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## Review

# Foreign Aids in Africa: From Realities to Contradictions

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Contrary to expectations, the global network of foreign aid has outlived the end of cold war, and giving alms to Africa remains one of the most sensitive issues in African-Western relations in the past decades. In the government circles, calls for more aid to Africa are targeted at doubling the \$50 billion of international assistance that yearly goes to the continent for developmental projects. Although foreign aids serves as a humanitarian efforts to alleviate the suffering of those in distress, but the Brettonwood institution's conditionality attached to "helping" Africa has engendered contradictions, reduced its effectiveness and fuelled masses inspired hostilities to Western aids in Africa. Therefore, the study tries to examine the motivating factors for donor and recipient countries attractions to aid. It becomes imperative to query the liberalist-oriented conditionality attached to aids, assess the socio-cultural impact and examine the cost-benefit of foreign aids to Africa. The study found that aids to developing nations remained an unmitigated political, economic and humanitarian disaster, especially in the fueling of corruption in Africa. It was also discovered that the contagious aid culture has left African states more indebted and lazy, poorer, inflation-prone, and more vulnerable to the politics of western exploitation. The study concludes that foreign aid is injurious to African psyche and would not aid Africa out of poverty; rather a rethink on adherence to those injurious cultural practices to sustainable development and insistence of responsive governance in Africa remained a sure path to development in the continent.

**Keywords:** Foreign aids, Africa contradictions

## INTRODUCTION

Africa has witnessed many civil crisis, political instability and civil war, which impedes her development projects and fuels African dependency syndrome. Since 1996, 11 countries have been embroiled in civil wars, while only nine countries did not witness military incursion to politics in Africa (See Seth, Accra Jaja (1995) "Strategic Adaptation to Foreign Aid Culture and "tamed" industrial Development in Africa: The Nigerian Experience", International Journal of Social Economics, Vol. 22 Iss: 4, pp.49-71). According to the Stockholm International Peace Research Institute, in the 1990s, Africa had more wars than the rest of the world combined (See Dambisa, Moyo (2009) "Why Foreign Aid Is Hurting Africa", available online at <http://online.wsj.com/article/SB123758895999200083.html>, The Wall Street Journal, March 21.). This is partly responsible for the series of economic malady that rocked the African continents; hence the rationale for foreign assistance.

Extension of alms to Africa remains one of the biggest ideas of the recent times; millions march for it, governments are judged by it, political elites crave for its necessity without considering the socio-political undertone that guides donor-recipient relations. Requests for more aid to Africa are growing louder, with apologists pushing for doubling the roughly \$50 billion of international assistance towards Africa each year (Ibid). In the past 60 years about \$1 trillion of development-related assistance has been transferred from the donor states to Africa (Ibid), yet the continent continued to wallow in abject poverty, while extreme underdevelopment became their lot. Although both the donor and political elites in the recipient countries keeps edifying the notion that foreign aids is a corollary for accelerated development in Africa, the reality points to the fact that the mass of the people, nor the society benefits nothing from the foreign assistance (Being a comment from an academic staff, Mrs Adeogun from the

Department of Political Science, Obafemi Awolowo University, Ile Ife, Nigeria, September 20 2010).

Contrary to the expectations of many, the global network of foreign aid has outlasted the end of the cold war. Despite cutbacks in many inter-state aid programs, particularly that of the United States, annual aid flows as monitored by the Organization for Economic Cooperation and Development (OECD) has maintained a consistent level of about \$60 billion in the mid-1990s (Schraeder, Peter, J. et. al, "Clarifying the Foreign Aid Puzzle: A Comparison of American, Japanese, French, and Swedish Aid Flows," *The Johns Hopkins University Press, World Politics* 50.2 (1998) 294-323). As aid donors and recipients continue adapting to the post-cold war environment, foreign aid remains entangled in controversy throughout the industrialized North, as aid administrators, political elites, and the general public debate the proper role of foreign aid as an instrument of foreign policy (Ibid). The advanced capitalist states keep using this weapon to strengthen their cause at the detriment of the Third World states.

Bad as it is, the ongoing debate over the foreign aid regime remains trapped in an intellectual vacuum due to the lack of scholarly understanding of the determinants of foreign aid programs. While normative critiques of aid are numerous, there is dearth in critical analysis based on comprehensive empirical evidence. Thus, several questions are pertinent in the foreign aid puzzle, especially as it relates to the African plight. Among them: What has been the comparative record of foreign aid disbursements by the northern industrialized democracies to Africa? Does Africa sincerely need aids, and what for? Are the aids directed at development projects with effective monitoring or subject to the pockets of government officials? Which motivating factors have been of greatest importance in the formulation and implementation of these policies? Is the strategic importance of recipient countries, the primary driving forces of these policies, or are other factors, such as economics and culture salient? Why for instance would the conditionality of democratization or deregulation be satisfied before granting loans to needy countries? Or did foreign aid policies differ with the specific interests of the particular donor country, or a weapon to keep alive the integration of African economies with the former colonial masters?

Therefore, the study evaluates the impact of foreign aids on African socio-economic life, assess the rationale behind the aids regime and suggest alternate route to African development devoid of the aids option.

### **Foreign Aids: A Review**

Adherents of the realist paradigm, which is the dominant conceptual mirror for understanding the foreign aids

regime in the cold war era, posits that aid policies are driven primarily by the strategic interests of nation-states (Ibid). To this school of thoughts, international relations are conducted in a Hobbesian state of nature in which national security and self-preservation become the ultimate objectives of states. This view was also shared by the mercantilist disciples, which advocates state's wealth and interest "by any means (Mercantilism means promoting states economic power by every necessary means)." The recipient's strategic importance to the donor country is therefore important to the understanding of foreign aid.

As a result, foreign aid is perceived as only minimally associated with recipient economic development and the humanitarian needs of recipient countries are downplayed. Although classical realists traditionally conceive of security in terms of alliances and military strength, the so-called high politics of international relations, neorealist scholars more recently have underscored the almost equal importance of understanding the economic dimension of national security (Schraeder, op. cit). Classical realists argue that aid priorities are driven primarily by perceptions of the political-military strategic importance of recipient states, neorealist's also underscore the point that the recipients' economic potential is crucial to understanding changing global balances that influences northern aid priorities.

To the idealists, a conception of interstate relations based on relentless competition both ignores the record of cooperation that emerged in the late twentieth century and serves as a self-fulfilling insight of future conflict. The debate between realists and idealists could be located in the area of foreign aids. Scholars operating within the idealist paradigm and its neo-idealist offshoots assert the overriding importance of humanitarian need as the cornerstone of many foreign aid programs (Ibid). They are particularly optimistic about the potential utility of foreign aid for ameliorating Third World poverty and promoting broadly shared economic development.

The most accepted explanation in African literature is the neo-Marxist paradigm based on the assumptions about the centrality of economic interests in the foreign aid calculations of donor states (Ibid). From dependency to world systems to classical Marxist theory made assumptions about the role of capitalist manipulations in enhancing the power of elites in both industrialized and developing countries. The thrust of their thesis is that foreign aid constitutes an extension of highly exploitative "Metropolis-Satellites" relationships that either uphold or widen economic disparities and unequal exchange between the western world and Third World countries (For further audit of dependency and foreign aids, See Ake, Claude (1993) "The Political Economy of Africa", London, Longman).

Sheare summarized the arguments of the contending theories in the following terms:

*“realists and neorealists usually argue that criteria of humanitarian need should be minimized in favor of security-related interests, idealists and neoidealists tend to defend humanitarian criteria and are more likely to dismiss the importance of security-related factors. In the extreme, many neo-Marxists argue that foreign aid should be abolished in its current form, and that international organizations should control redistribution of economic resources in the pursuit of global economic equality (Schraeder, op. cit).”*

### **Incentives for Foreign Aids in Africa: The Donor-Recipient Nexus**

The industrialized countries maintained their aid programs in the early 1990s but subjected them to increased scrutiny and redirected aid to achieve tangible policy objectives, still African recipient of the aids did not fare better. Government officials in developing countries accelerated efforts to demonstrate that past aid flows had been effective and had satisfied conditionality imposed by donors, and to convince donors of their ability to convert aid resources into long-term economic growth. Indeed, growing doubts within the industrialized North about the utility of providing aid in the post-cold war era sparked a virtual bidding war among developing countries, as new and classical recipients sought to obtain and maintain their shares of foreign aid in a volatile competitive international environment (Ibid). To Schraeder, there are two variables to be drawn from the scramble for aids:

*“One set--humanitarian need, strategic importance, and economic potential--is traditionally employed in the empirical foreign aid literature; the second set incorporates three additional variables--cultural similarity, ideological stance, and region--recognized by regional specialists as important to a comprehensive understanding of the international interactions between the African continent and the northern industrialized democracies.*

Foreign aids have been justified by beneficiary in terms of its potential contribution to the donor's economy. As in the case of the strategic importance variable, the primary assumption is that donors interested in promoting their own economic security would favor recipients that represent the most powerful economies in their region. In addition, policymakers have also increasingly recognized the need to demonstrate that foreign aid will contribute to the economic prosperity of donor countries.

Schraeder tried to utilize comparative approach to understanding the lure of aid-giving by four selected countries; US, Japan, France and Sweden (Ibid). In the case of the United States, ideologically inspired cold war interests, mainly the containment of the spread of communism, served as the cornerstone of U.S. foreign aid policies in the Third World. It is generally agreed that

a recipient country's ideological stance and acceptance to participate in a host of strategic alliances directed against the former Soviet Union and its allies were the driving forces of a foreign aid program that led to the transfer of nearly \$500 billion in funds from 1945 to 1995. The United States, as the exporter of neo-liberalism and the brain behind the manipulating activities of the Brettonwood institutions (International Monetary Fund and World Bank), continued to insist on the democratization of both political and economic institutions in the recipient states (Being the contribution of an academic staff, Obafemi Awolowo University, Ile Ife, Nigeria, September 21, 2010). This in itself paved way for the continued exploitation of African resources, facilitated the influx of capitals to these states and the resulting capital flight, and what Olutola tagged the “democratic looting of Africa (Being the contribution of an academic staff, Obafemi Awolowo University, Ile Ife, Nigeria, September 21, 2010)”.

The consensus in Japan is that economic self-interest was the critical motivating factor of foreign aid policies during the post-World War II period (Being a response from Mr. Oluwole, an academic staff in the Department of Political Science, Osun state College of Education, Ilesa, Nigeria, September 20 2010). As a rising global economic power, with the world's second largest gross national product (GNP), Japan clearly uses foreign aid in its quest for global economic supremacy. According to Stirling, Japan conducted a “business foreign policy” in which overlapping groups of governmental and corporate actors have actively coordinated an “industrial policy” targeted at enhancing exports through concessional aid.

In the case of Sweden, the consensus of the case study literature is that Swedish foreign aid policy was principally driven by humanitarian goals of broadly shared economic development and the provision of basic human needs (BHN) (See Sukehiro Hasegawa (1975) “Japanese Foreign Aid: Policy and Practice” (New York: Praeger, p. 3). Swedish aids has also been described as being driven by ideological concerns that is in sharp contrast to the negative ideological and military goals of anticommunism and containment of the former Soviet Union pursued by American public officials. An important outcome of the colonial history of the African continent is that almost every African country is overlaid in varying degrees by the national culture of the former colonial master, in such areas as educational structure, legal system, and, perhaps most important, national lingua franca. The resulting cultural overlay of a particular colonial heritage is therefore recognized as theoretically playing an important role in the contemporary international relations of the African continent, particularly when reviewing the aid policies of a former colonial power such as France (See Sabella, O. Abidde (2003) “Do African Countries really need Foreign Aid? Economic Aid, HIV/AIDS, and Nigerian Churches, available online at <http://www.nigerdeltacongress.com>, August). In the case

of France, the qualitative literature underscores the importance of these two sets of factors.

First, the overwhelming consensus is that French policymakers sought to promote the *exportation* of French culture, most notably the French language (See Edward A. Kolodziej (1974) "French Foreign Policy under de Gaulle and Pompidou: The Politics of Grandeur," Ithaca, N.Y., Cornell University Press, 479). Often referred to as French "cultural nationalism" or support for la francophonie (a greater French-speaking community), such a policy ensured that a large portion of foreign aid was channeled towards former French colonies and protectorates, as well as to other French speaking countries like the former Belgian colonies in Central Africa. The literature also suggests that economic interests were perceived by the French as both parallel and integral to the promotion of French culture. To achieve this, foreign aid constituted "one component of a remarkably integrated system of economic relationships," most notably trade, that was predicated on maintaining and enhancing a network of cultural ties within the francophone member states (See Theresa Hayter (1966) French Aid, London: Overseas Development Institute, 43).

### Foreign Aids and Africa: Blessing or Curse?

Few will deny that there is a clear moral imperative for humanitarian and charity-based aid to step in when necessary, such as during the 2004 tsunami in Asia. Aid-supported scholarships have certainly helped send African girls to school, sometimes it helped ameliorate financial strain on government, supply of treated mosquito nets have prevented the spread of malaria, anti-polio drugs helped to preserve some societies from extinction, while technical aids, especially during elections have helped consolidate civil rule in Africa (Being another contribution of Mr. Olutola, Op. cit).

Proponents of aid are very enthusiastic to argue that the \$13 billion (\$100 billion in today's terms) aid of the post-World War II Marshall Plan helped pull back a broken Europe from the brink of an economic abyss, and that aid could work, and would work, if Africa had a good policy environment. The aid advocates skirt over the point that the Marshall Plan interventions were short, well directed and finite, unlike the open-ended commitments which imbue governments with a sense of entitlement rather than encouraging innovation (Dambisa, Op. cit). The point to note is that granting monetary assistance to inept government is bound to achieve nothing more than provides more funds for reckless "spending spree".

Foreign aid has done more harm to Africa than any other region in the world. It has actually made the poor poorer, and the growth slower. The insidious aid culture has left African countries more debt-laden, more inflation-prone, more vulnerable to the vagaries of the currency

markets and more unattractive to higher-quality investment. It's increased the risk of civil conflict and unrest, and the fact that over 60% of sub-Saharan Africa's population is under the age of 24 with few economic prospects is a cause for worry (Ibid). Aid all over Africa has become an unmitigated political, economic and humanitarian disaster. Even after the very aggressive debt-relief campaigns in the 1990s, African countries still pay close to \$20 billion in debt repayments per annum, a stark reminder that aid is not free (Ibid). In order to keep the systems going, debt is repaid at the expense of African education and health care; the recent debt relief granted Nigeria by its creditors at the expense of billions of naira and outrageous concession is a reference point (Dambisa, Op. cit). Well-meaning calls to cancel debt mean little when the cancellation is met with the fresh infusion of aid, and the vicious cycle starts up once again.

The most obvious criticism of aid is its links to rampant corruption. Aid flows destined to help the average African end up supporting bloated bureaucracies in the form of the poor-country governments and donor-funded non-governmental organizations. In a hearing before the U.S. Senate Committee on Foreign Relations in May 2004, Jeffrey Winters, a professor at Northwestern University, argued that the World Bank had participated in the corruption of roughly \$100 billion of its loan funds intended for development (Ibid).

In the year 2002, the African Union, an umbrella organization for African nations, estimated that corruption was costing the continent \$150 billion a year, as international donors were apparently turning a blind eye to the simple fact that aid money was inadvertently fueling graft. With few or no strings attached, it has been all too easy for the funds to be used for anything, save the developmental purpose for which they were intended. The World Bank studies find no evidence that aid can be used to improve a country's policies. This means that no matter how much money given the "Poor Policy" countries abundant in Africa, this money will never make them into a "Good Policy" country (Ibid). The World Bank says that if Zambia had properly invested all the aids it has received since independence it would currently have an average income of \$20,000, instead of the \$683 declared. Yet the World Bank itself does not seem to help in facilitating fiscal discipline in Zambia or Africa in general. In 1980 the World Bank gave Zambia \$47 million for "Community, Social, Personal and Environmental Services" and \$32 million for mining, yet these foreign aids did not *aid* Zambia out of poverty.

In Zaire, now the Democratic Republic of Congo, Irwin Blumenthal-whom the IMF had appointed to a post in the country's central bank-warned in 1978 that the system was so corrupt that there was "no prospect for Zaire's creditors to get their money back." Still, the IMF soon gave the country the largest loan it had ever given an African nation (Ibid). According to corruption watchdog

agency Transparency International, Mobutu Sese Seko, Zaire's president from 1965 to 1997, is reputed to have stolen at least \$5 billion from the country. Also, Malawi's former President Bakili Muluzi was charged with embezzling aid money worth \$12 million. Zambia's former President, Chiluba was involved in a court case that revealed that millions of dollars was diverted from health, education and infrastructure to his private use. Yet, the *foreign aids keep coming*.

The in-flows of aids provided "easy wealth" for the state, which makes the government rely exclusively on donor countries without internal approach to state's economic prosperity.<sup>32</sup> Many African governments have neglected the act of raising taxes nor devising effective revenue generating formula. Therefore, it is not surprising that across Africa, over 70% of some state income comes from foreign aid. Civil clashes are often motivated by the knowledge that by seizing the seat of power, the victor gains virtually unfettered access to the package of aid that comes with it. In the last few months alone, there have been at least three political upheavals across the continent, in Mauritania, Guinea and Guinea Bissau, each of which remains reliant on foreign aid (Being a contribution of Mr. Fagbadebo O. in the Department of Political Science, Obafemi Awolowo University, Ile Ife, Nigeria, September 20 2010).

Today, most of African countries depend on foreign assistance to keep afloat. These aids are injurious to a country's psyche: it encourages laziness and indolence; and makes receiving countries dependent on donor countries. The stigma associated with countries relying on aid should also not be underestimated or ignored. Over the long run, receiving countries become indebted to donor countries and in due course become an appendage to the donor countries. The West, as a rule, does not give a cent out of the sheer goodness of their heart. For these are capitalist countries and not charity organizations; and capitalism is all about profit maximization and private aggrandizement.

Sabella raised the following questions to show his displeasure at African unending aids regime:

*"are Rwanda and Burundi, and Congo (Kinshasa) truly independent states when they take their marching orders from Belgium and France? Yaoundé can't take any step without getting a clearance from Paris. And when was the last time Nigeria caused a ripple without first checking with London and Washington? That Nigeria still receives foreign aids baffles me. What do we need foreign aid for? What do we need military and technical assistance for? We have all the necessary human and natural resources to be truly successful and independent. That America, China, Britain, Germany, Italy and others still give us a penny here and a dime there is not only ludicrous, it is insulting and demeaning (Sabella, op. cit)!"*

Sabella went further that

*"the corruption and politics of foreign aid aside, what good would it do any self-respecting people and country to continually depend on handouts? What does our penchant for handouts tell the world about us? That we are not responsive and responsible? That but for the grace of the Global North, Africa would still be in the pit of poverty? And any wonder the West acts condescendingly towards us."*

One major missing link in the aids project was the negligence of the cultural practices that characterized the country in need. The possibility of acceptance by the people should guide offer of assistance. The recent case of rejection of polio vaccination by the northern part in Nigeria remained a point to note. The people in the area claimed that it was against their traditions to subject their household to it!

## CONCLUSION REMARKS

What Africa needs, especially to develop, is not necessarily monetary assistance. Development goes beyond government having access to money, but there is the need for outright responsibility and the will-power to embark on self sustained development projects. The first indices of development to me, is human capacity building. Also, a nascent economy needs a transparent and accountable government and an efficient civil service to help meet social needs. Its people need jobs and a belief in the future of their country. A surfeit of aid has been shown to be unable to help achieve these goals. No country has ever achieved economic success by reliance on high degree foreign aid, no wonder African countries continue to wallow in extreme debt burden. If the efforts devoted to sourcing for foreign aids are directed at formulating good policies, then Africa would be rid of the underdeveloped status.

African governments should try to attract more foreign direct investment by creating attractive tax structures and reducing the red tape and complex regulations for businesses. African nations should also focus on increasing trade with new major powers like China and Indian. However, African countries could explore opportunities to raise capital in more non-traditional markets such as the Middle East and China (whose foreign exchange reserves are more than \$4 trillion). Western countries can also help the cause of Africa by discouraging the series of financial crime committed by African political elites, evident in the transfer of state's wealth to banks in Switzerland and other "safe haven".

There is increasing evidence to suggest that the deaths of 2.5 million children could be prevented each year through simple community-level interventions such as getting children and their mothers to sleep under bed nets, improving basic hygiene, making clean water and

oral rehydration salts available, and ensuring pneumonia and malaria are treated promptly. These interventions may not enrich countries, but help reduce mortality rate. Development aid cannot, at any rate, do that. But overseas aid should focus on practical and measurable areas like improving maternal health, timely intervention in HIV/AIDS ailment, and help in the campaign against child slavery. African countries should examine foreign aid in terms of commodities that can be bought and sold, foreign aid need to be "project-tied", while its implementation should be closely monitored.

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