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The African aid conundrum

Africa's leadership has failed to make good use of the many efforts to aid the continent. International aid has served only to enrich the ruling elite and to strengthen their hold on power. A solution: six independent institutions that guarantee the rights of the people and impose precise conditions on the receipt of aid.

Africa bleeds and cries for help. Wracked by civil wars, corruption and political tyranny, it is the one region of the Third World that has retrogressed economically. Tony Blair, Nelson Mandela and others have recently urged rich countries to double international aid to Africa; proposals to lift Africa out of poverty with Western donations have abounded over the years; it doesn't work.

Britain's 2005 plan seeks to raise 50 billion dollars a year on the international capital markets to help achieve the UN Millennium Development Goals of reducing poverty, child mortality and improving education. The US counterproposal prefers working through its own foreign aid program – the Millennium Challenge Accounts (MCAs) – helping poor countries through grants instead of loans. France proposes an international tax on financial transactions, or items such as plane tickets, while Japan favors a \$200 million fund to nurture private sector companies in Africa to improve the continent's investment climate and credit rating. In January, the United Nations released its own report, co-authored by Columbia University economist, Jeffrey Sachs, calling on rich countries to increase their foreign aid to 0.7% of GDP by 2015.

EMPTY PROMISES. Helping Africa is a noble cause, but after decades of vaunted rhetoric, false starts and empty promises, a deep sense of skepticism has set in. Africans have heard such calls before. Every decade or so, a gaggle of Western and African experts, governments, international aid organizations, and multilateral finan-

cial institutions gather amid much pomp and fanfare to announce grandiose initiatives to pull the world's poorest continent out of its economic miasma. Congratulatory pats on the back are exchanged. Delegates return home. Nothing much is heard after that. Back in 1985, the United Nations held a Special Session to boost aid to Africa. In March 1996, the United Nations launched a \$25 billion Special Initiative for Africa. Now, in 2006, it is clear that they both have fizzled.

Multilateral development agencies have also weighed in with their own grand plans for Africa. The World Bank, for example, spent more than \$20 billion, between 1981 and 1991, to restructure 29 African economies toward market economies. In 1994, the bank identified only a phantom list of six "success stories" (The Gambia, Ghana, Burkina Faso, Nigeria, Tanzania and Zimbabwe), producing a failure rate of more than 80%.

For their part, African leaders have also trotted out all sorts of mega-plans over the past few decades: the Lagos Plan of Action (1980); the African Priority Program for Economic Recovery (1985); the African Alternative Framework to Structural Adjustment (1989), the United Nations Program of Action for African Recovery and Development (1995); the United Nations New Agenda for African Development (1991), the Abuja Treaty (1991), among others. All these plans came to ignominious grief. At the dawn of the new millennium, a flurry of new initiatives was unveiled by the presidents of Algeria, Nigeria, Senegal and South Africa, which were finally integrated into a single plan: the New Partnership for Africa's Development (NEPAD). Presented in 2001 at the G8 Summit in Genoa, Italy, NEPAD seeks \$64 billion in Western investments in Africa.

Why should the average African place any hope in Tony Blair's Commission for Africa, the United Nations Millennium Development Initiative, George Bush's MCA, NEPAD or any other initiative to reverse Africa's economic atrophy? Though well-intentioned, the record on failure suggests a case of the blind leading the blind.

WHY? Monumental leadership failure remains the primary obstacle to Africa's development. After independence in the 1960s, the leadership, with few exceptions, established defective economic and political systems that set the stage for the ruination of post-colonial Africa. The economic system of statism or *dirigisme* with its plethora of state controls created chronic commodity shortages and black markets, spawned a culture of bribery and corruption, and virtually destroyed Africa's productive base. The political system of one-party states and military dictatorships degenerated into

tyranny. These systems, with enormous economic and political power concentrated in the state, evolved into “vampire” or “gangster states”. Government, as an institution, ceased to exist, hijacked instead by a phalanx of unrepentant bandits and criminals, who use the state machinery to enrich themselves, their cronies and their tribes. All others are excluded: the politics of exclusion. The richest people in Africa are heads of state and their ministers. Quite often, the chief bandit is the head of state himself. But this “vampire state” does not endure. Eventually, it metastasizes into a “coconut republic” and implodes when politically-excluded groups rise up in rebellion: Somalia (1993), Rwanda (1994), Burundi (1995), Zaire (1996), Sierra Leone (1998), Liberia (1999), and Côte d’Ivoire (2000).

These monstrosities were not colonial legacies; they were created by African leaders themselves. But the commitment to reform has been woefully lacking. The democratization process in Africa has stalled through political chicanery and strong-arm tactics. Only 16 out of the 54 African countries are democratic, and political tyranny remains the order of the day. The record on economic reform is abysmal: fewer than eight African countries can be described as economic success stories. Intellectual freedom remains in the Stalinist era: only eight African countries have a free and independent media. Without genuine reform, more African countries will implode – Chad, Cameroon, Central African Republic, Togo and Zimbabwe are already teetering on the brink. At the July 2004 African Union Summit in Abuja, Nigeria, a frustrated UN secretary general, Kofi Annan, berated African leaders for their lack of progress on meeting the UN’s Millennium Development Goals, agreed to in 2000. Five year earlier, he had lashed out at African leaders, blaming them for most of the continent’s problems.¹

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RAMPANT CORRUPTION. Africa’s case for more aid and debt relief has not been helped by President Olusegun Obasanjo of Nigeria, arguably the most mismanaged economy in Africa. As he was pleading for more aid at the World Economic Forum in Davos, Switzerland, in February 2005, four of his state governors were being probed by London police for money laundering. The most galling was the case of Plateau State governor, Chief Joshua Dariye, accused of diverting over 90 million dollars into his private bank accounts.

Dragged to the Federal High Court in Kaduna by the Economic and Financial Crimes Commission, Justice Abdullahi Liman ruled on December 16 that although Dariye was a principal actor in the case, Section 308 of the Nigerian Constitution protected

sitting governors from criminal prosecution. Imagine. And would the police apprehend him if he had no such “constitutional immunity”? Nigeria’s police chief himself, inspector general Tafa Balogun, was forced into early retirement in early 2005 after investigators probing money-laundering allegations found \$52 million hidden in a network of 15 bank accounts – and he had only been on the job for two years. Even



Nigeria’s senate is riddled with scams and inflated contracts, with proceeds pocketed by sitting senators.

According to the president of the Institute of Chartered Accountants of Nigeria, Chief Jaiye K. Randle, individual Nigerians are currently lodging some \$170 billion in foreign banks – far more than Nigeria’s foreign debt of \$35 billion.

In Kenya, constitutional reform has stalled under the watchful eyes of the “Mount Kenya mafia,” as the ruling elite are called. Widespread government corruption has caused international donors to withhold money allocated to fight AIDS. The disease has killed about 1.5 million in Kenya since 1984 and the government estimates that about 1.4 million Kenyans are still infected. Kenya’s Health Ministry is riddled with graft. A recent audit revealed the existence of “ghost workers” with their annual \$6.5 mil-

lion salaries collected by living workers. In June 20, 2004, the same Health Ministry paid \$1.8 million for a radiography machine for Kenyatta National Hospital that was never delivered. Kenya has been rocked by corruption scandals in various ministries, but in case after case, no action has been taken and ministers involved have merely been sacked, not prosecuted to recover the loot.

AFRICA'S BEGGING BOWL LEAKS HORRIBLY. In August 2004, an African Union report claimed that Africa loses an estimated \$148 billion annually to corrupt practices, a figure which represents 25% of the continent's GDP. Two years earlier, at an African civic groups meeting in Addis Ababa, Nigeria's president claimed that "corrupt African leaders have stolen at least \$140 billion from their people in the decades since independence."²

But these are gross underestimates. According to one UN estimate, \$200 billion or 90% of the sub-Saharan part of the continent's gross domestic product was shipped to foreign banks in 1991 alone.

74 Civil wars continue to wreak devastation on African economies, costing at least \$15 billion annually in lost output, wreckage of infrastructure, and refugee crises. The civil wars are over power, not redrawing artificial colonial borders, and are caused by the adamant refusal of African leaders to relinquish or share political power. The crisis in Zimbabwe, for example, has exacted an enormous toll on Africa. Foreign investors have fled the region and more than 4 million Zimbabweans have left the country along with 60,000 physicians and other professionals. *The Observer*, of London, on September 30, 2001, estimated that Zimbabwe's economic collapse had caused \$37 billion worth of damage to South Africa and other neighboring countries.

Africa can't feed itself because senseless civil wars, preference for industry, misguided statist policies of price controls and marketing boards have devastated its agriculture. By 2000, Africa's food imports had reached \$18.7 billion, slightly more than donor assistance of \$18.6 billion to Africa.

Clearly, the resources Africa needs to develop can be found in Africa itself – only if its leaders were willing to reform their abominable economic and political systems, re-orient their development policies toward agriculture, curb corruption and invest their wealth – legitimate or ill-gotten – in Africa. But the leadership, wedded to the old "blame colonialism" paradigm, is not interested. It is programmed to look outside Africa and badger the West for resources. And to compound the problem, the West obliges them.

THE GUILT TRIP. Burdened with excessive racial sensitivity and guilt over the iniquities of the slave trade and colonialism, the West has been reluctant to speak candidly about Africa. Unable to distinguish between African leaders and the African people, Westerners shy away from criticizing the former for fear of being labeled “racist” or of being accused of “blaming the victim.” This overt racial sensitivity shields African leaders from criticism and inadvertently helps perpetuate misguided policies and wrong choices.

Worse, Western policies toward Africa have been leader-centered. Naive Westerners think that the best way of helping the African people is by handing money over to their corrupt despots or forming “partnerships” with them. Italy, for example, pumped so much money into Somalia that it became known as the “graveyard of aid”. Between 1981 and 1990, Italy sponsored 114 projects in Somalia, costing more than \$1 billion – almost all of which were “absurd and wasteful”.³ One example: \$250 million was spent on the Garoe-Bosaso road that stretches 450 kilometers across barren desert, but is crossed only by nomads on foot.

Piero Ugolini, a Florentine agronomist who worked for the technical unit of the Italian embassy in Mogadishu from 1986 to 1990, revealed that most Italian cooperation projects were carried out without considering their effects on the local population. “Italian aid was used to exploit the pastoral populations and to support a regime that did nothing to promote internal development; it was responsible for the death of many of its people,” he said.⁴ In 1993, Somali imploded.

A BETTER WAY: SIX CRITICAL INSTITUTIONS. There are better ways of helping Africa – by empowering its people. The leader-centered approach needs to be demolished and replaced with an institution-based one. The following six institutions are critical:

An independent central bank: to assure monetary and economic stability, as well as staunch capital flight out of Africa. The World Bank, for example, should desist from dealing with African countries without an independent central bank. Central banks that are not independent have been the linchpin in the transmission of loot by the ruling bandits.

An independent judiciary: to guarantee the rule of law. Supreme Court judges may also be rotated within a region.

A free and independent media: to ensure the free flow of information. The first step in solving a social problem is to expose it, and this is the business of news practi-

tioners. State-controlled or state-owned media do not expose corruption, repression, human rights violations and other crimes against humanity. In fact, it is far easier to plunder and repress people when they are kept in the dark. The media needs to be taken out of the hands of government: the state should divest itself before any foreign aid is given.

An independent electoral commission: to avoid situations where African despots write electoral rules, appoint a fawning coterie of sycophants as electoral commissioners, throw opposition leaders in jail and hold farcical elections to return themselves to power.

An efficient and professional civil service: to deliver essential social services to the people on the basis of need and not on the basis of ethnicity or political affiliation.

A neutral and professional armed and security force.

Give the African people these six institutions and they themselves will solve more than 80% of Africa's problems. They will instigate change from within. These institutions cannot be established by the leaders or the ruling elites as there is a conflict of interest involved. They must be established by civil society.

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THE POWER OF A FREE PRESS. In December 2004, while Ukrainians had camped outside parliament and government buildings to protest a fraudulent election, Ghanaians went to vote in one of the most peaceful and calm in Africa's recent history. In Ukraine, the electoral commission and the media were state-controlled, except for a few bloggers. The result was a stolen election that drove irate citizens into the streets to mount an Orange Revolution. Fortunately for the protesters, the security forces withheld fire. A fairly independent Supreme Court then invalidated the fraudulent results, setting the stage for their eventual overturn.

In Ghana, by contrast, the electoral commission was independent and the private media fiercely and raucously free – especially the private FM radio stations and independent newspapers. Any electoral irregularity was instantly reported on the air, causing teams of election officers to rush to the scene and fix the problem. Prior to the elections, the FM stations had, through their call-in shows, empowered the people with unfiltered information, urging them to exercise their right to vote.

After observing Ghana's equally successful 2000 elections, *New York Times* columnist Thomas Friedman remarked: "Let's make all aid, all IMF-World Bank loans, all debt relief conditional on African governments' permitting free FM radio stations. Africans will do the rest."⁵

NO MORE TALK. African leaders too often enjoy direct control over key institutions; they have formed “partnerships of death” with Western donors. When African leaders trekked to Kananaski on June 26, 2002, to present NEPAD to the Canada G8 Summit for funding, Mercy Muigai, an unemployed Kenyan woman, said: “All these people [African leaders and elites] do is talk, talk, talk. Then if they do get any money from the *wazungu* [white men], they just steal it for themselves. And what about us? We have no food. We have no schools. We have no future. We are just left to die.”⁶

¹ *The Daily Graphic*, July 12, 2000, p. 1.

² *The London Independent*, June 14, 2002; see www.independent.co.uk.

³ Wolfgang Achtner, *The Washington Post*, 24 January 24, 1993, p. C3.

⁴ *op. cit.*

⁵ *New York Times*, May 4, 2001, p. A21.

⁶ *The Washington Times*, June 28, 2002, p. A17.

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