

# Collective foreign aid and development prospects for sub-Saharan Africa

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## *Abstract*

Since the end of the Second World War in 1945, the states of sub-Saharan Africa have been subjected to a seemingly irreversible spiral of poverty as well as social, political and economic unpredictability, causing continued underdevelopment. This underdevelopment occurred despite the fact that a total of \$568 billion of bilateral and multilateral foreign aid have been channelled to the region during the abovementioned period. This channelling of foreign aid coincided with, and was motivated by decolonisation in the post-Second World War dispensation, the Cold War dispensation, the energy crisis of the 1970s, the post-Cold War dispensation, and the era of trade bloc formation and expansion (global developmental time frames).

The most recent so-called “big push” initiative to kick start development in the region was the adoption and implementation of the (pro-poor) eight Millennium Development Goals (MDGs) by the United Nations (UN) in 2000. This initiative was supported by the adoption of the G8, Gleneagles commitment on aid and debt relief in 2005. From a global perspective, the MDGs seem to be successful in poverty reduction efforts in specifically Asia and South America. There is, however, consensus amongst most academics and thinkers that the MDGs will not be met in sub-Saharan Africa before the target date of 2015. The reality is that the levels of underdevelopment remain high and are even escalating. In terms of relevance and scholarly contribution, this article seeks to analytically describe and explain the presumed failure of collective foreign aid, and suggests ways and means to stimulate development in sub-Saharan Africa in the years to come.

**Keywords:** Sub-Saharan Africa; Under Development; Foreign Aid; Poverty Trap; Poverty; New Conditionality; Millennium Development Goals; Gleneagles Agreement; Mutual Cooperation.

## **Introduction**

In terms of per capita income and social welfare, (with a head count of 48% of the population) sub-Saharan Africa is known to be the most impoverished region in the world. The region shares certain common characteristics that point to extreme levels of poverty and underdevelopment.<sup>1</sup> These common characteristics are the result of similar internal and external experiences during the indicated developmental time frames.

For this reason, this article does not focus on a specific case study of a state in the region. The focus rather falls on the common development challenges facing the region as a whole. Although it is acknowledged that a variety of other internal and external factors contributed to the above underdevelopment, research revolves around foreign aid as a key concept of analysis.

On a macro level this article highlights the meaning of underdevelopment in sub-Saharan Africa as well as the origins, evolution and rationale behind collective foreign aid. On a micro level, the current development challenges that face sub-Saharan Africa are emphasised. Hereafter, a causal link will be established between the development challenges and the nature of contemporary guidelines for collective foreign aid. On an application level the article is narrowed down to the conclusive basis assumption that there seem to be no clear-cut short term solutions to the development challenges in the region. However, recommendations and suggestions on how to improve the effectiveness of foreign aid are provided. These recommendations centre on the notions of state specific developmental strategies and western accountability. In the absence of clear-cut solutions, it is argued that the effective use of the various forms of foreign aid must be based on a willingness to succeed.

In terms of the utilisation of collective foreign aid, the concepts of development and governance will feature prominently throughout the article. It is however recognised that both concepts remain multidimensional and complex. In other words, they are contested and interpreted differently by individuals or within specific contexts; within institutions, governments, localities or discourses. Against this background of complexity the success of collective foreign aid must be built on common ground relating to ways of governance and objectives of development. Therefore, there must be mutual

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<sup>1</sup> Sustainable development solution network, "Global profile of extreme poverty", 2012 (available at <http://www.unsdns.org/wp-context/uploads/2014/02/12/10/15-Profile-of-Extreme-Poverty.pdf>), as accessed on 25 June 2015), p. 3.

cooperation, commitment, goodwill and trust between developed (donor) and developing (receiver) states.

### **Defining underdevelopment within the context of sub-Saharan Africa**

There seems to be a concentration of underdeveloped states in sub-Saharan Africa. According to the development criteria of the Freedom House Index, 13 of the 35 least developed states in the world are located in this region. These include states such as Cameroon, Congo, Gabon, Senegal, Tanzania, Uganda and others.<sup>2</sup> Although underdevelopment is a multidimensional and complex phenomenon, for the purposes of this article, it is described as a situation within a state where there are persistently low levels of economic growth in conjunction with poverty; low per capita income; low consumption levels; poor health services; high mortality rates; high birth rates and a dependence on various forms of aid by other (more developed) states. According to Iwayeni, underdevelopment relates to a state that is not well developed, has insufficient resources and is unable to sustain the economy and provide social and political stability to its population.<sup>4</sup> The status of underdevelopment in a state can, therefore, be linked to a variety of historical and contemporary internal and external events. In line with the purposes of this article, Nagle links the following broad characteristics with underdevelopment in a developing state, namely: demographic variety and diversity, an absence of economic growth, global marginalisation, failure to modernise with low levels of technology, and an absence of political freedom and stability in terms of governance.<sup>5</sup> It should be the purpose of foreign aid to overcome these conditions.

### **A holistic perspective on the origin, evolution and rationale behind collective foreign aid**

As a point of departure, it is assumed that collective foreign aid has failed in Africa, and more particularly in sub-Saharan Africa. The World Bank defines foreign aid as “A transfer of resources, which comprises either financial

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2 J McCormick, *Comparative politics in transition* (Belmont, Thomson Press, 2007), p. 370.

3 KJ Sithole, “The role of foreign aid and the underdevelopment of the states in sub-Saharan Africa”, M.A, NWU, 2014, p. 1.

4 A Iwayeni, *Economic development and sub-Saharan Africa economies in a global perspective* (Ibadan, Ibadan Press, 2008), p. 30.

5 G Nagle, *Development and underdevelopment* (London, Macmillan 1998), p. 143.

assistance (grants and concessional loans), food, medical and military or technical assistance given to a deserving state”.<sup>6</sup> Alwang and Norton perceive foreign aid as a variety of donations of money, goods or services from one nation to another for developmental purposes. Such donations can be made in support of a humanitarian and altruistic purpose, or to advance the national interests of the donor state by means of, for example, preferential access to the markets of the receiver state.<sup>7</sup>

Foreign aid in its current form can be traced back to the period after the Second World War when there was a need to rebuild the destructed economies and infrastructures of Western Europe. In order for this objective to be achieved, the United States of America (USA) sponsored aid in the form of the “Marshall plan”. This plan was successfully used to reconstruct the economies and infrastructures of Western Europe within a short space of time.<sup>8</sup> In the post-colonial era it was believed that the success model of the Marshall plan could be replicated in developing regions, such as sub-Saharan Africa.

After the success of the Marshall plan, foreign aid gradually evolved and took on various forms. In 1944, multilateral aid led to the establishment of lending institutions such as the International Monetary Fund (IMF) and the World Bank. The purpose of the establishment of these two institutions was to assist with debt relief and promote economic development in poorer states.<sup>9</sup> This was followed by the establishment of other specialised organisations which provided development assistance to developing states. Krueger et al. show that in the late 1950s and 1960s several other multilateral assistance organisations were established, such as the Inter-American Bank in 1956, the concessional affiliate of the World Bank in 1960 and the three regional development banks established in Africa, the Caribbean and Asia.<sup>10</sup>

The establishment of foreign aid agencies led to many developing states in Asia, South America and sub-Saharan Africa requesting financial assistance in the postcolonial dispensation. Foreign aid can be provided in tied, voluntary,

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<sup>6</sup> World Bank, *Selected world development indicators* (New York, Oxford University Press 1997) p. 12.

<sup>7</sup> J Alwang & GW Norton, *Introduction to the economics of agricultural development* (New York, McGraw Hill, 1995), p. 374.

<sup>8</sup> AK Reinert & SR Rajan, *The Princeton encyclopedia of the world economy* (New Jersey Princeton University Press, 2009), pp. 42-43.

<sup>9</sup> G Crawford, *Foreign aid and political reform: A comparative analysis of democracy assistance and political conditionality* (New York, Palgrave, 2001), p. 67.

<sup>10</sup> AO Krueger, C Michalopoulos & VW Ruttan, *Aid and development* (London, John Hopkins University Press, 1989), p. 34.

food, emergency and humanitarian categories. In this regard, new plans and initiatives were implemented to grow the economies and reduce poverty in recipient development states.

### **The link between foreign aid and continued underdevelopment in sub-Saharan Africa**

When many sub-Saharan African states gained their independence in the late 1950s and 1960s, there was global optimism that the region would prosper and that the influence of the former colonisers would be reduced or eliminated.<sup>11</sup> However, during the Cold War both the USA and the Soviet Union used sub-Saharan African states (and underdeveloped states in other parts of the world) as military and ideological arenas of competition (the so-called East-West conflict) for supremacy. In essence, states had to align themselves with the ideological beliefs of either the East or the West in exchange for foreign aid. This meant that the focus of relations fell on the ideological competition between the former Soviet Union and the USA at the expense of sustainable development in sub-Saharan Africa. This trend was also reflected in the flows, format and types of foreign aid provided to the region. In general, the ideologically motivated interference of the super powers during the Cold War period in sub-Saharan Africa contributed to underdevelopment and had a negative influence on industrialisation and sustainable economic development. When the Cold War ended towards the end of the 1980s, the majority of sub-Saharan African states were poor; their economies had collapsed; there was an absence of industrialisation; there was political instability; and many had extremely high rates of foreign debt.<sup>12</sup>

Due to continued underdevelopment in the form of production and industrialisation failures, political instability, as well as a series of global economic downturns since the 1970s (including the energy crisis, the debt crisis and economic stagnation), an initiative of so-called structural adjustment was spearheaded by the IMF and the World Bank. Access to IMF or World Bank funds was tied to certain sets of preconditions known as Structural Adjustment Programmes (SAPs).<sup>13</sup> Under the SAPs, funds were loaned to

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11 BI Logan & K Mengisteab, *Beyond economic liberalization in Africa: Structural adjustments and the alternative* (London, ZED Books, 1995), p. 3.

12 RW Keylor, *The twentieth-century world: An international history* (New York, Oxford University Press, 1996), p. 36.

13 K Shillington, *History of Africa* (Oxford, Macmillan, 1995), p. 42.

developing states on condition that they adjusted their political and economic systems in line with prescribed guidelines of the IMF or World Bank. The SAPs laid down specific conditions which states had to adopt and follow in order to qualify for loans.<sup>14</sup> According to Sithole, SAPs had in brief terms two overarching aims, namely to reduce the role of the state in the economy and to provide funds and develop the private sector.<sup>15</sup>

In other words, governance structures had to be transformed towards western development objectives. For any developing state to qualify for foreign aid in the form of a loan, it had to accept the conditions of the SAPs as prescribed. This meant recipient states had to restructure their political systems and economies toward continued democratisation and participation as set out by the IMF or World Bank.<sup>16</sup> In terms of restructuring developing economies, Van der Elst furthermore states that the SAPs aimed to promote free-market practices, encourage export-driven economies and the devaluation of currencies in order to develop the private sector and ensure sustained growth. This was to be achieved by increasing the mobility of production factors (such as labour and raw materials) and by decreasing economic discrepancies.<sup>17</sup> In many instances SAPs lead to a reduction of state expenditure health care, education and food security in states such as Zimbabwe, Senegal, Nigeria and the Ivory Coast. Reduced government involvement resulted in aggravated levels of poverty and underdevelopment in these sectors.<sup>18</sup>

As a result of SAPs, economic reforms and industrialisation strategies, in many instances, failed in sub-Saharan Africa. A key reason for this failure was the required switch in production from agricultural produce to manufactured goods that could be exported to industrialised states.<sup>19</sup> This necessity to change production or consumption patterns had a negative economic impact on sub-Saharan African states because the majority of the states in the region mainly exported agricultural products. Not only was there a decline in demand for

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14 Whirled Bank Group, "Structural Adjustment program: a world full of poverty", 1995 (available at <http://www.whirledbank.org/development/SAP.html>, as accessed on 7 January 2011), p. 9.

15 KJ Sithole, "The role of foreign aid and the underdevelopment of the states in sub-Saharan Africa", M.A, NWU, 2014, p. 49.

16 P Burnell, V Randall & L Rakner, *Politics in the developing world* (Oxford, Oxford University Press, 2011), p. 311.

17 H Hounnikpo & H Kyambalesa, *Economic integration and development in Africa* (Hampshire, Ashgate, 2006), p. 134.

18 DE Logie & J Woodroffe, "SAPs: The wrong prescription for Africa", *BMJ*, 307, July 1993, pp. 42-43.

19 D Tengu, "How the International Monetary Fund/ World Bank and Structural Adjustment Program destroyed Africa" (available at <http://www.skyscrapercity.com/showthread.php?t=1297403>, as accessed on 7 September 2010), p. 4.

agricultural produce that these African states traditionally exported, but these commodities also fetched lower world market prices in comparison to manufactured products.<sup>20</sup> As a result of this, many economies in sub-Saharan Africa further weakened.

The conditions of SAPs in sub-Saharan African states often led to the collapse of domestic manufacturing, costly replacement of domestic production with imported consumer goods and decreasing of GDPs. The Marshall plan was successful because it provided grants instead of loans with interest. In contrast, the SAPs provided loans with (preferential) interest rates, but they had to be repaid. As a result of the failure of SAPs, many states in the sub-Saharan African region were unable to repay their loans and had to request additional funds.<sup>21</sup> This, in turn, increased levels of foreign debt in the sub-Saharan African region.

In the post-Cold War era, the ideological rationale for state interaction was replaced by an economic imperative.<sup>22</sup> This led to; inter alia, the formation of trade blocs such as the EU, the North American Free Trade Area (NAFTA), and the Association for South East Asian Nations (ASEAN), Asia-Pacific Economic Cooperation (APEC) and the Central American Free Trade Agreement (CAFTA).<sup>23</sup> This meant that trading became more inwardly turned and protectionist.<sup>24</sup> The formation of trade blocs coincided with the establishment of trade barriers which restricted developing states' export abilities. Historically, sub-Saharan Africa's export produce has mainly consisted (and still does) of primary agricultural products and raw mineral commodities.<sup>25</sup> This dependency on primary raw material exports and the global high demand for manufactured goods lead to decreasing export earnings and higher import costs.<sup>26</sup> As a result of the above protectionist trends, it became more difficult for sub-Saharan African states to gain access to developed markets. The protectionist nature of trade bloc formation had

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20 AB Adu, *African perspectives on colonialism* (London, Johns Hopkins Press, 1987), p. 57.

21 N Balaam & M Veseth, *Introduction to international political economy* (New York, Prentice Hall, 1996), p. 162.

22 P Burnell, V Randall & L Rakner, *Politics in the developing world* (Oxford, Oxford University Press, 2011), p. 103.

23 B Jeyifo, *Africa in the world and the world in Africa* (New Jersey, Africa World Press, and Red Sea Press, 2007), p. 54.

24 AA Gordon & DL Gordon, *Understanding contemporary Africa* (Boulder, Colorado, Lynne Rienner Publishers, 2007), p. 357.

25 K Shillington, *History of Africa* (Oxford, Macmillan, 1995), p. 55.

26 D Tengu, "How the International Monetary Fund/ World Bank and Structural Adjustment Program destroyed Africa" (available at <http://www.skyscrapercity.com/showthread.php?t=1297403>, as accessed on 7 September 2010), p. 4.

negative effects on the region's already weak economies and industrialisation prospects. In terms of the provision of foreign aid to sub-Saharan Africa, there was also a shift in priorities. Foreign aid was now directed towards the more promising and untested markets of Eastern Europe.<sup>27</sup> In contrast to sub-Saharan Africa, these states were geographically closer to, for example, the EU and had better developed infrastructures and economies, as well as populations with higher levels of literacy.<sup>28</sup> Thus, these regions were more attractive for investment and foreign aid purposes than the sub-Saharan states.

### **The poverty trap as a cause of continued underdevelopment in sub-Saharan Africa<sup>29 30</sup>**

According to Brown, developmental success in sub-Saharan Africa remains marginal and is even failing. In essence, political systems remain unstable and many states in the region are exposed to a so-called poverty trap due to a variety of internal and external factors. The Investopedia defines the poverty trap as follows: "A mechanism which makes it very difficult for people to escape poverty. A poverty trap is created when an economic system requires a significant amount of various forms of capital in order to earn enough to escape poverty" (see image 1 below).

Image 1: "The poverty trap"



Source: JD Sachs, *Investing in development: a practical plan to achieve the Millennium Development Goals*, (London, Earthscan, 2006), p. 4.

27 KJ Sithole, "The role of foreign aid and the underdevelopment of the states in sub-Saharan Africa", M.A, NWU, 2014, p. 53.

28 RO Slater & BM Schutz, *Global transformation in the third world* (Boulder, Lynne Rienner, 1993), p. 213.

29 Investopedia "Poverty trap" (available at <http://www.investopedia.com/terms/p/poverty-trap.asp>, as accessed on 12 March 2012), p. 2.

30 S Brown, *Foreign aid in practice* (London, Pinter, 1990). p. 1.

It is argued that this poverty trap sustains a cycle of underdevelopment and poverty which is difficult for a developing state to overcome. Despite definite, but isolated examples in economic growth and development progress, sub-Saharan Africa remains subjected to numerous poverty-related challenges.<sup>31</sup> These include continued underdevelopment in the form of economic decline; human insecurity; political instability; inadequate health services; disease; and excessive population growth. For example in 2013, 48 percent of the population in the region was living on less than US \$1,25 per day.<sup>32</sup> As a result of accelerated population growth, the number of people in this category seems to be increasing. According to the Human Development Index, many states in the region are categorised as having a low level of human development. In addition to widespread poverty, health challenges and economic stagnation in the region and a population explosion remain at the order of the day. In 1989, according to the World Bank, the population in sub-Saharan Africa was at 450 million people and in 2005 it had increased to 905 million.<sup>33</sup> Other examples of low levels of human development are the low representation of women in governmental decision-making positions, low literacy rates for female learners, and gender violence.

As indicated, the sub-Saharan African states continue to be subjected to high levels of poverty, underdevelopment and therefore an inability to integrate themselves into the global economy.<sup>34</sup>

### **Overcoming the poverty trap as a rationale for the provision of collective foreign aid to the states in sub-Saharan Africa**

At the end of the previous millennium there was a global realisation that development in developing states cannot be stimulated by mostly focusing on economic growth and continued liberalisation. This realisation led to a pro-poor strategy or a so-called new-conditionality in terms of setting

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31 World bank, "Millennium development goals: Promote gender equality and empower women by 2015", 2011 (available at <http://www.worldbank.org/mdgs/gender.html>, as accessed on 7 February 2012), p. 6.

32 L Chandy, N Ledlie, & V Penciakova, "Africa's challenge to end extreme", 2013 (available at <http://www.brookings.edu/blogs/up-front/posts/2013/05/29-africa-challenge-end-extreme-poverty-2030-chandy>, as accessed on 26 June 2015), pp. 1-6.

33 World bank, "Millennium development goals: Promote gender equality and empower women by 2015", 2011 (available at <http://www.worldbank.org/mdgs/gender.html>, as accessed on 7 February 2012), p. 5.

34 KJ Sithole, "The role of foreign aid and the underdevelopment of the states in sub-Saharan Africa", M.A, NWU, 2011, p. 61.

development objectives.<sup>35</sup> Therefore, a decisive shift took place in terms of global thought towards poverty reduction, as an instrument for stimulating development in developing states.<sup>36</sup> In concrete terms, it was believed that once the basic needs of the poorest of the poor in developing states had been satisfied, a solid platform had been created for continued democratisation and the liberalisation of political and economic systems.<sup>37</sup>

Many developing states are faced with economic developmental challenges. The Organisation for Economic Cooperation and Development (OECD), through its Development Assistance Committee (DAC), has introduced international guidelines on how poverty can be reduced and eliminated if developed states, donor agencies and recipient states work together in terms of the provision of foreign aid. The reduction of extreme poverty in any state is based on good governance, well-structured markets for trading, sustainable use of natural resources and growth policies that benefit the poor.<sup>38</sup> For economic growth to be achieved, reforms must also be geared to reduce inequalities with regard to human capabilities.<sup>39</sup> Productive resources for economic development such as land, training and credit are necessary if individuals are to participate in economic growth. In this regard the OECD points out that “the national, regional and continental economy can grow in a multitude of ways and can at the same time promote gender equality, reduce poverty, and sustain practical development”. This requires a partnership between the donor and receiver, as well as inputs from the civil society of the state concerned. The following OECD focus areas serve as guidelines for collective poverty reduction strategies as collective foreign aid objectives:

### ***Basic social services for human development (basic needs approach)***

The promotion of human development is a measure to ensure that poor

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35 A Evans, “The new conditionality: The politics of poverty reduction strategies”, *Development in practice*, 16, June 2006, p. 373.

36 United Nations, “Keeping the promise: United to achieve the millenium development goals”, 2010 (available at <http://www.un.org/millenniumgoals/>, as accessed on 20 October 2010), pp. 1-4.

37 JD Sachs, *Investing in development: A practical plan to achieve the Millennium Development Goals* (London, Earthscan, 2006), p. 3.

38 Organisation for economic co-operation and development (OECD), “Shaping the 21st century: The contribution of development cooperation”, 2001 (available at <http://www.oecd.org/pdf>, as accessed on 11 November 2011), p. 4.

39 Organisation for economic co-operation and development (OECD), “Shaping the 21st century: The contribution of development cooperation”, 2001 (available at <http://www.oecd.org/pdf>, as accessed on 11 November 2011), p. 2.

people have an adequate income, shelter from the elements, unlimited access to safe drinking water, decent schools and improved and sustained quality of life.<sup>40</sup> For poor people to live a long and better life, the state must ensure that health facilities are adequate and that free or low priced medication is available. Furthermore, fully functional schooling with trained teaching staff must be provided and equal education opportunities must be available to all.<sup>41</sup> In many sub-Saharan African states such as Nigeria, Ethiopia, the Ivory Coast, Burkina Faso, Kenya and Niger people are unable to access these services due to a lack of funds or foreign aid combined with weak governance structures.<sup>42</sup> Furthermore, poor institutions for accountability mean that there is little or no control over the quality of services that are provided. To combat this, the OECD introduced new measures to improve human development in poor states. Pro-poor methods of financing public social services with taxes and in some cases user fees, should be carefully studied, adapted if necessary, and monitored to ensure access, affordability and quality.

***Human security: Reducing vulnerability and managing shocks (anti-poverty action)***

Anti-poverty action should focus on reducing the numerous sources of risk such as environmental hazards. According to the OECD, providing human security in a state entails ensuring that occurrences such as droughts, famine, earthquakes, floods and other natural disasters are dealt with effectively. As a result of the above occurrences, many poor people are faced with risks such as food shortages, unemployment, sickness and a variety of economic implications (shocks) as a result of environmental disasters. These threats require the establishment of pro-active social protection programmes as a developmental priority.<sup>43</sup>

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40 Organisation for economic co-operation and development (OECD), "Shaping the 21st century: The contribution of development cooperation", 2001 (available at <http://www.oecd.org.pdf>, as accessed on 11 November 2011), p. 47.

41 Organisation for economic co-operation and development (OECD), "Shaping the 21st century: The contribution of development cooperation", 2001 (available at <http://www.oecd.org.pdf>, as accessed on 11 November 2011), p. 48.

42 United Nations Educational, Scientific and Cultural Organization (UNESCO), "Schooling for millions of children jeopardized by reductions in aid", 2013 (available at <http://unesdoc.unesco.org/images/0022/002211/221129E.pdf>, as accessed on 26 June 2015), p. 2.

43 Organisation for economic co-operation and development (OECD), "Shaping the 21st century: The contribution of development cooperation", 2001 (available at <http://www.oecd.org.pdf>, as accessed on 11 November 2011), p. 51.

### ***Initiating political strategies for reducing poverty***

Poverty reduction also entails the streamlining of political processes through the empowerment of poor people and encouraging democratic accountability. Achieving the objective is not only the responsibility of the donor state or institution. Institutions within a state such as the government, civil society and non-governmental organisations must steer and promote social and political transformation.<sup>44</sup>

### ***Support for the strategic poverty reduction by donor states***

The reduction of poverty in poor states requires a strategic partnership between receiver and donor states. This means that the donor state should not only agree with, but also support the developmental goals and priorities as stipulated in the recipient state's strategies for poverty reduction. The recipient state must create the opportunity for a partnership and ensure that all activities are state-led. According to the OECD, the reduction of poverty in poor states must be supported through the necessary institutional reforms which in turn must translate into internal capacity building by their donor states.<sup>45</sup> This means that the recipient and donor states must be in agreement on how the aid should be used. The recipient state, in consultation with the donor state, should then take a considered decision on where and how to use the funds and for what particular purpose.

### **Contemporary mainstream collective strategies for poverty reduction**

The shift in terms of global developmental thought towards poverty reduction as an instrument for stimulating development in developing states meant that the objectives of foreign aid became more focused. Consequently, the MDGs were adopted by the UN in 2000. At the 2005 World Economic Forum, Tony Blair called for a "big push forward" to end poverty in Africa. This "big push forward" coincided with the adoption of the G8 Gleneagles

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<sup>44</sup> Organisation for economic co-operation and development (OECD), "Shaping the 21st century: The contribution of development cooperation", 2001 (available at <http://www.oecd.org.pdf>, as accessed on 11 November 2011), p. 6.

<sup>45</sup> Organisation for economic co-operation and development (OECD), "Shaping the 21st century: The contribution of development cooperation", 2001 (available at <http://www.oecd.org.pdf>, as accessed on 11 November 2011), p. 5.

commitment.<sup>46</sup>

### ***The MDGs and continued underdevelopment in sub-Saharan Africa***

Many states, especially those categorised as poor states, still have a history of developmental challenges such as poverty, inequality, health crises and etcetera. As indicated above, following a conference in 2000, the UN member states adopted a new interlinking pro-poor strategy to combat underdevelopment in the developing world (in line with the stipulations of the DAC of the OECD). In September 2000, the Millennium Declaration that promotes basic human rights was signed by the representatives of 189 UN member states.<sup>47</sup> The Millennium Declaration, which outlines the Millennium Development Goals (MDGs), was then duly adopted. The MDGs can be defined as eight international pro-poor development goals which all 189 states agreed upon.

In terms of the MDG objectives, the following goals were to be achieved by 2015:<sup>48</sup>

- Eradicate extreme poverty and hunger;
- Achieve universal primary education;
- Promote gender equality and empower women;
- Reduce child mortality;
- Improve maternal health;
- Combat HIV/AIDS, malaria and other diseases;
- Ensure environmental sustainability;
- Develop a global partnership for development.

These goals provide a blueprint for developed and developing states, international organisations and non-governmental organisations for the utilisation of foreign aid and improving the standard of living in poor states. Despite substantial progress in specifically Asia and Latin America, the implementation of the MDGs has been largely unsuccessful in specifically the poor states in sub-Saharan Africa.<sup>49</sup> The MDGs can, therefore, be described as

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46 W Easterly, "Can foreign aid save Africa?", 2005 (available at [http://digitalcommons.csbsju.edu/clemens\\_lectures](http://digitalcommons.csbsju.edu/clemens_lectures), as accessed on 27 November 2014) pp. 1.

47 N Bragg, *Statistics South Africa, fast facts* (Pretoria, National Statistics System Division, 2010), p. 2.

48 United Nations millennium development goals, "Keeping the promise: United to achieve the millennium development goals", 2000 (available at <http://www.un.org.millennium-development-goals-2015>, as accessed on 3 January 2011), pp. 1-7.

49 JD Sachs, W McArthur, G Schmidt-traub, M Kruk, C Bahadur, M Faye, & G Mcord, "Ending Africa's poverty trap" 2004 (available at <http://www.unmillenniumproject.or/documents/BPEAEENDMAFRICASPOVERTYTRAP>).

partially effective. The African Steering Group on MDGs (2010) has expressed concern that “Africa is not on track in meeting the MDGs by 2015”. Isa agrees and maintains that “despite instances of impressive economic performance in some states in sub-Saharan Africa, the continent will probably miss the MDG objective of halving poverty by 2015”.<sup>50</sup> This opinion is supported by the 2013 Annual African Union Report on the MDGs. In echoing these sentiments, Ndungane claims that the global community is nowhere near achieving the MDGs in sub-Saharan Africa for the following reasons:

- The failure to reduce poverty through economic growth;
- Approximately 11 million children die per annum of preventable diseases and poverty;
- An unacceptable number of children are still not attending school;
- Insufficient attention given to the treatment of HIV/AIDS;
- Inadequate access to clean water and sanitation;
- The child mortality rate and gender inequality remain high.<sup>51</sup>

The major challenges in sub-Saharan African states which continue to hamper progress towards achieving the MDGs by the target date will be discussed below.

### ***Poor governance in sub-Saharan Africa***

Poor governance is a major contributory factor to underdevelopment in many developing states. Van der Elst points out that in the long term, the developmental objective of the MDGs depends on the successful democratisation of political systems and the liberalisation of economies in developing states.<sup>52</sup> In other words, the achievement of the MDGs depends on efficient governance.<sup>53</sup> Poor governance in sub-Saharan Africa has led to a marked lack of economic development, poor service delivery and little

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pdf, as accessed on 7 March 2012), p. 121.

50 M Isa, “Africa unlikely to meet some of the Millennium Development Goals”, *Business Day*, 28 May 2013, p. 6.

51 J Ndungane, “One year after the Gleneagles Summit: Implementation, African development and the African monitor”, 2006 (available at <http://www.cgd.org.the-gleneagle-summit-reverend-njongonkulu-ndunganepdf>, as accessed on 16 July 2012), p. 3.

52 HJ Van der Elst, The effectiveness of the Millennium Development Goals (MDG) as global paradigm shift for poverty eradication in sub-Saharan Africa, *The Journal for Trans disciplinary Research in Southern Africa*, 1 July 2012, pp. 134-153.

53 HJ Van der Elst, The effectiveness of the Millennium Development Goals (MDG) as global paradigm shift for poverty eradication in sub-Saharan Africa, *The Journal for Trans disciplinary Research in Southern Africa*, 1 July 2012, p. 146.

concern for the rule of law.<sup>54</sup> Sachs indicates that sub-Saharan African states fall short on a number of governance counts including no adherence to the rule of law, measures to control corruption are lacking or ineffective, public administration is inefficient and there is no protection of human rights.<sup>55</sup> Poor governance in states such as Sierra Leone, Angola, Zimbabwe, the Democratic Republic of the Congo (DRC) and Liberia has meant that very little progress has been made towards reaching the MDGs. However, Van der Elst shows that not all sub-Saharan African states are badly governed. For example, Madagascar, Mali, Malawi, Ghana, South Africa and Senegal show signs of good governance.<sup>56</sup> The fact remains that in the region as a whole, poor governance continues to contribute to the region's failure as far as the MDGs are concerned.

### ***Extreme poverty in sub-Saharan Africa (the poverty trap)***

It has been established above that, for development to take place in any state, good governance is vital. According to Clemens and Moss, sound governance must be accompanied by accelerated economic growth. If both these elements are not present, the MDGs cannot be met.<sup>57</sup> According to Van der Elst, some sub-Saharan African states are governed well but are too poor to make adequate progress towards economic stability and achieving the targets of the MDGs. Sub-Saharan Africa is still caught in a so-called "poverty trap"; the region is too poor to achieve robust economic growth and most of the states cannot grow.<sup>58</sup> This poverty trap is fuelled by multiple deprivations such as lack of access to clean drinking water; inadequate health services; low life expectancy and a high illiteracy rate.<sup>59</sup> Because of extreme poverty and lack of funds, sub-Saharan African governments are unable to develop the necessary

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54 M Obadan, *The external debt crisis: Strategies and policies* (Dakar, Africa Press, 2004), p. 21.

55 JD Sachs, *Investing in development: A practical plan to achieve the Millennium Development Goals* (London, Earthscan, 2006), p. 4.

56 HJ Van der Elst, The effectiveness of the Millennium Development Goals (MDG) as global paradigm shift for poverty eradication in sub-Saharan Africa, *The Journal for Trans disciplinary Research in Southern Africa*, 1 July 2012, p. 147.

57 M Clemens & T Moss, "What's wrong with the millennium development goals", 2005 (available at <http://www.cgdev.org>, as accessed on 23 February 2011), pp. 1-2.

58 JD Sachs, W Mcarthur, G Schmidt-traub, M Kruk, C Bahadur, M Faye, & G Mcord, "Ending Africa's poverty trap", 2004 (available at <http://www.unmillenniumproject.org/documents/BPEAEENDMAFRICASPOVERTYTRAP.pdf>, as accessed on 7 March 2012), p. 121.

59 HJ Van der Elst, The effectiveness of the Millennium Development Goals (MDG) as global paradigm shift for poverty eradication in sub-Saharan Africa, *The Journal for Trans disciplinary Research in Southern Africa*, 1 July 2012, p. 148.

pro-poor structures to ensure the success of the MDGs.

### ***Lack of infrastructure development***

The absence of functional infrastructure in sub-Saharan Africa has always been a major obstacle for sustainable development in developing states. Velthuizen refers to infrastructure as “all basic inputs into, and requirements for a proper functioning of the economy”. Infrastructure refers to roads, railways, telecommunications, electricity, schools, sanitation, transport, ports, piped water and various physical assets.<sup>60</sup> Mutshinyadzi indicates that infrastructure development is “the cornerstone for socio-economic development”.<sup>61</sup> After the colonial era, most African states inherited infrastructures which were developed during the colonial period. These infrastructures were eroded during post-independence infighting, ineffective governance, the effects of globalisation and prolonged underdevelopment. The lack of infrastructure development has led to states such as South Sudan, Sudan, Ethiopia, Mozambique and the Democratic Republic of the Congo being classified as so-called least developed countries by the UN.

### **Successes and failures of the Gleneagles pledges on foreign aid in sub-Saharan African states**

Because of the slow progress in achieving the MDGs, the G8 states, namely the USA, Canada, France, Germany, Japan, United Kingdom, Italy and Russia, met at Gleneagles in Scotland in 2005 to discuss new ways to reduce poverty and to improve the economies and developmental environment of the developing states, particularly those in sub-Saharan Africa.<sup>62</sup> The Gleneagles Summit was referred to as a “moment of opportunity” for African states. Before the opening of the summit, Japan announced it would double its aid to Africa. France said it would meet the UN target of 0.7 percent of GDP by 2012, while Germany pledged to increase its official development assistance

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60 AG Velthuizen, *Introduction to thought leadership for Africa's renewal: Deconstructing the African vision for Africa's renewal* (Pretoria, Unisa Press, 2011), p. 82.

61 LM Mutshinyadzi, “The significance of infrastructure development and management in the realization” (Paper, Thabo Mbeki African Annual Conference, Pretoria, 2010), p. 13.

62 SS Kpebu, “All pledges and no action as the G8 Summit convenes in Canada, what benefit for Africa and Africans?”, 2010 (available at <http://www.emnews.com/opinions/all-pldges-and-no-action-as-the-g8-summit-convenes-in-canada-what-benefit-for-africa-and-african>, as accessed on 23 June 2010), p. 5.

(ODA) to 0.5 percent by 2010 and reach the UN target by 2014. Only the United States remained content with the 0.2 percent of GDP it had been giving for years.<sup>63</sup> During the summit, new pledges such as peace and stability, promoting good and responsive governance, investing in people, promoting growth, financing for development and allocating 0.7 percent of developed states Gross National Income (GNI) to poor states were made by the G8 states. These commitments were also met by sustaining important allocations to Africa.<sup>64</sup> According to Sithole, the above pledges made by the G8 states at Gleneagles can be summarised as follows:<sup>65</sup>

### ***Ensuring sustained peace and stability***

For any national or regional economy to develop there must be peace and stability. At the Gleneagles Summit the G8 member states agreed on new pledges to protect and promote peace and stability in periphery states. The support included military assistance in the form of a standby force, support to the African Union (AU) in deploying unarmed military observers and developing the ability to launch civilian police operations if necessary to support peace efforts and support for regional and international organisations in maintaining international stability and promoting peace and security. Further support included the allocation of funds for reconstruction needs such as the disarmament, demobilisation and re-integration of armed forces into civilian society. If these pledges were met, they would have a positive impact on economic development in the region.

### ***Promoting good and responsive governance***

Many African states still have poor levels of governance with state institutions that are run by unskilled, uneducated personnel and corrupt politicians. There are political elites who have clung to power for many years and others who have been removed from power. In such states, national elections are

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63 GO Kofi, *Hello Africa tell me, how are you doing?: A noble continent in painful renaissance* (Johannesburg, Hello Africa Publishing, 2005), p. 57.

64 Organisation for economic co-operation and development(OECD), "Report on aid predictability: Survey on donors' forward spending plans 2010-2012" (available at <http://www.oecd.org-oecd-report-on-aid-predictability-survey-on-donors'-forward-spending-plans-2010-2012.pdf>, as accessed on 29 June 2010), p. 8.

65 KJ Sithole, "The role of foreign aid and the underdevelopment of the states in sub-Saharan Africa", M.A, NWU, 2014, pp. 74-78.

often undemocratic and there is a high level of human rights violations. In trying to remedy such circumstances in the African continent, the G8 states have agreed to promote and enhance effective governance, support elected democratic governments and promote human rights.<sup>66</sup> Efficiently governed states bring peace and security, sustained economic growth, respect for human rights and delivery of essential services to the people.<sup>67</sup> The following support actions were promised: assisting in strengthening developmental institutions such as the New Partnership for African Development (NEPAD) and the African Union (AU); promoting public institutional transparency in dealing with public revenues, budgets and expenditure; encouraging African states to implement the African Charter on Human Rights; ensuring that the international financial system and the part played by developing states in this system is protected from illicit corruption; and promoting the acceptance of legislation by developing states which criminalises bribery of public officials by the private sector.

### ***Investment in people***

The G8 states agreed to support the region to improve education, food security and health, thereby uplifting the wellbeing of the people in general. The following pledges were made: to assist democratically elected African governments to promote private ownership and investment in education by building new schools; to ensure that there is a close relationship between African states and other developed states in imparting a wide range of skills and thereby producing trained African professionals. The building of higher education institutions and centres for science and technology is an important step in this direction; to increase and train a sufficient number of doctors, nurses and skilled people in the health sector by improving the health systems in African states; and to reduce the rate of HIV infections and promoting a drive for an AIDS-free generation by working with UNAIDS, the World Health Organisation and other international and local organisations to establish and implement an HIV prevention strategy. The G8 states believed that these pledges would provide the people of Africa with skills, quality education and reduce diseases such as HIV/AIDS and malaria, thus ensuring

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66 World bank, "Millennium Development Goals: Promote gender equality and empower women by 2015", 2011 (available at <http://www.worldbank.org/mdgs/gender.html>, accessed on 7 February 2012), p. 21.

67 G8 Gleneagles Communiqué, "The-G8-gleneagles-summit-communicue", 2005 (available at <http://www.ijjd.org>, as accessed on 7 August 2013), p. 17.

a better quality of life for poor people in Africa (G8 Gleneagles 2005).

### ***The promotion of growth***

For any state to develop economically there should be proper structures in place such as a sound national constitution, the promotion of private enterprises, respect for the rule of law and good government.<sup>68</sup> Due to the marked lack of economic growth in Africa, the G8 states have undertaken to promote a stable, efficient and harmonised economic sector and increase the access to finance by pledging the following: to increase assistance to developing states by building physical, human and institutional capacity to facilitate trade; to help African producers to meet the global standards of food and other export products by providing new resources such as infrastructure and training; to support African efforts to promote South to South trade and regional integration; to promote transparent trading rules; to support investment, innovation and enterprise development; and to create measures which will open up employment opportunities for the youth in Africa.<sup>69</sup> Promoting economic growth in Africa will lead to a better life for all and hopefully enable Africa to meet the MDGs by 2015.

### ***Finance for development***

To ensure that the developing states, particularly those referred to as “heavily indebted poor states” (HIPC), improve their economies, the G8 states have pledged to help achieve the MDGs by 2015, particularly in Africa, by increasing official development assistance (ODA) in addition to the normal resources provided; to increase foreign aid to Africa by US \$25 billion in 2010; to increase foreign aid to all developing states by US \$50 billion a year by 2010; to write off an additional US \$15 billion owed by 21 African states; and to provide aid support to African states with improved developmental strategies.

In terms of the Multilateral Debt Relief Initiative (MDRI), international financial institutions agreed to provide upfront, irrevocable 100 percent debt

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68 J Iliffe, *Africans, the history of a continent* (Cambridge, Cambridge University Press, 2007), p. 259.

69 G8 Gleneagles Communiqué, “The-G8-gleneagles-summit-communicue”, 2005 (available at <http://www.iijd.org>., as accessed on 7 August 2013), p. 19.

relief.<sup>70</sup> Effeh points out that the HIPC initiative symbolises an admission of the unsuitability of the SAPs imposed on Africa by the IMF and World Bank.<sup>71</sup> The OECD suggested in 2010 that despite the planned increased commitment effort, the African pledges made by the G8 member states would not be fully met.<sup>72</sup>

### **The failure of developed states to commit to the Gleneagles agreement**

The OECD suggested in 2010 that, despite the planned increased commitment effort, the pledges made by the G8 member states would not be fully met. The reasons are mainly linked to the absence of commitment by developed states to provide the agreed amount of foreign aid to developing states.<sup>73</sup> This lack of commitment can mainly be linked to the prioritisation of the national self-interest of donor states. In this regard, there tends to be a focus on global events such as the impact of an international recession, control of illegal immigration, the fight against international terrorism, market protectionism and trade barriers, prioritised trade relations, promoting regional security, among others. The implication is that most states in sub-Saharan Africa are not receiving sufficient amounts of capital in order to achieve their envisaged development objectives.<sup>74</sup>

As indicated, this article's point of departure is that there are no clear-cut short-term solutions to development challenges in the region. What is clear, is that the success of foreign aid depends on the levels of commitment to succeed by both donors and receivers. In order to move closer to a universal solution, there is a need to channel and utilise the different forms and formats of foreign aid more effectively. The specific issues that need to be prioritised will be identified and motivated in the concluding section.

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70 JW Harveson & D Rothchild, *Africa in world politics: Reforming political order* (Philadelphia, Westview Press, 2009), p. 56.

71 EU Effeh, "Sub-Saharan Africa: A case study on how not to realize economic, social and cultural rights, and a proposal for change", 2005 (available at <http://www.law.northwestern.edu/journals/jihr/v3/2>, as accessed on 8 April 2013), p. 2.

72 Organisation for economic co-operation and development, "Report on aid predictability: Survey on donors' forward spending plans 2010-2012", 2010 (available at <http://www.oecd.org-oecd-report-on-aid-predictability-survey-on-donors'-forward-spending-plans-2010-2012.pdf>, as accessed on 29 June 2012), p. 8.

73 Economist print edition, "Waylaid: Exuberant promises to raise aid spending are unlikely to be fulfilled", 2010 (available at [http://www.economist.com/node/17633128?story\\_id=17633128](http://www.economist.com/node/17633128?story_id=17633128) as accessed on 26 January 2011), pp. 2-3.

74 KJ Sithole, "The role of foreign aid and the underdevelopment of the states in sub-Saharan Africa", M.A, NWU, 2014, p. 100.

## **Conclusion**

Despite decades of foreign aid, the situation in the sub-Saharan African region can be summarised briefly. Currently the region still faces many different challenges such as lack of economic development, slow implementation and/or lack of effective developmental policies, poor leadership, inadequate infrastructure, high levels of corruption, low representation of women in decision-making positions, low literacy rates for female gender-based violence, and inadequate allocation of resources. It is clear that government systems remain weak and unpredictable. It also appears that there is a global absence of new and innovative ideas on how real progress might be achieved.<sup>75</sup>

In order to explain the reasons for the above status quo, the key assumption in this article was that the states in sub-Saharan Africa remain subjected to a seemingly irreversible spiral of underdevelopment. This assumption was linked to the reality that the high flow of foreign aid has done little to reduce poverty in sub-Saharan Africa. Sachs is of the opinion that this failure of developmental initiatives (such as foreign aid) to sub-Saharan Africa can be attributed to the extremity of the levels of poverty or the so-called poverty trap in the region.<sup>76</sup> Many states are so poor that the basic requirements needed to reduce poverty are absent. These requirements include necessities such as good governance, infrastructure, expertise and international knowledge networks to facilitate development.

Easterly agrees, but also links the failure of aid to develop sub-Saharan Africa to the absence of western accountability.<sup>77</sup> Although there is a global collective effort to uplift sub-Saharan Africa, accountability guidelines to the poor for the results of aid initiatives, remain holistic and neglected. This holistic collective effort means that there are no individual western aid agencies or politicians that can be held accountable for the outcomes (failures) of aid objectives. It, in fact, weakens the obligation of donors to be accountable to the poor. According to Easterly,<sup>78</sup> specific donors must be held accountable for the outcomes of foreign aid initiatives. It is, therefore, necessary for specific

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75 KJ Sithole, "The role of foreign aid and the underdevelopment of the states in sub-Saharan Africa", M.A, NWU, 2014, p. 106.

76 JD Sachs, W McArthur, G Schmidt-traub, M Kruk, C Bahadur, M Faye, & G M cord, "Ending Africa's poverty trap", 2004 (available at <http://www.unmillenniumproject.or/documents/BPEAEENDMAFRICASPOVERTYTRAP.pdf>, as accessed on 7 March 2012), p. 121.

77 W Easterly, "Can foreign aid save Africa?", 2005 (available at [http://digitalcommons.csbsju.edu/clemens\\_lectures](http://digitalcommons.csbsju.edu/clemens_lectures), as accessed on 27 November 2014), p. 3.

78 W Easterly, "Can foreign aid save Africa?", 2005 (available at [http://digitalcommons.csbsju.edu/clemens\\_lectures](http://digitalcommons.csbsju.edu/clemens_lectures), as accessed on 27 November 2014), p. 22.

mechanisms to be developed in order to ensure that individual politicians and aid agencies can be held accountable for the failure of specific projects.

Easterly is also of the opinion that developmental strategies must be built around the following focal points:<sup>79</sup>

- Developing states must design a national development strategy by consulting foreign and domestic expertise. This would typically include developmental organisations linked to the achievement of foreign aid objectives. The unique needs and circumstances of states in sub-Saharan Africa must, however, be taken into consideration. This must lead to an accelerated economic growth rate.
- Ensuring political, economic and social stability in order to create an environment that is conducive to the effectiveness of the developmental initiatives (good governance and the rule of law).
- Overcoming the poverty trap through the promotion of a culture of saving and the correct utilisation of available funding (eradicating extreme poverty).
- Developed states must be committed to planned assistance, availability of enough foreign aid, not be prescriptive, and aid must be directed to developing states that are impoverished and in need.
- There must be development communication, cooperation and coordination between developmental organisations, developed and developing states.

According to Sithole, the development problems in sub-Saharan Africa remain multidimensional and complex.<sup>80</sup> There seems to be no short-term solutions. However, it is increasingly clear that if there is to be a solution, it will firstly have to come from within sub-Saharan Africa. In other words, state-specific and indigenous development models must transpire. Secondly, there must be a pro-active cooperative partnership between the donor states and the receiver states in sub-Saharan Africa towards sustained development. Against this background both donors and receivers need to be committed to the following holistic objectives:

- An adherence by developed states to the foreign aid stipulations of the 2005 Gleneagles agreement.
- Designing and implementing pro-active measures to ensure growth and stability and improving life in the rural sector.
- Facilitating good governance and predictability of political systems.

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<sup>79</sup> W Easterly, "Africa's poverty trap", 2007 (available at [http://economistview.typepad.com/economistview/2007/03/william\\_easterl.html](http://economistview.typepad.com/economistview/2007/03/william_easterl.html), as accessed on 3 March 2012), p. 4.

<sup>80</sup> KJ Sithole, "The role of foreign aid and the underdevelopment of the states in sub-Saharan Africa", M.A, NWU, 2014, pp. 113-114.

- Upholding the rule of law in developing states.

Against the above background, it seems clear that underdevelopment in sub-Saharan Africa can be attributed to a variety of internal and external factors. In conclusion, to realise the objectives of foreign aid, Easterly is of the opinion that the development objectives of the states of sub-Saharan Africa must be achieved through an adherence to free market principles in combination with responsible government intervention. The above elements must be strengthened through a mutual relationship of trust and a will to succeed between developing (receiver) and developed (donor) states.