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Resources for Development in Africa

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This document has been prepared by the APF Support Unit in collaboration with NEPAD Secretariat sector teams. It will be considered during the discussion on Resources for Development, which will take place on Friday, 27 October starting at 11:40.

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Resources for Development in Africa

Executive Summary

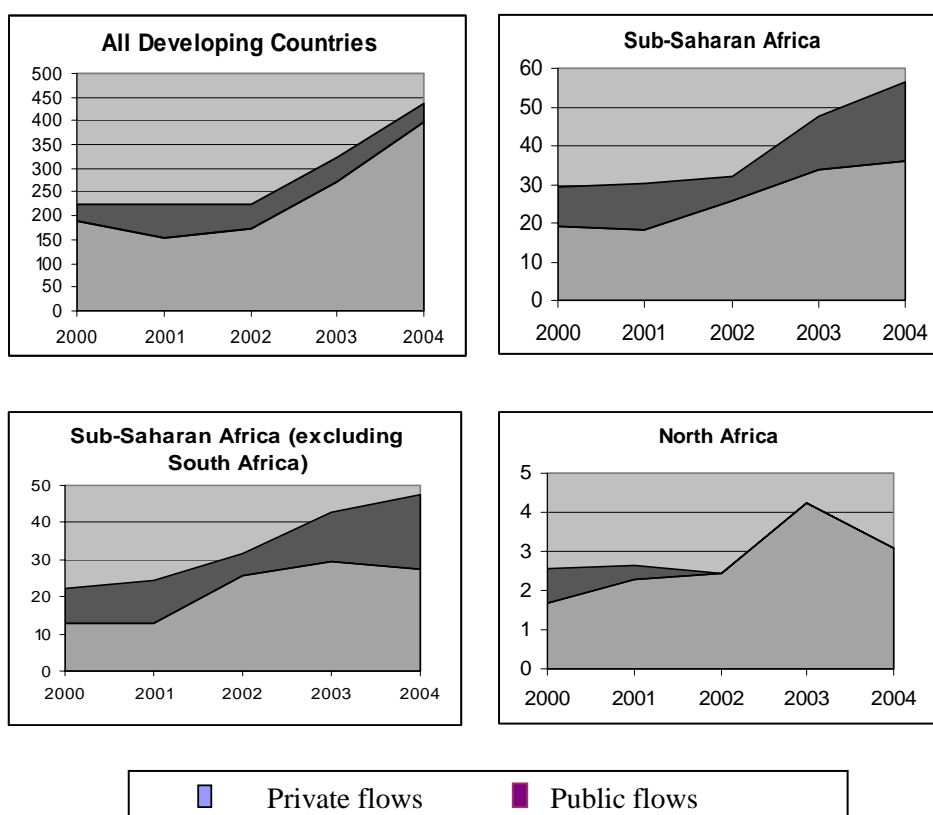
1. The relationship between Africa and its development partners is undergoing radical change. Key landmark events since 2000 are: the adoption of the Millennium Development Goals (MDGs) in 2000; the Monterrey Consensus in 2002; the endorsement of the Paris Declaration on aid effectiveness and managing for development results in 2005; and the G8 commitments at Gleneagles in 2005 to increase official development assistance (ODA) to Africa by US\$25 billion a year by 2010 and reiterated in St Petersburg in 2006. As a result, issues of aid scaling up and aid effectiveness have dominated the policy dialogue.

2. Total aid flows by OECD Development Assistance Committee (OECD/DAC) donors have sharply risen in recent years, with total ODA reaching the record figure of US\$106.5 billion in 2005. But debt relief (including the large debt cancellations for Iraq and Nigeria), emergency assistance and other special purpose grants accounted for a large share of the increase. Recent survey data, based on a partial sample of information provided by donors, suggest only a modest increase in aid allocations to Africa over the next two years. While the report does not discuss aid by non-DAC countries, discussions on aid delivery and aid effectiveness will need to take into account the growing role of non-DAC donors.

3. But, as important as it is in the context of Africa, aid is not the only story. Thus, while sub-Saharan Africa stands out as relying significantly more on official flows compared to the rest of the developing world as shown in Figure 1, non-aid flows are becoming increasingly more important. Foreign direct investment (FDI) has grown four-fold in the past decade, reaching an average of US\$13 billion in the last three years. Today sub-Saharan Africa attracts almost as much FDI, as a share of GDP, as other developing regions. And although as private flows, remittances cannot be considered development resources, they are a potential source of finances. Estimates put 2005 remittances at US\$8 billion and would be much higher if unrecorded flows through informal channels could be included. For 15 sub-Saharan African (SSA) countries, remittances exceeded two percent of GDP in 2004. North Africa as a sub-region and South Africa rely almost exclusively on private flows in recent years.

4. Debt relief, through the Highly Indebted Poor Countries (HIPC) Initiative and the more recent Multilateral Debt Relief Initiative (MDRI), has significantly reduced the debt burden of many African countries. On average, the HIPC Initiative has helped to reduce debt service for the 28 countries that have reached decision point by an average of US\$2.5 billion a year. For the 19 countries that have already reached HIPC completion point, an additional US\$1.0 to 1.5 billion of additional relief will be granted each year through the MDRI.

**Figure 1: Aggregate Net Resource Flows 2000-2004
(US\$ billions)**



Source: World Bank, Global Development Finance (2006).

5. In addition to foreign financing flows, realizing the ambition of poverty reduction strategies will require continued effort in domestic revenue generation in recipient countries. African countries have managed to raise government revenue by the equivalent of 4 percentage points of GDP since the early 2000s. But half of African countries still mobilize less than 15 percent of their GDP in tax revenues. Without further effort to raise domestic revenue, these countries will continue to face the challenge imposed by the volatility and unpredictability of aid flows.

6. A broader look at the totality of the financial resources available to Africa helps to highlight several important development finance issues including:

- i. The implications of FDI on patterns of trade and integration;
- ii. The catalytic role of official aid in promoting other flows such as private capital flows;
- iii. The critical role of improving governance and most notably with respect to the business climate to attract FDI and to capitalize on the sharply larger remittances flows; and
- iv. The need to ensure sustainable development finance with domestic resources at its core.

7. This paper will review the trends of aid flows in the context of other financial resources available for development including debt relief, private capital flows, remittances and domestic revenue. It will also provide the perspectives as to their relative importance in Africa and in comparison to other regions of the world, and highlight key policy issues that need to be addressed by both African countries and the international community.

I. Delivery of Aid Commitments

8. **Overall aid flows have sharply increased but a large part of the increase is due to debt relief and emergency assistance.** From a low of US\$48 billion¹ in 1997, total ODA provided by OECD countries that are members of the Development Assistance Committee (DAC)² reached an all-time high of US\$106.5 billion in 2005, an increase of US\$27 billion. But a significant share of this increase was accounted by debt cancellation for Nigeria (US\$5 billion) and Iraq (US\$14 billion) and exceptional financing for tsunami relief (around US\$2 billion). Netting out debt relief and the other special-purpose grants³, aid flows that are programmable are estimated to have increased by US\$5 billion to reach US\$50.4 billion in 2005 (Figure 1.1). After a fall of 25 percent in real terms from 1993 to 1999, ODA to Africa showed a strong upward trend since 2000 (Table 1.1). The share of debt relief to rising ODA flows are more marked in the case of sub-Saharan Africa where debt cancellations provided by the Paris Club and the HIPC Initiative have been very significant since the late 1990s. ODA flows to North Africa have been more stable, averaging between US\$2 and 3 billions in the past several years.

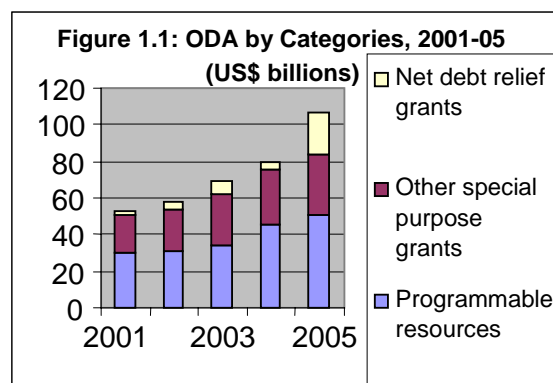


Table 1.1: ODA to Africa
(US\$ billions and percent)

	2000	2001	2002	2003	2004	2005
Sub-Saharan Africa	13.5	14.3	19.2	24.6 ^{a/}	26.2	31.6 ^{b/}
North of Sahara	2.2	2.4	2.3	2.2	2.9	n/a
Africa Total	15.7	16.7	21.5	26.8	29.1	n/a

Source: OECD-DAC and the DATA Report (2006).

Notes: a/ The outturn in 2003 was heavily determined by the US\$4.5 billion of debt relief to the Democratic Republic of Congo under the HIPC initiative. b/ Of which US\$5 billion for Nigeria's debt relief.

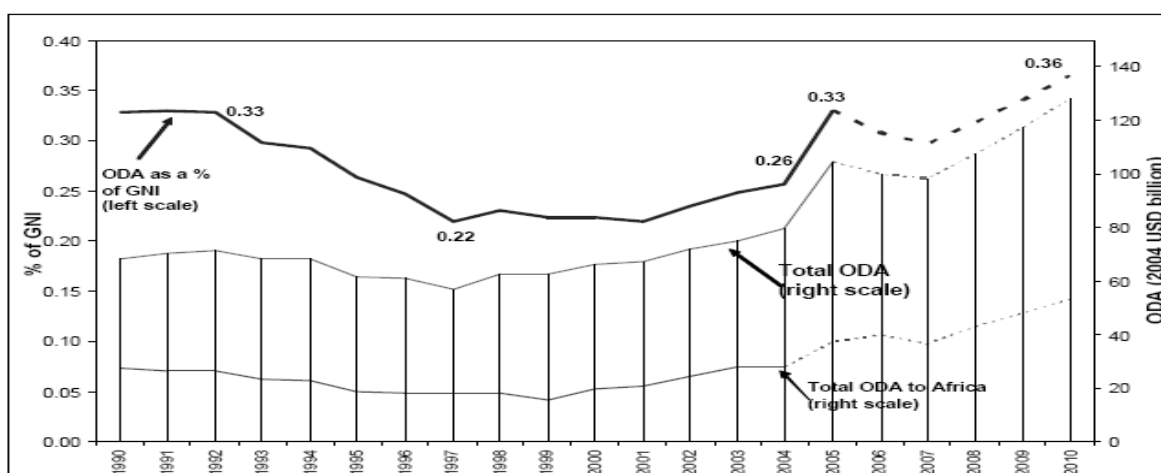
9. **Meeting the donors' commitment to increase ODA in the next few years will be a major challenge.** Commitments made by G8 countries to double yearly aid to Africa by 2010 and by EU15 countries to provide at least 0.51 percent of their GNI as ODA by 2010 suggest that aid can reach as much as US\$130 billion by the end of the decade, with 80 percent of the increase coming from Europe. But very significant effort will be needed by most EU15 countries. For example, Italy will have to triple its ODA between 2004 and 2010 to meet the 0.51 percent target; several other EU15 countries including Austria, Finland, Germany, Greece and Spain will need to more than double their aid during the same time period. This large increase in aid will need to occur when many of these countries are facing severe budget constraints.

¹ ODA figures are shown net of repayments (net ODA). See Annex Tables 1 and 2 for more detail.

² This amount does not include aid provided by non-DAC donors (see footnote 6 for more detail).

³ Special purpose grants include debt relief, technical cooperation, emergency/distress relief, and administrative costs.

**Figure 1.2: OECD-DAC Members' ODA 1990-2005 and simulations to 2010
(Percent and US\$ billions)**



Source: OECD-DAC

10. ***Innovative financing mechanisms may help to scale up aid but progress so far has been quite modest.*** The International Finance Facility (IFF),⁴ through the pilot initiative for immunization for instance, would help to raise frontloaded, reliable funding over a number of years to expand global immunization efforts. The UK, France, Italy, Spain and Sweden have made contribution pledges that provide the guarantee to issue bonds in the very near future. Concomitantly, France together with Brazil, Chile, Norway and the UK recently announced a new undertaking, mostly through taxes on airline tickets, that hopes to raise at least US\$300 million next year to help pay for the purchase of medicines. France has already implemented the air ticket levy that would mobilize about US\$250 million on an annual basis. Besides the above countries, a dozen more countries are actively considering contributing by imposing airline ticket taxes of their own.

11. ***Realizing the commitment to double aid to Africa by 2010 is increasingly uncertain.*** A recent survey⁵ of DAC member countries and key multilateral agencies highlighted the apparent disconnect between political commitments to sharply increase aid and the results on the ground, which point to only a modest increase of ODA for most African countries. This implies, in the best of cases, that substantial increases are being deferred to 2009 and 2010. Also, donors have continued to focus on a small number of well-aided countries; few fragile states figure among those expected to receive significantly more aid in the next three years. Increases in ODA have been very rapid for Tanzania, Ethiopia, Ghana, Uganda, Zambia and Madagascar. The sharp rise in the aid figure for the Democratic Republic of Congo is due to a very large debt relief operation in 2003.

⁴ The IFF is based on two basic ideas: frontloading aid (spending money now for critical development investments to reach the MDGs); and using off-budget commitments thus helping donors manage fiscal constraints while raising ODA receipts as spending by IFF will count as ODA received but not as ODA provided until the bonds are redeemed.

⁵ The survey was done in the context of monitoring aid scaling up in March-April 2006. While the indicative future aid allocations cover only 27 percent of total ODA, they did reflect the allocation intentions of 16 of the 27 agencies surveyed.

**Table 1.2: Top 10 ODA Recipients in Africa
(US\$ millions)**

	2002	2003	2004	3-year average	% of all recipients
1. Congo Dem. Rep.	1188	5421a/	1815	2808	11%
2. Tanzania	1233	1704	1746	1561	6%
3. Ethiopia	1307	1553	1823	1561	6%
4. Mozambique	2203	1039	1228	1490	6%
5. Egypt	1239	988	1458	1228	5%
6. Ghana	650	954	1358	987	4%
7. Uganda	712	977	1159	949	4%
8. Cameroon	657	900	762	773	3%
9. Zambia	641	581	1081	768	3%
10. Madagascar	373	539	1236	716	3%
Other Recipients	11340	12125	15415	12960	50%
Total Africa	21540	26781	29080	25800	100%

Source: OECD/DAC

Note: a/ On account of the US\$4.5 billion of debt relief.

12. *New aid donors⁶ are playing an increasingly important role* but information about their aid levels is piecemeal and much more is needed to improve the information base. Economic interactions with China and India also significantly affect Africa through other channels, in particular through trade and investment. Since 2000, there has been a massive increase in trade and investment flows between Africa and Asia. Today, Asia receives about 27 percent of Africa's exports, in contrast to only 14 percent in 2000 and is almost on par with African exports to the United States and the European Union—Africa's traditional trading partners. The share of Chinese and Indian FDI flowing into the region, with all the limitations associated with the poor quality of data, is probably higher than for OECD countries, for which sub-Saharan Africa is a minor investment destination.⁷

13. *Strengthening the results orientation of country strategies and their linkages to larger resources is also critical.* The Resources and Results Meeting for Ghana provided a good illustration of approaches to scale up programs in energy, transport and other infrastructure. Work being undertaken by the World Bank and UNDP confirms that opportunities for quick scaling-up exist in several African countries including Burkina Faso, Mozambique, Rwanda and Tanzania and in specific sectors as in the case of Ghana. But for this country-level process to take hold, more donor buy-in will be needed.

14. *Enhancing aid effectiveness through harmonization and alignment has received much more attention as a complement to efforts to increase aid flows.* The international effort on aid effectiveness has been gaining momentum since 2005 when over 100 partner countries and donors endorsed the Paris Declaration, which provides a detailed framework of commitments and targets in ownership, alignment, harmonization, managing for results, and mutual accountability. Substantial progress has been made in a number of African countries including Burkina Faso, Ethiopia, Ghana,

⁶ One can conveniently regroup "new" donors in three main groups: i) OECD countries which are not members of the DAC (Korea, Turkey, Mexico and several European countries) and new EU members which are not members of the OECD; ii) the Middle East and OPEC countries and funds; and iii) the more disparate group of non-OECD, non-EU donors among which figure the two "heavyweights" that are China and India.

⁷ See Broadman (2006) and Goldstein (2006).

Mozambique, Tanzania and Uganda, and good progress has been achieved in others (see Annex Table 5). Harmonization actions such as joint analytic work, collaborative or joint programming and assistance strategies, program-based approaches, pooling of financing among donors, use of country systems where feasible, joint or independent assessments of aid at the country level among others have begun to reduce transactions costs to countries.

15. ***But serious impediments remain to broader and deeper improvement in implementing the Paris principles.*** They include data constraints, inappropriate staff incentives, institutional rigidities and obstacles to change management. Efforts to establish a baseline (see Annex Table 4 for detail) and to monitor progress will help focus both countries and donor agencies on harmonization and management for results⁸.

16. ***Many issues on the management of aid continue to require attention*** ranging from inadequate support to fragile states to insufficient response to shocks, the lack of predictability, and the use of conditionality. Scaling up will also require more coordination among aid delivery channels—bilateral funds, multilateral funds, global funds, and private funds. In particular, global funds need to support country-led strategies and priorities and avoid undermining the capacity of national authorities for coherent planning, financing, and service delivery.

Policy Issues on Aid Delivery

From Africa's perspective:

- Strengthen national capacity to plan and implement country priorities, and to monitor and evaluate outcomes.
- Sustain the process of alignment and aid harmonization.

From the donors' perspective:

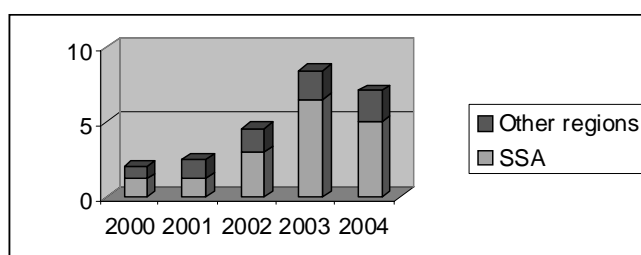
- Ensure that the recent momentum on aid increases is sustained.
- Improve aid predictability by sharing forward information and adopting Paris Declaration agenda compact (budget support, programmatic approach).
- Enhance coordination between DAC and non-DAC donors.

⁸ The next high-level forum on aid effectiveness will take place in Ghana in mid-2008. Vietnam will host a meeting on managing for development results in February 2007.

II. Debt Relief

17. *Debt relief has been important in driving recent aid increases and will remain a key factor in the medium term.* In addition to debt relief by the Paris Club and under the HIPC Initiative, sixteen African countries that have reached HIPC completion have also begun to benefit from larger debt cancellation by three multilateral institutions—the IDA, the IMF, and the African Development Fund (AfDF) under the Multilateral Debt Relief Initiative (MDRI). Debt relief from all sources has increased significantly over the past few years. Figure 2.1 shows that sub-Saharan Africa received a rising share of HIPC debt relief, capturing almost three quarters of debt relief provided in 2002-04.

Figure 2.1: Debt Relief by Region under the HIPC Initiative (US\$ billions)



18. *The HIPC initiative is significantly reducing the debt service burden of poor countries.* The twenty-eight countries⁹ that reached HIPC decision point prior to 2006 received US\$2.3 billion per annum in debt relief from 2001 to 2005, equal to 2.2 percent of their GDP and 9.2 percent of their exports. The HIPC Initiative will provide cumulatively US\$40 billion in debt service relief to the 19 completion point countries and another US\$18 billion to the 11 decision point countries. Most of the relief will come from multilateral creditors (50 percent) and official bilateral donors including several non-Paris Club bilateral creditors (47 percent). Commercial creditors have played a minor role.

Box 2.1: The HIPC Initiative

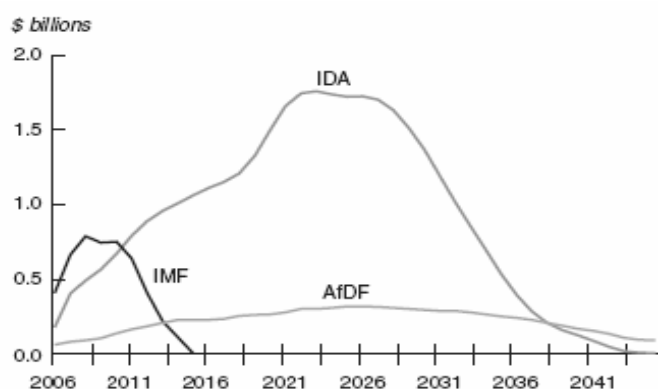
The HIPC Initiative was launched by the World Bank and the IMF in 1996 to help reduce the debt burdens of 40 of the world's poorest countries. The Initiative was enhanced in 1999 to provide deeper and faster debt relief to a larger group of countries. To be eligible for the HIPC Initiative, a country's debt must exceed certain threshold levels: i) either external debt must be at least 150 percent of exports, or ii) public debt must be at least 250 percent of revenues (in net present value terms), after receiving debt relief from the Paris Club under *Naples Terms* (67 percent reduction in net present value of Paris Club debt). Countries obtain debt reduction from all creditors including commercial creditors in an amount that reduces their debt burden to the threshold levels.

There are currently 40 countries eligible for the HIPC Initiative, 33 of which are in sub-Saharan Africa. So far, 29 countries have reached the "decision point" when donors begin to provide the debt relief necessary to meet a specified debt ratio. Of these countries, 19 have reached the "completion point,"--Cameroon is the latest country to have reached completion point (May 2006)--at which point debt relief becomes irrevocable (see Annex Table 6 for more detail). The 11 remaining countries that are already eligible for the HIPC Initiative are referred to as the "pre-decision" countries. In addition, 11 other countries have been identified as being potentially eligible to HIPC debt relief. They include seven countries that had been identified as HIPCs in previous HIPC Initiative reports (Central African Republic, Comoros, Côte d'Ivoire, Liberia, Somalia, Sudan, and Togo) and four other countries (Eritrea, Haiti, the Kyrgyz Republic, and Nepal).

⁹ The Republic of Congo reached the decision point in March 2006.

19. **The MDRI extends and deepens the HIPC Initiative.** For the 19 HIPCs that have reached the completion point, the MDRI will reduce debt service payments by about US\$1 billion on average during the 2007–17 period rising to a peak of US\$1.5 billion in 2022-24. The 15 sub-Saharan African countries that are eligible to the MDRI as of July 2006 will see their debt service payments reduced by US\$31.8 billion between 2007 and 2045 (see Annex Table 7 for detail). The total amount of debt relief provided by the MDRI will rise over time as additional countries reach the completion point. The debt-service-reduction profile for the 18 countries show a hump (Figure 3.2) due to the fact that the bulk of outstanding IMF loans to the 18 countries are scheduled to mature within three to six years while IDA and AfDB loans have a much longer duration.

Figure 2.2: Debt-Service Reduction under the MDRI, 2006-45 (US\$ billions)



Source: World Bank staff estimates.

Box 2.2: The MDRI

Under the MDRI, IDA, the IMF and the African Development Fund will provide 100 percent debt cancellation to countries that have reached the HIPC completion point. As of July 2006, the three institutions have approved debt relief under the MDRI for 15 SSA countries: Benin, Bolivia, Burkina Faso, Cameroon, Ethiopia, Ghana, Guyana, Honduras, Madagascar, Mali, Mauritania, Mozambique, Nicaragua, Niger, Rwanda, Senegal, Tanzania, Uganda and Zambia (see Annex Table 6 for more detail). The remaining HIPC countries will be eligible for full debt cancellation from the three institutions once they have reached HIPC completion point. Other countries that will be eligible to HIPC debt relief as a result of the sunset clause extension will also benefit from MDRI relief once they reach completion point. For the original 18 highly impoverished countries, including 14 African countries, an estimated US\$40 billion in debt will be cancelled. About 70 percent of the debt is due IDA. The MDRI is now under implementation by all three agencies.

20. **Heavy debt burdens will, however, continue to be an issue for many countries.** Debt relief provided under the HIPC and MDRI Initiatives will substantially reduce the debt burden of countries that have already reached the completion point, bringing their debt stock to below 10 percent of GDP on average. For the remaining 11 HIPCs that have not reached the completion point¹⁰, debt as a share of GDP would be about 4 times as high. Countries that are HIPC eligible but have not yet reach the

¹⁰ These 11 HIPC countries are expected to reach the completion point by the end of 2007.

decision point¹¹ face the same challenge and are therefore under a similar pressure to move expeditiously toward HIPC completion point.

21. For MDRI countries, lower debt burden and the prospect of increased market access point to the continued need to focus on debt sustainability and concerns about “free riders”. MDRI countries would still require substantial resources to help them meet the MDGs, with a large share of grants in order to maintain a low or moderate risk of debt distress in these countries. Also, sharply lower debt burdens and improved sovereign credit risk may entice non-concessional borrowing such as suppliers’ and export credit and commercial loans, raising again the potential for renewed risk of debt distress. How fast should debt accumulate in MDRI countries is thus a key question.

Debt Relief and Debt Sustainability Policy Issues

From Africa’s perspective:

- Carefully monitor new indebtedness to ensure debt sustainability.
- Strengthen the debt management system and avoid the temptation to allow the institutions associated with debt management to weaken as debt burdens are sharply reduced.

From the donors’ perspective:

- Ensure that the large projected debt relief will not affect the scaling up of ODA.
- Help countries ensure long-term debt sustainability and avoid the “free rider” issue through the strengthening of creditors’ coordination.

III. Private Capital Flows

22. *Private capital flows to Africa grew sharply in line with overall trends to developing countries*¹². The increase has been broad-based, with foreign direct investment (FDI), commercial bank lending, and portfolio equity all recording substantial gains (see Table 3.1). After a long period in the 1970s and 1980s with no upward trend, FDI flows to Africa grew sharply since the late 1990s. This growth is partly explained by rising prices of primary commodities including oil and improving investment climate although there remain large variations across countries. The last report on Doing Business confirms that trend showing that sub-Saharan Africa ranks third in 2005 in the world after Eastern Europe and the OECD countries in the scope and pace of reforms to the business enabling environment¹³. For portfolio equity flows, most of the increase reflected equity offerings in South African mining companies. After several years of net reflows that started in the late 1990s, Africa confirmed its renewed access to commercial bank lending.

¹¹ The following SSA countries figure in this group: Central African Republic, Comoros, Côte d’Ivoire, Liberia, Somalia, Sudan, and Togo.

¹² Net private flows to all developing countries increased sharply to reach US\$476 billion in 2005, reinforcing a trend underway since 2002.

¹³ See Eifert and Ramachandran (2004).

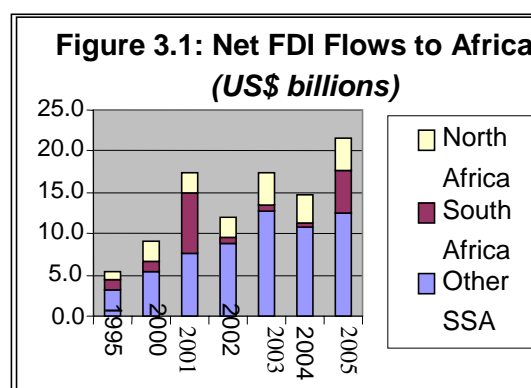
**Table 3.1: Net Private Capital Flows to Africa
(US\$ billions)**

	2002	2003	2004	2005 (preliminary)
Net FDI flows	12.1	17.3	14.8	21.6
North Africa	(2.6)	(3.7)	(3.5)	(4.0)
Sub-Saharan Africa	(9.5)	(13.6)	(11.3)	(17.6)
Net portfolio equity flows	-0.4	0.7	7.3	7.2
North Africa	(0.0)	(0.0)	(0.6)	(0.0)
Sub-Saharan Africa	(-0.4)	(0.7)	(6.7)	(7.2)
Net bank debt flows	(-5.5)	(-3.6)	(0.9)	n.a.
North Africa	(0.0)	(-0.5)	(-0.6)	(n.a.)
Sub-Saharan Africa	(-5.5)	(-3.1)	(1.5)	(3.7)
Net bonds flows	(3.3)	(5.6)	(1.3)	n.a.
North Africa	(0.6)	(1.0)	(0.1)	(n.a.)
Sub-Saharan Africa	(2.7)	(4.6)	(1.2)	(0.0)
<i>Total (net) private capital flows</i>	6.3	20.0	24.3	n.a.
North Africa	(0.0)	(4.2)	(3.6)	(n.a.)
Sub-Saharan Africa	(6.3)	(15.8)	(20.7)	(28.5)

Source: World Bank, Global Development Finance (2006).

23. ***Private capital flows to Africa, and more particularly FDI, are vastly underestimated due to very rudimentary monitoring systems***¹⁴. Based on results of projects conducted in 18 African countries, private flows could be 2 to 3 times the levels reported in internationally published figures. This is because vital components of inflows, notably retained earnings and intra-company debt transactions (for FDI) and off-shore borrowing (for debt flows) are often not recorded by the exchange control or the Foreign Investment Promotion Agencies. For the 18 countries cited above, intra-company loans accounted for 40 percent of total equity flows but are not reported in official FDI statistics.

24. ***FDI inflows have been largely concentrated in the extractive industries but have begun to diversify***. South Africa and resource-rich countries, notably Angola, Equatorial Guinea, Nigeria and Sudan, continued to receive the lion's share of FDI. But the reach of FDI flows across Africa is broadening. According to UNCTAD, FDI inflows rose in 40 out of the 53 countries in Africa in 2004¹⁵. There has also been greater diversification in terms of sectors of investments with manufacturing, finance and tourism being the key areas of concentration besides the resources sector.



¹⁴ Development Finance International (2004). The project is funded by 18 African countries and by the governments of Denmark, Sweden, Switzerland and the United Kingdom.

¹⁵ United Nations Conference on Trade and Development (UNCTAD). *World Investment Report* (2005).

25. ***There has been a rapid raise in South-South FDI.*** A recent study¹⁶ of Asian-African FDI flows shows first, that they have been growing rapidly and second, that they have begun to diversify into many non-resources sectors, including apparel, agro-processing, power generation, road construction, tourism and telecommunications. China is by far the largest investor in Africa; other major investors are Taiwan, India, Malaysia, Japan and Korea. The second major source of South-South investment into the rest of Africa is South Africa. As of 2004, there were over 600 projects by South African firms in the rest of Africa. The vast majority were in service industries. About 15 percent of these projects were in mining, very few in agriculture, and only about 20 percent in manufacturing.

26. ***Relatively low FDI flows to Africa masks their important contributions in several countries.*** FDI flows play a very important role as a share of total investment in several non-oil producing African countries as shown in Table 3.2. With one or two exceptions, these countries tend to be better managed, highlighting therefore the importance of improving the investment climate and overall governance.

Table 3.2: FDI Flows as Share of Total Investment in Non-Oil Producing Countries (Percent)

Country	2002	2003	2004
Rwanda	23.6	22.7	108.1
Seychelles	28.4	91.7	75.4
Congo DRC	20.2	36.0	65.2
Ethiopia	20.5	34.2	32.2
Cote d'Ivoire	17.0	12.4	23.6
Zambia	10.5	16.4	26.2
Tanzania	23.1	27.7	22.8
Mali	38.2	14.0	16.6
Mozambique	28.5	27.1	10.8

Source: African Economic Perspectives 2005/06 by OECD and AfDB.

27. ***Private debt flows to Africa showed a strong upswing in line with overall flows to developing countries.*** Commercial bank debt flows to Africa reached almost US\$7 billion in 2005 in net terms i.e. after principal repayments, driven by abundant global liquidity and steady improvements in credit quality. The growing use of credit ratings in Africa reflects the improving perception by private banks of Africa's potential and gives added confidence to investors¹⁷. Currently, 11 SSA countries are rated although most ratings remained in the speculative grade category. Ratings improve information flow and therefore allow investors, particularly foreign investors, to readjust their perceptions of market and country risk. Credit ratings also increase confidence by signalling the issuer's willingness to be open and transparent with investors. More importantly, they are the first step toward building a track record of a government's creditworthiness.

¹⁶ Based on firm-level data from a new large World Bank Quantitative survey and from filed work in four countries in 2006--Ghana, Senegal, South Africa and Tanzania—on the African operations of Chinese and Indian businesses. See Broadman (2006).

¹⁷ Standard and Poor's¹⁷ reported the upgrade of South Africa's credit rating in early 2006 and no rating actions in the downward direction for the rest of Africa. In the recent period, 20 SSA countries have access to commercial bank lending. They are: Botswana, Burkina Faso, Cameroon, Congo Rep., Equatorial Guinea, Ethiopia, Gabon, Ghana, Guinea, Kenya, Liberia, Mali, Mauritius, Mozambique, Nigeria, Senegal, Sudan, Tanzania, and Zambia. South Africa and most North African countries have access to both bond and commercial debt.

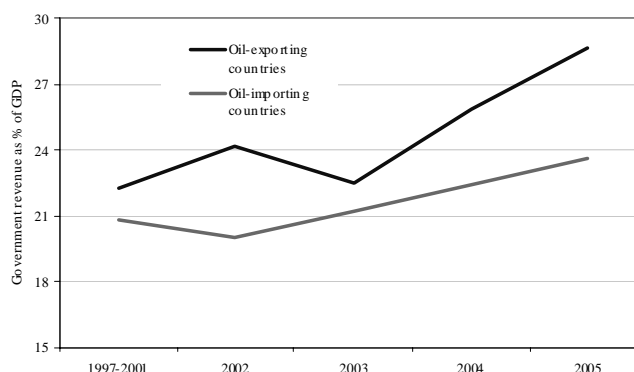
Private Capital Flows Policy Issues

- Build cross-country co-operation in improving and monitoring data on private flows among government agencies but also involving the private sector.
- Better understand the macroeconomic effects of private flows.
- Develop linkages between FDI and domestic investments.
- Improve the investment climate and local governance to attract private flows.

IV. Mobilizing Domestic Revenue

28. *Levels of domestic revenue are generally improving.* Raising the ambition on poverty reduction strategies will require, besides significant increases in external resources, continued effort to generate and channel domestic revenue in African countries. After remaining basically unchanged between early 1990 and early 2000¹⁸, total government revenue as a share of GDP has been steadily improving in most SSA countries. As shown in Figure 4.1, domestic revenues (excluding grants and including non-tax revenue) improved by almost 4 percent of GDP since the early 2000s, reaching an average of 25.1 percent in 2005 for SSA as a whole¹⁹. Both oil-exporting and oil-importing countries performed credibly²⁰. Most of the improvement in revenue mobilization can be attributed to more effective tax administration efforts.

**Figure 4.1: Government Revenue (Excl. Grants)
(Percent of GDP)**



Source : IMF, Regional Economic Outlook - SSA (2006)

¹⁸ Keen and Simone (2004), Table A2.

¹⁹ Any analysis of domestic revenue and taxation in developing countries faces the fundamental problem of the incomplete and lack of reliability of the data. The IMF *Government Finance Statistics* is the most reliable source but suffers from incomplete information for most of Africa. The analysis is based on information available from several sources including IMF (2006) and World Bank (2005).

²⁰ The favorable revenue performance of SSA in the past few years is confirmed by the evaluation of the IMF's role in Africa that shows that in the 24 countries assisted by the IMF through the Poverty Reduction and Growth Facility (PRGF) during the 1995-2003 period, total revenue, as a share of GDP, goes up by an average 1.2 percentage point 2 years after the start of the program.

29. ***Shifting away from trade taxes.*** Sub-Saharan African countries continue to shift away from trade taxes as their principal revenue source, although the pace of this shift has slowed in recent years. The declining reliance on trade tax revenues has been the product of trade liberalization policies, most of which were initiated in the 1990s. Continued liberalization will thus intensify the need to improve the management of trade tax exemptions and to enhance domestic taxes. This will often involve strengthening the indirect tax system, including the Value Added Tax (VAT). Presently, 34 SSA countries and all countries of North Africa, with the exception of Libya, have adopted the VAT with an unweighted average rate of 16 percent.

30. ***In spite of improved revenue performance, half of SSA countries still mobilize less than 15 percent of their GDP in tax revenues.*** As shown in Figure 4.2, about half of SSA governments still collect less than what is generally considered a reasonable target (15 percent) for most low-income countries. Besides oil-rich Angola, Ghana and the Republic of Congo, countries that collect more than 20 percent of their GDP in taxes tend to be concentrated in the Southern cone. North African economies mobilize a significantly larger share of GDP in domestic resources, averaging above 30 percent.

Domestic Revenue Policy Issues

- Sustain efforts to raise domestic revenues. This is particularly relevant for about half of SSA countries where tax revenue, as a share of GDP, remains low at less than 15 percent of GDP²¹. The challenge imposed by the large size of the informal and rural sectors in many African countries should also be kept in perspective.
- Continue efforts to improve tax administration.
- Review tax design with the view to: (i) improving domestic tax systems with a declining reliance on trade tax revenues; and (ii) avoiding excessive exemptions, both on trade taxes and on corporate income taxes.

²¹ IMF (2005), p. 47.

**Figure 4.2: Tax Revenue as a Share of GDP
(Average 2003-05, percent)**

7 countries	15 countries	13 countries	14 countries
<ul style="list-style-type: none"> - Chad - Central African Republic - Congo, Democratic Republic - Liberia - Madagascar - Niger - Rwanda 	<ul style="list-style-type: none"> - Burkina Faso - Comoros - Cote d'Ivoire - Eritrea - Gabon - Gambia - Guinea - Guinea-Bissau - Mali - Mozambique - Sierra Leone - Sudan - Tanzania - Togo - Uganda 	<ul style="list-style-type: none"> - Burundi - Cameroon - Cape Verde - Benin - Ethiopia - Kenya - Malawi - Mauritania - Mauritius - Nigeria - Senegal - Sao Tome & Principe - Zambia 	<ul style="list-style-type: none"> - Algeria - Angola - Botswana - Congo, Rep. of - Egypt - Equat. Guinea - Ghana - Lesotho - Morocco - Namibia - Seychelles - South Africa - Swaziland - Tunisia - Zimbabwe
Less than 10% of GDP	10 to 15% of GDP	15 to 20% of GDP	More than 20% of GDP

V. Remittances

31. *The previous four sections treated various types of resources for financing development.* Because remittances are private funds, they should not be viewed as a substitute for official development aid. But the fact that remittances have been shown to have a significant impact on poverty reduction warrant their treatment as part of the financial resources that developing countries can rely on to achieve the MDGs. Although remittances and international migration are tightly related, this paper focuses solely on the impact on developing countries of inward remittances and will not discuss migration issues.

32. *As a source of foreign exchange, remittances have outpaced private capital flows and ODA.* Worldwide remittances have tripled over the past decade to exceed US\$230 billion overall in 2005 and US\$165 billion to developing countries²² (Table 5.1). Most North African countries are large recipients of recorded remittances. Nigeria and Sudan are the largest recipients in sub-Saharan Africa.

**Table 5.1: Recorded Remittances Compared to Other Flows – All Developing Countries
(US\$ billions)**

	1995	2004
Remittances	58	160
Foreign direct investment	107	166
Private debt and portfolio equity	170	136
Official development assistance	59	79

Source: World Bank. Global Development Finance, 2006.

²² World Bank (2006).

33. While in terms of recorded data, sub-Saharan Africa as a continent received only about 5 percent of remittances to developing countries, these flows have leaped by 240 percent over the past decade (Table 5.2). As shown in Table 5.3, remittances flowing to 15 SSA exceeded 2 percent of their GDP in 2004. As a regional average, Africa received the equivalent of 1.5 percent of its GDP as formal remittances.

**Table 5.2: Recorded Remittances Compared to Other Flows – Africa
(US\$ billions)**

	1995	2004
Remittances	11.9	19.2
-Sub-Saharan Africa	(4.9)	(7.7)
North Africa	(7.0)	(11.5)
Foreign direct investment	7.5	14.9
-Sub-Saharan Africa	(6.5)	(11.3)
North Africa	(1.0)	(3.6)
Private debt and portfolio equity	1.7	3.4
-Sub-Saharan Africa	(-0.7)	(2.8)
North Africa	(2.4)	(0.6)
Official development assistance	16.4	25.6
-Sub-Saharan Africa	(13.5)	(26.2)
North Africa	(2.9)	(2.9)

Source: World Bank. Global Development Finance, 2006

34. ***Informal remittances are likely to be much larger than formal flows.*** Evidence from household surveys suggests widespread use of informal remittance channels. Given the weakness of the formal financial system and the high cost of sending remittances to Africa, one would expect that informal remittances could be very large indeed. It is estimated that informal remittances to Uganda could be as much as four to five times larger than formal flows. The surge in remittances is likely to continue in the medium term.

35. The macroeconomic effects of remittances are significant. The following effects are worth noting:

- Remittances are stable and may be countercyclical, as they tend to rise when the recipient economy suffers a downturn in activity or a natural disaster;
- By generating a steady stream of foreign exchange earnings, remittances can improve a country's creditworthiness and enhance its access to international capital markets; and
- Evidence from household surveys shows that remittances have a significant impact on poverty. Cross-country analysis also show significant poverty reduction effects of remittances: a 10 percent increase in per capita official remittances may lead to a 3.5 percent decline in the share of poor people²³.

²³ Adams and Page (2005).

**Table 5.3: Workers Remittances to Selected Countries in Africa, 2000-04
(US\$ millions)**

Country	2000	2001	2002	2003	2004 (Est.)	Share of GDP, 2004 (%)
Morocco	2,161	3,261	2,877	3,614	4,218	8.4%
Egypt	2,852	2,911	2,893	2,961	3,341	4.4%
Algeria	790	670	1,070	1,750	2,460	2.9%
Nigeria	1,705	1,303	1,421	2,086	2,751	3.8%
Tunisia	796	927	1,071	1,250	1,432	5.1%
Sudan	641	740	978	1,224	1,403	7.2%
Senegal	233	305	344	511	511	6.7%
Kenya	538	517	395	494	494	3.2%
Lesotho	252	209	194	288	355	25.8%
Uganda	238	338	372	297	291	4.3%
Mauritius	177	215	215	215	215	3.6%
Mali	73	88	138	154	154	3.2%
Togo	34	69	103	149	149	7.2%
Cape Verde	87	81	85	92	92	9.7%
Benin	87	84	84	84	84	2.1%
Swaziland	74	74	62	62	62	2.6%
SSA	4,935	4,746	5,159	6,762	7,696	1.5%

Source: Background data to World Bank. Global Economic Prospects, 2006.

Policy Issues Related to Remittances

- Reduce remittance fees²⁴ to increase the disposable income of poor migrants and to motivate them to send more money home. Options include:
 - Increasing access to banking and strengthening competition in the remittance industry;
 - Helping to establish partnerships between remittance service providers and existing postal and other retail networks;
 - Requiring greater disclosure on remittance fees from remittance service providers; and.
 - Providing financial education to migrants.
- Capitalize on the impact of remittances through efforts to improve the overall investment climate in remittance recipient countries.

VI. Concluding Remarks

36. This comprehensive review of the flows of resources for development in Africa point to the continued importance of official aid as the main development financing instrument, particularly for the least developed countries. For other countries, non-aid flows are beginning to play a more influential role, making it essential to match financing instruments to specific countries' needs and capacity.

²⁴ The fees charged by remittance service providers are often as high as 10-15 percent for small transfers typically made by poor migrants. These costs are much higher than the actual cost of carrying out the transactions.

37. Also, much more effort will be needed to better understand the links between development assistance and other flows. For instance, the OECD/DAC²⁵ has issued guidelines on how development assistance can help developing countries mobilize more investments (both foreign and domestic) such as by lowering risks, developing economic infrastructure and financial markets, and strengthening the capacities of local firms. Development partners can also help to promote remittances flows through support to improve the business climate and strengthen competition in the remittance transfer market to help lower transfer fees. Efforts mentioned above would also help donors improve aid allocations among countries to optimize synergies and complementarities among various flows.

²⁵ OECD (2006).

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ANNEX TABLES

Annex Table 1: Net ODA disbursements, 1990-2005
(US\$ billions)

	1990	1995	2000	2001	2002	2003	2004	2005 (preliminary)
Total ODA	54.3	58.8	53.7	52.4	58.3	69.1	79.6	106.5
G8 Countries	42.4	44.7	40.2	38.2	42.6	50.0	57.6	80.1
United States	11.4	7.4	10.0	11.4	13.3	16.3	19.7	27.5
Japan	9.1	14.5	13.5	9.8	9.3	8.9	8.9	13.1
United Kingdom	2.6	3.2	4.5	4.6	4.9	6.3	7.9	10.8
France	7.2	8.4	4.1	4.2	5.5	7.3	8.5	10.1
Germany	6.3	7.5	5.0	5.0	5.3	6.8	7.5	9.9
Canada	2.5	2.1	1.7	1.5	2.0	2.0	2.6	3.7
Italy	3.4	1.6	1.4	1.6	2.3	2.4	2.5	5.1
Memo Item:								
EU Countries	28.3	31.2	25.3	26.4	30.0	37.1	42.9	55.7

Source: OECD Development Assistance Committee (DAC).

Annex Table 2: Main Components of ODA, 1990-2005
(US\$ billions)

	1990	1995	2000	2001	2002	2003	2004	2005 (preliminary)
Total ODA	54.3	58.8	53.7	52.4	58.3	69.1	79.6	106.5
Bilateral ODA	38.5	40.5	36.1	35.1	40.8	49.8	54.4	81.9
Debt relief	2.9	2.8	1.8	2.1	4.6	7.0	4.3	23.0
Technical co-operation	11.4	14.3	12.8	13.6	15.5	18.4	18.8	20.0
Emergency/distress relief	1.1	3.1	3.6	3.3	3.9	6.2	7.3	9.0
Administrative costs	2.0	2.9	3.1	3.0	3.0	3.5	4.0	4.0
Special purpose grants ^b	17.3	23.0	21.2	21.9	26.9	35.1	34.5	56.0
Multilateral ODA	15.8	18.3	17.7	17.3	17.5	19.3	25.1	24.5
Total ODA less debt relief	51.3	56.0	52.0	50.4	53.7	62.1	75.2	83.5
Total ODA less special purpose grants	37.0	35.8	32.6	30.5	31.4	34.0	45.1	50.4

Source: OECD Development Assistance Committee (DAC)

b. Special purpose grants include debt relief, technical cooperation, emergency/distress relief, and administrative costs.

Annex Table 3: Main Components of ODA, 1990-2005
(2004 constant prices, \$ billions)

	1990	1995	2000	2001	2002	2003	2004	2005 (preliminary)
Total ODA	70.4	62.0	66.7	68.0	72.5	75.4	79.6	104.5
Bilateral ODA	49.8	42.4	44.2	44.9	50.2	54.0	54.4	80.4
Debt relief	3.7	2.9	2.3	2.9	6.0	7.7	4.3	22.7
Technical co-operation	14.9	15.3	15.6	17.0	18.4	19.7	18.8	19.6
Emergency/distress relief	1.4	3.5	4.6	4.3	4.8	6.7	7.3	8.9
Administrative costs	2.5	3.0	3.7	3.7	3.7	3.8	4.0	3.9
<i>Special purpose grants^b</i>	22.5	24.7	26.2	27.8	32.8	37.9	34.5	55.2
Multilateral ODA	20.6	19.6	22.6	23.0	22.3	21.4	25.1	24.1
Total ODA less debt relief	66.7	59.2	64.4	65.1	66.5	67.7	75.2	81.8
Total ODA less special purpose grants	47.9	37.4	40.5	40.2	39.6	37.4	45.1	49.4

Source: OECD Development Assistance Committee (DAC)

b. Special purpose grants include debt relief, technical cooperation, emergency/distress relief, and administrative costs.

Annex Table 4: Paris Declaration Indicators
(To be measured nationally and monitored internationally)

OWNERSHIP		TARGET FOR 2010	
1	Partners have operational development strategies — Number of countries with national development strategies (including PRSs) that have clear strategic priorities linked to a medium-term expenditure framework and reflected in annual budgets.	At least 75% of partner countries have operational development strategies.	
ALIGNMENT		TARGETS FOR 2010	
2	Reliable country systems — Number of partner countries that have procurement and public financial management systems that either (a) adhere to broadly accepted good practices or (b) have a reform program in place to achieve these.	(a) Public financial management – Half of partner countries move up at least one measure (i.e., 0.5 points) on the PFM/ CPIA (Country Policy and Institutional Assessment) scale of performance.	
		(b) Procurement – One-third of partner countries move up at least one measure (i.e., from D to C, C to B or B to A) on the four-point scale used to assess performance for this indicator.	
3	Aid flows are aligned on national priorities — Percent of aid flows to the government sector that is reported on partners' national budgets.	Halve the gap — halve the proportion of aid flows to government sector not reported on government's budget(s) (with at least 85% reported on budget).	
4	Strengthen capacity by co-ordinated support — Percent of donor capacity-development support provided through co-ordinated programs consistent with partners' national development strategies.	50% of technical co-operation flows are implemented through co-ordinated programs consistent with national development strategies.	
5 a	Use of country public financial management systems — Percent of donors and of aid flows that use public financial management systems in partner countries, which either (a) adhere to broadly accepted good practices or (b) have a reform program in place to achieve these.	Percent of donors	
		Score*	Target
		5+	All donors use partner countries' PFM systems.
		3.5 to 4.5	90% of donors use partner countries' PFM systems.
		Percent of aid flows	
		Score*	Target
		5+	A two-thirds reduction in the % of aid to the public sector not using partner countries' PFM systems.
3.5 to 4.5	A one-third reduction in the % of aid to the public sector not using partner countries' PFM systems.		
5 b	Use of country procurement systems — Percent of donors and of aid flows that use partner country procurement systems which either (a) adhere to broadly accepted good practices or (b) have a reform program in place to achieve these.	Percent of donors	
		Score*	Target
		A	All donors use partner countries' procurement systems.
		B	90% of donors use partner countries' procurement systems.
		Percent of aid flows	
		Score*	Target
		A	A two-thirds reduction in the % of aid to the public sector not using partner countries' procurement systems.
B			

			A one-third reduction in the % of aid to the public sector not using partner countries' procurement systems.
6	Strengthen capacity by avoiding parallel implementation structures — Number of parallel project implementation units (PIUs) per country.		Reduce by two-thirds the stock of parallel project implementation units (PIUs).
7	Aid is more predictable — Percent of aid disbursements released according to agreed schedules in annual or multi-year frameworks.		Halve the gap — halve the proportion of aid not disbursed within the fiscal year for which it was scheduled.
8	Aid is untied — Percent of bilateral aid that is untied.		Continued progress over time.
HARMONIZATION		TARGETS FOR 2010	
9	Use of common arrangements or procedures — Percent of aid provided as program-based approaches.		66% of aid flows are provided in the context of program-based approaches.
10	Encourage shared analysis — Percent of (a) field missions and/or (b) country analytic work, including diagnostic reviews that are joint.		(a) 40% of donor missions to the field are joint.
			(b) 66% of country analytic work is joint.
MANAGING FOR RESULTS		TARGET FOR 2010	
11	Results-oriented frameworks — Number of countries with transparent and monitorable performance assessment frameworks to assess progress against (a) the national development strategies and (b) sector programs.		Reduce the gap by one-third — Reduce the proportion of countries without transparent and monitorable performance assessment frameworks by one-third.
MUTUAL ACCOUNTABILITY		TARGET FOR 2010	
12	Mutual accountability — Number of partner countries that undertake mutual assessments of progress in implementing agreed commitments on aid effectiveness including those in this Declaration.		All partner countries have mutual assessment reviews in place.

Important Note: In accordance with paragraph 9 of the Declaration, the partnership of donors and partner countries hosted by the DAC (Working Party on Aid Effectiveness) comprising OECD/DAC members, partner countries and multilateral institutions, met twice in 2005 to adopt, and review where appropriate, the targets for the twelve Indicators of Progress. At these meetings an agreement was reached on the targets presented under Section III of the present Declaration. This agreement is subject to reservations by one donor on (a) the methodology for assessing the quality of locally-managed procurement systems (relating to targets 2b and 5b) and (b) the acceptable quality of public financial management reform programmes (relating to target 5a.ii). Further discussions are underway to address these issues. .

***Note on Indicator 5:** Scores for Indicator 5 are determined by the methodology used to measure quality of procurement and public financial management systems under Indicator 2 above.

Annex Table 5: Country Implementation Progress on Harmonization and Alignment

	Harmoni- zation map	road Joint collaborative assistance strategy	/ Common performance assessment framework	Coordinated budget support	Sector-wide approaches	Joint diagnostic/ana- lytic work	Use of common arrangements	Independent monitoring Process
Substantial progress ^a								
Burkina Faso	○	○	●	●	●	●	●	●
Ghana	●	●	●	●	●	●	●	●
Mozambique	○	●	●	●	●	●	●	●
Tanzania	●	●	●	●	●	●	●	●
Uganda	●	●	●	●	●	●	●	●
Progress but not as widespread ^b								
Cameroon		○	○	○	○	○	○	●
Ethiopia	●		●	●	●	●	●	○
Malawi	○	●	●	●	●	●	○	○
Rwanda	●	○	●	●	○	●	●	●
Senegal	○	○	○	●	●	●	●	
Zambia	●		○	●	●	●	●	●

^a Countries showing substantive progress (at least four areas of substantial action).

^b Countries where actions are being taken but not across as broad a front as in the first category.

● denotes substantial or sustained action; ● denotes moderate action; ○ denotes action being initiated and at early stage; blank = little or no action

Note: This table depicts some of the most strategic actions/measures that governments and donors are taking in a selected list of countries to implement harmonization and alignment. The countries selected show a range and depth of implementation. This presentation should not be read that such activities are taking place only in the countries listed; rather, actions in one form or another are taking place in over 60 countries.

Source: World Bank staff estimates.

Annex Table 6: HIPC Debt Relief
(US\$ millions, in NPV terms in the year of decision)

	Reduction in NPV Terms			Nominal Debt Service Relief			Completion/ Decision Point Date
	Original HIPC Initiative	Enhanced HIPC Initiative	Total	Original HIPC Initiative	Enhanced HIPC Initiative	Total	
Countries that have reached their Completion Points (18)							
TOTAL 2/	3,118	19,020	22,138	6,364	31,252	37,616	
Benin	0	265	265	0	460	460	Mar-03
Bolivia	448	854	1,302	760	1,300	2,060	Jun-01
Burkina Faso 3/	229	324	553	400	530	930	Apr-02
Ethiopia 3/	0	1,982	1,982	0	3,275	3,275	Apr-04
Guyana	256	335	591	634	719	1,353	Dec-03
Ghana	0	2,186	2,186	0	3,500	3,500	Jul-04
Honduras	0	556	556	0	1,053	1,053	Apr-05
Madagascar	0	836	836	0	1,900	1,900	Oct-04
Mali	121	417	539	220	675	895	Mar-03
Mauritania	0	622	622	0	1,100	1,100	Jun-02
Mozambique	1,717	306	2,023	3,700	600	4,300	Sep-01
Nicaragua	0	3,308	3,308	0	4,500	4,500	Jan-04
Niger 3/	0	664	664	0	1,190	1,190	Apr-04
Rwanda 3/	0	696	696	0	1,400	1,400	Apr-05
Senegal	0	488	488	0	850	850	Apr-04
Tanzania	0	2,026	2,026	0	3,000	3,000	Nov-01
Uganda	347	656	1,003	650	1,300	1,950	May-00
Zambia	0	2,499	2,499	0	3,900	3,900	Apr-05
Countries that have reached their Decision Points (11)							
TOTAL 2/	0	12,613	12,613	0	21,632	21,632	
Burundi	0	826	826	0	1,472	1,472	Jul-05
Cameroon	0	1,260	1,260	0	2,800	2,800	Oct-00
Chad	0	170	170	0	260	260	May-01
Congo, Dem. Rep. of the	0	6,311	6,311	0	10,389	10,389	Jul-03
Congo, Rep. of	0	1,679	1,679	0	2,881	2,881	Mar-06
Gambia, The	0	67	67	0	90	90	Dec-00
Guinea	0	545	545	0	800	800	Dec-00
Guinea-Bissau	0	416	416	0	790	790	Dec-00
Malawi	0	643	643	0	1,000	1,000	Dec-00
São Tomé and Príncipe	0	97	97	0	200	200	Dec-00
Sierra Leone	0	600	600	0	950	950	Mar-02
Total debt relief committed 2/	3,118	31,633	34,750	6,364	52,884	59,248	

Sources: HIPC country documents; and World Bank and IMF staff estimates.

1/ Committed debt relief under the assumption of full participation of creditors.

2/ The total amounts shown are only indicative, as they represent the sum of individual commitments expressed in different NPV terms, corresponding to the time of the decision point of each HIPC.

3/ The assistance under the enhanced HIPC Initiative includes topping up with the NPV calculated in the year of the completion point.

**Annex Table 7: Multilateral Debt Relief Initiative (MDRI): Cumulative Relief for the 15 HIPC Completion Point Countries
(US\$ millions)**

	Benin	Burkina Faso	Cameroon	Ethiopia	Ghana	Madagascar	Mali	Mauritania	Mozambique	Niger	Rwanda	Senegal	Tanzania	Uganda	Zambia	Total
IDA	691	740	823	2,342	2,994	1,780	1,270	552	1,319	747	351	1,866	2,824	2,791	1,882	22,973
IMF	51	86	224	121	333	194	94	44	125	91	31	142	311	113	603	2,562
AfDB	381	359	243	770	507	390	587	274	575	202	107	434	639	544	251	6,262
Total	1,123	1,185	1,290	3,233	3,834	2,364	1,951	870	2,018	1,040	489	2,442	3,774	3,448	2,736	31,796

Sources: AfDB, IMF and World Bank. Staff estimates.

Notes: For IDA and the IMF, the debt relief is calculated at the exchange rate SDR 1 = US\$ 1.47738. -

For the AfDB, it is calculated at the exchange rate UA 1 = US\$ 1.553.

**Annex Table 8: Government Revenue, Excluding Grants
(Percent of GDP)**

	1997-2001	2002	2003	2004	2005
Oil-exporting countries	22.2	24.2	22.5	25.9	28.7
Angola	42.6	43.4	37.5	37.9	41.9
Cameroon	15.2	15.2	15.9	15.2	17.2
Chad	7.7	8.0	7.9	8.6	10.2
Congo, Rep. of	26.9	27.2	29.1	32.2	39.7
Côte d'Ivoire	17.6	17.8	16.9	17.6	17.3
Equatorial Guinea	22.7	28.5	28.7	34.4	42.9
Gabon	32.7	31.5	29.7	28.8	28.3
Nigeria	19.8	22.9	21.0	26.7	28.0
Oil-importing countries	20.8	20.0	21.2	22.4	23.6
Benin	15.0	16.3	16.6	16.4	16.1
Botswana	42.7	40.1	40.7	40.6	40.5
Burkina Faso	11.8	11.4	12.1	12.7	12.6
Burundi	17.2	20.3	21.1	20.1	19.5
Cape Verde	20.3	22.6	21.3	22.8	23.5
Central African Republic	8.9	10.8	7.7	8.1	8.2
Comoros	12.2	16.7	16.1	15.3	15.0
Congo, Dem. Rep. of	5.4	7.9	7.7	9.6	11.4
Ethiopia	14.9	16.6	16.4	16.6	16.0
Gambia, The	17.8	16.3	15.7	20.9	20.3
Ghana	17.6	17.9	20.8	23.8	24.9
Guinea	11.1	12.0	10.5	10.4	12.9
Guinea-Bissau	14.8	15.3	15.2	17.2	19.7
Kenya	20.3	19.6	19.7	21.4	21.2
Lesotho	43.0	40.1	41.6	49.8	54.3
Madagascar	10.6	8.0	10.3	12.0	10.8
Malawi	16.9	17.7	22.0	23.2	25.6
Mali	13.5	15.9	16.4	17.4	17.6
Mauritius	19.7	18.3	20.0	19.9	19.7
Mozambique	12.0	12.4	12.9	12.6	13.7
Namibia	32.4	30.5	29.3	29.6	30.8
Niger	8.9	10.6	9.9	10.8	10.2
Rwanda	10.4	12.3	13.5	13.9	14.6
Sao Tomé and Príncipe	14.4	23.3	25.6	28.4	105.2
Senegal	17.2	19.1	19.3	19.3	20.2
Seychelles	42.6	40.0	49.3	49.1	50.4
Sierra Leone	8.9	12.1	12.4	12.3	12.2
South Africa	23.5	23.3	23.3	24.2	25.9
Swaziland	28.5	25.4	25.3	29.8	32.1
Tanzania	11.2	11.0	11.4	11.8	12.9
Togo	13.5	12.3	16.5	16.2	14.6
Uganda	11.3	12.2	12.2	12.6	12.9
Zambia	19.0	17.9	18.0	18.3	17.6
Zimbabwe	25.0	17.9	24.9	33.8	44.2
Sub-Saharan Africa	21.3	21.1	21.6	23.4	25.1
Excl Nigeria and S. Africa	19.3	19.3	20.2	21.5	23.4

Source: IMF, African Department database.

**Annex Table 9: Workers' Remittances, Compensation of Employees, and Migrant Transfers
(US\$ millions)**

	1990	1995	2000	2001	2002	2003	2004e
Angola	0	..	..	..	..	..	..
Benin	101	100	87	84	84	84	84
Botswana	86	59	26	26	27	27	27
Burkina Faso	140	80	67	50	50	50	50
Burundi	0	..	..	..	..	..	..
Cameroon	23	11	11	11	11	11	11
Cape Verde	59	106	87	81	85	92	92
Central African Republic	0	..	..	..	..	..	..
Chad	0	..	..	..	..	..	..
Comoros	10	12	12	12	12	12	12
Congo, Dem. Rep.	..	..	..	..	..	..	..
Congo, Rep.	0	4	10	1	1	1	1
Cote d'Ivoire	44	151	119	116	120	142	148
Equatorial Guinea	0	0	..	..	..	..	..
Eritrea	..	..	3	..	..	..	..
Ethiopia	5	27	53	18	33	46	46
Gabon	0	4	6	5	3	6	6
Gambia, The	10	19	14	7	7	8	8
Ghana	6	17	32	46	44	65	82
Guinea	0	1	1	9	15	111	42
Guinea-Bissau	1	..	2	10	18	23	23
Kenya	139	298	538	517	395	494	494
Lesotho	428	411	252	209	194	288	355
Liberia	..	..	..	..	..	..	..
Madagascar	8	14	11	11	17	16	16
Malawi	0	1	1	1	1	1	1
Mali	107	112	73	88	138	154	154
Mauritania	14	5	2	2	2	2	2
Mauritius	0	132	177	215	215	215	215
Mozambique	70	59	37	42	53	69	58
Niger	14	8	14	22	19	25	25
Nigeria	10	804	1,705	1,303	1,421	2,086	2,751
Rwanda	3	21	7	8	7	7	7
Sao Tome and Principe	0	0	0	1	1	1	1
Senegal	142	146	233	305	344	511	511
Seychelles	8	1	0	2	2	2	2
Sierra Leone	0	24	7	7	22	26	26
South Africa	136	105	344	297	288	435	521
Sudan	62	346	641	740	978	1,224	1,403
Swaziland	113	83	74	74	62	62	62
Tanzania	0	1	8	10	7	7	7
Togo	27	15	34	69	103	149	149
Uganda	0	0	238	338	372	297	291
Zambia	0	..	..	..	..	..	..
Zimbabwe	1	..	..	..	..	..	..
SUB-SAHARAN AFRICA	1,767	3,177	4,926	4,737	5,151	6,749	7,683
Algeria	352	1,120	790	670	1,070	1,750	2,460
Egypt, Arab Rep.	4,284	3,226	2,852	2,911	2,893	2,961	3,341
Morocco	2,006	1,970	2,161	3,261	2,877	3,614	4,218
Tunisia	551	680	796	927	1,071	1,250	1,432
Libya	0	..	9	10	7	8	8
NORTH AFRICA	7,193	6,996	6,608	7,779	7,918	9,583	11,459

Source: Global Economic Prospects 2006: Economic Implications of Remittances and Migration, World Bank. 2006.