Chapter 6

Relations between aid and fragility

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This chapter examines the statistical relationships between official development assistance (ODA) and fragility. It begins by examining ODA flows to fragile contexts historically and projections of future aid disbursements. It then presents an analysis of the relationship between ODA inflows, both in absolute levels and as a percentage of the recipient context’s gross national income, and measures of fragility. This analysis first looks at the relationship between ODA flows and multidimensional fragility. Second, it looks at the relationship between ODA and the individual dimensions of fragility – economic, environmental, political, security and societal – to determine whether aid is addressing the root causes of fragility. The chapter concludes with a review of the quality of finance to fragile contexts.
This chapter examines the statistical relationships between aid and fragility. The focus is on the significance of aid from the standpoint of the recipients and how aid corresponds to their particular forms of fragility. For this, ODA is calculated including debt relief and alternatively considered in per capita terms and as a fraction of the recipient’s gross national income (GNI).  

**ODA flows to contexts considered fragile have increased**

Taken as a whole, the contexts classified as fragile in the 2016 fragility framework (Chapter 3) received 33% less aid than other developing countries in 2000. In 2014, they received 29% more than other developing countries (Figure 6.1). Part of this increase is attributable to the surge in ODA flows to Iraq between 2003 and 2005 and to Afghanistan between 2006 and 2009. But aid flows to other fragile contexts have also risen substantially. According to the OECD-DAC 2016 Forward Spending Survey, which captures country programmable aid projections, the difference in favour of fragile contexts is expected to stabilise in the coming years.

![Figure 6.1. Aid to fragile contexts compared to other developing countries](http://dx.doi.org/10.1787/888933441923)

**ODA has not targeted fragility in per capita terms**

ODA has targeted fragile contexts in recent years when absolute levels are considered, but not if the recipient’s national income or population size are taken into account.

On average, developing countries benefitted from net inflows of ODA equivalent to 5.3% of their GNI between 2011 and 2014. Of these, 39 contexts received more than this average, among them Kenya (5.4%) and Liberia (41.5%). Together, these 39 contexts have 10% of the total population of all ODA recipients, 2% of their aggregate GNI and 43% of the total ODA flows between 2011 and 2014.

Fragility is not equivalent to high levels of aid dependence. Of the 39 largest recipients of ODA relative to their GNI, 8 are classified in this report as extremely fragile and 22 as fragile. This means that 7 extremely fragile and 19 fragile contexts – nearly half of the world’s most fragile contexts – are not among the major aid recipients as a percentage of GNI.
But the picture is even more contrasted when aid is considered in per capita terms.

On average, net ODA inflows to all developing countries represented USD 77.7 per inhabitant between 2011 and 2014. Of these, 43 developing country recipients received more than the average ODA inflows; these countries were home to 4% of the population of all developing country recipients, 2% of their GNI and 31% of total ODA flows. Thus, the contexts that have benefitted from high levels of support per capita typically have small populations and low levels of income per capita. However, they are generally not fragile: only 11 of the 43 developing countries receiving above average inflows of ODA are classified as fragile, of those only 4 are amongst the extremely fragile contexts.

Table 6.1 presents these results in terms of proportions, and provides a breakdown by type of ODA.

The 43 main recipients in per capita terms have strong chances of receiving high levels of support in sectors such as health, education, and support to government and civil society (as well as agriculture, water and sanitation, transport, and energy). For instance, 70% of those 43 countries receive higher than average health ODA per capita. Indeed, ODA expenditure in the areas of health, education, transport, agriculture and energy tends to be concentrated in these same contexts.

With regard to fragile contexts, the general pattern discussed above – namely that fragile and extremely fragile contexts are not particularly favoured in terms of ODA per capita – also applies to a majority of these important aid sectors. Extremely fragile contexts that receive higher than average ODA per capita receive only 20% for government and civil society support (compared to 24% for all recipients), 20% for education (compared to 29%) and 20% for budget support (compared to 27%).

In a number of other sectors such as energy, water and sanitation, transport, communications, disaster prevention, and banking and finance, extreme fragility is an even stronger handicap. No extremely fragile context is a major recipient of ODA to banking and finance in per capita terms. However, extremely fragile contexts receive proportionately higher ODA flows than the average of all recipients in emergency response, food assistance and health.3

It appears, therefore, that ODA in general targets fragile contexts, but not when the size of the population or the level of income is taken into account. Extremely fragile contexts have a handicap in that attracting large amounts of aid to some sectors requires reasonably developed public institutions (budget support, government and civil society) or economies (communications, banking and finance), which are often not available in these places. Instead, donors as a whole seem to specifically target extremely fragile contexts with emergency response ODA.

Table 6.1. ODA recipients with above average levels of ODA per capita in different sectors

<table>
<thead>
<tr>
<th>Context categories</th>
<th>Emergency response</th>
<th>Government/ civil society</th>
<th>Budget support</th>
<th>Education</th>
<th>Health</th>
<th>Banking/ finance</th>
</tr>
</thead>
<tbody>
<tr>
<td>43 main recipients in per capita terms</td>
<td>30% receive above average ODA per capita in this sector</td>
<td>60%</td>
<td>44%</td>
<td>67%</td>
<td>70%</td>
<td>40%</td>
</tr>
<tr>
<td>Extremely fragile contexts</td>
<td>80%</td>
<td>20%</td>
<td>20%</td>
<td>20%</td>
<td>47%</td>
<td>0%</td>
</tr>
<tr>
<td>Other fragile contexts</td>
<td>20%</td>
<td>20%</td>
<td>44%</td>
<td>20%</td>
<td>49%</td>
<td>10%</td>
</tr>
</tbody>
</table>

StatLink: http://dx.doi.org/10.1787/888933442165
Aid does increase with fragility, however all fragile contexts and all dimensions of fragility are not treated in the same way

This section considers the relations between ODA inflows, in absolute levels, in per capita terms and as a percentage of the GNI of the recipient, and measures of fragility including those that are multidimensional and specific to the security, political, economic, social and environmental dimensions of fragility.

It should be emphasised that statistical correlations, which are used here, are not a measure of causality. The analysis in this section therefore should not be interpreted as a claim that a particular form of fragility is the cause for a particular type of aid, but rather that the logic of aid disbursements, whatever its actual determinants, leads to providing more of a particular type of aid to contexts characterised by a particular form of fragility.4

Aid and multidimensional fragility

The amount of aid received by a context is positively correlated to its degree of fragility (Figure 6.2). Of the 15 contexts classified as extremely fragile in this report, only 5 received less than USD 1 billion in ODA on average between 2011 and 2014: Burundi, the Central African Republic, Chad, Eritrea and Yemen. Four countries received more than USD 2.4 billion a year: Afghanistan, the Democratic Republic of the Congo (mostly because of debt relief), Ethiopia and the Syrian Arab Republic (hereafter “Syria”).

Figure 6.2. ODA inflows and multidimensional fragility

In order to measure the importance of the support received through aid from the standpoint of recipient countries, it is useful to consider incoming ODA flows relative to the recipient’s GNI.5 The relationship between ODA and fragility then appears even more clearly (Figure 6.3). The situations of Burundi, the Central African Republic, the Democratic Republic of the Congo and Ethiopia appear very different when the size of their economies is taken into account. Burundi and Ethiopia are in fact large receivers of ODA given their level of fragility, while the latter two are close to the average. Afghanistan and, at lower levels of fragility, Liberia, Malawi and the Solomon Islands, are the countries that receive the highest levels of ODA support relative to their levels of income.
One of the interesting features of the figures above is that aid recipients are distributed inside a cone, signalling that the dispersion of aid by level of fragility increases with fragility. In other words, extremely fragile contexts receive very different levels of support through ODA in proportion to their income, while non-fragile contexts are treated in a very homogenous way.

The picture changes radically when ODA is considered in per capita terms. The general relation between aid and fragility then becomes negative (although not in a statistically significant manner), with extremely fragile contexts all receiving moderate levels of support (Afghanistan being the only exception) compared to other countries (Figure 6.4).

Aid and economic fragility

Among all measures of dimensional fragility, weakness in the long-term drivers of growth is the most strongly correlated with aid inflows in percentage of GNI (Figure 6.5). It is also the dimensional measure that best reproduces the cone-shaped distribution observed in Figure 6.2 for cross-dimensional fragility. In other words, both the average support received through ODA and disparities in that support among recipients increase with the severity of fragility, from less fragile to more fragile contexts, with respect to their economic fundamentals.

The fragility of long-term drivers of growth provides a possible explanation for the fact that countries with moderate to low levels of fragility in other dimensions, such as Liberia, Malawi and the Solomon Islands, still receive high levels of ODA in proportion to their GNI.

As mentioned previously, however, the positive relationship between aid and fragility is lost when the former is measured as ODA inflows per capita. Some of the extremely fragile contexts with respect to the long-term drivers of growth receive fairly high levels of ODA per capita (Liberia, the Solomon Islands and South Sudan), but others do not (Burundi, the Central African Republic, Chad and the Democratic Republic of the Congo). In some specific sectors, ODA per capita is even negatively correlated to fragility in the long-term drivers of growth. This is the case, for instance, for industry, mining and construction ODA (Figure 6.6), which tends to privilege non-fragile contexts with relatively sound economic fundamentals (such as Mauritius, Serbia and Tunisia).
By contrast, fragility in the long-term drivers of growth is positively correlated (although not significantly) with emergency response ODA per capita. This underscores an interesting paradox: while some contexts that are fragile with respect to their economic fundamentals do receive higher levels of aid per capita, the type of aid that they receive is geared towards the handling of crises rather than the strengthening of their economic structures. In these contexts, donors therefore seem to respond to the dramatic manifestations of economic fragility (or of other types of fragility) rather than address its root causes.

### Aid and environmental fragility

Household and community-level vulnerability is the dimensional fragility measure the most strongly correlated to aid flows as a percentage of GNI after fragility in the long-term drivers of growth (Figure 6.7). ODA inflows as a share of GNI increase regularly with environmental vulnerability. Afghanistan, Liberia and the Solomon Islands are the main examples on one side, with higher aid inflows than average given their level of vulnerability while on the other side, Chad and Eritrea have lower receipts than average given their level of environmental fragility.
The positive correlation is also lost when ODA is considered in per capita terms. However, among the sectors of ODA, emergency response is correlated to environmental vulnerability. Some of the largest recipients of emergency response aid per capita also rank highest on household and community-level vulnerability: the Central African Republic, Somalia and South Sudan (Figure 6.8).

**Figure 6.8. Emergency response ODA per capita and fragility due to household and community-level vulnerability**

By contrast, disaster prevention ODA is statistically uncorrelated with environmental vulnerability, both in per capita terms and as a percentage of GNI (Figure 6.9). This reinforces the general finding that fragile contexts are primarily receivers of humanitarian assistance rather than support oriented towards the causes of their fragility.

Figure 6.9. Disaster prevention ODA as a percentage of GNI and fragility due to household and community-level vulnerability

Aid and political fragility

Political fragility appears to be almost totally uncorrelated with the amount of aid received in the years 2011-14 relative to the recipient's GNI (Figure 6.10). This means that the index of political fragility, which measures the lack of checks and balances in political institutions and weaknesses in the protection of human rights, does not in itself explain the level of ODA support. Contexts with weak accountability and limited restraints on the powers of the executive can receive high levels of ODA (Afghanistan, Burundi, Central African Republic, Central Democratic Republic of the Congo and South Sudan) or very low levels of ODA (Cameroon, Chad, Egypt, Eritrea, Sudan and Yemen). At the other end of the spectrum, contexts with fairly strong norms of accountability and restraints on executive powers can also receive strong support (Cabo Verde, Sao Tome and Principe, and the Solomon Islands) or almost none (Botswana, Mauritius, Serbia and Suriname).
The correlation between political fragility and aid per capita is negative, both for total ODA and in specific relevant sectors such as support to the government and civil society (Figure 6.11). The very few contexts that receive non-negligible support in this sector have a wide range of levels of accountability and protection of human rights: from very low (e.g. Afghanistan) to average (e.g. Timor-Leste) or fairly high (e.g. the Solomon Islands).
**Aid and security fragility**

Fragility in the security dimension is measured by weaknesses in the rule of law and the extent to which the state controls its territory. The relative magnitude of ODA flows as a percentage of GNI is not significantly correlated with this measure of security fragility (Figure 6.12). This is due to the presence of two groups of contexts. The first comprises those that receive high levels of aid and have weak to moderate levels of security fragility, such as Burundi, Liberia, Malawi and the Solomon Islands. The second group of these contexts receive very limited amounts of aid relative to their GNI, and includes Egypt, Iraq, Libya, Pakistan, Sudan, Ukraine and Yemen.

![Figure 6.12. ODA as a percentage of gross national income and security fragility](http://dx.doi.org/10.1787/888933442033)

The picture is different, however, when the focus is placed on peacebuilding ODA, and particularly on the subcategory of conflict prevention, peace and security ODA. The amounts at stake are of course very limited (less than 0.5% of the recipient’s GNI in most cases), but they tend to increase with fragility, even when considered in per capita terms (Figure 6.13). Among the group of extremely fragile contexts with regard to security, Afghanistan, Libya, Somalia, and the West Bank and Gaza Strip, receive particularly high levels of aid per capita while Iraq, Libya, Sudan and Yemen receive negligible levels.
Aid and societal fragility

The first measure of societal fragility, namely the lack of access to justice and accountability, and horizontal inequalities, is not significantly correlated to aid as a percentage of GNI; with ODA per capita, the correlation is negative (Figure 6.14).
Fragile contexts tend to receive “firefighting” support and to be left out of long-term development support

Several important sectors of ODA such as agriculture, education, transport and health are correlated across the range of recipients. This means that often, when a context receives aid in one sector, e.g. health, it tends to also have inflows of aid to others such as agriculture, etc.

The most salient aspect of sectoral ODA per capita is indeed that some recipients tend to receive limited aid support and others strong aid support across the range of sectors. This is captured by the first axis of Figure 6.15, which ranks contexts according to the amount of an “average aid basket” that they receive per capita. 6

Given this general pattern, the second most salient feature of analysis of sectoral ODA flows is the opposition between aid to long-term development sectors such as energy, communications, tourism, environmental protection, water and sanitation, industry and disaster prevention, and so-called “firefighting” aid for conflict prevention, reconstruction and emergency response. Contexts with higher values on the vertical axis of Figure 6.15 receive predominantly “firefighting” aid, while those with lower values receive comparatively more aid with long-term development potential.

As the figure shows, the vast majority of ODA recipients can be characterised as small recipients with fairly balanced structures of ODA between “firefighting” and “long-term development” (dense group of points at the centre-left of the figure). As the amount of aid per capita increases, non-fragile contexts tend to diverge towards long-term development aid, while fragile contexts are very often on the firefighting side of the figure.

Figure 6.15. Principal component analysis of ODA sectors per capita

<table>
<thead>
<tr>
<th>Type of aid (long-term development vs. firefighting)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extreme fragility</td>
</tr>
</tbody>
</table>

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http://dx.doi.org/10.1787/888933442063
Notes

1. To relate the two indicators, note that ODA as a fraction of GNI is also equal to ODA per capita as a fraction of GNI per capita – so that if two countries receive the same level of aid per capita, the richer (in terms of income per capita) has a lower ODA/GNI ratio.

2. All ODA amounts are expressed in constant 2014 USD in this chapter.

3. Emergency response is one of the subcategories of humanitarian assistance ODA, together with reconstruction relief and rehabilitation and disaster prevention and preparedness.

4. Aid dependence, measured variously as net ODA as a percentage of GNI, total ODA per capita and total humanitarian aid per capita, is used as an indicator in the fragility framework. The presence of the aid dependence indicator is, however, unlikely to play a significant role in the observed relationship between fragility and net ODA inflows because aid dependence only has limited influence on the measures of economic fragility (namely, long-term drivers of economic growth and labour market imbalances), and even more so on the multidimensional measure of fragility (see Annex A).

5. Four countries do not appear in the analyses of ODA relative to GNI because of the lack of data regarding their national income: Djibouti (non-fragile), Democratic People’s Republic of Korea (fragile), Somalia and Syria (extremely fragile).

6. Annex A provides the detailed results of the principal components analysis of sectoral ODA per capita.

Reference
