Criticisms of Foreign Aid

Since the early 1980s, there have been exhaustive debates on foreign aid focusing on its failures in Sub-Saharan Africa. The literature on foreign aid to Africa, especially among intellectuals, is most often critical of its disappointing performance in terms of poverty reduction and economic development. Critics argue that the aid architecture in Africa presents a sad story of hundreds of billion dollars of aid poured into the continent to virtually no avail. A large number of Africans are today even poorer and many African states are less developed than they were before. Despite continuous massive inflows of foreign aid far exceeding debt servicing outflows, Africa has failed to use aid to make significant improvements in its development. It is the last region in the world where official aid inflows outstrip private capital inflows by a very large margin. And Africa is so dependent on aid not only in terms of quantity but also in terms of the institutional mechanisms.¹

Among many people from various backgrounds, including government officials, diplomats, development experts, scholars, businessmen, NGO workers and journalists, with whom I have had discussions with...
over the years in Africa, no one seems to refute the fact that aid in itself cannot lead to development. Aid, in the form of financial assistance or material supply, can be easily diverted to be ‘consumed’ for various purposes. Facilities and equipment that are donated usually become useless or ‘white elephants’ as soon as they are handed over. The irony is that the more aid that is provided, the more it will be seen as given and its value will decline in the eyes of its recipients. It is as if aid is ‘public goods’ provided free and without limits. Hence, conditionality is being applied, but the reality of Africa is such that applying conditionality in itself poses challenges. Some critics go as far as claiming that the provision of foreign aid itself contributes to Africa’s troubles and underdevelopment by fuelling dependency syndrome and weakening African states’ governance or administrative capacity, or even legitimacy.

Peter Bauer, who was considered a pioneering critic of foreign aid, believed that government-to-government aid was neither necessary nor sufficient for development, as it only entailed the danger of increasing the government’s power, promoting corruption and the misallocation of resources, destroying economic incentives, eroding civil initiatives and dynamism. Bauer persistently criticized the big push model (Rosenstein-Rodan 1943), which provided the intellectual support for allocation of aid to stimulate economic growth. He argued that donors do not know which investments are appropriate for developing countries and that aid not only fails to jump-start growth, but actually hinders it.2

In his book *Emerging Africa*, Kingsley Chiedu Moghalu suggests that perhaps the main element that has caused the underdevelopment of the African continent is foreign aid. He asks whether several decades of huge amounts of development assistance have failed to produce any significant development, and if this is self-evident, why African leaders have not reacted to this in kind. He stresses that development, by definition, is a process that should be driven internally by organizing the production economy in an efficient manner.3

Researchers have found out that the per capita gross domestic product (GDP) of Africans living south of the Sahara declined by an average annual rate of 0.59% between 1975 and 2000. Over that period, per capita GDP adjusted for purchasing power parity declined from $1770
in constant 1995 international dollars to $1479. An observation is made that over the past 60 years, at least $1 trillion of foreign aid is said to have been transferred to Africa, but real per capita income today is lower than it was in the 1970s. For critics, aid has not only impeded economic growth in Africa, but has also led to the huge debt burden that many African countries are saddled with today.

Many point out that aid flows into Africa have left the continent worse off: ‘Aid cannot be blamed for all the mistakes made in the projects it bankrolls. However, by providing a seemingly endless credit line to governments regardless of their policies, aid effectively discourages governments from learning from and correcting their mistakes. Giving some Third World governments perpetual assistance is about as humanitarian as giving an alcoholic the key to a brewery’. In their paper ‘The Curse of Aid’, Simeon Djankev and others liken aid to natural resources, in that it provides a windfall of resources to recipients, which may result in the same rent-seeking behaviour as is the case with the ‘curse of natural resources’. Abdoulaye Wade, the former President of Senegal, said: ‘I’ve never seen a country develop itself through aid or credit. Countries that have developed … There is no mystery there. Africa took the wrong road after independence’.

Bill Easterly has been perhaps the most pronounced critic of aid since the turn of the twenty-first century and his ideas are expressed in a series of books. The central theme of Easterly’s book *The Elusive Quest for Growth* is that ‘incentives matter’: despite all the efforts and money spent trying to remedy extreme poverty in the developing world, the donor countries have repeatedly failed because they have neglected the fundamental rule that individuals, businesses, governments and donors respond to incentives. In *The White Man’s Burden*, he contends that existing aid strategies provide neither accountability nor feedback, but without accountability, the problems are never fixed, and without feedback from the poor, no one will understand what exactly needs to be fixed. In *The Tyranny of Experts*, he claims that development experts consider poverty in technical terms and focus on fixing immediate problems without dealing with the political oppression that caused the problems in the first place.
According to Acemoglu and Robinson, the failure of aid for Africa is not due to a vicious circle of poverty per se. Poverty is instead an outcome of ‘economic institutions that systematically block the incentives and opportunities of poor people to make things better for themselves’. In sum, the problematic economic institutions that are extractive in nature are blocking their aspirations today in a similar manner to what South Africa’s apartheid regime did to black people.\(^\text{13}\)

The basic criticism of aid is that it neither goes where it was intended nor helps those anticipated. Paul Collier, in *The Bottom Billion*, highlights the ‘four traps’ that contribute to this problem—the conflict trap, the natural resource trap, being landlocked with bad neighbours and having bad governance—but aid can potentially help turn things by incentives, skills and reinforcement.\(^\text{14}\) And on the question ‘is aid part of the problem or part of the solution?’, he points out aid is part of the solution, although it has serious problems and is not in itself sufficient.\(^\text{15}\) Of course, there are self-criticisms within donor community that they have taken too much responsibility for solving Africa’s problems and that aid-dependency syndrome has become deeply rooted in Africa.\(^\text{16}\)

On the other hand, there are strong advocates of aid like Jeffrey Sachs who think that donor countries should increase the amount of aid to poor countries. In *The Age of Sustainable Development*, Sachs again stresses the need to push for global sustainable development, which ‘is a way to understand the world, yet is also a normative or ethical view of the world: a way to define the objectives of a well-functioning society, one that delivers wellbeing for its citizens today and in future generations’.\(^\text{17}\)

Foreign aid has had a positive impact on health and humanitarian needs. The issue is what impact it has on economic development. According to Sebastian Edwards, the overall findings of a large body of research have been ‘fragile and inconclusive’, with some experts concluding that ‘in the best of cases, it was possible to say that there was a small positive, and yet statistically insignificant, relationship between official aid and growth’.\(^\text{18}\) Meanwhile, Steve Radelet observes that ‘the pendulum has swung, with more evidence that aid has a modest positive impact on growth’ (Table 2.1).\(^\text{19}\)
Who Is to Be Blamed? Donors or Recipients?

If aid has indeed failed, then who should be blamed for this? Looking at the dismal state of development of Africa, many intellectuals and experts in this field have fallen into a habit of doing two things: accusing foreign aid of being a failure or even evil, and blaming it all on the donor community, sometimes insinuating that they are evil-doers. But the way I see this issue is that aid is only as good as the recipients’ ability
to make use of it. Foreign aid itself is just a means, with some good intentions behind it at least. Aid can be made very good use of or can bring about unintended outcomes. Sub-Saharan Africa’s continuing woes are caused not by foreign aid, but by all the negative elements and inherent problems that have come into play.

The correct assessment would be that Sub-Saharan African countries are experiencing problems in spite of aid, not because of it. With all the issues that African countries have had to deal with after their independence, they might have done actually worse without aid. In the absence of aid, there could have been more conflicts and political instability, and this could have fuelled more uncertainty and desperation. Remember, in the 1990s, when aid was significantly curtailed, conflicts were on the rise. There could have been more irregularities, corruption, illegal trading, environment destruction, etc. So, if foreign aid was withdrawn and only ‘unfettered free market-ism’ prevailed, would Sub-Saharan Africa have fared much better?

It is not that the international aid community did not consider various aspects and approaches to development. As already mentioned, the international development community’s track record shows that it worked hard to find the right approaches to make aid more effective and relevant, and there was much trial and error. It should be noted that the donor community actually espoused and quite vigorously pursued an industrial policy approach for Africa in the 1960s, although it had to be shifted towards a poverty reduction approach in 1970s, following great disappointment with the former’s performance.20

Also, there is another important factor worth mentioning. Various entities give various types of aid to Africa. Some are less liable to diversions, and donors have increasingly sought ways to check against the possibilities of misappropriation of funds or materials provided. On the one hand, we have the ‘budget support’, which is transferring money directly to recipient governments; on the other hand, there are also wide-ranging programmes like capacity-building that are either fully under the control of donors or under strict supervision regarding use of funds.21 Soft loans, compared to grants which constitute the majority
of the type of aid offered by developed countries, are much more sus-
ceptible to irregularities, given the state of governance of the recipient
countries.22

Most of the reports, studies or commentaries that have been made
on African development tend to find fault with either the poor perfor-
manence of foreign aid or the lack of competence and responsibility of
donors and development experts. The perception that what donors do
only matters is not only wrong but is also detrimental, because this is in
effect giving up on the ability of African countries to play their part in
the process.

We can easily be hypocritical and out of touch with reality, and
what people seem to be oblivious of is the fact that donors do not bear
prime responsibility for the development of poor countries. It is not the
donors who hold the key to Africa’s development. There are plenty of
resources to tap into and enormous opportunities for African countries
if earnest efforts are made to utilize them. Adversities that African coun-
tries face, like the four traps outlined by Paul Collier (see above) and
other elements that have been cited as a hindrance to Africa’s develop-
ment (unfavourable climate, epidemic diseases and lack of basic health
care, tribalism, neopatrimonialism, etc.) are actually mostly man-made
and thus can be overcome.

The reason to be optimistic about Sub-Saharan Africa’s future is that
there is open-mindedness and receptiveness to the ideas and policies of
the outside world. While the word ‘dependency’ has negative connota-
tions, in certain circumstances, dependency may not the worst thing;
rather, exclusivism, isolationism, dogmatism and radicalism are much
more dangerous and self-destructive. In fact, inter-dependence has
become the general feature of today’s world, and maybe African lead-
ers are seeking regional unity and integration to enhance their collective
bargaining power vis-à-vis the world in order to develop more interde-
pendent relationships.

Dependence may not be too big a problem in itself if it is short-lived
or transitional; rather, fundamentally the bigger problem may be the
lack of ambition. If people have true ambitions in life, they will not be
satisfied by being dependants of aids. The reason why many people are not as energetic as they should be is not because they are getting enough from donors, but because they have very limited ambitions in life.

Even when people are talking about their aspirations, the first thing that they are looking for could be the funding source. But without breaking the vicious cycle in which poverty, a weak social fabric and ‘bad governance’, among other factors, are inter-connected, simply pouring in resources for the sake of assistance will not produce positive outcomes. So, the question reverts back to: ‘What are the conditions that justify foreign assistance?’

There is no such thing as all-out altruism in the modern world. Everything good and useful entails human endeavour and hence brings with it costs. Sooner or later, it comes with a price tag. Charity in times of calamities and humanitarian crisis comes naturally. But when altruism is expected to be delivered in everyday life for an indefinite period of time by outsiders, this is a sign of trouble and abnormality. So, an appeal by African leaders, like Paul Kagame of Rwanda, that African countries steer clear of foreign aid and dependence on outsiders only makes sense.

One day, when I was giving a lecture to Ugandan local counsellors in a training institute, I challenged them by asking: ‘What is development?’ I told them that it is essentially about two things: change and speed. How much positive change you can make in a given period; in other words, how fast you can make changes for the better. I asked them again: ‘Who should change?’ They were all silent, but seemed to understand what I was trying to convey: it is you, not the donors.

Those who are quick to criticize donors for not doing enough had better think first whether they are not being overly harsh or unrealistic in light of what donors can actually do. Yes, donors have their professional commitments, but also their national interests, organizational interests and personal interests, and they tend to become bureaucratized over time, and we have to accept this as a reality.

Critics of foreign aid also point out that a significant proportion of aid money is drained before it reaches its intended beneficiaries, the local populace. Basically, two factors contribute to this. First, projects inevitably entail considerable administrative costs. High costs are
incurred because from the standpoint of donors, the costs of bringing projects to Africa are high. Many aid projects involve experts and other human resources, materials and equipment from developed countries, and of course these need to be covered by the budget. Allotting sufficient funds to ensure the proper functioning of aid staff on the ground is also important. The level of dedication and service of aid project managers and workers who face very adverse conditions is perhaps the most important determinant of the success of their projects. This is because in a demanding environment like Sub-Saharan Africa, extra devotion and perseverance are required to get things done.

Second, the relevant government departments of the host country usually try to secure some funds of their own from the donors in the name of necessary administrative funds for collaborative activities. Risks lie not only in the planning phase of projects, but also during their actual operation. Hence, persistence in such efforts as fighting graft and reporting irregularities in the work of officials to their higher authorities is important.

**Inherent Limitations of Foreign Aid**

 Debating whether foreign aid is good or bad in a dichotomic fashion misses the point in terms of what the real issues of development are. The usefulness of aid will depend, first, on what types of aid are used in the given circumstances and, second, on how they are planned and implemented. There should be no ambiguity in the fact that foreign aid has inherent limitations and one should not expect this aid to automatically deliver the desired results. This is because most likely, donors have to undertake their aid programmes in the least favourable or most difficult conditions and circumstances in which they can find themselves to begin with.

The usefulness of aid should be judged in terms of what objective it wants to achieve. In the case of a natural or man-made disaster or crisis calling for humanitarian support or emergency relief, the usefulness of aid is obvious. The more acute the needs, the more appealing they will be. Any forms of support—money, food, materials or various human
services (by rescue crew, doctors, aid workers, etc.)—will be appreciated. Then there are casual acts of charity like donating basic goods and materials or providing voluntary services to the poor and needy. Here, the goal is achieved through the delivery of the items or services. But things become more complicated as we move into larger-scale and more sophisticated aid programmes. For such types of projects, the work of planning, constructing, operating and post managing are all difficult tasks. When working with locals, which donors cannot avoid, unforeseen events like the local subcontractor suddenly becoming bankrupt and suspending their work may occur, prolonging the duration and hence raising the overall cost of the project.

Development-oriented aid includes construction projects (building factories, hospitals, vocational schools, etc.), consulting projects, facility or systems upgrading projects, training programmes, physical infrastructure projects, technical cooperation, funding programmes (including budget support) and much more. Because the execution of foreign aid involves two collaborators—donor and recipient—with very different standards, practices and levels of skills and technology, expecting positive outcomes to come from aid is always going to be a tough proposition.

We can compare aid with domestic projects that developed countries carry out in their own countries, like social welfare programmes or public facilities construction projects. The governments have to deal with their regulations, public opinions and various stakeholders, but at least things are predictable and manageable from their standpoint. Yet, for foreign aid or development cooperation, donor governments bear the extra burden of having to conduct activities where they not only do not have administrative or legal authority, but where their working conditions are adverse as well. In addition, lack of personnel and staff on the ground, lack of local expertise, etc. compound the problem.

The biggest hurdle is perhaps the issue of ownership, which is also linked to sustainability. Aid projects are implemented over a given period, ending when the contracted term expires, followed by handovers or completion of programmes. Officially, donors’ obligations end there and they no longer have the contractual basis to be responsible. Yet, in order for the projects to produce the desired outcomes and be
sustainable, the recipients really need to assume ownership of the project in terms of operation and management, otherwise the projects (as they often do) will end up as ‘white elephants’. Herein lies a dilemma. The poorest countries need assistance because they lack the necessary resources and skills, but once they are provided with these facilities by donors, their lack of managerial capacity, discipline, commitment to ownership and accountability makes the project untenable and in many cases useless.

There are expectations both in Sub-Saharan Africa and developed countries that aid will contribute substantively to the former’s economic and social development. That is the rationale of aid. The most desired outcome would be that aid helps Africans to reduce poverty and generate income. However, there seems to be a basic misunderstanding that wealth can be obtained by transfers. Yet, the fact remains that the wealth of a nation cannot be amassed by transfers, but rather by creation. In order to become wealthy in an economic sense, one has to be productive. Wealth is created by producing additional value, goods and services, but there seems to be a tendency in the region where people want to become better off not by being productive, but by benefiting from the work of others, e.g., through simple redistributions.

Donors, on their part, must also find ways to better carry out their assignments. While gearing towards more pragmatic and result-oriented approaches, they need to think more from the viewpoint of recipients’ interests in order to have a greater impact. Thus, many aid experts and workers are dispatched to Africa, and their expertise and know-how accumulated over many years no doubt become precious assets in this field. However, as the work of these specialists becomes more regular, their perspective can also become routinized, leading to a ‘fixing’ of their views on Africa.

Aid specialists who think they have a good understanding of how locals think and behave could subconsciously consider such elements to be a ‘given’, and hence have low expectations of what can be achieved. When they take action accordingly with such a mindset in place, this can encourage the continuation of the status quo rather than promoting change. Unless they exhibit strong passion to bring about change
despite the difficult conditions, their expertise and professionalism may in fact contribute to the ‘perpetuation’ of Africa’s underdevelopment.

Unlike natural science, in the realm of social science, over-reliance on compartmental expertise has its dangers. It is just like the problem of deepening bureaucratization. If you are the head of an organization, having many experts at your service can be convenient and encouraging. They can produce various reports or studies that you can circulate or report to your bosses for recognition. But when it comes to producing ‘physical’ results in terms of implementing what is in the paper, it can be a very different story; that is, you might have as many experts as you want, but still cannot get the job done.

Deepening of expertise alone may not be the solution to problems. Experts are by definition specialists, as opposed to generalists, and their field of speciality is specified. As such, they are inherently limited in terms of their scope of vision and ability to make decisions on multi-dimensional and deep-rooted issues. Then there is always the danger of being immersed in too many technicalities and details. The need to follow so many reviews, procedures and regulations, and to collaborate with so many players also poses great burden on donors, making the delivery of aid projects that much more challenging.

The moral hazard of aid recipients and development partners alike can be understood in the context of ‘bureaucracy’ that has been formed in this field. Indeed, there are many competent and dedicated people working in this profession, but there are some from developing and developed countries alike who seem to spend more time enjoying their ‘privileged’ status than working to make a difference with a true sense of mission.

Aid workers and volunteers on the ground commonly admit that the most difficult challenge they face in Africa is the human factor. When things do not go right, time after time, and frustration mounts, one can feel inclined to give in and ‘adapt’ to the reality. But it is not easy for people on a mission to give up fighting either. As such, the struggle goes on, but in the end the lessons are learned, usually with mixed feelings.

Another challenge arising from the evolution of donors and their policies that affects both aid recipients and donors is ‘aid fragmentation’. This refers to the problem of too many donors providing too
little aid (or giving aid in so many small pieces) as to undercut the efficiency of aid. According to International Development Association report, over 50 donor countries, including emerging donors, over 230 international organizations, regional development banks, funds, etc., are involved in development activities, with the result that the average number of donors per recipient increased from three in 1960 to 30 in 2006. This problem was acknowledged in the Paris Declaration on Aid Effectiveness (2005), which called for a pragmatic approach to the division of labour to increase complementarity and decrease transaction costs.

The complex and uncoordinated nature of aid allocation patterns can create gaps and duplications of aid for the aid recipient group. Fragmentation of aid entails transaction costs both for donors and partner countries. The principal drawbacks for donors would be the lack of specialization and scale inefficiency. If donors are active in so many places and sectors, then naturally their staff will need to be spread over a wide area. As a result, they will face an inability, in terms of having enough knowledge or expertise and manpower, to carry out all the projects in a successful manner. At the same time, high fixed costs will be incurred for a limited number of projects. As for recipients, bureaucratic costs to meet the administrative requirements imposed by a multitude of donors will be substantial.

However, in recent years, several donors have also taken the decision to concentrate their aid on fewer partner countries. One reason behind this decision is to rationalize aid in order to achieve better results. However, some of these decisions may also have been brought forward by increased fiscal austerity as a result of the economic and financial crisis. It all comes back to the question of national interests versus multilateral governance.

Since aid fragmentation is a reflection of bilateral donors’ tendencies and their competitive nature, it will not be easy to rectify it soon, although some measure of improvement may be found. There may be ‘recipient fatigue’ for the elites or officials in charge of developing countries, but for the people in general, it is a very different story, which justifies the need for the robust involvement of donors in Africa. A study on aid recipients’ attitudes conducted in Uganda several years
ago showed that elites and the masses have different perceptions towards foreign aid—the masses strongly preferred aid over government programmes, while the elites preferred government programmes. This attests to the widespread corruption, patronizing and clientelism on the part of the privileged class in the region. The local people know that they will get the benefits from foreign aid agencies, but distrust their elites strongly.

If aid has failed, it is not because aid itself is the problem or that donors had other intentions. At best, donors’ responsibility for this failure is no more than being ineffective or being not aggressive enough to ‘induce’ change on the part of recipients. Reckoning must come from within, from the developing countries. It is not a question of a lack of materials, but is essentially about the mindset and the willingness to act.

The Issue of Reciprocal Compliance

Even scholars and practitioners involved in the development of Africa seem to be still baffled by the ‘African paradox’ after many decades since the world began trying to address Africa’s plight. In the history of humankind, no continent has drawn such worldwide, collective attention and support on a sustained basis as Sub-Saharan Africa. This may seem obvious because the majority of the poorest countries on earth, the least developed countries or ‘the bottom billion’ are to be found in Sub-Saharan Africa.

But let us not forget that the African continent itself is blessed with natural endowments and has huge potential for growth. In terms of geographical size, Africa is colossal, the second-largest continent after Asia, and is the same size as the US, China, India and Europe combined. It has the greatest number of countries with varying conditions as well as commonalities. In Sub-Saharan Africa, the climate and weather are mostly favourable and there are many large areas of land with fertile soil and plentiful water. The negative description of Africa’s geographical and climatic conditions by development experts is quite overblown and misleading.
Meanwhile, the amount of aid provided to developing countries reached an all-time high in 2013, rebounding from two years of falling volumes despite continued pressure on budgets in OECD countries since the global financial crisis. Donor provided a total of US$134.8 billion in net official development assistance (ODA), of which US$55.7 billion went to the African continent in 2013.30

At the global level, we have turned a new page with the completion of the UN MDGs and the adoption of the SDGs in 2015. The MDGs focused on the alleviation of absolute poverty, as well as social sector/humanitarian assistance, but even by the UN’s standards, only three out of the eight goals were on track in the case of Africa.31 As the title suggests, the post-2015 goals rightly highlight sustainable development with an emphasis on economic development. But the outcome of MDGs and the lessons learned from them were nothing to be very excited about in terms of having more confidence and clarity in the way forward for Africa’s development. Rather, the track record of Sub-Saharan Africa over the past 50 years only seems to add to the lingering sense of disillusionment, doubt, scepticism and uncertainty.

The year 2016 was marked by a series of terrorist attacks in Europe, the refugee crisis and the rise of anti-immigration, nationalistic sentiments in the Western world, while the political developments that unfolded in the US and elsewhere in 2017 only added to the uncertainty of the international order, as if we were entering uncharted territory. In 2018, the world continues to be unsettled by various developments in the international arena, but there are also some encouraging signs like a trend for global economic recovery, so the overall picture is mixed. In any case, it is unlikely that the international dynamics will have a major impact on Sub-Saharan Africa and the global donor community.

The international development architecture of Sub-Saharan Africa will likely prevail, despite the shortcomings and criticisms it has entailed. African countries’ strong desire for the continuation of aid, coupled with the ‘readiness’ of donors and the ‘short cycle’ of response—decision making, formulation and implementation of projects—characteristic of developed countries in order to meet time constraints, perpetuates the existing framework of aid policies. And it
would be naïve to discount the national interests—whether perceived or real—that all donor nations pursue, as well as natural competition among donors. Add to this the pressures coming from various opinion leaders, groups and organizations, and the tendency to stay the course becomes quite clear.

If the existing aid architecture cannot be overhauled in the foreseeable future, what are the practical and realistic ways in which the effectiveness of aid to Africa can be improved? The international community and African countries alike should not stomach continued lacklustre performance in Africa's development. There should be a clear awareness on the part of African nations and the donor community that improved measurements must be applied.

However, it is unrealistic to expect ‘sweeping’ reform to take place across the continent, irrespective of how good the idea might be, as could be seen in the case of NEPAD. Regional initiatives requiring various coordination efforts among member states present themselves as another challenge rather than as readily applicable solutions. This also holds true for trade and investment initiatives like the African Continent FTA (AfCFTA) and the BRICS-Africa collaboration that are now taking shape. Certainly, there is a sound logic behind the consolidation of regional markets in Africa. But the ultimate bulwark of Africa's development is of course its states. Without enhancing the level of governance and capacity of African states, their sustainable development will not be properly achieved. Regional integration initiatives will not succeed if the member states do not have sufficient capability to govern and manage their own affairs.

The best-case scenario for Sub-Saharan Africa would be that success stories of national development emerge one after another, setting examples for others to emulate. Development cannot be bestowed by others. No matter how much aid a country receives, development cannot be attained by external assistance alone. It is essentially an internally driven process of a nation and is not one which can be injected exogenously by outsiders. Thus, it does not really matter what the international development community discusses or plans if the subject or owners of development—the African nations—are not taking the lead in the process.
Like all other forms of partnerships, the donor-recipient partnership must be based on mutual trust in order to be fruitful and lasting. Let us consider this relationship from the standpoint of ‘reciprocity’. For instance, a business partnership can be robust when the participating parties are mutually committed to meeting each other’s needs. Logically, a low level of or unequal reciprocity will in all likelihood not yield the desired results compared to a high level or equal reciprocity.

The problem with current state of the aid structure for Africa is not only that the level of reciprocity is low, but, more importantly, that the reciprocity is very much asymmetrical. It takes two to tango, and the parties involved—namely the African countries and the donor community—must find ways to significantly upgrade their partnership in terms of strengthening the reciprocity.

**Africa’s Compliance to Donors’ Needs**

Figure 2.1 provides an illustration of the matrix of reciprocity in partnership between Sub-Saharan Africa and the donor community. It depicts the level of ‘compliance’ of donors and Sub-Saharan African countries towards each other. Donors’ compliance can be measured in quantitative and qualitative terms. The amount of aid provided would be a basic indicator of the quantitative response. The qualitative response is about how much attention and effort donors put in their aid programmes to meet the needs of recipient countries. Factors such as areas of assistance, content of aid programmes, level of study, preparation, involvement and coordination with host government agencies, input of experts, ‘harmonization efforts’, etc. should be taken into account. For aid recipients, their compliance can be gauged by the level of various administrative support and facilitation provided to donors and donor programmes, the degree of ownership and accountability demonstrated with respect to the management of aid projects after their handover, etc. But the irresponsibility and lack of sense of duty of government officials, widespread corruption, poor work ethics, the lack of development mindedness of the people, etc. are impeding efforts for development.
Figure 2.1 shows four different combinations of partnerships. The purpose is to gain a general idea of the dynamics in the whole region. The actual situation will, of course, vary depending on each country and project. The present state of partnership between African countries and donor community, in most cases, would correspond to either a no. 1 ‘low reciprocity’ or a no. 2 ‘donor-active’ partnership. Regarding donors’ responsiveness towards Africa’s needs, they can be seen either as actively engaging or falling short of expectations, depending on how the recipients and others view it.33

But the fundamental problem lies in the recipients’ attitude. The prevalent low compliance by African countries is what undermines the effectiveness of aid and frustrates the morale of aid officials on the ground, and sows the seeds of doubt. Both donors and African countries seem to have forgotten that the justification of development aid lies in it being temporary in nature. However, things are not as simple as it

| Donors’ compliance to Africa’s needs | Low | High |
|-------------------------------------|-----|------|
| Low                                 | 1. Low-reciprocity partnership | 3. Recipient-active partnership |
| High                                | 2. Donor-active partnership |
|                                     | 4. High-reciprocity partnership |

Fig. 2.1 Reciprocity in the partnership for African development

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might appear, and there are clearly limits in terms of how far the donors and African countries can be compliant with each other.

It is true that international organizations and bilateral donors have been struggling with the task of aid effectiveness from their end, while the innate weakness in governance on the part of African countries is cited as a reason for the poor performance of aid. There is a saying that where there is bad governance, aid is ineffective, and where there is good governance, aid is unnecessary. But the governance issue is a matter to be sorted out by African countries.

The ‘low reciprocity’ partnership represents an untoward state of reality. Aid is provided mostly for the sake of consumption and serves vested interests. A typical feature of this is recipient governments taking aid for granted and making little effort to be forthcoming in relation to the donor’s requirements, other than when they see their own interests (such as budget allocation). Donors, for their part, go about ‘routinely’ with their work, adhering to formalities without worrying much about the outcome (conveniently putting the blame on the environment and recipients) and struggling to make a real impact. However, it is true that the major aid organizations maintain strict guidelines and discipline in their operations in order to try to make them as efficient as possible in the given circumstances.

A ‘recipient-active’ partnership would be rare in Africa, where countries are highly receptive to donors aid programmes, actively and voluntarily undertaking the necessary measures to make them work (with sound governance), while donors, in comparison, are not as proactive. South Korea in the 1960s may fall into this category. Lastly, a ‘high-reciprocity’ partnership is an ideal situation where both donors and recipients will get satisfaction and credit for a strong and successful partnership. An example of such a case could be Rwanda.

The most common form of Africa’s partnership with mainstream donors is seen to match the ‘donor-active’ type. In this case, the principal donors, whether multilateral and bilateral, have been making continuous efforts to make their programme more relevant to African countries, while the responsiveness of African countries towards them has more or less remained the same. The compliance gap between donors and African countries must be narrowed so that the partnership status can shift to ‘high reciprocity’ or ‘recipient-active’. 
Notes

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3. Kingsley Chiedu Moghalu, Emerging Africa: How the Global Economy’s ‘Last Frontier’ Can Prosper and Matter (London: Penguin Books, 2014), pp. 25–28.

4. Thompson Ayodele, Franklin Cudjoe, Temba Nolutshungu, and Charle Sunawabe, ‘African Perspective on Aid: Foreign Assistance Will Not Pull Africa Out of Poverty’, Cato Institute Economic Development Bulletin No. 2, p. 1, 14 September 2005, https://object.cato.org/sites/cato.org/files/pubs/pdf/edb2.pdf.

5. Dambisa Moyo, ‘Why Aid Is Hurting Africa’, Wall Street Journal, 21 March 2009.

6. ‘Honest Accounts? The True Story of Africa’s Billion Dollars Loses’, Health Poverty Action and 12 Other NGOs, July 2014, https://healthpovertyaction.org/wp-content/uploads/downloads/2014/07/Honest-Accounts-report-v4web.pdf.

7. James Bovard, ‘The Continuing Failure of Foreign Aid’, CATO Institute Policy Analysis No. 65, 31 January 1986.

8. Simeon Djankov, José García Montalvo, and Marta Reynal-Querol, ‘The Aid Curse’, December 2007, http://documents.worldbank.org/curated/en/206371468155962442/pdf/452540WP0Box331urse1of1aid01PUBLIC1.pdf.

9. Norimitsu Onishi, ‘Senegalese Loner Works to Build Africa, His Way’, New York Times, 10 April 2002.

10. William Easterly, The Elusive Quest for Growth: Economists’ Adventures and Misadventures in the Tropics (Cambridge, MA: MIT Press, 2001).

11. William Easterly, The White Man’s Burden: Why the West’s Efforts to Aid the Rest Have Done So Much Ill and So Little Good (New York: Oxford University Press, 2006). Easterly points out that the true victories against poverty are most often won not by over-ambitious, top-down enactment of big projects, but through indigenous, ground-level planning and incremental measures.
12. William Easterly, *The Tyranny of Experts: Economists, Dictators, and the Forgotten Rights of the Poor* (New York: Basic Books, 2013). Easterly notes that: ‘Despite the trampling of rights by Western governments and development agencies, there are plenty of grounds for hope when we see how much global change in freedom is positive anyway … This book does not say that nothing good will happen until some utopian ideals on rights are attained. No, this book argues the opposite: an incremental positive change in freedom will yield a positive change in well-being for the world’s poor’ (p. 344).

13. Daron Acemoglu and James A. Robinson, ‘Why Foreign Aid Fails—And How to Really Help Africa’, *The Spectator*, 25 January 2014, http://www.spectator.co.uk/2014/01/why-aid-fails.

14. Paul Collier, *The Bottom Billion: Why the Poorest Countries Are Failing and What Can Be Done About It* (New York: Oxford University Press, 2007), pp. 104–108.

15. Ibid., p. 123.

16. Kurt Gerhardt, ‘Time for a Rethink: Why Development Aid for Africa Has Failed’, *Speigel*, 15 August 2010.

17. Sebastian Edwards, ‘Economic Development and the Effectiveness of Foreign Aid: A Historical Perspective’, *VOX, CEPR’s Policy Portal*, 28 November 2014.

18. Jeffrey Sacks, *The Age of Sustainable Development* (New York: Columbia University Press, 2015), p. 11.

19. Steve Radelet, ‘Angus Deaton, His Nobel Prize and Foreign Aid’, *Future Development* (Blog), 20 October 2015.

20. Industrial policy occupies a very low profile in the current aid architecture of the mainstream donor community. Major bilateral donors do not seem to have any interest in industrial policy and it is only in UN agencies like UNIDO that the topic is taken seriously. Industrial policy for development was a part of mainstream development economics in 1960s, but later it came under sustained attack by liberal economists who argued that industrial policy had not worked and could not work because government failures were always worse than market failures. See James A. Robinson, ‘Industrial Policy and Development: A Political Economy Perspective’, May 2009, paper presented at the 2009 World Bank ABCDE Conference, Seoul, 22–24 June 2009.

21. Budgetary support is a way of giving development assistance: the donor country provides money directly to the developing country through a
financial transfer to the national treasury of the latter. Currently, budgetary support is undertaken by EU countries and is conditional on policy dialogue, performance assessment and capacity-building. ‘This is a way of fostering partner countries’ ownership of development policies and reforms and addressing the source, not the symptoms, of underdevelopment’, according to EU Budget support accounts for around a quarter of all EU development aid. In 2011, the percentages were 26% in Sub-Saharan Africa, 16% in Asia, 23% in Latin America and the Caribbean and 30% in Neighbourhood countries. See European Commission International Cooperation and Development section on its webpage (https://ec.europa.eu/europeaid/policies/budget-support-and-dialogue-partner-countries_en).

22. There is a dilemma in budgetary support, in that this type of aid to enhance the ownership of African countries is in fact becoming an easy target for abuse. Hence, some countries are trying to impose a strict conditionality for this when irregularities are reported, but there are inherent limits in terms of what donors can do about it.

23. See Eckhard Deutscher and Sara Fyson, ‘Improving the Effectiveness of Aid’, Finance & Development, a quarterly magazine of the IMF, September 2008, Volume 45, No. 3. Some experts point out that the problem of aid fragmentation is not the fragmentation itself, but the lack of competition among aid suppliers (Javier Santiso and Emmanuel Frot, ‘Crushed Aid: Why Is Fragmentation a Problem for International Aid?’, VOX, CEPR’s Policy Portal, 18 January 2010). Others argue that excessive and uncoordinated aid has helped create governance weaknesses in Africa and that donor-driven governance and corruption control initiatives have failed to deliver results (Brian Cooksey, ‘Aid, Governance and Corruption Control: A Critical Assessment’, Crime, Law and Social Change 58, no. 5 (December 2012), pp. 521–531).

24. Eun Mee Kim and Pil Ho Kim (eds), The South Korean Development Experience: Beyond Aid (New York: Palgrave Macmillan, 2014), p. 67.

25. It called for the commitment of partners: ownership, alignment, harmonization, mutual accountability and managing results.

26. ‘2011 OECD Report on Division of Labour: Addressing Cross-Country Fragmentation of Aid’, submitted to Busan, the 4th High-Level Forum on Aid Effectiveness (November 2011).

27. Some experts point out that under the current circumstances, efforts to coordinate aid by donors, however well-intentioned, can backfire and
cause more aid fragmentation and less efficiency. See Kurt Annen and Luc Moers, ‘Donor Competition for Aid Impact, and Aid Fragmentation’, *IMF Working Paper* (WP/12/204), August 2012, pp. 3, 29.

28. Adam Harris (NYU), Helen Milner (Princeton), Michael Findley (UT-Austin) and Daniel Nielson (BYU), ‘Elite and Mass Perceptions of Foreign Aid in Recipient Countries: A Field Experiment in Uganda’, 4 April 2013, paper prepared for the annual meeting of the Midwest Political Science Association Meeting, Chicago, 11–14 April 2013.

29. It is largely outsiders who depict Africa’s geographical, climatic conditions as unfavourable. The origin of the negative stereotype of Africa’s natural environment may date back to the early period of Europeans’ travels to and settlement in Africa. But today, the situation is quite different. By all accounts, one could even argue that Sub-Saharan Africa’s weather is more modest and favourable than that in most other regions in the world. The vast majority of foreigners who visit Sub-Saharan Africa share such a view. Many Africans boast that their land is blessed with fertile soils and rich endowments.

30. This figure includes aid provided by traditional/mainstream donors, the OECD members. See http://www.oecd.org/newsroom/aid-to-developing-countries-rebounds-in-2013-to-reach-an-all-time-high.htm.

31. *MDG Report 2015—Lessons Learned in Implementing MDGs: Assessing Progress in Africa Toward Millennium Development Goals*, written by the United Nations Economic Commission for Africa, the African Union, the African Development Bank Group and the United Nations Development Program, September 2015, https://www.afdb.org/file-admin/uploads/afdb/Documents/Publications/MDG_Report_2015.pdf. According to the report, goal 1 (eradicate extreme poverty and hunger) was off track; goal 2 (achieve universal primary education) was on track; goal 3 (promote gender equality and empower women) was on track; goal 4 (reduce child mortality) was off track; goal 5 (improve maternal health) was off track; goal 6 (combat HIV/AIDS, malaria and other diseases) was on track; goal 7 (ensure environmental sustainability) was off track; and goal 8 (develop a global partnership for development) was not assessed.

32. As for addressing the ‘needs’ of recipients or donors, the question can be raised as to what are the real intentions of donors; do they want to genuinely help Africa to develop (for instance, to industrialize) or are they more bent on providing assistance in a way that promotes their
own interests (like opening up markets and making African economies dependent on them)?

33. Even in no. 1, ‘low reciprocity partnership’, the perceived low responsiveness on the part of donors was either brought about by recipients’ persistent failure to even meet the minimum level of irresponsiveness or the drastic deterioration of their condition to receive aid. In other words, increasingly bad governance and the dysfunctionality of the state could cause a drop in the level of donors’ responsiveness.

34. From the point of view of the ‘development attitude’ of a nation, no. 3 combination may be more meaningful and desirable than no. 4 combination because it implies that a country is more proactive than donors when it comes to its own development, which is only logical. This means that a country is less dependent on donors to make use of aid resources without the need for donors’ strong intervention.