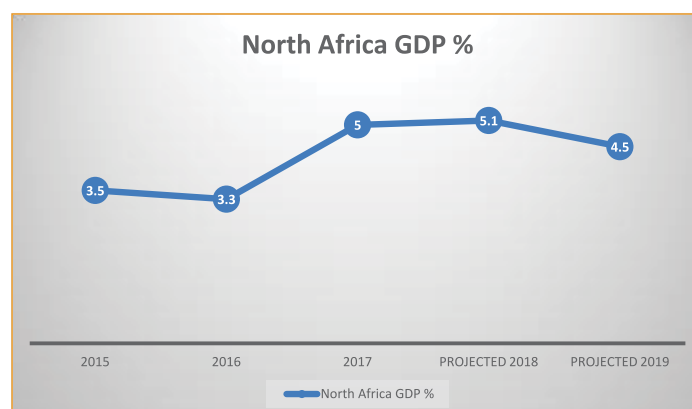


## 1. Introduction

This profile interrogates the trends in Official Development Assistance (ODA) for the North African region. It considers disbursements of loans made on concessional terms (net of repayments of principal) and grants by official agencies of the members of the Development Assistance Committee (DAC), by multilateral institutions, and by non-DAC countries to promote economic development and welfare in East Africa. It unravels the average Net ODA Received Per Capita and average ODA percentage (%) of gross national income (GNI). The period under review is 2012 to 2016. The profile concludes by giving policy recommendations.

There six North African countries under review for this update are Algeria, Egypt, Libya, Morocco, Mauritania and Tunisia as classified in the Africa Development Bank's Economic Outlook for 2018. The regional economic communities in this region are Community of Sahel-Saharan States (CENSAD) and Arab Maghreb Union (AMU/UMA).

North Africa recorded the second-highest growth rate in Africa, at 5.0 percent in 2017, up from 3.3 percent in 2016. The sub-region's growth is projected to accelerate to 5.1 percent in 2018, slowing to 4.5 percent in 2019 as depicted in Figure 1 below. Recovery of Libya's oil production underpinned the 2017 growth rate as its GDP increased 55.1 percent in 2017 after declines in previous years as a result of the 2011 Arab revolution. The growth of the region also benefitted from the return of foreign direct investment (FDI) and net exports.



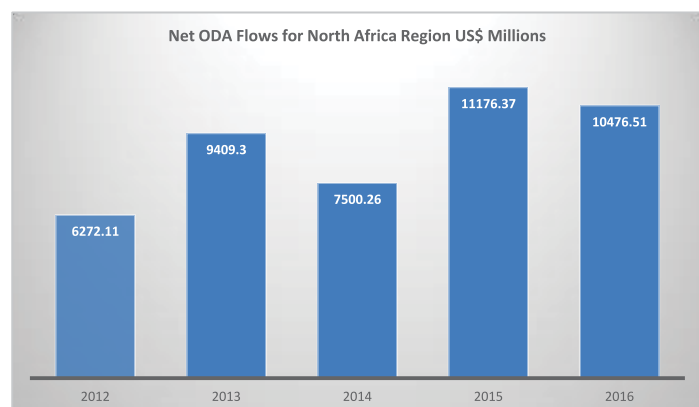
## 2. Trends on Net ODA and Official Aid

In terms of ODA, as Figure 2 depicts, North Africa received a combined US\$44.8 billion net ODA and official aid between 2012 and 2016, a US\$3 billion increase from the 2010 – 2015 net ODA total for the region. Figure 2 however shows that net ODA for the region slumped from its 2015 peak of US\$11.67 billion to US\$10.47 billion in 2016. For the period under review, Egypt was the highest net ODA recipient in the region that totalled US\$23.04 billion, an amount that constitutes 51.4% of the total net ODA received in the region for the 2012 to 2016 period. Morocco was the 2<sup>nd</sup> highest net ODA recipient in the region with a total of US\$12.7 billion. Libya and Algeria were the least net ODA recipients having received US\$711 million and US\$1.47 billion respectively. Mauritania's share of net ODA can be described as fairly steady ranging around the average of US\$350 million for the 2012 to 2016 period. However, its share had steeply fallen from US\$642 million in 2012 to US\$385 million in 2013 and further fell to a low of US\$240 million in 2014

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

2. North Africa Economic Outlook 2018, ISBN 978-9938-882-63-6

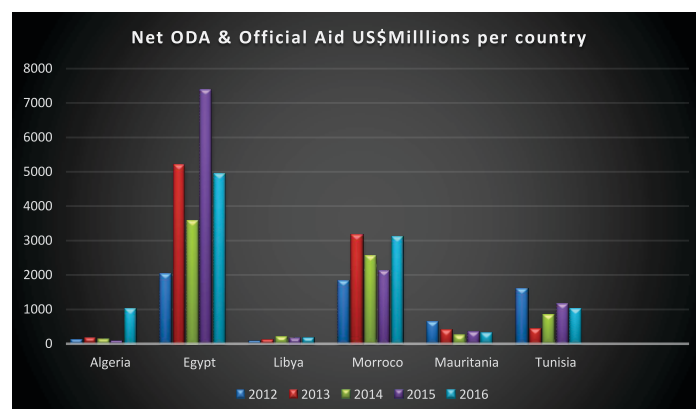
Figure 2: Net ODA and Official Aid



Source: AFRODAD compilation based on World Bank & OECD statistics 2018

Figure 3 below illustrates the net ODA and official aid received in individual North African countries. For the period 2012 to 2013, the illustration shows that there were net ODA increases in countries including Libya, Egypt, Algeria and Morocco. This increase is linked to the reconstruction efforts that were taking place in the countries in trying to mitigate the adverse effects of the Arab Spring Revolutions that tore down infrastructure, major economic activities such as mining and trade and even the social fabric of the affected societies in these nations. For Egypt, its net ODA increased from US\$2 billion in 2012 to US\$5,1 billion in 2013 registering a 150% increase. This is largely owed to the strategic position of Egypt in terms of trade and access to the Mediterranean Sea as well as its diplomatic and strategic position with ODA providers. The increasing trend of net ODA for the two were generally not the same as Mauritania and Tunisia witnessed net ODA slumps for the years 2012 and 2013 as data shows falls of US\$ 157 million and US\$ 1,17 billion for the two countries respectively.

Figure 3: North Africa's Net ODA and Official Aid Received (US\$) per country

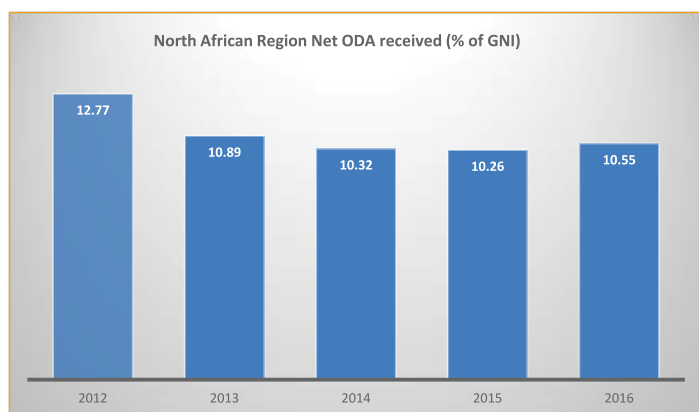


Source: AFRODAD compilation based on World Bank Statistics 2018

### 3. North Africa Regional Status: Net ODA received (% of GNI)

The indicator in this section is defined as the total ODA given or received as a share of gross national income (GNI) of the source or recipient country, respectively, net of repayment of principal. From 2012 to 2016, North Africa's net ODA received averaged 10.9% of GNI with the highest recorded for the period being 12.77% in 2012 as Figure 4 below shows. The share gradually fell to 10.89% of GNI in 2013 to a low of 10.26% of GNI in 2015 were afterwards there was a slight increase of net ODA received to 10.55% of GNI in 2016. For the period from 2012 to 2015, the Figures shows that the role of ODA in the region had been waning however with the increase in 2016 signs of its significance to North African development may remain rising.

Figure 4: North African Region Net ODA received (% of GNI)

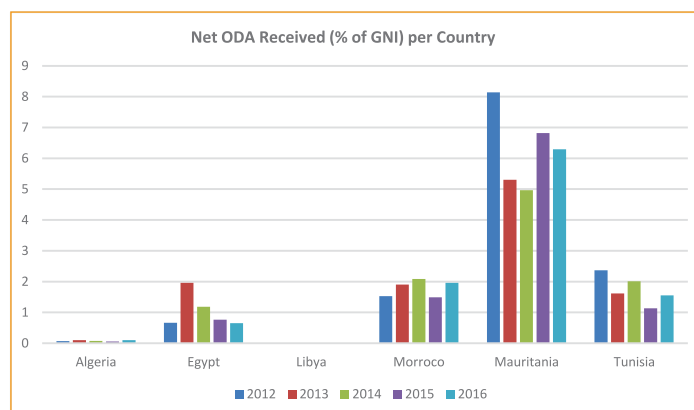


Source: AFRODAD compilation based on World Bank Statistics 2018

Figure 5 below shows Net ODA received as a percentage of gross national income by country in the North Africa region. It highlights that Mauritania's average share of net ODA received as a percentage of GNI to the region was 6.3% which constituted 57% of net ODA (% of GNI) for the region for the period under review. This points to its high extent of dependency on ODA for its development. Morocco and Tunisia were the 2<sup>nd</sup> and 3<sup>rd</sup> countries with highest net ODA received as a percentage of GNI constituting averages of 1.79% and 1.73% of GNI for the period 2012 to 2016. Algeria depicted the least dependency of net ODA in the region as can be shown by its share of a lowly 0.08 (% of GNI). This incidence is primarily owed to the fact that Algeria leverages its natural resources, mainly oil and gas, for its development.

Figure 5 also notes that for the period under review there are no statistics relating to Libya's net ODA received as a percentage of GNI. However, for its neighbouring country Egypt, there has been a relative regression in its dependency on ODA as can be noted by its falling share of net ODA (% of GNI) as from 2013 where it stood at 1.96 % of GNI to 2016 where the statistic had dropped to 0.64 % of GNI hence noting its positive progress in post - revolution recovery

Figure 5: North Africa's Net ODA Received (% of GNI) per Country



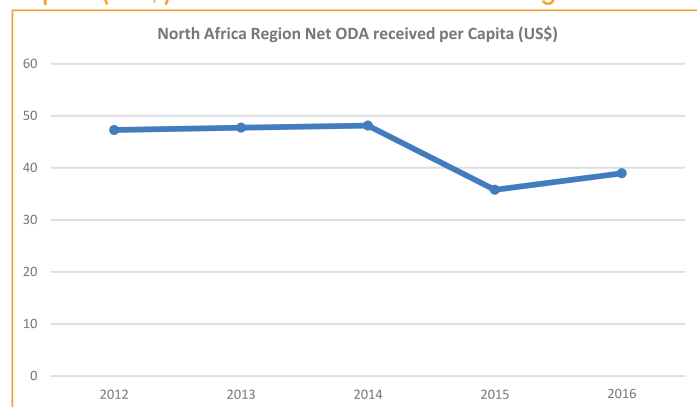
Source: AFRODAD compilation based on World Bank Statistics 2018

### 4. Regional Picture: Net ODA received per Capita (US\$)

Net official development assistance (ODA) per capita consists of disbursements of loans made on concessional terms (net of repayments of principal) and grants by official agencies of the members of the Development Assistance Committee (DAC), by multilateral institutions, and by non-DAC countries to promote economic development and welfare in countries and territories in the DAC list of ODA recipients; it is calculated by dividing net ODA received by the midyear population estimate. It includes loans with a grant element of at least 25 percent (calculated at a rate of discount of 10 percent).

This indicator shows the significance of the average net ODA per capita received in the countries under study as well as in the region. During the period 2012 to 2016 the average per capita was US\$43.58. Analyses of the average figures bring out that ODI received per capita was relatively increasing steadily for the period 2012 to 2014 registering US\$47.27 in 2012, US\$47.73 in 2013 and US\$48.13 in 2014. The statistic fell in 2015 to US\$35.79 but however steadily rose to US\$38.96 in 2016 as illustrated in Figure 6 below.

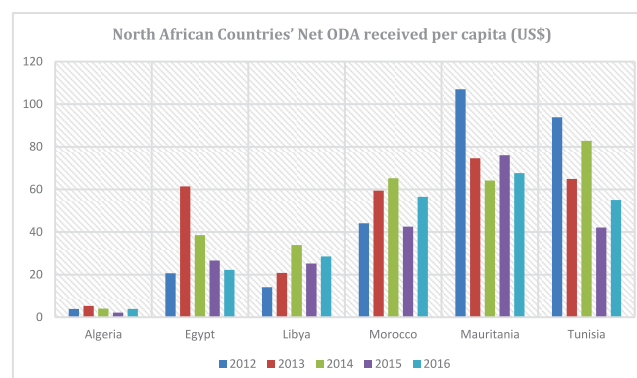
Figure 6: Average net ODA received per capita (US\$) for the North African Sub-region



Source: AFRODAD calculation based on World Bank Statistics

Figure 7 shows that ODA and official aid is highly pivotal in the development of Tunisia and Mauritania than most of the countries in North Africa as their shares contributed averages of Net ODA received per capita of US\$67.74 and US\$77.90 respectively during the period 2012 to 2016 as noted in Figure 7 below. Reliance on ODA within the region (with the exception of Mauritania) was overall high between the period 2011 to 2013 citing the negative effects the Arab Spring Revolutions had on the North Africa Region as can be seen from the high net ODA received per capita statistics of countries such as Egypt, Tunisia and Morocco that ranged between US\$60.00 and US\$85.00 for the year 2013. As the Arab Spring Revolutions decimated, ODA inflows declined responding to the positive developments on peace, economic recovery as well as a shift in aid for refugees that fled North Africa into Europe during the Arab Spring. This is depicted in the declining shares of net ODA of the countries as of the period 2013 to 2014.

Figure 7: North African Countries' Net ODA received per capita (US\$)



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

### 5. Policy recommendations for governments in North Africa

- There is a need for a shift from high dependence on oil and gas by diversifying economies in the region through venturing into economic activities in the provision of services such as telecoms, IT and pursuance of the 4<sup>th</sup> Revolution.
- Domestic resource mobilisation should be facilitated by the progressive utilisation of ODA. For countries including Algeria, Egypt and Libya which ODA has a lower figure % GNI, there is need for continued focus on enhancing their revenue generation capacity.
- The region's governments should enhance the governance models to those more inclusive and democratic as this limits the probability of political uprisings similar to the Arab Springs that mainly surfaced as a result of rising inequality.
- Countries in North Africa such as Libya and Egypt that were directly affected by the Arab Spring should invest (especially their oil and gas revenues) in maintaining peace and political stability and mitigating the insurgence and re-surfacing of sporadic terror attacks in the region.