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Foreign official development assistance (ODA) and Ghana's development: The case for "bringing culture back in" to the analysis

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Many developing countries, including Ghana, have received substantial amounts of foreign aid inflows for almost five decades. The benefits associated with such receipts have however been scarce. It is now a general knowledge that aid has not yet yielded expected ends. It has been argued that Ghana's underdevelopment is attributable to colonialism and the integration into the world capitalist system; others also think foreign aid can help salvage the developmental problems the country faces. This paper argues that when aid is not applied a conducive political, economic and socio-cultural environment, it would hardly result in sustainable socio-economic development. Although we dealt with the political, economic and socio-cultural dimensions to Ghana's development, we seek to emphasize a reconsideration of the culture-development argument that has been sheltered since the 1960s. With sociological institutionalism as our methodological approach, our understanding of 'development' is much broader than what just macro-economic indicators will show. Relevant data was gathered from the World Bank, UNDP and the Ghana Statistical Service to ascertain current levels of development, and where Ghana is headed.

Key words: Economic growth, development, foreign aid, structural adjustment programs, socio-cultural environment, poverty, good governance.

INTRODUCTION

The end of World War II coincided with the evolution of a set of rules, institutions and procedures to regulate various aspects of international economic relations. The 1944 Bretton Woods System sought to rebuild the international economic system through its institution, the

World Bank. This was followed by the Marshall Plan of 1947 which was in operation for four fiscal years as a reconstruction (or aid) plan meant to rehabilitate European countries in crisis at that time. The plan had expended almost \$ 12.5 billion by 1951 in rebuilding physical and social infrastructure in Europe. Since the time of the Marshall Plan to present, and due to its success, aid has been seen by many as a catalyst to economic growth, and has thus been applied in many countries all over the world. On account of their poverty situation, skyrocketing debt crises and socio-economic problems, aid has assumed some level of indispensability in developing countries.

Nonetheless, decades of foreign aid have done little in changing the destinies of many Third World countries, the majority being in Africa; leaving them in the deplorable conditions they find themselves in today. The repercussions of failed or ineffective aid programs are what we are seeing now but there is certainly more to it than meets

Abbreviations: CHRAJ; Commission on human rights and administrative justice. CPI; corruption perception index. ERP; economic recovery program. FDI; foreign direct investment. GDP; gross domestic product. GLSS; Ghana living standard survey. GPRS; growth and poverty reduction strategy, IMF; international monetary fund. MDGs; millennium development goals. ODA; official development assistance, OECD; organization for economic co-operation and development, PNDC; provisional national defence council. PRSPs; poverty reduction strategy papers. SAPs; structural adjustment programs. SFO; serious fraud office. TUC; trades union congress and UNDP; united nations development program.

than meets the ordinary eye.¹ There are so many issues and complexities with aid that it has become unpopular even among people who know they need help. What we know, at least, is that money alone has not improved living conditions in many Third World countries, hence the need for further analysis as to how best development can be ensured. The main argument of this research is that foreign aid, when not applied in a conducive domestic, political and social environment, is unlikely to achieve its primary objective of socio-economic development. This does not mean in a good policy environment aid will necessarily flourish since there are external factors at play: it only means that foreign aid can work in an appropriate domestic socio-cultural, politico-economic context, which must be recognized by donors if they seek to make a meaningful impact. We shall show that there are many internal factors, besides aid, that influence a country's development. The study will highlight the role of the socio-cultural factors by demonstrating that cultural factors need to be better understood by donors if socio-economic development is to occur.

We consider Official Development Assistance (ODA) to be officially allocated capital inflow to developing countries aimed at promoting economic development and the welfare of the people, often concessional in nature and containing a grant element, usually 25% minimum (OECD definition). In the case of Ghana, aid has produced mixed results. The main questions the paper addresses are, have aid policies proven themselves to be effective in promoting Ghana's socio-economic development or have they undermined it? Has aid been able to buy development in Ghana or can future assistance do so? The paper critically examines why although Ghana is benefiting from many aid programs and projects, and a relatively stable political atmosphere, it is still not even among the middle-income economies. For instance, real GDP growth at the end of 2008 was 6.2 and inflation rate at 18.1% (Government of Ghana, 2009).

There is a voluminous literature on aid and development, but is there any clear link between foreign aid and development or underdevelopment? Tracing the correlation between aid and growth (development) in Africa is a contentious issue as there is no agreement. As Rostow sees foreign assistance – the “external intrusion by more advanced societies” (1990, 6) – as a precondition for the take-off into economic success, Hayter (1971) argues, it is a disguised form of imperialism. These two divergent schools of thought in the aid/development literature are still present to date. The World Bank's policy document *Assessing Aid* (1998) notes that “effective aid requires the right timing and...the right mix of money and ideas” with the overall theme that “aid can be the midwife of

good policies.” The main outcome of the report was that aid can spur growth, but only under the right circumstances. It is not clear what the document means by “good policies” since there is evidence that aid sometimes supports government with bad policies. It seems to only reflect findings of some earlier reports (for instance Killick, 1991). Thus Lensink and White (2000) argue that assessing aid cannot be a manifesto for aid in the 21st Century because the focus on good policies and selectivity are misleading. First, it does not show which forms of aid are appropriate and “can mislead as to which countries should be given aid” (Lensink and White, 2000). Also with selectivity, should aid be allocated because of the recipient's current policy environment or because there have been considerable changes in the past due to the application of aid? What this means is ‘good policies’ and ‘performance’ are not identical; although the fungibility of aid often requires strong commitments and institutions (Kenny, 2008). Effective governance including capable bureaucracies has been suggested as key to Africa's development problems (Chakravarti, 2005). This world-acclaimed mantra seems contradictory to the international financial institutions neo-liberal prescription of removing the hand of the state from the economy.

A paper by Burnside and Dollar (1997) was decisive on the point that a correlation exists between aid and economic growth, but only when aid is applied in a good policy environment. Fayissa and El-Kaissy (1999) agree with the Burnside and Dollar position but add other variables such as human capital, domestic savings and political and civil rights to show the positive link between them and economic growth. Collier and Dollar (2001) add that “aid is conditionally effective”, with conditions including policy environment, governance, rates of corruption and conflicts. Although the argument above has amassed support (Dovern and Nunnemkamp, 2007; John and Sackey, 2008), Easterly, Levine, and Roodman (2003) found that adding more data to the Burnside and Dollar study, the positive relationship between aid and growth withers away. Easterly (2003) further argues that “the idea that ‘aid buys growth’ is an integral part of the founding myth and ongoing mission of the aid bureaucracy.” Aid reduces the incentives to invest, especially when the recipient is assured that future poverty will call for more aid. This phenomenon is known as the Samaritan's Dilemma (Gibson et al., 2005; Economist, 1995). It can also reduce the country's competitiveness (Rajan and Subramanian, 2005), culminating in the Dutch disease (a condition that reduces the competitiveness of the manufacturing sector due to the over abundance of foreign assistance).

Aid in real terms has not been very effective (Brumm, 2003; Eric, 2008) and Akonor (2008) argues that “aid to Africa is a band-aid, not a long-term solution” since aid does not aim at transforming Africa's structurally dependent economies. Besides, there is constant debt servicing where recipients routinely report to donors, service donor consultants, and try to keep things “normal” (Kanbur,

¹ In Ghana we can cite the case of the KLERP (Korle Lagoon Ecological Restoration Project), a US\$89.52 million project which began a decade ago. It was expected to be complete by 2005 but evidence of it nearing completion is lacking. See website for program statistics, <http://www.klerp.com/fsite/004.html>

2000), thus neglecting domestic issues.

Although Calderisi (2006) shifts the blame for poverty to the diversity of the African culture, Pomerantz (2004) argues that donors have not made conscious efforts to understanding the context within which aid is made to work. From the dependency perspective Karikari (2002) mentions development assistance has resulted in dependency as “it induces a lazy, slavish, dependent mentality and culture across society – from governments to villagers.” Theorists such as Samir Amin (1972), Peter Bauer (2000) and Andre Gunder Frank (1966) have blamed the global economic structure for the underdevelopment of the Third World. Moyo (2009) argues that the notion that aid can alleviate poverty is a myth since “aid has been, and continues to be, an unmitigated political economic, and humanitarian disaster”. She thinks aid facilitates corruption, “perpetuates underdevelopment and guarantees economic failure” in poor regions. The ills of aid, according to Reusse, are “vested interests” (2002; 26), inertia, easy money, ignorance and complacency. While Sachs (2005) sees more aid as increasing the possibility “to end extreme poverty by 2025”, Riddell (2007) thinks aid can do better by having a “long-term, systemic or sustainable impact” on the lives of the poor.

Ayittey (2002) argues that the issue boils down to bad leadership in Africa. He advises that for Africa to progress, the “vampire” or “pirate” state has to be done away with before ‘development’ can be realized. The debate is ongoing but we can say for now that aid is not a “joystick by which donors can manipulate macroeconomic or political outcomes” (Edgren 2002). What we know is that there is no one-way to save the bottom billion (Collier, 2006) from the bottomless pit of poverty, disease, corruption, weak institutions and overall underdevelopment – even global marginalization. What is probably required is a way of making aid influence, not determine, the development of poor countries. Having shed light on the available literature, the rest of the paper will be dealt with as follows: the next section looks at a brief overview of Ghana’s political and economic phases development. For the purpose of this discussion, we place emphasis on aid received during the period of the structural adjustment programs (SAPs), as aid in this period constitute the largest chunk of assistance Ghana has received over the years. The second part deals with Ghana’s history of aid and experience of SAPs. We shall divide the period of SAPs into two; first wave (1983-1988) and second wave (1988-present) for a better understanding of the policies/ programs that were pursued under each wave. The last section (which shall constitute the bulk of the paper) examines the role culture plays in Ghana’s development, and whether it is essential for aid donors to recognize such role or not. It is worth mentioning here that this paper is not based on a field research. It relies on available poverty data (for World Bank, UNDP and GSS) to make informed analysis of the level of development in Ghana. For the cultural argument, the author relied on his personal experience as a journalist in Ghana, and other experiences

shared by some social anthropologists who have done field studies there. To this, any reference made to any other country other than Ghana is in the general sense. The primary purpose of this paper is to shed light on certain key variables that seem to have been left out in the development literature.

PATHS OF DEVELOPMENT: POLITICAL AND ECONOMIC PHASES

Formerly known as the Gold Coast, Ghana attained independence from the British in 1957 under the leadership of Kwame Nkrumah who also became the country’s first president. From 1957-1966, Nkrumah began the first phase of Ghana’s post-independence development. The second phase commenced after his overthrow in 1966 to 1982 – a period of gross political and economic instability. The third phase (1983-2000) is the period of SAPs implementation and the final phase (2001 – present day) is a continuation of the second wave of SAPs, the period of Poverty Reduction Strategy Papers (PRSPs), involving Growth and Poverty Reduction Strategies I and II.

Ghana at independence was better off than most African countries, and very much comparable to some Asian countries such as South Korea, Malaysia and Singapore (Herbst, 1993). Four decades later, the situation reversed because successive governments adopted policies that engendered economic destruction. After Nkrumah’s overthrow in 1966, Ghana experienced political instability with six changes in government between 1966 and 1981 which stunted economic growth.² With the economy even deteriorating further, Flt. Lt. Jerry John Rawlings initiated his coup on December 31, 1981.

The abysmal performance of the economy, despite measures put in place by the 1983 budget, forced the Provincial National Defence Council (PNDC) government under Rawlings to embrace the IMF and World Bank’s structural adjustment program as a means to resurrect from economic degeneration. This led to the end of a Marxist, populist ideology to a more “pragmatic” one (Dzorgbo, 2001). Ghana entered democratic rule in 1992 with the institution of a new constitution which is still in force today. Beyond this period, Ghana has been relatively stable and has adopted many IMF/World Bank poverty reduction strategies and debt relief programs. Although the politico-economic history is quite chequered, the Ghana Living Standards Survey V (GLSS V) report the number of people living under extreme po-

² Gen. Afrifa of the National Liberation Council was succeeded by A. Afrifa/E. Kotoka. Then came the Dr. Kofi Busia government, the National Redemption Council (NRC-SMC I) government led by Lt. Col. I. K. Acheampong, The Supreme Military Council (SMC II) under Gen. Fred Akuffo (1978-1979), and the first revolution by the Armed Forces Revolutionary Council (AFRC) on June 4, 1979 led by Flt. Lt. Rawlings who handed power to a democratically elected president Hilla Limann (People’s National Party) in September 1979.

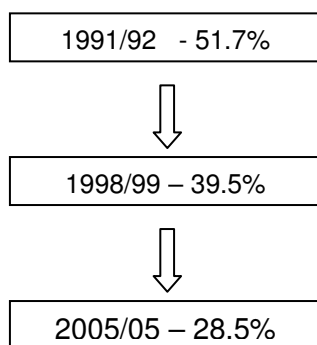


Figure 1. Poverty trends in Ghana (% of people under poverty line). Source: Ghana Statistical Service, Ghana Living Standards Survey V (Accra, 2007).

verty has dropped over the past fifteen years (Figure 1). The Human Development Index also reveals Ghana is making ample progress (Table 1).

Yet about 53% of the people report shortages of cash income (Afrobarometer, 2008), and surveys in 1992 and 1999 found that only 14% of the population (about 1 million workers) were wage earners (Global Policy Network, 2004). The Trades Union Congress (TUC) on many occasions has called attention to the low levels of income and its implications for productivity, economic growth and poverty reduction (Global Policy Network, 2004). The picture of Ghana's socio-economic development is complex. While poverty rates have reduced, unemployment is very high, and per capita incomes are low. What could account for this?

HISTORY OF AID AND SAPS IN GHANA

Foreign aid became part of Ghana's development complexities in the 1970s and 1980s. Critics describe aid prior to 1983 as almost welfare (Picard et al., 2008). This means essentially, foreign ODA inflows to Ghana began with the inception of SAPs in 1983 under the PNDC government. Aid flows responded very well to the political atmosphere in Ghana; not that it influenced its impact on development, but that aid was given based on the particular regime in power. Aid levels rose with the emergence of a democratically elected government in 1979 but declined again after the 1981 coup by Rawlings's (2007). Aid inflow to Ghana within the adjustment period was enormous and from many sources as most donors sought to support 'successful reformers'.

The two common hindrances to effective aid in Ghana as identified by the 'development partners' has been 'bad' economic policies, especially the socialist policies that preceded the implementation of SAPs, and 'bad' governance (which includes corruption, lack of accountability,

as well as ineffective attempts to deal with the problem of poverty). Consequently, the first wave of SAPs (1983-1988) began. By the mid-1990s "the old fetishism of protectionism has yielded to an even stronger free-market enterprise...with terms such as privatization, divestiture, deregulation and liberalization dominating the continent's development discourse" (Mensah, 2006). Through what became known as the Economic Recovery Program (ERP), the Rawlings government pursued macro-economic stability, anticorruption and financial transparency from 1987 through 1990 (Rothchild, 1991), followed by democracy and governance reforms. Essentially, the first wave managed to stabilize the economy, compress government expenditure, and secure a stable macro-economic environment that supports a private-sector-led growth (Konadu-Agyemang and Takyi, 2001).

Then came the second wave (1988 - present), which sought to promote 'good governance' and address the issue of poverty. This resulted in the Poverty Reduction Strategy Papers (PRSPs). This initiative, meant to give developing countries 'easy' access to concessional loans and grants, was announced at the IMF Annual meetings in September 1999 as a new commitment towards poverty reduction (Abugre, 2000). Ghana therefore adopted the Poverty Reduction Strategy (GPRS I) from 2003 to 2004 and now GPRS II (2006-2009). The plan in the second wave was to make Ghana 'own' its development as 'good governance' ensues. But there are still questions about mantras such as 'ownership', 'participation', 'partnership', 'consultation', and 'dialogue' that have littered Ghana's PRSPs (Abugre, 2000; Whitfield, 2005). Although it is perceived good governance is being promoted in this era, "patronage, corruption, neopatrimonialism, and other 'unprogressive' aspects of African politics persist" (Gyimah-Boadi, 2004). And reform in most cases is mitigated by a combination of inadequate strategies, political resistance, poor participation and inability to construct the requisite tools needed for systemic change (Kpundeh, 2004). Many codes of conduct have been established: the Commission on Human Rights and Administrative Justice (CHRAJ) and the Serious Fraud Office (SFO) has both been established as autonomous anticorruption agencies in Ghana but due to both internal and external constraints, their work is yet to draw home effective results (Aryee, 2000). The efforts Ghana is making towards good governance have not yet translated into proper practice. Ghana's Corruption Perception Index (CPI) for 2006 was 3.3 (10.0 being the highest and most desirable index), placing 73rd out of 163 countries (Transparency International, 2007). That corruption impedes progress is a widely known fact. As corruption eats into the fiber of the Ghanaian society, aid dollars will likely go down the drain if proper checks are not in place.

The questions at this juncture are; what were the impacts of both waves of SAPs on Ghana's development? Did SAPs positively influence socio-economic development? These questions are legitimate since some donors have

Table 1. Ghana's human development index.

Year	Life expectancy at birth	Adult literacy rate (%)	Combined primary, secondary & tertiary gross enrolment ratio (%)	Real GDP per capita (PPP \$)	HDI	Rank
1960	45.0	31	52	1,049	n.a	n.a
1970	n.a	n.a	n.a	n.a	0.246	n.a
1985	n.a	n.a	n.a	n.a	0.331	n.a
1990	n.a	n.a	n.a	1,016	0.360	n.a
1991	55.0	52.8	36.3	970	0.311	121
1992	55.0	60.3	1.32(not %)	1,005	0.310	119
1993	55.0	60	58	1,016	0.311	131
1994	55.4	63.1	1.50(not %)	930	0.382	134
1995	56.0	60.7	45	2,110	0.482	129
1996	56.2	62.0	45	2,000	0.467	129
1997	56.6	63.4	44	1,960	0.468	132
1998	57.0	64.5	44	2,032	0.473	133
1999	60.0	66.4	42	1,640	0.544	133
2000	60.4	69.1	43	1,735	0.556	129
2001	56.6	70.3	42	1,881	0.542	119
2002	56.8	71.5	42	1,964	0.548	129
2003	57.7	72.1	46	2,250	0.567	129
2004	57.8	73.8	46	2,130	0.568	131
2005	56.8	54.1	46	2,238	0.520	138
2006	57.0	57.9	47	2,240	0.532	136
2007/08	59.1	57.9	50.7	2,480	0.553	135

Source: Author's amalgam computation from UNDP Human Development Reports (1990-2008).

wrongly correlated economic growth in Ghana with the "successful" implementation of SAPs. The counterfactual question we can ask here is, how would Ghana have fared without it? Described as "Reaganomics gone berserk" (Lewis, 2005), SAPs initiated damages that the Ghanaian economy is still recovering from. Although it helped stabilize the economy at that time, it also resulted in budget deficits, real overvaluation and increased inflation (Easterly, 2005). Ghana became more dependent on foreign aid. The enormous flow of loans and excessive borrowing by the government led to the country being listed as a highly indebted poor country by the early 2000s. Table 2 outlines the national debt between 1994 and 2002.

Besides, unemployment and underemployment rates went high. By 1999, 20.3% of the work force was unemployed (Konadu-Agyemang and Takyi, 2001). Employment in manufacturing fell from 78,700 in 1987 to 28,000 in 1993 (Dzorgbo, 2001) and the Cocoa Board's payroll was downsized from 100,000 employees to 50,000 (Herbst, 1991). Cutbacks to the health sector resulted in brain drain of health professionals (Konadu-Agyemang and Takyi, 2001), culminating in overall shortage, inefficiencies, spatial disparity and unequal access to the care which was urgently needed by many. Gene-

rally, SAPs were socially unsustainable and not gender neutral (Beneria, 1999). After two decades of SAPs and even about four decades of other forms of aid, Ghana is still developing, nowhere near the middle income rank. In fact, from the unstable nature of progress, we can rather safely conclude that aid has not been very significant in reducing poverty in Ghana. Efforts to address 'bad' economic policy and to promote 'good governance' in Ghana have not led to a reduction in 'corruption' in the country; neither have they shown forth good evidence of socio-economic development. For a clue as to why this might be, we now turn to the socio-cultural aspects of development and aid.

THE CULTURAL CONTEXT: A BANE OR BLESSING?

'Culture' as a concept suffers from overuse, yet many have failed to understand its actual meaning and the extent to which it can influence development, or even just human progress. If we should subscribe to the linear argument of 'modernity' and how a country has to progress from one poor, 'dark' and backward stage to a better one, we might see the Ghanaian culture as irrelevant, something that should be done away with to take up

Table 2. Ghana's external public debts and debt servicing payments, 1994-2002* (in US\$ millions)

National debt	1994	1995	1996	1997	1998	1999	2000	2001	2002
Total external debts** of which	5703	5875	6174	6324	6605	6796	6908	6967	6925
Multilateral***	4226	4298	4662	4752	4971	5083	5014	5134	5126
Bilateral	1302	1400	1484	1532	1633	1713	1773	1842	1910
Other	175	178	28	40	0	0	0	0	0
External debt service									
Principal	270	438	328	424	466	450	406	389	358
Interest	106	128	144	127	141	150	125	126	134
Total									
Including IMF	376	566	473	551	607	600	532	515	492
Excluding IMF	282	447	337	377	463	520	489	473	473

*The figures for 1997-2000 are estimates

**Includes total external public debt and publicly guaranteed debt

***Includes debt to the IMF

Source: Mensah et al. (2006) in J. Mensah ed. p. 116 (debt service ratio not included)

the new culture of a 'modern life'. Rostow's classification of "traditional societies" in his Stages of Economic Growth means that Africa has to abandon its "traditional practices and assume Euro-centric cultural values, beliefs, and ideology" (Njoh, 2006). Other economists have generally swept culture under the carpet when dealing with aid as it is considered as both 'vague' and dynamic. How can a policy be fashioned on something that keeps changing? Despite this there are certain dispositions of a group that do remain over a long period of time, and that is why culture (which is their way of life) should be considered if the goal is to move to a better place. Culture is not anything vague if it is basically the beliefs, knowledge, customs, morals, habits and traditions of a people. It is not entirely antithetical to development. Everybody has a culture, only that some are considered modern and others barbaric or at least 'backward'.

Ghana and South Korea in the early 1960s for instance had comparable levels of growth, but thirty years down the line South Korea has become an industrial giant while Ghana still remains dependent on foreign aid. Huntington (2000) believes although many factors might explain this, "culture has to be a large part of the explanation. South Koreans valued thrift, investment, hard work, education, organization, and discipline. Ghanaians had different values." Landes (2000) insists "if we learn anything from the history of economic development, it is that culture makes almost all the difference". Landes's point in the end is that foreign aid can help but it also does hurt. However, history has taught us that "the most successful cures for poverty comes from within" (Landes, 2000) and that's why he thinks culture makes a big difference. Sen (2004) suggests the issue is not simply whether culture matters, but rather how it matters. He admits that since "culture engulfs our lives, our desires, our frustrations, our ambitions, and the freedoms that we seek", having for

instance, "a high GNP per head but little music, arts, literature, etc., would not amount to a major developmental success". Sen argues culture influences economic behavior, political participation, value formation and evolution and it also gives people a sense of identity or association. These are some of the many ways through which culture can have an impact on development.

One clarification we can make here is that it is not that culture explains everything. However, if aid donors seek to ensure participatory development, then the culture of these participants should be given a closer look (Abraham and Platteau, 2004). We are also cautious as to how we apply cultural determinism to Ghana since we look at the term in a much broader sense than just funerals and festivals or rituals. This notwithstanding, not all scholars subscribe to the culture-development thesis. Codjoe (2003) argues bluntly that "Ghana's underdevelopment has nothing to do with its cultural values and attitudes". He discounts Huntington's argument and indicates the answer rather lies in colonialism and the integration into the world capitalist system. According to Codjoe (2003) "unlike Japanese colonialism which laid the foundation for South Korea's subsequent economic development, British colonialism contributed significantly to Ghana's peripheral economic status". For him using culture as explanatory variable in Ghana's underdevelopment is absolutely misguided. In fact, he thinks the "Culture Matters argument is nothing more than a propaganda" of the Western imperialist "to universalize capitalist development as economic development". For the purpose of this paper, however, we still maintain that the Ghanaian culture cannot be ignored.

Harrison (2000) argues that as discussions of colonialism, dependency and racism lose credibility today in explaining poverty and authoritarianism, scholars, journalists, policy makers and development practitioners

are made to focus on “the role of cultural values and attitudes as facilitators of, or obstacles to, progress.” Hyden (2006) admits culture cannot be discounted by political scientists because “it is the foundation on which not only formal, but also informal institutions arise”, although the extent to which it becomes manifest differs from one place to the other.

The dichotomy between the formal and informal sector in Ghana has become an issue of concern. But one fact we should take here is that colonialism disfigured the African governance system. It created what Ekeh (1975) calls the “two publics” – the civic public and the primordial public representing formal government and the local, chieftaincy level respectively. For instance, a cabinet minister in the civic public would still want to satisfy his primordial interests as well. The vice versa is true for the Ghanaian chief. Ekeh believes that many of the political problems facing Africa are a result of the “dialectical relationships between these two publics” which are constantly striving for prominence. Decentralization has not been successful at separating the formal and informal institutions so as to perform their respective roles without conflicts (Rondinelli and Nellis, 1986). The ‘dialectical relationship’ in Ghana is more evident in the land tenure system, especially involving mining. Traditionally, a customary authority such a chief granted and regulated the transfer of land (Besley, 1995). Although Kwame Nkrumah tried to reduce this power the chiefs possessed (Ray, 2003), they still hold substantial traditional authority despite modern trends. Currently, the state owns only about 20% of Ghana’s total land surface, while the other 80% is still customarily controlled by the ‘Stools’ and ‘Skins’ (traditional leaders) (Aubynn, 2009). What this means is that the aid bureaucrat or public official who belongs to the civic public (if nothing at all) still has a share in the 80% land that is held by authorities in the primordial public, and will likely provide some ‘unrecorded’ incentive to get what he wants – if unable to take it forcefully. He might sometimes be left at the crossroads, not knowing whether to turn left or right, and which of the two publics he should prioritize.

Hyden (2006) sees Africa’s informal sector as the main cause of its predicaments and finds there as what he calls an “economy of affection” based on neopatrimonialism, reciprocity and clientelism which influences everyday politics. It is “constituted by personal investments in reciprocal relations with other individuals as a means of achieving goals that are seen as otherwise impossible to attain” (Hyden, 2006). In such a system, whom you know matters more than what you know, and sharing personal wealth is more ‘virtuous’ or rewarding than investing in economic growth. The simple principle as known in Ghana is ‘hand go, hand come’ or ‘scratch my back and I’ll scratch yours’. What is not good about such a practice is that exchanges are not officially recorded and thus can lead to a lot of money going down the drain without anybody noticing it or even appreciating it as wrongdoing.

Neopatrimonialism or clientelism is not necessarily bad because it occurs everywhere, maybe in different forms. For instance, it has been framed in Western countries as “social networking”. So how come they do not have an economy of affection? Why is it a bane in Ghana? The answer is that because the Ghanaian system has not been well separated (between the formal and informal) such social networking can lead to gross malfeasance of public officials. Moreover, when the focus of the official is to build a kind of ‘social capital’ for themselves, economic or development policy which will serve the majority will likely maintain a back-burner position. Lindberg (2003) finds that “it is the personalistic character of neopatrimonial rule that violates the norms of liberal democracy”. The data he provides show that MPs in Ghana are involved in patron-client relationships to reproduce their political power. He cites this example: “MPs wake up almost every morning to face a queue of constituents (often 10-20 persons) that expect them to take time to address their concerns and provide various sums of money” (Lindberg, 2003). In this case, jobs that should be open to all become ‘job for the boys’. This generates into a culture of dependence and sometimes, laziness. Even an aid bureaucrat who is not voted for by the people *per se* still faces these demands. Society expects them to ‘perform’ during social functions such as funerals, festivals and church fundraising ceremonies. What is considered corruption elsewhere might be regarded as the ‘moral’ or social obligation of the public official in Ghana. Where else will they get all the huge sums of money to ‘perform’, if not from the state?

According to Hasty (2005), “the forms of desire that fuel corruption are not merely selfish and private but profoundly social, shaped by larger socio-cultural notions of power, privilege and responsibility”. Elsewhere corruption is shunned and criticized but in Ghana it seems people find pleasure indulging in corrupt acts. “The pleasures of corruption are the pleasures of the state itself, its power to satisfy desires for social, cultural and material plenitude as well as legitimacy and solidarity” (Hasty, 2005). The society expects so much from public officials that most of them have to dip their hands into the state’s coffers to satisfy those needs and expectations. With idiomatic expressions such as “obiara didi n’adwuma ho” (meaning, everybody benefits from what he does) and “sika ye mogya” (meaning, money is blood), corruption has become a sociol-cultural cancer. Hasty argues “for Ghanaians, corruption is not about individual alienation and withdrawal from social relations of trust but...an intensification of contact with vital flows coursing through the political body...and desire traversing state and society”. The idea that government property is not one’s father’s property hinders how well public officials should manage what has been put in their care. Also, the history of unpunished corrupt officials inconspicuously builds a culture of fearlessness of prosecution which does not help in the fight against corruption. This has however

been generally attributed to the absence of a positive human factor (Adjibolosoo, 2007; Aboagye, 2005) in most Ghanaians.

In the absence of a “magic bullet” to end poverty in Africa, Pomerantz (2004) feels “the quality of the relationship between donors and governments may be more important in influencing policy direction and ensuring successful outcomes than money itself.” This influence, depending on the level of trust, can sustain or destabilize aid reforms. She argues although money is important it cannot solely lead to sustainable development. Pomerantz criticizes donors for their lack of familiarity with the African history, culture, language and traditions and argues that instead of discounting culture, it can be a place to begin assessing how aid can have a positive impact on development. The interviews she conducted for her study reveals characteristics such as communication styles, the concepts of time and education which influence aid relationships and thus development. The concept of time is most striking in Ghana. It appears to be a universal understanding that GMT means “Ghana-man time” where 12 noon for instance means 12.30pm or worse, after 1pm. Working as a journalist for almost two years after my undergraduate degree, I noticed the phenomena of public officials often arriving late for events they themselves have organized and called for press coverage for. Sometimes the president is late for state functions, not to mention other events/celebrations he is invited to. With the perpetuation of this practice, it becomes ‘normal’ for a minister or civil servant to be late sometimes as it is expected that he is the ‘boss’ who has to be waited for by the people he will be addressing and not the other way round. Public workers, from government ministries to university workers, are quick to go on break but reluctant to return on time. This ‘culture of lateness’ or disregard for time affects development with the interesting part being that most people think it is normal or that nothing can be done about it. In this sense, everybody contributes in a small or big way to underdevelopment without realizing it.

In fine, we can say ‘culture’ need not necessarily be a bane or blessing but certain aspects of it might require ‘correction’ or improvement if sustainable development is the goal. The quest has not been to jettison the Ghanaian culture as backward, but rather to show how that can be part of the explanation of aid ineffectiveness and underdevelopment. For what stands now, we can safely say aspects of the Ghanaian culture or sociological framework has not augured well for its development. Donors on the other hand have also not made matters any better by ignoring the cultural attributes to focus more on the money, hence the need for donors to find how aid policy can be made and programs implemented, bearing in mind all these diverse cultural values and mores. A solution to this institutional crisis is “the evolution of a model of state that specifies in clear terms the status of indigenous institutions and defines their authority within a consensus state” (Adi, 2005). Essentially, the proper mer-

ger or blending of both institutions (the traditional/cultural and western) would be requisite if aid needs to work.

Conclusion

Bearing in mind the evidence of aid ineffectiveness in most developing countries, this paper sought to critically assess the impact of foreign ODA on Ghana’s socio-economic development. With an internalist approach, we have pursued the argument that although the external variables matter, aid effectiveness depends more on the internal dynamics of the receiving country – the political, economic, and more importantly, the socio-cultural. We believe disregarding these multi-perspectives only leads to a partial understanding of the problem. Many suggestions are already on the table, namely; donor harmonization, mutual accountability, effective monitoring, country ownership, and alignment of aid to recipient country’s development goals. The government of Ghana has also launched the multi-donor budgetary support (MDBS), a package aimed at ensuring the continuous flow of aid to assist the governance finance it poverty-related expenditures (Quartey, 2005). All these suggestions and mechanisms are apt, but we shall reiterate the need for Ghana to own its development – a process that foreign aid can only support, not determine. Even beyond proper “ownership”, development is so overarching that it would be counterproductive to neglect the symbols, values, and moral templates of the people it targets. These are the very things that inform the peoples’ perceptions of what ‘progress’ means. In brief, the paper insists that a focus on ‘big’ macroeconomic indicators of development have hardly told the full story of Ghana’s progress over the years, and the story will not be well appreciated by outsiders until efforts are made to incorporate all aspects of the people, their participation in and contribution to the process of development. Until ‘development’ adopts this all-encompassing vision, efforts at moving the world’s billion poor people from hunger and misery will continually be a cyclic agenda which achieves no significant results.

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