

Review

In search of aid-free Africa: An eye on Tandon's exit strategy

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Life during pre-colonial Africa was determined by nature, during the colonial times it was miserable and in post-colonial Africa it has remained horrible in many African countries. The source of this state of the art remains controversial thus leaving contending views such as civilization, exploitation and absence of democracy to dominate the center stage of the development discourse. The same ambivalence is commonplace in cogitating about the ways through which the continent can make development progress. While international financial institutions such as the World Bank and IMF embrace foreign aid as the panacea to this problem, a different school of thought led by scholars such as Dambisa (2009) and Tandon (2008) regards foreign aid as the main source of the continent's development crisis. It is on this basis that Yash Tandon proposes a seven-step strategy through which the continent can end aid dependency. A critical look at this strategy, with a support from documentary review, shows that it is not a sufficient means through which this anticipation can be realized. The paper concludes that Tandon's exit model is a useful tool that can guide African countries in making development progress but not a means towards ending aid dependence.

Key words: Foreign aid, dependency, exit strategy, poverty, development.

INTRODUCTION

This essay explores a debate on Africa's economic development and its link with foreign aid. It looks at the plausibility of the argument that Africa can develop without relying on foreign aid. Specific attention is directed to Yash Tandon's exit model as a suggested framework to liberate Africans from aid dependence. Given the increasing rate of poverty in the continent, which some scholars have associated with foreign aid, a debate on whether Africa should depend on aid or not is unavoidable. Poverty in Africa remains a sad story whose cure is yet to be discovered. While poverty has been decreasing in the rest of the developing world, in Africa, a majority of people still live in horrible conditions. It is on this basis that Kassongo (2001) argues that while Africa accounts for 10% of the world's population, its economies account for only 1.1% of world gross domestic product (GDP). Basing on this experience, Paul (2007) argues that poverty experience in Africa calls for an intervention that is unique to other parts of the world. He points out that while other parts of the world have been growing, the economies in most of African countries have been

dwindling. In an attempt to rescue Africa's horrible economic situation Africa has been to a great extent relying on foreign aid as rescue option. For instance, from July 2010 to March 2011, Tanzania's general budget support (GBS) amounted to Tshs 845.7 billion equivalent to 103% of the budget. Furthermore, external grants and loans for development projects and programs including basket funds amounted to Tshs 1,427.6 billion, equivalent to 58% of estimates¹. Similar trend of aid inflow to Africa is verified by an increase of bilateral overseas development assistance (ODA) to Africa. For instance, the amount of bilateral ODA to Africa in 2010 was USD 29.3 billion, of which USD 26.5 billion was for sub-Saharan Africa. This was an increase of +3.6 and +6.4% respectively as compared to the amount of aid provided in 2009².

In spite of the continued reliance by African states on

¹ Tanzania's Budget speech for 2011/2012 financial year.

²Source:

http://www.oecd.org/document/35/0,3746,en_2649_34447_47515235_1_1_1_1,00.html accessed 3/8/2011

foreign aid, there is an endless debate on the role of foreign aid in promoting or stumbling the continents' development. It is on this basis that Tandon (2008) who does not believe in the possibility of foreign aid to facilitate African development proposes a strategy through which the continent can end aid dependence. This paper therefore examines whether or not the proposed exit model makes any difference in the continuing debate about foreign aid and the fate of development in Africa. It is divided into two main parts in which the first part highlights the conceptual, theoretical and empirical overview of foreign aid and development. The second part discusses Tandon's proposed exit strategy and its workability towards ending African countries' reliance on foreign aid.

CONCEPTUAL, THEORETICAL AND EMPIRICAL OVERVIEW OF FOREIGN AID AND DEVELOPMENT

Conceptualization of foreign aid

Foreign aid is a phrase that has received different interpretations. For instance, Tomohisa (2001) argues that in international relations theory it has three main interpretations. He reiterates that political realism treats foreign aid as a tool that originated in the cold war to influence the political judgements of recipient countries in a bi-polar struggle. Liberal internationalism on the contrary conceives of foreign aid as a set of programmatic measures designed to enhance the socio-economic and political development of recipient countries. The last interpretation of foreign aid is offered by the world system theory which treats aid as a means of constraining the development path of recipient countries, promoting unequal accumulation of capital in the world. Hattori (2001) also points out that from the practise aid manifests itself in three forms namely; as a form of giving in which donors provide gifts to the recipient countries in a non-reciprocal arrangement in which the gifts offered may include economic grants, disaster relief and technical assistance. The second form of foreign aid is symbolic domination in which donors use aid incentives to control recipient countries. The last form of aid, as per Hattori, is resource allocation in which donors distribute resources to recipient countries basing on their (donors') purposes and interests.

Omotola and Saliu (2009) point out that foreign aid encompasses all forms of assistance that a country derives from other governments or multilateral agencies and financial institutions to fill noticeable gaps especially in production, savings and investment. It is of various forms such as grants, loans foreign direct investment (FDIs), joint ventures and technical assistance (Omotola and Saliu, 2009). While grants are the gifts to countries that do not require the recipient country to pay back the interests, loans attract the two. The payback condition

that is attached to loans has been raising a lot of debates on whether it really qualifies to be regarded as aid. The argument is however that loan qualifies to be regarded as aid if it is soft in terms of repayment and the rate of interests they charge (Omotola and Saliu, 2009). As a result of this justification, loans will cease to be aid if they are commercially motivated and if they seem to be directed towards promoting donor's interests (Omotola and Saliu, 2009). Technical assistance on the other hand deals with offers of training facilities, equipments and personnel by a donor country to a recipient, to assist in skills training and institution building as well as provision of professional support and advice on policy formulation, reform and implementation.

Aid and development: A theoretical overview

The relationship between aid and development is paradoxical in the sense that the connection between the two is differently perceived. As Omotola and Saliu (2009) point out, liberal scholars see a positive relationship between the two while the radical ones treat the relationship between aid and development to be dialectical. Liberal scholars therefore argue that foreign aid promotes economic growth and development in the recipient country by filling in the gaps between available and needed resources. Foreign aid is thus said to bridge the gaps in production, savings, investments, foreign exchange, technology and consumption which have been hampering development initiatives in Africa (Saliu and Omotola, 2009). The appeal is thus that there has to be more aid so as to improve civil service, strengthen policy and planning capacity and establish strong central institutions.

A correlation between aid and economic development is further advanced by Burnside and Dollar (1997) who contend that foreign aid leads to economic development. Using a sample of 56 countries and six four year time periods from 1970 to 1973 until 1990 to 1993 they concluded that where aid coincided with good policies, its impact on growth was strong and positive. However, in their later work, Burnside and Dollar (2000) came to conclude that aid had little impact on growth.

In explaining the bond between aid and economic development, Easterly (2005) identifies theories and evidence of the effect of western assistance on Africa. He shows that the big push models are anchored on the argument that Africa is poor because it is struck in a poverty trap and that to get out of this trap the continent needs more financial aid and an increase in investment "the Big Push". Poor countries, as per the big push model, have no saving capacity and because of poor saving, per capita growth becomes zero or negative (Easterly, 2005).

The opposing view against aid on the contrary provides that foreign aid cannot promote economic growth as it is

influenced by capitalism whose philosophy is exploitation of surplus value. Foreign aid is thus treated as a source of the distortion of domestic economy which in turn exacerbates poverty in the recipient country. Negative consequences of foreign aid are associated with the promotion of the widening technological gap between donor and recipient countries. The exploitation of recipient countries is said to be channelled through the imposition of stringent aid conditionalities, charging high interest rates, interference in the decision making processes of the recipient countries, transfer of resources from recipient countries to donor countries and the imposition of dysfunctional economic policies to the recipient countries like what was the case during the introduction of structural adjustment programmes in Africa. Brautigam and Knack, as cited by Omotola and Saliu (2009) contend that as an unexpected consequence, high level of aid might block governance processes in two main ways. They point out that the way through which aid is delivered affects governance in the sense that it leads to high transaction costs. The second view is that high level of aid can create incentives that make it more difficult to overcome the obstructions to collective action required to build a more capable and responsive state and a more effective system of foreign aid. Foreign aid therefore is said to lead to the consolidation of aid dependency in which a continuous and regular inflow of aid, which however does not help to promote development, makes recipient countries to be complacent in which as a result they stop to think and wait for everything to be provided by the breadwinner. This dependence makes recipient countries lose control of their internal affairs thereby paving way for increased influence of donors.

Other counter argument to foreign aid is put forth by Easterly (2003), as quoted by Andrews (2009) who argues that the idea that aid leads to economic development is mythical. Gibson et al. (2005) also insist that aid leads to a Samaritan Dilemma in that it reduces the incentives to invest, especially when the recipient country is assured that future poverty will call for more aid. Foreign aid is as well said to promote a condition that reduces competitiveness of the manufacturing sector due to overabundance of foreign assistance. This tendency is also referred to by Rajan and Subramaniam (2005), as quoted by Andrews (2009), as the Dutch disease. The incompatibility between aid and economic development is also reiterated by Hudson (2004) who shows that Mosley et al. (1997) did not see any relationship between aid and economic development in developing countries but that this could be due to the possibility of leakages into non-productive expenditure in the public sector and the transmission of negative price effects to the private sector (Hudson 2004: 185).

The aforementioned debate creates a dilemma as to whether Africa should avoid foreign aid or not. Collier and Gunning (1999) reiterate that there has been a pessimist

view which holds a stance that Africa's development problems are inborn and that any development agenda is dependent on international intervention for the sake of creating conducive environment for economic growth such as eradicating tropical diseases like malaria and the construction of physical infrastructure.

A related argument is that Africa needs more aid for development and that the amount given has been enough to eradicate poverty only that these efforts are stumbled by lack of governance especially among the continent's ruling elite. It is on this basis that Wright (2009) proposes a theory on how aid can be used as a catalyst for democratization. His formulation is that there are two factors that normally affect the chance of dictator's survival relative to his chances of remaining in power should he democratize. These factors include the size of the dictator's distributional coalition and economic growth. The emphasis is that aid contributes to the incumbent leaders' utility under both democracy and dictatorship but those donors may reduce the amount of aid if the dictator decides not to democratize. As a result, the dictator is forced to opt for democratization so as to ensure regular inflow of aid (Wright, 2009). This model is anchored on two main assumptions. The first assumption is that dictators prefer more aid in order to meet their political aims such as paying off political challengers, funding repression or political campaigns or pocketing aid for current or future consumption. The second argument is that dictators will pursue reforms when they are assured their survival in power and that if the reforms jeopardize the survival of the incumbent, aid might not be a democratizing factor. The idea that aid can promote economic development is also echoed by Alex (1994). Similarly, Wright (2009) shows that in his book titled the "White Man's Burden" (2006). Easterly (2005) opposes an appeal for a big push on the view that Africa has had enough of foreign aid, which however did not meet the expectations due to lack of democracy. He therefore associates African development with democratic reforms.

Echoing the same views, Sachs (2005) calls for an increase in aid to Africa on the view that the amount given has not been enough to make the continent shade its poverty history. It is on this context that Sachs proposes a comprehensive plan to spend about US \$200 billion annually on interventions in education, malaria prevention, sanitation, nutrition and rural infrastructure.

On the other hand, Collier (2007) argues that the bottom billion countries, particularly Africa suffer from more than a poverty trap as they are caught in a series of mutually reinforcing traps. He thus prefers a more comprehensive response framework for the West to help Africa. Collier is convinced that aid is part of a larger solution that should include several charters empowering the west to enforce compliance with certain norms and standards, additional assistance in the area of trade policy to help Africans compete with Asia and selective military intervention to help development stay on track.

He thus proposes five charters namely; the natural resources charter which will provide certification of origin as well as enforcement of transparency in payments and in government expenditure, the charter for democracy which will empower the international community to promote checks and balances, the charter for budget transparency which will promote national and international scrutiny of budgetary processes, a charter for post-conflict situations which will commit donors and international security regime to supporting a country for at least a decade in which in return that country has to reduce its military budget, include its opponents in government and establish truth commission. Lastly is the investment charter which will commit poor country governments to an agreed upon set of principles on the treatment of international investment. Ohiorhenuan (2010) further indicates that Colliers' new book titled *Wars, Guns and Votes: Democracy in Dangerous Places* (2009) goes a step further to call for an international standard of democracy that allows the west to intervene militarily if elected leaders are threatened by a coup. Similarly, Hyden (1998) in support of foreign aid for Africa's development proposes that aid must be adapted to the continent's specific challenges namely; high levels of external dependence, weak public institutions, pressures to democratize and low levels of trust.

An empirical overview of aid and development in Africa

African countries are debt stricken and they are overwhelmed to the extent that most of them do not seem capable of servicing these debts. It is because of heavy burden of debts that African countries have been fighting for debt cancellation. The heavily indebted poor countries (HIPC) initiative was henceforth designed to assist some African countries get a relief from debt load. The magnitude of debts in Africa is very huge and thus it sounds important to explore the genesis of this syndrome in the continent. Omotola and Saliu (2009) trace debts in Africa from the colonial times in which the foundations for debt were laid down. African foreign trade is said to exhibit five features that can be traced historically and that paved the way for aid dependence. Onimode, as cited by Saliu and Omotola (2009) identifies those features to include; high export dependence, high concentration on a few commodities, low and declining terms of trade, high instability of export earnings and a chronic balance of payments crisis. These features, they argue, exhibited most of the economies of new independent African states. The consequence of these features is that they made these states unable to respond to post colonial pressures especially a demand for better services from the public. As public pressures were mounting, Omotola and Saliu (2009) insist, these states opted for external assistance as a mechanism to

overcome public services delivery failure.

Statistics show clearly the intensity of foreign aid to Africa. For instance, Dambisa (2009) argues that since 1940s approximately US\$ 1 trillion of aid has been transferred from rich countries to Africa. Saliu and Omotola (2009) indicate that the external debt stock of sub Saharan Africa increased from \$164.9 billion in 1988 to \$215.7 in 2000 and that by 2002 Africa's stock of external debt was put at an estimated \$333.3 billion. Andrews (2009) is much concerned that most of African countries have been too aid dependent to the extent that without aid their yearly budgetary commitments cannot be fulfilled. He shows that in 1992 foreign aid accounted for 12.4% of gross national product (GNP), over 70% of domestic growth and savings in sub-Saharan Africa and over 50% of all imports (Andrews, 2009:9). Despite such inflow of foreign aid, the continent remains poor.

The fact that foreign aid has not pulled Africa out of poverty needs not to be overemphasized. Whether the amount of aid offered has been enough or not might be a different case but the reality is that many people in Africa especially in sub-Saharan African live in abject poverty. The failure of foreign aid to promote economic development in developing countries is well put by Ayodele et al. (2005) who contend that the Western aid mission to Africa has been a mere abysmal failure. They point out that more than \$500 billion (USD) in foreign aid, the equivalent of four marshall aid plans was pumped into Africa between 1960 and 1997 but that instead of promoting development, aid has promoted dependence. Referring to Ghana and Uganda, the authors point out that the budgets of these countries are 50% aid dependent. Their observation is therefore that most of the developed economies in Europe, Japan, Taiwan and Singapore did not attain that level of development through aid dependence, but rather through the adoption of free markets. In proving a mismatch between foreign aid and development, Ayodele et.al. (2005) further argue; "Per capita GDP of Africans living south of the Sahara declined at an average annual rate of 0.59% between 1975 and 2000. Over that period, per capita adjusted for purchasing power parity declined from \$1,770 in constant 1995 international dollars to \$1,479. The evidence that foreign aid underwrites misguided policies and feeds corrupt and bloated state bureaucracies is overwhelming. Tanzania's ill-conceived socialist experiment, Ujamaa, for example, received much western support. Western aid donors, particularly in Scandinavia gave their enthusiastic backing to Ujamaa, pouring an estimated \$10 billion into Tanzania over a period of 20 years. Yet, between 1973 and 1988, Tanzania's economy contracted at an average rate of 0.5% a year and average personal consumption declined by 43%. Today, Tanzania's largely agricultural economy remains devastated. Some 36 million Tanzanians are attempting to live on an average annual per capita income of \$290..." Ayodele et al. (2005: 1-2). Based on the view that foreign aid cannot rescue Africa

from its current destitute status, some scholars have gone farther by devising the means through which the continent can end aid dependence, as next discussed.

ENDING DEPENDENCE ON FOREIGN AID

The preceding discussions have highlighted opposing views on the connection between foreign aid and economic development. Those who oppose the link between the two propose the ways that African countries can go through in order to be aid-free.

For instance, Sharife and Bond (2009) suggests ways to get out of foreign aid and financial trap by arguing that some African countries can escape aid dependence by looking for alternative source of hard currency. They appeal for progressive social movements for debt repudiation by thinking of other possible ways of financial inflows beyond those required for trade financing of essential inputs. These movements entail, *inter alia*, increasing domestic efforts towards light industrialization for basic need and the need for more people's participation in governance processes.

In his book titled "Ending Aid Dependence", Yash Tandon (2008) shares similar views that foreign aid is not a solution to Africa's economic problems. In trying to answer a question whether aid is what it says it is, he argues that there are a lot of rhetorics surrounding aid as the so-called well wishers of African development have not been committed to help the continent to attain development. He points out that governments of the developed countries pledged to put aside 0.7% of their gross national income (GNI) for aid, a yardstick that has been used by the media in measuring developed countries' commitment to the development of Africa. Similar observation is made by Lee (2006) who reiterates that contrary to the 2002 Monterrey consensus in which developed countries pledged to increase their aid to Africa, some of the developed countries such as the US and UK have been decreasing their financial assistance to the continent. On the contrary, countries which have been in the front line in explaining a concern for African development have not been able to even reach to that threshold. For instance, in 2006 US's official development assistance (ODA) was 22.7 billion, an indication of a fall of 20% in real terms according to Organization for Economic Co-operation and Development (OECD) (Tandon, 2008:2). Similar concerns are raised by Olayode (2005) who asserts that in the current wave of massive movements of capital to the emerging markets, Africa is to a great extent marginalized. For instance, he points out that in 1995 out of \$112 billion lent to the developing countries, only \$5 billion went to Africa.

In explaining a need for abandoning aid dependence, Tandon argues;

"A significant point of departure is that we are now living

in a different period of history, a period of globalization where the dictates of global capital, globalized corporation and global institutions (such as the world bank and IMF) do not allow much of the domestic policy space that countries such as Korea and Taiwan enjoyed during the cold war period. We live in a knowledge-intensive economic era, where the knowledge which is embedded in technology is jealously protected by sanctions bearing intellectual property regimes. So today, developing countries are in a much more difficult era than ever before. For these countries the exit strategy from aid dependence requires a radical shift both in mindset, and a deeper and direct involvement of people in their own development for a more self-reliant economy" (Tandon, 2008: 65)

Tandon's exit strategy

The continued chorus of disapproval against the role of foreign aid to Africa's economic development has been supported by various formulations on how these countries can be free from aid dependency. Sharing a spirit that Africa should unchain itself from aid dependence, Tandon (2008) offers a seven steps exit strategy as highlighted hereunder.

The first step is that the south can get rid of aid dependence by adjusting their mindset. He cautiously maintains that aid dependence is a complex phenomenon and that any attempt to change the status quo needs maximum devotion. He insists that whatever attempt to end aid dependence has to start with mind liberation in which people share a common concern that they can manage their development agenda without necessarily relying on foreign aid. He envisions a development process that can start from an individual to a critical mass; all with a shared concern that aid dependence is not a panacea to poverty.

Budgeting for the poor not for the donors is identified as a second step towards ending aid dependence. His concern is that budgetary processes in developing countries have been much focusing on creating conducive environment for more inflow of aid from donors while leapfrogging other basis steps such as popular participation in budgeting.

The third step is putting employment and decent wages upfront. Tandon argues that the challenge facing less developed countries (LDCs) is to make sure that economic growth of active population is associated with productive labour absorption. Poor countries are thus urged to increase their investment in agriculture so that the sector provides employment opportunities as well as creating non-agricultural employment that will call for more capital accumulation, technological learning and innovation.

Ending aid dependence, as per Tandon, can be realized by creating the domestic market and owning

domestic resources. Notwithstanding any possible excuses, he points out that all developed countries were able to make economic progress by ensuring that their domestic markets were created, protected and expanded before they opened up for foreign competition.

The fifth step is plugging the resource gap. Tandon reiterates that instead of looking for aid and foreign capital, it would be feasible domestically to block or reduce some of the transfer price mechanism, or refusing to pay illegitimate foreign debts. He therefore suggests that in an attempt to plug the resource gap, two guiding questions should be accorded due attention. The first one is that people should ask themselves why domestic expenditure is so high. The second question requires people to look for the reasons as to why there is a high externalization of funds and whether this externalization is justifiable.

The sixth step for ending aid dependency as propounded by Tandon is a creation of institutions for investing national savings. While calling for a proper balance between the state, the private sector and local communities, the author puts more emphasis on building physical infrastructure of roads, developing a strong central bank, which together with government ministries can regulate the finance and banking sector, building a network of social infrastructure in both rural and urban areas and building the nations' knowledge and research capacity especially in innovative research relevant to the skill sets and resources available within their country and that is independent of global knowledge producers such as the world bank and the Organization for Economic Cooperation and Development (OECD).

The last step suggested by Tandon as a move towards ending aid dependency is limiting aid to national democratic priorities. This is a contradictory formulation in which the author contends that aid shouldn't be completely ignored but that it should be subjected to democratic processes of the recipient countries.

Can Africa be liberated by Tandon's model?

This model is a useful framework that postulates a possibility of how the developing countries, particularly those south of the Sahara can overcome aid dependency. The steps laid down however leave a lot of questions to be answered particularly on whether they are the sufficient and necessary measures to promote the continent's economic development.

Realistically, the model touches core issues that have been attributed to the persistence of poverty in the continent. One of those issues is the chronic mentality of dependence or the Dutch disease in which Africans have been made to believe that without aid they cannot survive. Therefore, mental liberation is indeed a prerequisite to self reliance in which Africans have to develop a sense of confidence that given the privilege of

natural resources that most of African countries have, they can open a new chapter and make poverty in Africa a dinosaur. The manner in which psychological liberation can take place is however a great challenge. With increasing interaction of people across the globe in which scholars such as Keohane and Nye (2000) refer to it as complex interdependence, it seems impracticable for Africa to pursue an isolationist strategy. Increased interaction among nations and people across the globe does not seem to provide an easy way through which African countries can pursue an isolationist strategy.

Furthermore, although mental liberation is of great value, it is still unclear as to how it can take place. The main problem regarding the tendency of excessive reliance on foreign aid is that this propensity is hierarchized. While the syndrome of dependence is deep rooted among the majority of the people in the continent, it is the political leadership that seems to be highly affected by psychological dependency. It might thus be logically unsound to make hasty conclusions that these leaders are the victims of a psychological trap as majority of them have been selfish and unconcerned about the welfare of their people. With this selfishness tendency, they find no time to think of internally generated strategies that can rescue the majority from destitute situation. With political leaders seemingly having no clear development mission, it is realistic to postulate that psychological liberation might lead to a clash of thinking as political leaders might not share the same revelations as of those calling for alternative ways to development.

Tandon's appeal for budgeting for the poor is as well very palatable and offers a new vision towards economic independence. As we pointed out earlier in this paper, some (if not most) of African leaders have been directing much of their efforts towards acquiring easy money, with no or limited consideration about the wellbeing of the majority. As Tandon (2008) correctly observes, much of what is done by political leaders is meant to please donors so that regular inflow of foreign aid is maintained. The appeal for budgeting for the poor can as a result facilitate economic development in the following ways;

It asserts a need for popular participation in setting an agenda for development. The tendency of centralization of decision making processes has been excluding the majority, particularly in rural areas from actively involving in poverty eradication strategies. Much of rural and agricultural development initiatives have mainly been imposed from above thus making them difficult to be effectively implemented as street bureaucrats who are required to implement them are in most cases uninformed of the contents of those initiatives. However this exit proposal is as well prone to a number of challenges. For instance, as budgets involve the commitment of financial resources, budgeting for the poor is always dependent on the performance of a country's economy. With very weak economies, African countries are very unlikely to effectively pursue pro-poor policies.

There might therefore be a commitment to a pro-poor budget which however can remain a mere dream due to resources constraints.

The aforementioned problem is exacerbated by the fact that the ruling elites have failed to mobilize the rest of the population to act as the engine of development. As a result, collective efforts involving all segments of the society towards economic development are to a great extent non-existent. For instance, an experience from most of local government authorities in Africa shows that they have not been independent entities that can set their development priorities. In spite of being the grassroots authorities in which citizens at local levels are expected to own the development agenda, local government authorities remain the agents of the central government. It is on this basis that most of the literature on local governments in Africa dwells much on centre-local relations. As Mutahaba (1989) correctly observes, local government authorities in most African countries such as Kenya, Zambia, Tanzania and Uganda are the victims of central governments' controls which as a result deprive them of their presupposed autonomy.

Tandon's concern about a need for more employment and decent wages is to some extent realistic. It is realistic in the sense that there is high unemployment rate in Africa which in turn implies an underutilization of the labour force. Similarly, even the employed ones have been complaining of lower wages that only cater for daily survival. Quoting the World Bank survey, Kiragu and Mukandala (2005) point out that as government compensation falls, civil servants adjust to the new situation in which pathologies such as absenteeism increase, moonlighting and daylighting become an order of the day. Irrespective of the fact that the employment and decent wages are pertinent issues in Africa, it is nonetheless true that work ethics and discipline are not common in the continent. Laziness, corruption, dishonesty and lack of commitment to work have been common in the continent and they score much in cultural terms than to other considerations such as poor wages. Some of these pathologies are embraced by societies. The management systems international (MSI) 2005 report, for instance, shows that many behaviors that might be viewed as conflicts of interest, nepotism, or favouritism are not generally viewed as corrupt practices in Mozambique. Instead, Mozambicans who achieve positions of authority and influence are often expected to use their position to help family members and friends get jobs, avoid red tape, and circumvent the system.

With all these features of public administration in Africa, a realistic approach would therefore be that which recognizes the wage crisis but echoes the significance of ethics and professional code of conduct at work places. In spite of some critics levelled against Africa's civil service reform programmes, an idea of contractual employment which is propagated by the reforms stands as a possible solution to the problem of irresponsibility and irresponsiveness at work places. This is basically

due to the fact that one's survival in the office is subjected to his/her performance, as opposed to current establishments in most of public sectors in Africa where people are employed on permanent basis.

The usefulness of the model is also drawn from its appeal for the expansion and protection of domestic market. As Tandon (2009) correctly establishes, even the developed economies still have protectionist policies. The experience from Africa shows that, almost all African countries have been more than willing to open up their markets for the so-called foreign investment. There have nonetheless been no precautions in the liberalization processes such that Africa is reduced to the status of a dark market where unregulated goods are sold. The effects of unregulated liberalization has implied that Africa is a dumping stock of cheaply manufactured goods from industrialized countries which consequently jeopardize the fate of local industries, which due to high production costs their goods cannot compete with cheaply imported ones. The main challenge pertaining to the call for protection of domestic market is the way African countries can dissociate from ties and contacts with the developed world. For instance, following the growing influence of the Washington consensus³ in the continent, African economies have increasingly been tied to global economy. It is therefore very impossible that these countries can easily detach themselves from the economies of the developed countries.

What makes this suggestion more impracticable is the failure of the author to provide specific ways through which this suggestion can be implemented. For instance, following the adoption of liberalization policies in Africa from 1980s, there has been an exigency to call for more foreign investors to invest in the continent. An advocacy for protectionist policies is thus likely to be constrained by this fact. It leaves a lot to be desired as to whether African countries can have guts to reverse IMF and World Bank economic policies that have persistently advocated for opening up of the economies of African countries. It does not seem likely, for instance, that African countries can opt for Bolivia's Ivo Morales' renationalization policies or pursue state capitalism as it is the case in China. This suggestion thus stands as a mere statement of intent than a workable solution towards emancipating Africa from aid dependence.

Similarly, an appeal for a review of expenditure is critical to the prospects for Africa's end of aid dependence. It needs little efforts to recognize that much

³ The Washington consensus is an idea that was coined by John Williamson in 1989 to refer to a consensual decisions made by the political Washington of Congress and senior members of the administration and the technocratic Washington of the international financial institutions, the economic agencies of the U.S. government, the Federal Reserve Board, and the think tanks. Peev (2002) argues that this approach is characterized by focusing the government attention on three main domains: (i) privatisation and deregulation, (ii) macrostabilization by low inflation and fiscal deficits, (iii) liberalization through opening of economy to the rest of the world, and a domestic prices control release.

of the financial resources in most of African countries are being directed to unproductive areas. Whereas it is common to find hospitals and schools lacking basic facilities, it is very usual to find senior political leaders and bureaucrats enjoying privileges of luxurious cars and other entitlements. It is therefore a decent call to re-emphasize proper use of the available scarce resources for the sake of majority benefit. In the appeal to plug the resource gap, there is a challenge that given the centralization of decision making in which the general public has in most cases been sidelined in decision-making processes many people are not informed about the management of public financial resources and thus cannot effectively hold public officials accountable. This suggestion best fits in a democratic setting where the majority have power unlike in Africa where politics is to a great extent an affair of the political and administrative elites.

By looking at Tandon's exit strategy it is also true that a dream for Africa's development can be made true by strategic investment in agriculture and physical infrastructure such as roads. Together with strong institutions such as the central bank and ministries, key areas for national development such as agriculture need to be given the required attention. One of the confusing realities in the war against poverty in most of African countries has been a great mismatch between policy statements and empirical realities on the ground. For instance, while most of African countries have been overemphasizing their commitments for agricultural revolution, little has been done to make agrarian revolution a reality. Agriculture remains backward marked with demoralized peasants who have nothing to cherish from their daily engagement in agricultural activities. In most of African countries, peasants face difficulties in getting markets for their produces which as a result they are obliged to sell them at a giveaway price. Even the accessibility of rural areas has been problematic as most of the roads are impassable especially during the rainy season. For instance, while almost 80% of Tanzanians are self employed in peasant economy, there have been blurred government efforts towards attaining agrarian revolution which to a great extent could help many Tanzanians to overcome abject poverty. It can for example be noted that while other sectors have benefited from an increase in budgetary allocations in the 2011/2012 country's financial budget, agriculture seems to have been neglected. In that budget there is 85% increase of budgetary allocation in infrastructure, 65% in energy and minerals, and 56% to the water sector. On the contrary, there is only an increase of 2.5% in agriculture. The neglect of agriculture is also noted in Uganda where agriculture is still determined by seasons instead of heavily investing in irrigation schemes. This weakness for instance resulted in the decline of cash crops output by 19% during the 2010/2011 financial year.⁴ The dwindling of the

agricultural sector is also witnessed in Lesotho where despite being the backbone of the country's economy by employing 77% of people, it has been performing poorly. For instance, while by late 1990s agriculture contributed over 10% to Lesotho's gross domestic product (GDP), its contribution plummeted to 7.9% in 2009/2010. The main source of this decline is said to be the decline in crop production whose contribution to GDP fell from 4.8% in 2000/2001 to only 1.8% in 2009/10⁵.

For that matter, investing in agriculture will motivate the peasants as they will be made to produce at a reduced cost and yet still enjoy good prices for their produce which will be supported by the expansion of both domestic and external markets. It is along these lines that Hung and Makdissi (2004) propose that escaping rural poverty has to go hand in hand with technological progress.

Should African countries opt for Tandon's exit strategy?

As already pointed out, this model has a lot of useful propositions that can help African countries make significant economic development. It is however the view of this paper that this model is just a complement to other suggested paths through which the continent can attain growth rather than a tool that can make Africa aid-free. A critical look at this model suggests that Tandon's aid exit strategy fits more in the axiom of facilitating economic development than ending aid dependence. This is in spite the fact that the model addresses key and very important issues such as psychological change, budgeting for the poor, investing in key areas such as agriculture and plugging the resource gap.

One of the justifications that this model cannot save Africa from aid dependence emanates from the model itself. This is because despite Tandon's appeal for the end to aid dependence his last suggested step in the proposed model still recognizes the significance of aid, only that it limits aid to democratic priorities. Suffice it to argue that Tandon's exit strategy is confusing as it purports to pave way for an end to aid dependence but still advocates for foreign aid to support democratization processes. A related critical concern is that the model gives little emphasis on the essentiality of democratic transition as one of the preconditions toward ending aid dependence. Talking of eradicating aid dependence without an emphatic appeal on the need for the consolidation of democracy leaves the continent with little development hope. With an exception of few promising cases such as South Africa, Botswana and Ghana, political processes in most of African countries have been a game of survival in which ruling political elites strive to ensure that they remain in power. Recent political turmoil

⁴ Uganda's budget speech for the financial year 2011/2012, p. 4.

⁵ Parliament of the Kingdom of Lesotho, Budget Speech to Parliament for the 2011/2012 Fiscal Year, pp.11

in countries such as Zimbabwe, Kenya, Uganda, Ivory Coast and Nigeria attest to this observation. In explaining the crisis of democracy in Africa, Joseph (2008) maintains that following the adoption of liberal democracy in 1990s by most of African countries, the newly elected political elites have been usurping powers from the people and other arms of the government. While making a reference to Afrobarometer surveys, he argues that sub-Saharan Africa is a place where demand for democracy exceeds supply. In picturing authoritarian elements in Africa, Joseph argues;

“The democratic promise survived attempts to institutionalize personal rule in Malawi and Zambia by elected presidents who sought to overturn constitutional term limits. In Uganda, by contrast, President Yoweri Museveni got away with just such a move, successfully pressing the legislature to eliminate constitutional restrictions on his continuation in power. Then Museveni, much like his former protégé Paul Kagame in Rwanda, began to treat his electoral opponents as traitors. Dismal echoes of these developments resounded in Ethiopia, where almost two hundred citizens were killed following the 2005 elections, while others, having dared to protest against electoral malfeasance, found themselves jailed and facing treason charges” (Joseph, 2008: 100).

As a result of endless struggle for power, little efforts are directed towards emancipating the citizenry from abject poverty. Devoting little attention to proper planning that can help these countries have an internally generated development agenda has made most of African leaders to develop the habit that life outside the domain of IMF and World Bank is a mere farce. It therefore needs only an elementary commonsense to argue that the attempt to unshackle the continent from aid dependence has to start with popular democratization movements that can change or reorganize the political status quo.

Echoing similar appeal, Adigheji (2004), as cited by Fonchingong (2005), argues that institutional arrangements in Africa account for the continent's depleted socio-economic situation and that to overcome underdevelopment Africa needs to establish state and society institutions that seriously monitor the implementation of development initiatives. Fonchingong (2005) further points out that Adigheji (2004) is convinced that although there has been growing influence of external forces in policy processes in Africa, power reorganization between the ruling elites and the bureaucrats is a necessary pre-requisite to socio-economic development. Similarly, Lumumba (2004), as cited by Fonchingong (2005), uses an institutional perspective to explain poverty in Africa in which he advocates for the reinvention of African state basing on four options namely; recapturing and appropriating the state by gaining access to state's resources, managing state's affairs according to people's objective condition;

owning state apparatuses and participating in its decision making; renaming the state by adopting a social or popular revolution of radical change of the structures of the African economies within a pan-Africanist perspective and the dynamic of African traditions.

Popular intervention is overemphasized in this paper because it stands to provide more opportunity to the majority in the ownership of the development agenda. A sense of distrust over political leaders gains weight by looking at some of regional initiatives such as New Partnership for Africa's Development (NEPAD) and African Peer Review Mechanism (APRM). In spite of the two initiatives' propagation of democracy and governance, nothing significant can African people be proud of. As Adejumobi and Olukoshi (2009) overtly state, NEPAD was launched in 2001 as a development vision and framework conceptualized by Africans, driven by Africans for Africans. With its three key priority areas namely the establishment of conditions for sustainable development, policy reform and investment in priority sectors and increased mobilization of resources, there was much hope that Africa was heading towards a right direction. Surprisingly, the initiative has remained to be an elite affair that has to a great extent failed to yield any tangible positive results. Africa continues to be poor as it has always been. In addition to the need for democracy, the report of the Commission for Africa (CFA, 2005) identifies poor governance as one of the main continent's developmental challenges. It stresses that without progress in governance all other reforms will have limited impact (Menocal, 2007). Bad governance is said to have taken roots in the continent and its persistence is associated with the attributes of the ruling elites. The attributes of the ruling elites in most of African countries is well captured by Olowu (1994:10-11) who argues that most of African states are disconnected from their people and that as a result they pay little attention to public interests in discharging their duties. As a result of this disconnection, unethical practices such as corruption have remained prevalent. The 2002 African Union study estimated that corruption costs the continent roughly \$150 billion a year, an amount that is too much compared with the amount of foreign aid from developed countries to sub-Saharan Africa. For instance, developed countries gave \$22.5 billion in aid to sub-Saharan Africa in 2008, according to the Organization for Economic Cooperation and Development (Hanson, 2009). These figures clearly show how critical is the problem of mismanagement of public financial resources. The problems of mismanagement of public financial resources have repeatedly been reported in ministries, departments and local government authorities in most of African countries. This is for instance featured in the annual general report of the Tanzania's Controller and Auditor General (CAG) on the financial statements of local government authorities for the financial year which ended in 30th June, 2009. Some of the identified irregularities as

regards the management of public financial resources include;

- a) Periodic checks were not carried out by the management of district councils to confirm the validity of all payroll entries and as a result, payments of salaries to retired, absconded, resigned and terminated employees were made through their bank accounts without being detected.
- b) Unspent balances for the preceding financial year were not subsequently brought forward to the Statement of Capital Expenditure and its financing for the year under review.
- c) Payments were made to various suppliers of goods and services without calling for competitive bidding or at least three quotations contrary to the requirements of Reg. 4(2) (b) of the Local Government Authorities' Tender Board (Establishment and Proceedings) Regulations, 2007.
- d) Payment vouchers aggregating to Tanzanian shillings (Tshs) .2,526,117,587 from 33 Councils were not availed for audit and payments amounting to Shs.5,313,071,671 from 62 Councils were not supported by proper documentation to enable verification of the payments for authenticity and occurrence as per Order No. 5(c) of the Local Authority Financial Memorandum of 1997.
- e) Unclaimed salaries amounting to Tshs.1, 755, 207,927 in respect of 58 councils were not surrendered to the Treasury as per directives given through Circular Letter No. EB/AG/5/03/01/VOL.VI/136 dated 31st August, 2007.

CONCLUSION

This essay has provided an overview of the politics of foreign aid and Africa's economic development. It has specifically examined Yash Tandon's formulated exit strategy from excessive reliance by African countries on foreign aid. It is however the view of this paper that in spite of addressing critical issues that have been attributed to African poverty, the model does not stand on its own as a framework that can put that dependence to an end. This is basically because the suggested exit steps do not seem likely to be effectively implemented under a situation of complete detachment from foreign aid. This model is mainly a new thought that can guide the continent towards economic growth without necessarily guaranteeing the end to reliance on foreign aid.

The question of foreign aid to Africa is very controversial. This controversy emanates from the fact that its impact on Africa's development is construed differently. Apart from the endless debate concerning whether or not aid is important to Africa as advanced by scholars such as Dambisa (2009), Easterly (2005) and Margaret (2009), the consequences of foreign aid to Africa's development does not seem to be well

addressed. For instance, while the pessimist view treats foreign aid as the perpetuation of capitalism, it remains clear that not all donors to African countries share the same ideological orientation. For instance, it is improper to argue that foreign aid from countries such as Kuwait, Saudi Arabia and Scandinavian countries bear the same ideological implications like those from typical capitalist states such as the United Kingdom and the United States. The response of scholars such as Yash Tandon and Dambisa Moyo might therefore get caught up in the weaknesses of the 19th century movements such as Luddism in Britain in which workers opted to destroy the machines that were invented in the eve of industrial revolution in Europe with the view that machines were the source of unemployment and difficult living conditions. They however failed to recognize that the source of such problems was the capitalist system. Along the same line, most of the attacks to foreign aid in Africa are failing to recognize the truth that much of the problems associated with foreign aid emanate from poor aid management and other related domestic problems such as corruption, dictatorship and lack of clear and home-grown development vision.

Aid management in this context is not limited to proper allocation of such aid but it also involves planning and preparedness in soliciting and utilization of such foreign assistance. The problem with most of African countries is that they do not have well prepared plans that can be realized using foreign aid. For instance Margaret Lee in what she calls the 21st century scramble for Africa points out that the relationship between Africa in one hand and the Western World and China on the other is based on a win-lose scenario in which the former stands as a loser. The weakness with most of African countries is that they have failed to formulate contingent plans to ensure that there is a match between what African governments gets from donors and what donors take from these countries. For instance, for more than two decades, Tanzania has been suffering from power crisis in which the availability of power which highly relies on hydro-electric sources has been unpredictable. This situation subjects the country time and again to the problem of power rationing and blackouts. The power crisis continues to be a chronic problem in Tanzania despite the fact that the country is rich in Uranium deposits whose extraction has not helped the country to overcome the power crisis. Under a win-win arrangement one could expect to see the country entering into agreement with uranium extractors requiring them to facilitate the construction of a nuclear energy generation plant. This has not happened in Tanzania, not even a mention of it. It is thus a sense of irresponsibility to associate all the weaknesses of this type to the evils of foreign aid without emphatically addressing internal failures. Suffice it to argue that the failure of most of African countries to make significant socio-political and economic development needs to be looked at using a theory of everything that looks at the continent's

development conundrum from all angles.

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