THE ROLE OF FOREIGN AID IN THE UNDERDEVELOPMENT OF THE STATES IN SUB-SAHARAN AFRICA

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DECLARATION

I, Kaiser John Sithole declare that THE ROLE OF FOREIGN AID IN THE UNDERDEVELOPMENT OF THE STATES IN SUB-SAHARAN AFRICA is my own work and that all the sources I have used or quoted have been indicated and acknowledged by means of complete references.

Signature: __________________________________________

Date: __________________________________________
ACKNOWLEDGEMENTS

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In God I believe today, tomorrow and forever, in Jesus name Amen
ABSTRACT

Since the end of the Second World War the states of sub-Saharan Africa have been subjected to a seemingly irreversible spiral of poverty as well as social, political and economic underdevelopment. This underdevelopment occurred despite the fact that large amounts of bilateral and multilateral foreign aid have been channelled to the region during this period. The channelling of foreign aid to the region coincided with the following global developmental occurrences:

- 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.

In terms of per capita income and social welfare sub-Saharan Africa is classified as the most impoverished region in the world. For this reason this study does not focus on a specific case study of a state in the region. The focus rather falls on the development challenges facing the region as a whole. Currently the region is so underdeveloped that it seems unlikely the Millennium Development Goals of poverty reduction will be met by 2015. Although this research acknowledges that a variety of internal and external factors contributed to the above underdevelopment, the focus falls on foreign aid as a causal factor of underdevelopment. In order to elaborate on foreign aid as one of the imperatives that stimulated underdevelopment in sub-Saharan Africa, a neo-Marxist approach is followed. In this regard the World System theory is employed as basic point of departure of research. It is believed that, in many instances, the structure of the World System itself can be exploitative in nature and can stimulate underdevelopment. An explanatory link is therefore established with the format and forms of foreign aid as causes of underdevelopment in sub-Saharan Africa.
The study goes further by highlighting the current challenges that face the region as well as the contemporary international guidelines for the channelling of foreign aid. Here a specific emphasis is placed on poverty reduction, the Millennium Development Goals as well as the 2008 Gleneagles foreign aid commitments by the developed states.

In the final analysis the study concludes that there seem to be no clear cut short term solutions to development challenges in the region. Recommendations and suggestions on how to improve the effectiveness of foreign aid are however made. In the absence of clear cut solutions it is evident that the effective use of the different forms of foreign must be based on a willingness to succeed. This willingness to succeed can be strengthened by mutual cooperation, commitment, goodwill and trust between developed and developing states. It also remains important that a state specific approach be followed during the channelling and utilisation of foreign aid.
OPSOMMING

Sedert die einde van die Tweede Wêreldoorlog word die state van SubSahara-Afrika blootgestel aan 'n oënskynlike onkeerbare spiraal van armoede, gepaard met sosiale, politieke en ekonomiese onderontwikkeling. Die streek is tans so onderontwikkeld dat dit onwaarskynlik is dat Ontwikkelingsdoelstellings vir die Millennium van armoedeverligting teen 2015 bereik sal word. Die onderontwikkeling duur voort ondanks die feit dat groot bedrae aan bilaterale sowel as multilaterale buitelandse bystand gedurende die tydperk na die streek gekanaliseer is. Die kanalisering van buitelandse bystand het plaasgevind tydens die volgende globale gebeure:

- Die tydperk van dekolonisasie in die era na die Tweede Wêreldoorlog;
- Die tydperk van die Koue Oorlog;
- Die tydperk van die energiekrisis gedurende die sewentigerjare;
- Die tydperk na die Koue Oorlog; en
- Die tydperk van die handelsblokvorming.

Omdat SubSahara-Afrika in die geheel, op basis van sy per capita inkomste, as die armste streek in die wêreld geklassifiseer kan word, word nie gebruik gemaak van 'n spesifieke gevall estudie met betrekking tot 'n bepaalde staat in die streek nie. Daar word gekyk na die ontwikkelingsuitdagings vir die streek in die geheel.

Hierdie navorsing gee erkenning aan die feit dat daar 'n verskeidenheid interne en eksterne faktore was en is, wat onderontwikkeling bewerkstellig het. Hier word egter toegespits op vorme van buitelandse bystand wat onderontwikkeling veroorsaak het. Ten einde buitelandse bystand as een van die oorsake van onderontwikkeling uit te wys, word aanvanklik 'n neo-Marxistiese benadering gevolg. In hierdie verband word die sogenaamde Wêreldstelselperspektief gebruik as basiese navorsingsvertrekpunt. Daar word aangevoer dat die struktuur van die Wêreldstel sel selfuitbuitend van aard kan wees en in werklikheid onderontwikkeling stimuleer. Sekere vorme
van buitelandse bystand word dus geïdentifiseer as oorsaak van onderontwikkeling in SubSahara-Afrika.

Die studie gee verder 'n toeligting op die uitdagings wat die streek in die gesig staar en verduidelik eweneens die huidige internasionale riglyne vir buitelandse bystand. Hier word spesifiek klem geplaas op armoedeverligting, Ontwikkelingsdoelstellings vir die Millennium sowel as die Gleneagles-ooreenkomste van 2008 waartoe die ontwikkelde state hulle verbind het.

Daar word tot die slotsom gekom dat daar geen klinkklare korttermynoplossing vir die ontwikkelingsproblematiek in die streek is nie. Terselfdertyd word daar egter aanbevelings en voorstelle gemaak ten einde die effektiwiteit van buitelandse bystand te verhoog sodat ontwikkeling gestimuleer kan word. In die afwesigheid van klinkklare oplossings is dit egter duidelijk dat die effektiewe gebruik van buitelandse bystand gebaseer moet word op 'n opregte ingesteldheid om te slaag. Hierdie ingesteldheid om te slaag, kan versterk word deur samewerking en wedersydse vertroue tussen ontwikkelde en ontwikkelende state. Dit is duidelik en belangrik dat die aanwending en kanalisering van buitelandse bystand 'n spesifieke benadering van 'n staat verg.
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<td>AU</td>
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<td>GDP</td>
<td>Gross Domestic Product</td>
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<td>HIPC</td>
<td>Heavily Indebted Poor Countries</td>
</tr>
<tr>
<td>HIV</td>
<td>Human Immunodeficiency Virus</td>
</tr>
<tr>
<td>IMF</td>
<td>International Monetary Fund</td>
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<tr>
<td>MDG</td>
<td>Millennium Development Goals</td>
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<td>NEPAD</td>
<td>New Partnership for Africa’s Development</td>
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<tr>
<td>OECD</td>
<td>Organisation for Economic Co-operation and Development</td>
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CHAPTER 1
INTRODUCTION AND PROBLEM STATEMENT

1.1 CONTEXTUAL BACKGROUND

According to the development criteria of the Freedom House Index, “13 of the 35 least developed states in the world are in sub-Saharan Africa.”¹ These include states such as Cameroon, Congo, Gabon, Senegal, Tanzania, Uganda and others (McCormick, 2007:370). It appears that there is a concentration of underdeveloped states in this region. Although underdevelopment is a multidimensional and complex phenomenon, for the purposes of this research, 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 death rates; high birth rates; and a dependence on various forms of assistance by other (more developed) states. According to Gleave (1992:12) 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. The status of underdevelopment in a state can therefore be linked to a variety of historical and contemporary internal and external events (Iwayeni, 2008:30). Nagle (1998:143) links the following characteristics with underdevelopment in a state:

- Demographic variety;
- An absence of economic growth;
- The failure to modernise;
- Low levels of technology; and an
- Absence of political freedom and stability.

¹The Freedom House Index is a non-governmental organisation (NGO) that publishes annual results which rank states on an index according to their levels of political rights, socio-economic development and their protection of civil liberties (Sandhu & Sanford, 2003:53).
In this study it is assumed that foreign aid as an instrument of foreign policy played (and continues to play) a significant role in the underdevelopment of many states in Africa, particularly those in the sub-Saharan African region. The reality is that there are high levels of underdevelopment in sub-Saharan Africa despite the fact that in the 1950s, since the end of the Second World War and decolonisation, international development aid (foreign aid) has been channelled into the region in vast amounts (Carlsson et al., 1997:13-4). The channelling of foreign aid coincided with five trends that have dominated the international World System since 1945 and that stimulated underdevelopment in the region. These trends are:

- Decolonisation (the post-1945 dispensation);
- The Cold War (1945-1989);
- The energy crisis of the 1970s;
- Structural adjustment programmes during the post-Cold War dispensation (1990-1995); and
- Trade bloc formation since the 1990s.

Foreign aid contributed, and still contributes, to underdevelopment in the region. The problem statement of the research is discussed below.

1.2 PROBLEM STATEMENT

The World Bank (1997:12) defines foreign aid as “a transfer of resources, which comprises either financial assistance (grants and concessional loans), food, medical and military or technical assistance given to a deserving country”. Alwang and Norton (1995:374) perceive foreign aid as donations of money, goods or services from one nation to another for developmental purposes. Such donations can be made for a humanitarian and altruistic purpose, or to advance the national interests of the donor nation.

The contribution of this study revolves around the scrutiny of foreign aid and the effect it had, and still has on underdevelopment in sub-Saharan Africa. In order to structure this analysis, research was first directed towards establishing how the nature of the World System and the different forms of
multilateral and bilateral aid (as foreign policy instruments) contributed and still contribute to underdevelopment in sub-Saharan Africa. In other words, a link was created between the nature of the World System and previous as well as contemporary forms and guidelines of foreign aid as possible causes of underdevelopment. An attempt was therefore made to identify specific elements of foreign aid that contributed to underdevelopment. A second structural and concluding outcome of this research is its contribution to the existing literature by identifying potential ways and means of improving the effectiveness of foreign aid from a donor as well as a receiver perspective.

1.3 THEORETICAL FOUNDATION OF RESEARCH

The neo-Marxist World System theory serves as explanatory and theoretical foundation of this research. It is argued that in many respects, the nature of the World System conditioned and still impacts upon, the flow of foreign aid to developing states. The flow and format of foreign aid can thus have a negative effect on development prospects for the region.

The World System theory can be defined as a historical social system of interdependent states that conform to a set global structure and adhere to distinct regimes (the nature of the World System) (Wallerstein, 1974(a):390). The World System is protectionist in its nature and it functions in such a way that the hierarchy of states is kept intact through foreign policy practices such as the channelling of foreign aid. According to Wallerstein (1974 (a):349) this theory divides the World (state) System into the following three distinct categories (See Figure 1 below) which are based on the hierarchical economic and military influence or power of a state, namely:

- The core states;
- The semi-periphery states; and
- The periphery states.
The core states are those states that are economically and militarily stronger relative to other states. These stronger states benefit the most from the format of the World System, and serve the interests of economically powerful states. This category of states can absorb economic losses better and this keeps the dependence of periphery states on the core intact (Wallerstein, 1979:355). As a result, the core states mainly focus on capital intensive production and absorb much of the wealth of the world economy (Wallerstein, 1979:401). Examples of core states are the United States of America (USA); Canada, the majority of the states of the European Union (EU); Britain, and other Western powers.

The semi-periphery states are less dependent on the core than the periphery states. These states have more diversified economies and are to a large extent integrated into the world economy. From a World System perspective these states are a necessary structural ingredient because they serve to legitimise the World System and deflect political pressures which periphery states might otherwise direct against core states (Wallerstein, 1979:349-50). Examples of semi-peripheral states are South Africa, Argentina, Brazil, India, Mexico, Venezuela, etc. (Iwayeni, 2008:21).

The economies of the periphery or developing states are mainly based on agricultural production, subsistence survival and the extraction of raw materials. These states have weak economies, high poverty rates, high
corruption levels, and are largely dependent on foreign aid for social and economic development. States in the periphery find it difficult to integrate into the world economy and do not have a meaningful influence on the international political and economic agenda. This means that they are subjected to the political and economic agendas and actions of the core. Examples of peripheral states in sub-Saharan Africa are Rwanda, Zimbabwe, Uganda, Ethiopia, as well as some in South America and South East Asia (Iwayeni, 2008:21).

The theoretical foundation of this research was structured in such a way that the following questions come to the fore.

1.4 RESEARCH QUESTIONS

The following research questions were addressed:

- How did, and does the nature of the World System impact on underdevelopment in developing states?
- How should the concepts foreign aid and, underdevelopment and be linked and understood in the context of sub-Saharan Africa?
- Which internal and external factors led to the underdevelopment of the states of sub-Saharan Africa and continue to do so?
- What were the various forms of previous foreign aid and are these similar to contemporary forms of foreign aid?
- How did the different forms of foreign aid contribute to contemporary patterns of underdevelopment in the sub-Saharan African region?
- What recommendations can be made to make foreign aid more effective in the region?

In order to answer the above research questions the following research objectives were posited.

1.5 RESEARCH OBJECTIVES

Flowing from the research questions mentioned above, the objectives of this research were:
• To analyse the nature of the World System from a neo-Marxist perspective and its impact on development in developing states;

• To analyse and link the concepts foreign aid and underdevelopment, with specific reference to sub-Saharan Africa;

• To identify and describe the different forms of previous foreign aid as well as contemporary foreign aid; and to explain how they contributed and continue to contribute to underdevelopment in the region;

• To provide information on contemporary international guidelines for foreign aid and the impact they have in sub-Saharan Africa;

• To identify the internal and external challenges that have contributed to underdevelopment in sub-Saharan Africa; and

• To provide a future scenario and to make recommendations on how foreign aid can be challenged and utilised more effectively by donors and recipients.

The problem statement and identification of research questions and objectives culminated in the following interlinking hypothesis and sub themes.

1.6 HYPOTHESIS

The nature of the World System and the format and motives behind foreign aid since the end of the Second World War have contributed, and still contribute, to the underdevelopment of the majority of states in sub-Saharan Africa.

The above hypothesis was, for the purposes of this research, linked to the following three sub themes:

• A variety of internal and external factors contribute to the underdevelopment of many states in sub-Saharan Africa;

• The form, structure and motives of foreign aid are not always conducive to progress in developing states, with specific reference to the states of sub-Saharan Africa;
A more state-specific (contextualised) donor approach could improve the effectiveness of foreign aid to the states of sub-Saharan Africa.

In order to address the above hypothesis the following methods were utilised.

1.7 RESEARCH METHODOLOGY

To achieve the outcome of this study, the selected research approach was qualitative in nature with distinct deductive features. The aim was to answer research questions and achieve the stated objectives by using a literature analysis as a qualitative approach. According to Venter (2009:16), a qualitative methodology focuses on those phenomena that occur in their natural settings, or in the so-called “real world”. This research project was therefore conducted mainly along the lines suggested by Leedy and Ormond (2010: 136-7) using the following techniques which are classified under qualitative research methods:

- Description, which helps the researcher to root out the nature of certain situations such as processes, systems or people.
- Interpretation, which enables the researcher to:
  a) Gain more knowledge about certain observable facts;
  b) Provide new ideas and a theoretical viewpoint on the phenomenon; and
  c) Identify challenges which may be applicable to the phenomenon.
- Verification enables the researcher to monitor the soundness of certain assumptions, theories or general challenges that he/she may make.

According to Brynard and Hanekom (2010:22), deductive reasoning refers to outcomes that are “derived from existing theories and presupposes an expected relationship between two or more variables”. In order to ensure data triangulation through this deductive approach, a descriptive analysis of the current international guidelines for foreign aid as stipulated by the Organisation for Economic Co-operation and Development (OECD) was made. The World System theory was thus linked to foreign aid. These international guidelines for foreign aid are therefore used as interactive causal
factors of the development challenges currently facing many states in sub-Saharan Africa. It is against this background that specific recommendations are made on how to improve the effectiveness of foreign aid to the region within the framework of the current World System.

1.8 TYPES AND LEVELS OF RESEARCH

Although this study depends heavily on historical and descriptive elements, the outcome was achieved through correlated research. In other words, the research focused on establishing and proving that there is a causal relationship between the composition of the World System, forms of foreign aid and underdevelopment in sub-Saharan Africa.

On a systemic level the research focused on the World System theory as a product of a neo-Marxist perspective and as a causal factor for underdevelopment in developing states. On the meso-level this research was narrowed down to previous and contemporary forms of foreign aid that caused/cause underdevelopment, especially in sub-Saharan Africa. It is against this background that the application level of research identified ways and means of enhancing the effectiveness of foreign aid to sub-Saharan Africa from both a donor and a recipient perspective.

1.9 LITERATURE STUDY

A literature review was used to conduct research in this particular field. Both primary and secondary sources were utilised. Primary sources used include documentary evidence such as records in archives and official policy statements, whereas secondary sources consulted were published books on the topic and academic articles in journals, and on the internet, written by accredited experts who have made use of primary evidence. It was established that ample information was accessible on the impact of foreign aid in the less developed states to provide perspective on a study of this nature. It was also possible to establish the contextual background and foundation for this research.

In order to guide the methodological structure of the research, sources such as Nwabuzor, *Introduction to political science for African students* (1985);
McCormick, *Comparative politics in transition* (2007); Venter, a North West University Study guide on Research Methodology (2009); and Garrison & Scott, *The political science student writer’s manual* (1998), were consulted.

As a theoretical and causal foundation, the nature of the World System and development challenges in sub-Saharan Africa were highlighted. In this regard sources such as Hyden, *African politics in comparative perspective* (2006); Stillman, *Africa in the modern world* (1986); Jackson & Sorensen, *Introduction to international relations: Theories and approaches* (2003); and Wallerstein, *The modern World System* (1974), were consulted.

To present a clear background on foreign aid, sources such as a document on the *World Bank* (1997); Lancaster, *Foreign aid: Diplomacy, development, domestic politics* (2007); Riddell, *Does foreign aid really work?* (2007); and Akhand & Gupta, *Foreign aid in the twenty-first century* (2002); were consulted.

To narrow the research down to sub-Saharan Africa other literature sources were utilised, including publications such as Holsti, *International politics, a framework for analysis* (1998); Thomson, *Introduction to African politics* (2006); and Njeru, *The impact of foreign aid on public expenditure: The Case of Kenya* (2003).

In addition, Internet sources and articles in academic journals were also consulted. These sources included literature such as Easterly, “Can foreign aid buy growth?” (2003); Dovid, “Foreign aid: Does it harm or help?” (2001); and Zack-Williams, Frost & Thompson, *Africa in crisis: New challenges and possibilities* (2000).

Against the above background databases were a useful resource.

### 1.10 DATABASES CONSULTED

To provide relevant information for the study, the following databases were consulted:

- SA ePublications;
- Library catalogue, North West University;
• Inter-library via North West University;
• Nexus database: Theses and dissertations of South African universities;
• Political Science journals; and the
• Internet.

In the above regard it was established that no other postgraduate study with the same title has been researched and/or published before. This research is feasible, and as indicated it has been confirmed that there is adequate information available to conduct a study of this nature.

1.11 CONCLUSION

This chapter has outlined the problem statement; literature; and methodology. It also provides an overview of the focus of the study research. Furthermore, it indicates the style of the research method which will be used in conducting the research. Chapter 2 below focuses on the theoretical perspective of the World System theory and types of foreign aid.
CHAPTER 2
THE WORLD SYSTEM THEORY AND FOREIGN AID:
A THEORETICAL PERSPECTIVE

2.1 INTRODUCTION
Chapter 1 introduced the research topic and explained how the nature of the World System; and the format and motives behind foreign aid since the end of the Second World War, have contributed and still contribute to the underdevelopment of the majority of states in sub-Saharan Africa. This chapter argues that the structure of the world system is in many respects exploitative in nature. This explanatory structure stimulates underdevelopment in sub-Saharan Africa through amongst other the formats of foreign aid since the end of Second World War. The purpose of this chapter is to identify and establish an explanatory theoretical foundation for this research. In this regard the chapter is divided into two sections, namely:

- The World Systems theory; and
- An analysis of foreign aid.

This chapter therefore serves as a structural explanatory guideline and measuring instrument for the chapters that follow and the eventual outcome of the dissertation. The chapter is structured as follows. Firstly, the nature of the World System as a product of realist- Marxist and neo-Marxist thought will be discussed. Secondly, a link is created between exploitation, underdevelopment and dependency that have underpinned the evolution of the World System since the end of the Second World War.

2.2 THE REALIST APPROACH TO INTERNATIONAL RELATIONS AS A FOUNDATION OF THE WORLD SYSTEM THEORY
From the realist perspective, the main responsibility of each state is to promote national interests and to hold power for this purpose (Kegley,
Realism is an international political concept and practice which emphasises that all states put their own interests first before those of other states (Morgenthau, 1973:9). In international relations, realism is regarded by many philosophers as the most influential theoretical tradition of ideologies; it tries to explain the world as it is, because a realist sees the state as the primary actor in world politics and answers to no upper political authority (Burchill et al., 2001:70). According to Kegley (2009:27) realism is “a paradigm based on the premise that world politics is essentially and unchangeably a struggle among self-interested states for power and position”. Koraby-Karpowicz (2010:4) points out that states are only concerned about:

- Their own security;
- Their own national interests; and the
- Struggle for power.

This notion of the promotion of self-interest by states translated into capitalist exploitation from a Marxist perspective.

### 2.3 THE LINK BETWEEN REALISM, MARXISM AND NEO-MARXISM: THE ORIGIN OF THE WORLD SYSTEM THEORY

Wallerstein (1974(a):55-6) explains that during the sixteenth century Western Europe established a form of capitalist development called feudalism which dominated from 1150 to 1300. However, from 1300 to 1450 feudalism underwent a crisis and Wallerstein (1974(a):57) points out that this crisis was caused by the following factors:

- Agricultural production had fallen and this resulted in the number of peasant workers increasing while the ruling class grew larger;
- The feudal economic cycle had reached the height of its potential and the economy began to shrink; and
- The change in climatic conditions resulted in agricultural production decreasing.
The crisis of the feudal economy in the early sixteenth century resulted in the emergence of the world economic system (Wallerstein, 1974(a):90). This new system created an economic system which formed links between states and other political entities (Wallerstein, 1974(b):91). The new economic system was different from the earlier empire systems because empires were not a single political element. Different theories emerged in attempting to explain this new world system:

**Realism** is based on the assumption that “the state acts as principal actor on the international stage and also an autonomous entity” (Heywood, 2007:130). Realists believe that the pursuit of national interest is the main rationale for interaction between states.

**Marxism** is “a theory in which class struggle is a central element in the analysis of social change in Western societies” (Harris: 2003). The dominant features of Marxism are public ownership of the means of production; and the distribution of wealth (Harris: 2003). Neo-Marxism analyses the third world situation and conditions by arguing that the wealthier states use the capitalist economic system to their benefit at the expense of the poor states (Jackson & Sorensen, 2003:57). The proponents of neo-Marxism and Marxism believe that the pursuit of national interest leads to capitalist exploitation and underdevelopment.

The Realists, Marxists and neo-Marxists believe that all states have one thing in common, namely self-interest (McGowan et al, 1999:63). In essence the combination of Realist, Marxist and neo-Marxist thought gave rise to the World System theory.

### 2.4 THE WORLD SYSTEM THEORY AS A THEORETICAL APPROACH

The World System theory is a neo-Marxist approach and views the world as a division of classes or a division of states. The World System theory divides states into three categories namely: the core; the semi-periphery; and the periphery states (see Figure 2). Wallerstein (1974(a):346) points out that as the core states develop, the economies of the periphery states deteriorate and they fall further into debt. Many of the periphery states trade with core states
but although the economy of the core states improves, conditions in the periphery states decline. The world economy is organised in such a way that the flow of economic surplus is from the periphery to the core states (Frank, 1979:335). Because of unequal distribution of resources between the core and the periphery states, many states such as those in Latin America, Africa and South East Asia have become dependent on foreign aid from the developed states (Frank, 1979:33).

Figure 2: The flow of resources between states

Source: Shah (2012:4-5).

Figure 2 indicates that raw materials (e.g. copper, oil, gold, diamonds) and agricultural products (e.g. cocoa, maize, tobacco, coffee) are taken from the periphery (in this case sub-Saharan Africa) to send to core states. As a result, there is a lack of economic growth in the periphery states and economic growth only materialises in the core states that are benefiting from such resources. McGowan et al., (2007:63) point out that according to neo-Marxists the world economy is organised as one dominant capitalist economy, in which trading, economic policies and wealth are controlled by private individuals representing the core states. Furthermore, in this economy there are unequal patterns of ownership, labour and redistribution of wealth. Due to the fact that many undeveloped states improve their economy based on the export of raw materials or agricultural products, they are less competitive in the world economy where manufactured products are in demand. This means they
remain dependent on external markets and developed states for manufactured goods and technological progress (McGowan et. al., 2007:63). This has resulted in underdeveloped states borrowing more capital from international funding institutions to improve their economic situation. In essence, the more the periphery states request financial aid or loans, the more their debt increases. There is little or no hope of their ever being able to pay back these loans.

The World System, according to Wallerstein (1974(a):347) is a social system with boundaries, structures, member groups, rules of legitimation and coherence. Chirot and Hall (1982:1) argue that this system is highly political in its approach to the problem of economic development. Its life is made up of conflicting forces which hold it together by tension and tear it apart as each group constantly seeks to remould the system to its advantage. Capitalism as a world economic system views sovereign states as but one kind of organisational structure among others within a single social system. The division of the World System is discussed below in accordance with this viewpoint.

2.5 THE DIVISION OF THE WORLD SYSTEM

According to the World System theory the world is divided into three different categories of states, namely the core states, which are the wealthiest economies (such as Japan, China, France, USA, Germany etc.); the semi-periphery states, which are those at the intermediate stage of development (such as Brazil, South Africa and Taiwan etc.); and the peripheral states, which are the poorest states in the world, many of which are found in Africa, Asia and Latin America.

2.5.1 The place of the core states in the World System

According to Chirot and Hall (1982:35) the world economy gave rise to the core states (such as, the USA, the majority of the states of the European Union, Britain, Canada and other Western powers) with flourishing manufacturing, towns, technologically progressive agriculture, skilled workers and high levels of investment. The core states benefit the most from the World
System. Table 1 below, illustrates the division of states and shows the World System hierarchy:

<table>
<thead>
<tr>
<th>Rich states</th>
<th>Core states</th>
</tr>
</thead>
<tbody>
<tr>
<td>Middle income states</td>
<td>Semi-periphery states</td>
</tr>
<tr>
<td>Poor states</td>
<td>Periphery states</td>
</tr>
</tbody>
</table>

**Table 1: The position of the core states within the World System hierarchy**


Historically, these states have enjoyed the benefit, and they still benefit the most from the capitalist world economy because they have ready access to inexpensive labour, agricultural products, trade, unequal exchange, raw materials and capital accumulation. Bilal (2001:1) explains that the core states need the periphery states for these economic resources.

**2.5.2 The place of the semi-periphery states in the World System**

The semi-periphery states are those states regarded as playing the middleman role and are labelled the “middle income” states. The semi-periphery states occupy an intermediate position both politically and economically between the core and periphery states (Wallerstein, 1979:20). These states are characterised by poverty but also have high levels of industrialisation and integration into the global economy. Table 2 below illustrates the place of these states in the World System hierarchy:
Rich states | Core states
---|---
Middle income states | Semi-periphery states
Poor states | Periphery states

Table 2: The position of the semi-periphery states in the World System hierarchy


The semi-periphery states have a chain of elements such as complex economic activity; power and effectiveness of state machinery; and cultural integrity (Stetter, 2007:17). These states are less dependent on the core than the periphery states and their economies are more diversified (Wallerstein, 1979:49). According to Wallerstein (1979:69), the capitalist World System needs the semi-peripheral states for the following reasons:

- To produce and exports the products which these states needs;
- To legitimise the structure of the World System;
- To ensure that wage levels are low;
- To make profit from goods and products exported from these states; and
- To play a middle-man role in trade relations between the core and the periphery.

Economically, the semi-periphery states are in-between because on the one hand they are exploited by core states, while on the other hand, they can exploit the weaker peripheral states (Wallerstein, 1979:44). The semi-peripheral states are politically active and occupy a buffer position; they are able to redirect hostility against the core from working-class organisations such as trade unions. As a result these states play a stabilising political role in the World System (Wallerstein, 1979:44-6). Examples of semi-peripheral states are South Africa, Argentina, Brazil, India, Mexico, Venezuela etc. (Iwayeni, 2008:21).
### 2.5.3 The place of the periphery states in the World System

Iwayeni (2008:17) points out that many periphery states were former colonies. Colonialism meant that they were exploited, underdeveloped, and had weak central governments. The economies of many of these states are still based on primary goods such as raw materials (for example copper, gold, diamonds and oil); and agricultural products (such as maize and tobacco). Table 3 below, indicates the place of the periphery states in the World System hierarchy:

<table>
<thead>
<tr>
<th>Rich states</th>
<th>Core states</th>
</tr>
</thead>
<tbody>
<tr>
<td>Middle income states</td>
<td>Semi-periphery states</td>
</tr>
<tr>
<td>Poor states</td>
<td>Periphery states</td>
</tr>
</tbody>
</table>

**Table 3: The position of the periphery states in the World System hierarchy**


The labour force in periphery states is largely unskilled and any accumulation of capital has historically been channelled towards the core states; this is still the case (Chirot & Hall, 1982:85). Periphery states have high levels of corruption, weak economies, and are dependent on foreign aid to sustain their economies (Wallerstein, 1979:350). Examples of peripheral states are Rwanda, Zimbabwe, Uganda and Ethiopia. Many states in sub-Saharan Africa, South America and South East Asia also fall into this category (Iwayeni, 2008:21). Vela (2001:4) points out that the periphery states are “structurally constrained to practise a kind of development that reproduces their subordinate status”. According to Pai (1991:29), these “states are dependent on the capitalist core states”. The peripheral states have fallen further behind as the years pass and stay behind because they were and still are economically dominated by the core states that have repeatedly extorted wealth from them (Graaf & Venter, 2008:64). This means that they are dependent on the core states for economic development (Pai, 1991:29-30). However, the peripheral states are not all exploited by the core state in the
same way. For example, a state whose economy is based on mineral exports, such as Zambia, suffers under a different level of poverty from a state whose economy relies on migrant labour, such as Lesotho (Cronje et al., 2011:77).

Against the above background it is assumed that the core states have exploited the world economic system to their own advantage. A system has been created whereby resources are accumulated from other states, especially the periphery states. This structure is maintained at the expense of the periphery and to the advantage of the core states. According to Van der Elst (2004:30-9), there are also a number of internal factors that contribute to this underdevelopment namely:

- High levels of corruption;
- Failure to industrialise;
- Lack of infrastructure;
- Internal conflict; and
- Natural disasters such as droughts, famine and the spread of disease.

In the wake of these external and internal factors, the majority of the states in the periphery have become increasingly dependent on the core states. The essence and nature of this dependency will be analysed in the following section.

2.6 THE LINK BETWEEN DEPENDENCY AND THE WORLD SYSTEM THEORY

Viotti and Kauppi (2007:422-3) define dependency as “a situation in which a certain number of states have their economies conditioned by the development and expansion of other states, placing the dependent states in a backward position that is exploited by the dominant states”. Dependency is an exploitation of the development of a state as influenced by external factors. A state can become dependent in terms of political, social, and economic development (Sunkel, 1969:23). Dos Santos (1971:226) is of the view that there are two historical forms of dependency namely colonial dependency and
financial industrial dependency. These two forms of dependency are discussed below.

2.6.1 Colonial dependency

Colonial dependency began in the sixteenth century when the European powers colonised states in world regions such as sub-Saharan Africa, Latin America and South-East Asia (Dos Santos, 1971:226). These European powers developed control over land, mines, labour and mineral resources (Dos Santos, 1971:226). In many cases the colonised states were left underdeveloped and fully dependent on the core states (in this case the coloniser) for economic development.

2.6.2 Financial industrial dependency

Financial industrial dependency began in the nineteenth century due to rapid European industrial capital development (Dos Santos, 1971:226). This dependency involved heavy investment by big capitalists in the world’s backward regions. The purpose behind this was mainly to produce raw materials that were then exported back to the capitalists in the relevant core state (Dos Santos, 1971:226).

2.7 CONDITIONS THAT LED TO DEPENDENCY IN SUB-SAHARAN AFRICA

In the 1960s, the majority of African states began to gain their independence from the colonisers. This was followed by these newly-independent states depending upon the core states for economic development (Uche, 1994:118). For the African political leaders who came to power after decolonisation, it was necessary to get foreign aid, so they negotiated with core states and undertook to give their political and diplomatic support to the core states in exchange for financial aid (Uche, 1994:118). Chabal and Daloz (1999:112) discuss why sub-Saharan states were so vulnerable. They link the following with dependency in sub-Saharan Africa:

- The continued economic dependency on the core states;
- The lack of participation by African states in the world economy; and
• An increase in requests (to the core states) for loans to develop their states.

During the colonial era, African states were suppliers of agricultural products and raw materials. Even to date, Africa is still a supplier of these resources (Chabal & Daloz, 1999:111). Landsberg (1979) explains that commodity prices in these African states were and still are unstable while the exported manufactured goods produced by the core states remain stable.

2.8 TRENDS IN FOREIGN AID AS FACTORS IN THE ESTABLISHMENT OF THE CONTEMPORARY WORLD SYSTEM

The World System has become a means by which the core states have become richer and the periphery states poorer. The original aim in providing aid was to improve the living conditions in the periphery states with a wide range of financial and non-financial components such as cash, technical advice, technology and skills through human development (Reinert & Rajan, 2009:42). Foreign aid was initiated in the 1940s with the main objective of promoting development and combating poverty. This section of the chapter will explain the definition, development, nature and aim of foreign aid. It then moves on to elaborate on the types of foreign aid. Finally, the role of foreign aid in sub-Saharan Africa is discussed.

2.8.1 The development of foreign aid

The last few years of the 1940s are usually cited as the time when the modern era of aid giving is said to have begun (Riddell, 2007:24). However, there is evidence that foreign aid was provided by governments long before this. For example, Britain provided its colonies with non-administrative aid through the 1929 Colonial Act, and the Colonial Development and Welfare Acts of 1940, while France provided aid to its colonies and this expanded rapidly in the 1940s and even included funding for universities prior to the 1950s (Riddell, 2007:24). Aid as an international activity was most clearly and strongly rooted in the 1940s and was essentially a post-war phenomenon (Browne, 1990:3).
According to Mountfield (1994:51), the early development of foreign aid took several different forms such as:

- Humanitarian relief;
- Railway development;
- Gifts from one government to another government; and
- Military equipment and skills.

These forms of aid were initiated in the beginning of the twentieth century (Ijaiya & Ijaiya, 2004:501). Such gifts of public resources from one government to another created the notion of helping to improve the living conditions of the recipient states. Foreign aid in its current form started in the period after the Second World War under the US Marshall Plan which was designed to reconstruct the European states affected by the war (Reinert & Rajan, 2009:42-3). The reconstruction of European states was necessary because after the Second World War the economy of Europe had collapsed (Killick, 1991:34). Foreign aid gradually took different forms such as bilateral aid, multilateral aid and humanitarian aid. For example, in 1944 multilateral aid led to the establishment of important institutions such as the International Monetary Fund (IMF) and the World Bank. The establishment of these two institutions was to help with debt relief and economic development for the poorer states (Crawford, 2001:67). This was followed by the establishment of specialised organisations such as United Nations (UN) which provided development assistance to states in the semi-periphery and periphery. Krueger et al. (1989:34) 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
- Three Regional Development Banks, set up in Africa, the Caribbean and Asia.

The development of foreign aid agencies led to many semi-periphery and periphery states requesting financial assistance from these institutions and
new plans were established by these institutions to help develop the economies of the recipient states.

### 2.8.2 The nature of foreign aid

According to Meier (1970:43), there are two basic economic situations that determine whether a state needs foreign aid or not which is lack of domestic savings and foreign exchange gap. Ijaiya and Ijaiya (2004:546) explain that when domestic saving is insufficient to meet the required investment (capital accumulation) in periphery states, there is a need for foreign aid. Secondly, as regards what is called the foreign exchange gap, foreign aid is required because the country’s exports are insufficient to meet the demand for imports (Meier, 1970:42-3). In nature, foreign aid can be of two kinds, namely, public (or official) development assistance and private development assistance. This latter type of aid is made available to NGOs and private companies which then fund certain programmes for human and economic development (Dzengwa, 2007:277). Public development assistance includes foreign aid to government structures to be used for the promotion of the general wellbeing of the citizens (Dzengwa, 2007:278).

Dzengwa (2007:277) maintains that foreign aid can be classified into three sub-categories, namely:

- Project assistance, which refers to a specific investment in the recipient state such as the building of roads or a dam;
- Programme assistance, which refers to a cash transfer as general support for the state’s developmental objectives; and
- Technical assistance, which refers to the transfer of knowledge from the donor to the recipient.

Bora (2010) points out that the core states have three motives when giving out foreign aid:

- To tackle extreme poverty;
- To promote alliances and interaction among states; and
- To pursue the strategic interests of donor states.
Foreign aid is often used as a tool to promote alliances among states particularly between the periphery and core states (Wallerstein, 1979:48). The nature of foreign aid is usually associated with the recipient state’s initial aim in requesting the assistance.

2.8.3 The aim of foreign aid

The idea of foreign aid was initially based on the programme called the Marshall Plan, which aimed to improve the economies of the Western states (see Chapter 3). Foreign aid was provided to address macroeconomic imbalances in the world (Reinert & Rajan, 2009:44). Mountfield (1994:71) points out that foreign aid is one of many instruments available to influence the evolution of human society towards sustainable development. The majority of donor states believe that foreign aid was, and still is, the only solution for economic development and elimination of the challenges faced by the periphery states (Asiama & Quartey, 2009:2). They argue that the idea of foreign aid is compatible with the central theme of economic development (Jallow: 2010). The commonly stated objectives of foreign aid include alleviating poverty; stimulating economic growth; and promoting democracy in the periphery states (Orjiako, 2000:24). Mountfield (1994:77-8) maintains that foreign aid benefits the recipient state in the following ways. It may:

- Assist the recipient state to recover from crisis;
- Assist the recipient state with economic growth;
- Subsidise exports to developing countries;
- Provide disaster relief to the recipient state;
- Assist with the eradication of diseases in the recipient state; and

Biekpe (2009:1) points out that in practice the flow of foreign aid into periphery states should be reflected in two principles:

- Firstly, foreign aid has to be a moral obligation; and
- Secondly, the flow of foreign aid must be utilised to promote the economy.
Arieff et al. (2010:43) maintains that foreign aid is regarded as a temporary solution provided to assist states which are affected by poverty, economic, floods or food crisis. Ijaiya and Ijaiya (2004:547) believe that foreign aid, if properly managed, can generate economic growth and reduce poverty. They go on to say that in the long run it can relieve the recipient state of the burden of seeking aid and make it self-sufficient. As mentioned above, foreign aid was formally established in the 1940s through the Marshall Plan; subsequently different types of foreign aid were developed. These types of foreign aid are discussed below.

2.9 TYPES OF FOREIGN AID

Foreign aid is any kind of assistance given to a state. According to Ijaiya and Ijaiya (2004:546), it can be divided into different types of aid namely, bilateral, multilateral, humanitarian, voluntary and emergency aid. Each of these types or kinds of aid is explained in detail below.

2.9.1 Bilateral aid

Bilateral aid is any agreement (with terms and conditions) signed between two states, in which the donor agrees to provide the specified aid to the recipient state (Ijaiya & Ijaiya, 2004:547). According to Dilorenzo (2005:11), donors of bilateral aid allocate it subject to certain conditions such as:

- Receipt state must buy certain machinery and equipment from the donor state.
- Recipient state must use the donor state’s experts;
- Recipient state must use the donor’s technologies; and
- Recipient states must accept the costs that are fixed at above market rates.

For the most part, this type of aid ensures that the receipt state promotes the values of the donor’s ideology such as human rights, democracy and good governance (Ijaiya & Ijaiya, 2004:546). This type of aid is usually provided by the core states such as France, Germany, China, USA or Britain. For example, between 2000 and 2005 the USA allocated bilateral aid in the form
of money to the following states in sub-Saharan Africa: US$608.3 million to Ethiopia; US$571.9 million to Tanzania; US$561.9 million to South Africa; US$527.8 million to Uganda; US$518.3 million to Sudan; US$424.6 million to Mozambique; US$400.8 million to Zambia; and US$261.9 million to the Democratic Republic of Congo (Arieff et al., 2010:13).

According to Wolf (1960:62), bilateral aid may be provided in the form of technology. This increases “the productivity of existing factors of production or technical assistance which would change production possibilities in the static sense of what is known without providing the means to change what is done”. Most bilateral aid is subject to certain conditions stipulated by the core state. These conditions tend to have the general effect of reducing the real value of the aid by raising the prices and services which the recipient state has to pay for the developmental imports. These prices are usually well above the freely competitive world price for the goods and services provided under an aid contract (Balasubramanyam & MacBean, 1976:134).

2.9.2 Tied aid

Most bilateral aid given by the core states is tied aid. Tied aid is loans or grants provided on the formal understanding that they will be utilised for the procurement of goods and services originating in the donor state (Browne, 1990:93). Killick (1991:107) is of the view that tied aid usually reduces the quality of aid by imposing costs on the recipient state and transferring some of the value of the aid from them to beneficiaries in the donor state. Tied aid is primarily a subsidy by the donor government to its own business and shipping interests. The donor state also benefits economically from the aid. According to OECD (2009), when aid is tied the recipient state has to buy goods and services from the donor state in return. Since the formulation of bilateral aid in the 1970s, tying has become part of bilateral aid. Tying of foreign aid can happen in a number of ways, such as a variety of trade promotion activities, for example subsidising export credit schemes and providing aid to lower the costs of firms in bidding for tenders (Riddell, 2007:98-9). The results of tied aid in many of recipient states have been anti-developmental particularly in the periphery states. In essence, tied aid has been used and is still being used to wield political influence over recipient states.
2.9.3 Multilateral aid

Multilateral aid is provided by international organisations such as the Organisation for Economic Cooperation and Development (OECD); the World Bank; the United Nations; and the World Health Organisation (WHO). According to Ijaiya and Ijaiya (2004:546), multilateral aid is given in accordance an international framework in which both donor and recipient states participate. More often than not, this type of aid is in the form of humanitarian assistance (Thirlwall, 1983:41) which includes providing relief and rehabilitation assistance after manmade and natural disasters. It may also provide relief for developmentally oriented purposes via voluntary organisations or multilateral organisations such as the World Food Programme (Mshomba, 2008:83). For example, in 2008-11 the World Health Organisation provided medication to Ethiopia when that country was in the grip of terrible drought conditions. Humanitarian assistance was also provided to Sudan during the civil war.

2.9.4 Voluntary aid

Voluntary aid is money collected by agencies to spend on a variety of different schemes such as buying food, providing medication, training farmers in efficient agricultural techniques and providing temporary shelters (Aall, 1996:1). Governments can sometimes contribute to voluntary aid. Voluntary aid agencies organise campaigns to raise money for providing assistance and temporary relief after disasters (Sommer, 1977:23). For example, in 2011 the Gift of the Givers donated food, medication and bottled water for people in Somalia when there was a dire shortage of food (Van Wassenhove, 2005:56). Two of the foremost voluntary aid agencies are Oxfam and the Red Cross. There are many other voluntary organisations and NGOs that provide assistance to improve the living conditions of poverty-stricken people.

2.9.5 Emergency aid

In most cases, aid is planned for economic and social development, however, when natural disasters such as earthquakes, wars or floods occur, assistance is needed immediately (Hardcastle & Chua, 1998:4). Emergency aid donors provide resources such as water, medicine and food. For example, after the
Tsunami, that destroyed Haiti in 2008, emergency assistance was provided by governments, voluntary agencies and multilateral agencies to help the people of Haiti.

2.9.6 Humanitarian aid

The general aim of humanitarian aid is to assist people in the periphery states, particularly those in the poorest areas (Dagne, 2011:12). Hardcastle and Chua (1998:2) points out that humanitarian aid can make an important contribution in raising the consumption level of the poor, and providing forms of relief. Humanitarian aid provides basic human needs such food, shelter, clothing and medical care. Davison (2011:1) maintains that in essence, humanitarian aid is associated with the following seven objectives:

- To provide basic needs to save life;
- To provide relief to people affected by armed conflicts;
- To organise funds to transport humanitarian aid to the people who are in need and ensure that it is accessible;
- To provide short-term rehabilitation and reconstruction work;
- To provide assistance to displaced people and refugees who are the victims of manmade disasters; and
- To provide support to internal and external civil operations to protect and shelter victims of violence.

For humanitarian aid donors to achieve their aims they have formed partnerships with different private and public sector organisations that assist affected communities (Van Wassenhove, 2005:57). For example, in 2010 the organisation known as Focus Humanitarian Assistance assisted thousands of flood victims with food, temporary shelter and clean drinking water in Pakistan.

2.9.7 Food aid

Food aid is important for people in the periphery states who are suffering from developmental challenges of an environmental, political, social and economic nature. As the WHS (2011:11) puts it, food is one of the basic necessities of
life. Food aid is provided as a temporary measure to help reduce shortages in areas affected by natural disasters such as drought and floods; and manmade disasters such as civil war. On the other hand, according to Dilorenzo (2005:22), there is the negative aspect that “food aid depresses agricultural prices in the recipient state” and this may make such states too dependent on foreign aid.

2.10 FOREIGN AID TO SUB-SAHARAN AFRICA

When the majority of sub-Saharan African states gained their independence in the 1960s, most political leaders wanted to improve the economies of their states by requesting foreign aid from the core states or former colonial powers (Lischer, 2005:11). The initiative of foreign aid was matched with the vital idea of economic development; many semi-periphery and periphery states accepted this as a possible means of escape from unending underdevelopment (Jallow: 2010).

2.10.1 The aim of foreign aid in sub-Saharan Africa

According to the Human Development Report (2005), sub-Saharan Africa is the only region that continues to stagnate below 0.5 on the Human Development Indicator (HDI). This implies that the level of human development in sub-Saharan Africa has changed little since the 1960s, whereas all other developing regions have made substantial progress in this regard (Asiama & Quartey, 2009:1). Most sub-Saharan African states have a history of suffering under a variety of developmental challenges such as poverty, illiteracy, disease and low economic development, and these challenges still persist (Abegaz, 2005:5). The aim of foreign aid in sub-Saharan African was and still is, to improve economic development and reduce poverty (Cohen, 1997:7) and as shown above this aid has been channelled into the region as different types of foreign aid by governments in core states or through organisations such as NGOs, philanthropic foundations.

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2 The Human Development Indicator is a statistical data bank that is used to rank states according to different types of human development. It monitors progress made by states on developing the living standards of their people (HDI: 2000).
and aid agencies. The aim of foreign aid in sub-Saharan Africa was to help create good governance, reduce poverty, improve education systems, upgrade health services and generally promote sustainable economic development in the recipient states (United States AID: 2004).

Bakare (2011:25) shows that in addition, foreign aid hoped to transfer new technologies, skills and production methods from the donor states. For example, in 1991 the Kenyan government received US$873 million in official development assistance. However, it is also true to say that the donors placed political and economic conditions on the Kenyan government to the effect that if these conditions were not met on a timely basis, this would lead to a reduction in current and future foreign aid allocations (Cohen, 1997:9). Donor states are of the view that the role of aid in sub-Saharan Africa is to improve the economies of the recipient state. In the region this has simply not happened; most of the states that received such aid are currently still poor and underdeveloped.

2.11 COMMON GOALS OF FOREIGN AID POLICY BY CORE STATES

By the 1990s foreign aid policies were by and large developed by the core states to promote developmental assistance of human rights, democracy and good governance in the recipient (periphery) states. According to Amstutz (1995:146) in general terms the foreign policy of a stable, economically viable government is used to “promote the national interests beyond a country's territorial boundaries”. Crawford (2001:1) sees the foreign policies of core states as divided into two categories:

- Those of governments who wish to provide positive support through aid projects that are aimed at strengthening the respect for human rights; and

- Those of governments who have self-serving motives and therefore impose aid restrictions on recipient states.

The reasons why core states provide foreign aid to recipient states are discussed below.
2.12 REASONS WHY DONOR STATES GIVE FOREIGN AID

One of the most pervasive non-development objectives pursued by donors through aid has been the promotion of their own commercial interests. Zartman (1976:1) points out that in post-independence Africa, European presence has shifted from what he calls “overt and direct influence” to one of “political influence, economic preponderance and cultural conditioning”. The core states utilise foreign aid as a means of exerting political leverage over recipient states and to create or strengthen economic, political and military relations that are beneficial to the donor state. Core states have historically supported conservative socio-economic groups and unpopular ruling elites in sub-Saharan African states who are willing to furnish domestic conditions favouring the preservation of those relations (Adedeji & Shaw, 1985:136). For example, in Riddell’s (2007:93-4) view the USA has always given foreign aid to promote their own interests in the recipient states. Similarly, an important part of foreign policy has been to support the donor state’s geographical strategic interests (Riddell, 2007:94). On the other hand, humanitarian aid (such as providing water, maize and medicine) that seeks to alleviate poverty and suffering rather than improving the economic development of the recipient state has always been given some attention by donor states (Jallow: 2010).

Because of their own self-serving state interests, the donor states decide which recipient states are to receive aid (Todaro, 1982:337). Recipient states accept aid because they want to improve their economies – but in most sub-Saharan states this improvement never materialises. Todaro (1982:338) suggests that there is also the belief that the core owes the periphery state “conscience money” for past exploitation under colonialism. Akhand and Gupta (2002:14-15) maintain that donor states have two main goals when giving out foreign aid to the recipient states. These are:

- To advance the political presence of the donor state in the recipient state; and
- To advance the donor state’s economic development by providing short-term alleviation of suffering in the recipient state.
These two main goals – political and economic influence – will be discussed below. Ashcroft et al. (2002:56) point out that the donor states’ distribution of foreign aid to sub-Saharan African states resulted in their indirect influence over the policies of the recipient state, which the donor states hoped would favour them in the long run. There is strong evidence to suggest that the distribution of foreign aid is influenced by the donor states’ interests in accessing imports from recipient countries. For example, donor states have had access to imports of strategic minerals from Zambia, Zimbabwe, South Africa, Nigeria and the Democratic Republic of Congo (Krueger et al., 1989:78).

2.12.1 Political influence

Foreign aid is influenced and motivated by the prevailing regional or global political climate. The best example of this is foreign aid provided to the periphery during and after the Cold War; this aid was oriented towards “purchasing” their security. In the aftermath of the Cold War foreign aid was channelled to states which promoted democratic principles. Donors normally attached political strings to loans for seemingly unrelated projects and programmes, using financial resources as a “reward” or “punishment” to induce political reform. Often working in collaboration, donors made it plain to the recipient states that they had to “shape up politically” or lose access to credit (Goldsmith, 2001:415). Goldsmith (2001:415-6) is of the view that donors use direct political aid or political conditionality to influence the politics and policies of the recipient state. For example, in 2000 the IMF and World Bank suspended aid to Zimbabwe because the core states did not approve of the political leadership of Zimbabwe. Most of the decision makers on the allocation of foreign aid were, and still are, influenced by politicians who for the most part do not know the real solutions which are needed to solve the challenges in the recipient states (Jallow: 2010).

2.12.2 Economic motivation

According to the donor states the main aim of providing aid is to develop the economies of the recipient states. Ijaiya and Ijaiya (2004:548) point out that donor states believe that giving aid will provide capital investment and
advanced technology (through technical assistance) for the recipient state. These donor states think that such aid will allow the recipient state to improve its standard of living; build up infrastructure; create industries; and establish social services (Reinert & Rajan, 2009:54). According to Todaro (1982:337-8) there are three principal economic arguments which have been advanced by the donor state in support of foreign aid:

- External resources provide important resources to supplement internal resources to meet target levels of saving, investment and foreign exchange;
- External assistance is used to promote the process of development; and
- For financial assistance to be used efficiently recipient states need technical assistance to transfer skills which in turn will help to generate economic growth.

These economic arguments on behalf of foreign aid are a crucial ingredient of development in the periphery states. But they should not mask the fact that even at the strictly economic level these aid programmes probably define benefits that will accrue to the donor states (Todaro, 1982:337). Miller (2011:2) agrees and points out that donor give aid to recipient states whose interests align with donor economic interest. Similarly, Krueger et al. (1989:72-3) mention that donor states try to justify aid programmes and to elicit domestic support for these initiatives by arguing that foreign aid not only serves domestic commercial interests, but also the promotion of long-term, broad based economic development. They argue that such aid can simultaneously serve donors’ long-term economic and commercial interests because development tends to increase the demand for products and services from industrial states. The reality is that donors use the granting of aid to promote their own interests. Included in the aid agreement there is often a requirement that the recipient state must use the grant to finance imports to the donor state rather than for local recurrent costs. This practice stems in part from the donors’ desire to promote their own commercial objectives; and in part from legitimate development considerations (Krueger et al., 1989:73).
2.13 REASONS WHY RECIPIENT STATES ACCEPT FOREIGN AID

The leaders of periphery states post-colonialism believed that the former colonial powers owed them money and other resources after the exploitation which took place during the colonial period. Krueger et al. (1989:79) provide five reasons why recipient states accept foreign aid:

- To pay debt which was created by previous foreign loans;
- To improve the country’s infrastructure;
- To promote economic development;
- To help upgrade the quality of the existing education system; and
- To support medical services to the recipient state such as providing vaccines and building hospitals.

The political leaders of the recipient states, accepted and still accept, foreign aid in the belief that it will strengthen their social and economic development. Because the periphery states lag behind in basic infrastructure development, they believe accepting foreign aid will improve the development of key areas (Bora: 2010). In essence the recipient states believe that accepting foreign aid will develop the country’s economy.

2.14 CONCLUSION

This chapter has provided a theoretical background of the World System theory. It has discussed its structure and explored the suggestion that the World System is designed to ensure that powerful core states such as the USA, Britain, France, etc. develop economically and became wealthier. In contrast, the poor periphery states in Asia, Latin America and Africa remain dependent on the core states for economic and sustainable development. The types of foreign aid were discussed, followed by an examination of why donors give aid and why recipient states choose to accept such aid. It has been stressed that the central objective of foreign aid is to promote economic growth in the recipient state, which is why many poor states resort to requesting aid in the hope of developing their economies. It was shown that
more often than not, core states provide foreign aid as a means of enriching themselves by creating “profit machines” and preying on the suffering of the recipient states. The format and link between foreign aid and the underdevelopment of sub-Saharan Africa will be discussed in the following chapter.
CHAPTER 3


3.1 INTRODUCTION

Chapter 2 elaborated on the origin and nature of the World System and also highlighted the different types of foreign aid that have evolved since the end of the Second World War. In essence it was argued that the nature of the World System tends to uphold the political and economic balance of power between the core, semi-periphery and periphery states. This means that the core states (developed countries) remain wealthy whilst periphery states (developing countries) are subjected to a so-called poverty trap, i.e. become poorer.

Foreign aid was established to improve the economies of the recipient states but in many recipient states this improvement did not materialise. This chapter focuses on the format and link between foreign aid and the underdevelopment of sub-Saharan Africa after the Second World War. “Underdevelopment” in this study refers to the low level of economic activity which historically led and still continues to lead to low income per capita; a high poverty rate; a marked lack of economic growth; poor health care; and high birth and death rates. States where such circumstances pertain have come to depend on foreign aid from the core states and this has led and still leads to the recipient states being trapped in a cycle of debt.

When many sub-Saharan Africa states gained their independence in the late 1950s and 1960s there were high hopes that the region would develop and the influence of the former colonisers will be reduced or eliminated. However, in terms of economic development the process of decolonisation was faced with a number of external challenges, including:

- The Cold War of 1949-1989;
- The energy crisis of the 1970s;
• The Structural Adjustment Programmes (SAPs) in the 1980s and 1990s; and
• The formation of trade blocs in the 1990s.

The effects of these challenges, added to the negative effects of receiving foreign aid, caused further underdevelopment in sub-Saharan African states and will be explored in this chapter.

3.2 THE EVOLUTION OF UNDERDEVELOPMENT IN SUB-SAHARAN AFRICA

As discussed in Chapter 2, the World System theory divides the international economies into three unequal categories of states (see Figure 1), namely the core (wealthy, developed states); the semi-periphery (middle income states); and the periphery (poor, underdeveloped states). Wolff (2006:85) points out that in providing foreign aid the core states, who have the money and political influence to do so, place certain conditions (which are to their own benefit) on loan agreements they sign with periphery states. The circumstances that led to underdevelopment in sub-Saharan Africa (as part of the periphery) are summarised in the following section.

3.2.1 Colonisation dispensation

The colonial system was designed to extract mineral resources and agricultural products from Africa and import them into Europe (Mbeki, 2009:6). According to Hugon (2008:20) the colonial system had four general characteristics:

- The establishment of a colonial administration in the form of indirect or direct rule;
- The appropriation of land;
- The domination of mercantile capital which flourished at the expense of productive capital in the colonised countries; and
- The establishment of a colonial pact between the home country (the coloniser) and its colonies.
During the colonial era European powers colonised regions in Africa, Asia and South America with the purpose of controlling access to natural resources such as iron ore, copper, gold and diamonds (Adu, 1987:100). These raw materials were exported to the former colonial powers at the expense of the development of the former colonies (Adu, 1987:101). As a result of the presence and exploitative nature of the colonial system, specifically in sub-Saharan Africa, there was a marked lack of industrialisation and technological growth and this had a negative developmental impact (Connell & Smyth, 1998:86). This condition of underdevelopment continued in the post-colonial dispensation.

### 3.2.2 Decolonisation dispensation (the post-1945)

When most of the African states gained their independence from the 1960s onwards, everything conspired to raise expectations. Nationalism, which was promoted by the majority of African leaders, aimed at imitating the most modern nation-states rather than the minimal governments of agricultural societies (Iliffe, 2007:260). African political leaders were faced with two major issues at the time of decolonisation, namely to achieve political stability and to change state economies from raw material production to industrial production (Mbeki, 2005:2).

#### 3.2.1.1 Pre-independence wars

It is important to note that colonial rule was built on the colonial power’s ability to control the colonial state apparatus (Jackson & Rosberg, 1982:63). The colonial powers did not relinquish the control of African states easily. For example, France strongly resisted a change of power in Tunisia, Algeria and Morocco; and Portugal sustained colonial wars in Angola and Mozambique. This resistance to the transfer of power and consequent internal conflict led to a further acceleration of underdevelopment (Fage, 1988:44). The first African state to gain its independence was Libya in 1951 and this was followed by many others such as Ghana in 1957. From 1960 onwards seventeen African territories became independent. These states joined the United Nations (UN) and had representatives in the General Assembly, giving greater
representation to the non-Western world (Fanon & Frantz, 1964:4). Because of the ongoing decolonisation from the 1960s, Africa and the West, called 1960 the “Year of Africa” (Iliffe, 2007:253). There was a general international feeling of optimism regarding the development prospects for newly established states, especially those in Africa (Martin & O’Meara, 1995:497). However, the colonial powers imposed their concepts of governance on the colonies and this meant that the colonies inherited the colonial governing structures which were aimed at exploitation. Throughout the course of decolonisation in sub-Saharan Africa, the new African leaders gained political power but this did not mean they had economic power.

The new leaders were faced with challenges such as achieving internal stability and transforming the domestic governing structures and economies from a colonial format to an indigenous format (Mbeki, 2009:1). In the decades of post-independence from 1960 to 1990, regional leaders, although inexperienced in governance, worked hard to establish a political, economic and cultural character in post-colonial states. Some had to work in opposition to administrative challenges, economic and political interference and the aftermath of continuous European political and cultural hegemony. Other states such as Malawi, Zimbabwe and Ghana worked with former colonial powers to improve their economies (Talton, 2007:1-3). Because of a lack of infrastructure, untrained bureaucracies, weak economic systems, etc., many states in sub-Saharan Africa became dependent on foreign aid to improve their circumstances and former colonisers (core states) continued to channel financial aid into the region. The process of decolonisation and providing financial aid coincided with internal challenges in these peripheral states. According to Le Seuer (2003:23), these internal challenges included:

- Tribal allegiances;
- literacy;
- Under development;
- Lack of experience and improved modern leadership style;
- Religious differences;
• Diverse geographical and climatic conditions; and
• Established social hierarchies.

Le Seuer (2003:23) suggests that there were also external challenges such as:

• Undue dependence on European states for economic development;
• Large, continued investments from (and corresponding commitments to) Western powers; and
• Cold War influences.

These internal and external challenges in the region hampered because they have led variously to civil war; collapse of economies; and political dictatorship in the region. That the legacy of colonisation still dominates in the region remains evident in spheres such as national borders, education, language and trade networks (Harveson & Rothchild, 2009:91). Talton (2007:3) points out that the process of decolonisation created moments of inspiration for development and true independence, but that this inspiration failed to materialise. Decolonisation did not provide African states with the level of economic and political independence essential to their participation as players in the global system. The by-products of decolonisation such as economic problems; political instability; spiralling debt; and border disputes, continue to plague Africa to the present day.

In the aftermath of decolonisation many sub-Saharan African states inherited state structures with centralised state institutions. The challenge was to control social movements, economic activity and private sectors that were still under colonial influence. Many of these inherited problems retarded economic development in sub-Saharan African states because the indigenous African people had a political culture based on ethnicity and authoritarian governance. The new leaders turned to international finance institutions to request financial assistance in the hope of developing their economies. In order for any state to be granted aid from the IMF or World Bank, they had to agree to the terms and conditions laid down by these institutions, including currency devaluation; reduction in food and gasoline subsidies; and the privatisation of parastatals.
Ohaegbulam (1990:219) notes that because of these terms and conditions additional economic hardship was created in these states, often leading to higher unemployment rates and food riots. In many recipient states the net result of foreign aid was raising levels of debt due to high interest rates and the terms and conditions attached to the loans. There were also incidents of the misuse of funds (Ohaegbulam, 1990:219). Decolonisation resulted in revolutionary elites gaining state power and the sub-Saharan African economies becoming increasingly dependent on the West. Mbeki (2009:7) points out that independence did not bring economic transformation in sub-Saharan Africa as it did in Asia. Instead, sub-Saharan Africa's natural resources such as copper, gold; and its agricultural produce such as coffee and cocoa beans had to be exported to the core states. The interactive consequences of decolonisation and financial aid were a recipe for economic disaster, political instability and debt dependence (Martin & O'Meara, 1995:278). In general, colonialism promoted the concept of strong states dominating weaker states to promote their own national self-interests – whether for economic, religious, cultural, or other reasons.

3.2.1.2 Problems inherited by sub-Saharan African states during and after decolonisation

The independence of sub-Saharan African states has been shaped by the legacy of colonial rule in combination with the international economic order, which is dominated by international financial institutions such as the IMF and World Bank (Thomson, 2006:11-2). Independence brought many benefits, among them large amounts of foreign aid which helped to forestall economic decline (Mbeki, 2009:104). Many sub-Saharan African states inherited one or most of the following five elements from the colonial system:

3.2.1.2.1 The incorporation of sub-Saharan Africa into the international modern state structure

The incorporation of sub-Saharan African states into the ambit of international modern states was premature. Political independence made African states sovereign actors on the international scene but it did not radically change the economic system (Hugon, 2008:21) and the states of sub-Saharan Africa
were still profoundly dependent economically, having inadequately diversified exports and trade with the former colonial power (Hugon, 2008:22). The great majority of newly independent sub-Saharan African states were not ready financially and economically to compete with developed states (Fage, 1988:491). Most energy products; intermediate goods and equipment; as well as skilled labour and training, came from abroad. In the newly independent sub-Saharan states their own local people were their main concern which meant that political leaders perceived national issues in terms of local interests (Iliffe, 2007:267). The region was also faced with serious internal challenges such as poor communications and infrastructure; high levels of illiteracy; weak institutional state structures, etc. Foreign companies then took over because they were able to control the key banking, commercial, industrial and transportation sectors (Hugon, 2008:23).

### 3.2.1.2.2 The imposition of arbitrary boundaries

One is well aware that many sub-Saharan Africa states and those in African at large were created by European colonial powers. These European powers have been accused of marking out the boundaries of their colonies in Africa with scant respect for the geographic areas occupied by certain ethnic groups (Martin & O'Meara, 1995:77). The boundaries agreed upon by the former colonisers sliced through tribal territories and caused ethnic conflict between neighbouring groups. The creation of these boundaries has in turn caused endless trouble between the governments of newly independent sub-Saharan African states. For example, conflicts ensued between Ethiopia and Somalia; Libya and Chad; and Burkina Faso and Mali (Fage, 1988:491).

Mbeki (2005:3) concurs and points out that these arbitrary colonial boundaries led to low levels of trade between sub-Saharan African states and frequently resulted in civil and intertribal wars, violent communal conflicts, ethnic cleansing and even genocide. The ethnic conflicts have also led to vast population movements in the region; economic stagnation and self-enrichment by unscrupulous political elites.
3.2.1.2.3 Post-colonial economic problems

As mentioned in Chapter 1, the problems of underdevelopment have continued virtually unabated in the post-colonial dispensation. Mekoa (2011:72-3) points out that many post-colonial problems have stemmed from rudimentary economic structures characterised by inadequate infrastructure and industrial development; insufficient investment capital; little or no managerial experience: and rudimentary health and educational facilities. In addition, as has been shown, the economies were outward or export based. Colonialism incorporated African societies into the international capitalist economy, thus placing Africa in a perpetual state of dependency.

Then too, when independence in Africa started to unfold, many states in sub-Saharan Africa faced an entirely new problem that of political elites who want to hold on to their power forever. This has led to power being excessively centralised. According to Mbeki (2005:2), in many cases these political elites misused the economic surplus generated by their states for their own personal aggrandisement and power. These leaders wanted to upgrade their own living standards to Western levels and they transferred state funds to their private overseas bank accounts.

Due to these problems, the per capita income of sub-Saharan African states began to decline and this led to political leaders requesting vast loans from developed states (Mbeki, 2005:3).

3.3 THE PROVISION OF FOREIGN AID DURING THE COLD WAR (1945-1989)

During the Cold War period, the rationale behind the so-called third world became the focal point for a conflict over ideological supremacy between the United States of America and the Soviet Union (capitalism versus communism) (Van der Elst, 2004:30). This resulted on the granting of aid to states on the periphery of the World System.
3.3.1 The nature and motives of foreign aid during the Cold War

During the Cold War both the USA and the Soviet Union used the sub-Saharan African states (and underdeveloped states in other parts of the world) as military and ideological arenas of competition. In Africa, the African states which were supported by the Soviet Union were Egypt, Libya, Morocco, Sudan, Ghana, Mali and Guinea (Bervoets: 2011). The United States of America supported the state that was then Zaire (now the Democratic Republic of Congo, or DRC). For example the Democratic Republic of Congo received military equipment, food and financial aid from the USA and Egypt received military aid from the Soviet Union. According to Williams (2000:5), military aid given to sub-Saharan African states during the Cold War period had several key characteristics:

- Military aid was politicised and followed the ideological contours of the period, namely communism or capitalism;
- Military aid was granted based on the donor’s ideological sphere of influence;
- Foreign aid was used to sustain and support the authority of those governments that were supportive to one of the blocs (either the Western bloc, led by the USA, or the Eastern bloc, led by the Soviet Union); and
- Foreign aid was mostly used for military development.

During the Cold War period, the foreign aid granted to many states in sub-Saharan Africa was directed for the most part towards military and ideological purposes at the expense of social and economic development (Van der Elst, 2004:31). Although the United States and Soviet Union gave aid to these states, in return the recipient states were instructed to support the donor’s ideological agendas (De Witte, 2002:25). According to De Witte (2002:57), the United States and Soviet Union provided military equipment to the governments of states that were friendly to them, enabling these leaders (some of whom had grabbed power in military coups) to stay in power. In the 1980s for example, the Congo under Joseph Mobutu supported capitalism...
and was rewarded with military and financial aid from Western powers. Nasser in Egypt took a strong anti-capitalism stance and was rewarded in military equipment and financial aid by the Soviet Union (Hogan, 1987:38). During the period of the 1970-80s the United States used foreign aid to promote the economy, military strength and political stability in the recipient states to counteract Soviet expansionism (Ogot, 1999:33-4).

3.3.2 The essence of Cold War motivated foreign aid in the states of sub-Saharan Africa

The Cold War background of decolonisation subjected many sub-Saharan African states to ideological cleavage and frequent external intervention. In addition, African political elites were co-opted by the United States, France, Portugal and Britain in order to protect the old economic structures, fragmenting post-colonial African political systems (Ogot, 1999:32). States such as Zaire, Malawi, Liberia and Somalia enjoyed additional economic aid from the West. States such as Angola, Ethiopia, and Mozambique received large amounts of Soviet Union military aid (Martin & O’Meara, 1995:154). The end of the Cold War did not reverse this situation because many states in sub-Saharan Africa, including the former Cold War beneficiaries mentioned above, became competitors with the modern economies of Eastern Europe for dwindling Western concessional credit. Akokpari (1999:2) points out that “with political turmoil accentuating sub-Saharan African economic doubts, Eastern Europe enjoyed preference as the pattern of the flow of Western aid and investments showed”.

3.3.3 A holistic perspective on the outcome of Cold War motivated foreign aid on the states of sub-Saharan Africa

In general, the interference of the superpowers during the Cold War period in sub-Saharan Africa contributed to underdevelopment and had a negative influence on 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 and many had extremely high rates of outstanding debt (Keylor, 1996:36). The Cold War in the region produced
positive and negative outcomes. According to Bujra (2002:3-4) among the positive outcomes were:

- The reduction of ideologically motivated superpower involvement in the internal issues of the region;
- The reduction of support in the form of training, military support and related aid for authoritarian states; and
- It made the international community more aware of poverty, human abuse and lack of economic development in underdeveloped regions.

Bujra (2002:5) then discusses the negative outcomes of the Cold War on the region as:

- The reduced economic and political interest in the region;
- Reduced levels of international aid particularly subsidies;
- The Cold War released religious, tribal and ethnic tensions; and
- It also made many brutal dictators hold on to power for a long time.

At the end of the Cold War the international community focused on creating a new era of democracy and good governance, particularly in Africa (Hugon, 2008:99).

3.4 THE ENERGY CRISIS OF THE 1970S AS A CAUSE OF UNDERDEVELOPMENT IN SUB-SAHARAN AFRICA

The Organisation of Petroleum Exporting Countries (OPEC) was established in September 1960 at the Baghdad Conference (OPEC: 2011). The organisation was created by five states: Saudi Arabia, Iran, Venezuela, Kuwait and Iraq. Later they were joined by nine other states from Asia and Africa. The formation of the organisation was in response to the West’s inelastic utilisation pattern in an attempt to limit oil output and to increase prices (OPEC: 2011). The 1970s are regarded as the years of energy crisis. Prior to this crisis the international utilisation of petroleum increased because oil was not expensive. The core states developed a consumption infrastructure in the transport and industrial sectors (Bryceson: 2009). As a result, the demand for petroleum was relatively high (Ardayfio-Schandorf, 2007:1). During and after
The format and link between foreign aid and the underdevelopment of sub-Saharan Africa

decolonisation the sub-Saharan region also developed along these same lines, making it dependent on oil. The energy crisis of the 1970s was a period in which the major industrial states of the world were faced with a shortage of petroleum energy and the prices of oil, gas, and electricity went up dramatically causing hardship in some parts of the developed states.

The oil crisis had a negative economic outcome throughout the world including states in sub-Saharan Africa (Tengu, 2010:7). During this period development in many semi-periphery and periphery states was characterised by the absence of industrialisation and economic growth. The deepening of the energy crisis accelerated this problem. According to Able et al. (1985:29), from 1970 to 1983, the price of petroleum rose by 600 percent. Sub-Saharan Africa’s dependency on motor rather than rail or water transport made the region vulnerable (Iliffe, 2007:261). For example, oil imports absorbed some 60 percent of Tanzania’s export earnings. Many sub-Saharan African states accumulated even higher levels of debt at this time, exacerbating their continued lack of industrialisation and economic growth (Able et al., 1985:29).

Because of the energy crisis of 1973-4 the economic growth rate of the region declined to 0.4 percent which was the lowest growth rate in the world (Bryceson: 2009). By the end of the 1970s most of sub-Saharan African states were obliged to look for debt financing from the financial institutions such as the IMF and World Bank. In reaction, these two institutions took the lead in formulating a system of Structural Adjustment Programmes in an attempt to improve the economies of African states.

3.5 STRUCTURAL ADJUSTMENT PROGRAMMES DURING THE POST-COLD WAR DISPENSATION (1990-1995)

The implementation of Structural Adjustment Programmes (SAPs) in sub-Saharan Africa was an attempt to duplicate the successes of the Marshall Plan in Western Europe after World War Two (Shillington, 1995:422). Through the implementation of the Marshall Plan the states of Western Europe were able to rebuild their social, political and economic infrastructure in a relatively short time after 1945.
3.5.1 The essence of the Marshall Plan in Western Europe

In the period after World War Two, US$12 billion was distributed through the Marshall Plan to sixteen states in Western Europe to rebuild the recipient states’ economies and to institute liberal economic practices (Hogan, 1987:5). The United States of America gave about US$25 million per year after World War Two to Western Europe in the form of donations to rebuild their economies. Figure 3 below indicates the rate of real Gross Domestic Product (GDP) growth of the recipient states from 1948 to 1953.

![Economic growth in nine selected countries in Europe as a result of the Marshall Plan](image)

**Figure 3:** The GDP growth in selected states of Europe (Marshall Plan, 1948-53)


This financial assistance helped the European states to uplift their people from poverty after the devastation of the war. They were able to re-build and improve their infrastructure and develop their economies (Miller: 2011).

3.5.2 The essence of structural adjustment programmes in the states of sub-Saharan Africa

Due to continued underdevelopment and a series of global economic downturns since the late 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 (Tengu: 2010). Access to
IMF/World Bank funds was tied to certain sets of preconditions known as Structural Adjustment Programmes (SAPs) (Shillington, 1995:422). Under the SAPs, funds were loaned to developing states on condition that they adjusted their political and economic systems. The SAPs laid down economic programmes which states had to adopt and follow in order to qualify for loans (Whirled Bank Group, 1995:9). According to Bryceson (2009) Structural Adjustment Programmes had two overarching aims:

- Firstly, to reduce the role of the state in the economy; and
- Secondly, to provide funds for the private sector.

According to Van der Elst (2004:33), the SAPs aimed to promote free-market practices; encourage export-driven economies and the devaluation of currencies in order to develop a thriving private sector and ensure economic growth in developing states. This was to be achieved by increasing the mobility of production factors (such as labour and raw materials) and by decreasing economic discrepancies such as parastatal companies (Houngnikpo & Kyambales, 2006:134-5). For any developing state to qualify for a loan it had to accept the conditions of the SAPs as laid down by the IMF/World Bank. This meant that recipient states had to restructure their political system and economies toward continued democratisation and industrialisation (Van der Elst, 2004:34).

However, in many instances democratisation and industrialisation strategies failed in sub-Saharan Africa. A key reason for this failure was the required switch in production from what populations ate, wore, and used, to manufactured goods that could be sold in the industrialised states (Tengu, 2010:4). This necessity to change production/consumption patterns had a negative economic impact in sub-Saharan Africa because the majority of the states in the region mainly exported agricultural products such as maize, and cocoa. Because of this, many economies in sub-Saharan Africa imploded. Not only was there a decline in demand for the produce these African states traditionally exported, but these commodities also fetched low world market prices (Adu, 1987:56).
The outcomes of SAPs in sub-Saharan Africa often led to domestic manufacturing collapsing, costly imported consumer goods replacing domestic production and GDP decreasing. In contrast, the implementation of the Marshall Plan had brought positive results (the GDP of recipient states increased, infrastructure improved etc.) (Jeyifo, 2007:85). The Marshal Plan was successful because it provided grants instead of loans with interest. In essence the SAPs contributed to underdevelopment in sub-Saharan Africa because many states had to request additional loans. This in turn led to the escalation of debt in sub-Saharan African states. Figure 4 below shows the impact of SAPs in selected sub-Saharan African states.

![Economic decline in nine selected states in sub-Saharan Africa as a result of Structural Adjustment Programmes](image)

**Figure 4:** The rate of GDP growth (in %) in sub-Saharan Africa from 1980-1990s


Figure 4 above, indicates that before the implementation of SAPs the economies of many sub-Saharan African states were doing comparatively well. However, because of a lack of economic development in the region, many states adopted SAPs. The World Bank and IMF advised the periphery states that the only way to overcome economic stagnation and recession was to promote sustainable economic growth and reform the economy through the implementation of SAPs (Dibie, 2001:23). Browne (1990:124) points out that Structural Adjustment Programmes had three broad components, namely:
• A domestic financial programme to control the level of aggregate demand in the recipient state’s economy;

• An external borrowing programme; and

• A programme of structural measures to facilitate a shift of production in favour of exports.

During the implementation of the SAPs and particularly thereafter, there was economic chaos in sub-Saharan African economies. For example, the implementation of SAPs in Ghana, due to the new liberal investment climate, only brought new prosperity for the executives of multinational companies and their local cohorts. The real beneficiaries of Ghana’s economic environment were the foreign investors because of the flow of foreign capital and expertise they brought into the state (Kadiri & Osun, 1991:90). The SAPs were provided on the basis of loans with interest. They were by no means “handouts” and were subject to strict pre-conditions such as devaluation; import liberalisation; export promotion; tax reform; reduction in government expenditure; deregulation of markets; agricultural price reform; public enterprise reform, including privatisation; and financial reform (Van der Elst, 2004:30-39).

The reduction of public expenditure through Structural Adjustment Programmes invariably affected projects and initiatives that were essential to long term socio-development in the recipient state. For example SAPs retarded the development of human capabilities (such as health, education and training); expenditure which was intended for research and development in priority areas; and expenditure on infrastructure (Houngnikpo & Kyambales, 2006:135). Yet, SAPs required that all recipient developing states lift import and export boundaries; balance their budgets; get rid of state subsidies; and devalue their currencies against the US dollar (Whirled Bank Group: 1995). Devaluation of currencies meant that locally produced goods were cheaper for foreigners to buy, and foreign imports became more costly. Balancing state finances led to budgets for services such as health, education and social care being reduced. And by removing state subsidies the prices of basic foods such milk, bread and maize increased for the local population. The poor people of the region were the most adversely affected by SAPs. In other
words, the evidence suggests that SAPs have been an economic obstacle for economic development and have increased poverty in the region (Whirled Bank Group: 1995). Shillington (1995:422-3) discusses three important implications of accepting SAP loans:

- Firstly, governments were required to balance their budgets, which in theory meant a cut in the annual growth of government debt. In practice, it meant a growth in unemployment and poverty because thousands of public employees were laid off and drastic cuts were made in the provision of health and education services and public housing programmes;
- Secondly, the dramatic devaluation of currency meant that the price of consumer goods such as oil, petroleum and food increased; and
- Thirdly, the liberalisation of capital controls meant that African states lost a large measure of control over their own economies.

SAPs and other bilateral aid given to sub-Saharan African states has in many cases been the reason behind their economies collapsing and their levels of indebtedness spiralling out of control. In the absence of successful industrialisation these loans were well-nigh impossible to repay. In economic terms, the region’s performance sank to levels far short of the vision of progress proclaimed by anti-colonial leaders (Chazan et al, 1992:6). It seems clear that the SAPs have made debt and poverty worse and that most debt was accumulated between 1985 and 1995 when the newly-independent African states were under Structural Adjustment Programme (Gordon & Gordon, 2007:402).

According to Velthuizen (2011:83), the Berg Report compiled by the Washington Consensus Institution advised African states to implement the SAPs by opening African markets and specialising in the export of raw materials to resolve African challenges. This is in stark contrast with what developed economies have done. Core states have historically avoided free trade; they have protected their economies in order to “adjust their economic structures to global competitiveness”; only then have they engaged in trade. Bird (1995:33) agrees in his view, because of the SAPs, the future growth performance of recipient states was undermined and strengthening the
balance of payments was engineered by inducing a cut-back in imports that exceeded the fall in exports. The World Bank has now acknowledged that mistakes were made in implementing the SAPs. It has pledged to make poverty reduction its primary focus in its lending (see Chapter 4).

3.6 THE EVOLUTION OF THE FORMATION OF TRADE BLOCS

Regional trade is a process that takes diverse forms. It is characterised by an intensification of movements of exchange with the suppression of internal obstacles (free trade zone); and a common external tariff (custom union) (Hugon, 2008:131). Regional trade may manifest itself in the co-ordination of economic or social policies; in projects of cooperation set up by actors; and in interdependencies among economies leading to economic convergences and internalised relations within networks or firms (Whirled Bank Group: 1995). Hugon (2008:132) maintains that regional trade blocs set up their rules for a transfer of sovereignty equipped with institutional structures.

3.6.1 The formation of trade blocs in the 1990s

African wealth has always been vested in its agricultural production. Following the collapse of Communism (1989/90) there was a rapid worldwide increase of trade bloc formation in the 1990s. Post-Cold War, states started to promote specific industries such as technology and petroleum industries to achieve new trade objectives. New trade blocs led to the protection of markets and measures such as import license schemes were introduced (Buthelezi, 2006:231). These trade blocs were underpinned by formal bilateral or regional agreements between states. According to Bilal (2001:1) a trade bloc is a trade agreement between a number of states in a specific region. According to MacEwan (1990:10), trade blocs are a protective measure designed to significantly reduce or remove trade barriers between member states. They also retain trade barriers with non-member nations making access for external markets difficult (Balaam & Dillman, 2011:146). Trade blocs can be separate agreements among a number of states such as the North American Free Trade Area (NAFTA); Southern African Development Community (SADC); and the European Union (EU). The trade blocs can fall into diverse types such
as those which promote free trade; those that are monetary institutions; and those which focus on preferential trading and markets.

**3.6.2 Lack of trade relations between the core and periphery states post-Cold War**

Post-Cold War, the ideological rationale for state interaction was replaced by an economic imperative (Van der Elst, 2004:56). This led to the formation of trade blocs such as the EU; NAFTA; Association for South East Asian Nations (ASEAN); Asia-Pacific Economic Cooperation (APEC), and Central American Free Trade Association (CAFTA) (Jeyifo, 2007:54). It was straightforward for the core states to trade amongst themselves which increased the economic efficiency and competitiveness of their products. Trade blocs increased the dependence of the core states on each other and promoted regionalisation (Gordon & Gordon, 2007:367).

Trade blocs such as the EU ensured that they promoted the economic wellbeing of their member states while protecting themselves from trading with poor trade blocs such as those in sub-Saharan Africa. The formation of trade blocs increased the trade barriers with other countries and regions, limiting their importing and exporting. Historically, sub-Saharan Africa’s local production has mainly consisted (and still does) of a small number of primary agricultural products (such as maize, tobacco, and coffee) and mineral commodities (such as iron ore, diamonds and gold) (Shillington, 1995:55). This dependency on primary raw material exports continues to have negative effects on the region’s export earnings because of the highly inelastic supply of these products and the instability of their price on international markets (Tengu: 2010).

As a result of this protectionism, it became more difficult for sub-Saharan African states to gain access to these markets (Jeyifo, 2007:54). For example, in 1992 the terms of trade between exporters favoured the core states which manufactured higher-technology goods and services over the single-commodity agricultural or mineral exports and relatively low-technology goods (Viotti & Kauppi, 2007:411). Regional trade blocs’ agreements generated
multiple tariffs which made it difficult for the World Trade Organisation (WTO) to reduce trade protection measures significantly.

The inability of sub-Saharan African states to access international markets resulted in underdevelopment and increased levels of debt (Buthelezi, 2006:230). In 1992, leaders of sub-Saharan African states claimed that the prices of their commodities and other exports were dropping while the price of manufactured goods exported to their countries by the core states were increasing. According to Buthelezi (2006:231), the formation of trade blocs led to three economic challenges in the region:

- The decline in demand of export agricultural products/ primary commodities;
- The falling share of this declining market; and
- Difficulty in gaining access to the markets of the core states, as a result of protection measures.

These problems had negative effects on the region’s weak economy. The World Trade Organisation (WTO) has tried to eliminate trade barriers throughout the world, however, trade blocs have maintained, and even increased, under the guise of regional cooperation (WTO, 2011:9). The formation of trade blocs in the 1990s excluded and discriminated against states which were not members and caused significant trade diversion. Unless sub-Saharan Africa states completely redirect the flow of their foreign trade, the region will remain an insignificant economic player mired in poverty (Kofi, 2005:54).

3.7 THE NATURE OF FOREIGN AID IN SUB-SAHARAN AFRICA

The format of foreign aid in sub-Saharan Africa has been negative in terms of economic development. Foreign aid has been a major source of underdevelopment in the region because it has been used by the donor states to promote their own economies and political interests rather than promoting the economies of the recipient states. Jallow (2010) points out that foreign aid
has served, and still serves as useful for alleviating temporary hardship such as droughts but that it has not improved the economies of the recipient states.

3.7.1 Sub-Saharan Africa and foreign aid

Although they are now independent, African states in the region still face abject poverty and lack of economic development. To enhance their development they were advised to adopt complicated foreign-based mechanisms to drive their economies (Jackson & Rosberg, 1982:14-5). The previous and current economic challenges facing the region have become of great concern to the governments of developed states; international organisations; NGOs and people of the region. Indeed, historically and still today, Sub-Saharan Africa is the recipient of the highest share of foreign aid in the world. For example, in 1995 the region received some US$ 20 billion, including relief aid (Abegaz, 2005:1). Foreign aid has funded, and still continues to fund initiatives in the region such as shaping state formation; state-society relations; assisting in emergencies; preventing and fuelling conflicts; and providing infrastructure (Padayachee, 2010:172).

Aid has been channelled into the region in vast amounts without proper guidelines and this has made economic and developmental conditions even worse. As has been shown aid to sub-Saharan Africa has frequently been used by donors as a means of exerting political leverage over recipient states, creating or strengthening economic and political relations beneficial to the donor states, and for self-supporting and unpopular African ruling elites. These unscrupulous African elites have been willing to furnish domestic conditions favouring the preservation of those relations. Despite donor states channelling massive amounts of foreign aid into sub-Saharan Africa states, very little meaningful development has taken place such as improving education systems. According to Todaro (1982:339), aid did not and still does not support economic growth; instead it weakens domestic savings and investment and increases debt in recipient states. For example, many industrialisation projects in the region were undertaken which were not supported by appropriate technical, economic, managerial and educational development.
Despite decades of foreign aid many sub-Saharan African states are still faced with a multitude of different challenges and yet many states in the region perpetuate these problems and increase their levels of debt by requesting additional foreign aid. African leaders see this as the only solution; they fail to realise that foreign aid in the region has made the situation even worse. The reality is that in many cases the money has been used to finance civil wars and to prop up dictators and warlords.

Burnside and Dollar (1998:49) are of the view that foreign aid in some less developed regions such as Asia and Latin America has contributed significantly to economic and social up-liftment. These states have sound governance and foreign aid has been spent on health services, education, social relief, defence and industrialisation which in the long run has improved social welfare and helped to reduce poverty. Riddell (2007:370-1) concurs that positive results are only witnessed in states which have strategies geared to reduce poverty, transparent institutions and better governance. In contrast, So (1990:23) argues that foreign aid has done little, if not nothing, to develop the economies of the recipient states and goes on to point out that aid has created what he calls “endemic dependency” for most of recipient states. For example, the development of the economy of Latin America has been dependent on the US, just as that of sub-Saharan African states has depended heavily on foreign aid.

There is a great deal of evidence to substantiate the view that foreign aid in many states of sub-Saharan Africa has contributed substantially to underdevelopment. There are examples of foreign aid being used for buying luxury cars, building mansions and enriching political elites in the region. These political elites did not establish sound governance, i.e. states which were able to absorb the financial aid that was channelled into the region by donor states. Instead these resources were used to finance war lords, dictators, and enrich civil servants who were close to the powerful elites. To make matters worse, these political elites had the virtually unconditional support of the donor states. For example, during the Cold War the Soviet Union, US and their allies were primarily concerned with propping up financial aid to friendly (even if corrupt) governments.
Due to the flow of foreign aid and debt experienced by sub-Saharan African states, the rate of growth of output per capita went down from -1.7 percent in 1980 to -3.0 percent in 1982 (Adedeji and Shaw, 1985:132); and from -3 percent to -5 percent between 1990 and 1999. Chakravarti (2005:48) points out five major forms in which aid was, and still is provided in sub-Saharan Africa:

- Support in the form of traditional project aid;
- Programme support or balance of payments assistance;
- Commodity aid or aid in the form of supplies or equipment;
- Technical co-operation grants of funding for similar activities in the form of project aid; and
- Grants to non-governmental organisations (NGOs).

However, these forms of aid are not aimed at improving the economy of the region but to temporarily relieve the receipt state of economic and social hardship. Despite the flow of foreign aid in the region, the World Bank has classified 74 percent of sub-Saharan African states as having low income economies. Similarly, the United Nations Development Programme (UNDP) has classified 79 percent of sub-Saharan African states as low human development states. According to Bakare (2011:24), of the 41 states in the world classified as “heavily indebted poor states” by the World Bank and IMF, 33 (80 percent) of them are in sub-Saharan Africa.

The core states have disregarded this classification and instead of providing grants, they have increased the emphasis on providing interest-bearing loans. This has resulted in growing levels of debt in most sub-Saharan African states. Todaro (1982:339) points out that foreign aid in the region has become a negative force for development and has worsened income inequalities through reduced savings.Velthuizen (2011:25) concurs and argues that development aid has neither developed African states nor compensated for what the core states have taken from African countries.

Lack of know-how on the utilisation of foreign aid in an effective and efficient way may lead to poor decision making in prioritising important projects for
economic development (Riddell, 2007:357). Donor states have on occasion financed projects which were ill advised and not conducive for development – due largely to lack of analysis on the challenges faced by recipient states. It is true to say that corrupt state institutions; uneducated and unskilled state officials; poor infrastructure; and a lack of technology in the region have been counterproductive for development.

Cheru (1989:2) points out that Western donor; academic institutions and foundations; and non-governmental organisations have spent considerable time and money debating how foreign aid can have a positive outcome in the recipient states, i.e. lead to self-sustained growth and economic development. The problem with such debates is that they have always taken place without significant participation of the affected states.

The United Nations; the Development Assistance Committee of the OECD; and the G8 member states have established international guidelines to improve the implementation of foreign aid guidelines and remove its related challenges (see Chapter 4). Mbeki (2009:145) maintains that despite receiving foreign aid for the past five decades, a large part of the proceeds from local production in sub-Saharan states has left the region either as debt repayment or expatriation of profit to donor core states.

To date, due to the conditions attached to foreign aid, the economy of most sub-Saharan African states has merely served to boost the economy of core states. This can be regarded as a trend towards neo-colonialism, because African countries continue to be dominated by the core states or former colonial masters through economic and political influence.

3.7.2 Net official development aid received in sub-Saharan Africa in 2008/2009

Net official development assistance (ODA) consists of disbursement of loans made on concessional terms; grants by official agencies of the Development Assistance Committee (DAC); multilateral institutions; or by non-DAC countries to promote economic development and welfare in countries and territories on the DAC list of ODA recipients. According to the World Bank (2010), net official aid refers to “aid that flows from official donors to a
recipient state”. Net official aid or development aid has been used as a mechanism to try to reduce poverty in poor regions including sub-Saharan Africa. Furthermore alleviating poverty in the region has become a matter of great concern to many governments and international organisations. Sub-Saharan African states have received large amounts of net official aid from various bilateral aid organisations, international aid bodies and private donors, in the hope of eliminating poverty and improving economic development in the region. Table 4 below shows the net official aid (in US$ millions) given to sub-Saharan African states in the period 2008/2009.

Table 4 below, illustrates that many sub-Saharan African states (e.g. Somalia, Zimbabwe, Swaziland, Sierra Leone and Lesotho) have received millions of US dollars in official development aid, while others (e.g. South Africa, Zambia, Senegal, Tanzania, Mozambique, Ethiopia and Kenya) have received billions of US dollars in development aid. Reger (2007:65) points out that developmental aid received in any form is liable for interest. These interest rates have been difficult (and still are) for the recipient states to repay. Sub-Saharan African states have therefore resorted to requesting yet another loan from a different institution to make repay the previous loan. This has had a decidedly negative impact on economic development because any revenue generated within the state is used to pay back existing loans.

<table>
<thead>
<tr>
<th>Sub-Saharan African states</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Angola</td>
<td>368.820.000</td>
<td>239.490.000</td>
</tr>
<tr>
<td>Botswana</td>
<td>720.260.000</td>
<td>279.600.000</td>
</tr>
<tr>
<td>Burkina Faso</td>
<td>1.001.010.000</td>
<td>1.083.870.000</td>
</tr>
<tr>
<td>Burundi</td>
<td>525.830.000</td>
<td>562.680.000</td>
</tr>
<tr>
<td>Cameroon</td>
<td>548.820.000</td>
<td>649.390.000</td>
</tr>
<tr>
<td>Cent. Africa.</td>
<td>257.150.000</td>
<td>242.210.000</td>
</tr>
<tr>
<td>Congo Dem.</td>
<td>1.768.520.000</td>
<td>2.353.560.000</td>
</tr>
<tr>
<td>Cote d’Ivoire</td>
<td>626.330.000</td>
<td>2.369.620.000</td>
</tr>
<tr>
<td>Ethiopia</td>
<td>3.327.750.000</td>
<td>3.819.970.000</td>
</tr>
<tr>
<td>Ghana</td>
<td>1.304.960.000</td>
<td>1.582.780.000</td>
</tr>
<tr>
<td>Kenya</td>
<td>1.363.010.000</td>
<td>1.778.390.000</td>
</tr>
<tr>
<td>Lesotho</td>
<td>143.800.000</td>
<td>123.040.000</td>
</tr>
</tbody>
</table>
Table 4: Foreign aid received in selected sub-Saharan African states (in US$ millions)

<table>
<thead>
<tr>
<th>Sub-Saharan African states</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Madagascar</td>
<td>842.890.000</td>
<td>445.310.000</td>
</tr>
<tr>
<td>Malawi</td>
<td>923.680.000</td>
<td>772.400.000</td>
</tr>
<tr>
<td>Mali</td>
<td>964.100.000</td>
<td>985.100.000</td>
</tr>
<tr>
<td>Mozambique</td>
<td>1.996.070.000</td>
<td>2.013.270.000</td>
</tr>
<tr>
<td>Namibia</td>
<td>210.160.000</td>
<td>326.210.000</td>
</tr>
<tr>
<td>Senegal</td>
<td>1.064.230.000</td>
<td>1.017.570.000</td>
</tr>
<tr>
<td>Sierra Leone</td>
<td>378.560.000</td>
<td>450.270.000</td>
</tr>
<tr>
<td>Somalia</td>
<td>758.260.000</td>
<td>661.650.000</td>
</tr>
<tr>
<td>South Africa</td>
<td>1.124.940.000</td>
<td>1.072.020.000</td>
</tr>
<tr>
<td>Swaziland</td>
<td>69.890.000</td>
<td>56.570.000</td>
</tr>
<tr>
<td>Tanzania</td>
<td>1.641.250.000</td>
<td>1.785.880.000</td>
</tr>
<tr>
<td>Uganda</td>
<td>2.330.650.000</td>
<td>2.934.220.000</td>
</tr>
<tr>
<td>Zambia</td>
<td>1.008.480.000</td>
<td>1.268.690.000</td>
</tr>
<tr>
<td>Zimbabwe</td>
<td>612.420.000</td>
<td>736.760.000</td>
</tr>
</tbody>
</table>

Source: World Bank (2011)

Table 4 shows that the money received by the selected sub-Saharan African states above between 2008 and 2009 will be difficult to pay back. This will hamper the economic development of the recipient states.

3.8 THE CURRENT SITUATION IN THE REGION

Despite some upturn in the economic growth rates in the region, sub-Saharan Africa is still faced with numerous challenges, including poverty; disease and excessive population growth. In 2008 about 68 percent of the population in the region was living on less than US$1,25 per day (World Bank :2011) -- and the number of people in this category is still increasing. Sub-Saharan African states are poor; according to the Human Development Index, many states in the region are categorised as having low levels of human development. Regardless of poverty, health challenges and economic stagnation in the region, the population has increased and is still increasing, which adds another challenge to be met. In 1989, according to the World Bank (2011:5),
the population in sub-Saharan Africa was at 450 million people and in 2005 it had increased to 905 million. The low representation of women in decision making; low literacy rates for girls; and gender violence add to the many challenges faced by the region.

Sub-Saharan African states face major challenges to increase economic growth, reduce poverty and integrate themselves into the world economy. In addition, Wolff (2006:71) maintains that leaders should have a subtle knowledge of economics; psychology; human motivation and intelligence. They should also be above corruption, have the ability to deal with detail, and possess skills in handling other people – something that is lacking in many of today’s political leaders in sub-Saharan African states. According to Teffo (2010:90), the challenge “facing African today is not underdevelopment, but under-management and mismanagement of resources”.

3.9 CONCLUSION

Past events such as Cold War, Structural Adjustment Programmes etc. have had a negative impact on the sub-Saharan African economy. Measures such as SAPs did not improve the situation at all, in fact the sub-Saharan African economy grew even worse. Foreign aid in the region has also failed to rescue local economies. As discussed above, it has reduced the income from domestic resources, increased government consumption and sent the level of debt incurred into an upward spiral. Debt to international organisations such as the so-called “Godparents” of Africa, namely the IMF and World Bank, have contributed and still continue to contribute to underdevelopment in many sub-Saharan African states. The marked lack of development in the region indicates the extent to which the legacy of colonialism and neo-colonialism remain as major challenges that must be removed if the region is to be free to pursue development and the eradication of hunger and disease. Chapter 4 discusses the contemporary international guidelines for foreign aid (2001-2012).
CHAPTER 4
CONTEMPORARY INTERNATIONAL GUIDELINES
FOR FOREIGN AID (2001-2012)

4.1 INTRODUCTION

Chapter 3 elaborates on developments in the period from 1960 to the 1990s which contributed to the deterioration of economies and the plight of poor people in sub-Saharan Africa. Secondly, the results of foreign aid in the region through different programmes were also discussed. Drucker (1994:80) predicts that the twenty-first century will surely be one of continuing social, economic and political turmoil and challenges faced by poor states. The circumstances experienced by poor states include abject poverty, unemployment, disease, lack of economic growth and severe climatic conditions such as drought. The region that has most need for social and economic development is sub-Saharan Africa because it is the poorest region on earth. In the current state of global overpopulation, there is a need to provide humankind with basic natural resources to secure survival (Gouws, 2010:17).

At the Millennium Summit of the United Nations in 2000, eight new ways were devised to improve the livelihood of poor states. These goals were then formally adopted by the UN as the Millennium Development Goals (MDGs). Following this, in 2005 the G8 member states made new pledges at the Gleneagles Summit in an effort to fast track the slow progress of the MDGs in developing states. To provide clarity on these initiatives, this chapter will discuss the following matters:

- The commitment by the Organisation for Economic Co-operation and Development (OECD) in reducing poverty;
- The Millennium Development Goals (MDGs); and
- The pledges made at the Gleneagles Summit in 2005 by the G8 member states.
These plans, commitments and pledges by the developed states to improve the living conditions in poor states are sound measures for the wellbeing of periphery states such as those in the sub-Saharan region. The emphasis in this study is to focus on their implementation in the sub-Saharan African region.

4.2 THE DEVELOPMENT ASSISTANCE COMMITTEE OF THE ORGANISATION ECONOMIC CO-OPERATION AND DEVELOPMENT: GUIDELINES FOR REDUCING POVERTY

Most of the periphery states are faced with economic developmental challenges such as poverty, economic decline, human insecurity and political instability. The OECD, through its Development Assistance Committee (DAC) has developed five international guidelines on how poverty can be reduced and eliminated if developed states, donor agencies and recipient states work together. Each of these guidelines is discussed below in turn.

4.2.1 Economic growth: Pace, quality and equity

The reduction of extreme poverty in any state is based on good governance; well-structured markets for trading; sustainable use of natural resources; and pro-poor growth policies. This requires input from all citizens of the state concerned (OECD, 2001:4). For economic growth to be achieved there must also be reforms geared to reduce inequalities with regard to human capabilities (OECD, 2001:2). The productive resources for economic development such as land, training and credit are necessary if individuals are to participate in economic growth. The OECD (2001:4) 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”.

4.2.2 Basic social services for human development

The promotion of human development is a measure to ensure that poor people have an adequate income; shelter from the elements; unlimited access to safe drinking water; decent schools; and that their quality of life be
improved (OECD, 2001:47). 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 (OECD, 2001:48). In many sub-Saharan African states people are deprived of social services due to lack of funds and weak governance. Furthermore, poor institutions for accountability mean that there is little or no quality control on the provision of services. 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.

4.2.3 Human security: Reducing vulnerability and managing shocks

According to the OECD (2001:51), providing human security in a state entails ensuring that challenges such as shocks and disruptions which may affect human security are eliminated if possible, but otherwise are avoided, reduced and/or combated. Insecurity is seen by poor people as a main cause and dimension of poverty. Poor people are faced with many risks such as food shortages, unemployment, sickness and a variety of economic shocks. These threats call for social protection programmes as an area of main concern (OECD, 2001:51). The OECD (2001:52) points out that “anti-poverty action should focus on reducing the numerous sources of risk such as environmental hazards”.

4.2.4 Political strategy for reducing poverty

The OECD (2001:5) indicates that poverty reduction is a political process and involves devoted hard work to empower the poor people by increasing their voice and encouraging democratic accountability. Forces within a state such as the government, civil society and non-governmental organisations can be helpful in promoting social and political transformation (OECD, 2001:6).
4.2.5 Support for the strategic poverty reduction of partner states

The reduction of poverty in poor states requires that all partner states should also support the developmental goals and priorities as stipulated in the recipient state’s strategies for poverty reduction. The recipient state must create space for partnership and ensure that all activities are state-led. According to the OECD (2001:5) the reduction of poverty in poor states includes supporting institutional reform and capacity building by their partner states. This ensures that the recipient and partner states are in agreement on how the aid should be used. The recipient state should then take a considered decision on where and how to use the funds and for what particular purpose.

4.3 THE MILLENNIUM DEVELOPMENT GOALS

Many states, especially those categorised as periphery states have a history of developmental challenges such poverty, inequality, health crises, etc. that still persist today. As indicated above, following a conference in 2000, the United Nations member states came up with a new strategy to combat these and other challenges. In September 2000, the Millennium Declaration that promotes basic human rights was signed by the representatives of 189 UN member states (Bragg, 2010:2). The Millennium Declaration, which outlines the Millennium Development Goals (MDGs), was then duly adopted. The MDGs can be defined as eight international development goals which all 189 states agreed upon; these goals were to be achieved by 2015 (United Nations: 2000). These eight MDG goals are:

- 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 disease;
- Ensure environmental sustainability; and
Develop a global partnership for development.

These goals provide a blueprint for nations, international organisations and non-governmental organisations for improving the standard of living in poor states. Each of the eight Millennium Development Goals and their respective targets are discussed below.

4.3.1 Goal one: Eradicate extreme poverty and hunger

Poverty is a complex phenomenon and measures created towards its eradication must be given close attention to improve the living conditions of citizens (South African MDG Country Report, 2010:23). It is estimated that unless drastic action is taken, by 2015 about 404 million people in Africa will be living in dire poverty (Ndungane, 2006:7). In terms of goal one, by 2015 the United Nations member states have agreed to reduce extreme poverty and hunger (United Nations, 2000:5). The following guidelines have been provided:

a) Alleviate the social impact of a wide range of crises that may yet arise and guarantee a positive response to on-going crises;

b) Sustain employment-intensive and comprehensive high economic growth and steady inflation by means of microeconomic policies and creating an enabling international environment;

c) Increase investment by establishing public-private partnerships which create employment opportunities, especially for the youth;

d) Ensure that the youth, particularly women and rural inhabitants gain access to formal and informal productive and decent employment. This would include providing training skills development such as vocational training, technical training and acquiring the necessary entrepreneurial skills in small and medium-sized enterprises;

e) Promote inclusive finance and financial sectors, by providing suitable credit and encouraging saving;

f) Increase food security through schemes to boost agricultural production;
g) Support agricultural productivity by ensuring that smallholder farmers have access to market and credit, particularly in the case of rural women who are farmers;

h) Implement urgently a comprehensive plan of action for smallholder farmers;

i) Support all efforts by any nation through the provision of sufficient and predictable financial capital;

j) Ensure that there is sustainable and affordable agricultural technology to promote the achievement of food security, thereby reducing hunger; and

k) Reduce environmental problems such as land degradation, desertification and drought, to ensure sustainable agricultural production.

These guidelines are MDG suggestions to reduce poverty and ensure better living conditions. If poor states are committed to their implementation extreme poverty and hunger will be reduced.

4.3.2 Goal two: Achieve universal primary education

Fundamental to the achievement of the Millennium Development Goals is a population that is educated and a state which can create work for these newly educated citizens (Bragg, 2010:4). Literate and educated people are well placed to find decent employment and generate work opportunities for themselves and others. The UN member states, by signing the MDG Declaration, have committed themselves to the second MDG goal (United Nations, 2000:6-7) to promote education by taking the following steps:

a) Ensuring that there are no educational barriers (either within or outside state education systems) as far as providing learning opportunities for all citizens are concerned. In addition, measures such as providing school meals, abolishing school fees and providing the necessary learning materials must be implemented to make primary education available;

b) Dealing with the origin and/or causes of discrimination in schools by developing and operationalising inter-sectoral approaches by means of enhanced inter-ministerial collaboration;
c) Making sure that funds are available countrywide for education purposes and continuously increasing the education budget with the assistance of the international community;

d) Improving the education system so that better results can be achieved and the level of teaching is raised in child-friendly schools.

e) Provide further education and vocational training by taking into consideration the cost usefulness, equity, comprehensiveness and socioeconomic relevance of moving beyond primary education;

f) Partnering with NGOs, educated volunteers, the private sector, and communities at large to integrate the interventions and bring them into line with national systems; and

g) Encouraging learner assessment as a means of improving learning outcomes.

These MDG guidelines, if followed in a committed way, will promote well educated citizens. The poorer states should then be able to reduce poverty levels, lower unemployment and develop into an educated nation.

**4.3.3 Goal three: Promote gender equality and empower women**

In the past, certainly in Africa where indigenous societies are traditionally patriarchal in nature, women were seen as inferior to men and were not given opportunities such as going to school, being employed in senior positions and enjoying economic empowerment (Effeh, 2005:3). Domestic duties such as cleaning and cooking, and nurturing responsibilities such as taking care of the family, nursing the sick etc. were the domain of women. To resolve this social malaise the United Nations member states have committed themselves to accelerating progress towards gender equality and the empowerment of women by 2015 (United Nations, 2000:8). The MDG Declaration outlines the following steps towards achieving this goal:

a) Providing scholarships and support for girls by removing all educational barriers for girls and abolishing fees at education/ training facilities
b) Empowering women, particularly those living in poverty, by implementing economic and social policies that promise them equal opportunities;

c) Generating productive and decent work for women by ensuring that women have equal skills and employment opportunities;

d) Reducing women’s work burden by investing in gender and infrastructure economic stimulus packages;

e) Increasing the participation of women in political decision making bodies and local management structures; and

f) Introducing policies and programmes which will address and prevent violence against women.

The promotion of gender equality and empowerment is important in all states whether they are categorised as core, semi-periphery or periphery states. The United Nations, in its Millennium Declaration has emphasised that the obligations and commitments made to promote and empower women must be effectively implemented (South African MDG Country Report, 2010:51).

4.3.4 Goal four: Reduce child mortality

In many underdeveloped states, health care for children is a low priority and this has become a serious threat for individual and socio-economic development. In Goal four of the MDGs (United Nations, 2000:10), the UN member states have committed themselves to reduce child mortality by:

a) Sustaining the main achievement of the campaign against measles and ensuring that funding, political commitment, and anti-measles activities are promoted;

b) Introducing insecticide treated bed nets and maintaining the progress made with regard to combating malaria;

c) Increasing new types of medication and health procedures such as vaccines; and fighting illnesses such as pneumonia and diarrhoea by increasing the confirmed effective preventative measures;

d) Increasing the awareness of the dangers of diarrhoea and promoting the benefits of personal hygiene, such as encouraging children to wash their
hands with soap. The improvement of sanitation services should also be a priority; and
e) Providing HIV positive mothers with ARVs to prevent mother to child infection and ensuring that the next generation is born HIV free.

The above targets have been set to guide all signatory states on how to reduce the mortality rate in the world, particularly in developing states.

4.3.5 Goal five: Improve maternal health

Thousands of women worldwide still experience pregnancy and childbirth as a bad experience which may lead to suffering and even death. The United Nations member states have committed themselves to reduce the number of women who die during childbirth from preventable complications. Goal five (United Nations, 2000:11) commits all signatory member states to:
a) Introduce free courses on giving birth and new born care to tackle the issues of poor levels of maternal health. Updated treatment methods should also be available to reduce sexually transmitted infections;
b) Take strong action in addressing the root causes of maternal mortality and morbidity; and
c) Spread information about good methods of family planning to young men and women.

Combating high levels of maternal mortality is a challenge for social developmental in many underdeveloped states. These countries must improve reproductive health by providing adequate education on hygiene, sufficient supplies of clean water and upgrading sanitation services.

4.3.6 Goal six: Combat HIV/AIDS, malaria and other disease

The challenge of HIV/AIDS remains a major global health priority. The pandemic has affected health, livelihoods, economic and social development in a highly negative manner. Many families have become economically vulnerable and there is a growing number of child-headed families (South African MDG Country Report, 2010:74). To reduce the spread of the disease
by 2015 and continue fighting malaria and tuberculosis (United Nations, 2000:12), member states have agreed to:

a) Drastically strengthen prevention efforts by increasing programmes to target vulnerable people; introduce stigma reduction; improve the protection of HIV people; and fast-track the empowerment of women;

b) Introduce new tactical coalitions to limit the occurrence of HIV/AIDS and other communicable diseases by developing new health initiatives;

c) Ensure that states plan for long term sustainability of health initiatives; and

d) Introduce new techniques and procedures to treat tuberculosis and prevent neglected tropical diseases such as malaria.

The guidelines shown above, if implemented fully and correctly, will to reduce HIV/AIDS infections and the spread of other diseases. The assistance of the international community will help to achieve this goal (South African MDG Country Report, 2010:66).

4.3.7 Goal seven: Ensure environmental sustainability

Environmental sustainability is an important factor for development in any state. Due to globalisation and the destruction of natural resources the United Nations member states have agreed to accelerate progress in this regard. This goal (United Nations, 2000:14) commits all signatories to the UN’s MDGs to:

a) Introduce new development frameworks such as national sustainable development strategies and legislation with mandatory targets towards achieving this goal;

b) Introduce policies to encourage the use of renewable energy sources which have less impact on the natural environment;

c) Change to a greener economy by investing in accessing energy for all and increasing efficiency by implementing national action plans;

d) Provide safe drinking water by the efficient management of water supplies;
e) Work strenuously to close the sanitation gap by increased community participation and strong political will; and

f) Introduce national slum improvement and prevention strategies to reduce the slum population;

For a better future, Goal seven of the MDGs must be met by taking steps to avoid natural disasters and ensuring that the next generation will inhabit a healthy world. A greener economy will also contribute to the reduction of global warming.

4.3.8 Goal eight: Develop a global partnership for development

Since the formation of trade blocs in the 1990s, trade relations between the core states and periphery states have become weak. The core states tend to focus exclusively on their own economic development and that of trade bloc members (Buthelezi, 2006:233). If there is a partnership between states the micro-economy of each state will improve. The United Nations member states have committed themselves to encourage global partnership (United Nations, 2000:17) and the MDGs suggest that this can be achieved by:

a) Supporting developing states through external financial support. This will enable them to implement coherent policy responses to global financial and economic crises;

b) Approving the accountability framework between developing and developed states;

c) Implementing the Doha Declaration on financing for development by promoting domestic financial resources in the developing states;

d) Ensuring that all developed states that have not made the effort to give 0.7 percent of their GNP to poor states must do so. Core states must also motivate developing states to ensure that foreign aid given to them is used to meet the Millennium Developmental Goals; and

e) Supporting national development activities by increasing the United Nations Development Account to deploy UN development expertise to poor states.
The UN Millennium Development Goals were agreed upon by 189 member states of the United Nations and these goals are designed to improve the living conditions in developing states. However, the Millennium Development Declaration is an ambitious document and while making some progress, the implementation of its main goals has been largely unsuccessful in many states, particularly the very poor, underdeveloped states (see Chapter 5).

4.4 THE (2005) GLENEAGLES PLEDGES MADE BY THE G8 COUNTRIES TO IMPROVE SOCIAL AND ECONOMIC CONDITIONS IN DEVELOPING STATES

Because of the slow progress in achieving the MDGs, the G8 countries, namely the United States, 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 environment of the developing states, particularly those in sub-Saharan Africa (Kpebu, 2010:5). 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 (ODA) to 0.5 percent by 2010 and reach the UN target by 2014. Only United States kept mum, content with the 0.2 percent of GDP it had been giving for years (Kofi, 2005:57). 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 countries” (G8 Gleneagles, 2005:16). These commitments were also met by sustaining important allocations to Africa (OECD, 2010:8). The pledges made by the G8 countries at Gleneagles are discussed below.

4.4.1 Peace and stability

For any national or regional economy to develop there must be peace and stability in the region. At the Gleneagles Summit the G8 member states agreed on new pledges to protect and promote peace and stability in
periphery states. The following commitments in this regard were made by the G8 countries to (G8 Gleneagles, 2005:16-17) they pledged to:

a)  Provide military assistance in the form of a standby force;

b)  Support the African Union (AU) in deploying unarmed military observers and developing the ability to launch civilian police operations if necessary to support peace efforts;

c)  Support regional and international organisations in maintaining international stability and promoting peace and security;

d)  Work with the AU and other sub-regional organisations to develop a continental early warning system to handle impending security crises;

e)  Allocate funds for reconstruction needs such as the disarmament, demobilisation and re-integration of armed forces into civilian society;

and

f)  Provide assistance to areas in Africa identified by the UN Security Council where millions of people are caught up in dire circumstances that call for urgent humanitarian aid.

The G8 countries agreed to work with the African Union to promote peace in the Africa continent (G8 Gleneagles, 2005:16). It is clear that if these pledges were met they would have a positive impact on economic development in the region.

4.4.2 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 by coups. In such states, national elections are often undemocratic and there is a high level of human rights abuse. In trying to remedy such circumstances in the African continent, the G8 countries have agreed to promote and enhance effective governance, support elected democratic governments and promote human rights (World Bank, 2011:21). Efficiently governed states bring peace and security; sustained economic growth; respect for human rights; and delivery of essential services to the
people. At the summit the G8 countries pledged (G8 Gleneagles, 2005:17) to promote good and responsive governance by:

a) Assisting in strengthening the NEPAD and AU institutions;

b) Promoting public institutional transparency in dealing with public revenues, budgets and expenditure;

c) Encouraging African states to implement the African Charter on Human Rights;

d) Ensuring that the international financial system, and the part played by developing states in this system, is protected from illicit corruption; and

e) Promoting the acceptance of legislation by developing states which criminalises bribery of public officials by the private sector.

The G8 member states believed that these pledges would ensure that corrupt politicians in developing states do not hold power undemocratically and that all aid, especially financial aid received by poor states, is used in the prescribed manner.

4.4.3 Investing in people

The G8 countries agreed to support the region to improve education, food security and health, thereby uplifting the wellbeing of the people at large (G8 Gleneagles, 2005:17-18). At the Gleneagles Summit the G8 countries pledged to:

a) Work with democratically elected African governments to promote private ownership and investment in education by building new schools;

b) Ensure that there is a close relationship between African states and other developed states in imparting a wide range of skills, thereby producing trained African professionals. The building of higher education institutions and centres for science and technology is an important step in this direction;

c) Increase and train a sufficient number of doctors, nurses and skilled people in the health sector by improving the health systems in African states;
d) Reduce the rate of HIV infections and promoting 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; and

e) Collaborate with African governments in promoting action against malaria to reach 80 percent of the vulnerable population. The aim is to save 600,000 children’s lives by 2015. To reach this goal US$1.6 billion a year was pledged by the G8 countries for access to anti-malaria resources.

The G8 countries believed that these pledges would provide the people of Africa with skills, quality education and reduce diseases such as HIV/AIDS and malaria, thereby ensuring a better quality of life for poor people in Africa.

4.4.4 Promoting 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 (Iliffe, 2007:259). Due to the marked lack of economic growth in Africa the G8 countries have undertaken to promote a stable, efficient and harmonised economic sector and increase the access to finance (G8 Gleneagles, 2005:19), by pledging to:

a) Increase assistance to developing states by building physical, human and institutional capacity to facilitate trade;

b) Help African producers to meet the global standards of food and other export products by providing new resources such as infrastructure and training;

c) Support African efforts to promote South to South trade and regional integration;

d) Promote transparent trading rules;

e) Support investment, innovation and enterprise development; and

f) Create measures which will open up employment opportunities for the youth in Africa.
Promoting economic growth in Africa will lead to a better life for all and hopefully enable Africa to meet the Millennium Development Goals by 2015.

4.4.5 Financing for development

To ensure that the developing states, particularly those referred to as “heavily indebted poor countries” (HIPC) improve their economies (G8 Gleneagles, 2005:19), the G8 countries have pledged to:

a) Help achieve the MDGs by 2015, particularly in Africa, by increasing official development assistance (ODA) in addition to the normal resources provided;

b) Increase foreign aid to Africa by US$25 billion in 2010;

c) Increase foreign aid to all developing states by $50 billion a year by 2010;

d) Cancel 100 percent of outstanding debts owed to the IMF, IDA and African Development Fund by eligible HIPC countries;

e) Write off an additional US$15 billion owed by 21 African countries;

f) 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 relief (Harbeson & Rothschild, 2009:56). Effeh (2005:2) points out that the HIPC initiative symbolises an admission of the unsuitability of the SAPs imposed on Africa by the IMF and World Bank (see Chapter 3). The OECD (2010:8) suggested in 2010 that despite the planned increased commitment effort, the African pledges made by the G8 member states would not be fully met.

4.5 CONCLUSION

The UN Millennium Development Goals, if implemented well and if the states concerned are able to keep to the deadlines, should improve the living conditions of the citizens of these states. Furthermore, the commitments made by the G8 states should help to achieve the MDG targets and objectives by 2015. However, to date most of the plans, commitments and pledges made
by the developed countries to improve the living conditions in poor countries have had little positive impact. In some states there is some improvement; in others, none at all. Chapter 5 explores the developmental challenges faced by sub-Saharan Africa.
CHAPTER 5

THE DEVELOPMENTAL CHALLENGES
IN SUB-SAHARAN AFRICA

5.1 INTRODUCTION

In Chapter 4, the contemporary international guidelines for the provision of foreign aid were divided into three main categories, namely those compiled by the Organisation for Economic Co-operation and Development; the United Nations Millennium Development Goals; and the pledges and commitments made by the G8 countries at Gleneagles. In Chapter 4 it was shown that the core states and other organisations such as the United Nations have undertaken to assist poor states to develop socially and economically. However, sub-Saharan Africa still faces many challenges such as poverty, debt, lack of economic development, illiteracy and ill-health. The purpose of this chapter is to discuss these challenges and link them with what the core states and the UN (as discussed in Chapter 4) undertook to do to help underdeveloped states. This chapter is divided into the following sections:

- The first section briefly identifies the enormous developmental challenges faced by sub-Saharan African states;
- This is followed by a discussion of the successes and failures of the Millennium Development Goals in sub-Saharan Africa; and
- The last section provides an analysis of whether or not the pledges made by the G8 countries at the Gleneagles Summit in 2005 have been met.

According to Zulu (2010:85), for Africa to meet the UN MDG of eradicating poverty and underdevelopment, “intra-African trade and investment” is necessary. However, there are still a number of other challenges facing Africa, such as the lack of human capital; underdeveloped infrastructure; poor levels of technology, and inefficient governance. Without addressing these shortfalls, sub-Saharan Africa cannot realise its economic potential. For development to take place the region must be free from political instability and poor
governance and the core states must deliver on what they have promised. In a recent article in *Business Day*, Isa (2013:6) points out that although there are some successes, the MDG’s provides an accurate reflection of the challenges the region faces.

5.2 THE 2000 MILLENNIUM DECLARATION FOR AFRICA

As discussed at some length in Chapter 4, the member states of the United Nations attended a summit in 2000 and agreed upon the Millennium Development Goals for enhancing living conditions, promoting economies and eradicating extreme poverty in developing states by 2015. The Millennium Declaration, article VII (2000) was adopted specifically for Africa and this laid down that all UN member states should assist Africa in consolidating democracy; building peace; reducing poverty; and promoting Africa’s integration into the world economy (United Nations, 2000:13). Francis (2008:176) indicates that the United Nations member states declared and resolved to meet the special needs of Africa by:

- Preventing conflicts in Africa and sub-regions and promoting political stability;
- Providing measures to eradicate poverty and promoting development by cancelling debt, increasing the flow of foreign direct investment and transferring technology; and
- Helping to reduce the spread of diseases such as HIV/AIDS and malaria.

In terms of the declaration, many developed states agreed to assist Africa to reduce its developmental challenges. Achieving the MDGs has been a huge challenge for many states, particularly the poorly developed periphery states (Kofi, 2005:55). Despite this, a report by Oxfam International (2011:1) shows that the economic gap between the rich and poor in the region has increased and those adversely affected are people who are disadvantaged because of their ethnicity, sex, disability and age. The progress made towards reaching the MDGs in sub-Saharan Africa and the challenges that still need to be addressed are discussed below.
5.3 GOAL ONE: ERADICATING EXTREME POVERTY AND HUNGER IN SUB-SAHARAN AFRICA

“Absolute poverty” according to Gordon (2005:2) is a condition characterised by severe lack of basic human needs including food, health, sanitation facilities, shelter, safe drinking water and education. The states that experience widespread and extreme poverty are categorised as periphery states (see Chapter 2); in these states foreign aid accounts for half (or even more) of government income (Gillies & Joseph, 2007:255). There are international standards established by world organisations such as the United Nations and World Bank to measure poverty. Sub-Saharan African states have been ranked very low on international comparisons of lawlessness, corruption and as being “failed” states. In fact, many sub-Saharan states still have a near-zero rise in their Gross Domestic Product (Easterly, 2007:1). Excessively low GDP, corruption, lawlessness and debt despite foreign aid (or arguably because of foreign aid) has led to extreme poverty and malnutrition in these sub-Saharan African states.

5.3.1 Indicators used to measure poverty

Poverty can be measured in a number of different ways. The World Bank introduced a method of calculating poverty levels by taking a head count of people living on less than US$1,25 per day. According to All (2005:9), a “poverty head count can be made to determine the proportion of the population whose economic welfare is below the “poverty line”. The poverty line has been set by the World Bank and United Nations at the level of survival that can be sustained on US$1.25 per day. This measure is used to make comparisons of poverty levels in various developing states (World Bank, 2000:16).

5.3.2 Challenges in eradicating extreme poverty and hunger in sub-Saharan Africa

Although generally speaking the world has made some progress in reducing levels of extreme poverty, several states are not on a track to meet the Millennium Development Goal of reducing levels of extreme poverty by half by 2015 (United Nations MDG Report, 2011:151). The best progress has been
made in Eastern Asia, where the extreme poverty rate is expected to fall to under 5 percent by 2015 (United Nations MDG Report, 2011:7). High levels of poverty are still evident in Asia, Latin America, Northern Africa, the Middle East and sub-Saharan Africa. Of these regions, sub-Saharan Africa is the worst off despite its huge mineral deposits, oil reserves and other natural resources. The argument is that extreme poverty leads to a low rate of national savings and that this has created, and still creates negative economic growth rates specifically in sub-Saharan Africa (Sachs et al., 2004:122).

![Figure 5: Poverty gap index (selected regions)](image)


Since 1990, the level of extreme poverty in all regions except sub-Saharan Africa has declined (Francis, 2008:173). In 1981, about 214 million people in sub-Saharan Africa were living in extreme poverty (Brainard & Driscoll, 2003); and by 2005 this number had doubled to 391 million (World Bank: 2011). Indeed, since the 1980s, poverty in sub-Saharan Africa has been escalating alarmingly and has for some time been regarded as a major challenge for human and economic development (Subramanian et al., 2005:4). Figure 5
above illustrates the poverty gap between different selected world regions. The “poverty gap” can be defined as the average amount by which a proportion of the population falls below a given poverty line (South African MDG Country Report, 2010:28).

Figure 5 confirms that the sub-Saharan African poverty level has become worse while that of other regions has improved. For example, in 2009 sub-Saharan Africa had a poverty level of 44 percent while East Asia’s level was 4 percent. The reason for this is the slow growth of the economies in sub-Saharan Africa. For example, from 1960 economies in South-East Asia grew by an average of 6 percent, while those in sub-Saharan Africa only grew by 3.5 percent (Van der Elst, 2012:141). The political and economic instabilities weak governance; and high levels of corruption all contributed to extreme poverty and malnutrition (Francis, 2008:171-4).

The Human Development Index has ranked many of the sub-Saharan African states in the categories Medium Human Development and Low Human Development. The former is an indicator used to divide “improved” developing states from “unimproved” states. For example, five of sub-Saharan African states are categorised as Medium Human Development, while 22 states are categorised as Low Human Development (UN, 2005:128-130). States which are ranked under these two indicators, especially the “low” category, are not doing enough to improve the living standards of the majority of their citizens.

In sub-Saharan Africa roughly one person in four survives on less than US$1,25 per day (SESRTCIC, 2007:8). Table 5 below compares the percentage of people living on less than US$1,25 per day in different world regions.

<table>
<thead>
<tr>
<th>Region</th>
<th>Percentage of the population living on less than US$1,25 a day</th>
<th>Population in millions</th>
<th>Number of people in millions earning less than US$1,25</th>
</tr>
</thead>
<tbody>
<tr>
<td>East Asia and the Pacific</td>
<td>16.8</td>
<td>1.884</td>
<td>316</td>
</tr>
</tbody>
</table>
Latin America and the Caribbean | 8.2 | 550 | 45
South Asia | 40.4 | 1.476 | 596
Sub-Saharan Africa | 50.9 | 763 | 388
Europe and central Asia | 0.04 | 473 | 17
Middle East and North Africa | 0.04 | 305 | 11

Table 5: Regions of extreme poverty in the world


According to Table 5, the number of people living on less than US$1,25 a day is high in sub-Saharan African. Extreme poverty in the region remains the foremost development challenge. In 2000, in its Millennium Development Goals, the UN expressed its commitment to reducing poverty in poor states by 2015. The MDGs planned to increase food security by promoting agricultural production; pursue sustained, employment-intensive and comprehensive economic growth; and increase investment in youth employment (see Chapter 4). And yet, since the introduction of the Millennium Development Goals in 2000, the number of people living in poverty has increased. Currently sub-Saharan Africa is the only region where more than half of the population still lives in extreme poverty. The reason for this is the very low level of economic growth in the region. While poverty levels have declined in South Africa, Botswana, Namibia and Angola, in other states such as Zimbabwe, Ethiopia, Madagascar and the Democratic Republic of Congo extreme poverty has increased. Van der Elst (2012:141) points out that “46 percent of the population in sub-Saharan Africa still lives on less than US$1,25 a day”.

Furthermore, the problem of rising levels of poverty is exacerbated by a population explosion which almost nullifies the benefits of economic growth (Van Donge et al., 2010:2). Many sub-Saharan African governments do not have sufficient resources to eradicate extreme poverty. They simply cannot afford to provide grants and subsidies to people who need food, electricity,
clean drinking water, sanitation and housing (South African MDG Country Report, 2010:23). In essence, extreme poverty in the region still remains one of the most serious developmental challenges (SESRTCIC, 2007:7). This being so, the majority of sub-Saharan African will almost certainly not be able to achieve the first Millennium Development Goal i.e. to reduce poverty levels by half by 2015 (Van der Elst, 2012:149) unless extreme poverty is seriously prioritised by sub-Saharan African states and developed states.

5.4 GOAL TWO: ACHIEVING UNIVERSAL PRIMARY EDUCATION IN SUB-SAHARIAN AFRICA

The view that education is the key to unlock Africa’s potential is widespread and deeply held by many. Foremost among these are political leaders and development agencies such as the United Nations and the World Bank (Stock, 1995:249). Education is an important tool for the economic and social development of any state. It plays a vital role in reducing poverty and unemployment and increases the overall standard of living for the population (South African MDG Country Report, 2010:42).

Stock (1995:250) maintains that during the colonial era, education for the local people was not a high priority for the British, French, Belgian, and Portuguese. However, post-independence, most African states have invested in education. For example, between 1960 and 1989, the number of children in primary schools has increased more than fivefold from 12 million to almost 61 million (Stock, 1995:252). As mentioned in Chapter 4, the United Nations, in its second Millennium Development Goal, has prioritised primary education for children, particularly for girls, in developing states. Le Sueur (2003:7) argues that primary education is a vital phase in the life of a child because it sets the foundation for his/her attitude towards learning and development. As mentioned in Chapter 4, the United Nations has laid down a target of ensuring that all children, particularly those in poor states, are provided with primary education. The progress made in this regard, with particular emphasis on sub-Saharan African states, is discussed below.
5.4.1 Progress made in achieving universal primary education in sub-Saharan African states

In the past decades (1960-2000) the majority of people living in sub-Saharan African states were illiterate, particularly the women and girls. This was because education was not made available to them. Girls were required to stay at home and take care of domestic duties while boys, if the family income could afford it, attended school (Nin-Pratt & Yu, 2011:6). Since the United Nations introduced the MDGs (in this case goal two), sub-Saharan African states have been encouraged to implement strategies such as abolishing school fees and providing primary pupils with free lunches and books. Many of these schools are funded by International organisations such as the UN and by other aid bodies in developed states.

According to Pitcher (2007:65) the number of children of school-going age enrolled for primary education in sub-Saharan Africa has increased to 69 percent. But the number of pupils in sub-Saharan Africa who are not catered for in schools is still about 72 million (United Nations MDG Report: 2009). The number of girls attending primary school has increased in some sub-Saharan African states such as Burundi, Tanzania, South Africa, Namibia, Malawi, Zimbabwe, Zambia and Rwanda. These states are set to achieve MDG (2) by 2015 (Oxfam International: 2011).

According to Hertuppenceworth (2010:6) Millennium Development Goal (2) is unlikely to be achieved throughout the region because several states have not improved on the number of learners enrolled in primary and secondary schools. Kpebu (2010:11-2) points out that the United Nations member states have already been unsuccessful in meeting the 2005 target for equal schooling. But the United Nations MDG Report (2009:5) and Oxfam International (2011) dispute this assumption by arguing that even if fewer sub-Saharan African states such as the Democratic Republic of Congo, Lesotho and Mozambique still lag behind, many sub-Saharan African states such as South Africa, Namibia, Ghana, Zambia are on track to achieve this particular goal by 2015.
Substantial amounts of foreign aid received for educational development has been spent on improving the level of education in sub-Saharan African states. Funds have been used for buildings, equipment and supplies, as well as human capital (Dzengwa, 2007:52). The United Nations estimates that sub-Saharan Africa will possible achieve Millennium Development Goal (2) by 2015, even though there are still challenges to be met in some states, such as the high dropout rate in schools; the shortage of experienced teachers; and inadequate school infrastructure (United Nations MDG Report, 2011:19). These matters require urgent attention if this MDG is to be met by 2015.

5.5 GOAL THREE: PROMOTING GENDER EQUALITY AND EMPOWERING WOMEN IN SUB-SAHARAN AFRICA

Millennium Development Goal (3) aims to ensure that women and men are treated equally in economic, political and social spheres. Basic to achievement of this goal is making sure that as many girls as possible attend school and later are able to advance to higher levels of education (United Nations MDG report, 2009). According to Oxfam International (2011) “cultural values in developing states continue to play a dominant role”. Traditionally, boys are given priority when it comes to receiving education, while girls are destined to remain at home to assist their mothers with domestic duties. The World Bank (2011) makes the point that investing in the improved social and economic status of women tends to lower the levels of poverty and promote economic growth.

5.5.1 Progress made in creating decent work for woman in sub-Saharan Africa

In terms of this MDG goal, educated and ambitious women must be empowered; they must be given appropriate promotion to senior and decision-making positions. This will reduce the gap between men and women in accessing highly paid work. There is slow progress worldwide in this regard, and this had had broad negative consequences on the achievement of MDG (3) by the 2015 target date (United Nations MDG Report, 2011:5).
Sub-Saharan Africa has however witnessed significant progress and a considerable number of women are now working in paid jobs. For example in 1990 the number of women in the region in paid work was 24 percent and by 2009 this had risen to 33 percent.

Another of the targets of Millennium Development Goal (3) is to increase the participation of women in political decision-making bodies and local management structures. The number of sub-Saharan African women parliamentarians compared to those in other world regions has increased markedly. Table 6 below indicates the proportion of seats held by women in national parliaments in selected regions in the world in 2000 and then in 2011. It can be seen that comparatively speaking, sub-Saharan Africa is progressing well with regard to empowering women in the political environment. States such as South Africa, Rwanda, Ethiopia, the United Republic of Tanzania and Burundi have seen considerable progress in this regard (United Nations MDG Report, 2011:23). The growing number of women in parliament does not necessarily mean that the target of equal participation between men and women across the employment spectrum is being achieved.

It is true to say the number of women entering paid jobs is still low compared to men because most of the work available for women in the region is in the poorly-paid informal agricultural sector which does not have all the benefits enjoyed by most of the men who are employed in more secure and better remunerated jobs (United Nations MDG Report, 2011:34).
### Table 6: Proportion of seats held by women in parliament in selected world regions

<table>
<thead>
<tr>
<th>Region</th>
<th>% of women parliamentarians in 2000</th>
<th>% of women parliamentarians in 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oceania</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>Western Asia</td>
<td>4</td>
<td>9</td>
</tr>
<tr>
<td>Northern Africa</td>
<td>3</td>
<td>12</td>
</tr>
<tr>
<td>Caucuses &amp; Central Asia</td>
<td>7</td>
<td>16</td>
</tr>
<tr>
<td>South-Eastern Asia</td>
<td>12</td>
<td>18</td>
</tr>
<tr>
<td>Southern Asia</td>
<td>7</td>
<td>18</td>
</tr>
<tr>
<td>Eastern Asia</td>
<td>19.9</td>
<td>19.5</td>
</tr>
<tr>
<td>Sub-Saharan Africa</td>
<td>13</td>
<td>20</td>
</tr>
<tr>
<td>Latin America &amp; the Caribbean</td>
<td>15</td>
<td>23</td>
</tr>
</tbody>
</table>


#### 5.6 GOAL FOUR: REDUCING CHILD MORTALITY IN SUB-SAHARAN AFRICA

Child mortality remains a challenge for poor states and has a significant effect on the wellbeing of many sub-Saharan states. Healthy and equitable societies are characterised by children living a healthy, active life and becoming mature adults (South African MDG Country Report, 2010:59). Internationally, child and infant mortality has decreased in most developing states. However, sub-Saharan Africa has shown some increase in child mortality due to the impacts of HIV/AIDS, measles and the lack of adequate health infrastructure.
5.6.1 Challenges of reducing the under-five mortality rate in sub-Saharan Africa

The reduction of child mortality has been moderate in world regions such as Northern Africa, Asia, Latin America and the Caribbean, where the number of child deaths has declined from 89 deaths per 1 000 live births in 2000, to 60 deaths per 1 000 live births in 2009. Sub-Saharan Africa has fallen behind in this regard. Between 1990 and 2000 there was little progress in curbing the mortality rate. In the region there were 850 deaths per 100 000 live births in 2009 compared to the world average of 500 deaths per 100 000 live births (Kone: 2012). Table 7 below shows the decline in child mortality in selected sub-Saharan African states from 2000 to 2009.

<table>
<thead>
<tr>
<th>State</th>
<th>Decline in mortality rate (%)</th>
<th>Decline in number of deaths</th>
</tr>
</thead>
<tbody>
<tr>
<td>Burundi</td>
<td>26</td>
<td>from 1100 to 800</td>
</tr>
<tr>
<td>Sierra Leone</td>
<td>30</td>
<td>from 1300 to 890</td>
</tr>
<tr>
<td>Liberia</td>
<td>38</td>
<td>from 1200 to 770</td>
</tr>
<tr>
<td>Central African Republic</td>
<td>4</td>
<td>from 930 to 890</td>
</tr>
</tbody>
</table>

Table 7: Decline in child mortality (under five years of age) from 2000 to 2009

Source: Kone (2012).

Table 7 shows that these four states in the region have made little progress towards reaching the target for MDG (4) which is 30 deaths per 100 000, by 2015. To make matters worse in states such as Cameroon, South Africa, Mali, and Ethiopia, the mortality rate has increased (Kone: 2012). For example, in South Africa the under-five mortality rate has increased from 97 deaths per 1 000 live births in 2001 to 104 deaths per 1 000 live births in 2007 (South African MDG Country Report, 2010:61).
5.6.2 Providing treatment to reduce infant deaths in sub-Saharan Africa

Most of the world regions, particularly those that are regarded as poor regions, have made progress in providing pregnant woman with antenatal care (Bragg, 2010:3). In contrast, the maternal mortality rate in sub-Saharan Africa is higher than the target set by the United Nations in its Millennium Development Goals. However, progress has been made in mother-to-child transmission of HIV; access to free health care; and prevention of malnutrition (United Nations MDG Report, 2011:14). Although in all regions there have been advances made in providing pregnant women with antenatal care, the maternal mortality rate is still unacceptably high. Sub-Saharan Africa accounts for 56 percent of global maternal deaths (Oxfam International: 2011). This implies that there is little chance of achieving Millennium Development Goal (4) in sub-Saharan Africa by 2015.

5.7 GOAL FIVE: IMPROVING MATERNAL HEALTH IN SUB-SAHARAN AFRICA

One of the challenges faced by the developing states is maternal deaths. In 2005 there were 536 000 maternal deaths worldwide and about 99 percent of these deaths were in developing states. Half of the maternal deaths occurred in sub-Saharan Africa (South African MDG Country Report, 2010:66).

5.7.1 Challenges in meeting this goal

The maternal mortality in sub-Saharan Africa for the past decades has been a significant challenge. According to Campbell et al. (2005:5), maternal mortality is the “death of a woman while pregnant or within 42 days of termination of pregnancy irrespective of the duration and the site of the pregnancy, from any cause related to or aggravated by the pregnancy”. According to institutions such as the World Bank, sub-Saharan Africa’s maternal mortality ratio is the worst in the world with 650 deaths per 100 000 live births. In regions such as South Asia maternal mortality is 280 per 100 000 live births and in core states such as the United States, maternal mortality is only 14 per 100 000 births. Yet despite the high number of deaths, there has been progress in sub-
Saharan Africa, because the maternal mortality has fallen by 26 percent in the last two decades. It is apparent, however that the MDG (5) target will not be met by sub-Saharan African states.

5.8 GOAL SIX: COMBATING HIV/AIDS, MALARIA AND OTHER DISEASES IN SUB-SAHARAN AFRICA

Africa suffers many of the worst diseases known to man. For the past decades the cradle of humankind has buckled under the burden of a variety of bacteria and viruses. Pitcher (2007:65) claims that malaria kills more people in Africa every year than HIV/AIDS. The health care system which sub-Saharan African states inherited from colonial times was only designed to provide services for European settlers in colonised states. Health services inherited by independent sub-Saharan African states therefore provided a fairly high standard of curative medicine for European expatriates and senior civil servants and minimal services for the vast majority of the indigenous population, especially those living in rural areas (Chazan et al., 1992:244).

Post-independence, many sub-Saharan Africa states have not built health care facilities such as hospitals and, clinics. Nor have medical research institutes been established to discover remedies or solutions for diseases that affect the region. This has meant that there has been a rapid spread of disease. The majority of sub-Saharan African states are still faced with a prevalence of diseases such as bilharzia, malaria, tuberculosis and HIV/AIDS. These have become a major challenge to economic and social development in the region because many educated people who possessed technical skills have succumbed to these diseases.

Between 2000 and 2008 about 22.5 million people in the world were infected with HIV/AIDS. In 2008 sub-Saharan Africa accounted for 1.6 million AIDS-related deaths; 1 million malaria deaths; and 1.7 million tuberculosis deaths.

To combat the spread of the diseases mentioned above, the United Nations came up with Millennium Development Goal (6) to address this issue (see Chapter 4). According to the World Development Movement (2011:4), the rate of new HIV infection in sub-Saharan Africa is declining which is a positive trend towards achieving this MDG target. Since the introduction of the MDG
the HIV/AIDS epidemic has stabilised in many regions and antiretroviral treatment has been made available to people who are HIV positive. However there is still some way to go in reaching the target set by the UN (Hertuppencworth, 2010:7). In sub-Saharan Africa the roll-out of the necessary drugs has tripled but these still reach less than half of those who need medication.

In 2005, according to World Health Organisation (2005:44), the global funding for combating malaria helped to control the spread of the disease but this still falls far short of what is needed. In 2009, more funding was provided by international organisations to tackle the spread of malaria. In 2010, the number of malaria deaths was reduced from 244 million in 2005, to 225 million in 2009. From the year 2000, states such as Namibia, South Africa, Zambia, Madagascar, Rwanda, Botswana, and Sao Tome and Principe, have reduced the number of confirmed malaria cases and deaths by 50 percent (United Nations MDG Report, 2011:42).

The number of deaths of tuberculosis sufferers in sub-Saharan Africa in 1990 was 32 deaths per 100 000 cases. In 2009, this increased to 53 deaths per 100 000 cases of confirmed tuberculosis. Almost 80 percent of people diagnosed with the disease worldwide were in sub-Saharan Africa (United Nations MDG Report, 2011:46). Millennium Development Goal (6) suggested that insecticide-treated nets be provided, and about 290 million nets have been distributed in sub-Saharan Africa to prevent infection by the disease.

The MDG target of reducing HIV infection, malaria and other diseases in sub-Saharan Africa by 2015 might perhaps have been reached but states such as the Democratic Republic of the Congo, Somalia and Zimbabwe are still lagging far behind.

5.9 GOAL SEVEN: ENSURING ENVIRONMENTAL SUSTAINABILITY IN SUB-SAHARAN AFRICA

Most of the states in the world have inadequate strategies in place for environmental sustainability. In MDG (7) the United Nations has encouraged states to create monitoring systems for water flow, air quality, deforestation and land degradation. In many poor states monitoring systems are weak due
to different reasons such as poorly qualified environmental specialists, poor policies and lack of management skills.

According to the United Nations MDG Report (2011:55) the world is still behind in meeting the 2015 target of providing the global population with improved forms of sanitation such as flushing toilets. For the UN target of improved sanitation to be met with current progress it would take until 2049 to provide 77 percent of the global population with flush toilets (United Nations MDG Report, 2011:56). Table 8 below indicates the percentage of population with improved sanitation services in selected regions.

Table 8 shows that the percentage of the population with adequate sanitation facilities in sub-Saharan Africa is very low compared to other regions. Sub-Saharan Africa will not be able to achieve the MDG target by 2015. About 60 percent of the population live in rural areas and according to Kone (2012) this population is at a distinct disadvantage when it comes to improved sanitation facilities.

One positive aspect in achieving MDG (6) is that it seems the world will be able to meet the drinking water target based on current trends. All regions except sub-Saharan Africa have met or have high hopes of meeting the targets of providing clean drinking water for all (World Bank: 2010).

As regards adequate shelter, in 2010, slum dwellers in sub-Saharan Africa constituted 62 percent of the population at large. This number has grown because in rural areas there are no job opportunities, education facilities are limited, and basic services such as sanitation are not available. Governments have been slow in providing slum dwellers with housing and the necessary basic services. The MDG target of improving the lives of slum dwellers will clearly not be achieved by 2015 as the table below shows, and 2020 may be more realistic.
### Table 8: Percentage of Population with Improved Sanitation Facilities

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Sub-Saharan Africa</td>
<td>28</td>
<td>31</td>
</tr>
<tr>
<td>Southern Asia</td>
<td>25</td>
<td>36</td>
</tr>
<tr>
<td>Oceania</td>
<td>55</td>
<td>53</td>
</tr>
<tr>
<td>Eastern Asia</td>
<td>43</td>
<td>56</td>
</tr>
<tr>
<td>South-Eastern Asia</td>
<td>46</td>
<td>69</td>
</tr>
<tr>
<td>Latin America &amp; the Caribbean</td>
<td>69</td>
<td>80</td>
</tr>
<tr>
<td>Western Asia</td>
<td>79</td>
<td>85</td>
</tr>
<tr>
<td>Northern Africa</td>
<td>72</td>
<td>89</td>
</tr>
<tr>
<td>Caucasus &amp; Central Asia</td>
<td>91</td>
<td>95</td>
</tr>
</tbody>
</table>


5.10 **GOAL EIGHT: DEVELOP A GLOBAL PARTNERSHIP FOR DEVELOPMENT IN SUB-SAHARIAN AFRICA**

For the United Nations MDG (8) to be achieved, international cooperation and commitment by the core, semi-periphery and periphery states is required. According to the United Nations MDG Report (2011:60), it is expected that between 2011 and 2013, foreign aid to Africa will only rise by 1 percent compared to 13 percent over the past three years; this is a significant drop in the available finances for Africa’s economic development. Free-market trade between the developed and developing states has been opened up considerably.
Furthermore, the debt of states regarded as Heavily Indebted Poor Countries (HIPCs) has been reduced. Over the past decade there have also been considerable advancements in technology in sub-Saharan African states, where about half of the population have cellular phones and internet connections (World Bank: 2011).

5.11 CHALLENGES IN ACHIEVING THE MILLENNIUM DEVELOPMENT GOALS

The African Steering Group on MDGs (2010) has expressed great concern that “Africa is not on track in meeting the MDGs by 2015”. Isa (2013:6) agrees and maintains that “despite Africa’s impressive economic performance over the past decade, the continent will miss the MDG of halving poverty by 2015”. This opinion is supported by the 2013 Annual African Union Report on MDGs. In echoing these sentiments Ndungane (2006:3) claims that the global community is nowhere near achieving the United Nations Millennium Development Goals because:

- About 11 million children die per annum of preventable diseases and poverty;
- There is an unacceptable number of children who are still not attending school; and
- There is insufficient attention given to the treatment of HIV/AIDS.

However, some of the poor regions in Asia are on a positive track towards meeting the Millennium Development Goals and its 2015 target (Ndungane, 2006:2). The major challenges in sub-Saharan African states which continue to hamper progress towards achieving the Millennium Development Goals by the target date are discussed below:

5.11.1 Poor governance in sub-Saharan Africa

Poor governance is a major contributory factor to underdevelopment in any state. Van der Elst (2012:146) points out that in the long term, the developmental objective of the Millennium Development Goals depends on the successful democratisation of political systems and the liberalisation of economies in developing states. In other words, the achievement of the
Millennium Development Goals depends on efficient governance. (Van der Elst, 2012:146). Poor governance in sub-Saharan Africa has led to a marked lack of economic development, poor service delivery and little concern for the rule of law (Obadan, 2004:21). The SESRTCIC (2007:33) indicates that sub-Saharan African states fall short on a number of counts including the following:

- There is 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.

Poor governance in states such as Sierra Leone, Angola, Zimbabwe, the Democratic Republic of the Congo and Liberia has meant that very little progress has been made towards reaching the Millennium Development Goals. However, Van der Elst (2012:147) shows that not all sub-Saharan African states are badly governed. For example, Madagascar, Mali, Malawi, Ghana, South Africa and Senegal have good governance. 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 many sub-Saharan African states has also been a significant factor in this regard.

5.11.2 Extreme poverty in sub-Saharan Africa

It has been established above that for development to take place in any state, good governance is vital. According to Clemens and Moss (2005:1-2), sound governance must be accompanied by accelerated economic growth and if both these elements are not present the Millennium Development Goals cannot be met. According to Van der Elst (2012:148), many sub-Saharan African states are governed well but are too poor to make adequate progress towards economic stability and achieving the targets of Millennium Development Goals. Sub-Saharan Africa is still caught in a “poverty trap”; the region is too poor to achieve robust economic growth and most of the states are too poor to grow (Sachs et al., 2004:121-2). 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 (Van der Elst, 2012:148). Because of extreme poverty and lack of funds, sub-Saharan African governments are unable to develop the necessary pro-poor structures to ensure the success of the Millennium Development Goals.

5.11.3 Lack of infrastructure development

Infrastructure in sub-Saharan Africa has always been a major obstacle for sustainable development in the region. After colonialism, most African states inherited infrastructure structures which were built by the former colonial masters. As a matter of fact, the newly independent governments and current leadership have not attempted to improve or build new structures for development. Velthuizen (2011:82) refers to infrastructure as “all basic inputs into and requirements for the proper functioning of the economy”. The lack of infrastructure development such as telecommunications, electricity, schools, sanitation, transport, ports, piped water, roads and various physical assets have led to the region being economically underdeveloped. Mutshinyadzi (2010:13) indicates that infrastructure development is “the cornerstone for socio-economic development”.

5.12 THE FAILURE OF THE G8 COUNTRIES TO MEET THE (2005) GLENEAGLES AFRICAN PLEDGES

The slow progress by developing states in meeting the MDGs led to the G8 countries making new pledges in 2005 to fast track the process of achieving the MDGs by 2015, particularly in Africa. As mentioned in Chapter 4, the G8 countries made several pledges in an attempt to improve the African economy, security and governance. They also undertook to cancel debt in some of the most heavily indebted poor countries. However to date, the G8 countries have not delivered on all the Gleneagles promises such as doubling aid to Africa; donating 0.7 percent of their gross national income; and better trading deals between developed and developing countries (World Development Movement, 2011:3). It must be noted that progress has indeed been made in cancelling the debts in states categorised as Heavily Indebted Poor Countries (HIPC's).
5.12.1 The failure to double aid to Africa

At Gleneagles, the G8 countries agreed to increase the aid for developing states to US$50 billion by 2010; an additional US$25 billion would be given to African states (Gordon & Gordon, 2007:403). However, the G8 countries have not met their promise of doubling aid to Africa (Kpebu, 2010:5). This was because of two reasons.

Firstly, some of the G8 countries, namely Germany, Japan, Italy, Russia and France, failed to deliver on their promises. Secondly, financial aid provided by G8 countries was used by the states concerned as debt cancellation. For example, the US$18 billion cancellation of Nigeria’s debt was counted as an increase in foreign aid in 2005 and 2006 (Gastfriend & Morton, 2010:5). According to the OECD (2010:7), only 61 percent (US$13.7 billion) has been delivered to Africa. Lack of commitment to foreign aid agreements by several developed states meant that the developing states did not receive the promised funds and were thus unable to work towards the realisation of the MDGs (Van der Elst, 2012:143). Table 9 below indicates how the G8 countries performed in delivering on the Gleneagles financial aid promises.

<table>
<thead>
<tr>
<th>G8 member states</th>
<th>Original Gleneagles commitment for 2010 (in US$ millions)</th>
<th>Aid given from 2005-2010 (in US$ millions)</th>
<th>Aid required to meet the Gleneagles commitment (in US$ millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canada</td>
<td>3,648</td>
<td>3,452</td>
<td>106</td>
</tr>
<tr>
<td>United States</td>
<td>24,000</td>
<td>24,705</td>
<td>None</td>
</tr>
<tr>
<td>Germany</td>
<td>15,509</td>
<td>11,691</td>
<td>3,818</td>
</tr>
<tr>
<td>France</td>
<td>14,110</td>
<td>10,130</td>
<td>3,980</td>
</tr>
<tr>
<td>Japan</td>
<td>11,906</td>
<td>8,501</td>
<td>3,405</td>
</tr>
<tr>
<td>Italy</td>
<td>9,262</td>
<td>3,426</td>
<td>5,836</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>14,600</td>
<td>14,185</td>
<td>415</td>
</tr>
</tbody>
</table>
Table 9 shows that by no means all the G8 countries met their Gleneagles promise of doubling aid to sub-Saharan Africa. As a result of lack of sufficient funds and economic hardship, the region has little chance to meet the United Nations Millennium Development Goals by 2015.

5.12.2 Failure to donate 0.7 % of GNP as official development assistance

According to Kofi (2005:55), “the 1960s and 1970s was an era when global discourse was motivated by a truer spirit of internationalism and the bridging of the wealth gap between the rich industrialised north and the raw material producers of the south was a genuine concern”. To bridge the gap between the developed and developing states, leaders of the developed states pledged to donate 0.7 percent annually to support the developing states. Making a donation of 0.7 percent of GDP is not a new concept for G8 countries or United Nations member states; similar pledges were made before the Gleneagles Summit, for example at the 2002 International Conference on Financing for Development in Monterrey (United States Millennium Project: 2011).

The richest states have not met their Gleneagles commitment to donate 0.7 percent of GDP as aid. According to Oxfam International (2010:3), the United States did not meet its Gleneagles target. Japan has also reneged on its Gleneagles pledge to give 0.7 percent of its GNP in aid. For Japan to reach the target, it must increase the proportion of its GNP given as aid by 300 percent (Oxfam International, 2010:4).
The United Kingdom has met most of its Gleneagles commitments and is only short of 0.2 percent to meet its 0.7 percent target (Oxfam International, 2010:4). In 2010, France pushed back its commitment of giving 0.7 percent of its GNP as aid to a new target of 2012 but it has since failed to deliver on this more recent promise. For France to meet the target in 2015, it would need to increase the proportion of its GNP given as aid by over 50 percent (Oxfam International, 2010:16).

Germany promised to give 0.51 percent of its GNP as aid by 2010, but only managed to provide 0.35 percent by that date. According to Kpebu (2010:16), the following can be deduced from the fact that the G8 countries have reneged on their promises to assist developing countries:

- Firstly, the situation has proven that the G8 countries do not deliver on their promises; and
- Secondly, the G8 countries do not consider African states as important partners.

Van der Elst (2012:144) points out that lack of commitment can be linked to the prioritisation of the national self-interest of donor states and other internal and external challenges such as the global impact of an international recession; control of illegal immigration; prioritised trade relations, etc.

5.12.3 The cancellation of debt in heavily indebted poor countries

Many countries have been unable to develop economically because they have been trapped in the cycle of heavy debt indicates. This cycle of heavy debt has affected the economic performance of different developing states. The pursuit of adjustment programmes in different countries has met with a sharp decline in the rate of economic growth (Bird, 1995:33).

One of the most successful of the pledges made by the G8 countries in Gleneagles is the cancellation of debt for poor states, particularly those states categorised as heavily indebted poor countries (HIPCs) (Gordon & Gordon, 2007:403). The idea of cancelling the debts of the very poor and indebted countries was first mooted in 1996 and in 2005 the Multilateral Debt Relief
Initiative (MDRI) was established as well. These initiatives provide debt cancellation to states that are showing signs of good governance and sound utilisation of the debt relief already provided (Van der Elst, 2012:143). Levels of debt are higher in sub-Saharan Africa than in any other region of the world and HIPCs are largely dependent on seeking additional aid in order to repay their mounting debt (Gordon & Gordon, 2007:401).

In 2005, the G8 countries agreed to cancel all outstanding debt owed by countries categorised as HIPCs to international financial institutions such as the World Bank and the IMF (Oxfam International, 2011:5). This commitment by the G8 countries was motivated by the fact that unless Africa’s debt burden was cancelled, Africa would not be able to meet the Millennium Development Goals by 2015. Debt cancellation is a serious step towards assisting impoverished states stabilise their budgets and promote economic resources for development (Gastfriend & Morton, 2010:5). However, it does not guarantee that the resultant savings will mean that new financial resources will instantly be available for anti-poverty programmes. Debt relief has been approved for more than 23 heavily indebted states worldwide (for sub-Saharan African states see Figure 6 below) in terms of the IMF’s HIPC programme (Ndungane, 2006:3). Because of the pledge by G8 countries, over US$88 million has been spent on debt cancellation. Figure 6, shows debt burdens before and after the HIPC and MDRI debt relief.
Figure 6: Debt burden before and after HIPC and MDRI debt relief


Figure 6 shows that debt owed by many sub-Saharan African states classified as HICPs was reduced to less than 5 percent. Harbeson and Rothschild (2009:57) are of the view that the HIPC debt cancellation initiative should have covered all the debt, not only debt incurred until 2004. Nevertheless, the HIPC and MDRI Initiatives have alleviated the debt burden of many African states and have undoubtedly resulted in significant gains. For example, in Uganda, debt cancellation has led to abolishment of school fees and within a period of four years about 2.7 million children have enrolled at primary school level. In Mozambique, debt cancellation has led to the introduction of free childhood immunisation programme (Oxfam International, 2011:5). The method of debt cancellation through the HIPC process has however been hampered by some companies, banks and states that still refuse to contribute in any way to the HIPC process.

However the World Bank has declared that the HIPC programme has provided significant debt relief for many poor states. In many sub-Saharan African states this has translated into improved governance and debt has been relieved to such an extent that expenditure can now be directed to
towards investment in achieving the Millennium Development Goals and poverty reduction (Van der Elst, 2012:143).

5.13 CONCLUSION

Generally speaking, the MDGs and G8 pledges to assist poor states to develop their economies have had limited results. Some positive results include the reduction in HIV/AIDS deaths; an increase in the number of learners in primary school; and debt cancellation in some states. However, the pledges made by G8 member states at the Gleneagles Summit to ensure that the MDGs are achieved by 2015 have not been met by these developed states. The fact of the matter is that the majority of sub-Saharan African states still face many challenges such as poverty, unemployment, ill-health, corruption and lack of economic development. Africa in general is still described by some commentators as a “hopeless continent” where political instability, economic decline and social decay are still the order of the day (Duvenhage, 2004:14). The past and current challenges in the region and the failure to deliver on promises made to uplift the region from its adverse economic and social circumstances mean that progress remains slow. Easterly (2007:4) points out that “nobody knows for sure what the secret is to escaping poverty and the answer may be somewhere between the strict free-market and the heavy handed state intervention approaches”. 
CHAPTER 6

RECOMMENDATIONS AND CONCLUDING REMARKS

6.1 INTRODUCTION

The aim of this research was to analyse the impact of foreign aid in sub-Saharan Africa and to investigate the extent to which it has contributed to underdevelopment in the region. The findings indicate that since the end of the Second World War foreign aid in sub-Saharan African has indeed caused more harm than sustainable development.

Against this background, the chapter aims to discuss the research findings and provide recommendations for the better use of foreign aid. Hopefully this will contribute to social and economic development in sub-Saharan Africa.

The situation in sub-Saharan African can be briefly explained as follows: Currently the region is faced by many different challenges such as lack of economic development; slow implementation and/or lack of developmental policies; poor leadership; inadequate infrastructure; high levels of corruption; low representation of women in decision-making positions; low literacy rates for girls; gender-based violence; and inadequate allocation of resources. What is even more depressing is the lack of new and innovative ideas on how real progress might be achieved. It is increasingly clear that if there is to be a solution to the sub-Saharan African crisis, it has to come from the ideas generated by Africans.

This chapter concludes with recommendations to address the challenges faced by sub-Saharan Africa states. It is hoped that these will go some way towards ensuring that foreign aid is utilised more effectively to promote sustainable development in the region.
6.2 THE RESEARCH QUESTIONS ADDRESSED IN THIS STUDY

The following questions served as a structural guideline in undertaking research on the impact of foreign aid in sub-Saharan Africa:

- How did, and does the nature of the World System impact on underdevelopment in developing states?
- How should the concepts foreign aid and underdevelopment in sub-Saharan Africa be linked and understood?
- Which internal and external factors led to the underdevelopment of the states of sub-Saharan Africa and how did this occur?
- What are the different previous and contemporary forms of foreign aid?
- How do the various forms of foreign aid contribute to contemporary patterns of underdevelopment in the sub-Saharan African region?
- What recommendations can be made to make foreign aid more effective in the region?

The abovementioned research questions were addressed in the different chapters and sub-sections. The techniques which were utilised to address the research objectives are discussed below.

6.3 METHODS USED TO ACHIEVE THE RESEARCH OBJECTIVES

In Chapters 2 to 5 the questions outlined above were addressed and analysed. The outcomes of these chapters were aligned with the research objectives as provided in Chapter 1. To address the research objectives and the questions given above, a literature study was conducted. The methodology which this research employed was that of a qualitative approach which was deductive in nature.

The fundamental objective of the study was to test the hypothesis as set out in Chapter 1, namely: The nature of the World System, and the format and motives behind foreign aid since the end of the Second World War contributed and still contribute to the underdevelopment of the majority of states in sub-
Saharan Africa. This theoretical approach was used and identified as the most applicable framework for the research. The relevant literature was reviewed and utilised in all the chapters to establish that the structure of the World System, the nature of foreign aid, and a variety of internal and external factors have contributed interactively (and continue to do so) to the underdevelopment of the majority of sub-Saharan Africa states.

Three levels of research were identified in Chapter 1; these were then used to achieve the objectives of this research:

- On the macro-level, the research focused on the causal relationship of the composition of the World System; forms and formats of foreign aid; and underdevelopment in sub-Saharan Africa.

- On the meso-level, research was narrowed down to previous and contemporary forms of foreign aid that cause underdevelopment, especially in sub-Saharan Africa.

- On the application level, research identified ways and means to enhance the effectiveness of foreign aid to sub-Saharan Africa from both a donor and a receiver perspective.

6.4 THE REALISATION OF THE RESEARCH OBJECTIVES

As outlined above the research is divided into three components namely macro, meso and application levels. The chapters were divided in order to focus on the specific objectives as outlined in Chapter 1:

In Chapter 1, a background of underdevelopment in sub-Saharan Africa is provided. A theoretical foundation is introduced in the chapter to provide the study with a direction to follow. The hypothesis in this chapter seeks to point out that the nature of the World System and foreign aid contributed, and still contributes to the underdevelopment of the periphery states particularly those in sub-Saharan Africa. The research questions and objectives are also set out. The research methodology and types of research methods are then explained. The study uses the qualitative research method to provide answers and solutions to the challenges.
Chapter 2 focuses on the World System theory and foreign aid from a theoretical perspective. This chapter indicates that the World System was designed to ensure that the core states grew more prosperous while the developing periphery states remained poor and underdeveloped. This system has created a situation where periphery states have historically depended on the core states for economic development and this dependency still persists. It is shown that the main aim of foreign aid was to improve economic development; reduce debt and poverty; transfer technology skills; and promote sustainable development in the recipient states, particularly the periphery states (Reinert & Rajan, 2009:44). Chapter 2 also serves as an introduction to the following chapter where the impact of foreign aid in sub-Saharan Africa is discussed.

In Chapter 3, a theoretical approach is used to explain the format and impact of foreign aid on underdevelopment of sub-Saharan Africa. This chapter indicates that foreign aid channelled into sub-Saharan Africa during the Cold War period was not provided to develop the economy and reduce poverty; instead it was used to promote the political ideologies of either the US (capitalism) or the Soviet Union (communism). In the 1980s, the introduction of the Structural Adjustment Plan led to a decline of GDP in the region because sub-Saharan African states were required to reduce government expenditure, promote exports, etc. This contributed to underdevelopment in sub-Saharan Africa where many states went into economic decline and a spiral of debt.

In Chapter 4, the contemporary international programmes for foreign aid are outlined. Because there was a lack of guidelines on the role of donors after giving foreign aid, the Development Assistance Committee of the OECD drew up guidelines on the better use of aid and the respective roles of both the donor and recipient states. To improve the living conditions in the developing states, in 2000 the United Nations compiled the Millennium Development Goals to guide states on where to focus their efforts and how to improve the living conditions of poor people. The target date for the achievement of the MDGs was set at 2015. Each MDG is discussed in the chapter. In 2005, the slow progress made towards achieving the MDGs motivated the G8 countries
to meet at the Gleneagles Summit to commit themselves to donate 0.7 percent of their GDP; cancel the debt of HIPCs; and to double foreign aid. This chapter serves as an introduction to the next chapter, where the impact of the MDGs and the G8 commitments are discussed.

Chapter 5 is divided into two sections. The first section focuses on the developmental challenges faced by sub-Saharan Africa such as extreme poverty, ill-health, population growth, debt burden and lack of infrastructure for development. Section two focuses on the slow progress of sub-Saharan Africa in meeting the set targets and due dates of the Millennium Development Goals and analyses the failure of the G8 countries to achieve the pledges and commitments made to Africa.

The findings and recommendations of this research and the resultant study are based on the analysis conducted in chapters one to five.

6.5 OTHER KEY FINDINGS AND RECOMMENDATIONS

The key findings of this research are linked to the hypothesis which emphasises that the nature of the World System, and format and motives behind foreign aid since the end of the Second World War, contributed, and still contribute, to the underdevelopment of the majority of states in sub-Saharan Africa. The main findings of the research project are outlined below.

6.5.1 Findings

The following are viewed as the key findings of this research:

- The nature of World System contributes to poverty in the periphery states, while Core states become richer at the expense of developing periphery states that are obliged to provide donor states with low cost raw materials and resources.

- For the past five decades there has been a high level of mismanagement on the utilisation of foreign aid in sub-Saharan African states by corrupt government officials, which has resulted in poor social and economic development.
• The flow of foreign aid in sub-Saharan African states has created a huge debt burden and many sub-Saharan African states were and still are categorised as Heavily Indebted Poor Countries (HIPCs) despite the introduction of debt cancellation by the G8 countries.

• The high flow of foreign aid, particularly bilateral aid, has done little to reduce poverty in sub-Saharan Africa because bilateral aid is “tied aid” that involves high interest rates with terms and conditions attached which benefit the donor states. Even to date many bilateral aid agreements are being signed between sub-Saharan African states and developed states.

• The exchange rate volatility of foreign aid has contributed significantly to underdevelopment in sub-Saharan Africa because this exchange was and still is done in foreign currency particularly the US dollar.

• The research indicates that donors believe that sustainable economic development in sub-Saharan Africa has always depended on foreign aid and will continue to do so in the future.

• The research also suggests that the majority of sub-Saharan African states will not achieve all the Millennium Development Goals by 2015. This is due to the slow progress in implementing the MDG targets and the lack of resources in sub-Saharan African states.

• The core states, particularly the G8 countries, have not delivered on the promises and pledges to improve the living conditions of people living in African states. This indicates that the core states do not take the economic development of the continent seriously.

• There are development challenges such as extreme poverty, ill-health, high population growth, lack of infrastructure and increasing debt burdens. These challenges have contributed and still contribute to underdevelopment in sub-Saharan Africa.

6.5.2 Recommendations

In the light of the research findings, the following recommendations are suggested to ensure that the impact of foreign aid in sub-Saharan Africa becomes more constructive.
The core states must deliver on their promise of cancelling the debt burden for Heavily Indebted Poor Countries because this will have a positive impact on sustainable social and economic development. It will enable the recipient states to generate their own capital; develop social structures for poverty alleviation; and establish sustainable economic growth. Van der Elst (2001:291) points out that for foreign aid to benefit the poorest communities it must be directed at grass-roots communities. Access must be provided to basic services such as clean drinking water, sanitation, and health services. Furthermore attention must be paid to education and the empowerment of women. Access to agricultural land will help to ensure food security.

Efforts should be made by both the donor and recipient state to ensure that foreign aid leads to positive outcomes. Terms and conditions by the donor states should be reduced so that the recipient states can see the desired development from foreign aid allocation.

The donor states should ensure that foreign aid given to sub-Saharan African states is sufficient but not excessive. An overflow of aid may stretch the capacity of the recipient state to absorb the funds and lead to corruption.

Donor states should provide foreign aid to develop the economies of the recipient states. Their motive should not be to promote their own political and economic interests. It has been proven that donor states provide foreign aid to benefit people in the home country rather than the poor communities in recipient states.

Good governance that focuses on accountability, openness and transparency are a promising start to ensure that foreign aid is used wisely in sub-Saharan Africa. In cases where a recipient state does not have sound strategies to reduce poverty and promote economic development the donor and recipient states should work jointly to ensure that foreign aid is correctly used to have the desired effect.
• Foreign aid should be co-ordinated and harmonised with the developmental agenda of the recipient state and the donor state should not impose its policies unless requested to do so by the recipient state.

• For sub-Saharan African states to be integrated into world affairs as important strategic partners, these states should be economically independent which would in turn lead to regional economic independence.

• Sub-Saharan African states should be free of civil war, political violence and corruption. This will translate into a peaceful society and a better livelihood for all.

• Foreign aid channelled into sub-Saharan African states should be driven towards achieving the set targets of the Millennium Development Goals.

• Individual sub-Saharan African states should invest in infrastructure development to address the underdevelopment of the region as a whole.

• For foreign aid to achieve its main aim of economic and social development in the region and the African continent there should be favourable external conditions such as zero interest on loans to sub-Saharan African states and an environment of fair trading policies.

• Sub-Saharan African leaders must take the lead in addressing developmental challenges such as poverty eradication and work towards social development including human rights, good governance and the empowerment of women.

• Government, political leaders and the business sector in sub-Saharan African states should ensure that policy decisions have the 3E’s, namely excellent economic impact; efficiency; and effectiveness. They must display vision and commitment to reposition sub-Saharan Africa as a global regional power.

6.6 SUMMARY
The first decade of independence brought some notable progress in many African states. As the decades proceeded, the economies of more and more African countries faltered in the face of a world petroleum price increase
coupled with stagnating demand and low prices for their primary exports. Foreign aid was seen as the only solution for social and economic development of independent African states.

For the past decades sub-Saharan Africa has been faced with a range of challenges such as political instability, civil war, ill-health issues, corruption and a general lack of economic development. Some of these challenges still persist. Africa has been buffeted by colonialism, the Cold War and structural adjustment programmes. Low levels of trade between African states and Western powers also contribute to the challenges faced by sub-Saharan African today. Foreign aid has led and continues to lead to underdevelopment in sub-Saharan Africa because of the overflow of funds; terms and conditions attached to foreign aid; and local misuse of foreign aid. The cumulative effect is underdevelopment and a cycle of debt which recipient states are unable to repay.

Ndegwa (1987:45) points out that it is essential that the nature of this crisis be clearly understood by sub-Saharan African governments, multilateral organisations and donor states. Without such understanding, it is impossible to design economic measures and assistance programmes to address the crisis effectively and consistently. This research project has shown that sub-Saharan African states still need to work hard to ensure that socio-economic development is achieved. The solution cannot be found on their behalf. It has to come from within the region.
BIBLIOGRAPHY


