

Changing ideology of African aid

The continent can shed its dependency on aid if its leaders embrace more empowering policies, writes **Gareth Coetzee**

WHEN it comes to aid, Africa seems to act in almost contradictory ways. On one hand it is vehement about donor countries staying true to their aid agenda, and on the other the continent is trying to liberate itself from aid dependency. Could the new African stance on development aid be the route to using it better while, in time, liberating itself from aid dependency?

Like a harmful drug, funding from a foreign country creates an endless craving for something that ultimately is destructive; a substance that simultaneously keeps the brain of a country from shutting down while corroding every other vital organ, corrupting every system that enables sovereign self-sustainability.

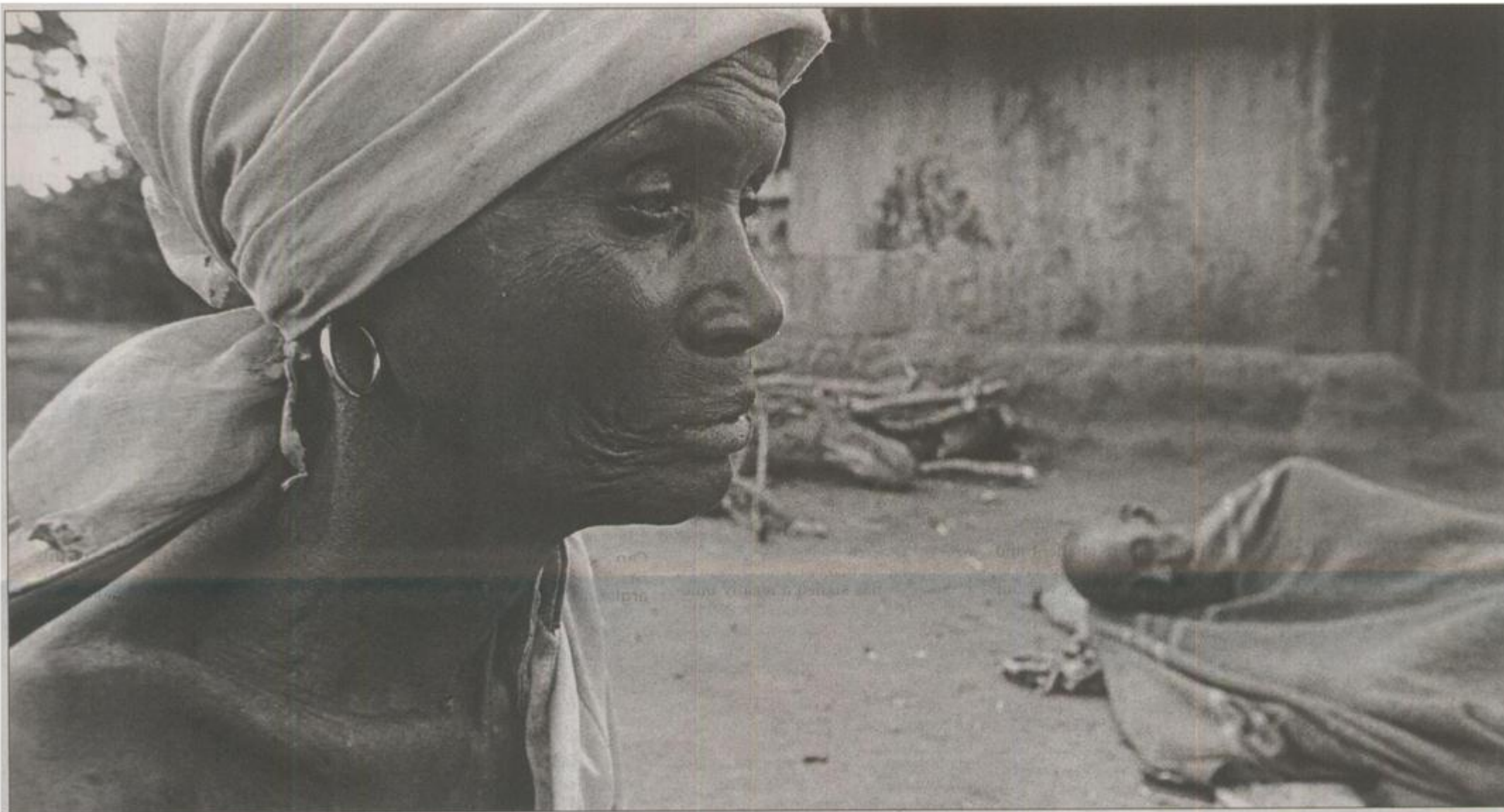
Hence the African drive to design a collective exit strategy, culminating last year in Tunis when collectively Africa insisted that, instead of aid effectiveness, development effectiveness should lead the charge in aid and the African Platform for Development Effectiveness was launched.

The African Development Bank, the AU Commission and the New Partnership for Africa's Development, supported by the UN Economic Commission for Africa, called for the change, a move that stemmed from dissatisfaction with the implementation of the Paris Declaration on Aid Effectiveness, launched in 2005.

The declaration represented a commitment to move away from an aid regime that was guided by the priorities of donor countries to one that was led by, and reflected the interests of, developing countries.

Based on five key principles – ownership, alignment, harmonisation, managing for results and mutual accountability – it was a pledge to assist the governments in aid-recipient countries in formulating and implementing their own national development plans, in accordance with their own national goals and priorities.

The UCT Graduate School of Business (GSB) recently held a



NOT MUCH TO SHOW FOR IT: Ravaged as she is by hunger, Malawian Stella Gutsu is still able to help her husband out into the sun to soak up the warmth that barely keeps them alive. Aid has stifled development in Malawi in that it had excessively targeted consumption at the expense of infrastructure development.

PICTURE: DEBBIE YAZBEK

round-table discussion on the notion of aid effectiveness versus development effectiveness within the context of European aid to Africa.

Chaired by Mills Soko, an associate professor at the GSB, the talks brought together academics, business executives, development practitioners, parliamentarians and diplomats.

ANC MP Professor Ben Turok said aid should be a catalyst that assisted economic processes. Key

issues were the unfinished aid agenda (with Africa claiming donor countries have not fulfilled the agenda they committed to); the need for an exit strategy out of aid dependency; and the known negative effects of aid, such as political manipulation, which included the funding of rebel groups, political parties, and the writing of election manifestos and organising election campaigns.

Discussing what he called the

“rebellion” in Tunis, and the new African position of development effectiveness, he said Africa wanted to “change the ideology of aid”.

“Africa must own its own development programme. African leaders must be made primary in terms of authority on aid-related matters. There must be an increased accountability by governments and donors, and donors must use existing means and platforms in Africa,” he said.

Turok said tax was becoming

more important than aid, with Africa collecting \$400bn (R31.8bn) in taxes in 2008. Africa's bank holdings were now more than Russia's, standing at \$669bn. Gross rates exceed 5 percent in several countries and are above 4 percent in 22 other countries. The growth was mostly driven by the private sector, although Africa's share of global trade remained only 4 percent.

Inflation is below 10 percent, having fallen 50 percent since 2005.

Poverty has dropped 10 percent among 50 percent of the continent's population.

Turok said what was needed to develop Africa further was a well-organised private sector, coupled with critical research into value chains spread across the continent.

“Why are we extracting minerals to export them only to import manufactured products... There is a lack of value-chain analysis and as much as we need a new architecture based

on development co-operation, we need research into workings of the private sector,” he concluded.

In Malawi, according to Francis N'Gambi, former chairman of the Malawi Economic Justice Network, the country's weak policies made it vulnerable to the overwhelming interests of private companies – newfound mineral wealth had brought more than 150 foreign mining companies to Malawi – and the interests of donor countries who used their power to dictate how the country must be governed.

Catherine Grant, head of the Economic Diplomacy Programme at the SA Institute of International Affairs, believed there were numerous contradictions between what was on paper and the actions of African countries. “Africa wants an exit strategy but, at the same time, has a deep desire to hold the north to the aid agenda. This says that we want to shift our thinking, but we have not,” said Grant.

She agreed that more research needed to be done in the private sector to gain better insights into the value chain. Such analysis in the past had started at the wrong end.

“We place all the responsibilities on the private companies, but these companies are just a part of the entire value chain,” she said.

Representing the north, the French consul-general in SA, Antoine Michon, said that for him the development-effectiveness drive was very positive, because it represented a unity of purpose among African countries.

He said that the new south-south partnership was good, a new reality, but that the Paris declaration was still important for recipients in terms of accountability and measurable benchmarks. It also helped justify to the people of donor countries the need to help foreign countries.

Can Africa lift itself out of aid dependency? It will depend on the degree to which African leaders take ownership of more empowering policies, so that aid doesn't become just another handout.

● Gareth Coetzee writes for UCT's Graduate School of Business.