Aid and management of sustainable development
Lessons for African governments and leaders

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The impetus for this publication has been pegged down to the notion of trend analysis, interpretation and the drawing of logical conclusions in respect to the management of foreign aid for sustainable development in Africa. The article based itself on utilizing relevant literatures, credible reports from international institutions and organizations; and practical experience based on work with international and local non-state actors in Uganda. The study affirms and concludes that there is no way that developing countries in Africa can sustainably develop and transform the lives of their people without becoming more inward looking than ever before. It is argued that foreign aid may only facilitate growth and development on a short term basis, but the onus of remarkable perspective and sustainable development depends on how critical, farsighted and committed African Governments and leaders are in harnessing and frugally managing existing resources.

Key words: Aid, resource management, and sustainable development.

INTRODUCTION

Definition of Aid may vary from one donor to another; from one organization to another; and from one institution to another. However, it may be looked at as all those forms of assistance that can be financially valued – capital, goods or services (technical cooperation) purchased with aid funds to support another person, organization, institution, a people or community. Reckoning aid in this term leaves out of account other implicit transfers that may be significant but that do not lend themselves easily to measurement. One important example is price subsidization: essential goods sold by developed countries at prices below world levels, or purchases of exports from developing countries at higher than prevailing levels. We should note that development aid may take either of the following dimensions: official, recipient, development, non military, and overheads (Browne, 2007).

Official aid is that form of aid which is synonymous with official development assistance (ODA). With recipient aid, it comprises of resources that are channeled to developing countries directly or through the intermediary of a multi-lateral institution or private voluntary organization to address specific needs of the targeted beneficiaries. On the other hand, Development aid includes resources for relief, emergency and humanitarian purposes. In practice, the distinctions between development and relief aid are often unclear. In the case of non military aid, the focus is on official development assistance which excludes all assistance of a non military nature. Overhead aid tends to be associated with the proportion of aid absorbed by the general administrative budgets of aid agencies – in which case, it is intrinsic that to every aid project there is a component associated with the costs of management and execution. There is a wide variation in the proportion of project budgets taken up under administrative costs (ibid).

Historically, aid began with heady words from such outstanding individuals such as the former President of USA called Harry Truman (1949). He asserted that: “More than half the people of the world are living in conditions approaching misery. Their food is inadequate. They are victims of disease. Their economic life is primitive and stagnant. Their poverty is a handicap and a threat both to them and to more prosperous areas: for the first time in history, humanity possesses the knowledge and skill to relieve the suffering of these people”.

This kind of assertion sounds well meaning particularly when it comes from a highly placed and powerful person in society. At another level, we should appreciate that early institutions of multilateral assistance were the
foundations of the new aid infrastructure, for example, the United Nations Relief and Rehabilitation Administration (UNRRA) which had been created by the Allied powers at the end of 1943 and was mandated to respond to ravages of war in Europe and the resettlement of six million of its displaced people. UNRRA had successfully accomplished its mandate by 1949. At that time, there were private charities at work which included the then Committee for Famine Relief (OXFAM) - assisting refugees from Greece, and the Center for the American Relief in Europe (CARE).

From Europe, aid began to spread and reach to other countries and continents including Africa. But the main question that should be reflected on is: Do the donors understand the whole question of what to provide, how to provide and the logical steps that should be taken before aid may be provided to the recipients? According to a study conducted by the Institute of Development Studies (2005), it has come to dawn over several decades that: “the development community has intervened in poor countries with little understanding of the political and institutional landscape, and with scant regard for the impact of their actions on local political relationships and incentives. Donors have consistently been unrealistic about the capacity required to manage complex processes of change. They have expected poor countries to put in place a range of best practice institutions, which are far more sophisticated than those present in OECD countries at a similar stage of their economic development. And they have assumed that creating those institutions involves little more than the supply of material resources and technical assistance” (Centre for Future State, 2005).

Following from the above concern, it is vital to note that most of the foreign aid supplied to poor countries in Africa and other parts of Asian countries in the past years have been badly used, often because it was driven by the priorities and preferences of donors rather than of the poor people and poor countries (UK Department for International Development, 2005).

In the case of Soviet Union at that time, with its aid conditionalities imposed on developing countries, it is argued that there form of “assistance” came with wrappers. It is noted that socialists principles handed down from the commanding heights of heavy industry, had served Soviet Union economic advance well. The Soviet Union developed elaborate trade and barter schemes to provide essential imports – often on quite unfavorable terms to its developing country allies like Tanzania, Angola and Ethiopia at that time. Moreover, training and education was tied with aid programs which involved unnecessarily lengthy study tours and scholarship schemes. Russian became the second compulsory language among the elite classes of Cuba, Mongolia and Vietnam (De Silva, 1984).

By the 1970s, economists were discovering that more aid did not necessarily mean better. The evidence of faster growing countries like Brazil showed that benefits of growth could not be relied on to trickle down to the poor. Where there were very marked income inequalities, high growth simply did not translate into higher incomes for all. Aid development was then building enclaves of modernization within developing economies with limited benefits for the majority of the population (Burkey, 2000). These scenarios and concerns prompted the search for a new development paradigm and led to the “basic needs approach”. This meant that developing countries and their sponsors needed to pay much closer attention to the well being of the individuals in terms of their need for food, health, education, shelter and clothing. Let it be emphasized that much of the intellectual work on basic needs was done in the UK at the Institute of Development Studies, Brighton and in Switzerland by the International Labor Organization in Geneva (1977) again with limited active participation of potential beneficiaries.

From the forgoing matters of concern and practice, it became evident that foreign aid was, and would be in crisis. As the decade wore on, the prescriptions were wearing out and the effectiveness of the traditional aid institutions was in question. Aid’s influence over sustained development appeared limited: where aid was needed, it was not working; where development was working, aid was not needed – for example in the case of “Tiger” economies such as Taiwan, Malaysia, Singapore and India (Cassen, et al., 1986).

Statement of the problem
According to Santiago Resolution of Third World Social Scientists communiqué on foreign finance and aid, it was affirmed that what Third World should ask of the international order is a genuine transfer of real resources, and not the present “aid” charade (April, 1973). Foreign assistance must be linked to commonly agreed objectives particularly to poverty reduction strategies (UNDP, Human Development Report, 1994). In 1995, Nelson Mandela added his voice to the aid challenges and asserted as follows on foreign aid:

“It is to perpetuate difficulties of the South for the North, to relate to us as hapless victims to dictate to regarding loans and employment of aid”.

For the majority of recipient countries, and in particular those that have received substantial levels of aid but continue to languish, aid has proved to be notably unproductive. As Fukuyama (2004) puts it, donors will not abandon the hapless countries because they do not like to give up the influence and power over client countries that dependence brings.

What continues to baffle many contemporary scholars and development practitioners in Africa is that despite some amount of knowledge about the challenges caused by foreign aid syndrome, developing countries still continue to clamor and engage with donors for budget
support. To this extent, two questions should be reflected on: How useful is foreign aid to spur sustainable development in Africa? Which country in Africa has successfully graduated from poverty to middle income status through predominant foreign donation?

METHODOLOGY
The researcher used relevant contemporary literatures associated with aid infrastructure. The study took a comparative analysis and design perspective. Credible reports from International NGOs and other international agencies were used for provide deeper insights. Besides, the researcher benefited from his wealth of experience emanating from having worked with an International British-based charity – ACORD in Uganda for four years. This exposed the researcher to know how donors relate with Central and Local Government administration, including the local population for whom aid is meant; and coupled with the fact that the researcher has been doing a number of high level consultancies with several aid agencies in northern Uganda.

Purpose of study
To establish the extent of foreign aid contribution in the transformation process and prosperity of African countries and the population.

RESULTS AND DISCUSSION
Foreign aid syndrome
For decades, “development communities” from Europe and USA have intervened in poor countries with little understanding of the political and institutional landscape, and with scant regard for the impact of their actions on local political relationships and incentives. In the case of World Bank’s first structural adjustment loan in 1980 to Colombia, a new aid phase of macro-economic governance began, in which the policy choices for the poorer developing countries were increasingly prescribed by Washington. Poor countries started to depend more and more on loans from World Bank and International Monetary Fund (IMF), to which indebtedness grew. Banking prerogatives sought to establish and maintain the solvency of the lenders. Upfront, the IMF was concerned with short term balancing of external resources and a closing of the domestic resource gap. On its heels, the World Bank sought to put in place the Structural Adjustment Reforms necessary to sustain these results. In Africa, structural adjustment was failing. For example, famines were recurring frequently in some of the most generously aided countries such as Mozambique, and these were in all cases attributable to factors of human origin that official aid was seemingly unable to influence. In humanitarian crisis, private charitable organizations were more agile than government and multilateral agencies in mobilizing and delivering aid. Their role as agencies of development and relief assistance grew visibly during the decade, supplanting governments and official agencies. South Asia was continuing to stagnate. And yet the “Tiger” economies were bounding ahead along high growth paths, but with diminishing development assistance (Cassen, et al., 1986).

In Uganda between 1986 -1995, World Bank officials advised central Government to deliberately cut down on public expenditures as a precondition for foreign aid. The bureaucrats had advocated for the state-led development at the initial stage - especially before the 1980s, then within a short period of time, changed its position and strongly recommended to Government officials on the following action points for implementation: marketization and the retrenchment of public servants from core functions, followed by the need for establishment of “democratization”, the establishment of public – private partnerships, and active civil society participation in the delivery of core services. All these have been imposed on Ugandans, just like any other African country where World Bank officials chose to work to spread their “gospel”. In the case of Uganda, due to the fact that the country had just emerged from a prolonged and protracted war which led to the destruction of most of its infrastructures for development, it meant that it could be a good candidate for World Bank “support”. At this time (1986 -1995), the country had weak institutions that could not afford to stop World Bank intransigence and prescription of “drugs to be taken to cure the disease of underdevelopment” (In 1986, President Yoweri Museveni took over power from his predecessor through a protracted guerilla war fare which started in 1981. The five year war destroyed several infrastructures, especially in the central part of the country thereby dictating the need for urgent action thereafter. Given this state of affairs, the incoming Government was faced with a lot of financial hardships to drive the economy forward. There was very low revenue from domestic sources; and because of the urgency of rehabilitation, reconstruction and resettlement of displaced people, there appeared to be no other alternative except to borrow funds from international lenders like World Bank; and to accept the institution of IMF to come in to direct on how to manage the economy). Take the case of Uganda’s report and implementation of the Public Service Review and Reorganization Commission – 1989/1990 for reference. In this report, and on the advice of World Bank officials under the auspices of the structural adjustment program, it recommended the retrenchment of public staff from the civil service purportedly with a view that this will improve on the effectiveness and efficiency in the delivery of services by public officials. To them, the public service carrying capacity of the time had been overstretched requiring downsizing; and that if the country needed sustainable development to be realized at this stage of development, then immediate action should ensue. Although this sounded generous and fabulous in orientation, its repercussions became farfetched. For
example, those who were retrenched received little and unsustainable packages as retirement benefits. Cases of suicides, divorces and robbery had to follow in a few months since the packages (money) given had been exhausted. From 1992-2001, the researcher had been working as Town Clerk (Chief Executive Officer) of Urban Councils, and was on a forefront in the implementation of the conditions related to structural adjustment programs imposed by World Bank and IMF. One critical area for implementation was on the retrenchment of staff so that a few could remain on the payroll. In the districts of Kitgum and Pader, the researcher had been able to bear witness to the challenges of low payment in the form of retrenchment packages. Most families could not survive on such packages beyond one year. In the health sector, the reduction of public health care funds and the promotion of cost sharing in hospitals and health centres meant that only a few could access better and quality health care services in Uganda. The education sector could not be spared, especially higher education pursuit by students. In this regard, central Government was compelled to reduce on expenditure in tertiary institutions like in Makerere University, so that it can then save funds for concentration in primary and secondary education. It was argued that with the saving of money from higher education, more pupils and students could be enabled to pursue and complete primary and secondary education. In Makerere University in Uganda, the reduction of funds for university education and students in the form mandatory allowances led to a series of strikes against the central Government. The students, well meaning technocrats and some policy makers saw no immediate and urgent need for cost sharing and privatization in higher education sector at this particular critical stage of development. After all, Uganda had only ONE public university at the time. One had to wonder whether managing this institution was unbearable at this stage or not! But it was understandable that there existed some “invisible long hands” directing Government how to proceed in the management of the economy as a whole.

It is vital for African leaders to understand that much as the institution of World Bank and International Monetary Fund recommendations appeared appealing at its instant face value, the repercussions overtime became horrendous. For example, World Bank officials recommended for: tax reforms to raise domestic revenues, more privatization and deregulation, downsizing the civil service, a shift of resources to encourage export capacity among options expressed. It is undeniable that the human consequences associated with these recommendations have always been painful. It should be remembered that in the case of inflation in African countries in the 1980s-1990s, it was majorly stimulated by devaluation and new taxes on consumption; social services were cut and public service jobs were lost. The time scale of the measures was rarely sufficient to effect restructuring. The recommendations were always executed in a hurry and without adequate consultations. According to Williamson (1990), there were ten (10) tenets of policy reforms promoted rigorously by Word Bank in developing countries as follows:

- Fiscal discipline;
- Public expenditure reform;
- Tax reform to broaden the tax base;
- Interest rate liberalization;
- A competitive exchange rate;
- Trade liberalization;
- Liberalization of inflows of foreign direct investment;
- Privatization;
- Deregulation – to abolish barriers to entry and exit;
- Secure property rights.

All these so-called reforms for the good and prosperity of African population could not yield long term sustainable and long term results from both micro and macro economic sense. In his comprehensive analysis of World Bank policy lending in the 1980s and beyond, Mosley et al (1991) concluded that:

“living standards of the poor have fallen in many developing countries, including those which have undergone structural adjustment. This appears to be partly in response to the cuts in public expenditure, for which the Bank and the Fund bear responsibility, and partly due to the impact of price reforms advocated by the Bank”.

According to Joseph Stiglitz (2004), Structural Adjustment Programs removes the responsibility of central and local Governments for development, while shoring up incumbent regimes whose political and economic power conditionality were designed to limit. As an ex-World Banker with great passion for sustainable development in Africa, he noted as follows about the operation of the institution:

“Rather than learning how to reason and developing analytical capacities, the process of imposing conditionality undermines both the incentives to acquire those capacities and confidence in the ability to use them. Rather than involving large segments of society in a process of discussing change, it reinforces traditional hierarchical relationships. Rather than empowering those who could serve as catalysts for change, it demonstrates their impotence. Rather than promoting the kind of open dialogue that is central to democracy, it argues at best that such a dialogue is unnecessary, at worst that it is counterproductive”.

At another similar level where sustainable development appears to be undermined, one cannot help to ignore a good research and publication conducted by Oxfam – UK. As an activist organization that has contributed some good work in respect to poverty reduction and social justice, the institution complained that it is time (2009) for the greatest industrialized countries (G 20) and leaders to
stand up and sincerely deliver the money, without strings, needed to protect poor people. The position was supported by Caroline Boine (As quoted in New Vision newspaper of July 2009) (Caroline Boine has been a Director at the International Policy Network – UK. She is a Research Fellow with tremendous wealth of knowledge in a far as the operation of donor agencies in developing countries is concerned. She has written extensively on how foreign aid has helped to perpetuate dependency, and caused underdevelopment. She believes that the poor population for whom foreign aid has always been meant for have perpetually lost out due to greed, corruption and unfairness on the part of donor agencies). From her perspective, she argues that the real problem is that much as aid is rising in developing countries, it does not reach the targeted individuals. And that when aid reaches poor countries, it causes economic, social and political damage. In her argument on foreign aid she expressed that over $119 billion (2009) was budgeted for aid for poor countries by rich countries – mainly focusing on Africa. From experience, about half of the said amount stays with donors in the so-called “tied aid” and other domestic spending. It is lamented that almost 50 pence of every pound of donor aid fails to target poverty, but instead aims to meet other donor priorities (Caroline Boine, 2009; and Action Aid Report, 2008). It is documented that this position of waste was further confirmed by the Organization for Economic Cooperation and Development (OECD). It is argued that Britain alone budgeted about $8 billion (2008) for aid to countries such as Uganda, Tanzania and Kenya, but recent research uncovered numerous examples of waste and gross mismanagement within Government (UK). It came to be known that British Government pays pressure groups to campaign and lobby governments abroad and citizens at home, at the expense of actual aid projects. For example in 2009, the Department for International Development (DFID) put up 140 million pounds in its “Communications budget” – much of it for propaganda within the UK. By 2011, a total of 1 billion British pounds of public money was projected to be spent on this. Most of it is given away in unrestricted grants to handpicked activist groups with little accountability and transparency; and worse, little evidence that the programs are helping the poor. It should then be of no surprise that aid fuels corruption and waste when it is poisoned at its very source.

**The good news**

On a happy note there are philanthropists in Europe, USA and Australia who think and act differently in as far as the management of foreign aid and its modus operandi is concerned. In situations of humanitarian crisis as it had been in northern Uganda and Somalia, donor aid becomes urgent. For example in northern Uganda, the Lord’s Resistance Army had been fighting the Government of President Museveni since 1986 for a period close to 20 years. At one stage, over 1.5 million people were displaced into the so-called protected internal displaced persons’ camps (2003 - 2005). If it had not been for foreign aid, the population of Acholi, Lango and Teso sub regions would have been almost wiped out. In this regard, it can be safely asserted that for over 20 years when the majority of the population had been in camps, the population new of international donors with their aid support as their legitimate “Government”. In fact the donors had literally taken over many of the functions and obligations of the central and local Governments.

It is needful to remember that in a state of major war, desperation and no hope on the part of the common person, he or she has no choice when it comes to any form of support that may be given unto him or her. As the saying goes, “a beggar has no choice”. If a people and government has little or nothing to offer its people at the time of great need, it then means and becomes logically necessary for a donor to step in to salvage the situation so that life may be lived!

**CONCLUSIONS AND RECOMMENDATIONS**

There is absolutely nothing wrong with communities and societies that have more to be benevolent and supportive enough to give to those who have little or nothing at all. What is critical is how a donor relates with the recipient. This kind of relationship should not be like a “Master – Slave” mechanism of forging human relations. Social justice, fairness and allowing recipients to candidly and frankly air out what they believe is good for them at a particular time of need, and for there future as well. This should be the norm and practice. Governments in Africa should not be boxed or allow themselves to be boxed into submission and mere compliance. Thorough consultations and discussion should precede signing of agreements and actions.

Top- down approach to decision making process as orchestrated by World Bank, International Monetary Fund and other like-minded donor agencies should no longer find it place in the modern era of civilization in a fastly globalizing world. As a people, it is good practice for African leaders to reject suspicious aid, and should always emphasize and consolidate on the gains of regional groupings as a way of addressing many of her socio-economic and political problems.

It is on the basis of good trade relationship (terms of trade) especially among Africans that sustainable development and community transformation may be guaranteed. This is a matter that should constitute a total resolve by African leaders and Governments in the 21st century. The African Union should firmly galvanize and practically project its image on this position. In any case, many people are already aware of the looming donor fatigue in the European capitals, USA and Australial A number of countries in Europe already have socio-economic problems facing there economies, such that many have been compelled to be more inward looking to satisfy domestic agenda (the case of Greece and Spain
in 2011-2012 where there exists a lot of social and economic hardships. Just like the European leaders through European Union are destined to help one another during times of great economic need, so is it to be with the African leaders through the auspices of the African Union. This solidarity is vital. We should understand that even a beggar at a particular time may afford to assist in some way a neighbor so that the latter does not perish. This means that African leaders and Governments should stop wallowing in this decadent thought that “we are too poor to help our suffering neighbors”.

Let it be unequivocally expressed that foreign aid from Europe, USA and Australia among others will never liberate Africans, and lead to prosperity and sustainable development. Not at all! In any case foreign aid deepens dependence on the donating institutions and organizations. There is no African country that can stand firm and erected to assert that its economy today is enjoying the full benefits of sustained long term donor funding.

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