The Misusage of Foreign Aid in Africa

Abstract

*For a very long time, we have all supported foreign aid and some even protested to double the amount of money flowing to Africa. For an exceedingly long time, we believed that we could save Africa from the economic crisis, they have faced for a long time, but foreign aid has simply failed to solve Africa’s major problem. Critics of foreign aid claim that aid programs are funding corrupt governments and in the result, aids are promoting civil wars and filling the pockets of the leader parties. This paper looks at how foreign aid is being used to promote corruption and abuse residents who have an opposing political stand from the leading party. In this paper, I use credible sources to make my argument and propose a solution to how we can best help Africa.*

Rescuing developing countries from the economic crisis has been a main concern for developing nations for a long time. Developed nations donate about 0.7% of their annual GDP to developing nations to assist with basic necessities (Acemoglu and A. Robinson). Even though excessive amount of currency has been flowing into this country, we do not seem to see any economic improvement in these counties. Giving aid to Africa has been a big part of developed nations’ must to do list. Millions of people in the developed nations march demanding for more aid to Africa and the issue is even endorsed widely by celebrities.  Advocates are pushing to double the amount of money flowing to Africa through aid which is currently $50 billion each year. And yet evidence shows that foreign aid has made the poor poorer and it has promoted civil wars, corruption and violence to the majority of the population living in Africa. Over the last 60 years, at least $1 trillion of development-related fund has entered Africa and the GDP of the continent is currently less that it was in 1970s and more than 50% of the population which is over 350 million people live on less that a dollar a day. (MOYO) So the question becomes where does all the money go? $50 billion a year should make a huge difference in the economy by now, but it has clearly not. There are numerous studies done on the issue of foreign aid to Africa. One of my sources I chose to use for this paper focuses on how corruption has been the main barrier to the economic development of poor countries. The second source looks at how foreign aid money is being misused by aid receiving countries. The research paper looks at specifically Ethiopia, the second most populous country in Africa and known for taking a major chunk out of the aid that enters Africa. Therefore, for this research paper I will look at how foreign aid is being used to promote corruption and give power to a minority that abuses residents for taking oppositions in their political stands.

Corruption is a major problem for developing countries. It is usually committed by government officials who hold power and there is no checks and balance like we have in America to restrict the powers the executive branch of the government holds. When everything is controlled by one government party, it creates a system that is heading towards dictatorship and any opposition party that stands against the government usually gets thrown into prison. A professor at Northwestern University argued that the World Bank had participated in the corruption of roughly $100 billion of its loan funds intended for development. (MOYO) The African Union estimated that corruption was costing the continent roughly $150 billion a year and putting a major dent in the growth of the economy (MOYO). Corrupt governments become very powerful and are able to access all the resources needed for creating a powerful army. About 40% of foreign aid transfers into military expenditures in Africa. (Nillsens 302). Governments receiving more foreign aid would have easy access to all kinds of military resources and that gives them an entitlement to start a war with other neighboring countries to fulfill their self-interest. Civil wars cause people to flee their countries, unstable government and economic failure. Therefore, foreign aid that is being misused creates a system that is unstable economically, politically and socially. Due to the unstableness of the country, it makes the poor poorer and the powerful richer. The economic disparity between the majority and minority causes economic crisis and foreign aid, donating nations try to rescue the country by donating more aid. More aid makes the corrupt government more powerful and the poor poorer so it creates an endless circle of a weak government to lack of economic development to an increasing poverty rate. This circle keeps rotating unless foreign aid, donating counties investigate into how the money they think is helping poor people is being used. Donating nations need to find ways to decrease corruption and get the money to its intended place.

A research paper written by Human Rights Watch titled *Development Without Freedom-How Aid Underwrites Repression in Ethiopia* does a good job looking at how foreign aid is being used to force people into joining the political system that is currently in power. Ethiopia is one of the world’s largest recipients of foreign development aid. It receives approximately US $3 billion in funds annually-more than a third of the country’s annual budget. (Human WR 4)

Two researchers were sent to Ethiopia by Human Rights Watch to conduct interviews about the issue of aid money being used to repress the opposition political party.

This research paper is unlike any others done on the same topic. It looks at the issue from the perspective of the people and its sources are the people who are being interviewed whereas in other research papers, the sources are data and numbers that are conducted by the government itself or organizations like the UN or The World Bank which is not always accurate. Human Rights Watch conducts interviews from 200 people in 53 villages and cities throughout the country, the report concludes that the Ethiopian government, led by the EPRDF Ethiopian party that has been in power for over 25 years headed by prime minister Weldemariam, uses aid as a political weapon to discriminate against non-Party members and punish opposition parties sending the population the message that as Human Watch Rights put it “survival depends on political loyalty to the state and the ruling party.” (Human Watch Rights 4).

According to the interviews that were conducted, more than fifty farmers in three different regions said that village leaders only distribute seeds, fertilizers and loans only for those who follow same political beliefs as the ruling party and those who disagree with the ruling party get ignored and they have to give up their beliefs and rights in order to survive. “You have to understand that at the grassroots level, everything is organized according to the EPRDF ideology. Everything is organized and controlled by cells. —Teacher, Gonder, September 18, 2009” (HRW interview 13). EPRDF is the ruling party in Ethiopia. The teacher makes it clear that they live under a dictatorship system. EPRDF has been always right and people have to follow them without questioning their political stands. Government officials in power have been denying food aid to families as a punishment for being in the opposition party. They get excluded from public services and are denied from any type of help provided by the government. (HRW 46)

Many aid officials are aware of the abuses that are committed by the Ethiopian government but they choose to continue with business as usual. Human Rights Watch has presented evidence showing how the aid is being misused, but they have rejected the conclusions of the Human Rights Watch report, stating that, in their own research they have not found any evidence of aid misusage. (HRW 41). Despite the numerous studies and evidence that have proven that foreign development support has aided anti-democratic regimes, dictators continue to receive a third of all international aid expenditures, and remaining aid going to countries that have “good governments.” (HRW 70) Human Rights Watch brings an interesting argument to why organizations like the World Bank tend to ignore bureaucrats. HRW argues that Organizations need to keep the money flow and secure their jobs and they can only do that if countries like Ethiopia exists. A country with unstable government and an economic crisis. The World Bank and other major donors agreed to aid through a mechanism known as “direct budget support,” in which money goes directly into the federal government budget as opposed to going to a specific projects to improving public services. This makes it even better for the corrupt government to abuse the aid money.

In this paragraph I propose solutions to solve corruption and aid misusage. Even after the debt-relief campaigns in the 1990s, African countries still pay close to $20 billion in debt annually (Alesina, Weder 4) which tells that aid is not free. African countries are forced to pay debts costing them education, health care and other basic necessities. Donating counties should consider debt revoking programs to relieve them from the endless cycle of poverty. If aid means more debt, then we should not expect any of these countries to prosper. Aid also causes dependence. A big part of these countries GDP comes from foreign aid and without it, the counties cannot function. Donors should help these countries become independent by helping them open schools, hospitals and create jobs. Teach them how to survive by themselves or else, they will always be dependent.

Sachs’ article, *Foreign aid works-it saves lives,* he argues that foreign aid has saved many lives. “Around 12 million children under five years old died in 1990. By 2010, this number had declined to around 7.6 million – still far too high, but definitely an historic improvement.”- (Sachs).  Many people make their conclusions that foreign aid works after reading articles like Sachs’ but they do not realize what really happens with their tax money. Sure aid has saved lives and still is saving many lives, but it does not help Africa come out of the deep poverty they have been placed in. Providing health care should not be the last step. It should be the first step to opening schools, providing school resources and teach the government how to run the country. Foreign aid created dependency and it is not ideal to aid Africa forever. People who care about the issue of foreign aid should protest to help Africa come out of poverty instead of just protesting to raise the foreign aid money (HRW).

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