Figure 3.11. Aid Dependency Ratios in Sub-Saharan Africa under the Millennium Development Goals

Dependency on aid would increase significantly if the Millennium Development Goals were implemented. The number of countries with ratios of aid to government expenditure exceeding 50 percent would increase from 16 to about 26.

Sources: Moss and Subramanian (2005); World Bank, World Development Indicators (2005); and IMF staff estimates.

Current figures refer to 2002 or the latest year for which data are available. Projections are an average over the following six different scenarios for likely aid flows: (1) doubling aid to GDP for all countries; (2) same as (1) except that aid to GDP is tripled for countries in the top two quintiles of the World Bank’s CPIA ratings; (3) a 10 percent increase in the ratio of government expenditure to GDP of which 8 percentage points is financed by increased aid; (4) an additional $130 billion in aid distributed equally over all low income countries; (5) an increase in aid per capita of US$70 for all countries; and (6) an increase in government expenditure per capita to $143 for all countries with additional aid financing the increase.