

SECTOR 07 OF 12

HOW SURE WE ARE: OBSERVED

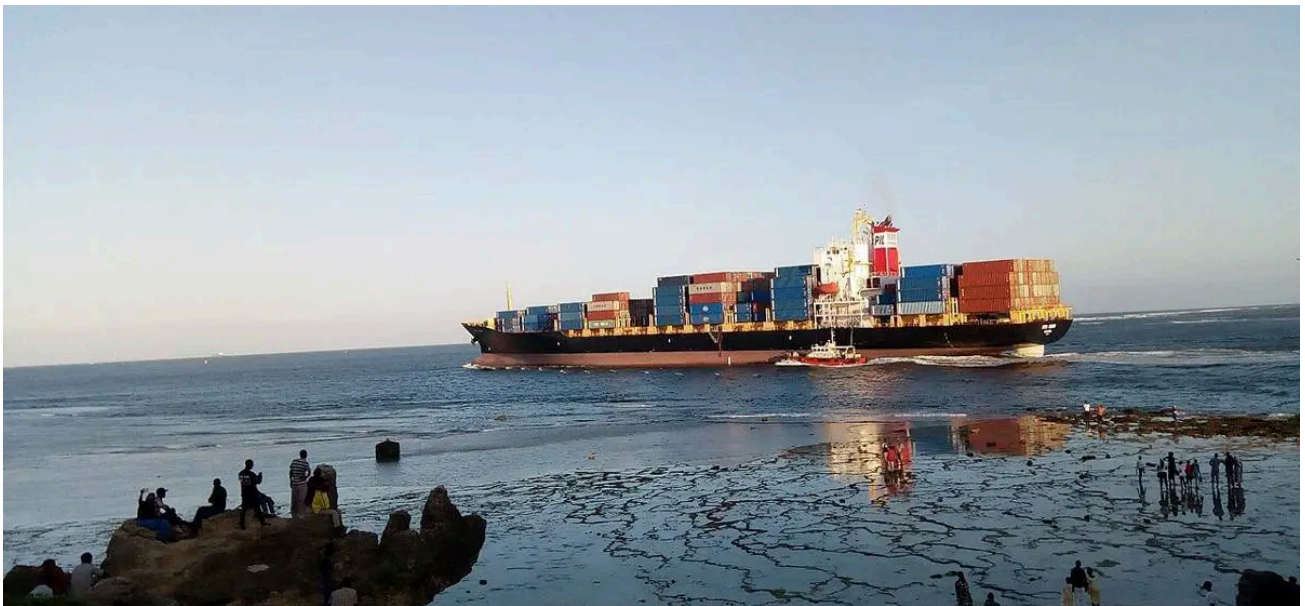
9 min read

Development cooperation

Grants for Africa are shrinking fast, and the money that replaces them asks for data, a share of the budget or market interest.

IN BRIEF

- Aid from governments fell by almost a quarter in 2025, the largest fall on record, and aid to Africa fell even faster.
- The money that remains now comes as deals where the receiving government pays a rising share, as loans at market rates, or as funding linked to migration.
- African governments should agree one common set of terms for these deals, and parliaments should weigh every new promise against what the country already pays in interest.



A container ship leaving the port of Mombasa, Kenya.

Photo: Ian Kiptoo, [CC BY 4.0](#), via [source page](#).

\$174.3bn

All aid from governments in 2025, down 23.1% after inflation

Source: one.oecd.org

\$29.0bn

Aid to Africa through donor countries' own programmes in 2025, down 23.9%

Source: one.oecd.org

-11.6%

Further fall expected in 2026 in donor countries' own aid to sub-Saharan Africa

Source: oecd.org

\$741bn

Net outflow on foreign debt from developing countries, 2022 to 2024

Source: worldbank.org

\$415bn

Interest paid on foreign debt by low and middle income countries in 2024, a record

Source: worldbank.org

8 to 27

African countries paying over 10% of revenue in interest, 2010 and 2024

Source: unctad.org

01

HOW SURE WE ARE: OBSERVED

What happened at the UN

In New York, African leaders spoke mostly about debt and the cost of borrowing. Kenya's President said global public debt had reached \$102 trillion. He added that 46 countries spend more on interest than on health and education together. Nigeria's finance minister spoke of a "prejudice premium", an extra cost that African borrowers pay because of how lenders see them. No debt deal or new cheap lending was announced, so Africa's complaint brought no new money.

The European Union (EU) announced €710 million of aid on 26 September. Of this, €380 million is for sub-Saharan Africa and is linked to migration. So the largest new offer of European money to Africa that week was tied to what Europe wants on its borders.

Africa's own work on debt happens elsewhere. African officials discussed a Common African Position on Debt in Harare in July. The African Credit Rating Agency launches in Port Louis, Mauritius, on 7 October. It is hosted by the African Peer Review Mechanism (APRM), the AU body through which governments review each other. It is a year late. The agency will grade governments and companies,

with a focus on debt in local currencies. Its grades could matter most for loans raised from African savers at home.

The United States pulled out of the 2025 UN financing conference in Seville, Spain. That conference put the gap in funding for the world's shared development targets for 2030 at \$4 trillion. As chair of the G20, the group of large economies, the United States has left debt and development finance off the agenda. South Africa, a G20 member, is not invited to the summit in Miami in December. The forum that oversees debt relief for poor countries will not discuss it this year.

Sources for this section (5)

- [UNRIC: the EU announces €710 million at the General Assembly](#)
- [APRM: launch of the African Credit Rating Agency on 7 October 2026](#)
- [Nairametrics: the AU sets the launch date after the delay](#)
- [UN News: the Seville conference and the \\$4 trillion gap](#)
- [Council on Foreign Relations: the narrow US agenda for the G20](#)

02

HOW SURE WE ARE: OBSERVED

What is really going on

Aid fell 23.1% in 2025 after inflation, the largest fall on record. The United States caused three-quarters of the fall, cutting its own aid by 57%. Germany cut 17% and still became the largest donor for the first time, giving \$29.1 billion. France and the United Kingdom each cut about 11%, and Japan cut 6%. Sweden and Norway were the only large donors to give more. Humanitarian aid, which pays for emergency food, shelter and medicine, fell 36%.

Africa lost more than the average. Donor countries' own aid to sub-Saharan Africa fell 26% in 2025, to \$24.5 billion. The Organisation for Economic Co-operation and Development (OECD), which keeps the official aid figures, expects a further fall of 11.6% in 2026. It expects aid to the most fragile African states to fall by 38% between 2024 and 2026. Aid to the Sahel may fall by 36%, and aid for health by between 29% and 46%. Shared lenders and funds, such as the World Bank, are not expected to fill the gap. The poorest and least stable countries are losing the most.

Low and middle income countries owed a record \$8.9 trillion abroad at the end of 2024. That year they paid \$415 billion in interest alone. Between 2022 and 2024 they paid out \$741 billion more than they received in new loans. It was the largest gap in at least 50 years. New bonds cost around 10% a year, double the rate before 2020. The World Bank's chief economist, Indermit Gill, warned governments against "rushing back into external debt markets". For many African treasuries, borrowing abroad has become a drain on the budget.

The World Bank's fund for the poorest countries, the International Development Association (IDA), promised \$100 billion in its latest round, from \$23.7 billion in donor pledges. Forty of the 78 countries that can use it are in sub-Saharan Africa. In 2024 the World Bank put \$18.3 billion more into these countries than it took back. The US budget request cut the US pledge to IDA from \$4 billion to \$3.2

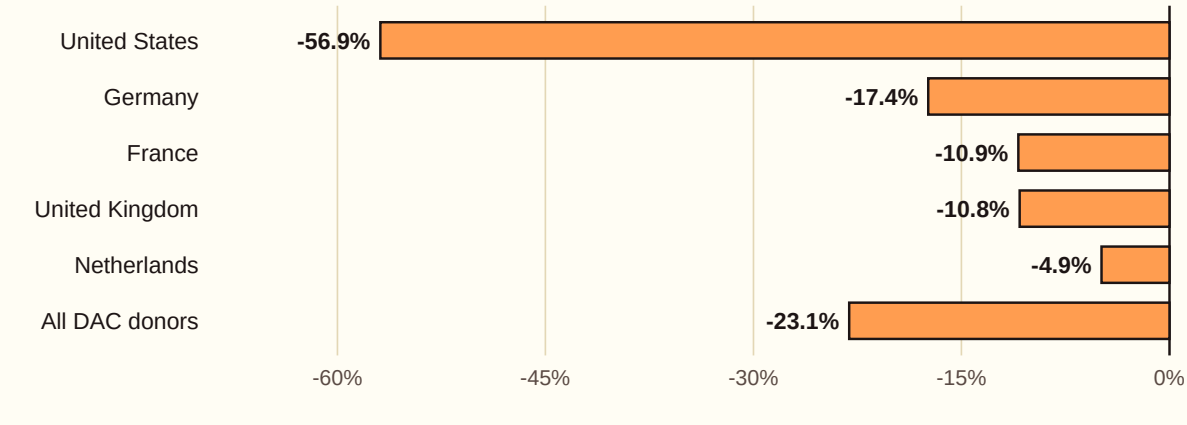
billion. The African Development Fund raised \$11 billion in its latest round. Its cheapest money is flat after inflation, and the growth comes from borrowing on markets. So cheap money for Africa's poorest states is not growing.

Governments in sub-Saharan Africa sold \$14 billion of Eurobonds in 2025, and \$5.5 billion in the first two months of 2026. Chinese lending to Africa fell to \$2.1 billion for six projects in 2024, and Angola received \$1.45 billion of it. The United Arab Emirates (UAE) announced \$110 billion of African projects between 2019 and 2023, most of it in renewable energy. Saudi Arabia pledged \$41 billion for infrastructure in October 2024. Each of these comes at market interest or goes to a small number of large projects.

In 2016, donors promised to send 25% of humanitarian money straight to local and national organisations. In 2025 they sent 4.3%, and the amount reaching these groups fell 27%. As donors pull out, local groups are left to deliver services and carry the risk without flexible money to do it.

The US cut more than half its aid in 2025, and every large European donor cut too

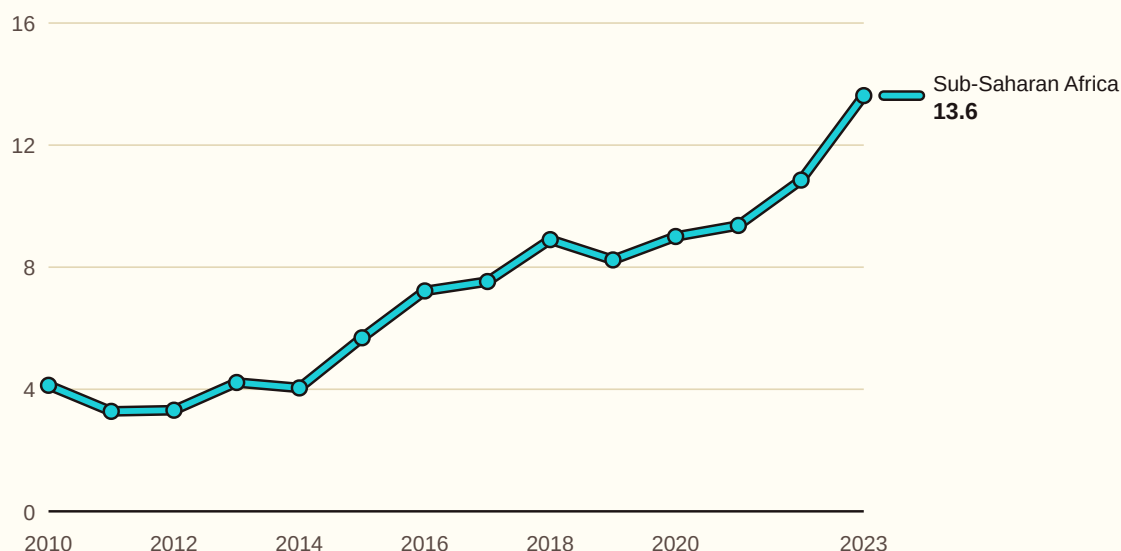
Change in official development assistance, 2025 against 2024, % in real terms



Source: [OECD, preliminary ODA data for 2025](#)

Interest now takes more than an eighth of government revenue in sub-Saharan Africa

Interest payments, % of revenue



Source: [World Bank \(GC.XPN.INTP.RV.ZS\)](#)

Sources for this section (10)

- [OECD: preliminary aid figures for 2025, by donor and region](#)
- [OECD: aid projections for 2026, including sub-Saharan Africa, fragile states and health](#)
- [World Bank: developing countries pay out more on debt than they receive](#)
- [World Bank: donors pledge to IDA21](#)
- [Center for Global Development: the cut to the US pledge to IDA](#)
- [African Development Fund: report on its 17th replenishment](#)
- [IMF: Regional Economic Outlook for sub-Saharan Africa, April 2026, on Eurobonds](#)
- [Boston University: Chinese loans to Africa, 2000 to 2024](#)
- [South African Institute of International Affairs: Gulf finance in Africa](#)
- [ALNAP: how much humanitarian money reaches local organisations](#)

Country by country

In February 2026 Kenya borrowed \$2.25 billion abroad, partly to buy back older debt. It pays 8.7% a year on bonds due in 2039 and 7.875% on bonds due in 2034. Côte d'Ivoire raised \$1.3 billion for 15

years at 5.39%, so markets price African borrowers very differently. Interest already took 24.3% of Kenya's revenue in 2023. Kenya's health deal with the United States, signed in December 2025, is worth \$2.48 billion over five years, and Kenya pays \$850 million of it. The High Court suspended the deal within weeks, because its data terms clashed with Kenya's own data protection law.

Ethiopia shows how slow the G20 Common Framework, the process for cutting poor countries' debts, still is. Ethiopia agreed terms with the governments it owes in July 2025. In January 2026 they rejected its deal with private bondholders as too generous to them. A revised deal in June 2026 swaps a \$1 billion bond for \$880 million at 6.15%, due in 2029. Zambia, Ghana and Chad have mostly finished their cases. In June the Paris Club, a group of creditor governments, said the process must become faster. Even the lenders now accept that countries wait too long for relief.

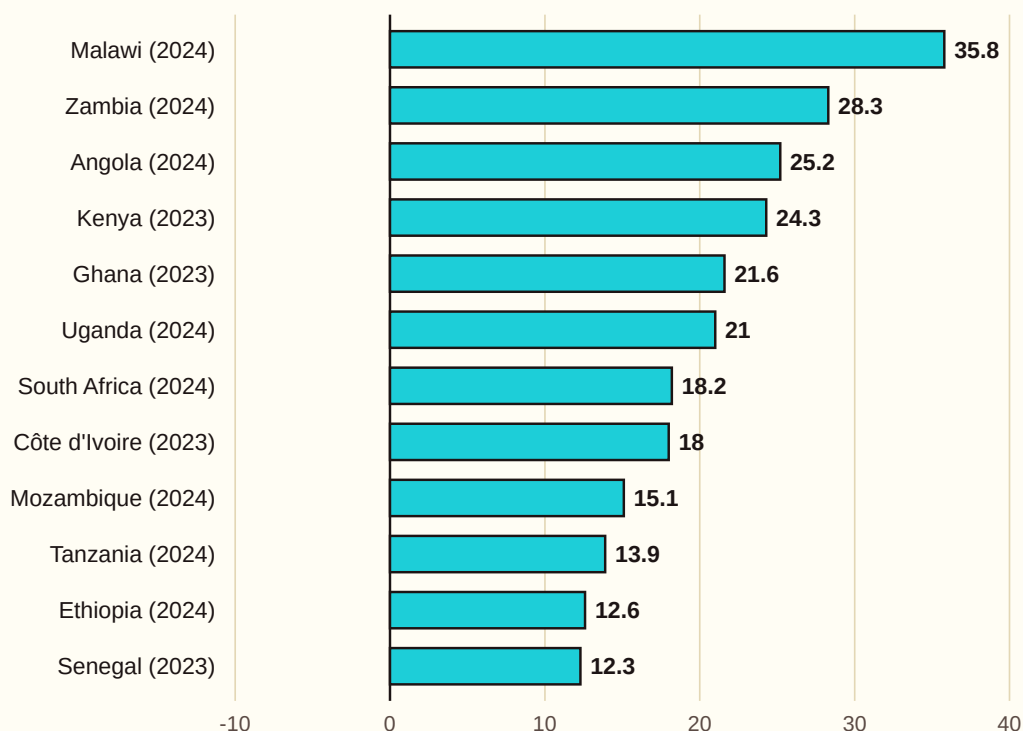
Senegal is the clearest African failure. Its previous government hid borrowing, and the International Monetary Fund (IMF) found that Senegal had given it false figures. On 1 September 2026, IMF staff agreed a new \$2.2 billion loan programme that requires Senegal to correct this. The government says it will ask for its debts to be restructured. The cost of the hidden borrowing now falls on Senegal's budget and its citizens.

Interest took 35.8% of Malawi's revenue in 2024, 28.3% of Zambia's and 25.2% of Angola's. There, over a quarter of what the government collects goes to lenders before any clinic or school is paid for.

Twenty-four African governments pledged \$182 million to the African Development Fund, five times their last pledge. They include Kenya, Egypt, Ghana, Zambia, South Africa and Ethiopia. Nigeria, Africa's most populous country, is not among them. Africa's own pledges remain small, but they give African governments a stronger claim to a say in how the fund lends.

Several African governments now spend a quarter or more of their revenue on interest

Interest payments, % of government revenue, latest year available

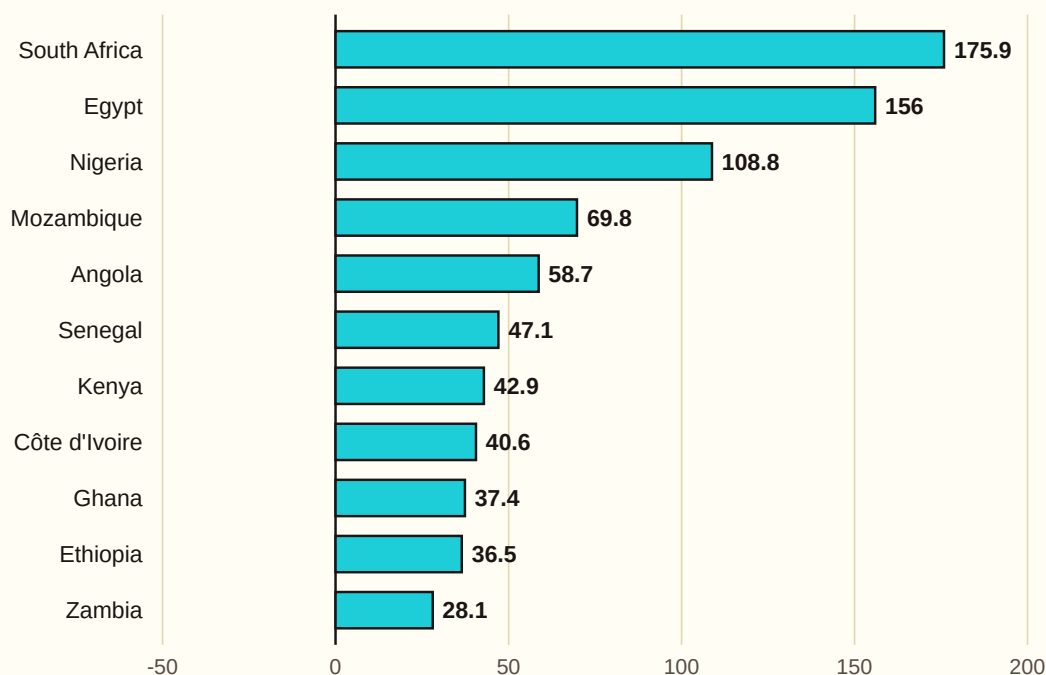


Covers all interest, domestic and external. Nigeria and Egypt have no recent figure in the series. Senegal's 2023 figure predates the revision of its debt after hidden borrowing was found. Ghana's figure fell from 47.3% in 2022 during its debt restructuring.

Source: [World Bank WDI, indicator GC.XPN.INTP.RV.ZS \(from IMF Government Finance Statistics\)](#)

Africa's largest external debts sit with its largest economies, and with Mozambique

External debt stocks, US\$ billion, end-2024



Total external debt, public and private. Mozambique's total includes large private borrowing linked to gas projects. Only selected countries are shown; this is not a full ranking.

Source: [World Bank International Debt Statistics, indicator DT.DOD.DECT.CD](#)

Sources for this section (10)

- [CNBC Africa: Kenya issues \\$2.25 billion of Eurobonds](#)
- [Ecofin: Côte d'Ivoire's 15-year bond](#)
- [World Bank: interest payments as a share of government revenue, by country](#)
- [KFF: the value of Kenya's US health deal and Kenya's share](#)
- [Carnegie Endowment: the court suspension of Kenya's health deal](#)
- [CNBC Africa: creditors reject Ethiopia's draft deal with bondholders](#)
- [Ethiopia Ministry of Finance: agreement with bondholders, June 2026](#)
- [CNBC Africa: the Paris Club says the Common Framework needs fixing](#)
- [IMF: staff agreement with Senegal, 1 September 2026](#)
- [African Development Fund: African contributors to the 17th replenishment](#)

Why this matters

The OECD expects sub-Saharan Africa to receive \$11.8 billion less aid in 2026 than in 2024. Thirty-two of the region's 49 countries are among the UN's least developed countries, and few of them can borrow cheaply anywhere else. No single source of money can replace grants. Eurobonds carry Africa's high interest rates, and Chinese lending has shrunk to a few projects. Gulf money goes mainly to ports, minerals and energy.

Each new source asks for something grants did not. Health deals ask for data and a rising share of the budget. European money asks for help on migration. Markets ask for high interest. These prices are set one country at a time, often in private. A common African set of terms would let all 54 governments negotiate together. It would cover limits on data, the schedule of what each government pays, and how a country can leave a deal.

The African Credit Rating Agency will be judged by its first grades. If it uses the same evidence as the global agencies and publishes its methods, local investors may use its grades to price loans to governments. If it looks friendly to the governments it grades, markets will ignore it.

Sources for this section (1)

- [OECD: projected fall in aid to sub-Saharan Africa and its least developed countries](#)

The case against this view

Asking governments to pay a share of their programmes may push them to own those programmes. Development banks can also lend several dollars for each dollar that donors give them. Between 2021 and 2024, cheap loans from these banks to sub-Saharan Africa rose 23.4%, while donor countries' own aid fell 7.2%. Ethiopia cut its debt from 56% of its economy in 2018 to 37% at the end of 2025. On this view, the fall in aid may force reforms that decades of aid did not.

Sources for this section (2)

- [OECD: lending by development banks to sub-Saharan Africa, 2021 to 2024](#)
- [Capital Ethiopia: Ethiopia's debt as a share of its economy](#)

What you can do

Governments

DO THIS

Publish every deal in which your government pays a share, with its terms on data, purchasing and payments, before parliament approves it.

WHY

Kenya's own courts suspended its health deal within weeks because its data terms broke national law.

Governments

DO THIS

Match each new promise to pay a share of a programme to a line in your debt plan.

WHY

Where interest takes a fifth of revenue or more, these payments compete with debt payments.

AU and regional bodies

DO THIS

Adopt a model agreement for these deals at the AU summit in February 2027.

WHY

Fifty-four governments negotiating together carry more weight than one.

AU and regional bodies

DO THIS

Require the African Credit Rating Agency to publish its methods and every grade it gives.

WHY

Investors will use its grades only if it is independent of governments.

Business and investors

DO THIS

Buy and hold local-currency debt of governments with believable budget plans, using both global and African grades.

WHY

More money leaves on foreign debt than arrives, so local markets are becoming the main source of new finance.

NGOs and civil society

DO THIS

Track how much money each donor sends directly to local organisations, against the 25% promise.

WHY

The share reached only 4.3% in 2025, and the money fell 27%.

Researchers and media

DO THIS

Build a public record of the terms Chinese, Gulf and Western lenders agreed with African governments.

WHY

Negotiators cannot see what other governments accepted.

Young people and citizens

DO THIS

Ask your members of parliament what share of revenue goes to interest in every budget debate.

WHY

Interest payments now squeeze out health and education spending in many African states.

OCTOBER 2026 TO DECEMBER 2027

Dates to watch

7 OCTOBER 2026

Launch of the African Credit Rating Agency in Port Louis, Mauritius

Its first methods and grades will show whether investors will use it. [Source](#)

12 TO 18 OCTOBER 2026

Annual meetings of the IMF and the World Bank, Bangkok

The first test for finance ministers of cheap lending and debt relief since aid fell. [Source](#)

OCTOBER 2026

Ethiopia's target date to finish restructuring its debts to private lenders

Tests whether the Common Framework can close a case with bondholders. [Source](#)

14 TO 15 DECEMBER 2026

G20 summit in Miami, with South Africa not invited

The forum that oversees the Common Framework has left debt off its agenda. [Source](#)

LATE 2026 OR 2027

IMF board decision on Senegal's \$2.2 billion programme and its request for debt relief

Sets terms for the first African debt restructuring after hidden borrowing. [Source](#)

APRIL 2027

First OECD figures on aid in 2026

Will confirm whether aid to sub-Saharan Africa fell by the expected 11.6%. [Source](#)

Recommendations

1 YEAR · BY FEBRUARY 2027

CONTINENTAL

Agree one African standard for payment, review and exit terms in aid deals

Leads: The AU Commission with Africa CDC and African finance ministers; Zambia as the first country to use the standard

Dig deeper

[Preliminary ODA data for 2025](#)

OECD

The official figures on the fall in aid, by donor and region.

ODA projections for 2026 and the near term

OECD

Projected cuts to aid for sub-Saharan Africa, health and multilateral channels.

International Debt Report 2025

World Bank

External debt and net transfers of developing countries.

Regional Economic Outlook: sub-Saharan Africa, April 2026

IMF

Debt distress, Eurobond issuance and fiscal pressure.

ADF-17 replenishment report

African Development Fund

Terms of the 17th replenishment and the market borrowing option.

Can IDA weather the development finance storm?

Center for Global Development

Donor pledges to IDA21 and the pressure on them.

Chinese Loans to Africa Database

Boston University Global Development Policy Center

Chinese lending to Africa since 2000.

America First bilateral global health agreements tracker

KFF

The terms and co-financing shares of the US health compacts.

Global Humanitarian Assistance Report 2026: reform and delivery

ALNAP

How much humanitarian money reaches local organisations.

Official launch of the Africa Credit Rating Agency

African Peer Review Mechanism

The launch event in Port Louis on 7 October 2026.

Words used on this page

European Union (EU)

A union of 27 European countries with shared laws, a single market and a large aid budget. [Glossary](#)

Credit rating

A grade given by an agency on how likely a borrower is to repay. Lower grades mean higher interest rates. African governments are setting up their own agency, the African Credit Rating Agency. [Glossary](#)

African Peer Review Mechanism

A voluntary African Union process in which member states review each other's governance and publish the results. [Politics and governance briefing](#) · [Glossary](#)

African Union (AU)

The organisation of 55 African states, based in Addis Ababa. Its heads of state meet each February. It can suspend members after a coup. [Glossary](#) · [Source: au.int](#)

The G20

A group of 19 large economies plus the European Union and the African Union, whose leaders meet once a year. South Africa held the chair in 2025, and the United States holds it in 2026. [Glossary](#)

OECD

The Organisation for Economic Co-operation and Development, a Paris-based club of 38 mostly rich countries. It keeps the official figures on aid. [Glossary](#)

IDA and the African Development Fund

The World Bank's and the African Development Bank's funds for the poorest countries. They give grants and very cheap loans, and donors refill them every three years. [Glossary](#) · [Source: ida.worldbank.org](#)

Eurobond

A bond a government sells to international investors, usually in US dollars. It carries market interest rates, which are high for most African countries. [Glossary](#)

Data protection law

A law that sets rules on collecting, storing and sharing personal information, usually enforced by a national regulator. [AI and technology briefing](#) · [Glossary](#)

The G20 Common Framework

A process agreed by the G20 group of large economies in 2020 to restructure the debts of poor countries. It has been slow: Zambia, Ghana and Ethiopia each waited years. [Glossary](#)

The Paris Club

A group of mainly rich creditor governments that meets in Paris to agree how debts owed to them by poorer countries are restructured. [Glossary](#) · [Source: cnbcafrica.com](#)

Least developed countries

A UN list of the poorest countries, judged by income, health, education and how exposed their economies are to shocks. Most of them are in Africa. [Glossary](#) · [Source: oecd.org](#)