

**KEYNOTE ADDRESS**  
**ON**  
**AID TRANSPARENCY IN AFRICA**  
**By**  
**THELMA AWORI**

**DAKAR, JUNE 12, 2001**

**Introduction**

<sup>1</sup>Let me begin by saying how honoured I am to have been asked to prepare this paper for the inaugural meeting of Aid Transparency in Africa. I want to extend my deepest congratulations to Dr. Habib Sy and his collaborators and supporters for their foresight and courage to undertake this Herculean task of trying to bring synergy between the two words “aid” and “transparency”. The vision of putting the two words together is representative of the kind of “outside the box” thinking desperately needed in Africa in order to make what seems impossible a reality. We can only take inspiration in tackling this challenge from ongoing work in this respect by a variety of northern and southern organizations and academics who have had the temerity to probe and analyse the intentions and efficacy of one of the largest industries of our times.<sup>1</sup> Notwithstanding the complexity of the task ahead, we are encouraged by the work of such organizations as *The Reality of Aid* and believe that with the help of modern technology and networking it should be possible to arrive at some measure of translucency if not transparency.

Transparency is an industry as complex and multifaceted as aid poses many challenges. In the first instance, the categories and numbers of actors involved in doing ‘aid’ as in multilateral, bilateral, NGOs, Foundations, IFIs amount to millions of organizations of various sizes and importance. In the second place, the systems and methods of operations have grown extremely complex and as varied as the number of organizations involved. In the third place, the volume of all this activity makes aid one of the largest industries of our global economy. Transparency of all this activity is therefore a task that cannot be taken lightly.

Working in the area of aid transparency can be costly and dangerous in Africa. In laying bare the unpleasant realities of aid, one runs the risk of losing some of ones closest friends and dangerous because the truth is often thrown out along with the head of the prophet. The powerful are not in the habit of hearing the truth and technocrats are in the habit of seeing themselves as experts. Bringing transparency to aid is a prophetic exercise in Africa. It is impossible to avoid the risk of offending the rich and the powerful. One possible option is to intellectualise the issues and write about them in very academic objective terms. But that would surely defeat the purpose of the exercise. On the matter of aid, Africa has lost its way in a morass of blinding, deafening and mind-boggling experiences. Any language therefore, on the transparency of aid, cannot afford to compromise its capacity to awaken the minds of Africans to perceive the catastrophe of the moment and to stimulate creative and urgent measures towards a solution. This paper, in attempting to sound the alarm on the disaster in Africa

associated with aid, also runs the risks of offending well-meaning people who exist outside the mainstream of present aid practices.

This paper shall attempt to identify some of the complexities and challenges of ensuring that all aspects of what is called aid are open and clear to the perception of all actors and observers involved. Carried out largely at the upstream level, the exchanges and debates as to the what's, whys, how's and how much of aid are limited to a few privileged persons in high places. The majority of the population feel the effect of this dialogue often through disruption to their lives and the pressure to make changes based on decisions to which they have not been party. Aid transparency for those in whose name aid is given, is hindered not only by a lack of participation, but also by a myriad of other practices associated with aid both at the policy and implementation levels.

The task of lifting the curtain on aid is so complex and the scope so broad that the issue of transparency needs to be carefully sliced into several different objects of transparency, such as the transparency of purpose, of results, of policies, of ownership or actors, of quantities of flows and of implementation. Others who read this paper are free to add to or subtract from this list. The paper will comment on three of the aspects of transparency. It will also comment on why it is overdue for Africans to involve themselves in the analysis and data collection necessary to bring transparency to the business of aid, and propose a way forward.

In discussing aid, some writers have made distinctions between official flows and private flows. For purposes of this paper all flows from developed to developing countries, but with particular respect to Africa, are considered. As will be seen from the analysis below, to discuss only ODA and leave out the losses of terms of trade gives only a partial picture of the quantity and direction of transfers.

## **THE CHALLENGES OF TRANSPARENCY**

The psychology of language and of naming is an important place to begin when looking at the issues of aid transparency. The meaning of the word aid has been appropriated to cover loans, lending and investments. Whereas lending is a financial transaction, aid on the other hand is a relational transaction carried out within the ambiance of friendship, caring and volunteerism. The former is usually undertaken for a profit, while the later is done with no greater motivation than perhaps voluntary reciprocity. The lumping of these two broadly different transactions under one umbrella is at best misleading. When such terms as concessional are put in front of lending to make lending seem even more benign, it clouds the perception of the actual implications of lending and borrowing. Strictly speaking from the perspective of the financial world, a loan at 3% or 5% with a ten-year grace period before repayments begin is truly concessional. But when such a loan is laced with a grant under the overall rubric of aid it stretches the meaning of 'aid' distracting attention from the repayment requirements and the profit motive of the lender.

Language always has its cultural underpinnings, creating vulnerabilities to misinterpretation in cross-cultural situations froth with anxiety, prompting the tendency to hear what one wants to hear. This state of affairs is further clouded by referring to the entire transaction as that of 'giving' or 'receiving'. It is often reported in the press that one country has given a specified amount to another or that one country has received or gotten a specified amount from another country or from a financial institution. The details of the proportion of grants to loans are infrequently reported. Even further from view of the populace are the conditions attached to the amounts in question. These conditions are seldom a matter for public consumption or scrutiny and are relegated to the upstream dialogue between officials. At an

even deeper and more insidious level is the dialectical relationship these conditionalities create between loans and grants, making one conditional on the acceptance of the other.

In an undertaking as multi-faceted as aid, agendas can be hidden or overt and wires can get crossed in terms of language, particularly when one is working across cultures. The term 'aid' itself in African culture is supposed to mean something, which helps to alleviate or eradicate a problem. Aid should not result in exacerbating a problem. Considering the dire economic crisis in which Africa now finds itself surrounding the phenomenon of 'aid', it begs the questions of language and vocabulary to accurately describe what is known as official development assistance as aid.

A decade ago, Graham Hancock, in dedicating his book, *Lords of Poverty said* that he was convinced "that the aid business does indeed have much to hide"<sup>2</sup>. The challenge of the language of this profession rests not only with the double meaning given to words, but with the use of words to describe an intention, which is never realized or realizable with the methods, and tools employed. Words such as 'ownership', 'empowerment', 'participation' or even 'development' are words, which must be watched carefully in this respect.

Situating the aid business in the field of economics has not helped to bring transparency to what is done and how it is done. The highly technical nature of the language of economics often excludes rather than includes others in a common understanding. Many community-based organizations have had to develop a new economic literacy in order to come to a basic understanding of how economics is affecting their lives. Feminist economists have had to spend several years of research to unbundle basic economic terms such as GNP and GDP to show that these measurements of productivity have not included the productive contributions of women to the economies of their societies. Secondly the field of economics has a heavy predisposition to use mathematical modelling, which does not easily capture the human dimensions of reality. It has therefore been a challenge to find a way to address all the realities of the human conditions that aid should be addressing in the proposals put forth by economists without the benefits and inputs of other disciplines.

The language of the aid business has created a smokescreen in the minds of its professionals and participants so much so that even when facts present themselves, there is still the tendency not to see them. This premise will be borne out by further analysis below.

### ***Transparency of Quantities of Flows***

Misperception about the quantity of aid flows and the direction of these flows are common. When asked about how much they thought their governments were giving in aid abroad, ordinary Americans responded that their Government gives much more in aid than it really does. Judging by the amount of programmes that have been prepared by Africans for funding from the international community, one is left to assume that Africans believe that a large amount of funds exist somewhere and will be released by the international community if only the right proposal is prepared. None of these programmes have generated a respectable fraction of the amount of funding Africa has needed. From APPER through UNPPAERD, to UNNADAF, UNSIA, TICAD, the hopes of Africa have dashed on the empty shores of unfulfilled pretensions. It is therefore surprising to observe the extent of confidence placed in 'the international community' to solve a variety of problems in Africa. At this very moment three new programmes are being coordinated under the auspices of the Organization of African Unity, the Millennium African Programme, The Omega and the Compact for African Partnership. It is left to be seen if these programmes will go the same way of the others. The World Bank's Special Programme for Africa did do much better than most, but it should be remembered that it was a programme to

underpin the structural adjustment programmes of the Bank.

The truth of the matter about the quantity of flows is that *net outflows from Africa exceed inflows*. Given the financial transfers abroad in debt service, capital flight and the losses from terms of trade agreements, *Africa is in fact a net exporter of capital*. One UN report tells us that that “ the loss of market share in current prices in the period 1970 to 1997 represents a staggering annual income loss of \$68 billion or 21% of GDP. In comparison, the annual net ODA inflow of about \$7 billion between 1970-1997 is a mere fraction of the annual loss of \$68 billion due to loss of market share. Put together, the losses due to terms of trade and loss of market shares far exceed all the inflows coming to Africa – ODA, FDI and private lending and portfolio flows.”<sup>3</sup> Capital flight alone is said to be the size of Africa’s debt stock, which amounts to \$360 billion.

Neither Foreign Direct Investment (FDI) nor Overseas Development Assistance (ODA) have materialized as promised, both remaining abysmally disappointing as sources of transfers to Africa in the last two decades. While the World Bank had estimated that Sub-Sahara Africa would need an increase by 4% per annum in real terms in the 90’s, the reality was a 24% decline in real terms. Except for four of the Nordic donors (Denmark, Norway, Sweden and the Netherlands) none of the other donors have met the agreed target of 0.7% of GNP in ODA. Africa’s share of FDI declined from 9.6 billion in 1997 to 6.6 billion in 1998. Much of this was in the mining and oil sectors, which again indicates a transfer of resources abroad at cost to the continent. Many countries now find themselves in the unenviable position of using new inflows or lending to continuously service debt stock, re-transmitting these same amounts abroad. While the public might see this as new aid, it really is only an accounting mechanism. All of this has been taking place during a period of unguarded trade liberalization, which has more than doubled the growth of imports relative to exports and killed many fledgling industries. This latter state of affairs can certainly be attributed to participation in WTO agreements.<sup>4</sup>

At the continental level, but more especially at the local level, the unreliable and erratic nature of flows has made planning and the achievement of development goals difficult. Cutbacks and restructuring in large UN Agencies seems to be the order of the day. Funding of small projects are normally limited to a two or three year period when it is well known that ten years is a better time frame for development activities at the community or even at the national level. The constant revision of promised amounts, reprioritising, new approaches and directions makes the aid business the most complex beat Africa has had to dance to. The constant need to reshape, rephrase and re-direct the goals of a project just to match donor reshaping and redirection creates work and compromises of the soul without commensurate returns. For those who have spent long years in it, aid is a long and tiring business, with only a few flowers to show in the garden.

So let us answer this question: Is there money coming in or not and if so how much and where is it going?

### *The Purpose of Aid*

One of the least publicly discussed issues of aid is its purpose or underlying motivation. The goals and ideals of peace, development, justice as set out in United Nations Conferences remain a chapeau for a myriad of other undisclosed motivations and reasons for aid between countries and between peoples. The motivation of donor’s preferences for certain countries at certain times is speculated upon in private. And while official reasons are given, the glaring inconsistencies of the arguments belie the real

reasons hidden behind the choices. *Transparency of the purpose and motivation of aid is desperately needed by the general public in Africa.* First of all it would clear the confusion about whether and why aid is possible. Secondly it would give the receiver the dignity of choice. Thirdly an educated public would be aware of the obligations on their side. These obligations are usually known only to a very few yet the larger public has to shoulder the burden of meeting obligations to donors and lenders.

At best the motives for aid can be described as altruistic and at worst exploitative. It is well known that large amounts of aid are still being used to advance commercial, political diplomatic and religious interests. Even when aid has started off as being altruistic, issues of lack of absorption capacity on the part of the receiver can quickly cause good intentions to degenerate into paternalism. Tying aid to purchases from donor countries and use of foreign nationals are disguised ways of meeting the interest of donors. When 4 billion dollars in aid returns to the givers as payment for foreign technical experts alone one is left to ask, in whose aid is aid?

Aid providers expose their intentions to suspicion when they withhold funding from one country until it establishes a multiparty system of government but continue to provide massive support to another country, which denies multiparty elections. Such duplicitous behaviour begs the question of whose interest is being served by such aid. Aid has been shamelessly used to prop up dictatorships in several African countries where commercial and strategic interests of the donors were at stake, such as in the Democratic Republic of the Congo for instance. Stephen Browne in his book *Beyond Aid* puts it aptly when he says: "Donors have provided aid partly because many of their actions have made it necessary. And aid is never given freely. To an undiminishing degree, it is bound up in packages which attract the eye, but constrain the hand, of the recipient." (Browne, 1999, p1-3)<sup>5</sup> The Marshall Plan still remains a beacon in the aid industry with renewed hopes that one day such a plan could be realized for Africa in some form or another. But it is also Browne who reminds us that 'the Act for International Development of 1950 yielded place to the Mutual Security Act of the following year which specified that aid could be given only if it "strengthened the security of the United States". (Ibid, p11). More public education is necessary in Africa about the statutory and documented motivation off aid in all of Africa's partner countries. During the cold war, the political and ideological motivations were more clear. The cold war is over and the peace dividend has not materialized for development. Instead it has been used in donor countries to pay for domestic debt or to tend to urgent problems on their own continents. Although Africa was promised that its share of ODA would not diminish in favour of the CIS countries, the opposite has transpired.

Aid coming through NGOs has generally been targeted at reaching the poor and bringing relief and improvement to unacceptable levels of deprivation. Yet they too have come under suspicion as to the altruism of their intentions. After all, many large funding NGOs are themselves funded out of state aid budgets, which are subject to the statures of the states' security interests. Some however refuse to receive such funding in order to avoid being used by state mechanisms to forward aims not originally intended. For some of these reasons the relationship between governments and NGOs in Africa have been tenuous largely due to the lack of transparency of whose interests and purposes were being served by the NGOs. NGOs fall foul of the most despotic regimes in Africa for either representing foreign interest or the interests of local groups that are not necessarily in government's political camps. This situation has been further exacerbated by the decision of donors from time to time to pass large amounts of funding through NGOs rather than through government or by bypassing the government.<sup>6</sup>

The timing in decline and withdrawal of aid further deepens the lack of transparency of the purpose of aid. The relative decline in AID in Africa coincided with the end of the cold war confirming all suspicion that aid was after all politically motivated. There is growing awareness amongst those in

Africa who work in the aid business that the game is about self-interest regardless of the rhetoric of poverty eradication, participation and ownership. For the bulk of the receivers of aid, the issue of the motivation of the giver is lost to the desperation of the need and the anxiety of reliability of funding. When funding is so urgently needed for development, the motivation of the donor is sometimes ignored in order to satisfy the immediate needs. Many Africans themselves find it difficult to look at funding and say no. Instead they say yes hoping that the underlying motivation will change. These motivations never go away because they are all strategically planned whereas the response has been reactive and not proactive.

### *The Results of Aid*

Has aid, as the main instrument of international development cooperation, produced the desired results of prosperity and dignity, equality and human rights, and peace for all? Have the institutions entrusted with the responsibility delivered the desired results? Surely this is a broader question than just asking about the effectiveness of aid. Have the values of an interdependent and sustainable life been realized. After half a century of work by millions of highly qualified and experienced staff, report after report bemoan the increase of poverty, the degeneration of the environment, poor governance and rampant corruption, escalating abuse of human rights and worst of all for Africa, unsustainable debt. While the results seem obvious to the general public, it is to the institutions and practitioners in the aid industry that the results seem elusive.

In an attempt to be fair, one would have to conclude that the results of aid are mixed in terms of immediate objectives and goals. However, for Africa, the growing number of poor, the debt trap, the terms of trade losses, the low rate of foreign direct investment and the deteriorating condition of peoples' lives, the lives lost in implementing inhuman policies, spell a sad story of disaster. What is beyond the view of the naked eye is what else is lost in terms of human dignity, loss of a sense of self respect, self-reliance and personal integrity, the time and money spent on attending large conferences that produce no or precious little results in terms of aid. What is even more serious now is the growing incapacity of African intellectuals to speak up because they are busy implementing one or another contract for a bilateral or multilateral donor. These losses, particularly those of the spirit and attitudes of the people are greater than the amounts in money, for these are the very elements that Africa will need to propel herself out of the present situation. These are the facts that need to be researched and laid on the table for open discussion by Africans in order to make intelligent choices about where to go with the aid business.

Africa has implemented most of the policy recommendations imposed on it by its international cooperation partners, from deficit budgeting to structural adjustment to liberalization. These policies have induced some of the worst forms of poverty and burgeoning debt. Even when these recommendations have resulted in instability leading to death and destruction, it has been recommended that the implementation of the policies be further deepened. The deepening of poverty and the worsening of the social and economic fabric in Africa has created desperation so intense that little time is spent on analysis of its causes and effect. The major occupation is with surviving the harsh conditions of livelihood that have ensued.

Africa has implemented most of the policy recommendations imposed on it by its international cooperation partners, from deficit budgeting to structural adjustment to liberalization. These policies have induced some of the worst forms of poverty and burgeoning debt. Even when these recommendations have resulted in instability leading to death and destruction, it has been recommended that the implementation of the policies be further deepened. The deepening of poverty

and the worsening of the social and economic fabric in Africa has created desperation so intense that little time is spent on analysis of its causes and effect. The major occupation is with surviving the harsh conditions of livelihood that have ensued.

### **The Way Forward**

The story of aid to Africa has been the story of a long journey through the high hills of hope and the low valleys of disillusionment, ending in the dessert of catastrophe. The question is though; can Africans at this juncture see aid for what it really is? So beaten by our fruitless efforts and our complacency in our own demise, we can hardly find the rage, the anger, with which to face our state of affairs. Where are the Africans on the streets protesting against the debt burden? Where is the expression of our righteous and intellectual outrage and indignation?

One of the first steps that Africa needs to take is to reject the fundamental premise that aid leads to development. The results to the contrary could not be more glaring. As Douglas Hellinger told the 2001 Civil Society Hearings on the Financing for Development Conference, “aid has not had development as its primary purpose”. Will it ever have development as its primary purpose? The likelihood of donor countries breaking the habit of conditionalities is slim. De-linking aid from the orthodoxies that shape world trade and finance is highly improbable. In short, changing the present system would take an unseemly amount of time, effort and clout; neither of which Africa has. The Financing for Development Conference will set some new guidelines but it does not have the power to cause the kind of changes that are already being called for. Already the Americans have made it quite clear that they do not wish the conference to be used to interfere with governance and decision making mechanisms of the BWIs.<sup>7</sup> Africa, faced with four major catastrophes at the same time – poverty, conflicts, HIV/AIDS, Debt, is hard pressed to take the situation under control or perish. The journey must therefore take another route, an African route. Three main suggestions are offered:

1. ***Development needs to be internally driven.*** Africa should reflect on previous experiences when it has managed to succeed with little help from without. The struggle for independence was one such struggle. Ordinary people, men, women and children used their creativity and their lives to find every possible means to defeat the enemy. Though suffering and tired, the ordinary people, especially women, can find the resilience and creativity to deal with many of the issues at hand. Many local communities and groups are in the process of finding they own ways to deal with the worsening situation with their own resources.

An assets-based approach to development rather than a needs or problem-based approach is what is really needed now. Greater awareness of assets, at the community and national levels, including human resources at home or abroad, would boost the morale and determination of those who are trying a new approach. The efforts of these groups could be supplemented by remittances from their nationals or community members abroad. What they most need is support from the elite and policy makers at home. The latter group however seems to need to find courage and faith in themselves and in the local communities. The community groups are beginning to include in their plans measures to demand that the elite and policy levels ‘do the right thing’. It is at this level that aid transparency will be crucial. Budgetary allocations for local initiatives that do not reach their targets, lopsided planning processes and inequities in distribution of resources all need to be open for public analysis and correction.

2. ***Use Aid Selectively:*** Africa must now begin to change the scenario whereby external finance remains the foundation of her development finance. Nothing could be more dangerous than to allow one’s own development to rest in the hands of someone else. ODA remains the largest

portion, 80%, of such financing. Yet this external financing is unreliable, inadequate, ineffective and worsening. Given that some national recurrent budgets are 70% based on external financing, a programme of withdrawal from the present aid system perhaps based on sectors or better-endowed geographical regions should be prepared and implemented with specified time lines.

The most pervasive theoretical anachronism is that the injection of capital would necessarily engineer growth. On the basis of this thinking an elaborate formula for economic restructuring has been prescribed for African countries which includes structural adjustment, liberalization and privatisation, all of which should allow the inflow of massive amounts of foreign direct investments. African countries have learnt belatedly that these prescriptions do not necessarily lead to the large amounts of foreign investment, if any at all. It is becoming apparent that with dwindling resources come greater conditionalities and micro-management. With higher dependence on aid, 80%, of transfers to Africa are from ODA, Africa has lost the capacity to determine its own future.

The general public has a right to know what percentage of their recurrent and capital budgets are funded from transfers from abroad and what plans are in store for reducing such dependency. Greater awareness on their part might inspire them to take the situation in their own hands.

- 3. *Continue Dialogue on Debt Forgiveness:*** A debt burden of \$360 billion is a serious international responsibility. Even more grave and egregious is the impact of such a debt on the people of Africa. The dialogue on debt forgiveness is therefore imperative. It must be reinforced by the explicit outrage of the people in the same manner that friends of Africa are expressing their outrage in capitals abroad. Africa must argue effectively for total debt cancellation. If this fails, it must argue for a halt to piecemeal proposals such as HIPC and call for a 50-year period of reprieve with no payments on principle stock or service in order to give Africa the time to address some of the worst forms of poverty, disease and ignorance. After 50 years, rescheduled repayments would recommence.

The African populace is aware that there is a debt problem but is not fully aware of the implications, the history of how the debt came about and its direct impact. A heightened awareness would change the present rather silent attitude to debt amongst the broad masses or even at the level of elites and many policy makers.

## CONCLUSION

A revitalized role for aid transparency in Africa is opportune. Dwindling transfers of all types from abroad, the growing debt burden, in face of the HIV/AIDS pandemic, rampant conflicts, and rising poverty demand, at minimum, the basic response of awareness. Awareness of a situation so severe should inspire the creative energies of all Africans but hopefully also of their partners in the aid business towards a more healthy form of international cooperation.

---

<sup>1</sup> Note the work of such groups as the Reality of Aid and various debt networks

<sup>2</sup> Hancock, Graham. 1991. *Lords of Poverty*. Mandarin Paperbacks. London

<sup>3</sup> General Assembly Report. *Implementation of the United Nations New Agenda for the Development of Africa in the 1990s*. September, 2000. P.15

<sup>4</sup> Most of the data in this paragraph and in this paper to be found in GA Report mentioned above

<sup>5</sup> Browne, Stephen. 1999. *Beyond Aid*. Ash gate Publishing House, Aldershot, England

<sup>6</sup> For more information on NGOs and Aid read Ian Smillie's *The Alms Bazaar*. IT Publications. London 1995

<sup>7</sup> See the United States presentation to the June 2001 PrepCom for the Financing for Development Conference on UN Website

<sup>8</sup> See Reality of Aid, Reality Check, January 2001