapter two analyses trends in domestic revenue mobilisation and expenditures against commitments in health, agriculture and education. Finally, chapter three focuses on international private finance to Africa—its current levels, opportunities for increasing it, and the role that ODA can play. The second half of the report features profiles of 10 donor countries plus the European Union, with analysis of individual aid levels.

KEY FINDINGS

A. THE QUALITY OF ODA IS UNDER THREAT

Superficially, global ODA reached an all-time high of $140.1 billion in 2016 (at current prices)—a 7.4% increase from 2015 in real terms. Despite this increase, OECD Development Assistance Committee (DAC) countries are still lagging far behind on their global commitments, with ODA representing only 0.31% of their collective gross national income (GNI)—far below the UN target of 0.7% and only a 0.01 percentage point increase from 2015. Only six countries met the 0.7% target in 2016. At the same time, aid is not being allocated to the countries where it is needed most. The share of aid to the poorest countries has continued to decline, from 32%
EXECUTIVE SUMMARY

of all aid going to LDCs in 2013 to 28% in 2016, and the share of aid to Africa declined from 33% in 2015 to 32% in 2016.

DAC donors spent $15.4 billion on supporting refugees and asylum seekers in their own countries in 2016, an increase of 27% from the previous year. Nearly half of DAC donors spent more than a fifth of their bilateral ODA at home on these ‘in-donor refugee costs.’ Countries such as Germany and Italy spent more on in country costs than they actually gave in aid to Africa; in Norway and Switzerland, increases in in-donor refugee costs hid decreases in actual aid flowing to developing countries. Four DAC donors—Greece, Italy, Austria and Hungary—allocated more than 50% of their bilateral assistance in 2016 to in-donor refugee costs. Although countries must rightly support refugees seeking shelter and safety, this money should not count as ODA. These costs inflate reported levels of development assistance and in some cases divert precious resources away from fighting poverty and saving lives in developing countries.

One promising feature of 2016 was the record $75 billion commitment for the 18th replenishment of the International Development Association (IDA), the World Bank’s fund for the poorest countries. With Africa set to receive up to $45 billion—although not all of it will be ODA—of this total over the next three years, IDA18 could be transformational for African citizens.

Figure 1 Sources: African Economic Outlook 2017; OECD DAC Table 2a; UNCTAD World Investment Report 2017. Note: All data in current prices.

FIGURE 1: FINANCIAL RESOURCES IN AFRICA ARE DECLINING
RECOMMENDATIONS ON ODA

1. Donors must recommit to ODA targets and work towards spending 0.7% of their national income on development aid overseas.

2. Donors need to reverse the trend of a declining share of ODA to LDCs and Africa, and prioritise the poorest and most vulnerable countries. Donors must do more to identify, reach and empower the poorest people, especially girls and women, in these countries.

3. In-donor refugee costs should be completely phased out of ODA and must be additional to aid.

4. The quality of ODA should be protected in current OECD DAC discussions on aid modernisation and not lead to inflated aid levels.

5. IDA must match its increased resources with increased attention to improving data and feedback mechanisms and by focusing on the most marginalised, especially girls and women.

**Figure 2:** Global ODA from DAC Countries, as Volume and % of GNI, 2007-2016. **Sources:** OECD DAC Table 1 and Preliminary Release (April 2017). **Notes:** Data in 2015 prices. Net ODA excludes bilateral debt relief, and includes both bilateral and multilateral flows.
EXECUTIVE SUMMARY

B. THERE IS A CRISIS IN DOMESTIC RESOURCE MOBILISATION IN AFRICA

Domestic resource mobilisation (DRM) is essential for the delivery of public services. In 2015, African countries raised over 10 times more in domestic resources than the total aid they received from DAC countries.\(^6\) Not only are domestic resources the largest source of finance in African countries, they are critical to cementing the social contract between states and their citizens. However, the fall in commodity prices after 2013—which contributed to a decline of about 44\% in resource revenues\(^7\)—resulted in a devastating 23.6\% decrease (in current prices) in total domestic revenues in Africa between 2012 and 2015.\(^8\) Additionally, a combination of large informal sectors, complex tax codes, weak administrative capacity, corruption (for instance, in the extractive sector) and illicit financial flows is hindering revenue mobilisation. At the same time, worrying debt levels in African countries are making a comeback, with external borrowing nearly doubling in the last decade.

It is important to bear in mind that even where domestic revenues far exceed aid, not all of those domestic resources are going to social services or to poverty-fighting sectors. Most African countries are also falling short on their commitments to invest their own resources...
in key areas such as health, education and agriculture, which are critical when a large proportion of the population is living in extreme poverty. The median African fragile state or LDC has to increase its spending on education by roughly 20%, on health by nearly 50%, and on agriculture by more than 100% from current levels in order to meet previous commitments. Increasing spending is not enough, however, if that spending fails to reach those most in need and does not improve development outcomes. Reliable, timely and disaggregated budget data in open formats are vital to monitor how money is being spent and what results are achieved. However, the data provided by African governments are usually limited, inconsistent or not publicly available. This makes it difficult to track whether public spending is reaching those it is intended for.
EXECUTIVE SUMMARY

RECOMMENDATIONS ON DOMESTIC RESOURCE MOBILISATION AND ALLOCATION

1. African countries must increase domestic resources by diversifying and broadening revenue sources away from extractives and telecoms, simplifying tax codes and boosting revenue collection capacity.

2. Donors must deliver on their commitments to support revenue mobilisation efforts through capacity building and better transparency standards—including public disclosure of beneficial ownership information of trusts and companies, public country-by-country reporting and open budgets and contracting—in order to fight corruption and curb illicit flows.

3. African governments need to enhance their statistical capacity to improve the quality of data.

4. African governments must commit to financial transparency, fulfil domestic expenditure commitments on agriculture, education and health, and ensure that spending is effective in achieving development objectives.

5. African governments and development partners must responsibly manage financing options to avoid a debt crisis.
C. PRIVATE INVESTMENT IS CRITICAL TO ACHIEVE THE SDGs BUT IT IS NOT A PANACEA

Private finance, both domestic and international, will play a key role in supporting a sustainable long-term economic base for taxation, jobs, and inclusive growth. There is a great diversity of private actors, from micro, small and medium-sized enterprises (MSMEs) to large multinationals, and they all have a role to play in the fight for sustainable development. Local businesses will be instrumental in creating decent jobs for Africa’s burgeoning population and fostering inclusive growth. This report focuses on the foreign direct investment (FDI) that is crucial to building a capital base in developing countries, but also to supporting technology transfer and know-how, and fostering international trade.

For every dollar of global FDI in 2016, just three cents went to Africa. Inflows to the continent have been volatile and unevenly distributed. Except for a few mostly resource-rich countries, such as Angola, the vast majority of LDCs and fragile states struggle to attract investment. Just six countries—of which five are resource-rich—accounted for 75% of FDI inflows into all 42 African LDCs and/or fragile states in 2016. Attracting FDI, particularly to the poorest and most vulnerable countries, will require policy reforms from African governments as well as international support. There are welcome initiatives in this direction—including IDA’s new Private Sector Window, the G20 Compact with Africa initiative, and the European External Investment Plan—but these require better coordination, scaling up and implementation. Measures and safeguards will also be necessary to ensure public funds are used exclusively for projects that wouldn’t otherwise be viable for the private sector (i.e. are ‘additional’) as well as truly benefit local actors and foster inclusive growth, including in LDCs and fragile states.

FIGURE 4: FDI TO AFRICA IS CONCENTRATED IN JUST A FEW COUNTRIES

**Figure 4:** FDI Average Inflows, 2014-2016. Source: UNCTAD, World Investment Report 2017. Note: Data in current USD millions.
RECOMMENDATIONS ON PRIVATE INVESTMENT

1. African countries need to improve the investment climate and strengthen their policy and regulatory frameworks to ensure that private investments are aligned with the Sustainable Development Goals.

2. Donors must ensure that private finance complements rather than replaces vital public investments and other concessional financing. Precious aid resources should be protected and increased.

3. Donors and partner countries must agree on a common definition, guidelines and assessment frameworks for the development impact of blended finance to provide evidence of poverty reduction and prevention of environmental and social damage, and they must assess debt risk.

4. Blended finance should meet development effectiveness principles, including country ownership and should be aligned with national priorities.

5. Countries must implement the UN Ruggie principles and the OECD Guidelines for responsible business conduct by the end of 2017 and must ensure that companies investing abroad comply also with the Business Principles for Countering Bribery developed by Transparency International.

6. Alongside incentives to improve the quantity and quality of FDI, partners must do more to strengthen the domestic private sector in African countries.

7. The DAC must protect the core aim of ODA to eradicate extreme poverty and must ensure that reforms do not blur the line between development goals and commercial motivations. There must be reforms on tied aid in order to prevent any weakening of the development focus of ODA.

ODA can play a role in stimulating private investments through ‘blended’ finance—the use of concessional public financing to catalyse private investments by sharing risks and/or costs of investing in less stable countries—and other private sector instruments. Total private finance mobilised by official development finance interventions grew by around 20% annually in 2012–14. But blending must be used carefully and sparingly in order to protect and preserve precious concessional resources for poverty reduction. The assumption that private finance can take the place of public investment is incorrect. DRM is essential for public service delivery and ODA remains vital as a concessional resource for the most vulnerable countries, which struggle to raise sufficient domestic resources. In some cases, such as infrastructure, private finance can play an instrumental role in filling funding gaps, which would free up scarce public resources for other human development objectives.
CHAPTER 1

OFFICIAL DEVELOPMENT ASSISTANCE
AID MATTERS, ESPECIALLY FOR CITIZENS IN THE POOREST AND MOST FRAGILE COUNTRIES, BUT IT IS UNDER THREAT

Aid plays a unique role in the fight against poverty: it is the main official external flow explicitly aimed at promoting economic development and improving welfare. It has played an essential role in cutting extreme poverty by more than half in the past 20 years, combating preventable deaths, improving access to education and healthcare and empowering girls and women. Many developed countries reaffirmed their commitments to invest 0.7% of gross national income (GNI) in aid and to direct 0.15–0.20% of GNI to least developed countries (LDCs) at the Third International Conference on Financing for Development in Addis Ababa in July 2015.12 Some donors have gone further and have committed to allocate at least half of their ODA to LDCs.13 However, aid is under threat.

Pressures to cut spending are causing leading donor countries to make trade-offs between providing development assistance and addressing other priorities. In the United States, the Trump administration has proposed devastating cuts to the country’s international affairs budget, even if—thankfully—the US Congress has rejected these cuts so far, while some far-right political parties in Europe want to eliminate aid. Donor countries are dealing with pressures, in part, by diverting aid to be used for purposes other than originally intended, such as supporting refugees at home. Others are using development assistance for foreign or economic policy objectives rather than for fighting poverty—i.e. aid is becoming a tool for advancing national interests. ODA is increasingly being used to catalyse private sector investment, leveraging greater capital and bringing private investment to developing regions, though the impact and costs of blended finance need to be better understood (see chapter 3).
PROTECTING THE DEFINITION OF ODA

The OECD Development Assistance Committee (DAC) sets the international standard that countries must meet in order to report financing as ODA, and aims to ensure that it is spent on things that contribute to poverty eradication and sustainable development in developing countries. In recent years, the DAC has undertaken several work streams to modernise aid rules—such as changing the calculations of loan concessionality in order to tighten up on which loans count as aid, and broadening the definition of aid to allow a wider set of peace and security activities to count as ODA. Two work streams are still ongoing within the DAC ODA modernisation process: clarification of the reporting rules for in-donor refugee costs and the inclusion of a wide range of private sector instruments (PSIs) as ODA, such as loans and guarantees given to private companies in developing countries.

ONE and other like-minded organisations believe that in-donor refugee costs should be phased out of ODA completely and that financing for donors’ domestic refugee costs must be additional to aid. During this modernisation process, the rules should remain strict and as transparent as possible, and any costs beyond the first 12 months, as well as integration costs and administrative costs, should be excluded from ODA as soon as possible. For PSIs, there need to be clear guidelines and accountability in order to avoid blurring the lines between aid and commercially motivated spending, and also to ensure development impact and to capture the true budgetary effects of these instruments.

Development assistance is, and will continue to be, crucial to providing life-saving services in many of the poorest countries. As such, any changes in the definition of aid can potentially have serious implications and therefore need to be carefully considered and discussed, with input from civil society and partner countries, especially from the South.

WHY FOCUS ON LDCs AND FRAGILE STATES IN AFRICA?

People living in LDCs not only have the lowest national incomes per capita, but are also vulnerable to economic and environmental shocks and face structural barriers to development. Fragile states have a heightened exposure to risk and low capacity to absorb shocks.¹⁴ The majority of these countries are in Africa. They have some of the worst levels of poverty and a large percentage of their populations still live on less than $1.90 a day—35% of people in fragile states, 40% in LDCs and 39% in Africa as a whole.¹⁵ Countries in these groupings also account for a large proportion of the world’s poor, 39% of whom live in LDCs, 50% in fragile states and 51% in Africa.¹⁶ It is estimated that the number of extremely poor people living in fragile states will increase from 480 million in 2015 to 542 million by 2035, even though poverty is falling globally.¹⁷ These are also the countries where Africa’s population will grow the most. The average growth (from 2015–2035) in the working age population is 77% in fragile countries versus 60% in non-fragile ones.¹⁸
DOUBLING OFFICIAL DEVELOPMENT FINANCE TO AFRICA

To capitalise on Africa's demographic dividend, ONE has called on the G20 to double official development finance (ODF) to Africa by 2020, from approximately $60 billion in 2015 to $120 billion. ODF is comprised of bilateral ODA, the full capital of concessional loans that qualify as ODA, grants and concessional resources from multilateral institutions, and non-concessional development funding from bilateral and multilateral sources. ODF is thus a broader category that can be used to measure the real resources going to recipient countries, while ODA is used to measure donors’ budgetary efforts. ODF also captures non-concessional resources that are made available for development purposes but do not qualify as ODA.

This is particularly relevant in the example of the World Bank Group’s commitment of $57 billion to Africa over the next three years. The lion’s share of this amount—$45 billion—will come from the International Development Association (IDA), the World Bank’s fund for the poorest countries. This funding will focus on building resilience to crises; tackling conflict, fragility and violence; reducing gender inequality; promoting governance and institution building; and creating jobs and economic transformation.
AID LEVELS ARE UP, BUT MOST DONORS ARE FALLING SHORT ON THEIR COMMITMENTS

Global ODA reached an all-time high of $140.1 billion in 2016 (at current prices)—a 7.4% increase from 2015 in real terms. Of the 23 DAC donors that increased their total aid in 2016, six did so by more than 25%. However, many DAC countries are lagging behind on their commitments. ODA represented just 0.31% of the collective GNI of DAC countries in 2016—far below the UN target of 0.7% and only a 0.01 percentage point increase from 2015. Only six countries met the 0.7% target: Norway, Luxembourg, Sweden, Denmark, Germany and the United Kingdom. Even though Sweden fulfilled the 0.7% commitment, it significantly cut its aid in 2016, along with six other countries: Finland, the Netherlands, Australia, Denmark, Canada and New Zealand.

**Figure 2:** Global ODA from DAC Countries, as Volume and % of GNI, 2007-2016. Sources: OECD DAC Table 1 and Preliminary Release (April 2017). Notes: Data in 2015 prices. Net ODA excludes bilateral debt relief, and includes both bilateral and multilateral flows.
The outbreak of the Ebola virus in 2014–15 led to a catastrophic loss of human life and exposed the weaknesses in Liberia's healthcare delivery services. Inadequately qualified health practitioners and ill-equipped medical facilities, along with a lack of infection control measures, highlighted the dire state of this fragile state's health system. However, the response led by Liberia's Ministry of Health—with support from the World Bank, the United States and the United Nations—helped eliminate cases of Ebola, and the path to recovery is continuing. International assistance has been instrumental in rebuilding a more decentralised health system, training health workers in infection prevention and control procedures and providing more medical supplies. Furthermore, this support has helped to vaccinate nearly 600,000 infants and has provided medication for children under five and for pregnant women.

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<th>TABLE 1: IN 2016, ONLY SIX DONORS MET THE 0.7% TARGET</th>
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Liberia’s Recovery After Ebola

The outbreak of the Ebola virus in 2014–15 led to a catastrophic loss of human life and exposed the weaknesses in Liberia’s healthcare delivery services. Inadequately qualified health practitioners and ill-equipped medical facilities, along with a lack of infection control measures, highlighted the dire state of this fragile state’s health system. However, the response led by Liberia’s Ministry of Health—with support from the World Bank, the United States and the United Nations—helped eliminate cases of Ebola, and the path to recovery is continuing. International assistance has been instrumental in rebuilding a more decentralised health system, training health workers in infection prevention and control procedures and providing more medical supplies. Furthermore, this support has helped to vaccinate nearly 600,000 infants and has provided medication for children under five and for pregnant women.

Aid to the Poorest Countries is Down, Even Though They Face the Greatest Needs

Bilateral aid to LDCs (excluding debt relief) fell by $1 billion in 2016—a 4.1% decline in real terms from 2015, and a worrying sign of a declining focus on these countries. Twenty-two of the 29 DAC donor countries cut their bilateral assistance (excluding debt relief) to LDCs, six by more than one fifth: Spain, the Slovak Republic, Italy, Finland, New Zealand, and Australia. Twenty two donor countries fell short on their commitment to allocate 0.15% or more of their GNI to LDCs. These shortfalls are concerning, as LDCs require assistance to provide the most basic services.
to their citizens; and donors have previously committed to reversing these trends.

Even more concerning, the share of aid allocated to the poorest countries has continued to decline, from 32% in 2013 to 28% in 2016. If all DAC donors had allocated half of their ODA to LDCs in 2016, an additional $35 billion would have been made available to the world’s poorest countries. Sadly, no country achieved 50%. Only three countries (Ireland, Iceland and Luxembourg) targeted more than 40% of their ODA towards LDCs. Meanwhile eight countries cut their overall aid to LDCs:

Finnland, New Zealand, Canada, Switzerland, Sweden, Australia, Ireland and Japan.

The DAC’s preliminary release of 2016 ODA data does not include a breakdown of aid to fragile states. The most recent publicly available data show that ODA from DAC countries provided $30.8 billion to African fragile states in 2015. The proportion of aid going to African fragile states continued to decline in 2015, with only 23.5% of ODA going to these countries. Thirteen DAC donors, including the EU Institutions, reduced their contributions to African fragile states between 2014 and 2015.

**Figure 3:** Proportion and Volume of Global ODA to LDCs, 2007-2016. Sources: OECD DAC Table 1 and Preliminary Release (April 2017). Notes: All figures are net flows, bilateral and imputed multilateral, excluding debt relief in constant prices. 2016 imputed multilateral aid is estimated by ONE and may not reflect actual multilateral flows to LDCs.

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**BED NETS AND MEDICINE REDUCE MALARIA CASES IN RURAL GUINEA**

Malaria is a leading cause of hospitalisation and of deaths in Guinea, which is both an LDC and a fragile state. People in rural towns such as Garambè are hardest hit, and they expect to suffer from the disease in the rainy season. The only anti-malarial medicine available at the nearest health centre to Garambè used to be chloroquine, which is less effective than artemisinin-based combination therapy.

USAID’s StopPalu project has helped to drive down malaria rates. With funding from the U.S. President’s Malaria Initiative (PMI), in 2016 StopPalu provided nearly a million households across the country with over 3.3 million insecticide-treated bed nets. Enhanced and proper usage of bed nets, coupled with better access to more effective anti-malarial medicine, has led to a significant drop in the number of malaria cases—from 50 cases per month to fewer than 10.
COUNTRIES ARE SPENDING MORE AID AT HOME ON SUPPORTING REFUGEES

In 2016, nearly half of DAC donors spent more than a fifth of their bilateral ODA at home, supporting refugees and asylum seekers in their own countries—more than double the figure in 2014. Donors can report the costs of assisting refugees within their own borders for the first year they are in the country. Donor spending on these in-donor refugee costs, as they are called, has more than doubled in three years, from less than 4% prior to 2013 to 11% in 2016. DAC donors spent $15.4 billion (current prices) on in-donor refugee costs in 2016, an increase of 27% from the previous year. Although countries must rightly support refugees seeking shelter and safety, ONE believes that this money should not count as aid. These costs inflate reported levels of development assistance and in some cases divert precious resources away from fighting poverty and saving lives in developing countries. For instance, Germany and Italy spent more on in-donor refugee costs than they actually gave in aid to all of Africa.

When in-donor refugee costs are excluded, only three countries—Norway, Luxembourg, and Sweden—met the 0.7% ODA/GNI target in 2016. Even then, in the cases of Norway and Switzerland, in-donor refugee costs actually masked decreases in real ODA. For example, Norway increased its total ODA by 7.8%; however, when in-donor refugee costs are excluded, developing countries received $53.7 million less than they did in 2015. In Switzerland’s case, developing countries received $66.8 million less. Donor countries must keep their promises to both tackle poverty and assist refugees, without making a dangerous trade-off between these two priorities.

Figure 4: In-Donor Refugee Costs Counted as ODA, as Volume and % of Total ODA, 2007-2016. Sources: OECD DAC Table 1 and Preliminary Release (April 2017). Notes: Data in 2015 constant prices. Net flows, excluding debt relief.
Figure 5: Even the most generous donors are spending large amounts of aid at home.

Figure 5: DAC Countries’ ODA as a % of GNI, Including and Excluding In-Donor Refugee Costs, 2015 & 2016. Source: OECD DAC Preliminary Release (April 2017). Note: Net ODA excludes bilateral debt relief and includes both bilateral and multilateral flows.
#GirlsCount: One’s Campaign to Finance Education and Get Girls Back to School

Education is one of the most powerful weapons in the fight against extreme poverty. Yet 130 million girls across the world are out of school. ONE’s #GirlsCount campaign draws attention to this crisis in order to mobilise resources and support key education policy reforms to get these girls back to school and learning. The Education Commission, which focuses on strategic education financing approaches and building political support for global education, estimates that there is a global education funding gap of $1.2 trillion per year currently, rising to $3 trillion by 2030, to ensure that all children and young people are in school and learning.

In order to close this gap, bilateral aid to education must be increased and multilateral organisations such as GPE and ECW must be fully funded.

The Global Partnership for Education (GPE) (established in 2002) helps to build stronger education systems in the 89 low- and lower-middle-income countries that are furthest away from reaching SDG4—to ensure inclusive and quality education for all and to promote lifelong learning. Working with governments and other partners to implement strong national education sector plans, GPE’s support has resulted in 64 million more children being in primary school over the past decade, and an increase of around 10% in the number of children completing primary and lower secondary school. GPE is seeking $3.1 billion from donors for its 2018–20 replenishment to improve quality and access to education for around 870 million children and youth worldwide.

Education Cannot Wait (ECW) (established in 2016) provides support and funding to prioritise education at the onset of a humanitarian crisis by joining up the efforts of government, humanitarian and development actors to deliver education. ECW helps countries get back on track to implementing longer-term planning and finance. In 2017, it is funding quality education for an estimated 2 million vulnerable children in Syria, Yemen, Chad and Ethiopia and is seeking $383 million to reach around 3.4 million children and young people globally.

International Financing Facility for Education (IFFEd) aims to fill the at least US$10 billion education financing gap that would remain even after GPE and ECW are fully funded. The new facility, which was proposed by the UN Secretary General, must be additional to and in alignment with existing efforts and, with them, focus on innovation and constantly improving the effectiveness of all money spent on education. In July 2017, the G20 took note of the proposal, and the importance of establishing it while taking into account other initiatives such as GPE and ECW, and said that they would examine it further under Argentina’s G20 Presidency.
CONCLUSION

While global ODA reached an all-time high in 2016, many donors are not prioritising aid as a tool for fighting poverty. Aid quality is diminished when large portions of ODA never leave donor countries. For the poorest countries, the quantity and quality of aid are not commensurate with the historic opportunity—or the jeopardy—they are facing. To end extreme poverty, the worrying trend of declining support to the poorest countries must be reversed. At the same time, donors need to protect and defend ODA and ensure that it remains focused on poverty eradication and sustainable development.

RECOMMENDATIONS ON ODA

1. Donors must recommit to ODA targets and work towards spending 0.7% of their national income on development aid overseas.

2. Donors need to reverse the trend of a declining share of ODA to LDCs and Africa, and prioritise the poorest and most vulnerable countries. Donors must do more to identify, reach and empower the poorest people, especially girls and women, in these countries.

3. In-donor refugee costs should be completely phased out of ODA and must be additional to aid.

4. The quality of ODA should be protected in current OECD DAC discussions on aid modernisation and not lead to inflated aid levels.

5. IDA must match its increased resources with increased attention to improving data and feedback mechanisms and by focusing on the most marginalised, especially girls and women.
CHAPTER 2
DOMESTIC RESOURCE MOBILISATION AND ALLOCATION
Domestic resource mobilisation (DRM) is essential for the delivery of public services by governments. The Addis Ababa Action Agenda underscored the importance of boosting DRM by strengthening revenue collection. To this end, countries are encouraged to set nationally defined targets and timelines for increasing domestic revenues. Donors have also committed to support developing countries that need assistance in achieving these targets.

In 2015, African countries mobilised over 10 times more in domestic resources than the total aid they received from DAC donor countries. Not only are domestic resources larger than other sources of finance, they are critical to cementing the social contract between states and their citizens. Governments that depend on their citizens for revenue tend to be more responsive to the needs of those citizens.

Even though African countries have made notable progress on revenue mobilisation, many continue to be constrained by a limited tax base and a lack of private investment. The tax-to-GDP ratio in African countries (19%) lags far behind the OECD average of 34.3%. At the same time, it is estimated that Africa lost $89 billion in illicit financial flows in 2013, which is more than the $45 billion in ODA that the continent received from DAC countries in 2016.

**DOMESTIC REVENUES DROP AS COMMODITY PRICES PLUMMET**

The total volume of domestic revenues in Africa rebounded from the financial crisis of 2007–08 and peaked at $568 billion in 2012. However, much of these gains were based on revenues from natural resources. The fall in commodity prices after 2013—which contributed to a decline of about 44% in resource revenues—resulted in a devastating 23.6% decrease (in current prices) in total domestic revenue in Africa between 2012 and 2015.

African countries have also experienced a drop in revenue-to-GDP ratios over the past decade, notably after the 2008 financial crisis and the 2013 crash in commodity prices.

**GREATER POLICY CAN BOOST DOMESTIC REVENUES**

Most African countries struggle to increase revenue. A combination of informality, complexity and weak capacity makes it easy for individuals and companies to evade tax. Low per capita incomes and large informal sectors limit both individual and business tax contributions. Complex tax codes are a barrier to businesses formalising themselves and becoming taxable, while a wide range of tax exemptions means that many individuals and business segments are not subject to taxation. Weak administrative capacity and inadequate personal identification and business registration systems prevent governments...
from comprehensively identifying sources of taxation and widening their tax bases.\textsuperscript{35} As Africa’s urban population is predicted to more than double between 2000 and 2030,\textsuperscript{36} the collection of urban property taxes presents another (so far largely unexploited) opportunity to increase domestic resource mobilisation—and in a way that is progressive and will not disproportionately affect the poor.\textsuperscript{38} Estimates suggest that illicit financial flows resulted in losses for Africa of $817 billion between 2004 and 2013—money that could have been taxed and invested in public services.\textsuperscript{39} Governments must fight tax evasion and avoidance, in particular by monitoring extractive industries to maximise the benefits of natural resource wealth, improving personal identification systems and abolishing harmful tax incentives, while attracting the informal sector into the formal sector (including transparent, simplified procedures for the registration of companies).

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**Figure 1:** African countries are facing a worrying trend of declining revenues

<table>
<thead>
<tr>
<th>Year</th>
<th>Africa Total Revenues</th>
<th>Africa Revenue-to-GDP Ratio</th>
<th>African LDCs+FRAGILE States Revenues</th>
<th>African LDCs+FRAGILE States Revenue-to-GDP Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>232.78 USD billions</td>
<td>30%</td>
<td>223.29 USD billions</td>
<td>15%</td>
</tr>
<tr>
<td>2014</td>
<td>259.05 USD billions</td>
<td>20%</td>
<td>232.78 USD billions</td>
<td>15%</td>
</tr>
<tr>
<td>2013</td>
<td>548.43 USD billions</td>
<td>23%</td>
<td>494.53 USD billions</td>
<td>15%</td>
</tr>
<tr>
<td>2012</td>
<td>567.88 USD billions</td>
<td>25%</td>
<td>548.43 USD billions</td>
<td>15%</td>
</tr>
<tr>
<td>2011</td>
<td>544.52 USD billions</td>
<td>20%</td>
<td>567.88 USD billions</td>
<td>15%</td>
</tr>
<tr>
<td>2010</td>
<td>504.52 USD billions</td>
<td>16%</td>
<td>544.52 USD billions</td>
<td>15%</td>
</tr>
<tr>
<td>2009</td>
<td>504.52 USD billions</td>
<td>15%</td>
<td>504.52 USD billions</td>
<td>15%</td>
</tr>
<tr>
<td>2008</td>
<td>564.52 USD billions</td>
<td>19%</td>
<td>504.52 USD billions</td>
<td>15%</td>
</tr>
<tr>
<td>2007</td>
<td>544.52 USD billions</td>
<td>20%</td>
<td>564.52 USD billions</td>
<td>15%</td>
</tr>
<tr>
<td>2006</td>
<td>333.62 USD billions</td>
<td>23%</td>
<td>544.52 USD billions</td>
<td>15%</td>
</tr>
</tbody>
</table>

*Source:* African Economic Outlook, AEO Fiscal Data. *Notes:* Data in current prices. Somalia and South Sudan are excluded due to a lack of data. Revenue totals are comprised of direct taxes on income and profits, domestic indirect tax revenues, trade taxes, other taxes, non-tax revenues and resource rents. They do not include grants.
AFRICAN COUNTRIES ARE FALLING SHORT ON THEIR DOMESTIC EXPENDITURE COMMITMENTS

African governments have made clear commitments to invest in three key social sectors—health, agriculture and education. African Union (AU) member states met in Abuja in 2001 and pledged to allocate at least 15% of their national budgets to health. Two years later, African leaders gathered in Maputo and agreed to devote 10% of their national budgets to agriculture; this commitment was reaffirmed in Malabo in 2014. African countries have also signed up to Education for All—now known as the Global Partnership for Education (GPE)—and have committed to allocate 20% of their budgets to education.

RWANDA: REFORM AND GOVERNMENT HEALTH SPENDING

Rwanda—an LDC and a fragile state—has recorded notable progress in DRM due to reforms in policy and tax administration. Following the establishment of the Rwanda Revenue Authority (RRA) in 1997, the government has widened the tax base, improved taxpayer education, enhanced compliance enforcement, introduced electronic billing machines (EBMs) for VAT-registered taxpayers, improved audits and enacted laws to penalise tax evasion. From 2000 to 2014, total domestic revenue as a share of GDP rose by about half. This rise has played an important part in increasing domestic resource mobilisation for development purposes, especially for health. Government spending on health increased from 4.2% of GDP in 2000 to 7.5% in 2014. Although external financing continues to play a valuable role, it accounts for a smaller proportion of health spending. In 2009, external resources for health peaked at 67% of all health spending in Rwanda, but this declined to 46% in 2014.

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As the most populous country in Africa and one of its largest economies, Nigeria is poised to emerge as a leader both on the continent and in the world. But without urgent action, the poor health of its citizens will prevent it from realizing this potential. Nigeria ranks in the bottom third of sub-Saharan African countries on health expenditure as a proportion of general government expenditure. As part of the #MakeNaijaStronger campaign, ONE and its partners have called on the Government of Nigeria to honour its commitments on health spending.

Research suggests that increased government spending on health, when coupled with good policies and good governance, can increase life expectancy, reduce infant, child and maternal mortality and yield significant economic returns. Estimates from 47 African countries (including Nigeria) show that a 10% increase in total health expenditure per capita could reduce under-five and infant mortality rates by a fifth. Improving life expectancy by just one year with these investments could increase a country’s GDP by 4% over time. In Nigeria’s case, this would translate into approximately $19.2 billion for 2015. If the country boosted its investment in health to increase life expectancy by just one year, it would yield a 279% return to the economy.

However, waste and corruption in the health sector—particularly in the procurement phase—diverts already limited resources and prevents the delivery of lifesaving programmes to those most in need. Grassroots movements such as Connected Development’s (CODE) ‘Follow the Money’ use smartphone technology to track and monitor the disbursement of government and aid funding. Since its launch, ‘Follow the Money’ has traced millions of dollars of aid that had been illicitly diverted from health and education programmes. These efforts must be complemented by investments in the Nigerian Bureau of Statistics to improve its capacity to collect and transparently share data.

Unfortunately the majority of African countries are far from meeting these spending pledges. The median African fragile state or LDC has to increase its spending on education by roughly 20%, on health by nearly 50% and on agriculture by more than 100% from current levels in order to meet these commitments. In 2014, only four African countries—all fragile states—fulfilled their Abuja pledges on health spending. Eleven African countries met the 20% threshold for education spending, of which nine are fragile states, LDCs or both. Only three African countries—all fragile states—met the Maputo/Malabo Commitment (Agriculture, 10%).
Malabo commitment on agriculture, and nearly two-thirds of African countries did not spend even half of the 10% target.

Being a fragile state or an LDC does not necessarily predetermine lower social sector spending. Malawi, for instance—both a fragile state and an LDC—surpassed its commitments for government spending on health and education and spent nearly double its commitment on agriculture. Ethiopia, also a fragile state and an LDC, has met its commitment on health in the last five years for which data are available (2010–14) and has spent over 27% on average on education over the last five years with data (2009–13). These countries show that progress is possible with political will.

**FIGURE 3: EXTERNAL DEBT STOCKS IN AFRICA ARE RISING**

External debt stocks in Africa are rising, with aggregate figures conceal the varying pace of debt build-up in a number of African countries, including LDCs. For instance, external debt in Ethiopia and Liberia increased by 62% and 58% respectively between the end of 2013 and end of 2015, compared with an increase of around 8% for the continent as a whole over the same period. More stable and developed

**MORE SPENDING DOES NOT ALWAYS LEAD TO BETTER RESULTS**

Increasing spending, however, is not enough if that spending fails to reach those most in need and does not improve development outcomes. For instance, oil-rich Equatorial Guinea boasts one of the highest per capita expenditures in Africa at roughly $4,500, but the number of primary school-age children not receiving an education in that country has more than doubled in the past 15 years. This underscores that the quality—i.e. the efficiency and accountability—of spending is just as important as increasing expenditure volumes. Poor and inconsistent budget data and data lags continue to be major barriers in tracking country progress and holding governments accountable. Better transparency and disaggregation of budget and expenditure data, particularly by sex, are essential to address gender inequality and track spending from inputs to impact.

**DEBT IS BACK**

External borrowing by countries in Africa nearly doubled between 2006 and 2015. Aggregate figures conceal the varying pace of debt build-up in a number of African countries, including LDCs. For instance, external debt in Ethiopia and Liberia increased by 62% and 58% respectively between the end of 2013 and end of 2015, compared with an increase of around 8% for the continent as a whole over the same period. More stable and developed
countries are not immune: for example, Ghana has entered an IMF programme after it saw its debt-to-GNI ratio jump by 35 percentage points, from 21% in 2007—the debut year of its sovereign bond issue—to 56% in 2015.59

In addition to budget deficits linked to reduced export revenues and slower economic growth in some African countries, the rapid rise in debt has been attributed to increased access to international financial markets and an environment of low interest rates. These conditions have spurred several African countries to make bond issues to fund infrastructure or to reschedule public debt.60 This swift growth in debt burdens is raising issues of debt sustainability for African countries that are simultaneously grappling with immense development needs. Although debt may be an important source of development finance for some countries, investing these funds effectively in development projects and prudent fiscal management are essential to prevent future crises.

**DONORS CAN HELP THROUGH CAPACITY BUILDING AND TRANSPARENCY STANDARDS**

Development partners have an important role to play by curbing corruption, stemming illicit financial flows and providing financial and technical support, as African tax administrations seek to increase their capacity. Furthermore, development partners must ensure that their trade and investment policies are aligned with their development policies, and they must avoid lobbying for loopholes that deprive African governments of taxable revenue.61

Efforts such as the Addis Tax Initiative (ATI) and Tax Inspectors Without Borders (TIWB) are already contributing to progress in these areas. Over 45 countries and regional and international organisations have signed up to the ATI, committing to enhance DRM by strengthening tax systems through transparency, fairness, effectiveness and efficiency. ATI development partners have also pledged to collectively double technical cooperation in the area of DRM by 2020. To fulfil this commitment, they must collectively increase their gross disbursements to $447.52 million by 2020, from the $223.76 million they provided in 2015 (the baseline year).63

Capacity building alone is not enough, however. Every year, an estimated $1 trillion is siphoned out of developing countries via a web of shady, secret and corrupt activities that include tax evasion and the use of anonymous shell companies. If this money was recovered and taxed, it could be invested in new hospitals, schools and teachers. Addressing this challenge is not just in the interests of African countries but in the interests of donor countries as well, given that corruption fuels inequality and instability, exacerbates humanitarian crises and undermines efforts to end extreme poverty.

**REVELATIONS FROM THE PANAMA PAPERS**

The Panama Papers, leaked in 2015, exposed the extent of the money held in the City of London that can be linked to former and current Nigerian government officials who have been implicated in corruption. For instance, Folorunsho Coker, a former head of the number plate production authority of the state of Lagos and currently the Director-General of the Nigerian Tourism Development Corporation, owns a £1.65 million townhouse in the exclusive London area of Kensington and Chelsea. The Panama Papers revealed that the house belongs to a British Virgin Islands company, whose sole shareholder is Coker. Coker’s lawyer claimed that his client had multiple sources of income and had declared his interest in the company, Satori Holdings, to the Nigerian authorities.64 For the price of this luxury townhouse, 250,000 insecticide-treated bed nets could be bought to protect against malaria in Nigeria.65
A succession of major leaks of financial records and emails from financial centres has exposed the scale of complex secrecy networks involving the use of anonymous entities to dodge tax and hide illicit gains. The Panama Papers and other leaks have also revealed how corrupt money ends up in high-end property, expensive cars and businesses in places such as London, New York, Dubai and Paris. The Global Forum on Asset Recovery is due to take place in late 2017 in the US, in partnership with the UK, Nigeria, Tunisia, Sri Lanka and the Stolen Asset Recovery Initiative (StAR). The forum is an opportunity for the global community to take concrete actions that better enable the speedy investigation and return of stolen assets to developing countries, to support development agendas.

Donor governments need to make concrete commitments and implement measures to improve corporate transparency by requiring companies and trusts to publicly disclose their beneficial owners and publish country-by-country reports containing the financial details necessary to identify and curb profit shifting and tax avoidance, in every country in which they do business. Making this information available would enable journalists, civil society and law enforcement agencies to follow the money and root out corruption, while also having a deterrent effect. Progress has been made globally: the UK launched the world’s first public beneficial ownership register in April 2016, and other countries have committed to do so as well, including France, the Netherlands, Nigeria and Ukraine. The European Union is under pressure to make it a requirement to publicly disclose information on beneficial ownership of trusts and companies as it revises its Anti-Money Laundering Directive, which is ongoing.
RECOMMENDATIONS ON DOMESTIC RESOURCE MOBILISATION AND ALLOCATION

CHAPTER 2
DOMESTIC RESOURCE MOBILISATION AND ALLOCATION

CONCLUSION

Domestic revenues are the most sustainable source of financing to help African countries achieve development goals. These resources must be well spent in order to attain desired outcomes. Improved domestic tax policies and support for tax authorities must be combined with steps in all countries to fight corruption and illegal tax evasion through greater transparency.

1. African countries must increase domestic resources by diversifying and broadening revenue sources away from extractives and telecoms, simplifying tax codes and boosting revenue collection capacity.

2. Donors must deliver on their commitments to support revenue mobilisation efforts through capacity building and better transparency standards—including public disclosure of beneficial ownership information of trusts and companies, public country-by-country reporting and open budgets and contracting—in order to fight corruption and curb illicit flows.

3. African governments need to enhance their statistical capacity to improve the quality of data.

4. African governments must commit to financial transparency, fulfil domestic expenditure commitments on agriculture, education and health, and ensure that spending is effective in achieving development objectives.

5. African governments and development partners must responsibly manage financing options to avoid a debt crisis.
CHAPTER 3

PRIVATE INVESTMENT FOR DEVELOPMENT IMPACT
Africa’s population is forecast to double to about 2.5 billion by 2050. Decent jobs that provide dignity and income for the continent’s growing young population are essential to harness the demographic dividend. Increased domestic and international investment—public and private—is necessary for job creation. However, the most vulnerable countries struggle to raise sufficient domestic resources to meet the most basic development needs, while ODA for LDCs declined to just $39.1 billion. The infrastructure financing gap in sub-Saharan Africa, for example, totals more than $50 billion annually. It is estimated that the poor quality of the region’s infrastructure reduces economic growth by two percentage points annually and cuts productivity by 40%. Private finance will play a key role in filling this financing gap, particularly in infrastructure and energy, and in supporting a sustainable long-term economic base for taxation, jobs and development.

There is a great diversity of private actors, from micro, small and medium-sized enterprises (MSMEs) to large multinationals. Local private actors play a key role in creating decent jobs for Africa’s burgeoning population and fostering inclusive economic growth. Stimulating private sector growth in Africa through creating a business friendly environment and supporting domestic private actors, especially MSMEs that are drivers for job creation, will be instrumental to achieve sustainable development. However, in this report ONE focuses on international private investment, and more specifically foreign direct investment (FDI), along with the use of ODA to leverage private investment (known as ‘blending’). FDI is crucial to attract capital in developing countries, as well as technology transfer and know-how. FDI can be an engine for inclusive economic growth by increasing productive capacity in Africa and fostering international trade.

However, in most developing countries foreign private investments are often limited to a small number of sectors, and they often bypass countries most in need. Furthermore, not all private sector activities contribute to development or benefit the poor. As a result, governments must strengthen policy and regulatory frameworks to ensure that private investments are aligned with development goals and complement rather than replace important public sector investments and other concessional financing. ODA can play an important role in stimulating private investment, but it must be used carefully and sparingly to protect and preserve precious concessional resources for poverty reduction and to stimulate the right kinds of investment. Concessional public funds should be used to subsidise private investments only for projects that would not otherwise be viable for the private sector and that have a proven development impact.

ONE has called for a doubling of all forms of development finance, including FDI, by 2020 for the continent’s doubling population. The new G20 Partnership with Africa—particularly the Compact with Africa (CwA) initiative, which is focused on increasing private sector investment—can play a vital role. The success of such initiatives hinges on a solid foundation with strong safeguards, coordination and follow-up mechanisms, especially for Africa’s more fragile states.

PRIVATE FINANCE IS CRUCIAL FOR SUSTAINABLE DEVELOPMENT, BUT AFRICA RECEIVES ONLY THREE CENTS FOR EVERY FDI DOLLAR GLOBALLY

Following a surge between 2000 and 2007, FDI inflows to Africa have been volatile over the past decade. After weathering a downturn brought about by the 2007–08 global financial crisis, FDI to Africa peaked at $77 billion in 2012 (representing 5% of global FDI inflows). However, the slump in commodity prices has resulted in a steady decline in FDI inflows to the continent, which fell to $59 billion in 2016—just 3% of total FDI inflows globally. This trend is most pronounced in countries that are rich in natural resources. Even though 73% of FDI to Africa in 2014–16 went to 10 mostly resource-rich countries, inflows are below previous levels. Investor interest has cooled as these countries are facing economic headwinds and subdued growth outlooks. On the other hand, countries with diversified
economies are increasingly attracting foreign investment and are projected to account for a larger share of FDI into Africa.\textsuperscript{71} For example, FDI inflows to Ethiopia rose by 46% in 2016, largely due to investments in infrastructure and manufacturing.\textsuperscript{72} FDI inflows to Africa are projected to rise in 2017, to about $65 billion, as oil prices start to pick up and economic diversification and improved prospects increase the interest of investors.\textsuperscript{73}

Most LDCs and fragile states in Africa struggle to attract FDI. FDI flows into African LDCs and fragile states grew by 50% between 2006 and 2015 but retreated by 5% in 2016, a five-year low as FDI to resource-rich countries continued to decline.\textsuperscript{74} Just six countries accounted for 75% of FDI inflows into all 42 African LDCs and/or fragile states: Angola, Egypt, Nigeria, Ethiopia, Mozambique and Congo. With the exception of Ethiopia, all of these nations are resource-rich and are oil and gas producers; Nigeria and Angola are the first and second largest oil producers in Africa.\textsuperscript{75} The remaining African LDCs and fragile states accounted for just 0.7% of global FDI inflows and 1.8% of FDI inflows to developing countries in 2016.

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{figure1.png}
\caption{FDI inflows have been volatile since the global financial crisis}
\end{figure}

Figure 1 Source: UNCTAD, ‘World Investment Report 2017’, Annex Table 1. Notes: Data in current prices. Somalia is excluded due to missing data.
AFRICAN COUNTRIES NEED TO IMPLEMENT REFORMS TO ATTRACT AND MANAGE PRIVATE INVESTMENT

By 2050, the youth population of Africa is expected to be 10 times the size of the European Union’s youth population. This demographic trend places the continent on the brink of a ‘demographic dividend’. But Africa will only be able to seize this huge demographic potential if the right steps are taken now to ensure that the 22.5 million new workers that will enter the economy every year between now and 2035 have access to quality employment. The right set of policy reforms is essential to attract responsible private investment that will create decent jobs. Such reforms must improve the investment climate for foreign investors and bolster local entrepreneurs by increasing access to productive inputs, cross-border transport infrastructure and business skills to scale up their activities. Reforms not only help attract investment but are also crucial for regulating investment and ensuring the best outcomes for the country concerned.

However, even with the right policies in place, many African countries, particularly LDCs and fragile states, still face structural barriers to foreign investment, such as the small size of most African economies and financial systems blocking access to international financial markets. International public support plays a key role in addressing these structural problems, including by accelerating the structural transformation of African economies.

BETTER GOVERNANCE

Corruption is a tax on growth and is particularly damaging to intra-regional trade, infrastructure procurement and domestic resource mobilisation. Rigged procedures and cronyism in public procurement deter foreign investors from tendering...
CHAPTER 3
PRIVATE INVESTMENT FOR DEVELOPMENT IMPACT

ETHIOPIA

Although it is a landlocked LDC, Ethiopia was the sixth largest recipient of FDI in Africa in 2016. The country attracted $3.2 billion in FDI in 2016, up 46% from 2015 and more than 22 times higher than in 2010, propelled by investments in infrastructure and manufacturing. 80

Ethiopia has attracted foreign investors because of its political stability, strong economic growth and gradually diversifying economy. 81 Other attractions include the development of large industrial parks, a large and cheap labour force, low power prices and improved infrastructure, and significant competitive incentive packages (including tax holidays and exemptions from custom duty). 82 The government has been actively investing in energy and road transport infrastructure to improve the environment for business, and business regulations have been simplified. 83 However, more reforms are needed to further improve the country’s business environment, including simplifying procedures to start a business, obtain construction permits, protect minority investors and obtain credit. In order to strengthen its competitiveness, Ethiopia will need to improve its performance in areas such as access to finance, foreign currency regulation, tax rates, efficiency in government bureaucracy, and infrastructure supply and services. 84

for large infrastructure projects. 85 Proven solutions include the implementation of Integrity Pacts—signed agreements between procuring authorities, civil society and bidding companies, all of whom commit to abide by strong integrity standards embedded in the contract, plus adoption of the Open Contracting Data Standard and social auditing. 87 For example, ‘ProZorro’, an electronic procurement platform set up by pro bono anti-corruption activists in 2015, helped reform Ukraine’s ineffective and corrupt public procurement system. 88 One year later, the public procurement market had grown in terms of volume and of numbers of purchases and participants, while the average expected cost per lot had decreased by 68% and the number of contracts signed with only one bidder fell by more than half. 89

Digitising customs procedures has also been effective in tackling corruption at borders; automation is even recognised as a powerful anti-corruption tool by the World Customs Organization (WCO)’s Arusha Declaration on Customs Integrity. 90 Robust investment promotion policies should contain a zero tolerance clause against corruption and should be preceded by a clear cost-benefit analysis comparing losses in revenues foregone due to rebates being granted to investors against gains in terms of job creation, knowledge and technological transfers.

JUDICIAL, POLITICAL AND FINANCIAL STABILITY

Countries with an efficient judiciary where courts can effectively enforce contractual obligations have more developed credit markets, vibrant small and medium-sized enterprise (SME) networks and higher levels of development. 91 African governments should strengthen their judiciary systems, enabling courts to enforce contractual obligations effectively, and introduce a Systemic Investor Response Mechanism—a public feedback mechanism that allows foreign investors to resolve complaints as early as possible in a transparent and efficient way, before taking any legal action. Political stability is also crucial to attract long-term investors. Finally, a strong financial system is also vital for investors. African governments should boost the capacity and independence of national supervisory authorities, improve risk management oversight and enhance contract enforcement mechanisms. 93
INDUSTRIAL POLICIES
Investors need information about countries’ market opportunities and their comparative advantages—including skilled labour, arable land, a growing middle class, good market access to the wider region and reliable infrastructure. African governments can play a facilitating role by investing in data collection, processing and dissemination and by making it available to companies. Cross-border transport infrastructure should be prioritised to help investors integrate new production plants into regional chains and access a wider pool of mobile human capital. Upgraded transport infrastructure, along with technology and energy infrastructure, must be part of regional economic development corridors, along with digitised customs procedures and one-stop border posts. Governments in neighbouring countries must coordinate their industrial policies to truly stimulate economic activity.

HUMAN CAPITAL
Accessing skilled and capable workers remains a major challenge. If Africa’s new generation is not equipped with the right set of skills to successfully find employment, then the continent will miss a great opportunity. African leaders should commit to a plan that makes education work for every girl by breaking down every barrier to girls learning, investing in every teacher, monitoring every learning outcome and connecting every classroom. African governments should also align employability interventions with a market-based approach. Vocational training, for example, should be linked to concrete opportunities that have been identified in the labour market. Ideally, market assessments should be youth-led so that young people can gain first-hand perspectives on the local economy, build relationships with potential employers and strengthen their job search skills.

AID CAN PLAY A KEY ROLE IN BOOSTING PRIVATE INVESTMENT, BUT IT HAS TO BE USED IN THE RIGHT CIRCUMSTANCES AND WITH STRONG SafEGUARDS
International financial institutions (IFIs) and donors can play a key role in attracting private investment to developing countries. First, international public finance (including aid) can work towards improving the investment climate and tackling structural weaknesses
in such economies through investing in the capacity of local businesses, strengthening institutions and public financial management, and investing in human capital and skills training. Donors can also provide technical cooperation on trade, business environments, investment and productive capacity, such as advice on structuring investment contracts.

In addition, a large variety of financial tools are available to donors and development finance institutions (DFIs) to tackle impediments to foreign investment in Africa. These include risk mitigation instruments such as currency exchange rates, interest rates, commodity price risk management products, export credits, trade and supply chain finance and more. These are critical to alleviate private investors’ concerns over possible losses.

One particular tool has become increasingly popular—blended finance, on which this section focuses. There is no single widely accepted definition of blending, but it can be broadly defined as a mix of concessional public funds, typically ODA grants (or loans, guarantees, equity, etc.), with investments from public and private financiers to leverage additional finance to invest in development.

Under pressure to meet SDG financing needs, donors are increasingly seeing the private sector as the best way to fill financing gaps. A 2015 study found that private sector engagement had become a priority in the development strategies of 19 out of 23 donors. Although it still represented a very small share of total flows to developing countries, total private finance mobilised by official development finance interventions grew by around 20% annually over the period 2012–14, with more than 70% benefiting middle income countries (MICs). It is estimated that between 2007 and 2015 some €2 billion of EU ODA grants were blended with private flows in 240 projects, generating around €20 billion of loans from European financial institutions and regional development banks to help unlock investments worth around €43 billion in developing countries. The EU is expanding the use of blended finance in Africa through the European External Investment Plan (EEIP), which aims to leverage €3.35 billion of ODA to stimulate private investment and mobilise up to €44 billion—and possibly double that if Member States agree to contribute.

Other recent initiatives have aimed to scale up global private finance through public support. The G20, under Germany’s leadership, has launched the Compact with Africa initiative to intensify sustainable private investment in a number of countries on the continent. These African countries will partner with the G20, the World Bank, the International Monetary Fund and the African Development Bank to implement a package of reforms to reduce risk and attract investors. Although this is a welcome step, it is essential that these compacts extend to more fragile states and include specific proposals and commitments from the private sector, as well as setting objectives and milestones to increase investment and create jobs by 2020.

As part of the 18th replenishment of the International Development Association (IDA18), the World Bank Group has created a $2.5 billion Private Sector Window (PSW) to stimulate private sector investment in IDA recipient countries, with a focus on fragile and conflict-affected states. It will be deployed through four facilities: (1) a Local Currency Financing Facility; (2) a Risk Mitigation Facility to provide project-based guarantees without sovereign backing; (3) a MIGA Guarantee Facility to expand coverage of the World Bank’s Multilateral Investment Guarantee.
Agency (MIGA) guarantees; and (4) a Blended Finance Facility.

Blending operations are often done through DFIs. A DFI is a publicly owned financial institution—owned by a single government (bilateral) or multiple governments (multilateral)—that provides credit via loans, equity and more, on commercial or concessional terms, to public or private borrowers in developing countries. DFIs differ from governmental development agencies in that they adhere to market rules and seek to be financially viable. DFIs get their capital from development funds or benefit from public guarantees, ensuring their creditworthiness. This allows them to raise money on international capital markets and provide lending on very competitive terms. Their hybrid nature, between public aid and private investment, gives DFIs a unique role to play in blending facilities, by bridging the divides in language, motive and modus operandi between public and private sector actors. Most donors have shifted more ODA to their private investment arms. In January of this year, for example, the UK Parliament passed a bill allowing the Department for International Development (DFID) to raise the ceiling on aid funds spent through the CDC, the UK’s DFI, to £6 billion, potentially doubling the size of CDC’s portfolio. The bill also allows DFID to increase the cap again to £12 billion at a later date, subject to parliamentary approval.

In line with the growing importance and attention given to ODA as a ‘catalyser’ of private investment, the OECD DAC has been working to modernise its ODA reporting rules to allow ODA to be channelled through a wide range of private sector instruments (PSIs). This process is expected to be finalised by the end of 2018. During these discussions, countries need to make sure that the new accounting rules fairly reflect donor efforts and that the right safeguards are in place in order to maintain the credibility of ODA. If badly designed, these new rules could allow transactions on near market terms to count as ODA. DAC members must ensure that there is no inflation of aid and that transparency and accountability are underlying elements of the new DAC methodology. In parallel, the DAC has been working on a new broader measure, Total Official Support for Sustainable Development (TOSSD). No decision has been made yet, but TOSSD could include the total amount provided by donors in PSIs (not just the grant element or ‘donor effort’) as well as the mobilised private sector funds.

In addition to attracting more foreign capital, blending can stimulate job creation, knowledge transfer, and institutional development all while aiming for development impact. However, many challenges also exist in the practical application of blended finance, including a propensity towards MICs, potential negative social and environmental impacts (such as human rights abuses and environmental damage caused by large infrastructure
projects) and limited evidence showing the opportunities and risks. Thus, there is an important need to balance a scaling up of support for these instruments with protection of scarce aid resources, and to evaluate their development and social impact.

The main challenges and risks in blending, and recommendations to mitigate them, include the following.

1. **MORE AND BETTER DATA**
   There are very few data available on how much ODA is being used to leverage private finance globally. According to a 2015 DAC survey, ODA helped to mobilise $36.4 billion from the private sector in 2012–14. However, there are no data on how much ODA was used to stimulate these private investments. This is due to the lack of a common definition and monitoring mechanism, as well as projects being subject to commercial privacy. This lack of data hampers meaningful scrutiny to help understand the opportunities and risks involved in blending and to make informed policy decisions and track progress.

2. **EVIDENCE OF IMPACT ON POVERTY AND DEVELOPMENT**
   It is difficult to make a direct link between blended finance and poverty reduction. While this can be partly explained by the fact that investments have indirect benefits that appear only over time, it is also likely due to investments being made in the wrong areas and not making an impact on poverty. A growing body of literature, including from civil society organisations, the European Court of Auditors and the European Commission, raises important concerns with regard to blended finance. The G77—the largest negotiating bloc of developing countries in the UN—has expressed concerns about the lack of evidence for the development impact of blended finance. The most recent EU evaluation provides an overall positive assessment of the impacts of EU blended finance but also highlights important shortcomings. Most significantly, the study found that, until the end of 2013, EU blending projects did not properly target the poor. The study also reveals that, although projects in low-income countries have shown that blending has a potential to fight poverty and to address the challenges in these countries, EU blended finance has overwhelmingly focused on MICs (72% of all projects between 2007 and 2014).

3. **PROVEN ADDITIONALITY**
   Additionality can refer to three concepts—financial additionality (public finance only subsidises projects that would not otherwise be viable for the private sector); developmental additionality (the public contribution helps increase development impacts); and value additionality (the public contribution offers non-financial development value, e.g. environmental standards). Additionality is an essential requirement in blending facilities, as it ensures that scarce ODA resources are not unnecessarily subsidising the private sector, but it has been a difficult outcome to measure and demonstrate, partly because there is no standard approach to measurement. Donors also tend to focus on financial additionality at the expense of developmental additionality, and there is a low bar in requirements for self-assessments by donors.

4. **DEVELOPMENT FOCUS AND CREDIBILITY OF ODA**
   Increasing the use of blending without significantly scaling up ODA could mean that less ODA is available for other uses, including grants to meet basic needs in the most vulnerable countries. The share of ODA provided through blending needs to be closely monitored in order to minimise the diversion of aid from other investments. Inappropriate accounting of PSIs could risk inflating ODA
by reporting as aid non-concessional flows or non-flows (e.g. guarantees that have not been used). This could create a perverse incentive to favour PSIs over other forms of aid.

5. COUNTRY OWNERSHIP
Blended facilities often do not align with country ownership and national policies. Donors may also choose to channel aid through blended finance as it better serves their own national interests by supporting domestic companies, leading to tied aid. One study found that the aid policies of nine out of 23 donors explicitly mentioned supporting the donor country or its own businesses abroad.

6. DEBT SUSTAINABILITY
Increases in the level of public lending could also lead to increases in developing countries’ debt accumulation, at potentially unsustainable levels, which restrains their domestic fiscal space as well as their ability to attract other sources of finance. In the case of private blending, there is a risk that private liabilities will become public liabilities if the projects fail.

CONCLUSION
Private investment is essential to achieve the SDGs, and must be better directed to African countries, in particular LDCs and fragile states. ODA can play a role in stimulating private investments in developing countries, but it must be used carefully and sparingly so as to protect and preserve precious concessional resources for use in poverty reduction.

However, private finance cannot fill all the financing gaps. Domestic resource mobilisation is essential for the delivery of public services and ODA remains vital, in particular for the most vulnerable countries that struggle to raise sufficient domestic resources.

Recommendations on Private Investment

1. African countries need to improve the investment climate and strengthen their policy and regulatory frameworks to ensure that private investments are aligned with the Sustainable Development Goals.

2. Donors must ensure that private finance complements rather than replaces vital public investments and other concessional financing. Precious aid resources should be protected and increased.

3. Donors and partner countries must agree on a common definition, guidelines and assessment frameworks for the development impact of blended finance to provide evidence of poverty reduction and prevention of environmental and social damage and must assess debt risks.

4. Blended finance should meet development effectiveness principles, including country ownership, and aligning with national priorities.

5. Countries must implement the UN Ruggie principles and the OECD Guidelines for responsible business conduct by the end of 2017 and must ensure that companies investing abroad comply also with the Business Principles for Countering Bribery developed by Transparency International.

6. Alongside incentives to improve the quantity and quality of FDI, partners must do more to strengthen the domestic private sector in African countries.

7. The DAC must protect the core aim of ODA to eradicate extreme poverty and must ensure that reforms do not blur the line between development goals and commercial motivations. There must be reforms on tied aid in order to prevent any weakening of the development focus of ODA.
AUSTRALIA

Australia’s development assistance declined for the fourth consecutive year, with total aid falling to $3 billion in 2016. Aid as a proportion of gross national income (GNI) continues to decrease, dropping to just 0.25% in 2016. While official development assistance (ODA) to least developed countries (LDCs) declined in monetary value, it actually increased as a percentage of total ODA, to 28.5%. Although the Australian government continues to focus its development assistance on the Indo-Pacific region, ODA to Africa actually increased by 20% in 2016, reaching $431.19 million.

In sub-Saharan Africa, Australia focuses on leadership and human capacity development, agricultural productivity, humanitarian assistance and women’s empowerment and gender equality. In 2016, Australia continued to focus on empowering women and girls. More than 80% of investments, regardless of their objectives, are intended to effectively address gender issues in their implementation. For the second year in a row, however, Australia failed to reach this target, falling just short with 78% of aid investments rated as satisfactorily addressing gender equality.

In the lead-up the 2016 federal election, neither of the two major parties acknowledged Australia’s international commitment to reach 0.7% of ODA/GNI. The opposition Australian Labor Party promised to reverse some of the cuts of previous years, but did not commit to fully restoring the aid budget to pre-2013 levels. The Liberal-National Coalition government, which returned to office with a slim (and much reduced) majority, focused on improving the effectiveness of the aid programme, rather than committing to specific funding levels.

In sub-Saharan Africa, Australia focuses on leadership and human capacity development, agricultural productivity, humanitarian assistance and women’s empowerment and gender equality. In 2016, Australia continued to focus on empowering women and girls. More than 80% of investments, regardless of their objectives, are intended to effectively address gender issues in their implementation. For the second year in a row, however, Australia failed to reach this target, falling just short with 78% of aid investments rated as satisfactorily addressing gender equality.

Table 1: Australia’s ODA: Global, LDC, Africa, SSA, African Fragile States and In-Donor Refugee Costs

<table>
<thead>
<tr>
<th>2016 ODA, NET OF DEBT RELIEF</th>
<th>2015–16 CHANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global</td>
<td>$3.02 billion (AUD 4.06 billion)</td>
</tr>
<tr>
<td>ODA to LDCs</td>
<td>$860.35 million (AUD 1.16 billion)</td>
</tr>
<tr>
<td>ODA to Africa</td>
<td>$431.19 million (AUD 580.10 million)</td>
</tr>
<tr>
<td>ODA to sub-Saharan Africa</td>
<td>$413.17 million (AUD 555.85 million)</td>
</tr>
<tr>
<td>Total ODA/GNI</td>
<td>0.25%</td>
</tr>
<tr>
<td>ODA to LDCs as % of total ODA</td>
<td>28.51%</td>
</tr>
<tr>
<td>ODA/GNI to LDCs</td>
<td>0.07%</td>
</tr>
<tr>
<td>In-donor refugee costs as % of total ODA</td>
<td>0.00%</td>
</tr>
<tr>
<td>In-donor refugee costs as % of bilateral ODA</td>
<td>0.00%</td>
</tr>
</tbody>
</table>

Table 1 Sources: OECD DAC Table 1, Table 2a and Preliminary Release (April 2017). Note: Figures are in current prices and percentage changes in real terms.
SUPPORT FOR PRIVATE INVESTMENT

Private sector development is one of the two pillars of Australia’s aid programme (alongside human development). In late 2015, the government released a ministerial statement and strategy on its aid investment in private sector development, which includes the priorities of building better business and investment environments and maximising the development impact of individual businesses. Under its aid strategy performance targets, Australia requires all of its new aid investments to explore ways to promote private sector engagement or engage the private sector. This target was met in 2015–16.

Australia supports a mix of bilateral and global initiatives targeted at increasing private sector development. This includes a Business Partnerships Platform that enables businesses and their partners to approach the Australian government with proposals that meet the country’s aid objectives. The first round attracted AUD 8.4 million in private investment (matched by AUD 3.3 million of government funds) for partnerships in seven countries in areas such as agribusiness, financial services and women’s economic empowerment.

Australia also supports the World Bank-led Public Private Infrastructure Facility (PPIAF), providing AUD 2 million in 2015–16 to support the Bank’s efforts to help low and middle-income countries to develop the policies, laws, regulations, institutions, and capacity to encourage private investment through grants and technical assistance.

TRANSPARENCY

Australia improved the transparency of its aid programme by publishing a detailed summary of the aid budget in 2016 (for the 2016–17 financial year), now known as the ‘Orange Book’. However, there is still much work to be done, as demonstrated by Australia’s ranking on the Aid Transparency Index (rated ‘fair’ and ranked 25 out of 46 countries).

RECOMMENDATIONS

- Australia must reverse the continuing decline of its development assistance budget, which has hit historically low levels, and set itself back on a path towards meeting its international aid commitments.
- Australia needs to take further steps to improve the transparency of its aid programme.
Despite Prime Minister Trudeau’s pledge on ‘restoring and renewing’ Canada’s international assistance, no significant increases in ODA have materialised. In June 2017, Canada announced its new Feminist International Assistance Policy, outlining six priority action areas: gender equality and the empowerment of all women and girls; human dignity, which mainly concerns health and nutrition, education and humanitarian action; economic growth that works for everyone; environment and climate action; inclusive governance, democracy, human rights and the rule of law; and peace and security.138

By 2021–22, Global Affairs Canada aims to ensure that at least “95% of bilateral assistance initiatives target or integrate gender equality and the empowerment of women and girls”.139 The new policy also recognises that half of the world’s poorest people live in sub-Saharan Africa, and targets at least 50% of bilateral aid to the region.140 Although the new policy is a step in the right direction, there is great concern about the trajectory of Canada’s ODA, as this ambitious policy requires additional funds for implementation. Two days before the announcement of the feminist development policy, the government announced a 70%
increase in defence expenditure, while development received no new funding.141

SUPPORT FOR PRIVATE INVESTMENT

In March 2017, the Trudeau government announced the operationalisation of its development finance institution (DFI), with a CAD 300 million commitment.142 The DFI is newly established, so the details of its key principles, governance and strategy are still in the works. It is housed within Canada’s export promotion authority, Export Development Canada (EDC); however, experts have argued that there are a few downsides to that,143 the main one being that EDC has limited experience of tackling integrated development challenges, including the fight to end extreme poverty.144

TRANSPARENCY

Canada is ranked 12th in the Aid Transparency Index, and has a good record on transparency and efficiency, especially on development assistance.145 It places a very low administrative burden on its country recipients, which allows aid to be more efficient in country. Canada also sets a good example in terms of information sharing with other donors. However, there is room for improvement. Canada should develop internal systems at Global Affairs that would allow Canada to share more up-to-date data, including budgets, as well as making all indicators available to the International Aid Transparency Initiative (IATI).

RECOMMENDATIONS

- Canada must set out a plan to get back on track with increases to its aid budget by 2020, in order to contribute to the SDGs and make a significant impact for women and girls through its new policies.
- Canada should ensure that funds channelled through its new DFI clearly promote economic development and poverty reduction, and should be targeted to the poorest countries and fragile states.

Figure 1 Sources: OECD DAC Tables 1 and 2a and Preliminary Release (April 2017). Notes: ODA in 2015 constant prices. Net ODA excludes bilateral debt relief, and includes both bilateral and multilateral flows (Africa and LDC imputed multilateral flows in 2016 are estimated by ONE).
EU MEMBER STATES AND INSTITUTIONS

The EU as a whole reached a new high in 2016 by providing $81.36 billion (€73.55 billion) in ODA, retaining its status as the world’s largest donor. Throughout the year, both EU Institutions and Member States were under constant pressure to respond adequately to the unprecedented number of asylum seekers arriving in European countries. As a consequence, increases in ODA have been mainly directed towards tackling these additional needs, focusing on migration control instead of poverty eradication. The European Consensus on Development reiterates that poverty eradication must remain the primary objective of the EU’s development policy, which is why the EU must ensure that aid delivers for the poorest people, especially in the poorest and most fragile countries.

EU MEMBER STATES

By investing 0.49% of their collective GNI in ODA, EU Member States are making progress towards their commitment to reach 0.7% ODA/GNI within the timeframe of the post-2015 agenda. However, 15% of their total aid in 2016 was used to cover in-donor refugee costs and never left their own borders. At the same time, while ODA to LDCs increased by 7.35% in 2016, it accounts for less than a quarter of the Member States’ collective aid—a declining proportion since 2015—and fragile states in Africa saw their share decrease between 2014 and 2015. Member States must urgently reverse this trend and scale up investments targeted towards LDCs and African fragile states.

### TABLE 1: EU MEMBER STATES’ ODA: GLOBAL, LDC, AFRICA, SSA, AFRICAN FRAGILE STATES AND IN-DONOR REFUGEE COSTS

<table>
<thead>
<tr>
<th>2016 ODA, NET OF DEBT RELIEF</th>
<th>2015–16 CHANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global $791.8 billion (€71.61 billion)</td>
<td>10.27%</td>
</tr>
<tr>
<td>ODA to LDCs $18.06 billion (€16.33 billion)</td>
<td>7.35%</td>
</tr>
<tr>
<td>ODA to Africa $24.61 billion (€22.25 billion)</td>
<td>7.68%</td>
</tr>
<tr>
<td>ODA to sub-Saharan Africa $20.62 billion (€18.64 billion)</td>
<td>8.37%</td>
</tr>
<tr>
<td>Total ODA/GNI 0.49%</td>
<td>0.03 percentage point</td>
</tr>
<tr>
<td>ODA to LDCs as % of total ODA 22.92%</td>
<td>0.89 percentage point</td>
</tr>
<tr>
<td>In-donor refugee costs as % of total ODA 14.99%</td>
<td>1.68 percentage points UP</td>
</tr>
<tr>
<td>In-donor refugee costs as % of bilateral ODA 22.98%</td>
<td>2.47 percentage points UP</td>
</tr>
<tr>
<td>2015 ODA, NET OF DEBT RELIEF</td>
<td>2014–15 CHANGE</td>
</tr>
<tr>
<td>ODA to African fragile states $15.95 billion (€14.38 billion)</td>
<td>3.29%</td>
</tr>
</tbody>
</table>

Table 1 Sources: OECD DAC Table 1, Table 2a and Preliminary Release (April 2017). Note: Figures are in current prices and percentage changes in real terms.
EU INSTITUTIONS

The EU Institutions also increased ODA spending in 2016 to address challenges related to migration. As a result of these challenges, the EU has continued to shift its approach to development by pursuing new strategies and instruments to manage migratory flows, leverage private sector investment and boost security capacity in partner countries. Yet only investments in the long-term development of the poorest countries are investments in global stability. This is why the EU Institutions must shift their focus back to addressing the root causes of extreme poverty and instability and must secure a strong development budget that brings the EU closer to achieving its objective of ending extreme poverty by 2030. As the EU rethinks how its future Multiannual Financial Framework (MFF) can better match its policy priorities, and with Brexit creating additional uncertainty around the involvement of the UK, it will be crucial to ensure that efforts aimed at security, defence and migration do not come at the expense of life-saving development programmes.

SUPPORT FOR PRIVATE INVESTMENT

In the past year, the EU has renewed its efforts to strengthen and improve its engagement with the private sector in developing countries, most notably with the launch of the European External Investment Plan (EEIP), which will...

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**Figure 1 Sources:** OECD DAC Tables 1 and 2a and Preliminary Release (April 2017). **Notes:** ODA in 2015 constant prices. Net ODA excludes bilateral debt relief, and includes both bilateral and multilateral flows (Africa and LDC imputed multilateral flows in 2015 are estimated by ONE).
seek to leverage €3.35 billion of EU ODA to stimulate private investment in Africa and the Neighbourhood. The success of the plan will depend on clear investment windows with substantial allocations to fragile states and a foundation on analysis of market failure, needs and bottlenecks.

TRANSPARENCY

The European Commission is an original signatory to IATI. Three of the EC’s departments publish data to IATI and they have all been ranked as ‘good’ in the Aid Transparency Index since 2015.

With the budgets of both the EU and Member States under pressure, Europe desperately needs innovative approaches to finance the fight against extreme poverty. By making public information on who really owns companies and trusts in the revision of the Anti-Money Laundering Directive (AMLD), the EU could give citizens and journalists, including in developing countries, access to the data they need to follow the money and root out corruption. This is the kind of transformative win-win legislation that could release unprecedented domestic resources for development and ultimately reduce the dependence of developing countries on aid.

RECOMMENDATIONS

- The EU must ensure that every new commitment to deal with short-term crises is additional to planned ODA, so that EU aid can continue to focus on long-term poverty eradication, particularly for life-saving health, nutrition and education programmes.
- The EU must scale up aid invested in long-term development, especially in the poorest and most fragile African countries.
- The EU must ensure that ODA used to leverage private investment supports only projects that would not otherwise have received financial investment, benefits local actors and stimulates sustainable growth in the most fragile and poorest regions.

EU Member States There are 28 Member States of the EU; 20 are members of the OECD Development Assistance Committee (DAC). The eight EU Member States which are not members of the DAC report some aid data, but in less detail than full DAC members.

EU refers to EU Institutions and Member States. In tracking ODA, this refers to ODA provided by the Member States and the EU Institutions (i.e. via loans extended by the European Investment Bank, which are not imputed to Member States).
FRANCE

For the second consecutive year, France increased its total ODA slightly (by 5.25%) to reach $9.4 billion. However, ODA represented only 0.38% of GNI, far below the 0.7% target. The new political leadership that emerged after the 2017 elections needs to step up current efforts on ODA. President Emmanuel Macron’s commitment to reach a figure of 0.55% ODA/GNI before the end of his term is welcomed, but it is insufficient.163 France should aim to reach the 0.7% target by the end of the presidential term in 2022.

Despite a steady rise since 2010, France’s ODA remains well below aid levels recorded at the beginning of the mandate of former President François Hollande, i.e. 0.42% of ODA/GNI ($9.67 billion in 2011, at 2015 constant prices, a difference of $297 million). In addition to mapping out a clear trajectory towards the 0.7% target, France should also sharpen its focus on LDCs, as the share of its ODA allocated to these countries decreased between 2015 and 2016 and is now below 25%. President Macron’s commitment to allocate 0.15% of GNI to LDCs (compared with 0.09% in 2016) is not ambitious enough.

France increased its ODA to fragile states in Africa by 9.41% between 2014 and 2015, to reach $2.3 billion and has set up a specific facility at the Agence Française de Développement (AFD—the French development agency) for those countries.164 This focus on African fragile states is a welcome trend that should be pursued, together with increased attention to LDCs. President Macron has repeatedly emphasised his determination to boost the amount of French ODA allocated to Africa, especially to LDCs and fragile states. The French government needs to deliver on this promise and should double the share of ODA allocated to LDCs and fragile states in the region in the next five years, from 29% to 58% by 2022.

Table 1 Sources: OECD DAC Table 1, Table 2a and Preliminary Release (April 2017). Note: Figures are in current prices and percentage changes in real terms.
SUPPORT FOR PRIVATE INVESTMENT

Strengthening its cooperation with private sector actors is part of AFD’s strategy for 2012–16, mostly through its subsidiary Proparco, its private sector financing arm, which was founded nearly 40 years ago. In 2016, private sector funding was identified by AFD as one of its areas of action, and this represented 14% of its activity. In the same year, loans allocated to the private sector increased by 8%. Moreover, Proparco allows AFD to facilitate access to funding for 54,000 small and medium-sized enterprises (SMEs) each year. Its budget has been stable over the past few years at €1.1 billion, and in 2015 it accounted for 13% of AFD’s activities. It focuses on Africa (62% of its budget in 2015 was allocated to the continent) and fragile states (one-third of the 2015 budget). In 2015, Proparco reported the following impacts from its investments: 874,000 jobs created or safeguarded; 47% of the employees of the banks and companies financed are women; and two million people gained access to micro-credit.

AFD can also engage in non-sovereign lending. In 2016, non-sovereign lending, including to local/sub-national authorities, totalled €3.9 billion, which represented 42% of AFD’s activities. Amongst its tools, AFD can also use guarantees and equity.

TRANSPARENCY

France’s development agency joined the IATI initiative in December 2016, which was welcome, as the country is still lagging behind in terms of aid transparency. Its Foreign Affairs and Finance Ministries were graded, respectively, as ‘poor’ and ‘very poor’ in the 2016 Aid Transparency Index. The recent launch of an AFD online data platform is notable, although two other data portals already exist and it therefore creates additional complexity for citizens, CSOs and parliamentarians to ‘follow the money’.

RECOMMENDATIONS

• From its 2018 budget onwards, France needs to set a path to reach the 0.7% ODA/GNI target by 2022. This trajectory should be translated into law and ODA should increase significantly from 2018 onwards.

• France should double the share of its ODA allocated to fragile states and LDCs in Africa by 2022, to reach a proportion of 58% of ODA targeted towards the continent’s poorest and most fragile countries.

• France should improve its aid transparency by making sure that relevant data from all French agencies and ministries are made available in open data format and on a single, centralised online platform.

Figure 1 Sources: OECD DAC Tables 1 and 2a and Preliminary Release (April 2017). Notes: ODA in 2015 constant prices. Net ODA excludes bilateral debt relief, and includes both bilateral and multilateral flows (Africa and LDC imputed multilateral flows in 2016 are estimated by ONE).
GERMANY

German ODA hit a record high in 2016 and, for the first time, the country reached its target of spending 0.7% of GNI on ODA. However, while there was a considerable boost to the budget for development cooperation,177 most of the overall increase was due to a spike in in-donor refugee costs, which accounted for 25% of all German ODA in 2016. All parties in Parliament are in favour of maintaining the 0.7% spending rate even when in-donor refugee costs decline. The coming years will tell if the next German government has the political will to uphold this target and invest additional funds where they are needed most.

Tackling the root causes of forced migration through aid is high on Germany’s political agenda. As such, development assistance last year exceeded the planned increases announced in 2015. Germany’s G20 presidency emphasised—through the Partnership with Africa initiative—the importance of harnessing the continent’s demographic dividend and empowering youth. Rural development and food security have also emerged as strategic priorities for German development cooperation with the continent.178

Despite its repeated commitment to spend 0.20% of GNI on aid to LDCs, Germany has failed to fulfil this pledge. The share of overall ODA going to these countries has been steadily declining, reaching a historic low in 2015. The final DAC figures published in December 2017 will reveal how much LDCs have benefited from the overall increase in German aid. A recent government report on development cooperation reveals that the share of German ODA flowing through multilateral channels also fell to a historic low in 2015.179

SUPPORT FOR PRIVATE INVESTMENT

DEG (Deutsche Investitions- und Entwicklungsgesellschaft), Germany’s DFI, facilitates sustainable business initiatives

### Table 1: Germany’s ODA: Global, Africa, SSA, African Fragile States and In-donor Refugee Costs

<table>
<thead>
<tr>
<th>2016 ODA, Net of Debt Relief</th>
<th>2015–16 Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Global</strong></td>
<td></td>
</tr>
<tr>
<td>$24.63 billion</td>
<td>36.15% UP</td>
</tr>
<tr>
<td>(€22.27 billion</td>
<td></td>
</tr>
</tbody>
</table>

| **ODA to LDCs**             |                |
| No Data                     | No Data        |

| **ODA to Africa**           |                |
| $5.40 billion               | 19.31% UP      |
| (€4.88 billion              |                |

| **ODA to sub-Saharan Africa** |                |
| $3.95 billion               | 28.09% UP      |
| (€3.57 billion              |                |

| **Total ODA/GNI**           |                |
| 0.70%                       | 0.17 percentage point UP |

| **ODA to LDCs as % of total ODA** |                |
| No Data                        | No Data        |

| **ODA/GNI to LDCs**           |                |
| No Data                       | No Data        |

| **In-donor refugee costs as % of total ODA** |                |
| 25.25%                         | 8.38 percentage points UP |

| **In-donor refugee costs as % of bilateral ODA** |                |
| 31.83%                         | 10.38 percentage points UP |

<table>
<thead>
<tr>
<th>2015 ODA, Net of Debt Relief</th>
<th>2014–15 Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ODA to African fragile states</strong></td>
<td></td>
</tr>
<tr>
<td>$2.16 billion</td>
<td>11.99% DOWN</td>
</tr>
<tr>
<td>(€1.95 billion</td>
<td></td>
</tr>
</tbody>
</table>
in developing and emerging economies to enhance growth and local living conditions. In 2016, DEG had a portfolio worth €8.6 billion, of which €2.3 billion was invested in 28 African countries in a range of sectors, including finance, tourism, manufacturing, infrastructure, agribusiness and energy. DEG finances banks and funds, and offers loans as well as various arrangements of equity capital and mezzanine finance.

Between 2014 and 2016, DEG committed €4.2 billion for private sector investment, which in turn unlocked total investments of €21.5 billion in emerging and developing economies. In 2016, companies co-financed by DEG contributed tax payments of approximately €280 million and created 414,000 jobs in beneficiary countries. In 2016, DEG investments received on average a grade B for their effectiveness, based on good and fair employment, local income, development of markets and sectors, environmental stewardship and benefits for local communities.

DEG plans to increase its activities in countries eligible for World Bank IDA funding and to conflict-affected countries to 40% by 2021, up from 35% in 2016. In addition, it is currently setting up a co-financing facility with a 50% contribution from BMZ, the Federal Ministry for Economic Cooperation and Development, which will direct investments to fragile states and countries hosting large numbers of refugees.

**TRANSPARENCY**

Germany’s aid transparency has improved, as GIZ, its implementing agency for technical assistance, has increased the frequency of its reporting, scoring ‘good’ on the 2016 Aid Transparency Index. As a next step, the Federal Foreign Office should start reporting its ODA-eligible funds according to the IATI standard.

**RECOMMENDATIONS**

- Germany should uphold the target of spending 0.7% ODA/GNI, even as in-donor refugee costs decline over the coming years.
- To maximise the effects of development cooperation in reducing poverty, Germany should focus funds on LDCs and fragile states and should strengthen multilateral funding mechanisms.
ITALY

Italy’s aid spending has continued its upward trend for the fourth year in a row, with investments increasing by $2.24 billion over this period. However, in-donor refugee costs account for a worrying proportion of its overall aid budget. In 2016 such costs amounted to $1.66 billion (76% of bilateral ODA), which was more than Italy invested in Africa. These in-donor costs could explain the decline in the proportion of Italian aid going to LDCs.

Italy seemed to be on track to meet its commitment to become the fourth largest G7 donor in terms of GNI by the time it hosted G7 leaders in May 2017, as promised by former Prime Minister Matteo Renzi in 2015. The preliminary data show that Italy and Canada are tying as the fourth largest G7 donors, when including debt relief.

However, while Foreign Minister Angelino Alfano has called development assistance “a major strategic investment and a pillar of our foreign policy”, and despite showing ambition and making increases in the short term, Italy’s long-term aid commitments have remained flat. The government has committed again this year to reach 0.3% ODA/GNI by 2020, and 0.7% ODA/GNI by 2030. With elections due to take place by mid-2018, political parties should commit to a long-term approach to development, coupled with a rapid scale-up of investments, with a view to investing 0.5% ODA/GNI by the end of the next Parliament, and with at least half of this allocated to LDCs and fragile states.

Italy sought to put Africa at the centre of its G7 agenda in 2017, hosting leaders at a meeting in Taormina, Sicily, which was physically closer to the continent than they have ever met before. If Italy is to be a good partner, it must step up to ensure that international anti-corruption legislation is strengthened. Italy must therefore back EU rules to make access to beneficial ownership information of companies and trusts public, as part of the revision of the EU Anti-Money Laundering Directive (AMLD); these structures are often the vehicles used by the corrupt to siphon funds out of developing countries.

Table 1: Italy's ODA: Global, LDC, SSA, African Fragile States and In-donor Refugee Costs

<table>
<thead>
<tr>
<th>2016 ODA, Net of Debt Relief</th>
<th>2015/16 Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Global</strong></td>
<td></td>
</tr>
<tr>
<td>$4.71 billion</td>
<td>19.03%</td>
</tr>
<tr>
<td>(€4.26 billion)</td>
<td></td>
</tr>
<tr>
<td><strong>ODA to LDCs</strong></td>
<td></td>
</tr>
<tr>
<td>$889.88 million</td>
<td>1.34%</td>
</tr>
<tr>
<td>(€804.70 million)</td>
<td></td>
</tr>
<tr>
<td><strong>ODA to Africa</strong></td>
<td></td>
</tr>
<tr>
<td>$1.20 billion</td>
<td>11.35%</td>
</tr>
<tr>
<td>(€1.09 billion)</td>
<td></td>
</tr>
<tr>
<td><strong>ODA to sub-Saharan Africa</strong></td>
<td></td>
</tr>
<tr>
<td>$978.71 million</td>
<td>12.49%</td>
</tr>
<tr>
<td>(€885.03 million)</td>
<td></td>
</tr>
<tr>
<td><strong>Total ODA/GNI</strong></td>
<td></td>
</tr>
<tr>
<td>0.25%</td>
<td>0.04 percentage point</td>
</tr>
<tr>
<td><strong>ODA to LDCs as % of total ODA</strong></td>
<td></td>
</tr>
<tr>
<td>18.89%</td>
<td>3.30 percentage points</td>
</tr>
<tr>
<td><strong>ODA/GNI to LDCs</strong></td>
<td></td>
</tr>
<tr>
<td>0.05%</td>
<td>NO CHANGE</td>
</tr>
<tr>
<td><strong>In-donor refugee costs as % of total ODA</strong></td>
<td></td>
</tr>
<tr>
<td>35.35%</td>
<td>10.29 percentage points UP</td>
</tr>
<tr>
<td><strong>In-donor refugee costs as % of bilateral ODA</strong></td>
<td></td>
</tr>
<tr>
<td>76.07%</td>
<td>19.85 percentage points UP</td>
</tr>
</tbody>
</table>

Table 1 Sources: OECD DAC Table 1, Table 2a and Preliminary Release (April 2017) Note: Figures are in current prices and percentage changes in real terms.
SUPPORT FOR PRIVATE INVESTMENT

Boosting the role of the private sector is a key objective for Italian development cooperation, with a particular focus on infrastructure, water, sustainable energy and rural electrification. The 2014 reform of Italy’s law on development cooperation mandates a long-established investment bank, Cassa Depositi e Prestiti (CDP), to use innovative financial tools to leverage both public finance and its own resources in order to further Italy’s development objectives. This includes using its own resources to leverage private sector investment in development and to contribute to EU blending operations.

CDP is authorised to intervene in all countries on the OECD DAC recipients list; however, it will prioritise interventions in Italy’s priority countries, as outlined in its three-year strategic plan. The North Africa, Middle East, Sahel and Horn of Africa regions currently receive special attention. Investment decisions will also consider Italy’s historical relationship with the partner country and an assessment of their political, commercial and cultural ties. CDP received its mandate to operate with its private funds at the end of 2016, and the first initiatives are due to be launched in the second half of 2017.

TRANSPARENCY

Italy’s aid transparency is currently rated as ‘very poor’ by the Aid Transparency Index. Therefore, the next government must prioritise timely publication of comprehensive, forward-looking information on aid in an open data format.

RECOMMENDATIONS

- Ahead of the 2018 elections, political parties should commit to investing 0.5% ODA/GNI by the end of the next Parliament.
- Italy must improve the quality of its aid by ensuring that it focuses on poverty eradication, particularly in LDCs and fragile states, and that it takes ambitious steps to improve transparency.
- Italy should support public registers for EU companies and trusts as part of the revision of the EU’s Anti-Money Laundering Directive.

Figure 1 Sources: OECD DAC Tables 1 and 2a and Preliminary Release (April 2017). Notes: ODA in 2015 constant prices. Net ODA excludes bilateral debt relief, and includes both bilateral and multilateral flows (Africa and LDC imputed multilateral flows in 2016 are estimated by ONE).
JAPAN

Japan allocates the largest share of its bilateral ODA to infrastructure projects and to countries in Asia. Other sectors of bilateral spending include water and sanitation, humanitarian aid, agriculture, education, and health and nutrition. While ODA contributions to sub-Saharan Africa and to Africa overall appear to show a decline from last year, ONE anticipates that levels will increase again, given Japan’s commitment to a three-year, $30 billion assistance package at the Sixth Tokyo International Conference on African Development (TICAD VI) in 2016.

The 2016 Priority Policy for International Cooperation focused on achieving stability in the Middle East, expanding quality infrastructure, the SDGs (primarily the improvement of global health), women’s empowerment and addressing climate change. In Africa, Japan’s priorities include rebuilding health systems (particularly in the Ebola affected countries), promoting human security, improving the investment climate, and promoting natural resource and energy development. It also continued to demonstrate leadership in global health, pledging $1.1 billion to international health organisations in May 2016 within the framework of its G7 presidency. Japan also allocates a portion of its ODA to gender equality initiatives by working to improve education for women worldwide, encouraging female entrepreneurship and addressing issues of human trafficking and gender-based violence.

SUPPORT FOR PRIVATE INVESTMENT

Japan supports the principle of a transition away from countries relying on ODA towards enhancing private sector participation to foster economic development in Africa. In August

<table>
<thead>
<tr>
<th>2016 ODA, NET OF DEBT RELIEF</th>
<th>2015–16 CHANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Global</strong></td>
<td></td>
</tr>
<tr>
<td>ODA to LDCs</td>
<td></td>
</tr>
<tr>
<td>ODA to Africa</td>
<td></td>
</tr>
<tr>
<td>ODA to sub-Saharan Africa</td>
<td></td>
</tr>
<tr>
<td>Total ODA/GNI</td>
<td></td>
</tr>
<tr>
<td>ODA to LDCs as % of total ODA</td>
<td>39.24%</td>
</tr>
<tr>
<td>ODA/GNI to LDCs</td>
<td></td>
</tr>
<tr>
<td>In-donor refugee costs as % of total ODA</td>
<td>0.002%</td>
</tr>
<tr>
<td>In-donor refugee costs as % of bilateral ODA</td>
<td>0.003%</td>
</tr>
<tr>
<td><strong>2015 ODA, NET OF DEBT RELIEF</strong></td>
<td></td>
</tr>
<tr>
<td>ODA to African fragile states</td>
<td>$2.31 billion ($278.98 billion)</td>
</tr>
</tbody>
</table>

Table 1 Sources: OECD DAC Tables 1 and 2a and Preliminary Release (April 2017). Notes: ODA in 2015 constant prices. Net ODA excludes bilateral debt relief, and includes both bilateral and multilateral flows (Africa and LDC imputed multilateral flows in 2016 are estimated by ONE).
2016 it co-hosted TICAD VI, where it announced a three-year, $30 billion assistance package financed by both the public and private sectors. This funding is directed toward three key priority areas of partnership: promoting structural economic transformation through economic diversification and industrialisation, boosting resilient health systems and ensuring social stability for shared prosperity.

Furthermore, the Japanese government has partnered with the African Development Bank Group on the Enhanced Private Sector Assistance for Africa (EPSA) initiative to support private sector development. Together EPSA1 (2007–11) and EPSA2 (2012–16) provided almost $3 billion for nearly 100 private sector projects, mainly in the transportation and energy sectors. At TICAD VI, EPSA3 was launched, pledging $3 billion over three years (2017–19). The EPSA initiative has provided Africa with a net economic benefit of roughly $4.7 billion, has created 60,000 new jobs and has generated more than $500 million in tax revenues.

**TRANSPARENCY**

Japan has not yet met its Busan commitment on aid transparency, with the Ministry of Foreign Affairs (MOFA) scoring ‘very poor’ and the Japan International Cooperation Agency (JICA) scoring ‘fair’ on the Aid Transparency Index.

**RECOMMENDATIONS**

- Japan should prioritise its aid towards the poorest countries, particularly in Africa.
- Japan should improve its performance on facilitating financial transparency, focusing specifically on improvements on a range of policies, including public company ownership and country-by-country reporting.
- The Ministry of Foreign Affairs and JICA must work to meet the Busan commitment on aid transparency.
Dutch aid has been declining for years and is approaching an all-time low as a percentage of its GNI. Budget cuts by governments since 2010 have had a severe negative impact on Dutch aid capacity in LDCs and in sub-Saharan Africa over the past decade, even if this past year has seen some increases. If the budget cuts and the use of future ODA to cover current in-donor refugee costs are not reversed and repaired, the Netherlands’ contribution to international development will shrink even further in the next few years. Without any budgetary changes, it will become hard for the country to do its part to reach the SDGs by 2030.

The Dutch people elected a new parliament in March 2017, but by the time this report was written no new government had yet been formed, as politicians attempted to build a workable coalition. A new government will provide a huge opportunity for improvement. It can live up to the Netherlands’ promise to spend 0.7% of its national income on aid, it can make in-donor refugee costs additional to the ODA budget, and it can aim to direct at least 50% of its ODA to LDCs. The search for new partner countries is a great opportunity to help with the latter ambition. There is also an opportunity for a structural increase in the humanitarian aid budget, building on the positive practices of the past few years of the Dutch Relief Fund. A new government should also explore new priorities, including adding education to its aid agenda, to complement its current focus on employment and empowerment.

### Table 1: The Netherlands’ ODA: Global, LDC, SSA, African Fragile States and In-donor Refugee Costs

<table>
<thead>
<tr>
<th>Period</th>
<th>2016 ODA, Net of Debt Relief</th>
<th>2015–16 Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global</td>
<td>$4.93 billion (€4.46 billion)</td>
<td>13.35%</td>
</tr>
<tr>
<td>ODA to LDCs</td>
<td>$1.16 billion (€1.05 billion)</td>
<td>11.41%</td>
</tr>
<tr>
<td>ODA to sub-Saharan Africa</td>
<td>$1.35 billion (€1.22 billion)</td>
<td>5.55%</td>
</tr>
<tr>
<td>Total ODA/GNI</td>
<td>0.65%</td>
<td>0.1 percentage point</td>
</tr>
<tr>
<td>ODA to LDCs as % of total ODA</td>
<td>23.46%</td>
<td>5.22 percentage points</td>
</tr>
<tr>
<td>ODA/GNI to LDCs</td>
<td>0.15%</td>
<td>0.01 percentage point</td>
</tr>
<tr>
<td>In-donor refugee costs as % of total ODA</td>
<td>9.35%</td>
<td>13.99 percentage points DOWN</td>
</tr>
<tr>
<td>In-donor refugee costs as % of bilateral ODA</td>
<td>14.77%</td>
<td>17.43 percentage points DOWN</td>
</tr>
<tr>
<td>2015 ODA, Net of Debt Relief</td>
<td>$903.52 million (€814.5 million)</td>
<td>11.05%</td>
</tr>
</tbody>
</table>

Table 1 Sources: OECD DAC Table 1, Table 2a and Preliminary Release (April 2017). Note: Figures are in current prices and percentage changes in real terms.
SUPPORT FOR PRIVATE INVESTMENT

In the past five years the aid and trade portfolios have been combined under the responsibility of a single minister. In 2012, Lilliane Ploumen, Minister for Foreign Trade and Development Cooperation, laid out her plans in a document entitled ‘A World to Gain: A New Agenda for Aid, Trade and Investment’. More than ever, she said, Dutch aid would be used to support private investments. One flagship policy in this area was the Dutch Good Growth Fund (DGGF), but this has proven challenging to implement. Some observers have been critical about this paradigm shift to a joint approach to aid and trade. They have queried whether the Dutch private sector really supports the ending of extreme poverty in developing countries and, whether it is better placed to do this than more traditional approaches to development. The Netherlands’ Court of Audit has called for a systematic overview of results achieved and lessons learned, supplemented with representative impact assessments. In the same report the Court advised the minister to create more focus in the financing facility for businesses, to make sure costs are not excessively high.

The private sector can play a crucial role in fighting poverty, and when government funds are used to support the private sector, there needs to be strong evidence of development impact and additionality.

A new government has an opportunity to improve the measurement of results and to implement best practices.

TRANSPARENCY

The 2016 Aid Transparency Index now rates the Netherlands as ‘good’. The development ministry seeks to ensure that Dutch aid achieves concrete results. The Netherlands was one of the first donors to use IATI and it has announced its intention to continue doing so in the future.

RECOMMENDATIONS

- The new Dutch government should restore the development budget to the internationally agreed goal of 0.7% ODA/GNI, aiming to spend 50% on LDCs and fragile states, and it should make in-donor refugee costs additional to ODA.
- The next Minister for Foreign Trade and Development Cooperation should add education to the development agenda to complement the current focus on employment and empowerment.
In December 2016, the Swedish government adopted a new Aid Policy Framework outlining eight focus areas: 1) human rights, democracy and the rule of law; 2) gender equality; 3) the environment and climate change, and the sustainable use of natural resources; 4) peace and security; 5) inclusive economic development; 6) migration and development; 7) health equity; and 8) education and research. Conflict prevention is a new issue area for Sweden and is also a key priority for its current membership of the UN Security Council. Swedish aid funding is consequently expected to shift towards conflict-affected areas, gender equality and the environment and climate change. Anticipated higher economic growth this year could potentially increase aid volumes.

Sweden’s official aid declined by 31% last year compared with 2015, due to substantially lower in-donor refugee costs. The country fell short on its commitment to provide 1% of GNI in aid in 2016. However, the Swedish government is expected to increase aid levels to 0.99% of GNI in 2017 (SEK 46.1 billion). Anticipated higher economic growth this year could potentially increase aid volumes.

In December 2016, the Swedish government adopted a new Aid Policy Framework outlining eight focus areas: 1) human rights, democracy and the rule of law; 2) gender equality; 3) the environment and climate change, and the sustainable use of natural resources; 4) peace and security; 5) inclusive economic development; 6) migration and development; 7) health equity; and 8) education and research. Conflict prevention is a new issue area for Sweden and is also a key priority for its current membership of the UN Security Council. Swedish aid funding is consequently expected to shift towards conflict-affected areas, gender equality and the environment and climate change.

Sweden’s next general election is due to be held no later than September 2018, with recent polls predicting major losses for the incumbent government. In the current outlook, it will be unlikely for either the centre-left or the centre-right to form a majority government without the support of the Sweden Democrats, a far-right and anti-immigration party. A new government coalition is thus expected to substantially alter the country’s current development policies.

<table>
<thead>
<tr>
<th>TABLE 1: SWEDEN’S ODA: GLOBAL, LDC, AFRICA, SSA, AFRICAN FRAGILE STATES AND IN-DONOR REFUGEE COSTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016 ODA, NET OF DEBT RELIEF</td>
</tr>
<tr>
<td>-----------------------------------------------</td>
</tr>
<tr>
<td>Global</td>
</tr>
<tr>
<td>ODA to LDCs</td>
</tr>
<tr>
<td>ODA to Africa</td>
</tr>
<tr>
<td>ODA to sub-Saharan Africa</td>
</tr>
<tr>
<td>Total ODA/GNI</td>
</tr>
<tr>
<td>ODA to LDCs as % of total ODA</td>
</tr>
<tr>
<td>ODA/GNI to LDCs</td>
</tr>
<tr>
<td>In-donor refugee costs as % of total ODA</td>
</tr>
<tr>
<td>2015 ODA, NET OF DEBT RELIEF</td>
</tr>
<tr>
<td>-----------------------------------------------</td>
</tr>
<tr>
<td>ODA to African fragile states</td>
</tr>
</tbody>
</table>

Table 1 Sources: OECD DAC Table 1, Table 2a and Preliminary Release (April 2017). Note: Figures are in current prices and percentage changes in real terms.
SUPPORT FOR PRIVATE INVESTMENT

Swedish aid is used to catalyse additional flows and to mobilise know-how and expertise from the private sector. The government has a cross-cutting approach to supporting private finance. Projects are implemented in a wide range of areas, including the environment, agriculture, market development, and democracy, human rights and gender. In mid-2015, private sector engagements totalled SEK 6.48 billion (approximately $760 million), accounting for roughly 8% of the Swedish International Development Cooperation Agency (Sida)’s overall portfolio of commitments.221

Swedfund, the national development finance institution, has a stated goal to eliminate poverty by fostering sustainable business in challenging and promising markets. The creation of decent jobs in the poorest countries is at the centre of Swedfund’s mission. Its four strategic objectives encompass community development, sustainability, financial viability and fighting corruption. The government has proposed capital injections of SEK 400 million annually for 2017–18 to meet these goals. Swedfund has increasingly turned its attention to Africa, with the continent accounting for 60% of the institution’s investments.222

TRANSPARENCY

Sweden is among the top performers on transparency efforts and implementing the Busan commitments, including promoting transparency and placing low administrative burdens on recipient countries. Sweden’s aid transparency is currently rated as ‘very good’ by the Aid Transparency Index.223

RECOMMENDATIONS

- The Swedish government should immediately amend its 2017 financial budget and reallocate money back into the aid budget as a result of the lower number of asylum seekers.
- The Swedish government should honour its commitment to provide 1% of GNI in aid in 2017.
On 29 March 2017, the UK triggered Article 50 and began the two-year countdown to its departure from the European Union. The Brexit negotiations will be a major focus of UK international relations over the coming years as the country seeks to re-establish its position on the global stage and agree new independent trading agreements.

The outcome of the recent general election, resulting in a minority government, has created an unstable political environment and a weakened negotiating position on Brexit. Nevertheless, as the UK seeks to leave the EU, there is a renewed focus on the role that the country plays in the world, and how this is maximised through military, diplomatic and development engagement. The UK aid budget is seen as a real asset in this regard. The current government has committed to retaining the 0.7% target and it should be commended for doing so, in spite of pressure—especially from the media—to reallocate aid budgets to domestic issues. However, there is also a stated intention to reform international aid rules. While there is always scope for improvement in how aid is spent, it must maintain its focus on poverty reduction and the alleviation of suffering. To lose this focus would be likely to reduce its impact, both in terms of development and of the UK’s global influence as an international development leader.

### SUPPORT FOR PRIVATE INVESTMENT

DFID has a stated focus on economic development and recently published its economic development strategy. The strategy

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**Table 1**

<table>
<thead>
<tr>
<th>2016 ODA, NET OF DEBT RELIEF</th>
<th>2015–16 CHANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global</td>
<td>$18.01 billion (GBP 13.34 billion)</td>
</tr>
<tr>
<td>ODA to LDCs</td>
<td>$5.61 billion (GBP 4.16 billion)</td>
</tr>
<tr>
<td>ODA to Africa</td>
<td>$6.70 billion (GBP 4.97 billion)</td>
</tr>
<tr>
<td>ODA to sub-Saharan Africa</td>
<td>$6.18 billion (GBP 4.58 billion)</td>
</tr>
<tr>
<td>Total ODA/GNI</td>
<td>0.70%</td>
</tr>
<tr>
<td>ODA to LDCs as % of total ODA</td>
<td>31.17%</td>
</tr>
<tr>
<td>ODA/GNI to LDCs</td>
<td>0.22%</td>
</tr>
<tr>
<td>In-donor refugee costs as % of total ODA</td>
<td>3.05%</td>
</tr>
<tr>
<td>In-donor refugee costs as % of bilateral ODA</td>
<td>4.77%</td>
</tr>
</tbody>
</table>

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**Table 1 Sources:** OECD DAC Table 1, Table 2a and Preliminary Release (April 2017). **Note:** Figures are in current prices and percentage changes in real terms.
has 11 ambitions, including using trade as a poverty reduction tool, supporting sectors that unlock growth, enabling British companies to trade with developing countries and reaching the poorest and most marginalised people. This strategy underscores the need for blended finance.

Additionally, the funding cap of the CDC Group, the UK’s DFI, was recently increased from £1.5 billion to £6 billion, with potential for a further increase to £12 billion at a later stage. CDC has stepped up investments in more difficult environments, with a round 40% of its investments in fragile and complex states, the most of any major DFI. Since 2012, CDC has only been involved in Africa and South Asia and has moved away from a purely ‘fund of funds’ approach towards more direct investments. Priority sectors include manufacturing, agribusiness, infrastructure, financial institutions, construction, health and education.

TRANSPARENCY
DFID remains largely responsible for the UK’s aid budget. However, aid money is increasingly being spent by the Foreign and Commonwealth Office (FCO), the Department for Business, Energy and Industrial Strategy (BEIS), the Department for Environment, Food and Rural Affairs (Defra), the Ministry of Defence (MoD) and the contentious Conflict, Stability and Security Fund (CSSF) and Prosperity Fund. DFID was ranked as ‘very good’ and the forth most transparent development agency in the AID Transparency in 2016. With a focus on transparency and efficiency of the UK aid spend, funding spent outside of DFID should strive to demonstrate similar high standards.

RECOMMENDATIONS
• As DFID looks to modernise ODA, and to use aid as a soft power tool, an emphasis should be kept on poverty reduction and alleviation of suffering as the primary purposes of aid.
• Before further ODA is spent by other departments and in cross-departmental funds, there is a need to ensure that all departments and funds spending ODA reach the same levels of transparency and accountability as DFID, to ensure that UK aid continues to demonstrate effectiveness and efficiency.
THE UNITED STATES

The United States remains the top provider of aid to developing countries. In 2016, its contribution showed positive trends across the board, with global aid increasing by 7%. However, the Trump administration’s proposals are threatening these gains. Attempts to cut development assistance and the budget for the US Agency for International Development (USAID) are very concerning and could have a negative impact on overall ODA numbers in the coming years.

The Trump administration is reviewing all government structures, and its first budget proposal suggests that it may seek to diminish the capabilities and independence of USAID. The President’s budget request to Congress for FY2018 proposed a sharp cut of one-third to funding for USAID and the State Department, with development assistance targeted in particular.233 If adopted, these cuts would adversely affect the poorest countries.

Congress, however, has pushed back against the cuts and against proposals for restructuring USAID. In an encouraging sign, Congress has actually increased US spending on foreign assistance for the remainder of FY2017, with Gavi, the Millennium Challenge Corporation (MCC) and the African Development Fund all receiving a boost. This spending bill also included significant funding ($1.24 billion) for famine response.234 ONE is working with allies on Capitol Hill to ensure that current funding levels are, at a minimum, maintained over the coming budget cycle, and that Congress provides strong oversight of efforts to restructure USAID.

SUPPORT FOR PRIVATE INVESTMENT

The US government has a number of entities that leverage private sector investment abroad, including the Overseas Private Investment Corporation (OPIC), the Export-Import Bank (EXIM), MCC and the Department of Commerce. OPIC, its primary development finance institution, helps American businesses invest in emerging markets by providing political risk insurance, project and investment funds,

Table 1 Sources: OECD DAC Table 1, Table 2a and Preliminary Release (April 2017). Note: Figures are in current prices and percentage changes in real terms.
financing and other services. 236 It is also the backbone of the Power Africa initiative, which aims to provide first-time access to electricity for millions of people on the continent. 236 To date, Power Africa has leveraged more than $54 billion in commitments from the public and private sectors 237 and has helped 80 projects generating a total 7,262 MW of power to reach financial close. 238 As part of this work, in 2016 alone OPIC supported 13 projects that are projected to generate 919 MW of power. 239

OPIC estimated that in 2016 its investments were set to support more than 10,000 local jobs and generate $117.5 million in revenue for developing countries. 240 However, with its FY2018 budget proposal the Trump administration has signalled its intent to close OPIC. It requested only $60.8 million to “manage the agency’s remaining $22 billion portfolio and initiate orderly wind-down activities.” 241

MCC has also played a significant role in attracting private investment to developing countries. Since it was established in 2004, the body has received $10 billion in grants, with which it has leveraged nearly $5 billion in private sector investment and more than $450 million in partner country contributions. 242

**FIGURE 1: THE US’ GLOBAL, AFRICA AND LDC ODA: VOLUME AND % OF GNI, 2007–16**

**TRANSPARENCY**

US spending on foreign assistance has a mixed record in terms of effectiveness and transparency. MCC is routinely rated as being among the most transparent development agencies in the world and was ranked second globally in the 2016 Aid Transparency Index. 243 USAID has made good strides towards improving its reporting and transparency—it has increased the amount of information it publishes, and its score has improved by 18 percentage points. However, it still does not publish key information such as performance data or budgetary information for its development activities, thus ranking in the ‘fair’ category. 244

**RECOMMENDATIONS**

- The US Congress must reject President Trump’s proposed budget cuts to lifesaving assistance and maintain funding to these programmes at a time when the world is facing unprecedented needs.
- The United States should work to improve the transparency of its aid, by increasing what it publishes in regards to aid budgets and results.
- The United States must prioritise its aid to the world’s most vulnerable people.
**METHODOLOGY**

**HOW DOES ONE MEASURE DEVELOPMENT ASSISTANCE?**

In the annual DATA Report, ONE tracks official development assistance (ODA) flows from OECD Development Assistance Committee (DAC) donors to all developing countries, to Africa, sub-Saharan African, least developed countries (LDCs) and African fragile states. This tracking is based on preliminary data released by the OECD DAC in April each year, pertaining to the previous calendar year. The OECD DAC preliminary data for 2016 are available at [http://www.oecd.org/dac/financing-sustainable-development/development-finance-data/](http://www.oecd.org/dac/financing-sustainable-development/development-finance-data/). These preliminary data provide only a basic breakdown (for instance, by region but not by country, sector or ODA type) and are subject to revision in the final figures, which are released in December each year and include a detailed breakdown. Furthermore, regionally allocated bilateral flows do not necessarily include all types of development assistance for all DAC members and thus, for these providers, ODA volumes to Africa, sub-Saharan Africa and LDCs are likely to be higher in the final figures. There are no data on Germany's bilateral ODA to LDCs in the preliminary data for 2016. The preliminary release also does not provide data on ODA to fragile states; therefore, this report uses the 2015 data for ODA going to fragile states.

The preliminary data for 2015 were revised for some countries in the final December 2016 release. These revised 2015 figures have been used for the purpose of this report. The data used in this report represent (unless otherwise stated) net flows and are taken from the OECD DAC’s online databases, which can be accessed at [http://stats.oecd.org/](http://stats.oecd.org/). ONE analyses flows in US dollars, as reported by the DAC, and converts to other currencies only for current prices using the OECD’s annualised exchange rates; thus flows in these currencies should be taken as close estimations rather than exact figures. ONE includes historical data for all current DAC members, even though they were not all members of the DAC at the time (including Hungary, which became the 30th member of the DAC in 2016), in order to maintain a consistent comparison for aggregate amounts.
EUROPEAN UNION AID

For its examination of the EU Member States in this report, ONE uses data on the 28 Member States or, if not available, the 20 Member States who are DAC members as a proxy. In the report, ‘EU’ refers to EU Institutions and Member States. The EU profile reports data on both ODA from the EU Member States and the ‘EU Institutions’, which include both the portion of ODA imputed to Member States and the non-imputed portion (European Investment Bank (EIB) loans). Loans from the EIB are not included as ODA in the DAC statistics for the period 2008–10, due to questions over their concessionality, and the only figures recorded under loan disbursements by the EU Institutions in the period 2008–10 are small amounts of equities. Following an agreement reached in 2013, EIB loans were included in DAC ODA statistics for the first time in the April 2013 release (of 2012 data), but only for the period since 2011. While ONE adheres to the official figures reported by the DAC, it should be noted that this results in a statistical ‘cliff’ between 2010 and 2011.

ODA TO LDCs

In its analysis of ODA to LDCs, ONE examines the proportion of each DAC member’s total development assistance (not only country-specified ODA) allocated to this group of countries. Many DAC members have a high proportion of country-unspecified ODA, which may result from in-donor costs, or some of which is more difficult to explain and may have to do with poor reporting and/or limitations of the DAC’s coding system (e.g. for multi-country projects). Some DAC members prefer to report their LDC share as a proportion of country-specified aid, which would yield larger shares than by using ONE’s method. In historical analysis, ONE uses the DAC database’s list of LDCs (for the current year); this matches the approach taken by the DAC in its own analysis, though it does miss out the four countries (Botswana, Cape Verde, the Maldives and Samoa) that have since ‘graduated’ from the LDC list.

REAL/CONSTANT VS. NOMINAL/CURRENT TERMS

Current or nominal values are not adjusted for inflation. Values in constant or real terms include the effect of inflation. ONE reports data in ‘current’ or ‘nominal’ prices in the value of the currency for that particular year. For example, current price data shown for 2016 are based on 2016 prices. When comparing data between years, ONE analyses data in ‘constant’ or ‘real’ terms, in the value of a particular base year (2015 in the case of this report). Constant terms are used to measure the true growth between years, i.e. adjusting for the effects of price inflation. To calculate constant prices, ONE applies the country deflators published by the DAC.

BILATERAL AND MULTILATERAL FLOWS

The DAC categorises ODA outflows as either bilateral or multilateral. Bilateral ODA is disbursed directly from donor country to recipient country. This bilateral category also includes ‘earmarked’ multilateral flows—contributions made by DAC providers to specific recipients, but via multilateral agencies. Multilateral ODA comprises DAC members’ core contributions to multilateral organisations, which are not disaggregated by country or region. The DAC ‘imputes’ providers’ multilateral flows each year by applying the proportion of each multilateral organisation’s outflows to each region/country to each DAC member’s total contribution to that multilateral organisation. However, neither these DAC imputations nor multilateral disbursements to developing countries/regions are included in the publication of preliminary data in April—they are not published until the final data release in December. Thus, in the DATA Report, ONE uses a set methodology to estimate how much of each DAC member’s multilateral ODA can be imputed to sub-Saharan Africa and LDCs, as indicated in the example below.

• In 2016, a DAC member provides $10 million in core contributions to a particular multilateral agency.

• In 2015, this agency allocated 41% of its total disbursements to sub-Saharan Africa.
• Thus, ONE estimates that in 2016 the DAC member provided $4.1 million (41% of $10 million) to sub-Saharan Africa via this multilateral agency.

ODA contributions to five groups of multilateral agencies are included in the DAC’s preliminary release: UN agencies, the European Commission, the World Bank, regional development banks and ‘other’. ONE repeats the steps outlined above for each of the five groups, and adds them together for the ODA provider’s total multilateral flows imputed to Africa, sub-Saharan Africa and LDCs. It then adds this to bilateral flows to give a full picture of each provider’s total aid flows to these groups of countries. ONE fully acknowledges that the figure arrived at by these calculations is an estimate, and that the final figures (which are published by the DAC in December each year) can vary significantly from this estimate. There are three main reasons for this variation: (1) due to lack of information for the most recent year, ONE assumes that the proportion of total funding that a multilateral agency allocates to a given region has held more or less steady from the previous year (whereas this proportion can increase or decrease); (2) the level of multilateral detail is greatly increased in the final figures: in other words, ONE can better track each provider’s flows to each individual multilateral agency, rather than the five main groupings listed above; and (3) all the data in the April release (including ODA contributions to multilaterals) are preliminary and subject to change.

DEBT RELIEF

Multilateral debt cancellation is included in ODA as tracked by this report. The cost to a DAC member of cancelling multilateral debt is paid through its contributions to the multilateral agency (e.g. the World Bank’s International Development Association or the African Development Bank). However, ONE excludes bilateral debt relief in order to assess whether countries’ reported ODA flows represent new, increased resource flows. Debt relief is immensely valuable and, as a result of it, developing country governments are now able to spend resources on health, education and critical infrastructure instead of unsustainable debt service payments. However, the rules on counting bilateral debt cancellation as
development assistance overstate the value of debt relief, and ONE believes that it should be additional to ODA.

Under current rules, once debt has been cancelled, providers can report the full face value of the debt as ODA. This means that the principal, interest and penalties on arrears for the whole period that the debt has remained unpaid are counted in the ODA figures at the point of cancellation, and are included in the DAC reports. This amount does not reflect either the value to the developing country or the cost to the DAC member country of cancelling the debt. Exactly how much should be counted is unclear, due to lack of transparency by ODA providers in terms of disclosing their internal accounting or budget pricing (e.g. market-to-market valuations). ONE remains hopeful that a more accurate means of accounting for bilateral debt relief will become available so that, in the future, providers of ODA can be duly credited for the allocations they make for bilateral debt cancellation in their annual budgets. The Heavily Indebted Poor Countries (HIPC) initiative—the only major debt relief scheme in existence—has almost come to an end, and there are only a few eligible African countries remaining. Therefore, ODA providers need to make budgetary provisions to achieve their targets without relying on ODA totals inflated by bilateral debt cancellation figures.

In its preliminary figures, the DAC does not specify the level of debt relief received by individual countries. However, it does provide debt relief figures for sub-Saharan Africa as a whole (although not Africa or LDCs). In the absence of this information, ONE equates debt relief to sub-Saharan Africa with debt relief to Africa and LDCs (as the figures are likely to be very close since 48 out of 54 African countries and two-thirds of LDCs are in sub-Saharan Africa).

TARGETS AND PAST PROGRESS

ONE assesses the performance of aid providers against the aid commitments that they have made or that ONE is recommending that they make.

At the Third Financing for Development Conference in Addis Ababa in 2015, countries reaffirmed previous commitments made in Monterrey, including a commitment by developed countries to spend 0.7% of their gross national income (GNI) on aid, and directing 0.15–0.20% of GNI to LDCs. Recognising the unique needs of LDCs, the Addis Ababa Action Agenda (AAAA) also included a commitment to reverse the declining share of aid going to LDCs and a suggestion to allocate 50% of ODA to these countries. Previously in the OECD DAC, DAC member states made a similar commitment “to allocate more of total ODA to countries most in need, such as least developed countries (LDCs), low-income countries, small island developing states, land-locked developing countries and fragile and conflict-
affected states” and to “revers[e] the declining trend of ODA to LDCs.”

In 2005, the EU agreed to collectively achieve ODA levels of 0.7% of GNI and 0.15–0.20% for LDCs by 2015. Having failed to meet this deadline, Member States recommitted in May 2015 to collectively reach 0.7% within the timeframe of the post-2015 agenda and to allocate 0.15% of their collective GNI to LDCs in the short term, and 0.20% within the timeframe of the post-2015 agenda.

WHY ARE THERE SOMETIMES DIFFERENCES BETWEEN A COUNTRY’S OWN DATA AND DAC DATA?

There are a number of possible reasons for this. For example, a country’s own data may follow a different financial year or a country may include programmatic or assistance categories that deviate from established DAC definitions and guidelines. Another possible reason is that multiple ministries may be responsible for managing development assistance activities. While the totality of each country’s ODA programme should be collectively reported to the DAC, domestic reporting may cover only the activities of the main development assistance ministry. Preliminary data do not include a full picture of regional allocations. In the past, there have often been substantial changes in flows to sub-Saharan Africa in the final data compared with the preliminary estimates. In addition, government reporting is often based on budgets, while DAC reporting deals with annual disbursements. Finally, a number of countries use multiple coding, where an activity will be coded for several sectors (for instance, 20% to water, 50% to health, 30% to infrastructure), but DAC coding allows for only one sector per project.

COUNTRY CLASSIFICATIONS

ONE has used the following country classifications in this report.

Africa (from the African Union): Algeria, Angola, Benin, Botswana, Burkina Faso, Burundi, Cabo Verde, Cameroon, Central African Republic, Chad, Comoros, Congo, Côte d’Ivoire, Democratic Republic of Congo, Djibouti, Egypt, Equatorial Guinea, Eritrea, Ethiopia, Gabon, the Gambia, Ghana, Guinea, Guinea-Bissau, Kenya, Lesotho, Liberia, Libya, Madagascar, Malawi, Mali, Mauritania, Mauritius, Morocco, Mozambique, Namibia, Niger, Nigeria, Rwanda, São Tomé and Príncipe, Senegal, Seychelles, Sierra Leone, Somalia, South Africa, South Sudan, Sudan, Swaziland, Tanzania, Togo, Tunisia, Uganda, Zambia and Zimbabwe. The Saharawi Arab Democratic Republic (Western Sahara) is not included.
Least developed countries (from the UN’s classification, as of May 2017): Afghanistan, Angola, Bangladesh, Benin, Bhutan, Burkina Faso, Burundi, Cambodia, Central African Republic, Chad, Comoros, Democratic Republic of Congo, Djibouti, Equatorial Guinea, Eritrea, Ethiopia, the Gambia, Guinea, Guinea-Bissau, Haiti, Kiribati, Lao PDR, Lesotho, Liberia, Madagascar, Malawi, Mali, Mauritania, Mozambique, Myanmar, Nepal, Niger, Rwanda, São Tomé and Príncipe, Senegal, Sierra Leone, Solomon Islands, Somalia, South Sudan, Sudan, Tanzania, Timor-Leste, Togo, Tuvalu, Uganda, Vanuatu, Republic of Yemen and Zambia. Equatorial Guinea officially graduated from the LDC category in June 2017.

African fragile states (from the OECD’s ‘States of Fragility 2016: Understanding Violence’): Angola, Burkina Faso, Burundi, Cameroon, Central African Republic, Chad, Comoros, Congo, Côte d’Ivoire, Democratic Republic of Congo, Egypt, Eritrea, Ethiopia, the Gambia, Guinea, Guinea-Bissau, Kenya, Lesotho, Liberia, Libya, Madagascar, Malawi, Mali, Mauritania, Mozambique, Niger, Nigeria, Rwanda, Sierra Leone, Somalia, South Sudan, Sudan, Swaziland, Tanzania, Uganda, Zambia, and Zimbabwe. The OECD grouping of fragile states changes from year to year. In order to analyse resources over time to this grouping, however, ONE has followed the OECD’s convention of using the most recent list of countries from the 2016 OECD fragility framework and retroactively applying that list to all previous years in its analysis.

**DOMESTIC RESOURCES AND ALLOCATION**


African government expenditures on health, agriculture and education are sourced from the World Health Organization (WHO) Global Health Expenditure Database ([http://apps.who.int/nha/database/Select/Indicators/en](http://apps.who.int/nha/database/Select/Indicators/en)), the Regional Strategic Analysis and Knowledge Support System (ReSAKSS) ([http://www.resakss.org/node/11](http://www.resakss.org/node/11)) and the UNESCO Institute for Statistics education database ([http://uis.unesco.org/indicator/edu-fin-total-edu_exp_r_gov_exp](http://uis.unesco.org/indicator/edu-fin-total-edu_exp_r_gov_exp)) respectively. Governments were assessed against their Abuja commitment, in which they pledged to allocate 15% of their national budgets to health. Since annual data are far from complete across African countries, ONE examined spending in the latest year with available data between 2010 and 2016. Reliable, complete and timely data on domestic government expenditure are significantly limited. Countries for which no data are available are excluded from this analysis, as indicated in the notes accompanying charts.
### TABLE 1: ODA GLOBALLY, TO LDCS, TO AFRICA AND TO AFRICAN FRAGILE STATES (CURRENT PRICES, % CHANGES IN REAL TERMS)

<table>
<thead>
<tr>
<th>Country</th>
<th>Global ODA (USD millions)</th>
<th>ODA to LDCs (USD millions)</th>
<th>ODA to Africa (USD millions)</th>
<th>Global ODA % difference 2015/16</th>
<th>ODA to LDCs % difference 2015/16</th>
<th>ODA to Africa % difference 2015/16</th>
<th>ODA to LDCs/Total ODA</th>
<th>ODA/GNI</th>
<th>ODA to LDCs/GNI</th>
<th>ODA to Africa/GNI</th>
<th>ODA to Africa fragile states 2015 (USD millions)</th>
<th>ODA to Africa fragile states % difference 2014/15</th>
</tr>
</thead>
<tbody>
<tr>
<td>AUSTRALIA</td>
<td>3,017.27</td>
<td>860.35</td>
<td>4,3119</td>
<td>-12.73%</td>
<td>-6.83%</td>
<td>2017%</td>
<td>28.51%</td>
<td>0.25%</td>
<td>0.07%</td>
<td>0.04%</td>
<td>294.90</td>
<td>-8.89%</td>
</tr>
<tr>
<td>AUSTRIA</td>
<td>1,575.11</td>
<td>233.42</td>
<td>304.90</td>
<td>17.78%</td>
<td>3.88%</td>
<td>2.39%</td>
<td>14.82%</td>
<td>0.41%</td>
<td>0.06%</td>
<td>0.08%</td>
<td>215.35</td>
<td>0.55%</td>
</tr>
<tr>
<td>BELGIUM</td>
<td>2,301.31</td>
<td>797.22</td>
<td>915.51</td>
<td>19.36%</td>
<td>29.18%</td>
<td>21.85%</td>
<td>34.64%</td>
<td>0.49%</td>
<td>0.17%</td>
<td>0.20%</td>
<td>554.30</td>
<td>-15.67%</td>
</tr>
<tr>
<td>CANADA</td>
<td>3,961.87</td>
<td>1,384.09</td>
<td>1,60743</td>
<td>-4.41%</td>
<td>-8.51%</td>
<td>-5.46%</td>
<td>34.94%</td>
<td>0.26%</td>
<td>0.09%</td>
<td>0.11%</td>
<td>1,258.57</td>
<td>31.54%</td>
</tr>
<tr>
<td>CZECH REPUBLIC</td>
<td>261.14</td>
<td>56.32</td>
<td>75.12</td>
<td>29.28%</td>
<td>34.89%</td>
<td>42.80%</td>
<td>21.57%</td>
<td>0.14%</td>
<td>0.03%</td>
<td>0.04%</td>
<td>33.11</td>
<td>-11.54%</td>
</tr>
<tr>
<td>DENMARK</td>
<td>2,369.69</td>
<td>623.55</td>
<td>774.75</td>
<td>-7.68%</td>
<td>2.25%</td>
<td>10.75%</td>
<td>26.31%</td>
<td>0.75%</td>
<td>0.20%</td>
<td>0.25%</td>
<td>545.13</td>
<td>-19.11%</td>
</tr>
<tr>
<td>FINLAND</td>
<td>1,056.87</td>
<td>300.70</td>
<td>334.99</td>
<td>-18.68%</td>
<td>-30.56%</td>
<td>-34.33%</td>
<td>28.45%</td>
<td>0.44%</td>
<td>0.13%</td>
<td>0.14%</td>
<td>362.93</td>
<td>-18.66%</td>
</tr>
<tr>
<td>FRANCE</td>
<td>9,410.97</td>
<td>2,339.42</td>
<td>4,156.26</td>
<td>5.25%</td>
<td>3.53%</td>
<td>6.47%</td>
<td>24.86%</td>
<td>0.38%</td>
<td>0.09%</td>
<td>0.17%</td>
<td>2,296.01</td>
<td>9.41%</td>
</tr>
<tr>
<td>GERMANY</td>
<td>24,626.99</td>
<td>No Data</td>
<td>5,401.44</td>
<td>56.15%</td>
<td>No Data</td>
<td>19.31%</td>
<td>No Data</td>
<td>0.70%</td>
<td>No Data</td>
<td>0.15%</td>
<td>2,161.70</td>
<td>-11.99%</td>
</tr>
<tr>
<td>GREECE</td>
<td>264.00</td>
<td>45.24</td>
<td>71.62</td>
<td>10.83%</td>
<td>19.00%</td>
<td>17.33%</td>
<td>17.14%</td>
<td>0.14%</td>
<td>0.02%</td>
<td>0.04%</td>
<td>3717</td>
<td>-9.36%</td>
</tr>
<tr>
<td>HUNGARY</td>
<td>155.40</td>
<td>46.43</td>
<td>56.03</td>
<td>0.54%</td>
<td>79.71%</td>
<td>41.33%</td>
<td>29.88%</td>
<td>0.15%</td>
<td>0.04%</td>
<td>0.05%</td>
<td>24.98</td>
<td>5.18%</td>
</tr>
<tr>
<td>ICELAND</td>
<td>510.18</td>
<td>20.16</td>
<td>20.02</td>
<td>11.55%</td>
<td>9.73%</td>
<td>4.97%</td>
<td>40.18%</td>
<td>0.25%</td>
<td>0.10%</td>
<td>0.10%</td>
<td>15.08</td>
<td>11.54%</td>
</tr>
<tr>
<td>IRELAND</td>
<td>802.22</td>
<td>335.46</td>
<td>375.24</td>
<td>11.87%</td>
<td>-2.69%</td>
<td>-3.05%</td>
<td>41.82%</td>
<td>0.33%</td>
<td>0.14%</td>
<td>0.16%</td>
<td>347.76</td>
<td>-3.18%</td>
</tr>
<tr>
<td>ITALY</td>
<td>4,710.98</td>
<td>889.88</td>
<td>1,203.38</td>
<td>19.03%</td>
<td>1.34%</td>
<td>11.35%</td>
<td>18.89%</td>
<td>0.25%</td>
<td>0.05%</td>
<td>0.06%</td>
<td>731.20</td>
<td>-4.60%</td>
</tr>
<tr>
<td>JAPAN</td>
<td>10,352.59</td>
<td>4,062.18</td>
<td>3,126.87</td>
<td>1.04%</td>
<td>-0.57%</td>
<td>-7.13%</td>
<td>39.24%</td>
<td>0.20%</td>
<td>0.08%</td>
<td>0.06%</td>
<td>2,305.69</td>
<td>20.09%</td>
</tr>
</tbody>
</table>
ANNEX

Table 1 Sources: OECD DAC Table 1, Table 2a, and Preliminary Release (April 2017). Notes: All figures are net flows, excluding debt relief, and in current prices. Percentage changes are in real terms. LDC debt relief is not provided in the DAC’s preliminary release. Following the practice of the DAC, ONE has assumed that 100% of bilateral debt relief in 2016 was for LDCs. The EU Institutions is a ‘memo’ line shown for information, but figures overlap with those for individual EU Member States. Teal indicates that the DAC member met the target of 0.7% ODA/GNI or 0.15–0.20% of GNI towards LDCs; orange indicates that the DAC member reduced its ODA funding compared with the previous year. Germany did not provide any data on its ODA to LDCs in 2016 in time for the DAC preliminary release in April 2017.

<table>
<thead>
<tr>
<th>Country</th>
<th>Global ODA (USD millions)</th>
<th>ODA to LDCs (USD millions)</th>
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<th>Global ODA % difference 2015/16</th>
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<th>ODA to Africa/ GNI</th>
<th>ODA to Africa fragile states 2016 (USD millions)</th>
<th>ODA to African fragile states % difference 2014/15</th>
</tr>
</thead>
<tbody>
<tr>
<td>KOREA</td>
<td>1,964.96</td>
<td>755.13</td>
<td>605.44</td>
<td>3.35%</td>
<td>4.46%</td>
<td>19.63%</td>
<td>38.43%</td>
<td>0.14%</td>
<td>0.05%</td>
<td>0.04%</td>
<td>418.26</td>
<td>2.46%</td>
</tr>
<tr>
<td>LUXEMBOURG</td>
<td>383.72</td>
<td>152.45</td>
<td>159.32</td>
<td>7.66%</td>
<td>0.80%</td>
<td>-3.48%</td>
<td>39.73%</td>
<td>1.00%</td>
<td>0.40%</td>
<td>0.42%</td>
<td>106.84</td>
<td>7.28%</td>
</tr>
<tr>
<td>NETHERLANDS</td>
<td>4,933.78</td>
<td>1,157.58</td>
<td>1,452.09</td>
<td>-13.35%</td>
<td>11.41%</td>
<td>6.16%</td>
<td>23.46%</td>
<td>0.65%</td>
<td>0.15%</td>
<td>0.19%</td>
<td>903.52</td>
<td>11.05%</td>
</tr>
<tr>
<td>NEW ZEALAND</td>
<td>438.09</td>
<td>118.09</td>
<td>43.27</td>
<td>-2.55%</td>
<td>-16.03%</td>
<td>271.0%</td>
<td>26.96%</td>
<td>0.25%</td>
<td>0.07%</td>
<td>0.02%</td>
<td>25.20</td>
<td>8.34%</td>
</tr>
<tr>
<td>NORWAY</td>
<td>4,334.36</td>
<td>1,040.16</td>
<td>1,060.31</td>
<td>7.76%</td>
<td>0.35%</td>
<td>1.63%</td>
<td>24.00%</td>
<td>1.11%</td>
<td>0.27%</td>
<td>0.27%</td>
<td>937.81</td>
<td>1.07%</td>
</tr>
<tr>
<td>POLAND</td>
<td>602.34</td>
<td>185.18</td>
<td>250.75</td>
<td>-13.35%</td>
<td>11.41%</td>
<td>5.70%</td>
<td>30.74%</td>
<td>0.13%</td>
<td>0.04%</td>
<td>0.06%</td>
<td>120.33</td>
<td>11.48%</td>
</tr>
<tr>
<td>PORTUGAL</td>
<td>339.61</td>
<td>100.21</td>
<td>153.94</td>
<td>8.92%</td>
<td>9.69%</td>
<td>-7.07%</td>
<td>29.51%</td>
<td>0.17%</td>
<td>0.05%</td>
<td>0.08%</td>
<td>50.42</td>
<td>-32.80%</td>
</tr>
<tr>
<td>SLOVAK REPUBLIC</td>
<td>107.02</td>
<td>21.94</td>
<td>33.75</td>
<td>26.73%</td>
<td>19.01%</td>
<td>25.40%</td>
<td>20.51%</td>
<td>0.12%</td>
<td>0.03%</td>
<td>0.04%</td>
<td>18.42</td>
<td>23.29%</td>
</tr>
<tr>
<td>SLOVENIA</td>
<td>79.65</td>
<td>15.56</td>
<td>19.81</td>
<td>25.25%</td>
<td>41.29%</td>
<td>37.79%</td>
<td>17.02%</td>
<td>0.18%</td>
<td>0.03%</td>
<td>0.05%</td>
<td>9.04</td>
<td>3.31%</td>
</tr>
<tr>
<td>SPAIN</td>
<td>1,934.25</td>
<td>486.61</td>
<td>715.09</td>
<td>42.41%</td>
<td>54.29%</td>
<td>57.02%</td>
<td>30.74%</td>
<td>0.13%</td>
<td>0.04%</td>
<td>0.06%</td>
<td>276.06</td>
<td>-28.21%</td>
</tr>
<tr>
<td>SWEDEN</td>
<td>4,870.43</td>
<td>1,360.46</td>
<td>1,450.89</td>
<td>-31.11%</td>
<td>-7.39%</td>
<td>-12.31%</td>
<td>279.35%</td>
<td>0.94%</td>
<td>0.26%</td>
<td>0.28%</td>
<td>1,357.17</td>
<td>11.71%</td>
</tr>
<tr>
<td>SWITZERLAND</td>
<td>3,562.90</td>
<td>831.29</td>
<td>890.20</td>
<td>4.24%</td>
<td>-7.50%</td>
<td>-9.21%</td>
<td>23.33%</td>
<td>0.54%</td>
<td>0.13%</td>
<td>0.13%</td>
<td>716.76</td>
<td>9.42%</td>
</tr>
<tr>
<td>UNITED KINGDOM</td>
<td>18,010.08</td>
<td>5,613.42</td>
<td>6,702.93</td>
<td>8.34%</td>
<td>2.57%</td>
<td>2.21%</td>
<td>31.17%</td>
<td>0.70%</td>
<td>0.22%</td>
<td>0.26%</td>
<td>5,731.67</td>
<td>-3.52%</td>
</tr>
<tr>
<td>UNITED STATES</td>
<td>33,579.20</td>
<td>11,774.95</td>
<td>12,497.37</td>
<td>7.03%</td>
<td>8.27%</td>
<td>8.07%</td>
<td>35.07%</td>
<td>0.18%</td>
<td>0.06%</td>
<td>0.07%</td>
<td>8,944.30</td>
<td>-2.90%</td>
</tr>
<tr>
<td>TOTAL DAC COUNTRIES</td>
<td>140,056.98</td>
<td>38,908.40</td>
<td>44,889.89</td>
<td>7.41%</td>
<td>5.09%</td>
<td>5.90%</td>
<td>27.78%</td>
<td>0.31%</td>
<td>0.09%</td>
<td>0.10%</td>
<td>30,799.66</td>
<td>-0.24%</td>
</tr>
<tr>
<td>MEMO: EU INSTITUTIONS</td>
<td>15,756.58</td>
<td>4,226.68</td>
<td>6,287.35</td>
<td>14.31%</td>
<td>21.17%</td>
<td>18.76%</td>
<td>26.86%</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>3,262.91</td>
<td>-10.39%</td>
</tr>
</tbody>
</table>
Figure 1: Government expenditure on education as a % of government expenditure (most recent data)

Figure 1 Source: UNESCO Institute of Statistics. Notes: The following countries were excluded due to a lack of data between 2010 and the present: Algeria, Botswana, Egypt, Eritrea, Equatorial Guinea, Lesotho, Libya, Morocco, Nigeria, Somalia, Sudan and Zambia.
FIGURE 2: GOVERNMENT EXPENDITURE ON HEALTH AS A % OF GOVERNMENT EXPENDITURE (2014)

Figure 2 Source: WHO Global Health Expenditure Database. Note: Somalia was excluded due to a lack of data.
FIGURE 3: GOVERNMENT EXPENDITURE ON AGRICULTURE AS A % OF GOVERNMENT EXPENDITURE (MOST RECENT DATA)

<table>
<thead>
<tr>
<th>Country</th>
<th>% of Government Expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>MOZAMBIQUE</td>
<td>12%</td>
</tr>
<tr>
<td>ZIMBABWE</td>
<td>10%</td>
</tr>
<tr>
<td>BURKINA FASO</td>
<td>9%</td>
</tr>
<tr>
<td>LIBERIA</td>
<td>9%</td>
</tr>
<tr>
<td>SIERRA LEONE</td>
<td>9%</td>
</tr>
<tr>
<td>MALI</td>
<td>9%</td>
</tr>
<tr>
<td>NIGER</td>
<td>8%</td>
</tr>
<tr>
<td>ETHIOPIA</td>
<td>8%</td>
</tr>
<tr>
<td>RWANDA</td>
<td>8%</td>
</tr>
<tr>
<td>SENEGAL</td>
<td>7%</td>
</tr>
<tr>
<td>LIBYA</td>
<td>6%</td>
</tr>
<tr>
<td>MALI</td>
<td>5%</td>
</tr>
<tr>
<td>EQUATORIAL GUINEA</td>
<td>5%</td>
</tr>
<tr>
<td>GUINEA</td>
<td>5%</td>
</tr>
<tr>
<td>LESOTHO</td>
<td>4%</td>
</tr>
<tr>
<td>SWAZILAND</td>
<td>4%</td>
</tr>
<tr>
<td>TANZANIA</td>
<td>4%</td>
</tr>
<tr>
<td>TUNISIA</td>
<td>4%</td>
</tr>
<tr>
<td>CENTRAL AFRICAN REPUBLIC</td>
<td>4%</td>
</tr>
<tr>
<td>DJIBOUTI</td>
<td>3%</td>
</tr>
<tr>
<td>TANZANIA</td>
<td>3%</td>
</tr>
<tr>
<td>KENYA</td>
<td>3%</td>
</tr>
<tr>
<td>NIGERIA</td>
<td>3%</td>
</tr>
<tr>
<td>GHANA</td>
<td>3%</td>
</tr>
<tr>
<td>BOTSWANA</td>
<td>2%</td>
</tr>
<tr>
<td>EGYPT</td>
<td>2%</td>
</tr>
<tr>
<td>MAURITIUS</td>
<td>2%</td>
</tr>
<tr>
<td>SEYCHELLES</td>
<td>2%</td>
</tr>
<tr>
<td>CONGO, DEM. REP. OF</td>
<td>1%</td>
</tr>
<tr>
<td>EQUATORIAL GUINEA</td>
<td>1%</td>
</tr>
<tr>
<td>SOUTH AFRICA</td>
<td>1%</td>
</tr>
</tbody>
</table>

Notes: The following countries were excluded due to a lack of data between 2010 and the present: Algeria, Cabo Verde, Cameroon, Chad, Comoros, Equatorial Guinea, Gabon, Guinea-Bissau, Libya, Mauritania, Morocco, São Tomé and Príncipe and Somalia.
FIGURE 4: GOVERNMENT SPENDING PER CAPITA IN AFRICA (2016)

Source: IMF World Economic Outlook Database (April 2017). Notes: ONE multiplied general government total expenditure as a percentage of GDP by GDP per capita (current prices) to calculate the government spending per capita. Somalia was excluded due to a lack of data.
ENDNOTES


5. Domestic revenue and FDI data were available in current prices. Domestic revenue totals are comprised of direct taxes on income and profits, domestic indirect tax revenues, trade taxes, other taxes, non-tax revenues and resource rents using data from the 2017 African Economic Outlook. They do not include grants. Revenue data were not available for South Sudan or Somalia. ODA is total net, including both bilateral and imputed multilateral flows from DAC donors, excluding debt relief. As the volumes are in current prices, they are not comparable with analysis elsewhere in this report. ODA is not fully additional to government expenditures, since it includes a portion of the latter in most countries (on-budget aid), however, due to insufficient availability of data, it is not possible to calculate precisely the volumes of government expenditures that are financed by ODA. FDI is calculated as net inflows by the balance of payments method and thus includes negative values for disinvestments. FDI data for South Sudan were only available for 2012-16.

6. Total DAC ODA to Africa includes bilateral and imputed multilateral aid from 2015, which was $42.7 billion (http://stats.oecd.org/). Estimates for domestic resource mobilisation (DRM) are based on ONE’s calculations using fiscal data from the African Economic Outlook, excluding grants. http://www.africanecomnicoutlook.org/index.php/en/statistics


22. LDC debt relief is not provided in the DAC’s preliminary release.


31. Total DAC ODA to Africa includes bilateral and imputed multilateral aid from 2015, which was $42.7 billion (http://stats.oecd.org/). DRM estimates are based on ONE’s calculations using fiscal data from the African Economic Outlook, excluding grants. http://www.africanecomnicoutlook.org/index.php/en/statistics


34. OECD DAC Preliminary Release (April 2017)
From this paper, ONE utilised the fixed effects model for Nigeria to estimate that an increase in health expenditure of 1.43% of GDP would translate into a one-year increase in life expectancy. In 2015, 1.43% of GDP was $9.9 billion. Then, by using the relationship of an increase in one year of life expectancy translating into a 4% increase in output, established by Bloom et al. (2004), giving $9.9 billion for 2015, ONE estimated the return to the economy as being 27% ($19.2 billion/$6.9 billion).

Follow the Money: http://followthemoney.org/category/health/

50. Malawi (6.8%), Swaziland (6.6%), Ethiopia (15.7%), and the Gambia (15.3%).

51. Zimbabwe (10%), Congo (29%), Ethiopia (27%), Namibia (26.2%), Swaziland (24.9%), Senegal (24%), Côte d’Ivoire (21.8%), Niger (21.7%), Malawi (21.6%), Ghana (21%), and Tunisia (20.6%).

52. Malawi (99%), Mozambique (12%), and Zimbabwe (10%).

53. For education spending data, this excludes Algeria, Botswana, Egypt, Eritrea, Equatorial Guinea, Lesotho, Libya, Morocco, Nigeria, Somalia, Sudan and Zambia. For health spending data, this excludes Somalia. For agriculture spending data, this excludes Algeria, Cabo Verde, Cameroon, Chad, Comoros, Eritrea, Equatorial Guinea, Gabon, Guinea-Bissau, Libya, Mauritania, Morocco, São Tomé and Príncipe and Somalia.


56. ONE’s calculations based on general government expenditure (as a % of GDP) data from the IMF World Economic Outlook (April 2017). ONE multiplied general government total expenditure as a percentage of GDP to GDP per capita (current prices) to calculate government spending per capita. https://www.imf.org/external/pub/ft/weo/2017/01/weodata/index.aspx

57. UNESCO UIS Database. ‘Equatorial Guinea Number of out-of-school children of primary school age’. http://uis.unesco.org/"}

91


117. Reforms in 2014 enhanced attention to poverty in the project design process, but the impact of these reforms has not yet been assessed.


130. Amount provided directly by DFAT


133. World Bank, Public Private Infrastructure Facility https://ppifd.org/about-us


144. Canadian International Development Platform. ‘Canada’s Development Finance Initiative: Resources and Analyses’ http://idpnsid.ca/canadas-dfi


235. OPIC. ‘Who We Are’. https://www.opic.gov/who-we-are


