

FOREIGN AID AND DEVELOPMENT IN AFRICA: THE PROS AND CONS

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Abstract: After several decades of independence, most countries in Africa, especially those in sub-Saharan are still dependent on foreign aid in order to execute most capital intensive projects that are capable of fostering growth and development economically and socially. Despite the fact that most African countries have received these aid in the form of loans from IMF and the World bank, technical aid from developed countries in the form of Official Development Assistance (ODA) and those in conflict zones have even received food donations, example, food from the (USAID) in order to save their population from total extinction as a result of war as in the case of Darfur in Somalia, central African republic, south Sudan etc. These countries are still wallowing in abject poverty and underdevelopment. Evidence of ineffective foreign aid is widespread in sub-Saharan Africa. The debate on how foreign aid can be effective is still on-going without any clear way forward. This paper surveyed several literatures on the topic to highlight the political undertones beneath the grant of foreign aid as the part of the causes of the ineffectiveness of foreign aid in sub-Saharan Africa. The paper applied a deductive approach in explaining foreign aid and development. The paper concluded that political motives may be the immediate and remote cause of the ineffectiveness of foreign aid.

Keywords: foreign aid, political motive and development.

1. INTRODUCTION

The term Foreign Aid is a very broad concept that encompasses the ordinary meaning of just financial assistance as it is expressed in most literature (Schraeder, 2000). The term include military assistance such as the formation and protection of allies, the sharing of technical know-how to foster industrialization and development, food and drugs enhancement, platform for cooperation as well as subtle exploitation on the part of the recipients.

For the purpose of this study, Foreign Aid would be analysed in terms of foreign loans received on concessional interest terms from the Organisation for Economic Cooperation and Development (OECD) as Official Development Assistance (ODA) and loans from other lenders such as China, South Africa and other emerging economies that make up BRICS (Brazil, Russia, India, China and South Africa).

A few years after independence, most of the sovereign states in sub-Saharan Africa started relying on foreign aid for development and even national budget funding as in the case of Niger, Malawi, and Nigeria etc (Joseph et al 2014). However, the so called development which is gauged in terms of infrastructure and increased per capita income is still very low in this region. Foreign Aid which runs into billions of USD has not changed the economic quagmire that it was supposed to in order to vitalize the economy of the region. Instead, the economic and political horizon of the region seems bleak and most countries in the region are classified as Heavily Indebted Poor Countries (HIPC) by the London and Paris clubs. The fact that foreign aid is contracted on bilateral or multilateral platform with the finance minister of the recipient countries and that of the lenders as signatories, even makes the idea of political interference more prone. A recent example of political interference is the cases of Tannzania and Malawi where the OECD donors threatened to withhold aid if corruption within the government was not addressed (Ayodele et al, 2005). More so, Foreign Aid has been entrenched in the foreign policy of all the donor countries and as it is common practice, foreign policy is mainly concerned with the national interest of each country and in this case the national interest of the donor countries.

Foreign Aid from the traditional donors in the form of loans are not just granted with conditional ties but are also accompanied with interference in the governance of the recipient countries. Per capita income in this region of the world

is still very low when compared with what is obtainable in the developed regions of the world. Infrastructure is inadequate or totally absent and healthcare is unavailable especially in the remote areas. Meanwhile, safe and portable water is a luxury despite the provisions of the millennium development goals (MDGs) that was established since 2000. That is to say that all the huge amount of foreign aid in billions have not been able to solve the issue of poverty and underdevelopment in sub-Saharan Africa; such that most countries in the region including Nigeria with the largest economy in both natural resources and population wise still hoped to fund her 2019 budget from foreign aid. About forty countries from Africa are on the recipient list of foreign aid from OECD, which is the main funding organisation of the international institution responsible for the issuing of foreign aid (AFDB/OECD, 2016).

Table 1.

Countries In Sub-Sahara Africa That Have Received Official Development Assistance From OECD	year and amount in US \$ 2012	year and amount in US \$ 2013
Angola	242.3	287.6
Benin	511.3	652.6
Burkina Faso	1,158.5	1,040.1
Burundi	522.7	546.2
Cameroon	596.2	737.4
Cape Verde	246.1	243.3
Central African Republic	227.2	189.2
Chad	478.5	399.3
Congo Democratic Rep.	2,859.3	2,572
Congo Rep	138.6	150.4
Cote d'Ivoire	2,635.6	1,262
Djibouti	146.5	152.95
Equatorial Guinea	14.2	5.7
Eritrea	133.7	83.69
Ethiopia	3,261.3	3,826.2
Gabon	73.2	90.8
Gambia	138.8	110.8
Ghana	1,807.9	1,330.5
Guinea	339.6	499.5
Guinea Bissau	98.9	103.6
Kenya	2,654.0	3,236.2
Liberia	570.9	534.2
Lesotho	282.6	320
Malawi	1,174.6	1,125.8
Mali	1,001.3	1,391.3
Mozambique	2,096.9	2,314.1
Namibia	264.8	261.7
Niger	901.8	773.1
Nigeria	1,915.8	2,529.4
Rwanda	878.9	1,081.1
Senegal	1,080.1	982.8
South Africa	1,067.1	1,292.9
South Sudan	1,578.0	1,447.4
Sudan	983.2	1,163.1
Tanzania	2,831.8	3,430.2
Togo	241.4	220.5
Uganda	1,655.1	1,692.5
Zambia	957.7	1,142.4
Zimbabwe	1,001.2	811

Source: World Bank

While it is understandable that countries suffering from natural catastrophes or civil wars would rely on foreign aid such as the Marshall plan that was used to rebuild Europe after the second world war, most African countries that are not affected by wars are all beneficiaries of the aid emanating from the western world without the much expected growth and development that this form of assistance is meant to bring. While most literatures had defined foreign aid as an assistance to promote development in order reduce the developmental gap between the rich countries of the global north and the poor countries of the global south with the aim of reducing poverty in the global south, others such as Hayter (1981) have the view that foreign aid is the modern form of colonialism with political undertone instead of economic and social development with the aim of re-dominating the global south after granting it a pseudo-independence. Akonor (2008), puts it "... the continent is gaining political independence only to sacrifice its economic independence before the altar of the donor communities".

It is the aim of this paper to bring to limelight the fact that foreign aid are debts that Africa must pay with interest and equity swaps and that that indebtedness can hardly engender development in any society and especially on societies that keep depending on debt to service debt.

2. LITERATURE REVIEW

There are many literatures on foreign policy and development in Africa. The topic is viewed in different perspective from various disciplines in the social sciences, but mostly by those in economics and political science. For the purpose of this work, review shall be on literature that treated the topic basically from the political perspective.

FOREIGN AID: this is also known as development aid, technical assistance or official development assistance that come as loan that are given to government and other agencies to support economic, environmental, social and political development of poor countries in the world in order to promote economic growth and social development. Foreign Aid is viewed as one-directional transfer resources from the global north to the global south (Lorenzo, 2008). According to Sunkel (1971) sees Foreign Aid as loans given to recipient in Africa bases on ideological leanings

DEVELOPMENT

Kuznet (1996) viewed economic development as growth accompanied by qualitative changes in the structures of production and employment which he referred to as structural change. According to Thomas (2000), the term development is linked with capitalism, which is commonly associated with industrialization and modernisation on the basis of free markets. Bellu (2011), views development as a deliberate action carried out by a single agents or some authority pre-ordered to achieved improvement or desirable change in the socio-economic fabric of society.

POLITICAL MOTIVE: this is viewed as implicit reason for the grant of foreign aid especially on the part of the donor beyond the interest of the recipient. When global politics was bipolar, most powerful countries such as the United States and USSR extended aid for the promotion of their ideology such as communism and capitalism respectively. This political motive was highly visible in the construction of the largest steel factory in Africa, which is still lying moribund in Ajaokuta, Nigeria. Nigeria was a construct of Britain, and Britain had always considered Nigeria as her erstwhile colony even though she had been granted independence. During the military rule of Nigeria in 1975, the Nigerian government tried to get foreign aid from other nations other than the western countries by consulting the USSR to construct the steel factory, however, the fall of the USSR also heralded the death of the steel project. Whereas, most donors grant aids explicitly for the economic development and advancement of the developing countries, implicitly it is said to be an avenue to promote ideology such as the fight against terrorism, climate change, religious belief and the expansion of markets. Foreign aid is also said to give leverage to the donors to interfere in the political affairs of the recipients way beyond the provision of the aid protocols(Ukpong, 2017).

3. THEORETICAL FRAMEWORK

For the purpose of this work, the dependency theory was adopted to view how many major economies in Africa were recipient of foreign aid in the 2017.

According to Sunkel (1971), dependency theory is the explanation of the economic development of a state with regards to the external influence that manifest in the spheres of the political, economic and cultural aspect of national development.

Dos santos (1971) sees dependency theory as an historical condition which shapes certain structures of the world economy such that it favours some countries to the detriment of others and limits the development possibilities of the subordinate economies, a situation in which the economy of a certain group of countries is conditioned by the development and expansion of another economy, to which their own is dependent.

To apply this theory to the present study, is the fact that Africa has continued to be dependent on the OECD for aid. In order to justify this stance, the six largest economies in sub-saharan Africa for the 2016/2017 fiscal year were analysed. These countries included Angola, Ghana, Kenya, Mozambique, Nigeria and south Africa.

Table 2. List of Sub-Saharan Largest Economies on the OECD's ODA

S/N	Rank	Country	Amount Received In Thousands Of Dollars In The 2017 As ODA
1	1st	Angola	3, 430, 280
2	2 nd	Kenya	3,236,280
3	3 rd	Mozambique	3,236,000
4	4 th	Nigeria	2,529,480
5	5 th	Ghana	1,330,510
6	6 th	South Africa	1,292,510

Source: African Development Bank (2017).

4. DISCUSSION

For the purpose of this work, the works of Teresa Hayter, Kwame Akonor and other related works was reviewed to buttress the argument of the authors about the political undertone of aid in Africa.

According to Hayter (1981),

The main growth of official government aid has taken place since the second world war. It has been a means of maintaining especially after the loss of colonies, a common interest between the elites of the underdeveloped countries and the metropolitan countries, or as a kind of bribe to help make to it worth their while to continue to co-operate with the drain of capital from their countries.

According to the author, aid has never been intended to alleviate Africa from poverty, rather, it is a device set up by the developed countries to dominate Africa by other means after the loss of the colonies which was a cheap source of raw materials. Hayter, further stated how the ideology of "development" was formed by the erstwhile colonizers to justify aid as a means to promote development. Meanwhile, the development in which case involves projects that do not have direct economic usefulness for the indigent Africans would promote the interest of the metropolitan powers and their capitalist industries. Still quoting Hayter, who argued that in order for the confederation of British industries to convince the House of Commons Select Committee on overseas aid for support in 1969, the confederation had to reiterate the fact that " for British industries, help to the third world in a sense was an investment to the development of markets and sources of supply for raw materials". According to Hayter, this stance was not different from the America's, of which president Kennedy's view was well known in 1961 when he said "America's foreign aid is a method by which the United States maintains a position of influence and control around the world and sustains a good many countries which would definitely collapse or pass into the communist bloc". Hayter's point is that aid is donated more for political reasons to empower the metropolitan power than to alleviate poverty in Africa or elsewhere and also to form alliance with the recipients with regards to the American-Russian tussle over superiority of ideology.

According to Earl Butz, the World Bank and the IMF are funded by the OECD members of the metropolitan powers as the main donors and their aid are not given without conditions of structural Adjustments that benefits the donors such as cuts in recipient government spending, specified projects which might not be an expedient need of the citizens of the recipient country. This argument was not intended to vindicate recipient government of poor management of such funds as most of the funds have already been earmarked by the monopolistic power of the donors.

Ayodele et al (2005), is of the view that foreign aid to Africa does not perform well as a result of the policies of the IMF and the World Bank in collaboration with the financial institution in Africa. According to Ayodele (2005): the donors themselves contribute much to the failure of western aid to Africa. Foreign aid and assistance programmes in Africa were

poorly monitored and often stolen by corrupt bureaucrats. We failed to keep real hands –on posture with aid. We allowed a small clever class that inherit power from the colonial master to take us to the cleaners. It will take a whole lot of time and money to turn Africa around... more maddening , the donor agencies knew or should know all along that the motivation and activities of the corrupt African leaders.They knew or should have known that billions of aid dollars were being spirited to Swiss banks by greedy African kleptocrats. Every Franc we give to impoverish Africa comes back to France or is smuggled into Switzerland and even Japan...

From the above, it is obvious that the donors are aware of the nefarious activities of most of the leaders of Africa with regards to funds donated to Africa as foreign aid. African leaders in collaboration with their foreign counterparts repatriate this money back to foreign accounts where they are used for the furtherance of their economies at the expense of Africa as the debtor.

Akonor (2008) viewed foreign aid to Africa as been over bloated by the donors when they claim that over 500 billion USD had been donated as aid to Sub-Saharan Africa without much significance to the alleviation of poverty in the region. He analysed foreign aid using the method he called “the aid quantity argument” . He argued that the aggregation of aid may seem large cumulatively, but when calculated from the amount received per annum, it averages into a negligible 10 US\$ per person from the so-called 500 billion US\$ that the Sub-Saharan has received over the decades. Meaning that foreign aid is not effective because it has been minimal and misdirected in the projects that are really beneficial to Africa and that should alleviated poverty such as the construction transcontinental highways, telecommunication, power, etc

Of all the African countries listed in Table 2, none is rated as a developed country in spite of the huge amount of foreign aid it has been receiving consistently over the years since independence. Most of them rely on foreign aid to pay salaries of their domestic workers as in the of Nigeria where salaries shortfalls had to be remediated by the Paris Fund in 2018. As government workers are demanding for increment in their minimum wage, the government hope is to source fund from the traditional lenders (Vanguard News, Nigeria, 2018).

Pros for foreign aid

This section focuses on the political pros of foreign aid and development in Africa as stated below:

- 1. Strengthens Bilateral And Multilateral Partnership:** loans and grants from OECD countries are contracted on bilateral and multilateral platforms between the donors and their recipients. This forms a kind of bond among the countries involved. For instance, development assistance from the United States Department addresses the interest of the United States such as funding counterterrorism in most African countries. This is achieved through military training in areas like Sudan, Somali, Democratic Republic of Congo etc.
- 2. Strengthens Democracy and Good Governance:** after the attainment of independence, most African countries found it a daunting task to sustain democracy as there were lots of wars and unrest. In 2012, the OECD and USAID devoted \$4.42billion that year as funding towards good governance in Sub-Saharan Africa as well as improving governmental collection of revenues and transparent budgeting. These agencies also funded support for the rule of law, human rights protection, political freedom etc.

Cons for foreign policy

- 1. Loss of political independence:** on the part of recipient countries as in the case of Sub-Saharan Africa, foreign aid has the possibility of demeaning the political independence of such countries. This is because donor countries would have to dictate how such funds would be expended and also insist on structural adjustment in the economy of the recipient countries.
- 2. Economic dependence:** foreign aid is likely to make the recipient country to be dependent as posited by the proponents of the dependency theory. In most Sub-Saharan Africa countries, government personnel are being regarded as corrupt and akin to embezzling of public funds for personal luxury instead of investing in capital projects and funding research in areas of the economy that would encourage development. Rather, these funds were stashed away in the private banks of the donor countries at the detriment of the citizens of the recipient countries such as the late General Sani Abacha’s loot that has been kept in some Swiss banks while Nigeria was classed as one of the Highly Indebted Poor Countries(HIPC) by the IMF and the World Bank.

3. Loss of prestige: countries in Africa that depend on foreign aid are generally classified as economically poor countries and may not have a powerful voice in world affairs especially at the United Nations.

4. Negative international image: when a country is unable to effectively use foreign aid the impression it creates is that citizens are generally corrupt even if the mismanagement was done by a few individuals. This leaves the country with a poor international image as are the cases of Nigeria and other countries in the Sub-Saharan region.

5. CONCLUSION

The study has shown that foreign aid as good as it appears has the ability of leaving Africa a dependent continent for some time to come as long she fails to device other means of sustainability. Foreign aid is a cheap means to acquire infrastructure and other western modern amenities, however, because of the political undertone of been on top of game by westerners who have always seen Africa as a stooge and a people they have to govern, foreign aid will continue to be used as instrument to sustain that goal. Africans must rise up to the challenge of thinking outside the box and jettison greed in order to truly move the continent through the path of sustainable development by harnessing her natural resources instead of relying on the easy money that comes via foreign aid.

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