

Re-thinking Foreign Aid to Africa in Post MDGs- 2015: *Between Need and Viable Exit Strategy*

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Abstract

Foreign aid has enslaved African countries culminating to a dependency syndrome. This has engendered to complacency, addiction and lethargy and what is imminent is a generation that does not what to exploit the potential of resources at its disposal. This dependency syndrome has been pivotal to all the Socio economic and political problems that Africa is facing. What has inaugurated the lack of realization of sustainable development in Africa is nothing but foreign aid. To enunciate this, Africa has plunged itself to the snares of poverty because of the burden of foreign aid.

Key words: Foreign aid, dependency syndrome, complacency, lethargy, Millennium Development Goals, Sustainable Development

1. Introduction

“...we have learnt that policies imposed from London or Washington will not work.....countries must be in-charge of their development.....policies must be locally owned....we have learned that corruption, bad policies and weak governance will make aid ineffective.... (James Wolfensohn, 2002, former World Bank president)

Whereas the observation of Wolfensohn seems least expected of a person heading an institution that has over the decades been an architect of foreign aid and its associated policies, this statement addresses itself to the contextual reality that aid to Africa has been nothing more than a disastrous fail and an experiment as an end to itself in comparison to the much fancied success of the Marshall plan. Even more intellectually intriguing is the timing of the proclamation given the fact that Monterrey consensus of the Official Development Assistance (2002) was appealing to developed countries to commit 0.7% of their Gross National Product (GNP) to foreign aid to compliment other sources of financing for development in the countries with capacities to attract private direct investment while also bolstering the possibility of achieving the agreed Millenium Development Goals (MDGs).

While lamenting the inability of foreign aid to pull Africa out of poverty to sustainable development, Thomson et al (2005) posits that the more than \$500 billion of foreign aid pumped into Africa between 1960 and 1997, equivalent of four Marshall Plans yielded nothing more than a dependency. To contextualize their assertion, they cite the foreign support for Tanzania’s ill- conceived Ujamaa development strategy where \$10 billion was pumped over 20 years despite a visible contradiction in Tanzania,s GDP at 0.5% per year (1973-’88) coupled with personal consumption decline of 43% in the same period. On overall, it is observed that the average per capita of persons in the South of Sahara dropped by 0.59% despite observed increased foreign ad translating into poor living standards for the citizenry of these countries.

Thus some pertinent questions with respect to nexus between foreign aid and Africa’s sustainable development remain:

1. Is Africa’s affinity to growth incompatible with foreign aid?

2. Has foreign aid and its architects over years endorsed misguided policies and fed the culture of elite capture of Africa's development?
3. Why haven't the recipients of foreign aid in Africa fashioned the same to nation building and development objectives?
4. Does Africa have viable foreign aid exit strategies in the context of globalization?
5. Can African Countries do completely away with foreign aid? What are the factors contributing to this dependency?
6. Why is it that Africa is endowed with both natural and human resources but still dependant on foreign aid?

To answer the foregoing questions, I will assess the contemporary debates against foreign aid in Africa's development at Millenium Declarations while dwelling on the advantages of being independent from foreign aid and espouse on strategies that Africa can employ to be independent. To do this, I will build on the three issues surrounding aid as mentioned by Lindsey Whitfield in her paper *'Reframing the aid debate: Why aid isn't working and how it should be changed'* in a bid to come up with viable strategic options to aid beyond 2015. While remedies are not conclusive, the aim is to stir scholarly and policy debates that can spur Africa's sustainable development.

1.1 Contemporary debates against foreign aid

It is evident that sustainable development is imminent to Africa if it opts to be independent from foreign aid. In addition it will suffocate complacency and lethargy and encourage exploitation of resources, industrialization and specialization, economies of large scale production, increased revenue and scale up living standards. The fear of the repercussions emanating from the 'conditionalities' of foreign aid engendered to have devastating effects to the economy will be history. This will be the inauguration of a booming economy that utilizes technological advancement to exploit it resources inevitably translating this to an increase in revenue and investment. Africa will then be able to learn from experience on how to espouse its economic policies and marry them with other sectors of the economy. To support this notion, Dambisa Moyo, William Easterly and Yash Tandon will brace my arguments against foreign aid.

1.2 Contemporary debates against foreign aid

Easterly a strong supporter against foreign aid in cited in Joshua Goldsteins book *searching for innovation in foreign assistance* and posits that the failure of aid has been the failure of having grand plans: development solutions that work for all countries at all times. In this very article, various scholars who are against foreign aid were against it from the angle that it does not support innovation and entrepreneurship. Easterly in this article is cited to be in favour of foreign aid that embraces dynamism, innovation and entrepreneurship for economic growth, employment and poverty reduction in the creation of sustainable prosperity.

I concur with Easterly and the other scholars. Aid to Africa should not be tied to stringent conditionalities which hampers its development. It should be aid that is tailor made for that country bearing the dynamism of each country. In addition, it should foster innovation to deter complacency and lethargy. African countries should instead use this aid to explore its resources and through technology transform these resources by being entrepreneurial and expanding industrialization. This will be a sustainable venture that will create more jobs, increase revenue, encourage resource exploration and technological advancement, expand industrialization and eventually uplift the standards of living.

Dambisa Moyo in her book *Dead aid* illuminates the way in which overreliance on aid has trapped developing countries in a vicious circle of aid dependency, corruption, market distortions and further poverty leaving them dependent on aid. She goes further to explain the way the West is patronizing Africa, espouses on the specific ways in which aid has harmed Africa and offers a solution to Africa as advancing its entrepreneurial capacity. She recommends private international financing and free market.

How many African countries are willing to take up Moyo's suggestion against foreign aid enslavement given the individual ambitions, politics, corruption, the desire to achieve acquire basic needs very fast and the lack of commitment of each African country. African countries can do it if they have the commitment. It's a difficult decision that they have to partake to free them from this dependency syndrome. If they can commit and use alternative economic policies and employ the exploitation of the resources, they will gradually escape the entanglement of this dependency.

Yash Tandon in his book *Ending Aid Dependence* explains that escaping foreign aid dependence is an exercise in political economy, it involves trusting a country's own people to bring about development through proper use and management of its natural resources, the labour of its workers, farmers, entrepreneurs and its ingenuity. He continues to add that development is not a matter of aid and should certainly not be left to the donors. He adds that development in Africa is defined as a means of satisfying basic needs especially of vulnerable people through a system of democratic governance. I agree with him. Most of the aid that has worked in Africa has been in the health docket and mostly targeting the poor persons. What happens when the aid support is over? The aid is advanced at the expense of the burden the conditionalities bring with it and mostly with marginalization of economic and development rights of Africa. What is left is a struggling Africa with the aftermath effects; financing foreign debt which has devastating effects to the economy. As the process continues Africa has to contend with corruption, retardation of democracy, reduction in local savings, inflation and holistically choking the economy.

1.3 Alternative strategies to foreign aid in Africa

Whitfield, 2009 enunciates three key issues surrounding aid in Africa; Economic development and aid, politics of the aid relationship and the aid system. These tenets can be camouflaged to build strategies that can stir Africa to independence. Africa is endowed with both natural and human resources more than any continent. It has plenty of oil reserves, gold, diamond, cobalt, uranium, copper, silver, petroleum and its environment favours agricultural production. Despite having this upper hand, foreign countries import these resources and transform them to products which they can resale at a higher cost to Africa and worse still, we continue to borrow foreign aid from these very countries. It is therefore evident that lethargy and complacency have made Africa drown in a dependency syndrome. Most African countries above having these resources are agrarian. It is therefore high time Africa explored its resources, developed the manufacturing and industry sector and produced more goods and services. This should be backed up by stringent economic strategies that will help promote export and protect the industry. Economic liberalization is pivotal for exploring and expanding on private capital more so foreign Direct Investment which is a major source of post 2015 financing. In addition, Africa can use the "reverse capital plight" to mobilize additional resources. Export led growth strategy can help African countries improve on their exports by ensuring African countries become creative and produce what they import. This coupled with import substitution will enable Africa be self sufficient and really on its own resources and produce more while at the same time earning from its exports and boosting Gross Domestic Product and Gross Net Product. Creation of avenues of for curbing illicit funds emanating from illegal and corrupt practices will go a long way in building the revenue of African Countries. The loopholes in taxation system will result to 100% efficiency in revenue collection. This money can be ploughed back to build various industries and in turn create jobs to improve the living standards. These economic strategies backed up by a modern and supportive infrastructure in transport and communication will be paucity to ultimate independence to foreign aid. African countries should also facilitate peace and credible leadership and governance which work in tandem with economic policies. This will help in the attraction of foreign investment and sustainable development in the long run.

Foreign aid is engendered as a fuel for politics in the aid relationship. The inauguration of Africa's journey to independence will free Africa from these permanent negotiations with foreign donors. What will be imminent will be freedom from 'conditionalities' placed by foreign donors, relieving Africa from economic suicide. This will inculcate a culture of exploring resources in Africa therefore avoiding institutional entanglement and ultimately freeing them from the politics of aid dependence.

African countries can join hand to revamp their own aid system whereby a certain percentage can be deducted from their revenue collections every fiscal year. This money can then be loaned back to African countries in need and the policies surrounding these can be structured in ways that will aid sustainable development to the receiving country as opposed to having a dependency syndrome. Policies geared towards exploitation of resources, enhancing industrialization, expansion of exports and uplifting living standards.

2. Conclusion

In a quest of Africa wanting to achieve sustainable development, it is caught between 'need' and its desire to exit from the entanglement of this foreign aid dependency. What remains a paradox though is whether Africa can be able to survive without foreign aid. Is Africa prepared to employ its policies and strategies in dynamism,

innovation and entrepreneurship to achieve sustainable development while at the same time exhausting its resources?

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